Haldex 1st half 2005

January – June

- **Earnings after tax rose 40% to MSEK 145 (104).**
  Earnings per share rose 41% to SEK 6.53 (4.62).

- **Earnings before tax increased 37% to MSEK 205 (149).**

- **Operating income increased 27% to MSEK 232 (183).**

- **Return on capital employed (rolling 12 month) improved to 13.7% (11.2). The operating margin increased to 6.1% (5.3).**

- **Net sales rose 10% to MSEK 3,806 (3,456). The increase was 12% after adjusting for currency exchange rates.**

- **Order intake rose 6% to MSEK 3,970 (3,751). The increase was 8% after adjusting for currency exchange rates**

April – June

- **Earnings after tax increased 39 % to MSEK 72 (51).**
  Earnings per share rose 41% to SEK 3.24 (2.29).

- **Earnings before tax increased 39% to MSEK 103 (74).**
  Operating income improved 31% to MSEK 115 (88).

- **Net sales increased 12 % to MSEK 1,962 (1,753).**
  Order intake increased 3 % to MSEK 1,928 (1,876).

- **Joakim Olsson new President & CEO.**

- **New China factory has started production of brake components.**

Key events during Q2

Joakim Olsson new President and CEO as of June 1. Joakim Olsson is 40 years old, Master of Engineering and has a solid career within ABB behind him.

China in focus:
- assembly and processing of products began at the new plant in Suzhou,
- Chinese purchasing office established for both local and global supplies,
- strategic cooperative agreement signed with a Chinese subcontractor for compressor components.

A strategic cooperation was established between Haldex and Hendrickson to incorporate Haldex brake technology as the standard for Hendrickson's hub and brake unit for heavy vehicles. Hendrickson is an American global supplier of axles and suspension systems for heavy vehicles. When fully implemented, the cooperative arrangement is believed to represent roughly MSEK 50 in potential additional sales for Haldex.

A strategic cooperation was established between Haldex and SKF concerning the joint development of a complete hub and brake unit for heavy vehicles. The system will be based on Haldex's new generation of disc brakes, and on the "Fixed Brake Shoes with Double Discs" concept. The cooperative arrangement will increase market exposure for Haldex's new disk brake concept, which is under development.

A syndicated loan agreement for MUSD 250 has been signed with 11 international banks. The agreement will run for five years, with two options to extend and at lower cost.

Earnings January - June

Business volumes continued to grow favorably and, with the capacity investments that have been made, we have been able to meet market demand. Haldex increased its market shares in a number of product areas. Order intake and net sales rose by 8% and 12% respectively, after adjusting for currency exchange rates.

Price increases for purchased raw materials and components are showing signs of leveling off. Negotiations regarding upward adjustments of sales prices in response to higher material costs have been finalized in part, and are having a gradual effect. Additional price adjustments are expected in certain areas that have not yet been adjusted. In comparison with the first half of last year, the net effect of the increased material prices is estimated to have had a negative effect of MSEK 5 – 10 on earnings for the period.

Changes in currency exchange rates during the period had a negative effect of MSEK 5 as compared with the first half of 2004.

Group earnings after tax totaled MSEK 145 (104), an increase of 40%. Earnings per share rose from SEK 4.62 to SEK 6.53.

Earnings before tax increased 37% to MSEK 205 (149).

Operating income improved to MSEK 232 (183), an increase of 27%.

The operating margin for the first half of 2005 was 6.1%, an improvement of 0.8 percentage points compared with last year's 5.3%. The return on capital employed (rolling 12 month) improved 2.5 percentage points to 13.7% (11.2).

Earnings by business area

Commercial Vehicle Systems (CVS)

	First half of the year		
MSEK	*2005*	*2004*	*Change*
Order intake	2,288	2,241	+ 2%
Net sales	2,241	2,151	+ 4%
Operating income	112	102	+10%
Operating margin	5.0%	4.7%	+0.3% points
Return on capital employed (R12)	9.5%	8.4%	+1.1% points

Net sales within CVS increased 4%. The increase amounted to 6% after adjusting for currency exchange rates. The largest sales increases were posted by Foundation Brake (automatic brake adjusters for drum brakes and complete disc brakes) and Brake Controls (brake cylinders, valves and ABS/EBS systems). After adjusting for currency exchange rates, the largest sales increase was in North America (+9%), while the increase in Europe and other markets amounted to (+2%).

Operating income, operating margin and return increased compared with the corresponding period last year.

