nobia

Annual Report 2008

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“Rapid action is now needed to strengthen our competitiveness,” comments Preben Bager following his first year as President and CEO.

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Comments on trends in operating cash flow in 2008 are provided on page 47.

Contents

The Board of Directors and President of Nobia AB, Corporate Registration Number 556528-2752, hereby present the Annual Report and consolidated financial statements for the 2008 fiscal year. The Board of Directors’ Report is presented on pages 10–31.

The kitchen featured on the cover is called City Noir and is a product from the French company Hygena.

2008 in summary

- Net sales remained practically unchanged and amounted to SEK 15,991 million
- Operating profit fell by 30 per cent to SEK 951 million
- Profit after financial items declined by 37 per cent to SEK 788 million
- Earnings per share fell to SEK 3.29 (5.50)
- The Board proposes a lower dividend of SEK 1.25 per share (2.50)

Turbulent 2008

The latter part of 2008 was dominated by the financial crisis and uncertainty, which reduced demand for kitchens at the end of the year. Consequently, Nobia reported negative growth at the end of 2008 for the first time since 2003.

Fewer and larger units

Nobia merged business units, reducing them in number from 14 to eight. The purpose of this is to quickly achieve economies of scale in sales, purchasing, production and administration, as well as shorter decision-making channels. The business units merged during the year were Magnet and Gower in the UK region, which were consolidated to Nobia UK. In the Nordic region, Marbodal and Myresjökök in Sweden and Norema and Sigdal in Norway now form the Nobia SweNo business unit. In addition, Invita and HTH in Denmark were consolidated to Nobia DK. In the Continental Europe region, Pronorm in Germany was merged with EWE/FM in Austria.

Supply chain co-ordination

The efficiency of Nobia's supply chain was enhanced in 2008. As the product range is harmonised, both purchasing and production capacity can be adjusted. Recent events:

- A proprietary purchasing organisation was established in China and deliveries are being made to several business units.
- Manufacturing in Finland will be concentrated to the plant in Nastola. The operations in Forssa are to be discontinued.
- After the end of the year, a review of the production structure was initiated in Norway and Denmark.

More cautious store expansion

Magnet, Hygena and Poggenpohl continued to expand their store networks, albeit at a slower pace than previously planned. Store development in 2008 includes a total of 34 new Group-owned stores for Magnet in the UK, Hygena in France and Spain, and Poggenpohl in Western Europe and the US. During the year, 35 franchise stores were acquired in HTH in Denmark. The joint-venture Culinoma made two acquisitions during the year, corresponding to an addition of 11 kitchen stores in Germany. At year-end, the total number of kitchen stores in Nobia amounted to 694 (655), excluding Culinoma's 88 kitchen stores (79) in Germany.

Key figures	2008	2007	Change, %
Net sales, SEK m	15,991	16,134	–1
Operating profit before depreciation, SEK m (EBITDA)	1,430	1,790	–20
Operating profit, SEK m (EBIT)	951	1,353	–30
Operating margin, %	5.9	8.4	–
Profit after financial items , SEK m	788	1,247	–37
Profit after tax, SEK m	555	958	–42
Earnings per share after dilution, SEK	3.29	5.50	–40
Dividend per share, SEK	1.25[1)]	2.50	–50
Operating cash flow, SEK m	42	949	–
Return on capital employed, %	13.0	20.6	–
Return on shareholder' equity, %	13.7	25.0	–

1) According to Board proposal.

This is Nobia

Nobia is the company behind several strong European kitchen brands, such as Magnet in the UK, Hygena in France, HTH in the Nordic countries and Poggenpohl world-wide. The Group manufactures and sells complete kitchen solutions and generates value by utilising economies of scale.

Nobia has approximately 8,500 employees and net sales of about SEK 16 billion. The Nobia share is listed on the NASDAQ OMX in Stockholm under the short name NOBI.

When Nobia was founded in 1996, the company comprised four operations in the Nordic region: doors, windows, kitchens and wholesaler operations. Three years later, a strategic decision was made that the company continues to pursue today: to focus on the European kitchen market. This strategy is based on growth – organic and through acquisitions.

Sales have increased by a factor of five in the past ten years. Nobia now comprises of some 20 well-known brands in Europe aimed at the consumer sector and also considerable business-to-business operations focused on joiners, construction companies and DIY chains.

The Group is organised into eight business units that manufacture and/or sell kitchens in different markets through a variety of brands and channels.

Production and purchasing is co-ordinated in the Group and the focus on kitchen products enables the business units to exchange and benefit from expertise, experiences and best practice.

Nobia's brands

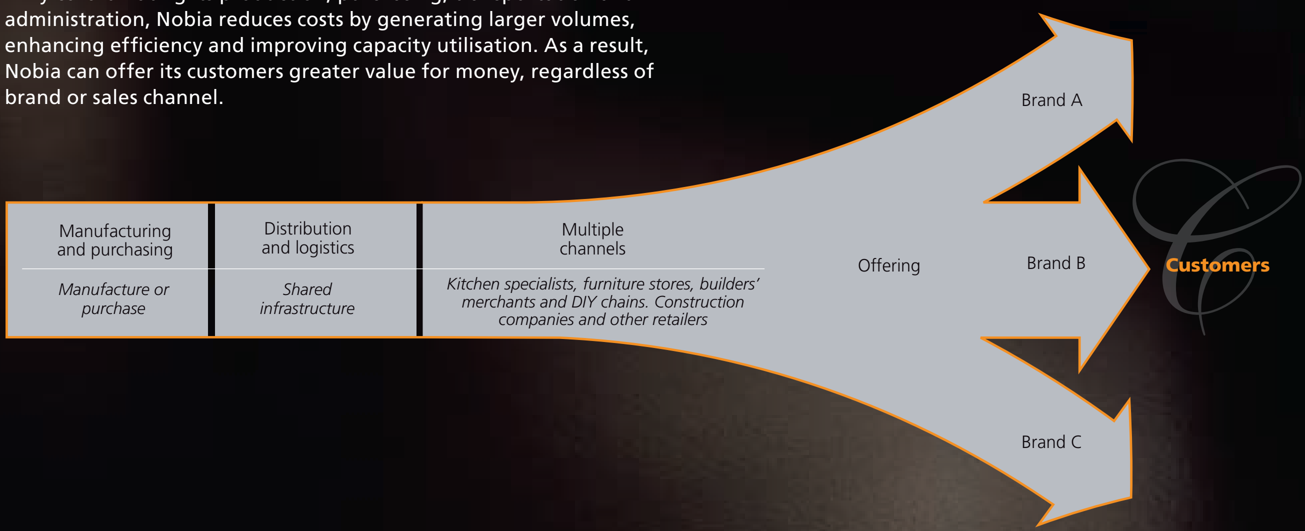
* Included in the joint-venture Culinoma

Poggenpohl's Porsche Design kitchen

Benefiting from economies of scale

Nobia can choose to manufacture products and components in its own plants or procure them from external suppliers. The company manufactures carcasses and some door fronts itself, whilst appliances and other accessories are purchased.

By co-ordinating its production, purchasing, transportation and administration, Nobia reduces costs by generating larger volumes, enhancing efficiency and improving capacity utilisation. As a result, Nobia can offer its customers greater value for money, regardless of brand or sales channel.



Kitchen industry

Choosing a kitchen is a question of lifestyle. What factors drive the European kitchen market? What goes into a kitchen? Who are Nobia's competitors?

Interest in interior decorating and design influences demand for kitchens, and preferences have become increasingly homogenous in European countries. However, demand in the kitchen market is also influenced by such factors as interest-rate levels, the rate of construction of new housing, political decisions, the residential housing price trend, the number of house and apartment transactions and the combination of current and expected future consumer spending levels.

For many people, the kitchen is the heart of the home. A possible trend in a weaker housing market is that consumers will increasingly choose to renovate their kitchens so they can continue to live in their home for a longer period of time. Another scenario is that substandard kitchens are renovated to prevent a decline in the value of the property if it were to be sold.

What goes into a kitchen?

A kitchen comprises cabinets and drawers with fronts, worktops, appliances, mixer taps, sinks and interior fittings, such as lighting and cabinet fixtures. Nobia wants to make it simple and convenient to purchase an entire kitchen solution in a single transaction. As a result, Nobia's product portfolio also includes related services for end customers, such as computer-aided kitchen design and planning, home delivery and installation. The growing proportion of accessories alongside a broader range of services means that Nobia's average order value is rising.

A fragmented market

Access to comparable and reliable market intelligence for the various markets is limited and is made more difficult by the fact that many companies do not publish public information. Accordingly, details regarding competitors and general market descriptions are based largely on Nobia's own estimates and assumptions.

Nobia believes that 80 per cent of the kitchen market in Europe is renovation and 20 per cent is new builds.

The European kitchen market is fragmented, with many smaller players. A selection of our largest competitors is found in the table on the opposite page. As in the case of Nobia, most competitors largely employ an integrated business model, in other words, a value chain that encompasses all aspects – from production to sales to end customers. The majority of players have operations in more than one price segment. Some have several brands, while few utilise as many sales channels as Nobia.

Overview of competitors	Website	Primary markets	Ownership structure
Alno	www.alno.de	Germany and export to neighbouring countries	Public limited liability company
Ballingslöv	www.ballingslov.se	Nordic region and UK	Private company
DAN	www.dan.at	Austria	Private company
DeMandemakers Groep	www.mandemakers.nl.	The Netherlands (and 50% of Culinoma in Germany)	Private company
Fournier	www.fournier.fr	France	Private company
Galiform	www.galiform.com	UK	Public limited liability company
Häcker	www.haecker-kuechen.de	Germany and neighbouring countries	Private company
Ikea	www.ikea.com	Global	Foundation
Nobilia	www.nobilia.de	Germany and export to neighbouring countries	Private company
Nolte	www.nolte.de	Germany and neighbouring countries	Private company
SALM	www.salm.fr	France and Germany	Private company
Schüller	www.schueller.de	Germany and neighbouring countries	Private company
Snaidero	www.snaiderogroup.com	Italy, France, Germany, Austria	Private company

Business overview

	Net sales, %	Operating profit, SEK m	Average number of empolyees	Number of stores, Group-owned and franchise
UK region	33	333	2,916	215
Nordic region	37	498	3,157	290
Continental Europe region*	30	220	2,575	189
Group total**	SEK m 15,991	951	8,682	694

* Excluding Culinoma.
** Including Nobia's headquarters.

Business units

The UK region has comprised a single business unit, Nobia UK, since 2008. The Magnet brand manufactures and sells kitchens to end customers through a network of Group-owned stores and multiple retailers. In addition, small local builders are offered kitchen and joinery products through the Magnet Trade concept. Gower supplies flat-pack kitchens to multiple retailers. The C.P. Hart bathroom retail operations were divested at the beginning of 2008.

The Nordic region consists of three business units. In Nobia DK, kitchens are manufactured and sold through the HTH, Uno form and Invita brands to the entire Nordic region. Worktop producer Implast is also included in the business unit. From 2008, Norwegian brands Sigdal and Norema, and the Swedish brands Myresjökök and Marbodal are part of the Nobia SweNo business unit. The Novart business unit manufactures kitchens in Finland that are sold under the À la Carte, Parma and Petra brands.

The Continental Europe region consists of four business units and a joint-venture company. Optifit produces kitchens that are primarily sold to other business units in Nobia. Poggenpohl manufactures kitchens in the premium price segment that are sold worldwide. Pronorm/EWE/FM manufactures and sells kitchens in the middle price segment that are sold through independent kitchen studios in Germany and the Netherlands, and to furniture stores and other retailers in Austria, respectively. In France and Spain, Hygena sells kitchen solutions in the economy price segment though its own chain of stores. The joint-venture Culinoma includes the Plana, Marquardt, Asmo and Vesta chains in Germany.

Brands

Culinoma

Demanding market situation

My first year as President of Nobia was both eventful and challenging due to the financial crisis that gradually reduced demand for kitchens. The altered market situation requires rapid action to strengthen our competitiveness, in the form of cost reductions as well as investments that strengthen our customer offering.

As a result of the financial crisis, demand in Nobia's markets gradually declined during the year. It was, and remains, very difficult to forecast the scale and duration of this downturn. Nobia's operating profit fell by 30 per cent to SEK 951 million in 2008, compared with unchanged net sales of approximately SEK 16 billion. The decline in profit is partly attributable to currency effects totalling about SEK 110 million.

Demand for kitchens during the year diminished in all of Nobia's three regions. Both demand for products adapted for joinery and construction companies and demand for kitchens to private consumers weakened in the UK. In the Nordic region, the most notable decline was seen in new builds, followed by a gradual fall in demand for kitchen renovations. Demand in Continental Europe generally decreased in Nobia's primary markets.

Rapid adjustments to a weaker market

The weaker market situation accelerated the process of reducing the number of business units from 14 to eight. An organisation comprising a small number of operating business units supports our strategy of working with "co-ordination behind the scenes" aimed at achieving substantial cost reductions.

Efforts aimed at harmonising the product range continued during the year. The reasoning behind the process is to ensure that input products that are not brand-dependent and are almost identical today shall be identical tomorrow. This will allow us to maximise economies of scale in purchasing and production. A purchasing organisation was established in Shanghai in China during the year, and the first deliveries were made at year-end. For example, replacing Italian cabinet doors with Chinese doors entails a saving of 20–30 per cent.

We endeavour to produce several brands in the same plant at higher capacity utilisation. A decision was made in October to close the plant in Forssa in Finland. Accordingly, production of Nobia's three brands in Finland will be concentrated to the plant in Nastola. The consolidation process is expected to be finalised in the summer of 2009.

Cost-savings programmes were introduced in all business units to adapt the operations to lower demand levels. The programmes led to personnel cutbacks in production in 2008. In February 2009, a product-structure review was initiated in Norway and Demark.

Slower store expansion

The earlier established store expansion of the Magnet, Hygena and Poggenpohl brands has been conducted at a slower pace than originally planned, primarily due to the weaker economy, but also because it has been difficult to identify appropriate store premises and locations. In these turbulent times, we will also seize opportunities and take advantage of possibilities to become stronger than our competitors.

The German company Culinoma, which is jointly owned with De MandemakersGroep of the Netherlands, performed positively and displayed an expansive trend, with the number of stores totalling 88 at year-end. Culinoma is already the largest kitchen store chain in Germany.

Future strategy

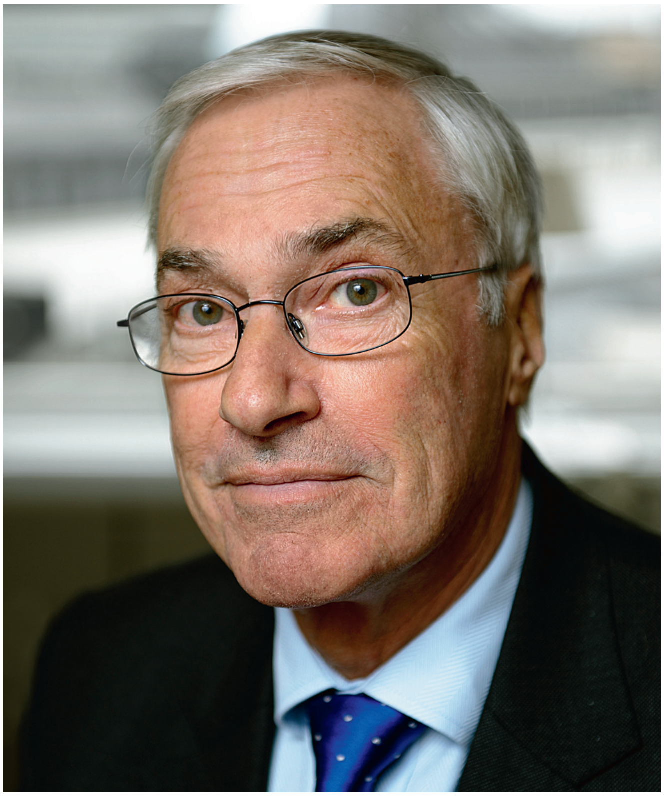
With these levels of weaker demand, Nobia is expanding its presence in the market and further developing its product offering to thereby capture market shares. For instance, in the UK region we increased our market share in a shrinking market in 2008. We want to make the purchase process simple for our customers. One example is creating customer-friendly and inspiring websites that make it easy for customers to prepare for their kitchen purchases and choose the desired service level.

