

N O B I A

A N N U A L R E P O R T

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- *The operating profit excluding items affecting comparability rose by 50% to SEK 172 million*
- *Expanding the marketing organisation continued. New kitchen showrooms opened in Denmark, Poland, Sweden, Norway and Russia.*
- *A decision was taken about significantly restructuring Star Möbelwerk, the German kitchen interiors company.*
- *Swedoor's sales company in the UK was sold to Janex UK Limited.*
- *Star Byggprodukter's property in Skärholmen, Stockholm was sold.*
- *The Board decided on a new strategy for the Group's activities, which focuses on kitchen interiors as the principal line of business.*
- *A decision was taken in 1999 to start negotiations with the listed doors Group, Vest-Wood A/S of Denmark, about selling Nobia's door business. The deal went through in April 2000, and means that Industri Kapital 1994 and Nobia's management now have an 18.1% holding in Vest-Wood.*
- *The remaining 50% holding in Svenska Fönster – Sweden's leading windows company - was acquired according to the options agreement.*

SUMMARY OF THE NOBIA GROUP

SEK m	1999	1998	1997	1996
Net sales	4,049	3,977	3,816	3,412
Operating profit/loss excl. items affecting comparability	172	114	56	- 139
Operating profit/loss incl. items affecting comparability	132	110	79	- 139
Profit/loss after financial items	84	54	37	- 167
Cash flow before investments	126	127	- 121	—
Operating margin, %	3.3	2.7	2.4	- 4.1
Return on capital employed, %	11.2	10.2	8.4	- 14.1
Return on shareholders' equity, %	0	6.0	0.9	1.6
Share of risk-bearing capital, %	23	25	26	23
Equity/assets ratio, %	16.0	17.9	17.7	15.1
Investments in machinery and equipment	74	87	101	98
Average no. of employees	3,334	3,529	3,092	3,605
of which outside Sweden	2,045	2,165	1,544	1,517

CEO's statement

2

Since 1996, Nobia has gone through considerable changes, step by step. By specialising, decentralising responsibility and focusing on the Nordic Region, we have gradually created a more profitable Group. Business activities are built on stable organic growth coupled with sound acquisitions and disposals, which underpin our industrial and marketing platforms. Furthermore we continually improve our position by using the synergies achieved with joint production and purchasing.

Everything points to a continuing positive trend over the next few years

The Group's results continued to improve in 1999. The operating profit excluding items affecting comparability climbed by 50% to SEK 172 million. Including items affecting comparability, mainly made up of restructuring costs in Germany, the operating profit was SEK 132 million, compared to SEK 110 million last year. The measures started in 1996 have been completed, and we now have a stable foundation for a strong earnings trend in the Group.

Including Svenska Fönster, which from the start of 2000 is a wholly-owned subsidiary, consolidated sales stood at SEK 4,437 million.



Positive market trends

Following a weak start to the year, the market improved in Q2. Housing construction rose rapidly, mainly in Sweden and Finland. Construction in Denmark has been stagnant. Norway saw a reduction in construction activities during 1998 – 1999, but increasing oil prices in the latter part of 1999 have given a boost to the economy as well as the construction market. The Nordic market as a whole therefore saw a positive trend during 1999 and everything points to a continuation of this over the next few years.

Focus on marketing and new sales channels

Intensive marketing development is underway for building interiors products, where the main aim is to reach and influence the end customer – the consumer. During 1999, we tried out new ideas and further invested in our existing channels to increase market penetration.

The Doors business area carried out an advertising campaign that received a lot of attention, produced very satisfying results, and won three advertising awards. Our Danish subsidiary HTH opened new kitchen showrooms in Denmark and Poland and also signed an agreement with Electrolux Home to sell HTH kitchens from their showrooms in Sweden. Marbodal decided to open the Marbodal Center kitchen showrooms in Malmö and Göteborg. Prior to the turn of the year, our computer systems were comprehensively adapted and developed as well as prepared for the development of Internet based kitchen sales.

The Group will focus on the core business of kitchen interiors, bathrooms and wardrobes

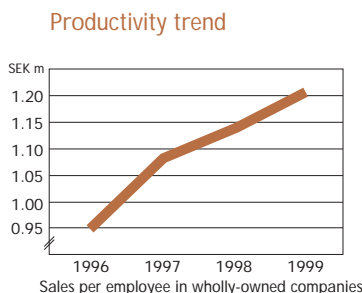
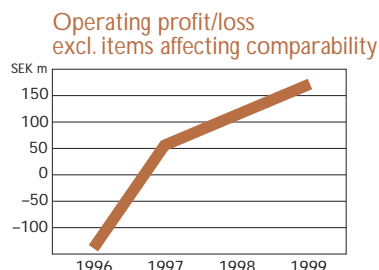
Structural measures in Germany...

Measures taken at the German business for "Flat Pack" kitchens, Star Trade Vertriebs GmbH, produced the expected results. The operating profit significantly improved via reduced costs and increased sales.

Major investments were made during the year to adapt Star Beka's German kitchens business to the weak market. Measures included a 35% reduction in staff, installation of new management and the introduction of better control and monitoring systems in line with what Nobia has at other units. We estimate that the measures will lead to a considerable profit improvement in 2000.

...and Norway

The above also applies to the Group's other loss area, panelled doors from Gran in Norway, where high running-in costs burdened the



year's results. Strong measures were introduced to further product development, reduce staff and increase quality assurance. Towards the end of the year the situation stabilised and we are seeing satisfactory progress. Production will develop positively during 2000.

Strong performance by Svenska Fönster

The Svenska Fönster Group continues to perform well. The profit improvement since 1996 is SEK 60 million. At the end of the year it was decided to exercise our option to acquire the remaining 50% of the Svenska Fönster Group from Vätterledens Invest AB.

Continued restructuring

As a step in the long-term restructuring of Nobia and the Nordic building interiors market, discussions started in 1999 about selling our doors business to the listed Danish doors company Vest-Wood A/S. The deal went through in April this year, and includes that Industri Kapital 1994 and Nobia's management have an 18.1% holding in Vest-Wood, which is now Europe's leading doors group.

More international construction market

Nobia has built up a strong position on the Nordic market. The outlook for further growth and greater profitability for the coming years is good.

This is not enough though. To achieve our goal of having an annual growth rate of at least 10% and an operating profit of more than 10% over a business cycle, requires not only continuing improvement but also further specialisation of our activities. The interiors and construction markets are becoming evermore international and international customers, to a greater extent,

want to work with the same suppliers on many markets. To maintain and underpin a leading position, greater specialisation is also required in the areas of product development, effective production and choice of channels.

The goal is to create Europe's leading kitchen interiors company

Concentrating on the core business

Against this background it is crucial how we develop our business structure and our service solutions. Nobia's Board and management have therefore decided to focus the Group on the core business of kitchen fixtures, bathrooms and cupboards. The goal is to participate in the continued restructuring of this part of our market and create Europe's leading kitchen interiors company.

Today Nobia's kitchens business is the fourth largest in Europe, even though our share of the European market is only 3-5% in order of size. The five largest European kitchen manufacturers have around a third of the market, while the rest of the market is made up of a number of smaller manufacturers. This indicates that there is considerable room for expansion on a fragmented market. As to profitability, we are the leaders among the larger companies.

Prospects for 2000

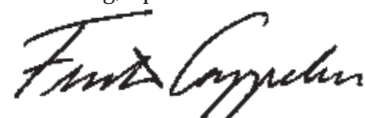
As a result of our decision to change the Group's strategic direction, we will further refine and strengthen our core business during 2000. This means not only utilising the Group's competence in strategic acquisitions and continuing to invest in more effective production and marketing, it also affects the entire chain from

product development, design and manufacturing to deliveries to the end customer. The choice of marketing channels and the skill to identify and fulfil customer preferences are key functions. The capacity and resources to invest in developing new marketing channels, not least e-commerce, are reasons why size is so important. During 2000, we intend to launch a completely new showroom concept for selling kitchen fixtures.

The choice of marketing channels and the skill to identify and fulfil customer preferences are key functions

The business cycle in the Nordic region is positive with a continuing increase in the number of building activities in mainly Finland and Sweden. The German market is expecting an improvement in its business cycle. On the back of these, conditions for continued profit growth are favourable.

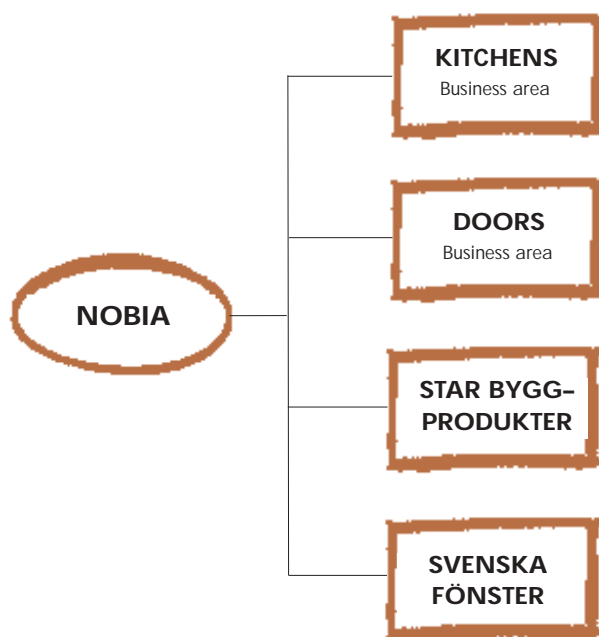
Göteborg, April 2000.



Fredrik Cappelen

4 NOBIA'S BUSINESS CONCEPT

We develop, manufacture and market a customer-oriented range of kitchens, doors and windows. By adapting to the individual customer and focusing on service, quality, function, design and environmental responsibility, our products will give our customers added value.



GOALS

Nobia's business is based on four goals:

Profitability

- The operating margin will be at least 10% for production units and at least 4% for the wholesale operation.
- The cash flow will be positive.
- Indirect costs will not exceed 25% of sales.

Competitive product range

- A competitive range of kitchens, doors and windows that satisfies customer needs will be marketed and continually developed.
- Products will be of a consistently high quality.

Customised service

Nobia will maintain a high standard of service by focusing on the following areas:

- Handling orders.
- Deliveries and delivery times.
- Handling complaints.
- Measuring and monitoring customer satisfaction.

Greater market shares

- Market shares in the Nordic countries will be increased and secured.
- The strategic presence in selected markets in Russia, the Baltic States and Poland, will be maintained and strengthened.

STRATEGIES

Products

Business activities are focused on kitchen, door and window products for building interiors.

Geographic markets and sales

Nobia's main market is Northern Europe with an emphasis on the Nordic countries.

Customers and customer relationships

Nobia's customers are ultimately the individual consumers. A key factor is the follow-up of changes in consumer preference, design, interiors trends and the individual customer's perception of Nobia's brands and products.