Hydraulic Systems

	First half of the year		
MSEK	*2005*	*2004*	*Change*
Order intake	717	593	+21%
Net sales	611	527	+16%
Operating income	36	25	+42%
Operating margin	5.9%	4.8%	+1.1% points
Return on capital employed (R12)	18.0%	13.8%	+4.2% points

Hydraulic Systems increased its net sales 16%. The increase amounted to 19% after adjusting for currency exchange rates. Both primary markets, i.e. North America and Europe, posted favorable sales increases.

The improved operating income, higher operating margin and better return are attributable mainly to higher sales volumes.

Garphyttan Wire

	First half of the year		
MSEK	*2005*	*2004*	*Change*
Order intake	572	582	- 2%
Net sales	544	463	+18%
Operating income	62	46	+27%
Operating margin	11.2%	9.8%	+1.4% points
Return on capital employed (R12)	30.2%	23.6%	+6.6% points

Garphyttan Wire increased sales by 18% (also 18% after adjusting for currency exchange rates). The increase was attributable mainly to the North American market, although Europe also saw strong growth.

The higher sales improved the operating income, operating margin and return on capital employed.

Traction Systems

	First half of the year		
MSEK	*2005*	*2004*	*Change*
Order intake	393	335	+17%
Net sales	410	315	+30%
Operating income	18	7	+154%
Operating margin	4.3%	2.2%	+ 2.1% points
Return on capital employed (R12)	20.4%	12.3%	+8.1% points

Traction Systems posted a 30% increase in sales (also 30% after adjusting for currency exchange rates). The increase is attributable to the deliveries of AWD systems to Ford in the USA that began during the second half of last year.

Operating income, operating margin and return on capital employed improved as a result of the higher business volume.

Earnings Q2

Order intake for Q2 totaled MSEK 1,928 (1,876), a 3% increase. Net sales rose 12% to MSEK 1,962 (1,753).

Earnings after tax increased 39 % to MSEK 72 (51) and earnings per share increased 41 % to SEK 3:24 (2:29). Earnings before tax totaled MSEK 103 (74), an improvement of 39%.

Operating income totaled MSEK 115 (88), an increase of 31%. The operating income for all business areas improved compared with Q2 last year.

Cash flow

Cash flow from operations totaled MSEK 106 (95). Net investments for the period totaled MSEK 166 (153). The purchase price for the remaining shares in the sales company in Austria totaled MSEK 7. Cash flow after investments but before corporate acquisitions amounted to MSEK -60 (-58).

The improvement in operating income before depreciation was offset by the accumulation of operating capital as a result of higher business volumes. Average receivable days decreased by one day compared with the figure at year-end, while inventory days increased by three days.

MSEK 66 (39) were distributed to the shareholders in dividends during Q2.

Financial situation

The Group's interest-bearing liabilities totaled MSEK 1,532 (1,378) at period-end. Net debt totaled MSEK 1,439 (1,304). Equity totaled MSEK 1,744 (1,428). Equity increased by MSEK 186 (46) as an effect of positive currency differences when translating foreign subsidiaries' net assets to balance day rate. The equity-to-assets ratio was 38% (36) and the debt-to-equity ratio was 83% (91).

Order intake and net sales

The Group's order intake for the first half of the year totaled MSEK 3,970 (3,751), an increase of 6%. The increase amounted to 8% after adjusting for currency exchange rates. Net sales totaled MSEK 3,806 (3,456), an increase of 10%. The increase amounted to 12% after adjusting for currency exchange rates. Haldex's market shares increased in a number of product areas, including Hydraulic Systems, Garphyttan Wire and Traction Systems.

The table below shows net sales broken down by business area and region:

	First half of the year		*Change*	
MSEK	***2005***	***2004***	***Nominal***	***Xrate-adjusted***
Group	3,806	3,456	+10%	+12%
Commercial Veh. Systems	2,241	2,151	+4%	+6%
Hydraulics Systems	611	527	+16%	+19%
Garphyttan Wire	544	463	+18%	+18%
Traction Systems	410	315	+30%	+30%
Europe	1,814	1,609	+13%	+13%
North America	1,765	1,647	+ 7%	+12%
Asia	126	117	+ 8%	+ 3%
South America	101	83	+22%	+11%

Market

Production of heavy commercial vehicles showed continued positive growth during the period, although the rate of growth was not as high as last year. As in 2004, the rate of increase was highest in North America. All in all, including the aftermarket, the total CVS market grew by 8%.

Production of heavy trucks in North America during the first half of 2005 is estimated to have increased 44% compared with the same period the year before. North American production of heavy trailers increased roughly 8% during the period.