> We achieve broad market coverage with a variety of brands and many sales channels.

Co-ordination behind the scenes – lower product costs through economies of scale

- The product range is harmonised to utilise economies of scale. This facilitates purchasing co-operation within the Group, meaning that larger purchasing volumes are generated, leading to lower prices.
- The business units co-ordinate distribution and administration. This includes the transportation of goods and shared IT systems.
- Production units are closed or merged. This leads to fewer and larger plants with higher capacity utilisation. Part of purchasing is transferred to low-cost countries.
- Nobia endeavours to create large-scale kitchen concepts that attract customers in many markets.

The aim of product harmonisation is not to standardise the product offering. We aim to protect the identities of our various brands. We do this by co-ordinating as many brand-independent elements as possible.



Our multi-brand and multi-channel strategy means that we will offer customers a variety of brands and be available through many sales channels, thereby achieving broad market coverage. The aim is to create large-scale end-customer concepts that target specific price and quality categories in several countries. French company Hygena entering the Spanish market during the year is an example of establishing an existing concept in a new market with growth potential.

Cost control and delivery reliability

The key priorities for 2009 are continued cost control and adapting the organisation to the changes occurring in the market, without moving focus away from complete on-time deliveries to our customers. Safeguarding capital efficiency is of the utmost importance. Extensive activities have been initiated in the business units to reduce working capital and generate a stronger cash flow in the Group.

None of the changes that we made during the year would have been possible without the help of all of our employees and partners. I would like to thank you for all your work. Now let us look forward to meeting the challenges that 2009 will bring.

Stockholm, 3 March 2009

Preben Bager
President and CEO

Business concept and objectives

Since the company was listed in 2002, Nobia's business concept forms the foundation of its strategic cornerstones, which are described on pages 12–19.

Business concept

Nobia develops, manufactures and markets interior solutions for kitchens, bathrooms and storage. Wide market coverage is achieved through distinct brands and a multi-channel strategy. Economies of scale are utilised in production, purchasing, logistics, sales and administration to create value for customers, owners and other stakeholders.

Objectives

Nobia's objective is to be the leading kitchen company in Europe. Nobia has defined a number of long-term financial targets aimed at generating favourable financial returns and long-term value creation. The company steers its operations towards the financial targets described below.

Profit growth

Earnings per share shall increase on average by 12 per cent per year over a business cycle. Nobia will achieve this by:

- attaining organic growth that is 2–3 per cent higher than market growth
- growing through acquisitions
- achieving an operating margin (EBIT) that amounts to at least 10 per cent at Group level over a business cycle.

Financial strength

The debt/equity ratio shall not exceed 100 per cent. A temporary elevation of the debt/equity ratio is acceptable in conjunction with acquisitions. A long-term significantly lower debt/equity ratio shall be adjusted by an extra dividend to shareholders or the buy-back of own shares.

Dividends

Dividends to shareholders shall on average comprise at least 30 per cent of net profit after tax. However, decisions regarding the amount of the dividend will be made in relation to the company's capital structure at the time.

Profitable growth and margin improvement

The growth target for earnings per share will be achieved by consistently following established strategies. The target will be attained through organic sales growth and via corporate acquisitions, and by improving the operating margin in all operations to achieve the Group's operating-margin targets over a long period. These aims can be summarised as a clearly defined target for increasing earnings per share over time.

The earnings-per-share measurement has been selected as the Group's main target, since it summarises the effects of growth, the operating margin, capital effectiveness and the price of acquired units and chosen financing methods. An advantage of this measurement is that it is easy to derive from the financial statements.

The table on the adjoining page shows Nobia's earnings per-share trend since 2004. For the period 2001–2008, the average rate of increase was 7 per cent, compared with the target of 12 per cent over a business cycle. In 2008, growth was negative in the amount of 40 per cent.

Growth strategy

Nobia's growth strategy is conditional on investments in both corporate acquisitions and in existing businesses. Nobia evaluates and assesses investments based on the cash-related repayment period and the return on invested capital. Return on invested capital is a decisive factor for the evaluation of an acquisition. The required return on investments in corporate acquisitions is determined according to Nobia's weighted cost of capital. This cost of capital is partly comprised of the capital market's required return for investment in the Nobia share and partly by the interest on Nobia's loan financing. Sales growth, divided between organic and acquired growth between 2004 and 2008, is shown in the adjacent table.

It is reasonable for Nobia to achieve an operating margin (EBIT) of 10 per cent at Group level. Nobia's target of an operating margin of at least 10 per cent over a business cycle may never be allowed to hinder efforts to take advantage of business opportunities in operations with a high capital-turnover rate and return on capital, but with a relatively low profit margin.

The business units are governed by targets for net sales, operating profit, operating margin and tied-up capital. The target figures are based on past outcomes, comparative data from benchmarking and taking into account external factors, such as the economic climate. The margin targets for some business operations can be lowered without adversely affecting the Group's return on capital. This applies, for example, to certain sales of accessories with low value-added and a high rate of capital turnover.

As stated above, return on invested capital is a decisive factor in decisions on corporate acquisitions, meaning that it is possible to acquire operations with a lower operating margin than the Group's target.

Earnings per share after dilution, 2004–2008

	2008	2007	2006	2005	2004
Earnings per share, SEK	3.29	5.50[2]	4.93[2]	3.67[2]	3.41[1][2]
Annual changes, %	–40	12	34	8	49
Average[3] annual growth	*7*	*18*	*19*	*16*	*18*

1) Earnings per share before goodwill impairment.
2) Adjusted for 3:1 split.
3) Calculated during the period 2001–2008.

Sales growth 2004–2008

%	2008	2007	2006	2005	2004
Organic change	0	7	11	3	11
Acquisitions, divestments and exchange-rate effects	–1	1	14	7	11
Total growth	**–1**	**7**	**25**	**10**	**22**
Average[1] annual growth	*9*	*12*	*14*	*11*	*11*

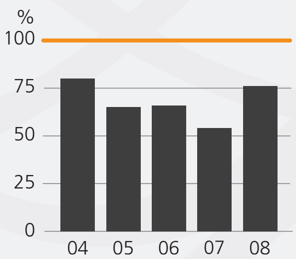
1) Calculated during the period 2001–2008.

Operating margin* per region

%	2008	2007	2006	2005	2004
UK	6.2	8.6	7.9	5.8	7.3
Nordic	8.4	12.3	13.7	14.1	13.4
Continental Europe	4.6	5.9	6.1	5.4	6.5
Group	**5.9**	**8.4**	**8.5**	**8.0**	**8.5**

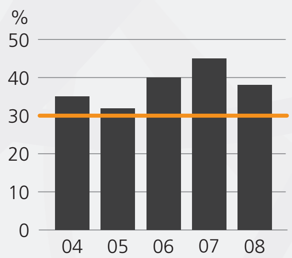
* Target, 10 per cent over a business cycle.

Debt/equity ratio



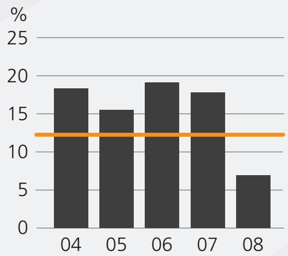
Target, less than 100 per cent

Dividend



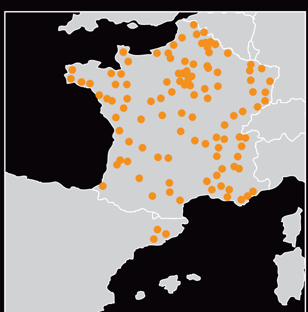
Target, at least 30 per cent of net profit for the year after tax

Growth in earnings per share, annual change

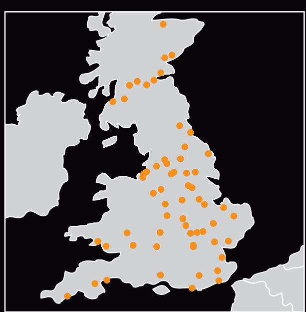


Target, at least 12 per cent

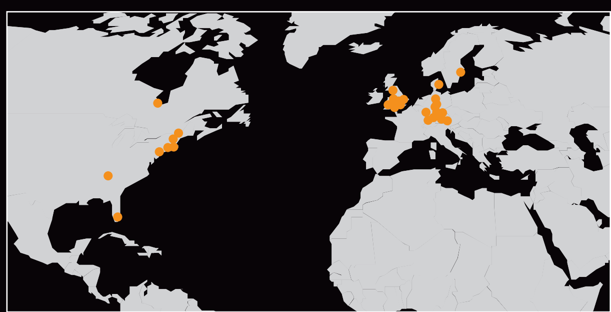
Hygena



Magnet



Poggenpohl



• Existing Group-owned kitchen stores

Nobia shall achieve its financial targets and thereby generate added value for shareholders by applying the following established strategies:

1. Multi-brand and multi-channel strategy
2. Low product costs
3. Profitable growth
4. Decentralised responsibility for profitability

Strategic cornerstone 1

Multi-brand and multi-channel strategy

Nobia shall reach its customers with a variety of brands through various sales channels, thereby attaining broad market coverage. Sales are made through kitchen specialists, furniture stores, builders' merchants and DIY chains, as well as directly to construction companies and other retailers. The Internet is playing an increasingly important role in customers' purchasing decisions.

By using many different distribution channels, Nobia selectively exposes its brands to a larger segment of the market. One of the most important channels to end customers is kitchen studios. Nobia has 694 specialised kitchen stores that are either operated by the Group or franchise holders. This is followed by sales directly to project customers and DIY chains as Nobia's most important channels to end customers.

Strong brands and sales channels

The Group's brand portfolio represents a variety of customer offerings in different price segments. Nobia has both national and regional kitchen brands as well as a global brand. Poggenpohl has worldwide market presence, while HTH is a regional brand, primarily in the Nordic countries. Magnet, Marbodal and Hygena are examples of well-known national kitchen brands. Most of Nobia's brands are either market leaders or among the largest in their individual markets. These positions are the result of consistent, long-term efforts in which the brands have been developed together with their sales channels. In recent years, Nobia has also invested in developing its sales channels since customers often choose a sales channel before selecting a certain kitchen brand. In the UK, Magnet's store network has undergone extensive renovation in recent years, while the Magnet Trade sales channel, targeted at the small-scale professional construction sector, expanded substantially.

Influencing offering to end customers

Sales depend on end customers being offered an attractive line of products. By influencing the various sales channels, Nobia is able to influence its offering to the end customer, for example, in terms of content, design and exposure of the kitchen concept. Exercising such influence also generates co-ordination advantages further down the value chain. Nobia strives to continuously expand this influence and accordingly decided to acquire stores following the generation shift among franchise holders in HTH's stores in Denmark. Owning stores facilitates the creation of a brand profile and shortens the time to launch for new concepts. The business units that focus their activities on larger chains of builders' merchants use the "category management" method, meaning that the chain transfers responsibility for the store concept to Nobia.

Nobia meets demand from most customer categories by offering complete kitchen solutions that include home delivery, assembly, appliances and installation. It is also possible for DIY customers to pick up their kitchen in flat packs and install it themselves.

New sales concept

Nobia makes efforts to increase differentiation and strengthen the profiling of its various brands to further broaden its market coverage. During the year, HTH supplemented its customer offering in the Norwegian market with a range of flat-pack kitchens that can be purchased at a lower price as part of the company's basic product line. Magnet in the UK also added kitchens in the lower price segments to its end customer offering during the year. Accordingly, Nobia is increasing its presence in the economy segment with high-quality kitchens at attractive prices.

Poggenpohl continued to open new stores with a standardised concept in cities with strong purchasing power in Europe and the US. Hygena opened three stores outside France during the year.

Since the Internet plays an increasingly central role in customers' decisions to purchase kitchens, Nobia improved the possibilities for customers to find kitchen solutions online. An example is HTH in Norway where customers are given more opportunities to design and customise their future kitchens from their homes by using an easy-to-navigate 3D design program. Customers then receive store assistance with ordering the kitchen, which is then home-delivered.

Strategic cornerstone 2

Low product costs

Nobia conscientiously works to capitalise on economies of scale and reduce product costs. This primarily requires continued efforts to increase harmonisation of the product range and enhance the efficiency of production. Fewer business units offer better conditions for increasing co-ordination of both product lines and production.

Product costs correspond to approximately two thirds of Nobia's sales. These costs are reduced through economies of scale by utilising Nobia's size to offer customers competitive products under separate brands, price classes and in many different sales channels.

Harmonising components

Nobia has grown organically and through acquisitions. The latter entails that the Nobia Group is responsible for a range of input goods that can be streamlined by eliminating minor differences. Harmonising components reduces product costs at the same time as an increasingly large sector of Nobia's total product range becomes available to all business units. Standardising input goods does not mean that the range will be uniform. Design and variation will ensure that the various brands do not lose their distinctive characters or level of quality.

An increasingly large percentage of Nobia's carcasses now have the Group-wide standard, K20, and the range of such products as appliances and worktops, has been gradually harmonised. The harmonisation process is complex and time-consuming. To enhance the efficiency of the process, responsibility has been divided between three clusters of high-harmonisation potential:

- all business units in the Nordic region
- UK, France and one business unit in Germany
- Austria and a second business unit in Germany

At the same time, a section of the product line, such as chipboard and appliances, will remain the same for the entire Group.

Larger manufacturing units and fewer suppliers

When decisions are made on Nobia's product range, a make-or-buy analysis is performed to determine whether it is most cost-efficient to purchase the product from external suppliers or manufacture it internally. If products are to be purchased, the procedure is co-ordinated within the Group as described above, meaning that the number of suppliers is gradually reduced.

Production is highly capital-intensive. This is the reason why component production is increasingly concentrated to fewer units. Many of these units have developed lean manufacturing techniques, with systematic flow and process improvements designed to boost efficiency. The Group-wide standard for carcasses, K 20, is fundamental to the process of enhancing efficiency and co-ordinating production.

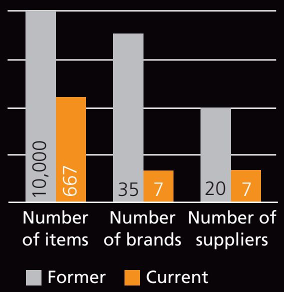
In a bid to generate additional economies of scale in production and enhance capacity utilisation in our assembly plants, Nobia has begun concentrating its assembly operations to fewer and larger units. A decision was made during the year to close the assembly plant in Forssa in Finland and transfer the operations to the plant in Nastola. Preparations for a similar concentration in Denmark and between Sweden and Norway have been initiated.

Flexible purchasing organisation – increased presence in China

The aim of achieving economies of scale enhances the importance of purchasing from low-cost countries. Nobia seeks out suppliers that offer the best combination of price, quality and delivery reliability. All purchases are made according to Nobia's standards, which are described in the Sustainability section on page 66.

Nobia established a purchasing organisation in China during the year and received the first deliveries. Many different types of components were purchased. Although the first deliveries of kitchen doors arrived at year-end, goods from Asia currently account for only 1 per cent of Nobia's total purchasing volumes. Work is progressing on expanding this organisation.

Simplified and co-ordinated purchases of appliances



An example of how the systematic reviews of the product range in recent years have reduced complexity. Economies of scale have been generated by co-ordinating the Group's purchases of appliances.


Pronorm

Strategic cornerstone 3

Profitable growth

Nobia generates growth through a combination of organic growth and acquisitions. The European kitchen market is primarily national and most players continue to operate mainly in their own country. With its base in several countries, Nobia intends to continue to grow in Europe.

Organic growth

Nobia's target is to grow organically by 2–3 per cent more than the market. Organic growth shall be achieved through:

- developing and strengthening brands and distribution channels,
- refurbishing and expanding the store network,
- developing and co-ordinating product lines,
- new partnerships and co-operation in distribution and sales,
- increased sales of accessories and services.

Growth through acquisitions

Growth shall also be achieved through acquisitions. Nobia focuses on the kitchen market in Europe and is ready to make attractive acquisitions. Interesting acquisition opportunities are evaluated within the context of Nobia's financial position. Return on invested capital is a decisive factor in the evaluation of an acquisition and takes precedence over, for example, Nobia's target of a 10-per cent operating margin. The required return on investments in corporate acquisitions is determined according to Nobia's weighted cost of capital.