Marketing can be divided into two main categories: the project market, where customers are mainly in the building materials and interiors sector, and the consumer market, where sales occur via a number of different channels.



Channel choice

Sales channels to individual consumers change and develop quickly. The choice of channels therefore becomes all the more important. Nobia's products will always be in the right channels for the consumer.

Brands

Marketing and sales of products should primarily be carried out under our own brand names. The brand will always be emphasised in communications with the customer.

Service and distribution

High demands are placed for correct deliveries made at guaranteed times. We will strive for short runs with direct factory-to-customer deliveries, to minimise storage and transport costs.

Production

Production will be organised according to the demands of the appropriate market - with minimised lead times and storage. Continual technical advances will provide clear production advantages and fulfil efficiency goals.

Purchasing

The purchasing function is co-ordinated and will optimally utilise joint volumes to achieve favourable agreements.

Product development and R&D

Product development will be based on the customer's actual needs and lead to increased profitability.

Environment

Nobia will be at the forefront in its sector on environmental matters. Environmental work will be carried out according to the Group's environmental policy and specific action plans.

Financial control and IT

The cash flow and profitability will be prioritised. IT systems will continually be developed for sales support, production and profitability control.

6

The market

Nobia has built up a strong position on the Nordic market for sales of building interior materials, and is the only player that offers a complete range of kitchens, doors and windows.

The demand for Nobia's products is governed by trends in the construction industry in the Nordic countries. This partly consists of new construction and partly of repairs, renovations and extensions. The customers in both these categories can be divided into two sectors, the project market, where customers are mainly building companies and the consumer market.

The Doors business area's sales are divided 50/50 on each market sector.

Sales of kitchens are predominantly made to the consumer market but vary slightly between the Nordic countries – in Sweden and Norway a quarter of sales are project sales and three quarters are retail sales directly to the consumer. The division in Denmark and Finland is 45% project sales and 55% consumer sales.

Svenska Fönster sells around 90% of its production on the Swedish market, mainly targeting the consumer market. Around 20% of sales go to the

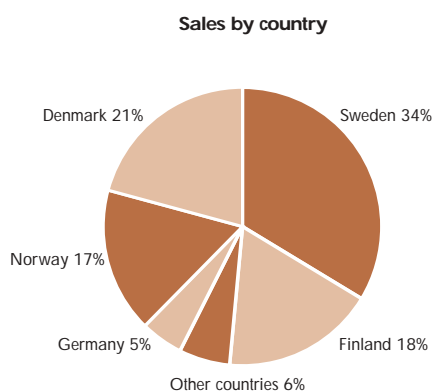
project market, where home builders are an important customer category.

The line between project and consumer markets is slowly being erased with the consumer's individual preference becoming more obvious, even for larger building projects. The demand for product development and design is therefore on the increase in both market sectors.

The Nordic construction market

The year began with a weak business cycle and everything pointing towards a downturn in the construction industry in the Nordic region as a whole for 1999. However, during the spring there was a turn around, mainly in Finland and Sweden.

- The boom in Denmark has now passed and construction will stagnate or even drop.
- A similar situation occurred in Norway in 1998-1999, where a drop in oil prices and a hike in interest rates caused a fall in building investments.

**Construction trends in the Nordic countries 1998-99**

SEK billion	1998	1999	change in %
Denmark			
Residential building	43.9	43.5	- 1
Other building *	38.3	37.9	- 1
Finland			
Residential building	38.7	41.4	7
Other building *	38.7	40.6	5
Norway			
Residential building	33.3	31.3	- 6
Other building *	47.8	44.5	- 7
Sweden			
Residential building	24.1	27.7	15
Other building *	46.0	47.8	4
Nordic countries, total			
Residential building	140.0	143.9	3
Other building *	170.8	170.8	0

* Other building includes industrial building.
Source: Byggentreprenörerna



Oil prices rose dramatically in 1999 and gave new impetus to the business cycle. Construction in Norway is therefore expected to increase over the next few years.

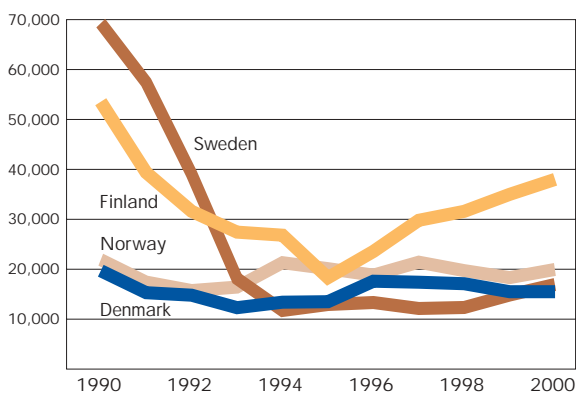
- Finland's economy is growing strongly and construction grew rapidly between 1997 and 1999. The increase is expected to continue for 2000.

- The situation is very similar in Sweden. An upturn is underway in the building industry following eight years of extremely low levels. There is a pent-up demand for new homes which points towards a continued upturn.

The demand for Nobia's products in Sweden and Finland, therefore, is expected to rise over the next few years.

The differences between the Nordic countries' business cycles show that it is correct to regard the Nordic countries as one market and thereby level out the variations in demand and employment.

Housing production in the Nordic countries
1990–2000



Kitchens

Nobia's Kitchens business area is the leading supplier on the Nordic market. The market for kitchen and bathroom cabinets and wardrobes in the Nordic countries is worth about SEK 7.3 billion. Nobia's brands represent around 25% of the Nordic market. From a European perspective Nobia's market share is significantly lower. Nobia is however the fourth largest manufacturer of kitchens in Europe and has been the most successful in creating a dominant position on its home market.

The largest competitor on the *Nordic* market as a whole is Ikea. Major manufacturers on the *Swedish* market are Ballingslöv and Myresjökök. Kvik, Svane and Invita are HTH's nearest competitors on the *Danish* market, while in *Finland* the main competitor is Harjavalta's Puustelli.

Doors

The Nordic doors market has annual sales of around SEK 3.8 billion, which makes up just over 10% of the European market.

The Doors business area's market share in the Nordic countries is just over 30%. Market shares differ however depending on the type of door.

The largest competitor on the Nordic markets is Vest-Wood of Denmark. Other major manufacturers are Alavus and Viitapuu of Finland and Fjordtre of Norway.

Windows

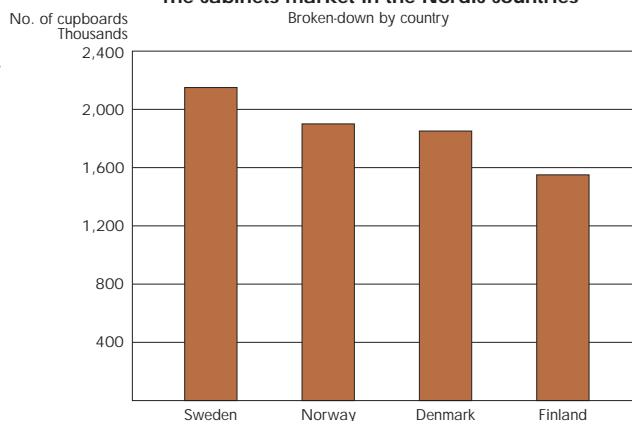
Svenska Fönster sells mainly on the Swedish market with sales amounting to SEK 1.3 billion. Svenska Fönster's market share is around 30%. The largest manufacturer is the Skanska-owned Elit Fönster with around 35% of the market. The remaining market is divided between around 40 other manufacturers.

Star Byggprodukter

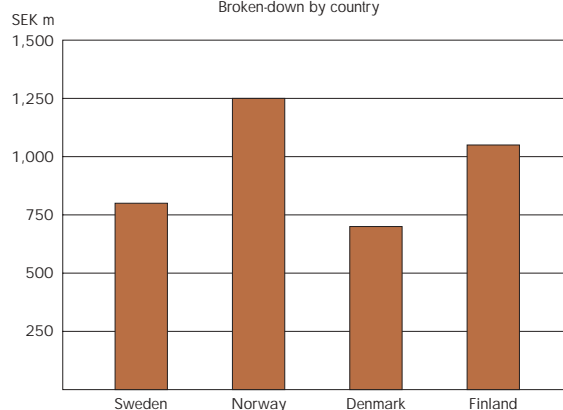
Star is active in the Swedish market as a supplier of a wide range of building products to building material retailers. The company has a strong logistics platform and market-leading brands and is also an important sales channel for Nobia's products.

Products supplied by Star account for around 8% of retail trade purchases from the overall Star range. Star is a market leader with around 30% of the wholesale building material market. The closest competitor is Elof Hansson Bygggross AB, otherwise the trade is composed of locally-active or specialist wholesalers.

The cabinets market in the Nordic countries
Broken-down by country



The doors market in the Nordic countries
Broken-down by country





During the summer of 1999 the Doors business area ran an outdoor advertising campaign for front doors. On the advertising pillars were detachable full-size paper doors. The idea was to tear off a door, take it home, and tape it over your existing front door to see exactly how it would look in situ.

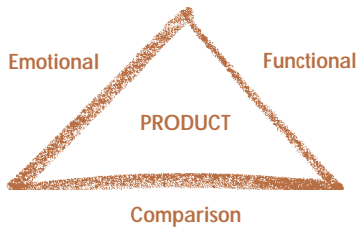
The campaign material was also used at retail outlets as an effective means of selling doors.

The campaign attracted a lot of attention and won gold at the annual Epica European advertising competition. It was also nominated for the top Swedish 100 watt advertising competition, where it received the 50 watt award. In addition, the campaign received a "silver egg" in the Swedish Advertising Association's "Golden Egg Awards".



10

Nobia's marketing is built upon strong, well-known brands. Brands with a well-defined identity contribute to building long-term and long-lasting customer relationships. The aim is that every brand will be "charged" with content that matches the needs and lifestyle of a well-defined group of customers. Marketing is done through different sales channels and is supported by brand differentiation.



A brand is created by people in a material world.

The brand is the bearer of the products' image, creating an awareness for the customer of what the product stands for. This is of vital support for marketing, creating customer loyalty and increasing the effect of marketing efforts.

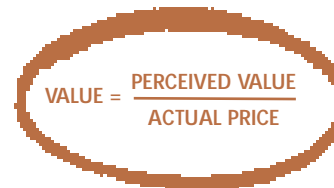
Positioning and profiling of brands

Nobia has for many years systematically surveyed the attitudes of consumers to establish the position and profile of its own brands and those of its competitors.



The survey is used to identify the changes and measures that are needed to strengthen the Nobia brands.

The consumer's perception is often not the same as the true situation in terms of price and quality, for example. Nobia considers the difference between perceived value and actual cost as the brands' value.



To achieve a high value, the brand is charged consciously with certain attributes. When the target groups increase in size, it becomes increasingly important to know more about the consumer.