European production of heavy trucks is believed to have increased roughly 13% compared with the first half of 2004, with trailer production decreasing by 4%.

Heavy truck production increased 21% in South America, while production in Asia decreased by 7%.

The aftermarket for brake components for heavy vehicles in all regions remained essentially unchanged compared with the year before.

Sales of construction machinery rose roughly 11% in North America, and are believed to have remained nearly unchanged in Europe. Forklift truck production rose roughly 24% in North American, and about 4% in Europe.

Car production declined roughly 3.2% in North American and 0.6% in Europe. The penetration of adjustable four-wheel drives and the proportion of oil-hardened spring wire per vehicle are increasing.

The forecast for heavy vehicles (J.D. Power) for 2005 did not change notably compared to the forecast from Q1. Heavy truck product is expected to increase some 25% in North America, and by about 3% in Europe.

Personnel

The number of employees at period-end totaled 4,800, an increase of 10% compared with the same point in 2004. The increase derives mainly from direct production personnel attributable to increased business volumes, and to the build-up of production in low-cost countries such as Mexico, Hungary and China.

Information on CEO:s benefits

Joakim Olsson, new President and CEO, has a fixed annual salary of MSEK 3.3 and car benefit. To that comes a flexible part maximized to 50 % of fixed yearly salary, based on profit related factors that are revised yearly. His pension benefit is premium based. In addition to the ITP plan, there is a yearly pension provision of 19 % of the fixed salary that exceeds 20 basic amounts.

Parent Company

The main office functions are conducted within the Parent Company. The Parent Company's earnings and appropriations totaled MSEK -24 (-27).

Outlook for 2005 as a whole

The assessment made in the Q1 2005 report remains unchanged.

We believe that growth within the commercial vehicle industry will remain favorable. The increases in vehicle production in our primary markets are, however, not expected to be as large as in 2004. The market for compressed air-based brake systems in North America and Europe, including the aftermarket, is expected to grow 6%, assuming no changes in prices or currency exchange rates. Sales for Traction Systems are increasing, mainly as a result of the full-year effects of the Ford deliveries that began halfway through 2004.

Group sales are expected to total somewhat in excess of SEK 7 billion. This volume increase, combined with the effects of fully implemented restructuring measures and price adjustments tied to increases in material prices, is expected to result in substantially improved earnings.

Reporting in accordance with IFRS

The Group’s Interim Report for the First Half of 2005 has been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS), which went into effect as of June 30, 2005, IAS 34 and RR 31/32 for parent companies. All financial information has been adjusted to conform with IFRS unless otherwise indicated. These adjustments increased the value of equity by MSEK 35 as of June 30, 2004. The Group’s net profit for June 2004 has, compared with the figure under the previous accounting rules, been affected positively by MSEK 16, due mainly to replacement amortization of goodwill.

The regulations in IAS 39, which concerns the reporting of financial instruments, have had the greatest impact on Haldex. As a result of the transition to IFRS, all financial instruments are valued at their current fair market prices. IAS 39 is to be applied as of January 2005, and is exempt from the requirement calling for adjustment of the figures for the comparison year. The value of financial derivatives are reported gross in the Balance Sheet, while the hedge reserve net after tax remains an equity component. The hedge reserve for financial derivatives increased equity at the start of the year by MSEK 107, and decreased by MSEK 53 over the period.

According to IFRS 5, which concerns non-current assets held for sale and discontinued operations, these must be reported separately in the Balance Sheet, and the results for discontinued operations must be reported separately in the Income Statement. No such assets were identified during the first half of 2005, and thus had no impact on the Income Statement.

The appendix includes a description of the new accounting rules, reconciliations and effects of the transition to IFRS. Comments on the transition to IFRS are also provided on page 53 of the Annual Report – Note 27.

Future reporting dates

Interim Report, January-September	October 26, 2005
Full-Year Report, January-December 2005	February 21, 2006

Stockholm, July 26, 2005
Joakim Olsson
President and CEO

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Review report

We have summarily reviewed this Interim Report in accordance with the recommendation of the Swedish Institute of Certified Public Accountants. A summary review is substantially limited in comparison with an audit. We have found no indication that the Interim Report fails to meet the requirements of the Swedish Securities and Annual Accounts Acts.