Strategic cornerstone 4

Decentralised responsibility for profitability

Nobia organises its operations on the basis of decentralised responsibility for each brand. Nobia has brands in the kitchen market in Europe that are offered to customers through various sales channels.

The aim of Nobia's organisational model with decentralised responsibility for each brand is to create proximity to the end customer. An important competitive factor is the possibility of affecting the composition of the customer offering by influencing the specialised kitchen showrooms. The greater the influence, the greater the possibility of correctly and quickly adapting to customers' needs. Each kitchen solution is unique in terms of composition, measurement and accessories, making the value-adding stages to the end customer increasingly complex. The ability to handle this complexity is a crucial factor for competitiveness. From the customers' point of view, this ability is reflected in high delivery precision, which is continuously measured and is one of Nobia's most important key performance indicators. Nobia strives to simplify the purchasing process for customers by providing a wide selection of products and services and the developing of the offering on the Internet.

Fewer and larger business units

During the year, Nobia restructured the organisation by establishing fewer and larger business units. The purpose was to enhance the efficiency of the co-ordination of product lines, product supply and administration.

The new organisation means that the number of business units has been reduced to eight from 14. The new business units created as a result of the re-organisation are: Nobia SweNo, Nobia DK, Nobia UK, and Pronorm/EWE/FM. The remaining, existing business units are: Novart in Finland, Hygena in France, Poggenpohl and Optifit in Germany, in addition to the joint-venture Culinoma in Germany.

Production and purchasing in the larger business units have been changed so that they are able to serve a large number of brands. The business units are also responsible for harmonising the product range in their respective purchasing clusters. At the same time, a high level of independence is maintained for each brand, with separate management teams and sales organisations, all within the framework of Nobia's strategy.

The basis for sales is a distinct concept with strong, local brands that are marketed in dedicated sales channels. The organisation for each brand is responsible for generating proximity to the local market and strengthening relations with end customers.

Leadership and control

Group management is responsible for Nobia's strategy and profitability, and controlling and monitoring the Group's business units. The scope of business concepts, product-line harmonisation and production structure are established within the framework of Nobia's strategy.


Magnet

Organisation of Nobia

Nobia

UK region	Nordic region			Continental Europe region				Joint-venture
Nobia UK	Nobia SweNo	Novart	Nobia DK	Hygena	Optifit	Poggenpohl	Pronorm/ EWE/FM	Culinoma

Financial overview

The latter half of 2008 was dominated by the global financial crisis and uncertainty, which also reduced demand for kitchens. Consequently, Nobia reported negative growth at the end of 2008 for the first time since 2003.

Nobia Group in summary

	2008	2007	Change, %
Net sales, SEK m	15,991	16,134	–1
Operating profit before depreciation, SEK m (EBITDA)	1,430	1,790	–20
Operating profit, SEK m (EBIT)	951	1,353	–30
Operating margin, %	5.9	8.4	–
Profit after financial items, SEK m	788	1,247	–37
Profit after tax, SEK m	555	958	–42
Earnings per share after dilution, SEK	3.29	5.50	–40
Operating cash flow, SEK m	42	949	–
Return on capital employed, %	13.0	20.6	–
Return on shareholders' equity, %	13.7	25.0	–

The Board of Directors proposes that a dividend for the 2008 fiscal year be paid in the amount of SEK 1.25 per share (2.50).

Significant events

Nobia changed President and CEO in conjunction with the Annual General Meeting on 1 April 2008. After 14 years in the post, Fredrik Cappelen was succeeded by Preben Bager, former Senior Vice President UK region.

In June, Nobia's CFO Jan Johansson left the company and was succeeded by Gun Nilsson. In the same month, Nobia planned to begin purchasing large quantities of kitchen components for the first time from its proprietary purchasing organisation located in China. The first order was placed in September.

A new organisation was presented on 10 September. Nobia reduced the number of its business units by mergers of regional and national operations. The aim is to attain additional economies of scale in sales, purchasing, production and administration. Accordingly, the Swedish and Norwegian units formed Nobia SweNo, the British units became Nobia UK and German company Pronorm was merged with Austrian companies EWE/FM to form Pronorm/EWE/FM.

Another organisational merger was announced in October, this time involving Invita and HTH, which became Nobia DK. In the same month, a decision was made to close one of the plants in Finland. The other plant will take over all production by summer 2009.

The Group's cash flow and financial position

Earnings per share after dilution for the year amounted to SEK 3.29 (5.50), corresponding to a decline of 40 per cent. Net sales amounted to SEK 15,991 million (16,134).

The Group's organic growth, meaning the change in net sales for comparable units and adjusted for currency effects, remained unchanged compared with the year-earlier period.

The store network continued to be developed during the year. At year-end, the total number of stores was 694 (655). The total number of stores includes Group-owned and franchise stores. In addition, there are 88 stores (79) in the jointly owned company Culinoma in Germany. Culinoma was established in 2007 together with De Mandemakers Groep. Nobia owns 50 per cent of Culinoma.

The Group's operating profit amounted to SEK 951 million (1,353). Lower demand, new and refurbished stores and currency effects had a negative impact on earnings. Structural expenses were also charged to operating profit in the amount of SEK 18 million.

The operating margin amounted to 5.9 per cent (8.4).

In the UK region, net sales declined by 10 per cent primarily as a result of the weakening of the GBP. In the Nordic region, net sales rose by 7 per cent. However, net sales fell after adjustments for additional sales through HTH's takeover of franchise stores in Denmark. In the Continental Europe region, net sales were slightly higher than in 2007. Sales via Group-owned kitchen stores performed positively for Hygena in France and Poggenpohl in Europe.

Financial items amounted to an expense of SEK 163 million (expense: 106). Net financial items also included the net of returns and interest on pension assets and interest expense on pension liabilities corresponding to a negative amount of SEK 32 million (neg: 31). Profit after financial items declined to SEK 788 million (1,247).

Tax expenses for the year amounted to SEK 226 million (289), corresponding to a tax rate of 28.9 per cent (23.2). The difference in tax rate for the current year compared with the preceding year is mainly attributable to revaluations of deferred tax liabilities. Tax rates in Germany and Denmark, for instance, were lowered. The lower tax rate decided in Sweden in 2008 and applicable from 1 January 2009 had a marginal impact on the tax rate for the year. Profit after tax decreased to SEK 555 million (958).

The operating cash flow declined to SEK 42 million (949). The deterioration in cash flow compared with the preceding year is attributable to lower earnings and higher tax paid, increased investments and higher tied-up working capital. Cash flow for 2007 was positively impacted by the nonrecurring effect of SEK 155 million pertaining to the final payment of the sale of a property in the UK.

Investments in fixed assets amounted to SEK 733 million (678), of which SEK 388 million related to investments in the store network.

The Group's capital employed amounted to SEK 8,083 million (6,866) at the end of the period.

Net debt at year-end amounted to SEK 3,181 million (2,224). The increase is mainly attributable to paid dividends of SEK 430 million and the buy-back of shares amounting to SEK 220 million, in addition to the acquisition of HTH stores. The debt/equity ratio amounted to 76 per cent at the end of the year (54 per cent at the beginning of the year).

Provisions for pensions, which are included in net debt, amounted to SEK 718 million (829) at the end of the year. Unrecognised actuarial gains at year-end 2008 amounted to a total of SEK 200 million (247).

Shareholders' equity at year-end amounted to SEK 4,195 million (4,156).

The equity/assets ratio amounted to 37 per cent (40) at year-end.

Nobia's credit framework, which is valid until mid-2011, amounts to SEK 6 billion, excluding overdraft facilities. At the end of December 2008, SEK 2.9 billion had been utilised.

Significant events after the end of the year

Negotiations started at the beginning of 2009 with employee representatives to discuss production changes in Jevnaker, Norway, and in Bording, Denmark. This initiative is based on lower demand and on the ongoing efficiency enhancements of Nobia's supply chain.

Future outlook

Demand for kitchen products normally follows the same economic cycle as other consumer discretionary products. In light of the current circumstances in the business environment, it is difficult at present to assess trends in demand.

Personnel

The average number of personnel in 2008 was 8,682, compared with 8,526 in 2007. This increase is primarily attributable to the acquisition of HTH stores in Denmark and the establishment of new stores in other markets. Adjusted for C.P. Hart and new and acquired stores, the number of employees declined during the year by approximately 300.

The new organisation with fewer operating units introduced during the year also enables better co-ordination in the area of HR, Group-wide employee surveys and joint training activities.

Environment

Absolute carbon-dioxide emissions released from Nobia's production and transportation declined in 2008 compared with 2007. However, production volumes have also fallen, which means that the reporting of emissions per cabinet states a higher level of emissions.

Nobia also responded to the Carbon Disclosure Project (CDP) questionnaire in 2008.

In Sweden, the Group conducts licensed operations within Marbodal AB and Myresjökök AB in accordance with the Swedish Environmental Code. These operations impact the external environment mainly through noise and emissions to air from the surface treatment of wood details. The County Administrative Board is the decision-making authority in all issues relating to licensed operations in accordance with the Swedish Environmental Code.

Marbodal submitted an investigation for emissions of volatile organic compounds (VOCs) in December 2007 and a response is expected in 2009. An application for a change to the conditions governing the use of paints was submitted in 2008 and a response is expected in 2009. An application for a noise permit in production was submitted in 2008. A review of this application will take place in 2009.

In 2007, Myresjökök AB submitted an energy plan to the County Administrative Board in accordance with the conditions of the permit decision. The County Administrative Board approved the decision in 2008. Furthermore, Myresjökök appealed one of the conditions of the permit decision regarding noise to the Environmental Court of Appeal. The appeal had not been processed at the end of 2008.

Emissions levels for volatile organic compounds are well within the limits stipulated by the permits for both Marbodal and Myresjökök. The licensed production operations in Sweden correspond to less than 10 per cent of consolidated net sales.

A more detailed account of Nobia's sustainability work is described on pages 66–70.

Parent Company

The Parent Company is a limited liability company domiciled in Sweden. The address of the head office is: Klarabergs-viadukten 70 A, SE-107 24, Stockholm. The Parent Company is listed on the NASDAQ OMX in Stockholm. Information regarding the Nobia share and its owners can be is found on pages 64–65.

The Parent Company's operations comprise Group-wide functions and the ownership of subsidiaries. Profit after net financial items amounted to SEK 279 million (1,969) and primarily comprised Group contributions received and dividends from subsidiaries.

The share and ownership structure

In 2008, Nobia repurchased a total of 5,233,600 own shares at a value of SEK 219,791,619 under the authorisation mandate granted by the 2008 Annual General Meeting. The aim was to thereby enable whole or partial acquisition financing through payment using Group shares, as well as to adjust the company's capital structure to contribute to higher shareholder value. The buy-back corresponds to 3.0 per cent of the total number of registered shares. The mandate enables the buy-back of a maximum of 10 per cent of the total number of registered shares in the company. The total number of shares bought back amounted to 8,162,300 for a value of SEK 468,056,934, corresponding to 4.7 per cent of the total number of shares.

The total number of shares in Nobia amounts to 175,293,458. Säki/Gustaf Douglas companies' shareholdings in Nobia represent 11.2 per cent of the number of votes of all shares.

Nobia's lenders have prepared a clause that may entail the termination of all loans if the control of the company were to be significantly altered. If any one party, or jointly with other parties (under formal or informal forms) gains control of the company, the lender is entitled to terminate all outstanding loans for payment. The term "control of the company" pertains to control of more than half of the total number of votes or capital or the acquisition of direct and decisive influence over the appointment of the Board of Directors or members of Group management. Control of the company is also deemed to arise if a party, alone or jointly with other parties, can exercise direct and decisive influence over the company's financial and strategic position.

If such a situation were to arise whereby the control of the company were to be significantly altered, the lender and Nobia shall begin negotiations that shall last for a maximum of 30 days. The aim of these negotiations is to reach an agreement between the lender and Nobia. If an agreement is not reached, the lender is entitled to terminate all outstanding loans for immediate payment.

More information share capital and shareholders is presented on pages 64–65.

Remuneration guidelines and other employment conditions for management 2008

The guidelines for 2008 correspond with the proposed guidelines for 2009 below. In 2008, Group management comprised seven individuals, of whom three were regional managers with the possibility of receiving up to 50-per cent variable remuneration. Another difference is that the age of retirement for the President in 2008 was 60.

Proposed remuneration guidelines and other employment conditions for management 2009

The Board of Directors of Nobia AB proposes that the 2009 Annual General Meeting decide on the following proposal pertaining to guidelines for determining remuneration and employment conditions for the President and other members of Group management. Group management currently comprises 14 people.

Remuneration Committee

The Board of Directors appoints a Remuneration Committee from within its ranks. The Committee's tasks include preparing proposals with respect to remuneration for the President, and to reach decisions on remuneration proposals for managers who report directly to the President.

Proposed guidelines for 2009

Nobia's salary policy stipulates that total remuneration shall correspond to market levels. A continuous International Position Evaluation is performed to secure the market levels in each country.

Members of Group management receive both a fixed and a variable salary portion. The fundamental principle is that the variable salary portion may amount to a maximum of 30 per cent of fixed annual salary. The exception to this principle is the President whose variable salary portion may amount to a maximum of 50 per cent of fixed annual salary. Exceptions may also be made for business unit managers following a decision by the Board.

The variable salary portion is normally divided between two or three targets: 1) The Group's earnings, for example earnings per share; 2) Earnings in the business unit for which the manager is responsible; and 3) Individual/qualitative targets. The fundamental principle is that 50 per cent of the maximum variable salary portion for each quantitative target is paid when the budgeted profit level is attained, with a subsequent rising scale of up to 100 per cent. No variable salary portion is paid if these targets are not met. Individual/qualitative targets may amount to a maximum of 50 per cent of the total variable salary portion.

The variable salary portion is based on a period of service of one year. The targets for the President are determined by the Board. The targets for other senior executives are determined by the President following recommendations from the Remuneration Committee.

Members of Group management are entitled to a pension under the ITP system or equivalent. The proposed age of retirement is 65. In addition to the ITP plan, members of Group management are entitled to an increased occupational pension premium on salary portions amounting to more than 30 basic amounts.

Employment contracts for Group management include provisions regulating remuneration and termination of employment. In accordance with these agreements, employment may usually be terminated at the request of the employee with a period of notice of six months and at the request of the company with a period of notice of 12 months. In addition, the President may receive severance pay amounting to 12 months' salary in the event of termination of employment at the request of the company. Severance pay shall be deducted against any salary received from a new employer.

Following decisions taken at the Annual General Meeting, the Group has introduced an annual employee share option scheme since 2005. The purpose is to further strengthen the commitment of senior executives to and ownership in the company, and to attract, motivate and retain key employees in the Group. The allotment of employee share options is free of charge, but the allotment is conditional on a rising scale based on the average increase in earnings per share during the vesting period, which is three years. Accordingly, the earnings trend determines the number of employee share options that may be exercised of the total number of allotted employee share options. The 2008 employee share option scheme encompasses a total of 243 senior executives, including members of Group management.

The Board is entitled to deviate from the guidelines described above if the Board finds there to be reasonable grounds in a particular case.

In the event of a maximum outcome, which presupposes that all bonus-related targets are fulfilled, the variable salary costs for Group management may be expected to amount to approximately SEK 11,121,362 (excluding social security contributions). The calculation is based on the current composition of Group management.

In accordance with the figures reported at the 2005, 2006, 2007 and 2008 Annual General Meetings, employee share options may lead to costs for the Nobia Group in the form of social security contributions and accounting costs as stipulated in IFRS 2. The social security contributions are estimated at approximately 20 per cent of the growth in value of the employee share options. For the 2005, 2006, 2007 and 2008 programmes, the earnings trend determines the number of employee share options that may be exercised of the total number of allotted employee share options.