Target groups – it was easier before

The number of identifiable groups of people with similar consumer habits and preferences is increasing. The introduction of e-business/e-tailing also creates the need for “Individually suited mass production” where more consideration is given to individual preferences. Accessibility is becoming more of a competitive factor that can be measured in real time seconds. Knowledge about the different brands’ position enables marketing to be steered to avoid collisions.

Well-known brands

Examples of well-known brands in the Kitchens business area sold in Scandinavia are HTH, Marbodal and Sigdal.

In Finland, A la Carte, Parma and Petra are the well-known brands. The Finnish kitchen brand identity is strengthened by the fact that products are sold through differentiated channels.

The Star Beka and Yes Box brands are used in Germany. For the DIY market a special unit has been created – Eurokit – which covers many brands, as a rule one for every customer, as these consist of large chains.

The Doors business area sells its products under two geographically differentiated brands, Swedoor in Scandinavia and Jite in Finland.

Svenska Fönster sells its products under three brand names – SP Fönster, Traryd Fönster and BorDörren. SP Fönster is profiled as a brand that stands for individual adaptation and design with high quality and guaranteed deliveries while Traryd offers a limited range and quick delivery times. BorDörren manufactures high quality front doors.

...with tradition and history

Many of Nobia’s brands have a long history. The oldest is Star Beka, which was launched in 1909. Marbodal started manufacturing kitchens in 1924, the Norwegian company Sigdal began in 1950 and HTH began in Denmark in 1966. They were all acquired one by one by Swedish Match and during the 1980’s became part of Stora Byggprodukter, which in 1996 became Nobia.

The world around us

Nobia’s products and services are affected to a great degree by changes in the world around us – changes that affect consumer purchasing patterns, way of living, family structure, ethics, etc.

Nobia continually analyses these changes and gives the information to the decision-makers in the Group so that they have an overview of the consequences for the Group’s activities.

Product development and design

Consumers demand their own individual product, which differs from all the others. Production of interior products is therefore moving more and more towards individualisation with emphasis on the unique. The product’s aura can be said to be just as important as the product itself. At the same time as the consumer perceives the product to be unique, the product must also meet the demand for rationally organised production.

Nobia’s product and design departments work with consultants to develop finished products that match each single brand’s desired position and profile.



12

Choice of sales channels – a strategic question

The choice of sales channels for different brands is the deciding factor in reaching the customer categories that the brand in question has as its target group. It is therefore an important strategic issue.

It is equally important to continually follow developments and changes in the different channels to ensure the greatest possible effect of the marketing investment.

There has been a rapid restructuring of the building interiors market in Denmark, Norway and Finland in recent years. The result has been larger units by the formation of chains and different types of alliances.

Sweden is lagging behind in restructuring

The Swedish market has been influenced late by trends from the continent, Europe in general, other Nordic countries and the US. Restructuring of the Swedish market for building interiors products has therefore started later than in neighbouring countries. Bauhaus of Germany, Silvan of Denmark and K-Rauta of Finland have established builders' merchants stores in Sweden. Swedish building material traders have organised themselves into chains such as Woody (Interpares and Allbygg) and Optimera in co-operation with Byggmakker of Norway.

Nobia will be present in all channels

Nobia of Sweden has traditionally had its main focus on the retail builders' merchants but has also been present in other channels for kitchens and other building interior products. This includes the new builders' merchants stores, kitchen showrooms, shop-in-shops and furniture retailers.

HTH sales in the Nordic countries have been through its own showrooms run on a franchise basis. During 1999, HTH signed agreements for sales of HTH products in Electrolux Home showrooms.

Sales of kitchens through, or in association with, furniture retailers is a new occurrence in Sweden. In Germany this is a well-established sales channel which is due to the fact that kitchen interiors in Germany are not regarded as permanent building interiors but as furniture. Other Nordic countries have also seen sales of kitchens by furniture retailers.

Development of Internet-based information and sales channels is becoming a more important part of Nobia's marketing activities. The design program for kitchens and doors used as a sales tool, is a part of this progress. HTH has come one step further in its adaptation to e-commerce by connecting all HTH showrooms to the factory in Ølgod in Denmark. Continued focus on the Web as a sales channel, still requires considerable development work.


Finland at the forefront

In Finland the most consistent multi-channel strategy has been carried out in the Kitchens business area. This is building on the brands that are differentiated with regard to design, quality, price and service levels with sales through different channels. It has led to the Kitchens business area having a larger market share in Finland than in the other Nordic countries.



Interior of the Marbodal Center in Tidaholm





The Marbodal Center at Tidaholm offers 1,700m² of attractive design. All of Marbodal's kitchens and bathrooms are here under one roof.

There is a Marbodal Center at Humlegårdsgatan in Stockholm too. Marbodal Centers will be opening in Göteborg and Malmö during spring 2000.

Kitchens *business area*

NEW SALES CHANNELS AND DESIGN DEVELOPMENT



The market Demand for kitchens in the Nordic countries mainly follows consumer patterns for private purchases of capital goods. Among these capital goods for private use kitchens compete with products such as home furnishings, electronic products and cars. Over the past few years consumer investment in home furnishings has risen. Newly established home furnishing sales chains have benefited from this trend, in which the kitchen is an integral part.

Only about one third of demand for kitchens comes from newly built homes. During the past few years the number of newly built homes has risen in Sweden and Finland. New production in Sweden has however still been at a low level, while construction in Finland has increased by nearly 50% since 1996.

Denmark and Norway have seen a decline in the construction industry since 1997.

Market activities The biggest brand name is **HTH**, which is sold in Denmark, Sweden and Norway. During 1999, HTH opened a number of new showrooms in Denmark under the "HTH DIY" concept. The company also opened a showroom in Warsaw, Poland. **Marbodal**, which is sold in Sweden and Norway, carried out a marketing campaign for small building firms coupled with a consumer campaign using the theme "Buy a Marbodal kitchen and we'll pay for the carpenter". The sales of kitchens for the renovations market increased dramatically. New products in oak and birch were launched successfully during the year.

The demand for kitchens in Finland has been strong during the past few years. Novart strengthened its share of the market for new construction. The product

programme for the A la carte and Petra brands was renewed and new exhibitions were opened. Novart mainly exports to Russia and the Baltic States, where demand has been weak.

Despite a fall in demand on the Norwegian market, **Sigdal's** sales in Norway were up due to increased market share in new building work.

Distribution of the **Eurokit** package kitchen brand, for those customers who prefer to put cupboards together themselves, was widened with new distributors in Sweden and Norway.

Demand for kitchens on the German market continued to fall during 1999, which means that the current excess capacity in manufacturing remained. The capacity in **Star Beka** was adapted to current demand by reducing the number of employees by 60. One-off costs for this capacity reduction affected results by SEK 42 million.

Sales and results Invoiced sales rose by 4% to SEK 2,321 million. The operating profit excluding items affecting comparability was SEK 128 million (102 m). The operating profit mainly improved for Novart and Eurokit, while Star Beka showed an increasing loss. The operating margin excluding items affecting comparability was 5.5% (4.6).

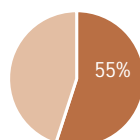
Investments and cash flow During the year investments amounted to SEK 40 million (72 m). Investments were mainly in the modernisation of assembly equipment at HTH and Novart.

The operating cash flow was SEK 176 million (75 m).

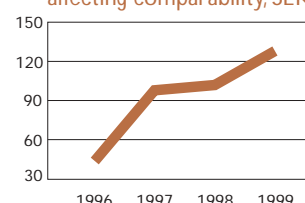
Sales by country



Percentage of Group Sales 1999



Operating profit excl. items affecting comparability, SEK m





1999 1998

Net sales, SEK m	2,321	2,227
Operating profit excl. items affecting comparability, SEK m	128	102
Operating profit, SEK m	86	105
Operating margin, % ¹⁾	5.5	4.6
Return on operating capital, % ²⁾	21.4	22.3
Operating cash flow, excl. corporate acquisitions, SEK m	176	75
Number of employees	2,081	2,198

* excl. items affecting comparability

** Definition 11 page 43

Doors *business area*



PRODUCT DEVELOPMENT FOCUSING ON CUSTOMER BENEFITS

The market New building and renovations govern the demand for doors. In 1999 demand rose in Sweden and Finland, while falling in Denmark and Norway. The markets in Russia and the Baltic States, which are fed by exports mainly from Finland, significantly contracted.

Restructuring The integration of Parmavalmiste, the Finnish door manufacturer acquired in 1998, with the other door manufacturing business in Finland continued during 1999. Measures included a joint control system and co-ordinating the production range. The integration process was slower than expected and the full effect is not expected until 2000.

The manufacture of panel doors, which is concentrated at Gran in Norway, had extensive running-in problems with the painted range. These problems were remedied towards the end of the year.

The UK subsidiary Swedoor was sold to Janex Limited, which is the leading supplier of Scandinavian building products to the UK markets. Janex represents Swedoor in England and Wales.

Cost rationalisation The material costs share of the total manufacturing costs continued to decline due to a change in choice of material and improved manufacturing solutions, as well as a change of suppliers. The amount of timber and other raw materials imported from the Baltic States and Russia increased.

Work on rationalising production flow and improve delivery guarantees continued at a number of factories.

New products A new mini frame was launched which makes it possible to change a front door while retaining

the existing frame. This innovation is considered to be applicable in a large number of doors.

A security door was introduced which can eliminate sound levels of up to 40 dB. The production programme for internal doors was simplified and is divided into four categories with each having a uniform basic design.

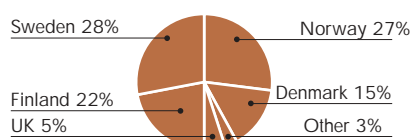
Market activities The advertising campaign for front doors under the theme "Tear off a door and try it at home" aroused great attention among customers, as well as in the media. The campaign was run in the three Nordic countries, and led to increased sales and better capacity usage in manufacturing.

Sales and results Invoiced sales were down by 6% due to lower invoicing to the UK and Germany. Invoiced sales advanced in the Nordic countries by 1%. The operating profit, excluding items affecting comparability, was SEK 43 million (15 m). The operating profit improved mainly for the units at Forserum and Åstorp, while profits in Finland and Norway were down. The operating margin, excluding items affecting comparability, was 4.1% (1.3). The operating profit included a capital gain resulting from the sale of properties in Forserum to Star Byggprodukter.

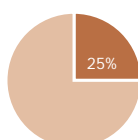
Investments and cash flow Investments carried out during the year amounted to SEK 28 million (10 m). The most important project was concentrating manufacturing at Forserum to a single factory and moving machinery from Forserum to factories in Norway and Finland.

The operating cash flow was SEK 65 million (46 m).