Stockholm, July 26, 2005

Richard Roth	Olof Herolf
CPA	CPA
PricewaterhouseCoopers AB	PricewaterhouseCoopers AB

Profit & Loss, Group	April-June		Jan-June		July 2004	Total
Amounts in MSEK	2005	2004	2005	2004	-June 2005	2004
Net sales	**1,962**	**1,753**	**3,806**	**3,456**	**7,109**	**6,759**
Cost of goods sold	-1,465	-1,320	-2,837	-2,593	-5,354	-5,110
Gross profit	**497**	**433**	**969**	**863**	**1,755**	**1,649**
	25.3%	**24.7%**	**25.4%**	**25.0%**	**24.7%**	**24.4%**
Sales, G&A and R&D costs	-394	-357	-752	-700	-1.403	-1.351
Other operating income	12	12	15	20	50	55
Operating income	**115**	**88**	**232**	**183**	**402**	**353**
Financial costs	-12	-14	-27	-34	-56	-63
Earnings before tax	**103**	**74**	**205**	**149**	**346**	**290**
Taxes	-31	-23	-60	-45	-93	-78
Net income	**72**	**51**	**145**	**104**	**253**	**212**
whereof minority's share	-	-	*1*	*1*	*1*	*1*
Earnings per share (before & after dilution)	3:24	2:29	6:53	4:62	11:41	9:50
Average no. of shares (000)	22,065	22,065	22,065	22,065	22,065	22,065

Balance Sheet, Group	30 June	30 June	31 Dec
Amounts in MSEK	2005	2004	2004*)
Goodwill	455	412	389
Other intangible assets	152	130	132
Tangible fixed assets	1,359	1,285	1,235
Financial fixed assets	103	73	98
Financial derivative instruments	46	-	-
Total fixed assets	**2,115**	**1,900**	**1,854**
Financial derivative instruments	33	-	-
Inventories	911	728	727
Current receivables	1,416	1,251	1,166
Cash and bank	93	74	187
Total current assets	**2,453**	**2,053**	**2,080**
Total assets	**4,568**	**3,953**	**3,934**
Total shareholders' equity	**1,744**	**1,428**	**1,425**
Pension provisions	317	317	291
Deferred taxes	134	92	115
Long-term debt	1,177	1,039	1,045
Other long-term liabilities	32	18	26
Total long-term liabilities	**1,660**	**1,466**	**1,477**
Financial derivative instruments	20	-	-
Short-term debt	38	22	22
Other current liabilities	1,106	1,037	1,010
Totalt short-term liabilities	**1,164**	**1,059**	**1,032**
Total liabilities and shareholders' equity	**4,568**	**3,953**	**3,934**

*) IAS 39 is applied as of 2005, see Appendix note 4

Change in shareholders' equity Amounts in MSEK	30 June 2005	30 June 2004	1 Jan 2005	31 Dec 2004
Equity beginning of period	1,532	1,317	1,425	1,317
Dividend	-66	-39	-	-39
Currency difference	186	46	-	-65
Hedge reserve (IAS 39)	-53	-	107	-
Net income	145	104	-	212
Equity end of period	1,744	1,428	1,532	1,425
whereof minority's share	*5*	*5*	*3*	*3*

Cash Flow Statemet, Group Amounts in MSEK	Jan-June 2005	 2004	July 2004 -June 2005	Total 2004
Operating income	232	183	402	353
Depreciation on fixed assets	133	127	259	253
Interests paid	-28	-32	-61	-65
Taxes paid	-61	-40	-95	-74
Gross operating contribution	276	238	505	467
Change in working capital	-170	-143	-218	-191
Cash flow from operations	***106***	***95***	***287***	***276***
Net investments	-166	-153	-325	-312
Acquisitions	-7	-	-7	-
Cash flow from operations	***-173***	***-153***	***-332***	***-312***
Dividend to shareholders	-66	-39	-66	-39
Interest-bearing debt	31	24	114	107
Other long-term liabilities	1	-7	8	-
Long-term receivables	3	-1	5	1
Cash flow from financing activities	***-31***	***-23***	***61***	***69***
Change in cash and bank, excluding. currency difference	-98	-81	16	33
Cash and bank beginning of period	187	155	74	155
Translation difference in cash and bank	4	-	3	-1
Cash and bank end of period	93	74	93	187

Key Ratios	Jan-June 2005	Jan-June 2004	July 2004 -June 2005	Total 2004
Profit margin, %	6.1	5.3	5.7	5.2
Capital turnover rate, times	2.51	2.54	2.42	2.46
Return on capital employed, %	15.3	13.5	13.7	12.8
Return on equity, %	18.0	14.5	16.4	14.8
Interest coverage ratio, times	8.5	5.4	7.1	5.6
Equity/assets ratio, %	38	36	38	36
Debt/equity ratio, %	83	92	83	82