Proposed appropriation of profits

The following profits in the Parent Company are at the disposition of the Annual General Meeting:

Share premium reserve	52,225,486
Unappropriated profit brought forward	1,398,156,540
Net profit for the year	289,212,992
Total SEK	**1,739,595,018**

The Board of Directors and President propose that profits at the disposition of the Annual General Meeting be appropriated as follows:

Dividend to shareholders of SEK 1.25 per share	208,913,947
To be carried forward	1,530,681,071
Total SEK	**1,739,595,018**

The Board proposes that the dividend for fiscal year 2008 be set at SEK 1.25 per share (2.50). The proposed dividend corresponds to approximately 38 per cent of net profit for the year (attributable to the Parent Company's shareholders) in the Group. Tuesday, 7 April 2009 is proposed as the record day for the right to receive dividends. If the Annual General Meeting decides in favour of the proposal, dividends are expected to be paid via Euroclear Sweden on Wednesday, 14 April 2009.

Magnet

UK *region*

Net sales declined by 10 per cent to SEK 5,383 million (6,012). Operating profit fell by 36 per cent to SEK 333 million (517). The operating margin was 6.2 per cent (8.6).

Despite gradually weaker demand during the year, the region's sales trend measured in local currency remained unchanged. It is the Group's assessment that Nobia UK strengthened its market position during the year. Operating profit was negatively impacted by an expanded store network. In addition, currency effects adversely impacted earnings in the amount of approximately SEK 100 million.

A net total of 18 new stores were opened in 2008. Accordingly, the total number of Group-owned kitchen stores in Nobia UK amounted to 215 at year-end, of which slightly less than two thirds comprise combined Retail and Trade stores.

Sales channels

Nobia offers kitchen solutions direct to the end customer in the middle price segment through the Magnet brand via Group-owned kitchen stores. Magnet Trade is the distribution channel to professional customers, such as local joinery and construction companies. Gower is one of the UK's largest manufacturers of flat-pack kitchens to multiple retailers.

The Trade concept

Magnet's Trade concept is adapted for the small-scale professional construction sector and contains a narrower range of products, more products in stock and thereby improved product availability. The kitchens are rigid and are in stock for immediate delivery. Magnet Trade stores also offer a limited range of building materials. In 2008, Magnet Trade intensified its sales activities and increased its customer base of local joinery and construction companies.

Purchasing co-ordination

Nobia UK, French company Hygena and German company Optifit began collaborating in purchasing during the year. Total purchasing volumes are significantly increased by harmonising parts of the product lines and co-ordinating purchasing.

The UK kitchen market

The UK kitchen market is characterised by a small number of large players dominating one half of the market and many smaller, local and regional kitchen companies, as well as many independent retailers, operating in the other half. In general, demand declined and at the end of December, the company's main competitor MFI closed its last stores. This means that slightly more than 200 stores disappeared from the UK kitchen market at the end of 2008.

Regional overview

Number of production units: 5

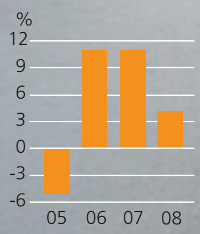
Kitchen stores	Group-owned
UK	214
Ireland	1
Total	215

Key figures	2008	2007	Change, %
Net sales, SEK m	5,383	6,012	–10
Operating profit, SEK m	333	517	–36
Operating margin, %	6.2	8.6	
Operating capital, SEK m	1,279	1,300	–2
Return on operating capital, %	26	40	
Investments, SEK m	237	283	–16
Average number of employees	2,916	2,969	–2

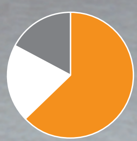
brands

Magnet Gower Magnet TRADE

Organic growth in net sales

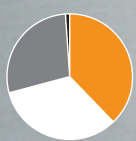


Sales per product



- Kitchen furnishings, such as cabinets and worktops, 63%
- Other kitchen equipment, installation and service, 20%
- Joinery products, 17%

Sales channels



- Kitchen specialists, Trade, 38%
- Kitchen specialists, Retail, 33%
- Builders' merchants/ Multiple retailers, 28%
- Construction companies, 1%

Sales per business unit

- Magnet, 83%
- Gower, 17%

	2008				2007*			
Quarter	IV	III	II	I	IV	III	II	I
Net sales, SEK m	1,250	1,285	1,424	1,424	1,542	1,492	1,538	1,440
Operating profit, SEK m	–20	87	120	146	130	125	136	126
Operating margin, %	–1.6	6.8	8.4	10.2	8.4	8.4	8.8	8.8

* including C.P. Hart

Uno form

Nordic *region*

Net sales rose by 7 per cent to SEK 5,955 million (5,567). Operating profit amounted to SEK 498 million (685). The operating margin was 8.4 per cent (12.3).

Net sales in the region rose during the year as a result of HTH’s takeover of franchise stores in Denmark. Adjusted for these additional sales of slightly less than SEK 500 million, net sales declined compared with the preceding year, which impacted operating profit negatively. In addition, operating profit was charged with restructuring costs, as well as investments in new product programmes and concept launches.

In the autumn, a decision was made to concentrate production of Nobia’s three brands in Finland to the plant in Nastola. The relocation will generate cost savings from 2010.

Production capacity has been continuously adjusted to the lower demand. A review of the production structure in Norway and Denmark was initiated after year-end.

A net total of five new stores were opened in 2008. The number of Group-owned stores increased to 74 (36), primarily due to the HTH acquisitions.

Strong brands

In Sweden, Myresjökök sells complete kitchen solutions mainly to the project market, such as construction companies and prefab house manufacturers. Marbodal sells kitchens to the building materials sector, DIY chains, construction companies, franchise stores and independent retailers.

With its three brands – À La Carte, Parma and Petra – Novart is one of Finland’s leading kitchen companies. Sales are conducted through franchise stores such as KeittiöMaailma and Nettokeittiöt to builders’ merchants and to construction companies.

In Norway, the Norema and Sigdal brands offer rigid kitchens in the middle price segment through kitchen studios, retailers and construction companies.

Danish brands HTH, Uno form and Invita offer complete kitchen solutions to both the consumer market and project market throughout the Nordic region. A new concept and product programme in HTH for flat-pack kitchens in the economy segment was launched in Norway during the autumn to broaden the offering to new customer groups.

Approximately 40 per cent of Nobia sales in the Nordic region in 2008 pertained to new builds, primarily via construction companies and prefab housing.

Strategic mergers

As part of the reorganisation of Nobia, several business units were merged during the year. This consolidation will facilitate the ongoing work to co-ordinate the product lines and other cost-reducing measures in the region.

The Nordic kitchen market

The Nordic kitchen market features a small number of large players and many small, local and regional kitchen companies. Demand in the Nordic market as a whole weakened in 2008, mainly as a result of lower activity in new builds.

Regional overview

Number of production units: 9

Kitchen stores	Group-owned	Franchise
Sweden	5	29
Denmark	45	55
Norway	20	37
Finland	–	80
Other countries	4	15
Total	74	216

Key figures	2008	2007	Change, %
Net sales, SEK m	5,955	5,567	7
Operating profit, SEK m	498	685	–27
Operating margin, %	8.4	12.3	
Operating capital, SEK m	1,619	1,061	53
Return on operating capital, %	31	65	
Investments, SEK m	261	248	5
Average number of employees	3,157	3,010	5

brands

HTH PETRA

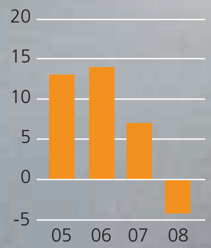
uno form À la Carte

INVITA PARMA

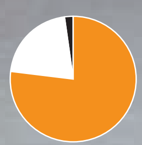
sigdal Marbodal

NOREMA myresjökök

Organic growth in net sales

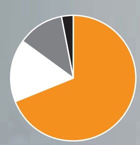


Sales per product



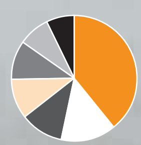
- Kitchen furnishings, such as cabinets and worktops, 77%
- Other kitchen equipment, installation and service, 21%
- Bathrooms, 2%

Sales channels



- Kitchen specialists, Group-owned and franchise, 69%
- Construction companies, 16%
- Builders' merchants/ DIY chains, 12%
- Other retailers, 3%

Sales per business unit



- HTH, 39%
- Novart (Petra, Parma, À la Carte, 14%
- Marbodal, 12%
- Norema, 10%
- Invita, 10%
- Sigdal, 8%
- Myresjökök, 7%

	2008				2007			
Quarter	IV	III	II	I	IV	III	II	I
Net sales, SEK m	1,476	1,293	1,773	1,413	1,436	1,192	1,529	1,410
Operating profit, SEK m	38	92	242	126	157	120	225	183
Operating margin, %	2.6	7.1	13.6	8.9	10.9	10.1	14.7	13.0

Poggenpohl

region

Continental Europe

Net sales rose by 2 per cent to 4,750 million (4,665). Operating profit amounted to SEK 220 million (273). The operating margin was 4.6 per cent (5.9).

The strong performance of EWE-FM, higher production efficiency and positive currency effects offset the lower demand in the region. Investments to increase the number of Group-owned stores were made during the year. Important changes to the logistics structure of French company Hygena commenced during the year. German company Pronorm and EWE/FM in Austria were merged to form a single business unit during 2008.

A net total of 16 new stores were opened in 2008 following the store expansion programme in Hygena (13 new) and Poggenpohl (3 new).

Sales channels

The Continental Europe region comprises Nobia's business units in Germany, France and Austria. In Germany, Nobia sells flat-pack kitchens from Optifit in the economy segment to other business units in the Group, but also to DIY chains and other corporate customers. Exclusive complete kitchen solutions from Poggenpohl are sold in the upper price segment to both corporate customers directly and to private individuals through Group-owned stores and retailers around the world. The German Pronorm brand sells rigid kitchens in the middle price segment. EWE-FM offers rigid kitchen solutions, primarily via furniture stores but also through independent stores in Austria. In France, Nobia is represented with a kitchen store chain encompassing 152 Group-owned stores.

Hygena is one of the leading players in the economy segment. Hygena is now sold in the Spanish market where three stores were opened during the year. Culinoma, which is jointly owned with De Mandemakers Groep, has 88 of its own kitchen stores across Germany under the names of Plana, Asmo, Vesta and Marquardt.

Culinoma expands

Efficiency enhancements in and the expansion of Culinoma in Germany continued. During the year, the joint-venture Culinoma acquired store chains comprising 12 stores, which strengthened its position as the leading kitchen retailer in the German market. Work is underway to co-ordinate Culinoma's supply chain and administrative processes.

The Continental European kitchen market

The German market is characterised by a small number of large kitchen producers, while the retailer sector is more fragmented. Purchasing organisations are highly influential in kitchen distribution in Germany and Austria. The French retailer sector is primarily comprised of a number of specialist kitchen store chains and DIY and furniture distributors.

Demand in the region's primary markets weakened during the year.

Regional overview

Number of production units: 5

Kitchen stores	Group-owned	Franchise
France	151	1
US	9	–
UK	9	–
Germany*	8	1
Other countries	9	1
Total	186	3
*Culinoma also has	55	33

Key figures	2008	2007	Change, %
Net sales, SEK m	4,750	4,665	2
Operating profit, SEK m	220	273	–19
Operating margin, %	4.6	5.9	
Operating capital, SEK m	1191	833	43
Return on operating capital, %	18	33	
Investments, SEK m	235	146	60
Average number of employees	2,575	2,518	2

brands

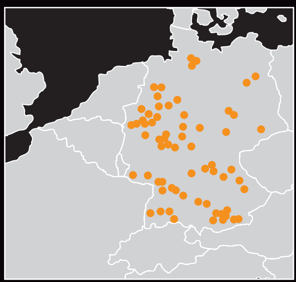
poggenpohl, hygena, ewe, FM, OPTIFIT, pronorm

Included in the joint-venture Culinoma

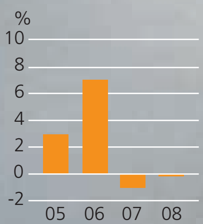
ASMO KÜCHEN, PLANA KÜCHENLAND, MARQUARDT KÜCHEN, vesta KÜCHEN

Culinoma

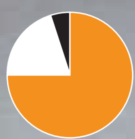
Culinoma was formed in 2007 as a joint-venture company with De Mandemakers Groep in the Netherlands. Culinoma strengthened its position in the German market in 2008 and now has 88 kitchen stores throughout the country under the names Plana, Asmo, Vesta and Marquardt.



Organic growth in net sales

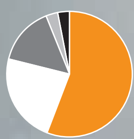


Sales per product



- Kitchen furnishings, such as cabinets and worktops, 75%
- Other kitchen equipment, installation and service, 20%
- Bathrooms, 5%

Sales channels



- Kitchen specialists, Group-owned and franchise, 56%
- Other retailers, 23%
- Furniture stores, 15%
- Construction companies, 3%
- Builders' merchants/DIY chains, 3%

Sales per business unit

- Hygena, 45%
- Poggenpohl, 25%
- Pronorm/EWE/FM, 20%
- Optifit, 10%

Quarter	2008 IV	2008 III	2008 II	2008 I	2007 IV	2007 III	2007 II	2007 I
Net sales, SEK m	1,290	1,129	1,307	1,024	1,229	1,073	1,301	1,062
Operating profit, SEK m	117	32	87	–16	85	64	119	5
Operating margin, %	9.0	2.8	6.7	–1.6	6.9	5.9	9.1	0.5

Culinoma is consolidated in accordance with the equity method.

Risks and risk management

Given its geographic coverage, Nobia is exposed to both commercial and financial risk. Commercial risks can be divided into strategic, operating and legal/political risks. Financial risks are attributable to currencies, interest rates, liquidity, credit granting, prices of raw materials and financial instruments.

The aim of Nobia's risk management is to create awareness of risks and consequently limit, control and manage them, whilst safeguarding business opportunities and strengthening profitability.

Identified material risks are managed on an ongoing basis at all levels in Nobia and in strategic planning. The Board of Directors is responsible to the owners for the company's risk management. The company regularly reports on risk issues to the Board.

Strategic risks

Business-development risk

Risks associated with business development, such as company acquisitions, are managed by using a systematic process and due diligence procedures, and subsequent follow-ups of acquisitions compared with original plans.

More long-term risks are initially addressed by the Board during its annual Group strategy planning meeting. In conjunction with this, Nobia's business development is evaluated and discussed based on external and internal considerations.

Corporate governance and policy risks

Corporate governance and policy risks are averted by the company continuously developing its internal control.

The internal dissemination of appropriate information is ensured through the company's management systems and processes. A more detailed description is provided in the Group Management section of the Corporate Governance Report on page 78.

Operating risks

Market and competition

Nobia operates in markets exposed to competition, most of which are relatively mature, meaning that underlying demand in normal market circumstances is relatively stable. Price competition is fierce, particularly for lower specification products for the broader market.

Nobia is exposed to macro factors, such as changes in demand due to trends in the housing market, as well as housing prices, the number of property transactions and access to financing for housing. A total of 80 per cent of the market comprises renovation purchases and 20 per cent new builds. Nobia's strategy is based on large-scale product supply, product development and the utilisation of the positioning of the Group's strong brands in the various markets and sales channels. Nobia's offerings are also based on the strategy of offering added value to customers in the form of complete solutions with accessories and installation.

Customers

Consumer products are sold through Group-owned stores and retailers. The number of Group-owned stores has increased, which is a deliberate strategy to gain greater influence over the offering to end-customers that will allow for such advantages as co-ordination of the Group's supply chain. By focusing on Group-owned stores, Nobia incurs a larger share of fixed costs, which increases risk but also provides more opportunities to profile its concepts with greater added value. Another risk is that retailers are unable to fulfil their commitments under established contracts, which may have a negative effect on sales.

New-build kitchens, also known as project sales, are sold directly to regional and local construction companies via a specialised sales organisation. Concentrating on these large separate customers entails an increased credit risk. Approximately 25 per cent of the Group's total sales are exposed to this market.

Goods chain

A total of about 60 per cent of Nobia's cost structure comprises variable costs (raw materials, components, accessories), about 30 per cent semi-variable costs (personnel costs, marketing and maintenance) and about 10 per cent fixed costs (rents, depreciation, insurance). The division of costs is relatively equal between the primary markets, except that the UK and France have a slightly higher percentage of fixed costs due to their extensive store networks.

Nobia's proprietary production mainly comprises the production and assembly of cabinets and doors, together with purchased components. Production has sufficient flexibility to cope with fluctuations in demand and, accordingly, has a relatively high percentage of temporary labour.