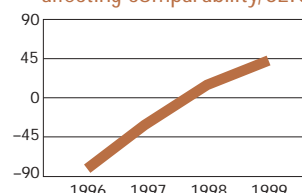
Sales by country



Percentage of Group sales 1999



Operating profit excl. items affecting comparability, SEK m





	1999	1998
Net sales, SEK m	1,049	1,116
Operating profit excl. items affecting comparability, SEK m	43	15
Operating profit, SEK m	55	15
Operating margin, % ^{*)}	4.1	1.3
Return on operating capital, % ^{**)}	65	4.5
Operating cash flow, excl. corporate acquisitions, SEK m	65	46
Number of employees	1,093	1,213

* excl. items affecting comparability

** Definition 11 page 43

Star Byggprodukter

HIGH SERVICE STANDARDS AND AVAILABILITY THROUGHOUT SWEDEN

Activities Star is the leading building materials wholesaler in Sweden and therefore represents an important sales channel for carpentry, panelling and wood products to retailers in Sweden.

The key word in Star's strategy is availability. Effective provision of material is made possible by nationwide sales, warehousing and distribution at eight sites around Sweden. At many sites there is night-time picking of customer orders, which means that customers can order right up to the end of business hours for delivery the next working day. This is complemented with services such as "Star Online" which is an Internet-based ordering service. A further example is the "Star University" training programme, a resource that gives customers the opportunity of training their staff in important areas such as product knowledge and purchasing.

CEOS Industriprodukter are a special business sector in Star. CEOS delivers wood-based panelling to the furniture and carpentry industry all over Sweden. It also supplies around 15,000 m³ of pre-cut panels annually. CEOS is today Sweden's leading supplier of MDF. Demand during the year continued to be very strong with sales of just over SEK 160 million. Profitability has therefore further improved.

Rationalisation A property was sold in Stockholm in 1999 to ensure better adapted and cost effective factory activities. Activities at Blomstermåla will be moved to Nässjö during the year. A property was acquired in Forserum where the activities at Nässjö will be moved in 2000.

New computer systems were brought into operation during the year.

Sales and results The market for building supplies, mainly the consumer trade, progressed positively during 1999.

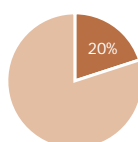


The year began slowly for Star, but ended with a much higher demand. Volumes were therefore better during 1999 compared with 1998. Sales rose by 8% to SEK 824 million.

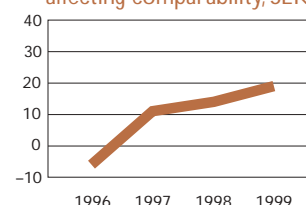
The volume increases were managed without high cost increases thanks largely to greater internal efficiency and co-ordination between the units. The operating profit improved by 35% compared to last year and was SEK 19 million.

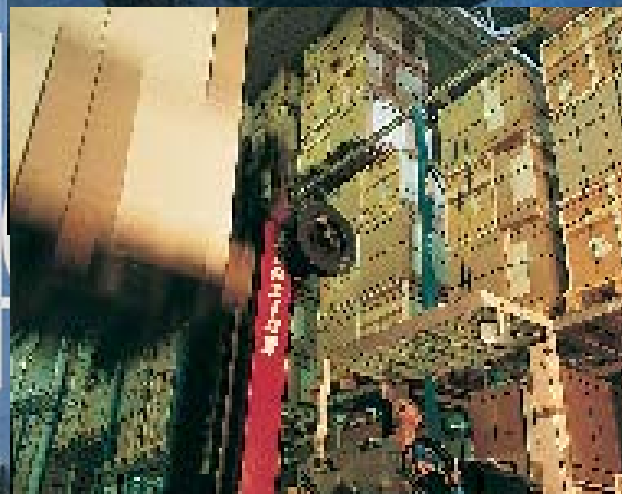
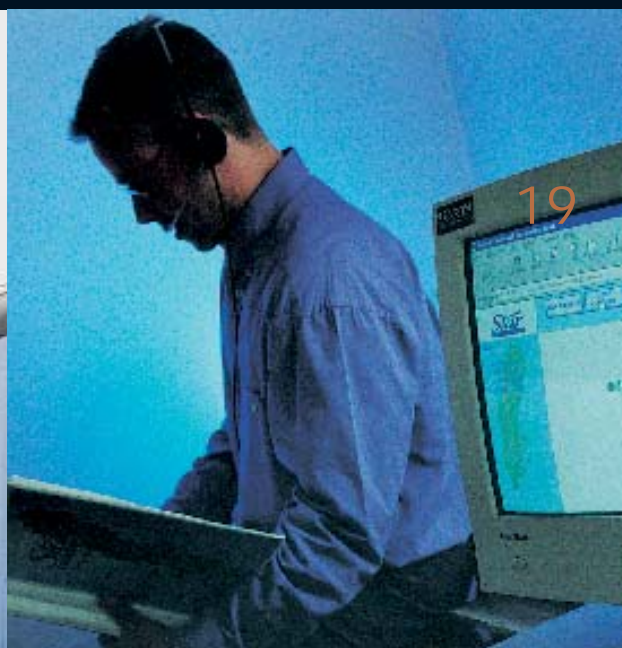
Adapting to new market conditions The building supplies trade in Sweden is changing rapidly. This means that new demands are placed upon Star as a wholesaler to adapt its product range to suit the needs of the customer, as well as being in command of the new sales channels that are expanding. To meet these demands, Star has established a nationwide marketing unit with five business segments: "Retailers", "Builders Merchants' Chains", "DIY Stores", "Pre-fab Housing Manufacturers" and "CEOS". Other nationwide units will be purchasing, distribution and administration.

Percentage of Group sales 1999



Operating profit excl. items affecting comparability, SEK m





1999 1998

Net sales, SEK m	824	765
Operating profit excl. items affecting comparability, SEK m	19	14
Operating profit, SEK m	37	25
Operating margin, % ^{*)}	2.3	1.8
Return on operating capital, % ^{**)}	39	21
Operating cash flow, excl. corporate acquisitions, SEK m	20	32
Number of employees	144	157
* excl. items affecting comparability		
** Definition 11 page 43		



Svenska Fönster

PRODUCT DEVELOPMENT FOR ENERGY SAVINGS

Market developments Svenska Fönster has nearly 90% of its sales in Sweden. The Swedish windows market grew by 3% in volume during 1999. Sales via the building trade were mainly responsible for the increase although deliveries to building manufacturers increased for the second year in a row. Sales to building contractors declined somewhat.

In exports, the Japanese market progressed very successfully with volumes four times up on last year. The performance in Scotland was positive, while demand in central Europe remains unchanged. Demand in the neighbouring Nordic countries has been good.

Svenska Fönster's market share in Sweden rose during 1999.

Market activities Energy-efficient windows were a topical item during 1999. Manufacturers, authorities and purchasers have significantly invested in products with low U values in order to reduce energy consumption. In many cases these products have caused problems with external condensation. Traryd Fönster, part of Svenska Fönster, has launched "Traryd Super Energy" which has been well received by the market. The product contains a coated glass that achieves considerable energy saving without causing condensation problems.

SP Fönster launched windows with a new quality of timber during 1998. This means that SP supplies windows that are knot-free both inside and out. This provides the customer with a more attractive and more durable window without the risk of having yellow knots. The improved quality means a higher price.

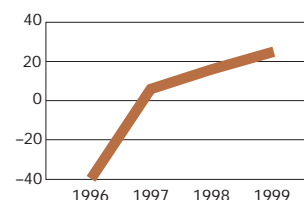


Sales and results Sales for 1999 improved by 12% to SEK 426 million and the operating profit rose to SEK 25 million (16 m). After financial expenses Svenska Fönster reported a profit of SEK 22 million (11 m).

Investments Total investments stood at SEK 7 million and were mainly for a new painting plant at Edsbyn and the rebuilding of the finished product warehouse in Traryd.

Development activities All of the companies in Svenska Fönster changed their computer systems during 1999. The new system provides greater advantages both internally and for customers. The system includes the delivery of a drawing of the window together with the quote and order acknowledgement. The system also contains functions for e-business, via both EDI and the Internet.

Operating profit, SEK m



1999 1998

Net sales, SEK m	426	379
Operating profit SEK m	25	16
Operating margin, %	6.1	4.3
Return on operating capital, %	18.6	10.2
Number of employees	427	417

Directors' Report

for Nobia AB, Company Reg. No. 556528 – 2752

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Information about the business Nobia AB is mainly owned by Nordic and international investors through Industri Kapital 1994, and by Nobia's management. The subsidiary Nobia Nordisk Bygginteriör AB, is wholly-owned by Nobia AB, and is the parent company of the sub-group. The Group manufactures and sells interior products under brand names including Marbodal, HTH, Sigdal, Star Beka, SP Fönster and runs a builders' merchant business called Star Byggprodukter AB.

Structural changes

Disposals

In December 1999 it was announced that Nobia Nordisk Bygginteriör AB had started negotiations about the sale of Nobia's door business to the Danish company Vest-Wood A/S. Negotiations were finalised in April 2000.

During the year the German door company, Swedoor GmbH was wound up. Besides this the UK subsidiary Swedoor UK was disposed of.

Acquisition of the remaining 50% holding in Svenska

Fönster By exercising the options agreement that was in force between Nobia Nordisk Bygginteriör AB and Vätterledens Invest AB when Svenska Fönster AB was formed in 1997, Nobia Nordisk Bygginteriör AB acquired the remaining 50% of Svenska Fönster AB at the end of 1999.

Invoiced sales The Group's invoiced sales for 1999 totalled SEK 4,049 million (3,977 m). Including Svenska Fönster AB (wholly-owned from 31 December 1999), sales stood at SEK 4,437 million pro forma, after taking into consideration internal sales between the Nobia Group and the Svenska Fönster Group.

Demand on the Swedish and Finnish building interiors market grew while a fall was seen on the Danish market. In Germany demand continued to be low and fell in Norway.

Invoiced sales per business area

SEK m	1999	1998	Change %
Kitchens	2,321	2,227	4
Doors	1,049	1,116	-6
Star Byggprodukter	824	765	8
Eliminations	-145	-131	
Total	4,049	3,977	2
Svenska Fönster	426	379	12

Invoicing rose in the *Kitchens* business area due to greater deliveries in Sweden and Finland, while invoicing in Germany fell due to the lacklustre demand for kitchen products continuing.

Invoicing for *Doors* fell due to business activities being wound up in Germany and concentrating on the Nordic markets. Deliveries to markets in the Nordic region rose. The biggest increase for doors was seen in the public environment sector including schools, hospitals etc.

Invoicing by *Star Byggprodukter* rose due to the higher rate of activity in the Swedish building sector.

Svenska Fönster increased its invoicing through greater delivery volumes, mainly to the renovation market.

Invoiced sales per country

SEK m	1999	1998	Change %
Sweden	1,364	1,236	10
Denmark	838	832	1
Norway	686	662	4
Finland	713	645	11
Germany	217	336	-35
Other countries	231	266	-13
Total	4,049	3,977	2

The Group's invoiced sales climbed most in Sweden and Finland due to generally improved demand. Invoiced sales in Germany declined due to the drop in demand for kitchens and partly due to the sale of the door business.