Share Data	Jan-June 2005	Jan-June 2004	July 2004 -June 2005	Total 2004
Earnings after tax, SEK	6:53	4:62	11:41	9:50
Shareholders equity, SEK	78:82	64:51	78:82	64:60
Average no. of shares (000)	22,065	22,065	22,065	22,065
No. of shares end of period (000)	22,065	22,065	22,065	22,065
Market value, SEK	136:50	119:00	136:50	116:50

Not 1 – P&L according to type of costs, group

Belopp i MSEK	Jan-June 2005	Jan-June 2004	July 2004 -June 2005	Total 2004
Net sales	3,806	3,456	7,109	6,759
Direct material costs	-1,945	-1,690	-3,604	-3,349
Personnel costs	-947	-929	-1,848	-1,830
Depreciations	-133	-127	-258	-252
Other operating income & costs	-549	-527	-997	-975
Operating income	**232**	**183**	**402**	**353**
Financial costs	-27	-34	-56	-63
Earnings before tax	**205**	**149**	**346**	**290**
Taxes	-60	-45	-93	-78
Net income	**145**	**104**	**253**	**212**
whereof minority's share	*1*	*1*	*1*	*1*

Quarterly development
Amounts in MSEK

	*2005***)* *I*	*II*	*6 months 2005*	*2004* *I*	*II*	*6 months 2004*	*III*	*IV*	*Total 2004*	*Total 2003***)*
Net sales	1844	1962	***3806***	1703	1753	***3456***	1645	1658	***6759***	***6036***
Cost of goods sold	-1372	-1465	***-2837***	-1273	-1320	***-2593***	-1248	-1269	***-5110***	***-4491***
Gross income	472	497	***969***	430	433	***863***	397	389	***1649***	***1545***
	25,6%	25,3%	***25,4%***	25,3%	24,7%	***25,0%***	24,1%	23,5%	***24,4%***	***25,6%***
Sales, G&S and R&D costs	-358	-394	***-752***	-343	-357	***-700***	-336	-316	***-1352***	***-1313***
Other oper. revenues	3	12	***15***	8	12	***20***	16	20	***56***	***-56***
Operating income	117	115	***232***	95	88	***183***	***77***	***93***	***353***	***176***
Financial costs	-15	-12	***-27***	-20	-14	***-34***	-12	-17	***-63***	***-56***
Earnings before tax	102	103	***205***	75	74	***149***	65	76	***290***	***120***
Taxes	-29	-31	***-60***	-22	-23	***-45***	-21	-12	***-78***	***-50***
Operating income	73	72	***145***	53	51	***104***	44	64	***212***	***70***
whereof minority's share	-	1	1	1	-	1	-	-	***1***	-
Earnings per share, SEK	3:29	3:24	***6:53***	2:33	2:29	***4:62***	2:01	2:86	***9:50***	***3:18***
Operating margin, %	6.3	5.9	***6.1***	5.6	5.0	***5.3***	4,.	5.6	***5.2***	***3.1***
Cash flow	-127	67	-60	-81	23	***-58***	-27	49	***-36***	***89***
Return on capital employed*), %	13.2	13.7	***13.7***	10.0	11.2	***11.2***	12.1	12.8	***12.8***	***6.8***
Return on shareholders' equity*), %	15.7	16.4	***16.4***	10.0	11.8	***11.8***	13.5	14.,8	***14.8***	***4.8***
Equity/assets ratio, %	39	38	***38***	37	36	***36***	37	36	***36***	***39***
Capital expenditures	71	95	166	65	88	***153***	76	84	***313***	***271***
R&D, %	4.4	4.5	***4.5***	4.9	4.8	***4.9***	5.0	5.4	***5.0***	***4.9***
No. of employees*)	4414	4526	***4526***	4071	4149	***4149***	4232	4317	***4317***	***4018***

*) rolling 12 months
**) 2003 figures have not been adjusted according to IFRS. Main differences compared to 2004 are attributable to depreciation of goodwill, deferred tax receivables and deferred tax liabilities.
***) IAS 39 is applied as of 2005, see Appendix note 4.