In 2008, Nobia purchased materials and components valued at approx SEK 6 billion, of which about a third pertained to raw materials (such as chipboard), a third components (such as handles and hinges) and a third goods for resale (such as appliances). The underlying raw materials that the Group is primarily exposed to are wood, steel, aluminium and plastics. Cost variations can be caused by changes in the prices of raw materials on the global market or the company's suppliers' ability to deliver.

The Group's overall production supply is continuously evaluated to secure low product costs. Nobia's central purchasing organisation and the regional clusters work closely with suppliers to manage the supply of materials and monitor suppliers' stability and flexibility. The Group-wide quality-assurance system ensures the delivery capacity and quality of each supplier.

Property risks in the form of loss of production, for example, in the event of a fire, is minimised by the business units conducting annual technical risk inspections of manufacturing units jointly with the Group's insurers. Preventive measures are continuously implemented to reduce the risk of disruptions in the operations.

Legal/political risks

Nobia's products are encompassed by international and local regulations regarding environmental impact and other effects arising in the production of products, for example, the release of exhaust fumes and emissions, noise and safety. Nobia works continuously with its operations to adjust to the necessary expectations and requirements. The company is well aware of the demands in these areas for the near future and, provided that they do not significantly change, the current products and ongoing development activities are deemed to be sufficient to meet such requirements. Additional information can be found in the Sustainability section on page 66.

Changes in local tax legislation in the countries in which Nobia conducts operations may affect demand for the company's products. Subsidies for new builds and/or renovations or changes to the taxation of residential properties may influence trends in demand.

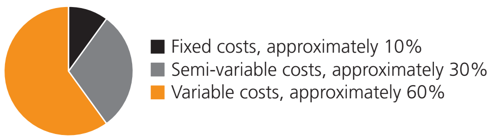
Human capital risks

Nobia endeavours to be an attractive employer, which is a key success factor. To ensure future availability of expertise and motivated employees, manager sourcing and managerial development is administered by a central unit at Nobia. Read more about this in the section on Employee and Manager Development on page 66.

Financial risks

In addition to strategic and operating risks, Nobia is exposed to a variety of financial risks. The most significant financial risks are related to currencies, interest rates, liquidity, borrowing and credit granting, financial instruments and pensions. All of these risks are managed in accordance with the Finance Policy, which is adopted by the Board on an annual basis. For further information regarding financial risks, refer to Note 2 (Financial risks) and Note 24 (Provisions for pensions) on pages 44 and 56.

Cost structure of the Nobia Group



Distribution of sales

Consolidated income statement

SEK m	Note	2008	2007
Net sales	3	15,991	16,134
Cost of goods sold	4, 6, 7, 8, 24	–10,161	–10,245
Gross profit		**5,830**	**5,889**
Selling expenses	4, 6, 7, 8, 24	–4,168	–3,830
Administrative expenses	4, 5, 6, 7, 8, 24	–830	–753
Other operating income		150	96
Other operating expenses	7	–52	–46
Share of profit after tax of associated companies and joint ventures	14, 15	21	–3
Operating profit		**951**	**1,353**
Financial income	9	50	23
Financial expenses	9	–213	–129
Profit after financial items		**788**	**1,247**
Tax on net profit for the year	10, 25	–226	–289
Net profit for the year from continuing operations		**562**	**958**
Loss from divested operations, net after tax	32	–7	–
Net profit for the year		**555**	**958**
Net profit for the year attributable to			
Parent Company shareholders		555	958
Minority interests		0	0
Net profit for the year		**555**	**958**
Earnings per share, before dilution, SEK[1]	22	3.29	5.54
Earnings per share, after dilution, SEK[1]	22	3.29	5.50
Earnings per share for continuing operations, before dilution, SEK	22	3.33	5.54
Earnings per share for continuing operations, after dilution, SEK	22	3.33	5.50
Number of shares before dilution[3]	22	167,131,158	171,515,810
Average number of shares before dilution[3]	22	168,718,492	172,709,385
Number of shares after dilution[3]	22	167,131,158	172,882,363
Average number of shares after dilution[3]	22	168,718,492	174,075,938
Dividend per share, SEK	23	1.25[2]	2.50

1) Earnings per share attributable to the Parent Company's shareholders.
2) According to the Board proposal.
3) Shares outstanding, less own shares.

Comments on and analysis of the income statement

Net sales declined by 1 per cent to SEK 15,991 million (16,134). For comparable units and adjusted for currency effects, net sales remained unchanged. Acquired units contributed SEK 486 million (275). The relationship is shown in the table below.

	I	II	III	IV	Jan–Dec	
Analysis of net sales	%	%	%	%	%	SEK m
2007						16,134
Organic growth	2	7	1	–10	0	8
– of which, UK region[1]	12	10	3	–9	4	237
– of which, Nordic region[1]	–6	7	–4	–15	–4	–226
– of which, Continental Europe region[1]	–2	1	5	–4	0	–4
Currency effect	–2	–4	–5	1	–2	–392
Acquired units[2]	1	2	4	5	3	486
Discontinued operations[3]	–2	–1	–2	–1	–2	–245
2008	–1	3	–2	–5	–1	15,991

1) Organic growth for each region.
2) Acquired units refers to the stores HTH took over in Denmark.
3) Discontinued operations comprise C.P. Hart in the UK region this year and Optifit's flat-pack bathroom operations in the Continental Europe region last year.

Net sales, profit and operating margin per region are reported below.

Net sales and profit per region	Net sales			Operating profit			Operating margin, %	
SEK m	2008	2007	Change, %	2008	2007	Change, %	2008	2007
UK	5,383	6,012	–10	333	517	–36	6.2	8.6
Nordic	5,955	5,567	7	498	685	–27	8.4	12.3
Continental Europe	4,750	4,665	2	220	273	–19	4.6	5.9
Other and Group adjustments	–97	–110	–	–100	–122	–	–	–
Group	**15,991**	**16,134**	**–1**	**951**	**1,353**	**–30**	**5.9**	**8.4**

Structural measures were implemented in the Nordic and Continental Europe regions in 2008. Operating profit in the Nordic region was negatively impacted in the amount of SEK 8 million and operating profit in the Continental Europe region by SEK 10 million, totalling a negative effect of SEK 18 million.

The reversal of costs pertaining to the current share option scheme positively affected the Group's profits in the amount of SEK 17 million (neg: 8), of which SEK 13 million (neg: 11) comprises the expense for the fair value of services entitling employees to the allocation of options (IFRS 2 expense).

Depreciation of fixed assets for the year amounted to SEK 479 million (437).

Quarterly data per region	2008				2007			
SEK m	IV	III	II	I	IV	III	II	I
Net sales								
UK	1,250	1,285	1,424	1,424	1,542	1,492	1,538	1,440
Nordic	1,476	1,293	1,773	1,413	1,436	1,192	1,529	1,410
Continental Europe	1,290	1,129	1,307	1,024	1,229	1,073	1,301	1,062
Other and Group adjustments	–27	–17	–27	–26	–24	–9[3]	–35[2]	–42[1]
Group	**3,989**	**3,690**	**4,477**	**3,835**	**4,183**	**3,748**	**4,333**	**3,870**
Operating profit								
UK	–20	87	120	146[4]	130	125	136	126
Nordic	38	92	242	126	157	120	225	183
Continental Europe	117	32	87	–16	85	64	119	5
Other and Group adjustments	–16	–25	–28	–31	–23	–37	–33	–29
Group	**119**	**186**	**421**	**225**	**349**	**272**	**447**	**285**
Operating margin, %								
UK	–1.6	6.8	8.4	10.2[5]	8.4	8.4	8.8	8.8
Nordic	2.6	7.1	13.6	8.9	10.9	10.1	14.7	13.0
Continental Europe	9.0	2.8	6.7	–1.6	6.9	5.9	9.1	0.5
Group	**3.0**	**5.1**	**9.4**	**5.9**	**8.3**	**7.3**	**10.3**	**7.4**

1) SEK 5 million of the amount is attributable to the elimination of internal sales within the Continental Europe region.
2) SEK 10 million of the amount is attributable to the elimination of internal sales within the Continental Europe region.
3) Included in the amount is an adjustment corresponding to SEK 15 million.
4) Operating profit amounts to SEK 125 million, excluding the sale of C.P. Hart.
5) The operating margin amounts to 8.8 per cent, excluding the sale of C.P. Hart.

Consolidated balance sheet

SEK m	Note	31 Dec 2008	31 Dec 2007
ASSETS			
Intangible assets	11		
Goodwill		3,056	2,786
Other intangible assets		127	97
		3,183	**2,883**
Tangible fixed assets	12		
Land and buildings		1,834	1,722
Investments in progress and advance payments		148	97
Plant and machinery		900	831
Equipment, tools, fixtures and fittings		544	402
		3,426	**3,052**
Interest-bearing long-term receivables (IB)	13	347	215
Other long-term receivables	13	66	51
Participations in associated companies	14, 15	76	53
Deferred tax assets	25	242	273
Total fixed assets		**7,340**	**6,527**
Inventories			
Raw materials and consumables		453	436
Products in process		146	157
Finished products		124	99
Goods for resale		757	788
		1,480	**1,480**
Current receivables			
Tax receivables		70	29
Accounts receivable	2	1,527	1,573
Derivative instruments	17	80	19
Interest-bearing current receivables (IB)		27	–
Other receivables	2	174	113
Prepaid expenses and accrued income	18	265	279
Assets held for sale	32	43	–
		2,186	**2,013**
Cash and cash equivalents (IB)	19	332	270
Total current assets		**3,998**	**3,763**
Total assets		**11,338**	**10,290**
Of which, interest-bearing items		706	485

SEK m	Note	31 Dec 2008	31 Dec 2007
SHAREHOLDERS' EQUITY AND LIABILITIES			
Attributable to Parent Company shareholders			
Share capital	20	58	58
Other capital contributions		1,449	1,442
Other reserves		155	19
Profit brought forward		2,527	2,631
		4,189	**4,150**
Minority interests		6	6
Total shareholders' equity		**4,195**	**4,156**
Provisions for guarantees		24	27
Provisions for pensions (IB)	24	718	829
Deferred tax liabilities	25	291	269
Other provisions	26	113	106
Liabilities to credit institutes (IB)	2, 27	3,088	1,707
Other liabilities (IB)	2	31	13
Total long-term liabilities		**4,265**	**2,951**
Liabilities to credit institutes (IB)	2, 27	0	1
Overdraft facilities (IB)	2, 19	50	156
Other liabilities (IB)	2	0	4
Advance payment from customers		311	312
Accounts payable	2	965	1,054
Current tax liabilities		107	202
Derivative instruments	17	3	4
Other liabilities	2	428	403
Accrued expenses and deferred income	28	979	1,047
Liabilities attributable to assets held for sale	32	35	–
Total current liabilities		**2,878**	**3,183**
Total shareholders' equity and liabilities		**11,338**	**10,290**
Of which, interest-bearing items (IB)		3,887	2,710

Information on consolidated pledged assets and contingent liabilities is provided in Notes 30 and 31 on page 60.

Comments on and analysis of the balance sheet

Goodwill

At the end of 2008, reported goodwill amounted to SEK 3,056 million (2,786). The residual value of goodwill according to plan is specified by cash-generating units as follows:

SEK m	2008
Nobia UK	1,093
Hygena	1,013
Nobia DK	334
Nobia SweNo	151
Novart	101
Poggenpohl	59
Other	305
Total	**3,056**

Goodwill has been allocated to cash-generating units (CGU) when these units were acquired. In 2008, Nobia reduced the number of CGUs to eight, which in organisational terms corresponds to the company's business units. Goodwill is subject to an annual impairment test by calculating the expected cash flow discounted by a weighted average cost of capital (WACC) after tax. The value in use calculated in conjunction with this is compared with the carrying amount, including goodwill, for each CGU.

The starting point of the calculation is the estimated future cash flows based on the financial budget approved by management for the forthcoming fiscal year. A forecast for the next four years is prepared based on this budget and expectations regarding market trends in the years ahead.

Significant assumptions applied to the calculation of the expected cash flow include the growth in net sales, operating margin, and investment and working capital requirements. In order to extrapolate the cash flows outside the first five years, a growth rate of 2 per cent is applied to all CGUs. The operating margin and working capital requirements are expected to remain at budgeted levels, while investments are assumed to reflect a reinvestment level.

The weighted average cost of capital is calculated on the Group's target debt/equity ratio and costs for borrowed and shareholders' equity. The cost of shareholders' equity is determined on the basis of the assumption that all investors require at least the same level of return as for risk-free government bonds, with an additional risk premium for the risks assumed when they invest in the Nobia share. The risk premium has been established based on the long-term historical return on the stock market and by taking into consideration the risk profile of each business unit. The required return on debt-financed capital is also calculated on the return on risk-free government bonds and by applying a borrowing margin based on an estimated company-specific risk. The required return and tax rate for each CGU is influenced by the various interest and tax rates in different countries.

The Group's weighted cost of capital before tax amounted to 11.0 per cent (10.1) in 2008. In total, the utilised cost of capital after tax for 2008 is in the interval 7.2–8.1 per cent (6.8–7.6).

No impairment requirements on the amounts of goodwill found in the Group on 31 December 2008 were identified from the impairment tests performed during the current year and under the prevailing market conditions. Calculations indicate that the value in use exceeds the carrying amount. In the company's opinion, reasonable changes in the most important assumptions on which the calculations are made would not result in the recoverable amount falling below the carrying amount.

Financing

Net debt increased and amounted at the end of the period to SEK 3,181 million (2,224). The change in net debt primarily derived from acquisitions and sales of subsidiaries at a net amount of SEK 254 million, the paid dividend of SEK 430 million and the buy-back of shares in the amount of SEK 220 million, which increased net debt. A positive cash flow of SEK 42 million reduced net debt. Consequently, the debt/equity ratio amounted to 76 per cent at the end of the year (54 per cent at the beginning of the year). The change in net debt is shown in the table below.

Analysis of net debt

SEK m	2008	2007
Opening balance	2,224	2,460
Translation differences	64	22
Operating cash flow	–42	–949
Acquisition of subsidiaries and associated companies	298	70
Divestment of subsidiaries	–44	–
Change in pension liabilities	51	42
Dividend	430	350
Buy-back of shares	220	248
New share issue	–20	–19
Closing balance	**3,181**	**2,224**

The components of net debt are described in the table below. Unrealised actuarial gains on the pension liability at the end of 2008 totalled SEK 200 million (247).

Components of net debt

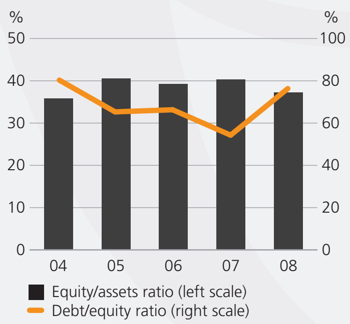
SEK m	2008	2007
Bank loans, etc.	3,138	1,867
Provisions for pensions	718	829
Leasing	31	13
Cash and cash equivalents	–332	–270
Other financial receivables	–374	–215
Total	**3,181**	**2,224**

Change in consolidated shareholders' equity

SEK m	Note	Share capital	Other contributed capital	Reserves	Profit brought forward	Total	Minority interests	Total shareholders' equity
		Attributable to Parent Company shareholders						
Opening balance, 1 January 2007		**58**	**1,412**	**–13**	**2,270**	**3,727**	**7**	**3,734**
Exchange-rate differences attributable to translation of foreign operations	21	–	–	24	–	24	0	24
Cash-flow hedges before tax	21	–	–	11	–	11	–	11
Tax attributable to change in hedging reserve for the year	21	–	–	–3	–	–3	–	–3
Total transactions reported directly against shareholders' equity		**–**	**–**	**32**	**–**	**32**	**0**	**32**
Net profit for the year		–	–	–	958	958	0	958
Total recognised income and expense		**–**	**–**	**32**	**958**	**990**	**0**	**990**
Employee share option scheme	20							
– Allocation of employee share option scheme		–	11	–	–	11	–	11
Payment for issued shares		0	19	–	–	19	–	19
Dividend	23	–	–	–	–349	–349	–1	–350
Buy-back of shares		–	–	–	–248	–248	–	–248
Closing balance, 31 December 2007		**58**	**1,442**	**19**	**2,631**	**4,150**	**6**	**4,156**
Opening balance, 1 January 2008		**58**	**1,442**	**19**	**2,631**	**4,150**	**6**	**4,156**
Exchange-rate differences attributable to translation of foreign operations	21	–	–	92	–	92	1	93
Cash-flow hedges before tax	21	–	–	51	–	51	–	51
Tax attributable to change in hedging reserve for the year	21	–	–	–17	–	–17	–	–17
Total transactions reported directly against shareholders' equity		**–**	**–**	**126**	**–**	**126**	**1**	**127**
Net profit for the year		–	–	10	545	555	0	555
Total recognised income and expense		**–**	**–**	**136**	**545**	**681**	**1**	**682**
Employee share option scheme	20							
– Allocation of employee share option scheme		–	–13	–	–	–13	–	–13
Payment for issued shares		0	20	–	–	20	–	20
Dividend	23	–	–	–	–429[1]	–429	–1	–430
Buy-back of shares		–	–	–	–220	–220	–	–220
Closing balance, 31 December 2008		**58**	**1,449**	**155**	**2,527**	**4,189**	**6**	**4,195**

1) The dividend to the Parent Company's shareholders was approved by the Annual General Meeting on 1 April and paid to shareholders on 9 April 2008.