Results The Group's operating profit excluding items affecting comparability, rose by SEK 58 million to SEK 172 million (114 m). Items affecting comparability, net, were SEK -40 million (-4 m) consisting of the cost of staff cutbacks and other one-off measures concerning kitchen activities at Star Möbelwerk GmbH, SEK -42 m, a capital gain from a property sale, SEK 7 m, and provision for manufacturing equipment in the doors business, SEK -5 m. The operating profit including items affecting comparability was SEK 132 million (110 m).

Operating profit per business area (excl. items affecting comparability)

SEK m	1999	1998
Kitchens	128	102
Doors	43	15
Star Byggprodukter	19	14
Other	-18	-17
Total	172	114
Svenska Fönster	25	16

Kitchens' profit improved most for the Finnish subsidiary Novart and the package kitchen activities of Eurokit and HTH's profit remained strong. Star Beka reported an increased loss. The capacity of the company was adjusted by reducing staff numbers by 35% to achieve a profit at the current rate of demand.

Doors' positive earnings trend continued in 1999. The main reason for the improved profit is the continued cost-cutting measures.

Star Byggprodukter reported an improved profit as a result of greater volumes and internal efficacy.

Svenska Fönster's profit improved through continuing rationalisation coupled with an increase in volumes.

Returns

	1999	1998
Return on capital employed, %	11	10
Return on equity, %	0	6

Financial position

Balance sheet in summary and financial position

SEK m	1999	1998
Fixed assets	1,000	1,052
Current assets	1,055	883
Liquid assets	135	160
Total assets	2,190	2,095
Shareholders' equity	351	375
Interest bearing liabilities and provisions	845	839
Other liabilities and provisions	994	881
Total liabilities and shareholders' equity	2,190	2,095
Equity/assets ratio, %	16	18
Net debt, SEK m	710	680
Capital employed at year end, SEK m	1,194	1,214

With the acquisition of Svenska Fönster, the Group's assets rose by SEK 220 million and the net debt level climbed by SEK 85 million. Excluding this acquisition, the Group's turnover of capital employed improved to 3.6 times (3.3).

Cash flow statement in summary

SEK m	1999	1998
Cash flow from current activities	126	127
Cash flow from investment activities	-35	-275
Cash flow from financing activities	-106	143
Cash flow for the year	-15	-5

The cash flow from current activities has mainly been used to reduce net borrowings. The purchase price for Svenska Fönster AB was paid after the accounting year end.

Employees At the end of the year the number of employees in the Group was 3,334 (3,529). The acquisition of Svenska Fönster means an increase of 430 people.

Number of employees at year end

	1999	1998
Sweden	1,289	1,364
Denmark	812	823
Norway	250	283
Finland	740	734
Germany	232	313
The UK	11	12
Total	3,334	3,529

The parent company's activities include joint Group functions and executive ownership of the subsidiaries. The operating income was SEK 0 million (10 m). The net loss was SEK 11 million (-1 m).

Future outlook Demand for the kind of products that the Group's business areas represent, is mainly tied to the performance of the housing construction market in the Nordic region. Expectations are that there will be increased demand in Sweden, a continued strong demand in Finland and a weakening trend in Denmark.

The Group's structure is being reviewed. The sale of the door business to Vest-Wood is a way of focusing the Nobia Group's business on kitchens.

Environment The Group performs activities that are subject to environmental legislation at the following subsidiaries: Nobia Nordisk Bygginteriör AB, SP Fönster AB, BorDörren AB and Traryd Fönster AB. Work performed by the Group that requires an environmental licence mainly affects the external environment via sound and airborne emissions due to surface treatment of wooden products.

Proposed allocation of loss The Group's accumulated deficit as shown in the consolidated balance sheet amounts to SEK 102 million. No allocation to restricted equity is required.

The Group's and parent company's results and position can be seen from the following accounts.

Consolidated Income Statement

(SEK m)	Note	1999	1998
Net sales	2	4,049	3,977
Cost of goods sold	3	– 2,873	– 2,895
Gross profit		1,176	1,082
Selling expenses	3	– 823	– 788
Administrative expenses	3	– 189	– 193
Other operating income		31	35
Other operating expenses		– 34	– 28
Items affecting comparability	4	– 40	– 4
Shares in the pre-tax profit of associated company	10	11	6
Operating profit		132	110
<i>Profit/loss from financial investments</i>			
Interest income and similar profit/loss items	5	3	3
Interest expense and similar profit/loss items		– 51	– 59
		– 48	– 56
Profit/loss after financial items		84	54
Tax	7, 22	– 83	– 33
Net profit for the year		1	21

Consolidated Cash Flow Statement

SEK m	Note	1999	1998
<i>Current activities</i>			
Operating profit		132	110
Depreciation		105	108
Adjustment for items not included in cash flow etc.		- 18	- 13
Interest received		3	3
Interest paid		- 51	- 59
Tax paid		- 43	- 35
Cash flow from current activities before changes in working capital		128	114
Changes in stock		- 21	53
Changes in receivables		- 62	3
Changes in operating liabilities and provisions		81	- 43
Cash flow from current activities		126	127
<i>Investment activities</i>			
Investments in tangible fixed assets		- 74	- 87
Sales of tangible fixed assets		23	32
Acquisition of subsidiary	26	9	- 58
Sale of subsidiary	27	1	0
Increase/decrease in short-term financial investments		6	0
Cash flow from investment activities		- 35	- 113
<i>Financing activities</i>			
New share issue		—	1
Amortization of liabilities		- 125	0
Increase/decrease short-term financial investments		19	- 20
Cash flow from financing activities		- 106	- 19
Cash flow for the year		- 15	- 5
Opening balance, liquid funds		160	157
Exchange rate differences in liquid funds		- 10	8
Closing balance, liquid funds		135	160

Consolidated Balance Sheet

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SEK m	Note	31 Dec. 1999	31 Dec. 1998
Assets			
Fixed assets			
<i>Intangible fixed assets</i>	8		
Goodwill		126	119
Other intangible assets		8	5
		134	124
<i>Tangible fixed assets</i>	9		
Buildings and land		397	357
Investments in progress		12	6
Advance payments for intangible assets		2	0
Plant and machinery		312	329
Equipment, tools, fixtures and fittings		37	38
		760	730
<i>Financial fixed assets</i>			
Shares in associated company	10	—	45
Other participations		1	2
Other long-term receivables		10	15
Deferred tax	22	95	136
		106	198
Total fixed assets		1,000	1,052
Current assets			
<i>Stock</i>			
Raw materials and consumables		157	152
Work in progress		132	116
Finished products		100	57
Goods for resale		58	60
Advance payments to suppliers		0	0
		447	385
<i>Current receivables</i>			
Tax receivables		2	1
Accounts receivable – trade		529	422
Other receivables		42	18
Prepaid expenses and accrued income	12	35	57
		608	498
Cash and bank balances	13	135	160
Total current assets		1,190	1,043
Total assets		2,190	2,095

Consolidated Balance Sheet

SEK m	Note	31 Dec. 1999	31 Dec. 1998
Shareholders' equity and liabilities			
Shareholders' equity	14		
<i>Restricted shareholders' equity</i>			
Share capital		31	31
Restricted reserves		422	451
		453	482
<i>Accumulated deficit</i>			
Loss brought forward		- 103	- 128
Profit for the year		1	21
		-102	- 107
Total shareholders' equity		351	375
Provisions			
Provisions for pensions	25	56	25
Provisions for taxes	22	47	44
Other provisions	15	42	40
Total provisions		145	109
Long-term liabilities	16		
Subordinated loan	17	150	150
Liabilities to credit institutions		443	650
Other liabilities		0	0
Total long-term liabilities		593	800
Current liabilities			
Liabilities to credit institutions	18	131	14
Advances from customers		2	4
Trade creditors		408	332
Tax liabilities		31	37
Other liabilities		246	168
Accrued expenses and deferred income	19	283	256
Total current liabilities		1,101	811
Total shareholders' equity and liabilities		2,190	2,095
Pledged assets	20	934	898
Contingent liabilities	21	28	28

Parent Company's Income Statement

SEK m	Note	1999	1998
Administrative expenses		0	0
Items affecting comparability	4	0	10
Operating profit/loss		0	10
<i>Profit/loss from financial investments</i>			
Interest income	5	0	1
Interest expense		-11	-12
		-11	-11
Loss after financial items		-11	-1
Loss for the year		-11	-1

Parent Company's Cash Flow Statement

SEK m	1999	1998
<i>Current activities</i>		
Operating profit	0	10
Adjustment for items not included in cash flow etc.	—	-10
Interest received	—	1
Interest paid	-11	-12
Cash flow from current activities before changes in working capital	-11	-11
Changes in stock	22	14
Changes in operating liabilities	-11	-4
Cash flow from current activities	0	-1
<i>Investment activities</i>		
Cash flow from investment activities	—	—
<i>Financing activities</i>		
Share issue	—	1
Cash flow from financing activities	-	1
Cash flow for the year	0	0
Opening balance, liquid funds	0	0
Exchange rate differences in liquid funds	0	0
Closing balance, liquid funds	0	0

Parent Company's Balance Sheet

SEK m	Note	31 Dec. 1999	31 Dec. 1998
Assets			
Fixed assets			
<i>Financial fixed assets</i>			
Shares in subsidiaries	10, 11	456	456
Total fixed assets		456	456
Current assets			
<i>Current receivables</i>			
Receivables from subsidiaries		6	17
Cash and bank balances	13	0	0
Total current assets		6	17
Total assets		462	473
Shareholders' equity and liabilities			
Shareholders' equity			
<i>Restricted shareholders' equity</i>			
Share capital	14	31	31
Restricted reserves		281	281
		312	312
<i>Accumulated deficit</i>			
Profit/loss brought forward		11	1
Loss for the year		- 11	- 1
		0	0
Total shareholders' equity		312	312
Long-term liabilities			
Subordinated loan	17	150	150
Total long-term liabilities		150	150
Current liabilities			
Accrued expenses and deferred income	19	0	0
Other current liabilities		0	11
Total current liabilities		0	11
Total shareholders' equity and liabilities		462	473
Pledged assets	20	456	456
Contingent liabilities	21	28	24

Ownership structure and notes

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Shareholders

	No. of shares		Percentage of Shareholders	
	Class A	Class B	Capital	Votes
Industri Kapital 1994 Limited Partnership I (UK)	320,393		10.2	10.9
Länsförsäkringar Wasa Försäkrings AB (Sweden)	118,037	200,000	10.2	4.7
Industri Kapital 1994 Limited Partnership II (UK)	265,031		8.5	9.0
Industri Kapital 1994 Limited Partnership III (UK)	265,031		8.5	9.0
Industri Kapital 1994 Limited Partnership IV (UK)	265,031		8.5	9.0
Industri Kapital 1994 Limited Partnership V (UK)	227,338		7.3	7.7
Investor Investments AB (Sweden)	200,246		6.4	6.8
Storebrand Livförsäkring AS (Norway)	176,687		5.6	6.0
PGGM Pensioenfonds (The Netherlands)	176,687		5.6	6.0
Roburs Allemansfonder I-IV (Sweden)	153,130		4.9	5.2
Corporate management and employees	153,855		4.9	5.2
Ratos AB Publ (Sweden)	141,350		4.5	4.8
Livförsäkrings AB Skandia (Sweden)	129,571		4.1	4.4
Unibank A/S (Denmark)	129,571		4.1	4.4
Pensionskassernes Adm (PKA) A/S (Denmark)	58,896		1.9	2.0
Handelsbanken Liv Försäkrings AB (Sweden)	47,117		1.5	1.6
Försäkringsbranschens Pensionskassa (Sweden)	23,558		0.8	0.8
Roburs Aktiefond Kapitalinvest (Sweden)	23,558		0.8	0.8
Roburs Aktiesparfond (Sweden)	23,558		0.8	0.8
Other shareholders	32,000		1.0	1.1
	2,930,645	200,000	100.0	100.0

1 Accounting principles

Nobia AB's accounting and valuation principles comply with generally accepted accounting principles. The cash flow statement has been prepared according to the indirect method. The accounted cash flow comprises only transactions that entail payments in and out. In all other aspects, the accounting principles are unchanged compared to the previous year.