Segment reporting

Amounts in MSEK

	*2005***)* *I*	*II*	*6 months 2005*	*2004* *I*	*II*	*6 months 2004*	*III*	*IV*	*Total 2004*	*Total 2003**)*
Commercial Vehicle Systems										
Net sales	1085	1156	***2241***	1054	1097	***2151***	1013	990	***4154***	***3757***
Operating income	58	54	***112***	58	44	***102***	33	44	***179***	***111***
Operating margin, %	5,3	4,7	***5,0***	5,5	4,0	***4,7***	2,3	3,6	***3,5***	***2,9***
Assets	2571	2811	2811	2462	2521	***2521***	2467	2373	***2373***	***2234***
Liabilities	567	623	623	528	591	***591***	568	509	***509***	***513***
Return on cap. empl.*), %	9,3	9,5	9,5	7,2	8,4	***8,4***	8,9	9,6	***9,6***	***5,7***
Capital expenditures	35	60	95	34	52	***86***	42	46	***174***	***131***
Depreciations	37	39	76	38	38	***76***	36	41	***153***	***191***
No. of employees*)	2991	3029	3029	2780	2817	***2817***	2862	2914	***2914***	***2737***
Hydraulic Systems										
Net sales	284	327	***611***	255	272	***527***	288	261	***1076***	***934***
Operating income	16	20	***36***	11	14	***25***	21	9	***55***	***32***
Operating margin, %	5,5	6,3	***5,9***	4,2	5,5	***4,8***	7,2	3,5	***5,1***	***3,4***
Assets	529	586	586	459	480	***480***	490	468	***468***	***410***
Liabilities	141	167	167	118	145	***145***	149	149	***149***	***107***
Return on cap. empl.*), %	17,4	18,0	***18,0***	11,3	13,8	***13,8***	17,0	16,6	***16,6***	***10,1***
Capital expenditures	17	6	23	12	23	***35***	18	20	***73***	***54***
Depreciations	11	12	23	11	11	***22***	11	7	***40***	***40***
No. of employees*)	791	835	835	692	732	***732***	753	767	***767***	***685***
Garphyttan Wire										
Net sales	274	270	***544***	240	223	***463***	201	222	***886***	***793***
Operating income	33	29	***62***	25	21	***46***	20	23	***89***	***75***
Operating margin, %	11,9	10,5	***11,2***	10,2	9,5	***9,8***	9,9	10,1	***9,9***	***9,4***
Assets	541	569	569	482	487	***487***	471	479	***479***	***463***
Liabilities	186	195	195	138	163	***163***	152	160	***160***	***122***
Return on cap. empl.*), %	28,7	30,2	***30,2***	23,4	23,6	***23,6***	25,5	27,0	***27,0***	***22,3***
Capital expenditures	15	20	35	10	5	***15***	8	15	***38***	***35***
Depreciations	10	11	21	10	10	***20***	9	8	***36***	***37***
No. of employees*)	440	450	450	420	419	***419***	432	448	***448***	***421***
Traction Systems										
Net sales	201	209	***410***	154	161	***315***	143	185	***643***	***552***
Operating income	9	9	***18***	0	7	***7***	3	14	***24***	***15***
Operating margin, %	4,7	3,9	***4,3***	0,3	4,0	***2,2***	2,3	7,3	***3,7***	***2,8***
Assets	320	294	294	271	287	***287***	310	308	***308***	***265***
Liabilities	145	150	150	107	129	***129***	126	146	***146***	***102***
Return on cap. empl.*), %	19,0	20,4	***20,4***	10,0	12,3	***12,3***	10,8	14,3	***14,3***	***12,6***
Capital expenditures	4	9	13	9	8	***17***	8	4	***29***	***51***
Depreciations	7	6	13	5	5	***10***	6	6	***23***	***19***
No. of employees*)	192	212	212	179	181	***181***	185	188	***188***	***175***
Undistributed										
Operating income	1	3	***4***	1	2	***3***	1	2	***6***	***49***
Financial costs	-15	-12	***-27***	-20	-15	***-35***	-13	-16	***-63***	***-64***
Taxes	-29	-31	***-60***	-22	-21	***-43***	-19	-13	***-55***	***-50***
Assets	287	307	307	141	178	***178***	150	306	***306***	***224***
Liabilities	1568	1688	1688	1495	1497	***1497***	1475	1545	***1545***	***1364***

*) rolling 12 months

**) 2003 figures have not been adjusted according to IFRS. Main differences compared to 2004 are attributable to depreciation of goodwill, deferred tax receivables and deferred tax liabilities.

***) IAS 39 is applied as of 2005, see Appendix note 4.

Appendix

Transition to International Financial Reporting Standards (IFRS)

The description below corresponds in all essentials to that stated in the 1Q report.

Haldex reports in accordance with International Financial Reporting Standards (IFRS) as of January 1, 2005. IFRS standards become compulsory for noted European companies concurrently as they are approved by the European Commission. The transition regulations might be subject to change, which would mean that the transition effects described below can be changed during 2005.