Equity/assets ratio and debt/equity ratio



Consolidated cash-flow statement and comments

SEK m	Note	2008	2007
Operating activities			
Operating profit		951	1,353
Depreciation		479	437
Adjustments for non-cash items		–77	–90
Interest received		48	21
Interest paid		–169	–96
Income tax paid		–369	–260
Cash flow from operating activities before changes in working capital		**863**	**1,365**
Change in inventories		–9	–134
Change in receivables		166	64
Change in operating liabilities		–344	115
Cash flow from operating activities		**676**	**1,410**
Investing activities			
Investments in tangible fixed assets		–702	–658
Investments in intangible fixed assets		–31	–20
Sale of tangible fixed assets		112	167
Acquisition of subsidiaries	32	–297	–7
Acquisition of joint ventures	15	–	–57
Divestment of subsidiaries		16	–
Decrease in long-term financial investments		–	28
Increase in long-term financial investments		–136	–180
Cash flow from investing activities		**–1,038**	**–727**
Financing activities			
Borrowings		1,222	17
New share issue		20	19
Dividend to Parent Company's shareholders		–429	–349
Dividend to minority shareholders		–1	–1
Buy-back of shares		–220	–248
Increase/decrease in current financial investments		–185	–83
Cash flow from financing activities		**407**	**–645**
Cash flow for the year		**45**	**38**
Cash and cash equivalents at beginning of the year		**270**	**229**
Exchange-rate differences in cash and cash equivalents		17	3
Cash and cash equivalents at year-end		**332**	**270**

Comments on the cash-flow statement

The cash flow from operating activities before changes in working capital amounted to SEK 863 million (1,365). Adjustments for non-cash items amounted to negative SEK 77 million (negative: 90) as specified in the table below.

Adjustments for non-cash items

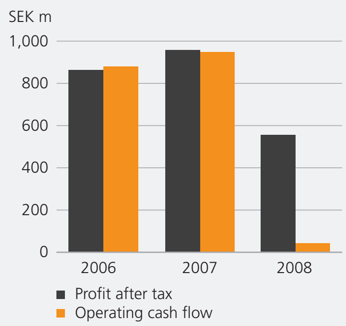
SEK m	2008	2007
Capital gains on fixed assets	–37	–67
Capital gains attributable to sales of companies	–20	–
Provisions	17	–24
Other	–37	1
Total	**–77**	**–90**

The cash flow from operating activities, including changes in working capital, amounted to SEK 676 million (1,410). Operating capital reduced the cash flow by SEK 187 million (increase: 45) and is primarily attributable to the lower advance payments in the consumer sector in the UK and France.

Investments in fixed assets amounted to SEK 733 million (678). The increase was primarily attributable to investments in the store network. Other items in investing activities, excluding acquisitions and divestments of companies, had a negative impact on the cash flow of SEK 24 million (pos: 15).

Operating cash flow, that is, the cash flow after investments, but excluding the acquisitions and divestment of companies, amounted to SEK 42 million (949). The decline is mainly attributable to lower earnings, investments in Group-owned stores and higher preliminary tax paid. Cash flow for 2007 was positively impacted by the nonrecurring effect of SEK 155 million pertaining to the final payment for the sale of a property in the UK.

Profit and cash flow,
January–December



Parent Company

Parent Company income statement

SEK m	Note	2008	2007
Net sales		77	62
Administrative expenses	4, 5, 8, 24	–97	–88
Operating loss		**–20**	**–26**
Profit from shares in Group companies	9	321	2,001
Divestment of shares in associated company		–4	–
Financial income	9	36	11
Financial expenses	9	–54	–17
Profit after financial items		**279**	**1,969**
Tax on net profit for the year	10	10	9
Net profit for the year		**289**	**1,978**

Parent Company cash-flow statement

SEK m	Note	2008	2007
Operating activities			
Operating loss		–20	–26
Dividend received	9	321	2,001
Interest received	9	37	11
Interest paid	9	–54	–17
Tax paid		–6	–2
Cash flow from operating activities before changes in working capital		**278**	**1,967**
Change in liabilities		–152	177
Change in receivables		488	–1,572
Cash flow from operating activities		**614**	**572**
Investing activities			
Other long-term receivables		1	0
Shares and participations		0	–66
Provisions for pensions		2	1
Cash flow from investing activities		**3**	**–65**
Financing activities			
Option premiums		0	11
Buy-back of shares		–220	–248
New share issue		20	19
Group contributions		36	106
Dividend paid		–429	–349
Cash flow from financing activities		**–593**	**–461**
Cash flow for the year		**24**	**46**
Cash and cash equivalents at beginning of the year		**46**	**0**
Exchange-rate differences in cash and cash equivalents		**–**	**–**
Cash and cash equivalents at year-end		**70**	**46**

Parent Company balance sheet

SEK m	Note	31 Dec 2008	31 Dec 2007
ASSETS			
Fixed assets			
Financial fixed assets			
Shares and participations in Group companies	13, 16	1,379	1,389
Other investments held as fixed assets		1	–
Associated companies	14, 15	57	61
Total fixed assets		**1,437**	**1,450**
Current assets			
Current receivables			
Accounts receivable		3	4
Receivables from Group companies		1,860	2,453
Receivables from associated companies		306	191
Other receivables		0	2
Prepaid expenses and accrued income		2	9
Cash and cash equivalents	19	70	46
Total current assets		**2,241**	**2,705**
Total assets		**3,678**	**4,155**
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital	20	58	58
Statutory reserve		1,671	1,671
		1,729	**1,729**
Non-restricted shareholders' equity			
Share premium reserve		52	33
Buy-back of shares		–468	–248
Profit brought forward		1,867	304
Net profit for the year		289	1,978
		1,740	**2,067**
Total shareholders' equity		**3,469**	**3,796**
Provisions for pensions	24	5	3
Current liabilities			
Liabilities to credit institutes		42	87
Accounts payable		2	6
Liabilities to Group companies		134	231
Other liabilities		13	22
Accrued expenses and deferred income	28	13	10
Total current liabilities		**204**	**356**
Total shareholders' equity, provisions and liabilities		**3,678**	**4,155**
Pledged assets	30	1	–
Contingent liabilities	31	3,345	2,107

Change in shareholders’ equity – Parent Company

SEK m	Note	Share capital	Statutory reserve[1)]	Share premium reserve	Buy-back of shares	Profit brought forward	Total share-holders’ equity
Opening balance, 1 January 2007		58	1,671	14	–	566	2,309
Group contributions received		–	–	–	–	106	106
Tax effect of Group contributions		–	–	–	–	–30	–30
Net profit for the year		–	–	–	–	1,978	1,978
Employee share option scheme							
– Allocation of employee share option scheme		–	–	–	–	11	11
Payment for issued shares		0	–	19	–	–	19
Buy-back of shares		–	–	–	–248	–	–248
Dividend	23	–	–	–	–	–349	–349
Shareholders' equity, 31 December 2007		**58**	**1,671**	**33**	**–248**	**2,282**	**3,796**
Opening balance, 1 January 2008		**58**	**1,671**	**33**	**–248**	**2,282**	**3,796**
Group contributions received		–	–	–	–	36	36
Tax effect of Group contributions		–	–	–	–	–9	–9
Net profit for the year		–	–	–	–	289	289
Employee share option scheme							
– Allocation of employee share option scheme		–	–	–	–	–13	–13
Payment for issued shares		0	–	19	–	–	19
Buy-back of shares		–	–	–	–220	–	–220
Dividend	23	–	–	–	–	–429	–429
Shareholders' equity, 31 December 2008		**58**	**1,671**	**52**	**–468**	**2,156**	**3,469**

1) Of the Parent Company’s statutory reserve, SEK 1,390 million (1,390) comprises contributed shareholders’ equity.

Notes

Note 1 Accounting principles

Nobia's consolidated financial statements are prepared in accordance with International Financial Reporting Standards, IFRS, as approved by the International Accounting Standards Board (IASB) and the interpretation statements from the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (EU), up to 31 December 2008. The Swedish Financial Reporting Board's recommendation RFR 1:1 Supplementary Accounting Rules for Groups was also applied.

Assets and liabilities are primarily recognised at historical cost. The main exception pertains to the recognition of financial assets and liabilities, including derivative financial instruments, which are valued at fair value. Refer also to the descriptions of the accounting principles for each item in the income statement and balance sheet provided below.

The annual report for the Parent Company, Nobia AB, has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2:1 Accounting for Legal Entities.

The Annual Report and the consolidated financial statements were approved for issue on 3 March 2009. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet will be presented to the Annual General Meeting on 2 April 2009 for adoption.

The accounting principles stated below, unless where exceptions are described in detail, are applied consistently to all of the periods presented in the consolidated financial statements. Furthermore, the Group's accounting principles were consistently applied by the Group companies regarding associated companies, where necessary, by making adjustments to the Group's principles.

Changed accounting principles

Conditional discounts have been reported as reduced sales since 1 January 2008. Conditional discounts were previously reported as cost of goods sold. The effect on sales amounted to SEK 453 million for 2008 and SEK 488 million for 2007 figures. Operating profit is not affected by the change. Comparative figures for net sales and the operating margin in 2007 have been restated in this annual report. No other new or revised standards or interpretations led to changes of the Group's and Parent Company's accounting principles.

New IFRSs, amendments and interpretations that have not yet been applied

When the consolidated financial statements were prepared on 31 December 2008, a number of standards and interpretations had been published that had not yet come into effect. Nobia did not apply any standards or interpretations in 2008 in advance. The standards that may lead to additional disclosure requirements when introduced are: IFRS 8 Business Segments, IAS 1 Presentation of Financial Statements, IAS 23 Borrowing Costs and IFRS 2 Share-based Payment, which all come into effect on 1 January 2009. It is deemed that Nobia's business segments in accordance with IFRS 8 will comprise the three regions: UK, Nordic and Continental Europe. The revised IAS 1 entails that revenue and costs that are currently recognised directly in shareholders' equity will be reported in a new, extended income statement. Changes to IAS 23 are not deemed to have any material effect on the financial statements since Nobia has no plans for any major construction work in the foreseeable future. Changes to IFRS 2 do not entail any changes to the reporting of previous or existing share-based payments since Nobia does not apply and has not applied conditions that are not vesting conditions in its employee share option schemes. A new standard will be introduced in 2010 regarding IFRS 3 Business Combinations, which will affect the reporting of any acquisitions Nobia may make after 2010. Other standards and interpretations are, preliminarily, not deemed to have an effect on accounting or lead to additional disclosure requirements.

Classification

Fixed assets and long-term liabilities comprise, in all significant respects, amounts that are expected to be recovered or paid after a period of 12 months, counted from the closing date. Current assets and current liabilities comprise, in all significant respects, amounts that are expected to be recovered or paid within 12 months of the closing date.

Important estimates and assumptions for accounting purposes

In order to be able to prepare an annual report in accordance with generally accepted accounting principles, company management and the Board of Directors must make assessments and assumptions that affect the reported income and expense, asset and liability items and other information provided. The actual outcome may differ from assessments made.

The main areas in which estimates and assumptions may imply a risk of adjustments to carrying amounts of assets and liabilities during future fiscal years are as follows:

– Assumptions regarding impairment testing of goodwill

The Group regularly performs impairment tests of goodwill in accordance with the accounting principles described under "Intangible assets" on page 42. The assumptions and assessments made pertaining to expected cash flows and the discount rate in the form of weighted average cost of capital are described under "Comments on and analysis of the balance sheet." Forecasts of future cash flows are based on the approved budget and assumptions on the rate of growth and investment requirements.

– Assumptions regarding income tax

Since the Group is liable to pay taxes in many different countries, assessments are made to determine the Group-wide provisions for income tax in each country. Liabilities for expected tax-audit issues are reported based on assessments of whether an additional tax obligation will arise. The probability of whether tax receivables can be realised through future taxable income is assessed. Refer also to the accounting principles described under "Taxes" on page 41 and in Note 25.

Consolidated financial statements

The consolidated financial statements include all subsidiaries in which the Group has the right to form financial and operational strategies in a manner usually associated with shareholdings amounting to more than 50 per cent of the voting rights.

The consolidated financial statements have been prepared in accordance with the purchase method of accounting. The cost of a corporate acquisition comprises the fair value of assets provided as remuneration, issued equity instruments and incurred or assumed liabilities on the transfer date, plus expenses directly attributable to the acquisition. The subsidiaries' acquired equity is determined as the difference between the fair value of identifiable assets, assumed liabilities and contingent liabilities based on a market assessment at the date of acquisition. The acquired subsidiaries' equity is eliminated in its entirety, which means that the Group's equity therefore includes only that portion of the subsidiaries' equity provided after the acquisition.

If the consolidated cost of the shares exceeds the value of the company's net assets reported in the acquisition analysis, the difference is reported as goodwill. If the cost falls below the value of the company's net assets, the difference is reported directly in the income statement.

Subsidiaries acquired during the year are included in the consolidated financial statements from the date on which the Group assumes a controlling influence in the company and at the amounts pertaining to the period after the acquisition.

Divested subsidiaries are excluded from the consolidated financial statements from the date on which the Group's control of the company ceases.

Inter-Group transactions, such as income, expense, receivables, liabilities and Group contributions are eliminated in their entirety.

Inter-Group profits are eliminated in their entirety, without consideration of minority shares.

The Group applies the principle of reporting minority shareholdings as transactions with third parties.

Translation of foreign subsidiaries

The financial statements of subsidiaries are prepared in the local currency, that is the functional currency used in the country in which the company conducts operations. Swedish kronor, SEK, is utilised in the consolidated financial statements, which is the Parent Company's functional currency and also the Group's reporting currency. This means that the earnings and financial position of all Group companies that have a functional currency that is different to the reporting currency are translated to the Group's reporting currency of SEK. Foreign subsidiaries' assets and liabilities are translated at the closing-date rate and all income-statement items are translated at the average exchange rate for the year. Translation differences are recognised directly in "Translation reserve" in consolidated shareholders' equity.

	Closing-date rate		Average	
Significant exchange rates	31 Dec 2008	31 Dec 2007	2008	2007
DKK	1.47	1.27	1.29	1.24
EUR	10.94	9.47	9.61	9.25
GBP	11.25	12.91	12.09	13.53
NOK	1.10	1.19	1.17	1.15
USD	7.75	6.47	6.58	6.76

Reporting of associated companies
Associated companies are those companies in which the Group exercises a significant but not controlling influence over operational and financial control, usually entailing a holding of between 20 and 50 per cent of the voting rights. Investments in associated companies are reported in the Group's accounts in accordance with the equity method. The equity method means that participations in an associated company are reported at cost on the acquisition date and are subsequently adjusted by the Group's share of the change in the associated company's net assets as well as depreciation and impairment losses on Group goodwill, and surplus and deficit values. Participations in associated companies are reported in accordance with the equity method from the date on which the significant influence is acquired.

The accumulated profits of associated companies that are not paid as dividends are reported under "Profit brought forward" in the consolidated balance sheet. The Group's profit brought forward is reduced by the accumulated portion of losses in associated companies. Unrealised inter-Group profit is eliminated by the portion accruing to the Group.