Consolidated accounts The consolidated accounts include the subsidiaries where the parent company, directly or indirectly holds more than half of the voting rights.

The consolidated accounts have been prepared in accordance with the acquisition accounting method, which means that subsidiaries' equity at the time of acquisition, established as the difference between the assets and liabilities market value, is eliminated in its entirety. The Group's equity therefore consists of that part of the subsidiaries' equity that is earned after the acquisition.

If the consolidated acquisition value of the shares exceeds the acquisition analysis' estimated value of the company's net assets, the difference is entered as consolidated goodwill. If, however, the consolidated acquisition value of the

shares is under the acquisition analysis' estimated value of the company's net assets, the acquired company's non-monetary assets are reduced by the amount of the difference. If all the difference is not eliminated by reducing the non-monetary assets, the remaining balance is reported as negative Group goodwill under other provisions. Provisions are resolved based on the expected earnings trend.

Companies acquired during the year are included in the consolidated accounts as from the date of acquisition. The net profits/losses of companies sold during the year are included up to and including the date of sale.

Deferred tax in the subsidiaries untaxed reserves at the time of acquisition as well as deferred tax liabilities in the difference between the market value of assets and liabilities in accordance with the acquisition analysis and the booked value of the individual company's accounts, including the restructuring reserve, are reported as provisions.

Appropriations and untaxed reserves are not reported in the consolidated accounts. They are divided between equity and deferred tax liabilities. Deferred tax relating to the year's appropriations are included in the Group's net profit. The deferred tax liability is reported as a provision while the

outstanding part is transferred to the Group's restricted equity.

The loss carried forward that could be utilised against future profits for the year, is capitalized as a deferred tax liability. This refers to the accumulated loss carried forward at the time of acquisition, as well as any following loss. The difference between the booked and fiscal value is also taken into the accounts as a deferred tax liability, alternatively after individual examination, as a deferred receivable.

For all the subsidiaries, Nobia AB applies the current method for translating the accounts of foreign subsidiaries. This means that foreign subsidiaries' assets and liabilities are translated at the closing day rate. All income statement items are translated at the year's average exchange rate. Translation differences are transferred directly to the Group's equity.

Intra-Group profits are eliminated in their entirety, without taking minority shares into account.

Accounting of associated companies Associated companies are those companies which are not subsidiaries, but where the parent company, directly or indirectly, holds at least 20 per cent of the voting rights of all the shares. The shares of associated companies are accounted for in accordance with the equity accounting method.

The equity accounting method means that consolidation is mainly effected on separate lines in the consolidated income statement and consolidated balance sheet. Associated companies accumulated profits, not allocated as dividends, are reported in the consolidated income statement as an equity reserve, under restricted reserves.

Receivables Receivables are reported at the amount that, after individual examination, they are expected to be paid.

Receivables and liabilities in foreign currency Receivables and liabilities in foreign currency are valued at the closing date rate. In cases where hedging has been used, e.g. through forward contracts, the forward rate is used.

Stock Stock is valued, applying the first in/first out (FIFO) principle, at whichever is the lower of the acquisition value and true value on the closing date. Required obsolescence allocations have been made.

Fixed assets The operating profit has been charged with depreciation according to plan in the income statements, calculated at the original acquisition values and based on

the assets calculated economic life as follows:

Office equipment and vehicles	3–5 years
Buildings	15–30 years
Goodwill	5–20 years
Machinery and other technical assets	6–12 years
Equipment, tools and installations	6–12 years

Goodwill relating to Novart Oy is depreciated over 20 years, as Novart's market position and brand name are judged to have an economic life of at least 20 years.

The difference between booked depreciation and depreciation according to plan is reported under appropriations. Accumulated depreciation in excess of plan is reported under untaxed reserves.

In connection with the market valuation of properties in 1997, an evaluation of the remaining economic life was made. The depreciation of the properties consolidated value has been calculated from this economic lifetime.

2 Net sales broken-down into geographic markets

Net sales break-down into geographic markets as follows:

(SEK m)	The Group	
	1999	1998
Sweden	1,364	1,236
Nordic region, ex. Sweden	2,237	2,143
Europe, ex. Nordic region	415	563
Other markets	33	35
Total	4,049	3,977

3 *Salaries, other remuneration and payroll overheads*

Of the cost of goods sold, sales and administrative costs, salaries, other remuneration and payroll overheads amount to the following:

<i>Subsidiaries</i>	1999		1998	
	Wages and other remuneration	Payroll overheads (of which pension costs)	Wages and other remuneration	Payroll overheads (of which pension costs)
Sweden	318	166 (23)	319	173 (33)
Denmark	260	12 (9)	248	17 (8)
Norway	55	21 (2)	60	21 (1)
Finland	125	62 (27)	116	55 (22)
Germany	63	42 (1)	78	39 (1)
The UK	4	0 (0)	4	1 (0)
The Group	825	303 (62)	825	306 (65)

Salaries and other remuneration broken-down per country and between members of the board and other employees:

	1999		1998	
	Board and MD	Other employees	Board and MD	Other employees
<i>Subsidiaries in Sweden</i>	3	315	4	315
<i>Subsidiaries abroad</i>				
Denmark	2	258	2	246
Norway	2	53	1	59
Finland	2	123	2	114
Germany	1	62	2	75
The UK	1	3	1	4
The Group, total	11	814	12	813

Directors' fees and salary to the CEO of Nobia AB and Nobia Nordisk Bygginteriör totalled SEK 3 million (3). In addition to the normal pension, in accordance with the general pension schemes (ATP and AFP), the CEO has the right to an ITP pension scheme (supplementary pension for salaried employees in industry). The CEO also has the right to the same salary for 24 months if employment is terminated by the employer. However, the amount will be reduced in the event of any subsequent new employment.

4 *Items affecting comparability*

The Group 1999	
Capital gain from the property sold in Stockholm	7
Provision for German kitchen business	-42
Provision for manufacturing equipment in the door business	-5
Total	-40
The Group 1998	
Capital gain from the property sold in Hisings-Backa	8
Provision for structural measures	-22
Guarantee payment from STORA in connection with the acquisition of Nobia Nordisk Bygginteriör AB	10
Total	-4
Parent Company 1998	
Guarantee payment from STORA in connection with the acquisition of Nobia Nordisk Bygginteriör AB	10

5 *Other interest income and similar profit/loss items*

	The Group		The Parent Company	
	1999	1998	1999	1998
Total	3	3	0	1

6 *Remuneration to Auditors*

	The Group		The Parent Company	
	1999	1998	1999	1998
Auditing Öhrlings				
Pricewaterhouse Coopers	3	3	—	—
Other assignments besides auditing Öhrlings				
Pricewaterhouse Coopers	1	1	—	—
The Parent Company's fees are invoiced via the subsidiary Nobia Nordisk Bygginteriör AB				

7 *Tax on profit for the year*

	The Group	
	1999	1998
Corporation tax	-39	-35
Deferred tax	-44	2
Total	-83	-33

Nobia Nordisk Bygginteriör AB is involved in a tax lawsuit, regarding 1997's tax assessment. The tax authority has invoked a tax surcharge of SEK 4 million. During 1999, the county administrative court found against Nobia. The verdict has been appealed against. Provision for this has not been made and in Nobia's opinion it is a tax surcharge that should not be paid. For calculations of deferred tax and receivables see note 22.

8 *Intangible assets*

	The Group	
	1999	1998
<i>Goodwill</i>		
Opening acquisition values	159	53
Sales and scrapping	0	-19
Corporate acquisitions	26	117
Translation differences	-12	8
Closing accumulated acquisition values	173	159
Opening amortization	40	53
Sales and scrapping	2	-19
Amortization for the year	6	6
Translation differences	-1	0
Closing accumulated amortization	47	40
Closing planned residual value	126	119

Other intangible assets

Opening acquisition values	15	8
Investments for the year	1	2
Sales and scrapping	0	0
Corporate acquisitions	0	4
Reclassification	5	0
Translation differences	-1	1
Closing accumulated acquisition values	20	15
Opening amortization	10	8
Sales and scrapping	0	0
Reclassification	0	0
Amortization for the year	3	1
Translation differences	-1	1
Closing accumulated amortization	12	10
Closing planned residual value	8	5

9 *Tangible assets*

	The Group	
	1999	1998
<i>Equipment, tools, fixtures and fittings</i>		
Opening acquisition value	204	204
Investments for the year	13	18
Sales and scrapping	-23	-27
Corporate acquisitions	4	0
Translation differences	-9	9
Reclassification	-28	0
Closing acquisition value	161	204

Note 9 cont.