At the transition to IFRS, IFRS 1 (First-time adoption of IFRS) is applied and a description of the effects that the transition to IFRS causes are stated below. The description includes the 1st quarter 2004 as well as total 2004. The translation of comparative figures has been made with regard to all standards with the exception of IAS 39 (Financial instruments) which for the first time are applied in the 1st quarter interim report 2005.

IFRS 1 allows the use of 11 exceptions at the introduction of IFRS. Haldex has chosen to use the following exceptions:

- Only acquisitions and mergers as from January 1, 2004 have been translated in accordance with IFRS 3 (Business Combinations).
- The comparative figures for 2004 regarding financial instruments have not been translated in accordance with IAS 39 (Financial instruments).
- Accumulated translation differences when translating foreign subsidiaries were set at zero at the transition date (January 1, 2004).
- Employee benefits (RR 29/IAS 19) are applied already from January 1, 2004. Accumulated actuarial gains and losses for defined benefit pension plans were set at zero in connection with the transition and were accounted for in pensions provisions and shareholders' equity.

The principal differences between previous accounting principles for Haldex is described below with reference to notes in subsequent tables for translation of the group's Income Statement and balance sheet to IFRS. All other accounting principles have not beeen impacted by the transition to IFRS. Description of these accounting principles can be found in the Annual Report 2004.

Note 1 IFRS 3/IAS 36 – Non-amortization of intangible assets of indefinite useful lives (i.e. goodwill):

According to previous accounting principles all intangible assets should be amortized over their estimated useful lives. In accordance with IFRS, intangible assets that are considered to have an undefined lifetime should not be amortized. The value of these assets should rather be subject to an annual impairment test, where its value is determined. Haldex has decided that intangible assets with an undefined lifetime at the transition to IFRS only refers to goodwill. The translations and transition effects as the changed accounting result in, thus only affect the reversal of goodwill amortization that was charged to the Income Statement for 2004, and that the goodwill value in the balance sheet as per December 31, 2004 has been adjusted upwards with the corresponding amount, adjusted for currency effects. Impairment tests in order to secure the value of intangible assets are made yearly and are carried out by estimating present value of future cash flows based on business plans and assumptions on the interest and business climate development.

Note 2 IAS 12 – Income taxes:

In accordance with IAS 12, deferred tax receivables and liabilities shall not be discounted. This has for Haldex affected the value of deferred tax receivables.

Note 3 IAS 1 – Minority interests:

In accordance with IFRS, minority interests shall be regarded as a separate part of equity and not be included in the net income in the Income Statement.

Note 4 IAS 39 – Fair value of derivative instruments:

In accordance with IAS 39, which is part of IFRS and is used by Haldex as of January 1, 2005, all derivative instruments' fair value should be reported in the balance sheet. Furthermore, stricter demands for documentation and effectiveness test have been introduced to permit hedge accounting.

Financial derivative instruments are used for hedging of forecasted cash flows and forecasted electricity consumption. According to previous accounting principles, Haldex has used hedge accounting for most part of these derivatives and outstanding derivative transactions have thus not been reported in the balance sheet (”Off-balance sheet instruments”), except for premiums and deductions that were reported under financial items. Gains and losses on these contracts have affected the Income Statement when the contracts have been realized. According to IFRS, financial derivative instruments should be market evaluated and changes in fair value should be reported in the Income Statement according to the principal rule. IAS 39 describes how the hedge accounting can be applied to reduce the net income volitility. The change in fair value is according to these rules reported in the shareholders' equity, and finally in the Income Statement, as the hedge transaction impact the Income Statement. To the extent that the requirements are not met, unrealized gains and losses on derivative transactions are reported in the Income Statement.

Note 5 IAS 19 (RR 29) – Employee benefits

As of January 1, 2004, Haldex has used the Swedish Financial Accounting Standards Council's recommendation RR 29 ”Employee benefits”, which corresponds to IAS 19. In accordance with IAS 19 defined benefit pension plans are reported in the group's subsidiaries according to common principles.

Note 6 IAS 38 – Capitalization and amortization of development costs:

As of January 1, 2002, Haldex has used RR 15 ”Intangible assets” in accordance with Swedish GAAP. According to this accounting standard, costs attributable to development of new and existing products shall be capitalized and amortized during their useful life.

The transition rules for RR15 did not permit any retroactive application. According to the transition rule for IFRS, the accounting standard IAS 38, which is similar to RR 15 regarding the accounting for development costs should be applied retroactively for development costs occurred before 2002. Haldex has not identified any further intangible assets that meet the criteria according to IAS 38 to be activiated.