Shares in profit of associated companies are reported on separate lines in the consolidated income statement and consolidated balance sheet. Shares in profit of associated companies are reported in operating profit in the consolidated income statement since the holdings are operations-based. Shares in profit of associated companies are reported after tax.

In the Parent Company's accounts, participations in associated companies are reported at cost less any impairment. Only dividends received for profit earned after the acquisition are reported as revenues from associated companies.

When the Group's share of recognised losses in associated companies exceeds the carrying amount of the shares in the consolidated accounts, the value of the participation is reduced to zero. Recognition of losses is also affected against long-term financial transactions without collateral, whose financial implication constitutes a part of the owning company's net investment in the associated company. Continued losses are not recognised unless the Group has provided guarantees to cover losses arising in the associated company. The equity method is applied up to the date the significant influence ceases.

Joint ventures
In terms of accounting, joint ventures are defined as companies for which the Group, through co-operative agreements with one or more parties, has a joint controlling influence over operational and financial control. Participations in joint ventures are consolidated in accordance with the equity method; see Reporting of associated companies.

Segments
To establish whether a business segment or geographic area comprises a primary segment, Nobia has assessed the background and character of the operations' risks and opportunities based on the internal organisation, management structure and internal reviews and reports. Nobia's operations include different categories of products that essentially share such characteristics to the extent that they comprise one reportable segment. The operations are deemed to be affected by the size and the breadth of the product offering and also by the economic and political conditions and country and exchange-rate risks existing between segments. As a result, a business segment is equally as important as the geographic domicile of the customers.

Therefore, Nobia considers the Group's kitchen, bathroom and storage operations business segments as its primary segments. The bathroom and storage operations are not disclosed separately since these segments comprise such a small part of the Group's total balance sheet, income statement and cash flow. In line with the above, refer to the consolidated income statement, balance sheet and cash-flow statement for information regarding the primary segment.

The secondary segment is the Group's regions: the UK, Nordic and Continental Europe regions. The division of the business units by region is based on the geographic domicile of the units.

Revenue recognition
The company recognises revenue when the risk and benefit associated with the goods has been transferred to the customer in accordance with the terms of delivery. In cases where installation services are provided, revenue is recognised when the service has been completed. Sales are reported net after VAT, discounts and exchange-rate differences for sales in foreign currency and returns. Inter-Group sales are eliminated in the consolidated financial statements. The accounting principle for 2008 was changed as described above.

Anticipated dividends
Anticipated dividends from subsidiaries are recognised if the Parent Company has the sole right to decide on the amount of the dividends and the Parent Company has decided on the amount of the dividends before the Parent Company published its financial statements.

Government assistance
Government subsidies are reported in the balance sheet as deferred income when there is reasonable assurance that the subsidy will be received and the Group will fulfil the conditions associated with the subsidy. Subsidies are allocated systematically in the income statement in the same manner and over the same periods as the costs for which the subsidies are intended to cover.

Financial income and expenses
Financial income and expenses comprise interest income on bank balances and receivables, dividend income, interest expense on loans and pension liabilities, as well as exchange-rate differences.

Borrowing costs are charged to profit in the period to which they are attributable. Interest expenses are not capitalised.

Interest income on receivables and interest expense on liabilities are calculated in accordance with the effective interest rate method. The effective interest rate is the interest rate that results in the present value of all future receipts and disbursements during the interest-rate maturity period becoming equal to the carrying amount of the receivable or liability. The calculation includes all fees paid or received by contractual parties that are part of the effective interest rate, meaning transaction costs and surplus and deficit values.

In the Parent Company, anticipated dividends are recognised as profit from participations in associated companies. The corresponding amount is eliminated from the consolidated income statement.

Taxes
Tax expenses for the year comprise current tax and deferred tax.

Current tax is tax that is to be paid or received regarding the current year, by applying the tax rates determined or that have been determined in principle on the closing date. This item also includes adjustments to current tax attributable to previous periods.

Deferred tax is calculated according to the balance-sheet method on all temporary differences arising between reported and fiscal values of assets and liabilities.

The tax effect attributable to tax loss carryforwards that could be utilised against future profits is capitalised as a deferred tax asset. This applies to both accumulated loss carryforwards at the date of acquisition and losses arising thereafter.

Valuations take place at the tax rate applying on the closing date. Deferred tax is reported in the balance sheet as a fixed asset or long-term liability. The income tax liability is reported as a current receivable or liability.

If the actual outcome differs from the amounts first reported, the differences will affect current tax and deferred tax in the period in which these calculations are made.

Income taxes are recognised directly in shareholders' equity if the underlying transaction is recognised directly in shareholders' equity.

Tangible fixed assets
Tangible fixed assets are reported at cost with deductions for depreciation and possible impairments. Cost includes expenses that can be directly attributed to the acquisition. Expenses for improvements to the asset's performance, exceeding the original level, increase the asset's carrying amount. Expenses for repairs, maintenance and any interest expenses are reported as costs in the income statement in the period in which they arise.

In the event that an asset's carrying amount exceeds its estimated recoverable amount, the asset is written down to its recoverable amount, which is charged to operating profit.

In the income statement, operating profit is charged with straight-line depreciation, which is calculated on the original cost and is based on the estimated useful lives of the assets as follows:

Kitchen displays	2–4 years
Office equipment and vehicles	3–5 years
Buildings	15–40 years
Plant and machinery	6–12 years
Equipment, tools, fixtures and fittings	6–12 years

Land is not depreciated.

Fixed assets/disposal groups held for sale
The Group's discontinued operations comprise subsidiaries that are acquired for the purpose of subsequently being sold. Profit after tax from discontinued operations is recognised on a separate line in the income statement.

The significance of a group of assets and liabilities being classified as held for sale is that the carrying amounts are recovered primarily by being sold and not by being used. All assets included in the group are presented on a separate line among assets and all of the group's liabilities are presented on a separate line among liabilities. The group is valued at the lower of the carrying amount and fair value, less selling expenses.

Intangible assets
Goodwill comprises the amount by which the cost of the acquired operation exceeds the established fair value of identifiable net assets, as reported in the acquisition analysis. In connection with the acquisition of operations, goodwill is allocated to cash-generating units. Nobia has eight cash-generating units which, in organisational terms, correspond to the company's business units. Since goodwill has an indeterminable useful life, it is not amortised annually. Instead, goodwill is subject to impairment testing either annually or when an indication of an impairment requirement arises. The carrying amount comprises the cost less any accumulated impairment losses. A description of the method and assumptions applied when conducting impairment tests is found under "Goodwill" in "Comments on and analysis of the balance sheet" on page 35.

Other intangible assets, primarily patents and licences, are reported at cost less accumulated amortisation and possible impairments. Amortisation takes place according to the straight-line method based on the estimated useful life of the asset (three to five years).

Research and product development
Costs for product development are expensed immediately as and when they arise.

Product development within the Group is mainly in the form of design development and is conducted continuously to adapt to current style trends. This development is relatively fast, which is the reason that no portion of the costs for product development is reported as an intangible asset until and including 2008. The Group does not carry out research and development in the true sense of such work, or to any significant extent.

Leasing agreements
Leasing agreements concerning fixed assets in which the Group essentially carries the same risks and enjoys the same benefits that direct ownership would entail are classified as financial leasing. Financial leasing is reported at the start of the leasing period at the lower of the leasing object's fair value and the present value of minimum leasing fees. Financial leasing agreements are reported in the balance sheet as fixed assets and financial liabilities, respectively. Future leasing payments are divided between repayment of the liabilities and financial expenses whereby each accounting period is charged with an amount of interest corresponding to a fixed-interest rate on the liability reported during the respective period. Leasing assets are amortised according to the same principles that apply to other assets of the same type. Costs for leasing contracts are divided between amortisation and interest in the income statement.

Leasing of assets, where the lessor essentially remains the owner of the asset, is classified as operational leasing. Leasing fees are reported on a straight-line basis during the leasing period. Operational leasing agreements are reported in the income statement as an operating expense. Leasing of cars and computers is normally treated as operational leasing. The value of these leasing agreements is not considered to be significant.

The Parent Company reports all leasing agreements are operational leasing.

Inventories
Inventories comprise finished and semi-manufactured products and raw materials. Inventories are valued according to the first-in, first-out (FIFO) principle, at the lower of the cost and net sales value on the closing date. The net sales value comprises the estimated sales value in the ongoing operations less selling expenses. Finished and semi-manufactured products are valued at manufacturing cost including raw materials, direct labour, other direct expenses and production-related overheads based on normal production. Interest expenses are not included in inventory valuations.

Deductions are made for inter-Group profits arising in conjunction with deliveries between companies in the Group. The required obsolescence provisions have been established.

Receivables
Receivables are reported at the amounts that are expected to be received after individual assessment.

Financial instruments
Financial instruments recognised in the balance sheet include cash and cash equivalents, loan receivables, accounts receivable, financial investments and derivative instruments on the asset side. On the liability side, there are accounts payable, loan liabilities and derivative instruments.

– Recognition in and derecognition from the balance sheet
A financial asset or a financial liability is entered in the balance sheet when the company becomes a party in accordance with the contractual terms of the instrument. Accounts receivable are recognised in the balance sheet when an invoice has been sent. A liability is recognised when the counterparty has performed a service and a contractual payment obligation arises, even if an invoice has not been received. Accounts payable are recognised when an invoice has been received.

A financial asset is derecognised from the balance sheet when the rights resulting from the agreement have been realised, expire or the company loses control over them. The same applies to a part of a financial asset. A financial liability is derecognised from the balance sheet when the obligation resulting from the agreement has been realised or is extinguished in some other manner. The same applies to a part of a financial liability.

A financial asset and a financial liability may only be offset against each other and reported net in the balance sheet if there is a legal right to offset the amounts and the intention is to settle the items in a net amount or to simultaneously sell the asset and settle the debt.

The acquisition or divestment of financial assets is recognised on the date of transaction, which is the date when the company undertakes to acquire or sell the asset.

– Classification and measurement
Financial instruments that are not derivative instruments are initially reported at cost corresponding to the instrument's fair value plus transaction costs. When initially entered in the accounts, a financial instrument is classified on the basis of the purpose underlying the acquisition of the instrument. This classification determines how the financial instrument is measured after the initial reporting occasion, in the manner described below. For the reporting of derivative instruments, refer to Cash-flow hedges below.

– Receivables and liabilities in foreign currencies
Receivables and liabilities in foreign currencies are valued at the closing-date rate.

– Accounts receivable
Accounts receivable are initially reported at fair value and subsequently at amortised cost, less any provisions for decreases in value. Such a provision is established when there is objective evidence that the Group will not receive all amounts that have fallen due for payment according to the original conditions of the receivable. The amount of the provision comprises the difference between the carrying amount of the assets and the present value of estimated future cash flows. The amount of the provision is reported in the income statement.

– Securities and financial receivables
Securities and financial receivables that are intended as a long-term holding are reported at amortised cost. Impairment losses are recognised if a permanent decline in value is noted. Short-term financial holdings are reported at cost, which is primarily the same as the market value of the holdings. All transactions are reported on the settlement date.

– Cash and cash equivalents
Cash and cash equivalents are defined as cash and bank balances and short-term investments with maturities not exceeding three months. Cash and cash equivalents are valued at fair value.

– Financial liabilities
All transactions pertaining to financial liabilities are reported on the settlement date.

– Cash-flow hedges
The currency forward contracts used for hedging future cash flows and forecasting sales and material purchase in foreign currency are recognised in the balance sheet at fair value. Changes in their value are recognised directly against shareholders' equity in the hedging reserve until the hedged flow reaches the income statement, whereby the accumulated changes in the fair value of the hedging instrument are transferred to the income statement, where they offset and match the effect on profit of the hedged transaction. If hedge accounting is applied, the ineffective portion is recognised via the income statement.

Impairment losses
The recognised values of the Group's assets are tested annually for indications of any impairment requirement. IAS 36 is applied for the impairment testing of assets other than financial assets, which are tested according to IAS 39, assets held for resale and disposal groups that are reported according to IFRS 5, inventories, plan assets used for the financing of employee benefits and deferred tax assets. For the exempted assets mentioned above, the carrying amount is tested in accordance with the relevant standard.

– Impairment testing of tangible and intangible assets, and participation in subsidiaries, associated companies, joint ventures, etc.
If there is an indication of an impairment requirement, the recoverable value of the asset is tested in accordance with IAS 36 (see below). For goodwill, other intangible assets with an indefinite useful life and intangible assets that are not yet ready for use, the recoverable value is calculated annually. When testing for impairment requirements, if it is not possible to establish essentially independent cash flows for an individual asset, the assets must be grouped at the lowest level at which it is possible to identify essentially independent cash flows, known as cash-generating units.

Impairment losses are recognised when the carrying amount of an asset or a cash-generating unit (group of units) exceeds the recoverable value. Impairment losses are charged against the income statement. Impairment losses related to assets attributable to a cash-generating unit (group of units) are primarily allocated to goodwill. Subsequently, a proportional impairment of other assets included in the unit (group of units) is effected.

The recoverable value is the higher of fair value less selling expenses and value in use. When calculating the value in use, future cash flows are discounted using a discounting factor that takes into account the risk-free interest rate and the risk associated with the specific asset.

– Impairment testing of financial assets
At every reporting occasion, the company evaluates whether there is any objective evidence to suggest that a financial asset or group of assets is subject to an impairment requirement. Objective evidence comprises observable conditions that have occurred and that have had a negative impact on the ability to recover the cost, as well as material and protracted decreases in the fair value of an investment in a financial instrument classified as an available-for-sale financial asset.

– Impairment reversal
An impairment loss is reversed if there is an indication that the impairment requirement is no longer pertinent and that there has been a change in the assumptions upon which the calculation of the recoverable value was based. However, an impairment loss on goodwill is never reversed. A reversal is only performed to the extent that the carrying amount of the asset after the reversal does not exceed the carrying amount that would have been recognised, less depreciation wherever applicable, if no impairment had been posted.

An impairment loss on loan receivables and accounts receivable that have been reduced to amortised cost is reversed if a later increase in the recoverable value can objectively be attributed to an event that occurred after the impairment was posted.

Provisions
Provisions are recognised in the balance sheet among current and long-term liabilities, when the Group has a legal or informal obligation deriving from an occurred event and that it is probable that an outflow of resources will be required to settle the obligation and the amount concerned can be reliably estimated. A provision differs from other liabilities since the date of payment or the amount required to settle the provision is uncertain.

– Restructuring
A provision for restructuring is recognised once the Group has adopted a detailed plan and the restructuring process has either commenced or been publically announced. No provisions are established for future operating expenses.

Contingent liabilities
A contingent liability is recognised when the company has a possible obligation deriving from an occurred event whose existence will be confirmed only by one or more uncertain future events, or when there is an obligation that has not been reported as a liability or provision because it is not probable that an outflow of resources will be required, or alternatively because it is not possible to sufficiently reliably estimate the amount concerned.

Shareholders' equity
When shares are repurchased, shareholders' equity is reduced by the entire amount paid.

Dividends are recognised as a liability after the Annual General Meeting has approved the dividend.

Earnings per share
The calculation of earnings per share is based on consolidated net profit attributable to the Parent Company's shareholders and on the weighted average number of shares outstanding during the year. When calculating earnings per share after dilution, the average number of shares outstanding is adjusted to take into account the dilutive effects of potential common shares, which during the reported periods pertain to options issued to employees.

Employee benefits
– Pensions
Within the Group, there are a number of both defined-contribution and defined-benefit pension plans. In Sweden, Norway, and in some Group companies in Germany, Austria and the UK, employees are covered by defined-benefit pension plans. In other countries and companies, employees are covered by defined-contribution pension plans.

Plans for which the company's obligations are limited to the fees the company has undertaken to pay are classified as defined-contribution pension plans. The company's obligations for defined-contribution pension plans are recognised as a cost in the income statement at the rate at which they are vested by the employees performing services on behalf of the company for a period of time.

The Group's defined-benefit pension plans state the amount of pension benefit that an employee, or a former employee, will receive after retirement based upon their salary and the number of years of service. Pension obligations for defined-benefit plans are reported according to common principles and calculation methods and are calculated by considering future salary increases and inflation, among other factors. The Group carries the risk that the promised benefit will be paid.