	The Group	
	1999	1998
Opening depreciation	166	167
Depreciation for the year	15	16
Sales and scrapping	-21	-24
Corporate acquisitions	1	0
Translation differences	-7	7
Reclassification	-30	0
Closing depreciation	124	166
Closing planned residual value	37	38
<i>Investments in progress</i>		
Opening balance	6	2
Investments started during the year	12	5
Investments completed during the year	-5	-2
Translation differences	-1	1
Closing balance	12	6
<i>Advances for tangible assets</i>		
Opening balance	0	0
Reallocations during the year	2	0
Closing balance	2	0
<i>Machinery and other technical assets</i>		
Opening acquisition value	1,174	1,078
Investments for the year	42	95
Sales and scrapping	-59	-28
Corporate acquisitions	50	0
Translation differences	-34	29
Reclassification	35	0
Closing acquisition value	1,208	1,174
Opening depreciation	845	781
Depreciation for the year	66	70
Sales and scrapping	-55	-25
Corporate acquisitions	27	0
Translation differences	-20	1
Reclassification	33	18
Closing depreciation	896	845
Closing planned residual value	312	329

	The Group	
	1999	1998
<i>Buildings</i>		
Opening acquisition value	468	460
Investments for the year	6	9
Corporate acquisitions	76	2
Sales and scrapping	-18	-22
Translation differences	-20	19
Reclassification	0	0
Closing acquisition value	512	468
Opening depreciation	263	250
Depreciation for the year	14	17
Sales and scrapping	-4	-8
Corporate acquisitions	12	0
Translation differences	-12	11
Closing depreciation	273	270
Opening write-ups	118	118
Write-ups for the year	0	0
Sales and scrapping	-12	0
Closing accumulated write-ups	106	118
Opening depreciation of write-ups	-7	-4
Depreciation for the year	-4	-3
Closing depreciation of write-ups	-11	-7
Closing planned residual value	356	323
<i>Land</i>		
Opening acquisition value	23	25
Sales	-1	-3
Corporate acquisitions	9	0
Translation differences	-1	1
Closing acquisition value	30	23
Opening depreciation	2	2
Depreciation for the year	0	1
Sales	0	-1
Closing depreciation	2	2
Opening write-ups	13	15
Sales	0	-2
Closing accumulated write-ups	13	13
Closing planned residual value	41	34
Tax assessment of property in Sweden	168	181

10 *Financial assets*

	Parent Company	
	1999	1998
<i>Shares in subsidiaries</i>		
Opening acquisition value	456	456
Purchases	0	0
Reclassification	0	0
Closing accumulated acquisition value	456	456

	The Group	
	1999	1998
<i>Shares in associated company</i>		
Opening acquisition value	45	39
Purchases	65	0
Profit from associated company	8	6
Reclassification	-118	—
Closing accumulated acquisition value	0	45

11 *Shares in subsidiaries*

<i>Sub-Group's parent company</i>	No. of shares, %	Voting rights, %	No. of shares	Book value
Nobia Nordisk Bygginteriör AB	100	100	100	456
<i>Other Group companies</i>				
Swedoor AB	100	100	30,000	100
Lovene Dörr AB	100	100	2,000	3
Svensk Dörrteknik AB	100	100	1,000	0
Suomen Ovi Oy	100	100	31,000	54
Nobia Nordisk Bygginteriör AS	100	100	2,300	9
Swedoor A/S	100	100	2,000	8
Star Byggprodukter AB	100	100	4,760	52
Marbodal AB	100	100	10,000	102
TidaComponents AB	100	100	2,000	64
HTH Kökkener A/S	100	100	18,000	143
Swedoor Bauelementevertrieb GmbH	100	100	1	0
Swedoor AS	100	100	100	7
Star Möbelwerk GmbH	99.95	99.95	1	0
Novart Oy	100	100	400,000	59
Swedoor Industriprodukter AB	100	100	1,000	0
Svenska Fönster AB	100	100	500,000	105
Total			1,004,162	1,162

Subsidiaries' company registration no. and registered office:

	Co. reg. no.	Reg. office
Nobia Nordisk Bygginteriör AB	556060-1006	Göteborg
Swedoor AB	556043-2337	Göteborg
Lovene Dörr AB	556038-1724	Göteborg
Svensk Dörrteknik AB	556088-0014	Göteborg
Suomen Ovi Oy	253.128	Kuopio
Nobia Nordisk Bygginteriör AS	957.855.016	Dröbak
Swedoor A/S	A/S44495	Köpenhamn
Star Byggprodukter AB	556000-8145	Göteborg
Marbodal AB	556039-2440	Tidaholm

	Co. reg. no.	Reg. office
TidaComponents AB	556038-0072	Tidaholm
HTH Kökkener A/S	A/S63435	Ölgod
Swedoor		
Bauelementevertrieb GmbH	HRB 3639	Weierstadt
Swedoor AS	881128152	Gran
Star Möbelwerk GmbH	HRB 1841	Melle
Novart Oy	726.341	Nastola
Swedoor Industri-		
produkter AB	556012-6392	Göteborg
Svenska Fönster AB	556275-5511	Edsbyn

12 *Prepaid expenses and deferred income*

	The Group	
	1999	1998
Prepaid rent	6	29
Bonus from suppliers	9	6
Other costs	20	22
Total	35	57

14 *Change in shareholders' equity*

<i>The Group</i>	Share capital	Restricted reserves	Accumulated deficit	Total
Opening balance, 1 Jan.	31	451	-107	375
Change in translation differences		-9	-16	-25
Transfers between restricted and unrestricted equity		-20	20	0
Profit for the year	—	—	1	1
Closing balance, 31 Dec.	31	422	-102	351

The restricted reserves include an equity reserve of SEK 0 m (6 m).

<i>Parent company</i>	Share capital	Statutory reserve	Unrestricted equity	Total
Opening balance, 1 Jan.	31	281	0	312
Group contribution	—	—	11	11
Profit for the year	—	—	-11	-11
Closing balance, 31 Dec.	31	281	0	312

The share capital is made up of 2,930,645 A shares at a nominal SEK 10 each, and 200,000 B shares at a nominal SEK 10 each.

Options

The company has issued a number of options to subscribe for a total of 162,632 of the company's A shares, at SEK 100 per share. If the options are exercised at their redemption price, it will mean a subscription for A shares totalling a maximum SEK 1,632,320. The holder of the options has the right to subscribe for new A shares in the company from 30 September 1996 to 30 September 2005, inclusive.

15 *Other provisions*

The provisions refer to the restructuring measures decided for the German kitchen business, SEK 25 m, as well as guarantee reserves, SEK 17 m.

16 *Long-term liabilities*

That part of the long-term liabilities which fall due for payment later than five years from the balance sheet date totals SEK 7 m (162 m). Bank overdraft facilities granted to the Group amount to SEK 416 million (192 m)

13 *Liquid funds*

	The Group		Parent Company	
	1999	1998	1999	1998
Cash and bank balances	135	160	0	0

The Group's unused credit facilities, which are not included in liquid funds, totalled SEK 280 m (180 m) at the year end.

17 *Subordinated loan*

The loan is subordinated to other liabilities from a risk viewpoint, and falls due for payment in September 2005. The loan was granted by the Intermediate Capital Group in London, which also holds the options. The shares of Nobia Nordisk Bygginteriör AB have been pledged as security for the loan.

18 *Current liabilities*

That part of the long-term liabilities which shall be regarded as current liabilities totals SEK 131 m.

19 *Accrued expenses and prepaid income*

	The Group		Parent Company	
	1999	1998	1999	1998
Bonus to customers	45	35	0	0
Accrued salaries	104	101	0	0
Accrued payroll overheads and pensions	36	29	0	0
Accrued interest	6	7	0	0
Other costs	92	84	0	0
Total	283	256	0	0

20 *Pledged assets*

	The Group		Parent Company	
	1999	1998	1999	1998
Liabilities to credit institutions				
Chattel mortgages	479	488	0	0
Property mortgages	13	15	0	0
Shares in subsidiaries	413	365	456	456
Pension provisions				
Property mortgages	29	30	0	0
Total pledged assets	934	898	456	456

24 *Average number of employees*

<i>Subsidiaries</i>	1999		1998	
	Number of employees	Of which male	Number of employees	Of which male
Sweden	1,289	1,055	1,364	1,106
Denmark	812	590	823	583
Norway	250	181	283	207
Finland	740	515	734	516
Germany	232	189	313	252
The UK	11	7	12	8
Group total	3,334	2,537	3,529	2,672

21 *Contingent liabilities*

	The Group		Parent Company	
	1999	1998	1999	1998
Sureties	3	1	28	24
Guarantees	25	27	0	0
Total contingent liabilities	28	28	28	24

22 *Deferred tax*

The Group's deferred tax for the year of SEK -44 m (2 m) is accounted for as a tax expense in the consolidated income statement. The deferred tax expense for the year relates to the utilized provision for untaxed reserves, the write-down of the previously capitalised loss carried forward and utilized loss carried forward.

The Group's deferred tax liability totals SEK 47 m (44 m) and consists of estimated tax on untaxed reserves and consolidated adjustments accounted for in "Provisions for tax".

The Group's deferred tax recoverable totals SEK 95 m (136 m) and is accounted for under the heading "Financial fixed assets". Deferred tax is a net amount of the tax recoverable for the loss carried forward and the tax liability arising from the adjusted values of assets in the consolidated accounts.

23 *Invoicing between subsidiaries and the parent company*

Sales to or purchases from other Group companies have not taken place during the year.

25 *Provisions for pensions*

Provisions for pensions include pensions for foreign subsidiaries of SEK 1 million (SEK 1 m). Other provisions for pensions total SEK 55 million (SEK 23 m) for PRI/FPG pensions.

26 *Acquisition of subsidiary*

In December 1999, the remaining 50% of Svenska Fönster AB was acquired.

The total value of the acquired assets and liabilities, purchase price and effect on the consolidated liquid funds was as follows:

	1999
Intangible fixed assets	24
Tangible fixed assets	102
Stock	58
Other current assets	80
Provisions	-40
Long-term liabilities	-27
Current liabilities	-87
Book value of previously held shares	-44
Total purchase price	66
Unpaid part of purchase price*	-66
Liquid funds in acquired company	9
Total cash flow attributable to investments in the subsidiary	9

* Purchase price has been paid after the closing date

27 *Sold subsidiary*

During the year Swedoor UK Ltd was sold. The total value of the sold assets and liabilities, purchase price and effect on the consolidated liquid funds was as follows:

	1999
Tangible fixed assets	1
Other current assets	14
Current liabilities	-14
Total purchase price	1
Increase(-)/Decrease(+) in receivables from the sold subsidiary	4
Liquid funds in the sold subsidiary	-4
Total cash flow attributable to sale of the subsidiary	1

Göteborg, 27 April 2000

Hans Larsson
Chairman

Wilhelm Laurén

Harald Mix

Thomas Nilsson

Christian Lorenzen

Flemming Østergaard

Fredrik Cappelen
CEO

Our audit report was submitted on 28 April 2000

Öhrlings Pricewaterhouse Coopers AB

Robert Barnden
Authorized public accountant

Audit Report

To the Annual General Meeting of Nobia AB, Company reg. no. 556528-2752

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We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Nobia AB for the year 1999. These accounts and the administration of the company are the responsibility of the board of directors and the managing director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the general meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted and that the members of the board of directors and the managing director be discharged from liability for the financial year.

The Parent Company reports neither profit nor loss.

Göteborg, 28 April 2000
Öhrlings Pricewaterhouse Coopers AB

Robert Barnden
Authorized Public Accountant



Lenart Rappe, Bengt Ekberg, Lars Svensson, Fredrik Cappelen (seated) Lars-Inge Larsson, Ingemar Tärnskär and Peter Petersson.