Translation of group Income Statement according to IFRS

Amounts in MSEK	Acc. to Swedish accounting principles April-June 2004	IFRS adjustments	**Acc. to IFRS April-June 2004**	Acc. to Swedish accounting principles Januari-June 2004	IFRS adjustments	**Acc. to IFRS January-June 2004**	Acc. to Swedish accounting principles Total 2004	IFRS adjustments	**Acc. to IFRS Total 2004**
Net sales	1,753	-	**1,753**	3,456	-	**3,456**	6,759	-	**6,759**
Cost of goods sold	-1,320	-	**-1,320**	-2,593	-	**-2,593**	-5,110	-	**-5,110**
Gross profit	**433**	**-**	**433**	**863**	**-**	**863**	**1,649**	**-**	**1,649**
	24.7%		**24.7%**	**25.0%**		**25.0%**	**24.4%**		**24.4%**
Sales, G&A and R&D costs	-357	-	**-357**	-700	-	**-700**	-1,351	-	**-1,351**
Other oper. revenues, note 1)	3	9	**12**	3	17	**20**	21	34	**55**
Operating income	**79**	**9**	**88**	**166**	**17**	**183**	**319**	**34**	**353**
Financial costs	-14	-	**-14**	-34	-	**-34**	-63	-	**-63**
Earnings before tax	**65**	**9**	**74**	**132**	**17**	**149**	**256**	**34**	**290**
Taxes, notes 1 & 2)	-21	-2	**-23**	-43	-2	**-45**	-75	-3	**-78**
Minority share, note 3)	0	-	**0**	-1	1	**-**	-1	1	**-**
Net income	**44**	**7**	**51**	**88**	**16**	**104**	**180**	**32**	**212**
Whereof minority's share, note 3)	-		**-**	-	1	***1***	-	*1*	***1***

Translation of group Balance Sheet according to IFRS

Amounts in MSEK

	1 Jan 2004 Acc. to Swedish accounting principles	IFRS adjustments	**1 Jan 2004 Acc. to IFRS**	30 June 2004 Acc. to Swedish accounting principles	IFRS adjustments	**30 June 2004 Acc. to IFRS**	31 Dec 2004 Acc. to Swedish accounting principles	IFRS adjustments	**31 Dec 2004 Acc. to IFRS**	Adjustm. for IAS39 4)	**1 Jan 2005 After adjustment to IAS39**
Goodwill, note 1)	398		**398**	395	17	**412**	357	32	**389**		**389**
Other intangible fixed assets	109		**109**	130		**130**	132		**132**		**132**
Tangible fixed assets	1,257		**1,257**	1,285		**1,285**	1,235		**1,235**		**1,235**
Financial fixed assets, note 2)	59	15	**74**	58	15	**73**	81	17	**98**		**98**
Long-term financial derivative instruments	-		**-**	-		**-**	-		**-**	92	**92**
Current financial derivative instruments	-		**-**	-		**-**	-		**-**	56	**56**
Inventories	655		**655**	728		**728**	727		**727**		**727**
Current receivables	963		**963**	1,251		**1,251**	1,166		**1,166**		**1,166**
Cash and bank	155		**155**	74		**74**	187		**187**		**187**
Assets	**3,596**	**15**	**3,611**	**3,921**	**32**	**3,953**	**3,885**	**49**	**3,934**	**148**	**4,082**
Equity, note 3)	1,384	-67	**1,317**	1,393	35	**1,428**	1,376	49	**1,425**	107	**1,532**
Minority's equity, note 3)	4	-4	**-**	5	-5	**-**	4	-4	**-**		**-**
Pension provisions, note 5)	179	124	**303**	317		**317**	291		**291**		**291**
Deferred taxes, notes 1 & 5)	126	-38	**88**	90	2	**92**	111	4	**115**	46	**161**
Long-term debt	994		**994**	1,039		**1,039**	1,045		**1,045**		**1,045**
Other long-term liabilities	22		**22**	18		**18**	26		**26**		**26**
Current financial derivative instruments	-		**-**	-		**-**	-		**-**	8	**8**
Short-term debt	16		**16**	22		**22**	22		**22**		**22**
Short-term operating liabilities	871		**871**	1,037		**1,037**	1,010		**1,010**	-13	**997**
Shareholders' equity & liabilities	**3,596**	**15**	**3,611**	**3,921**	**32**	**3,953**	**3,885**	**49**	**3,934**	**148**	**4,082**