GROUP MANAGEMENT

Fredrik Cappelen,

Göteborg, born 1957.
MD and CEO. Employed since 1995.
Shareholding in Nobia AB: 16,810 shares

Bengt Ekberg,

Helsingborg, born 1951.
Director, Kitchens business area.
Employed since 1995.
Shareholding in Nobia AB: 12,000 shares

Lars-Inge Larsson,

Varberg, born 1948. Director, IT and Control.
Employed since 1995.
Shareholding in Nobia AB: 6,720 shares

Peter Petersson,

Göteborg, born 1951. Director, Information
and Human Resources. Employed since 1995.
Shareholding in Nobia AB: 6,720 shares

Lennart Rappe,

Göteborg, born 1944. Finance Director.
Employed since 1999.
Shareholding in Nobia AB: 3,086 shares
(Tommy Crona, until 30 April 1999)

Lars Svensson,

Bohus-Björkö, born 1950. Director,
Purchasing.
Employed since 1995.
Shareholding in Nobia AB: 5,760 shares

Ingemar Tärnskär,

Kullavik, born 1961.
Director, Doors business area.
Employed since 1998.
Shareholding in Nobia AB: 3,086 shares

BUSINESS UNIT MANAGERS

Preben Bager, HTH

Mikael Dahlgren, TidaComponents

Zdenko Topolovec, Star Byggprodukter

Bengt Ekberg, Star Beka

Christian Frisk, Swedoor External/Internal doors, Swedoor Door Components (Peter Perersson, until 31 August 1999)

Paavo Lampinen, Doors, Finland

Jorma Lehtovuori, Novart

Anders Reuthammar, Marbodal and Eurokit

Arne Truedsson, Swedoor Doors, Public environments

Egil Wold, Sigdal

Olle Sigurdson, MD Svenska Fönster AB



Standing: Claes Eklund, Siv Andersson, Flemming Østergaard, Thomas Nilsson, Christian Lorenzen, Wilhelm Laurén, Olle Harrius, Hans Dahlén. Sitting: Fredrik Cappelen, Hans Larsson, Harald Mix.

THE BOARD

Hans Larsson

Stockholm, born 1942, Chairman, Board Member since 1996. Chairman of NCC AB and Biolight International AB. Board Member of, amongst others, Bilia AB, Handelsbanken, Holmen AB and Nordstjärnan AB. Shareholding in Nobia AB: 10,000 shares.

Wilhelm Laurén

Stockholm, born 1943, Board Member since 1996. Chairman of Elektrokoppar Holding AB, Hörnell International AB and NRE Enermet Group. Board Member of, among others, Martinssongruppen and Aros Securities. Shareholding in Nobia AB: 3,000 shares.

Harald Mix

Stockholm, born 1960, Vice Chairman, Board Member since 1996, Deputy MD of Industri Kapital AB. Vice Chairman of Addum Intressenter AB, Elektrokoppar Holding AB, Guldfynd AB and Arca Systems International AB. Board Member of Intrum Justitia Holding NV, Mac Gregor International AB, Nordkemi Oy (Neste

Chemicals), Oriflame International SA. Shareholding in Nobia AB: 0.

Thomas Nilsson

London, born 1948, Board Member since 1998, MD of Firesteed Limited. Board Member of WM-Data AB and Nilörn-gruppen AB. Shareholding in Nobia AB: 3,000 shares.

Christian Lorenzen

Hamburg, born 1962, Board Member since 1999, Director of Industri Kapital GmbH and Industri Kapital Ltd, London. Board Member of FONA Holding A/S. Vice Chairman of Tholstrup Cheese Holding A/S. Shareholding in Nobia AB: 0.

Flemming Østergaard

Skodsborg, Denmark, born 1943, Board Member since 1997. MD Football Club Köpenhamn A/S. Chairman of International Business Service A/S, Promovator A/S, Skodsborg Fysioterapi Aps and Driftsselskabet Parken A/S. Board Member of Albatros Travel A/S, J.L.G. Entreprise A/S among others. Shareholding in Nobia AB: 3,000 shares.

Fredrik Cappelen

Göteborg, born 1957, Board Member since 1996. CEO and MD of Nobia AB. Shareholding in Nobia AB: 16,810 shares. *The above Board members are also on the Board of the subsidiary, Nobia Nordisk Bygginteriör*

Employee representatives on Nobia Nordisk Bygginteriör's Board

Siv Andersson

Åstorp, born 1941, employee representative since 1996. Employed at Swedoor, Åstorp since 1972. Shareholding in Nobia AB: 0.

Hans Dahlén

Tidaholm, born 1959, employee representative since 1999. Employed at Marbodal, Tidaholm. Shareholding in Nobia AB: 0.

Claes Eklund

Huskvarna, born 1958, employee representative since 1996. Employed at Swedoor, Forserum since 1987. President of Skogs- och trä Union. Shareholding in Nobia AB: 0.

Olle Harrius

Tidaholm, born 1949, employee representative since 1998. Employed at Marbodal, Tidaholm since 1971. Shareholding in Nobia AB: 0.

AUDITORS

Robert Barnden

Huddinge, born 1946. Authorised public accountant Öhrlings Pricewaterhouse Coopers

Claes Thimfors

Göteborg, born 1956. Authorised public accountant (deputy) Öhrlings Pricewaterhouse Coopers



Four-year summary

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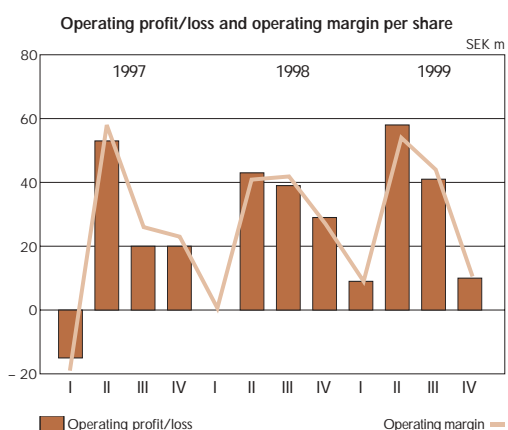
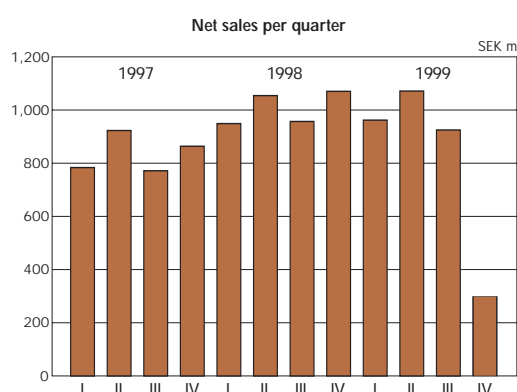
SEK m	1999	1998	1997	1996
<i>Income statement</i>				
Net sales	4,049	3,977	3,316	3,412
Change in per cent	2	20	- 3	—
Gross profit	1,176	1,082	873	—
Operating profit/loss	132	110	79	- 139
Financial income	3	3	3	7
Financial expenses	- 51	- 59	- 45	- 35
Profit/loss after financial items	84	54	37	- 167
Tax	- 83	- 33	- 34	33
Net profit	1	21	3	5
<i>Balance sheet</i>				
Fixed assets	1,000	1,052	910	1,062
Stock	447	385	371	380
Receivables	608	498	395	450
Liquid funds	135	160	157	153
Total assets	2,190	2,095	1,833	2,045
Shareholders' equity	351	375	324	309
Non-interest bearing provisions	89	83	123	268
Interest bearing provisions	56	25	13	47
Non-interest bearing liabilities	905	798	699	842
Interest bearing liabilities	789	814	674	579
Total shareholders' equity and liabilities	2,190	2,095	1,833	2,045
Net borrowing ¹	710	680	530	473
Capital employed ²	1,194	1,214	1,011	935
<i>Key figures</i>				
Operating margin, % ³	3.3	2.7	2.4	- 4.1
Profit/loss after financial items as a percentage of net sales	2.1	1.3	1.1	- 4.9
Turnover rate of total capital, times ⁴	1.9	2.0	1.7	1.7
Turnover rate of capital employed, times ⁵	3.6	3.3	3.4	3.7
Return on total capital, % ⁶	6.3	5.8	4.2	- 6.5
Return on total capital employed, % ⁷	11.2	10.2	8.4	- 14.1
Return on equity, % ⁸	0	6.0	0.9	1.6
Interest cover ratio, times ⁹	2.6	1.9	1.8	- 3.8
Net borrowings/equity	2	1.8	1.6	1.5
Equity/assets ratio, % ¹⁰	16.0	17.9	17.7	15.1
Cash flow before investments	126	127	- 121	—
Investments in plant and machinery	74	87	101	98
<i>Personnel</i>				
Average number of employees	3,334	3,529	3,092	3,605
Net sales per employee, SEK 000	1,214	1,140	1,079	951
Salaries and other remuneration	825	825	718	804

Net sales and operating profit/loss per quarter

SEK m	1999				1998			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<i>Net sales</i>								
Kitchens business area	636	509	603	573	601	526	571	529
Doors business area	282	233	289	245	295	250	304	267
Star Byggprodukter business area	219	212	217	176	194	196	204	171
The Group	1,097	923	1,069	960	1,059	944	1,042	933
<i>Operating profit/loss</i>								
Kitchens business area	35	34	41	18	26	32	28	19
Doors business area	16	8	18	1	15	6	3	- 8
Star Byggprodukter business area	7	6	5	1	15	4	5	1
Other	- 34	- 7	- 6	- 11	- 27	- 3	7	- 12
The Group	24	41	58	9	29	39	43	0

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Quarterly details



Definitions

- Net borrowing**
The sum of interest bearing liabilities and provisions less interest bearing assets.
- Capital employed**
Balance sheet total less non-interest bearing provisions and liabilities.
- Operating margin**
Operating profit/loss as a percentage of net sales.
- Turnover rate of total capital**
Net sales divided by average balance sheet total.
- Turnover rate of capital employed**
Net sales divided by average capital employed.
- Return on total capital**
Profit/loss after financial income as a percentage of average balance sheet total.
- Return on total capital employed**
Profit/loss after financial income as a percentage of average capital employed.
- Return on equity**
Net profit after tax as a percentage of average shareholders' equity.
- Interest cover ratio**
Profit/loss after financial income divided by financial expenses.
- Equity/assets ratio**
Shareholders' equity as a percentage of the balance sheet total.
- Return on operating capital**
Operating profit/loss as a percentage of operating capital
- Operating capital**
Non-interest bearing assets less non-interest bearing liabilities excl. receivables, liabilities, for income tax and deferred tax.

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Göteborg

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Farsø

Bjerringbro

Ølgod

Åstorp

Traryd

Bor

Moscow

Melle

Lipiany

Warsaw

Darmstadt

● Head office in Göteborg

● Business location

(For Star Byggprodukter, see page 18)

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HTH

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