There are both funded and unfunded defined-benefit plans within the Group. Funded pension plans are financed on the basis of contributions paid to pension funds.

Regarding defined-benefit plans, the pension commitment is calculated in accordance with the Projected Unit Credit method. This method allocates the cost of pensions at the rate at which the employees perform services for the company that increase their entitlement to future remuneration. This calculation is performed annually by independent actuaries. The company's obligations are valued at the present value of expected future cash flows using a discount rate corresponding to interest on high-quality corporate bonds or government bonds issued in the same currency in which the remuneration will be paid and with terms comparable with the term of pension liability in question.

Actuarial gains and losses may arise when the present value of commitments and the fair value of plan assets are established. Such gains and losses arise either because the fair value differs from the previous assumption or because the assumption has changed. The portion of accumulated actuarial gains and losses at the end of the preceding year exceeding a corridor of plus or minus 10 per cent of the largest of the present value of the commitments or the fair value of the plan assets is reported in income over the employees' estimated average remaining period of service.

For funded plans, the Group reports pension obligations in the consolidated balance sheet as a liability comprising the net of the estimated present value of the commitments and the fair value of plan assets. Funded plans with net assets, that is, plans with assets exceeding the pension commitment, are reported as financial fixed assets.

The net amount of interest on pension liabilities and the expected return on accompanying plan assets is recognised as part of net financial items. For defined-contribution plans, the company pays fixed contributions to an external legal entity.

When the pension cost established in the legal entity differs from that in the Group, a provision or a receivable is reported pertaining to the special payroll tax based on this difference. Such a provision or receivable is not present valued.

The Parent Company reports defined-benefit pension plans in accordance with the act safeguarding pension commitments and instructions from Sweden's Financial Supervisory Authority.

– Other long-term remuneration
The Group operates schemes for remuneration in connection with anniversaries and to employees with long service.

Actuarial gains and losses may arise when the present value of commitments and the fair value of plan assets are established. Unlike the reporting of benefit-defined pension plans, actuarial gains and losses are reported immediately and no corridor is applied.

The discount rate is established on the basis of high-quality corporate bonds or government bonds issued in the same currency as the remuneration that is to be paid and with maturities equivalent to the commitments in questions.

– Share option scheme
The Group has an employee share option scheme. The fair value of allotted employee share options is reported as a personnel cost at a corresponding amount recognised directly in shareholders' equity. The fair value is calculated on the date of allotment and allocated over the vesting period. The recognised cost corresponds to the fair value of an estimate of the number of options expected to be earned. This cost is adjusted in subsequent periods to reflect the actual number of options earned. An adjustment is made only when default is due to conditions stipulating a certain level of profit growth or continued employment, and not when default is

Note 1 cont'd.

due solely to the share price being lower than the exercise price. In countries where employee share options may give rise to costs in the form of social security contributions, a cost is recognised allocated over the vesting period. The provision for social security contributions is based on the fair value of the operations on each reporting occasion and ultimately when the options are exercised or expire without being exercised. The Parent Company reports the fair value of employee share options issued to employees in subsidiaries as owner contributions by recognising the value in shareholders' equity and the value of the shares in subsidiaries.

– Short-term remuneration

Short-term remuneration to employees is calculated without discounting and is recognised as a cost when the related services are obtained. A provision is posted for the anticipated cost of profit shares and bonus payments when the Group has a current legal or informal obligation to make such payments, due to the services being obtained from the employees and it being possible to reliably estimate the obligation.

– Payments in connection with employment termination

A cost for payments arising in connection with the laying-off of employees is recognised only if the company is legally obliged to terminate employment in advance of the normal date. When such payment is made as an offering to encourage voluntary retirement, it is recognised as a cost if it is probable that the offer will be accepted and the number of employees who will accept the offering can be reliably estimated.

Note 2 Financial risks

Foreign exchange risk

Nobia applies a decentralised approach to the management of currency hedging. In consultation with the head office, the business units manage their hedging of commercial currency exposure themselves within the framework of the commercial currency exposure policy established by the Board of Directors. Nobia's policy is to hedge approximately 75 per cent of the forecast flows, 6–9 months in the future, and 100 per cent of contracted projects. Hedge accounting is applied. The principal currency combinations were the SEK against the NOK and the EUR against the GBP. A weakening of the NOK by 5 per cent on an annual basis would reduce profit by about SEK 9 million and impact on shareholders' equity in the amount of about SEK 6 million. A 5-per cent weakening in the GBP against the EUR would reduce profit by about SEK 36 million and impact shareholders' equity in the amount of about SEK 26 million. Total exposure in 2008, expressed in SEK and after setting off counteracting flows, amounted to SEK 2,491 million, of which SEK 1,279 million was hedged. At the end of 2008, the hedged volume was SEK 700 million.

Unrealised gains and losses will be transferred to the income statement at various points in time within 12 months.

Credit risk

Nobia is active in many markets and in several distribution channels. Depending on the type of distribution channel, the customer base comprises both professional customers and consumers. For these reasons, credit management and payment terms must be adapted to each business unit's business logic and distribution channels within the framework of the credit policy established by the Group. The credit policy stipulates that credit ratings shall be based on at least one credit report from a reputable credit rating institute. Credit assessments are continuously performed on customers who make regular purchases. Credit insurance is utilised for certain markets and customer categories. Collateral is often required when credit is granted to customers with low buying frequencies.

Counterparty risk pertaining to banks is deemed to be very minor. The total credit risk amounted to SEK 2,499 million.

Financial exposure

Nobia's policy for financing foreign assets involves financing capital employed with external borrowings in the corresponding currency in order to minimise the impact of exchange-rate fluctuations on the debt/equity ratio. Group loans are handled by Nobia's head office. The head office supplies the subsidiaries with funds through an internal bank. These loans are raised in local currencies, which minimises the effects of exchange-rate fluctuations on profits. As a supplementary measure, currency contracts may be entered into to avoid exposure. Given the current debt/equity ratio and currency distribution of capital employed, approximately 39 per cent of foreign capital employed must be financed through borrowing in local currencies. In combination with this policy, other forms of capitalisation may be utilised in each country to optimise the Group's tax situation. Nobia's financial exposure policy does not involve hedging equity.

	Capital employed per currency	Interest-bearing loans and lease liabilities
SEK	908	1,058
EURO	2,991	1,270
GBP	2,556	777
DKK	1,212	717
USD	88	20
NOK	287	45
Other	41	0
Total	**8,083**	**3,887**

Interest-rate risk

Interest-rate exposure is managed centrally, meaning that the head office is responsible for identifying and managing interest-rate risks. Nobia uses short, fixed-interest terms. Nobia's approach is that times of high interest rates usually coincide with healthy demand in society at large. In 2008, the fixed-interest rate term was 1–3 months. A rise in interest rates by 100 basis points would reduce profit by about SEK 31 million.

Refinancing risk

Nobia applies a centralised approach to the Group's financing, which means that all financing takes place in Nobia AB or Nobia NBI AB. Most of Nobia's borrowing is in the form of a syndicated bank loan. The syndicate comprises ten banks. The current agreement expires in June 2011. The loan has three covenants: leverage, gearing and interest cover. Nobia's policy is to obtain long-term lines of credit that are compatible with the Group's long-term acquisition strategy. This must, however, be balanced against the need for low credit costs. In addition to the syndicated loan, Nobia has local overdraft facilities. The table below shows the maturity of all of Nobia's loans.

Year of maturity, SEK m	2009	2010	2011
Loans and lines of credit	–	–	6,000
Of which, utilised	–	–	3,088

Capital management

The debt/equity ratio may not exceed 100 per cent. A temporary elevation of the debt/equity ratio is acceptable. Dividends shall on average comprise at least 30 per cent of net profit after tax. The debt/equity ratio amounted to 76 per cent (54) at year-end. The increased debt/equity ratio is due to shareholders' equity remaining largely unchanged during the year since the buy-back of shares and dividends paid were approximately the same amount as net profit for the year, whilst bank loans rose from SEK 1,707 million to SEK 3,088 million.

Liquidity risk

Daily liquidity is tracked with the help of carefully prepared liquidity forecasts. Liquidity is controlled centrally with the aim of using available liquidity effectively, at the same time as necessary reserves are available.

Commercial exposure	USD	EUR	NOK	CHF	GBP	SEK	DKK
Currency contracts							
2009, local currencies	4	30	158	5	6	–	–
Total, SEK m[1)]	**35**	**332**	**174**	**40**	**69**	**–**	**–**
Fair value, SEK m	4	48	11	–1	14	–	–

Net flows

Net flow 2008, local currency	–4	–108[3]	460	14	17	253	–47
Net flow 2008, SEK m[2]	–27	–1,038[3]	538	84	205	253	–60
Hedged volume, SEK m[2]	55	600	–372	–46	–131	–	–

1) Flows re-stated at closing-date rate, SEK. 2) Restated applying average rate in 2008. 3) In addition, EUR 30 million pertains to flows against DKK, corresponding to SEK 286 million.

Analysis of maturities for financial liabilities, including accounts payable

			2008						2007					
Group, SEK m	Currency	Nominal amount, original currency	Total	Within 1 month	1–3 months	3 months –1 year	1–5 years	5 years or longer	Total	Within 1 month	Within 1 month	3 months –1 year	1–5 years	5 years or longer
Bank loans (IB)														
Bank loans	SEK	1,010	1,010	–	–	–	1,010	–	198	–	–	–	198	–
Bank loans	EUR	106	1,157	–	–	–	1,157	–	883	–	–	–	883	–
Bank loans	GBP	16	182	–	–	–	182	–	241	–	–	–	241	–
Bank loans	DKK	467	686	–	–	–	686	–	313	–	–	–	313	–
Bank loans	NOK	30	33	–	–	–	33	–	72	–	–	–	72	–
Bank loans	USD	3	20	–	–	–	20	–	–	–	–	–	–	–
Other liabilities														
Overdraft facilities (IB)	SEK		50	–	–	50	–	–	156	–	–	156	–	–
Financial leasing liabilities (IB)	SEK		30	–	–	–	30	–	13	–	–	–	13	–
Other liabilities (IB)	SEK		1	–	1	–	–	–	5	–	5	–	–	–
Accounts payable and other liabilities	SEK		1,393	999	266	125	3	–	1,457	1,115	300	40	2	
Total			**4,562**	**999**	**267**	**175**	**3,121**	**–**	**3,338**	**1,115**	**305**	**196**	**1,722**	**–**
Interest-bearing liabilities (IB)			3,169						1,881					

	2008		2007	
Age analysis, accounts receivable and other receivables	Gross	Of which, impairment loss	Gross	Of which, impairment loss
Non-due accounts receivable	1,026	–	984	–
Past-due accounts receivable 0–30 days	450	4	608	17
Past-due accounts receivable > 30 days–90 days	158	25	98	25
Past-due accounts receivable > 90 days–180 days	59	14	38	11
Past-due accounts receivable > 180 days–360 days	40	17	28	17
Past-due accounts receivable > 360 days	66	38	16	26
Total accounts receivable	**1,799**	**98**	**1,772**	**96**

Deposit account for impairment losses on accounts receivable and other receivables	2008	2007
Opening balance	96	87
Reversal of previously posted impairment losses	–22	–11
Impairment losses during the year	40	20
Confirmed losses	–25	–
Translation differences	9	–
Closing balance	**98**	**96**

An impairment loss is recognised when obvious reasons are deemed to exist that the company will not receive the entire or part of the amount due. Obvious reasons may, in this context, pertain to external information that establishes that a receivable is doubtful. An impairment loss is initially recognised for each individual receivable. Group-wise impairment losses are recognised for a group of receivables with similar credit properties and characteristics

Note 3 Segment reporting

Nobia considers the Group's kitchens, bathrooms and storage business units to be its primary segments. Also refer to Note 1, page 41, under the Segments section.

The secondary segment is the Group's regions: UK, Nordic and Continental Europe regions. The division of the business units by region is based on the geographic domicile of the units.

Net sales by the Group's secondary segments

	Group	
SEK m	2008	2007
UK	5,383	6 012
Nordic	5,955	5 567
Continental Europe	4,750	4 665
Other and Group adjustments	–97	–110
Group	**15,991**	**16 134**

Note 3 cont'd.

Net sales by geographic market based on the customers' geographic domicile

SEK m	Group 2008	Group 2007
Sweden	1,290	1,239
Denmark	2,274	1,829
Norway	1,486	1 567
Finland	860	893
Total Nordic	**5,910**	**5,528**

SEK m	Group 2008	Group 2007
UK	5,628	6,280
France	2,198	2,108
Germany	622	631
Austria	476	489
The Netherlands	253	266
Other Europe	496	459
Total Europe	**15,583**	**15,761**
North America	170	216
Rest of world	238	157
Group	**15,991**	**16,134**

Investments plus total assets distributed among the Group's secondary segments

	Group					
	Investments in intangible assets		Investments in tangible assets		Total assets	
SEK m	2008	2007	2008	2007	2008	2007
UK	–	–	237	283	3,438	3 872
Nordic	13	10	248	238	3,295	2 580
Continental Europe	18	10	217	136	2,990	2 569
Other	–	–	–	1	1,615	1 269
Group	**31**	**20**	**702**	**658**	**11,338**	**10 290**

Note 4 Salaries, remuneration and social security costs

	2008		2007	
SEK m	Salaries and other remuneration	Social security costs (of which, pension costs)	Salaries and other remuneration	Social security costs (of which, pension costs)
Subsidiaries in:				
Sweden	264	109	251	106
		(25)		(21)
Denmark	755	79	562	57
		(57)		(42)
Norway	209	49	201	48
		(7)		(1)
Finland	110	67	108	66
		(31)		(30)
Germany	416	78	371	75
		(0)		(0)
Austria	146	52	140	31
		(18)		(14)
UK	749	70	815	81
		(27)		(29)
France	283	112	260	103
		(18)		(17)
US	36	7	35	7
		(1)		(1)
Switzerland	18	3	10	2
		(–)		(–)
Poland	5	1	4	1
		(0)		(0)
Spain	1	0	–	–
		(0)		(–)
Total subsidiaries	**2,992**	**627**	**2,757**	**577**
		(184)		**(155)**
Parent Company	**32**	**16**	**26**	**14**
		(7)		**(10)**
Group	**3,024[1)]**	**643**	**2,783[1)]**	**591**
		(191)		**(165)**

1) Excludes costs for share-based remuneration.

Total remuneration costs for employees

SEK m	2008	2007
Salaries and other remuneration	3,024	2,783
Social security costs	452	426
Pension costs – defined-contribution plans	142	117
Pension costs – defined-benefit plans	25	22
Costs for special employer's contributions and tax on returns	24	26
Costs for allotted share options 2003–2008 (Note 20)	–	1
Costs for allotted share options 2005–2009 (Note 20)	–4	0
Costs for allotted employee stock options 2006–2010 (Note 20)	–11	5
Costs for allotted employee stock options 2007–2011 (Note 20)	–2	2
Costs for allotted employee stock options 2008–2012 (Note 20)	0	–
Total costs for employees	**3,650**	**3,382**

Salaries and other remuneration for the Parent Company

SEK m	2008	2007
Senior management	17	18
Other employees	15	8
Total Parent Company	**32[1)]**	**26[1)]**

1) Excludes costs for share-based remuneration.

Salaries and other remuneration for the Group

SEK m	2008	2007
Board and President	41	45
Other employees	2,951	2,712
Total subsidiaries	**2,992**	**2,757**
Group	**3,024[1)]**	**2,783[1)]**

1) Excludes costs for share-based remuneration.

Remuneration and other benefits, 2008	Basic salary, Directors' fee	Variable remuneration	Other benefits	Pension cost	Share-based payment	Other remuneration	Total	Pension commitments
Chairman of the Board								
Hans Larsson	0.8	–	–	–	–	–	0.8	–
Board members								
Stefan Dahlbo	0.3	–	–	–	–	–	0.3	–
Bodil Eriksson	0.3	–	–	–	–	–	0.3	–
Wilhelm Laurén	0.3	–	–	–	–	–	0.3	–
Harald Mix	0.3	–	–	–	–	–	0.3	–
Fredrik Palmstierna	0.3	–	–	–	–	–	0.3	–
Thore Ohlsson	0.3	–	–	–	–	–	0.3	–
Lotta Stalin	0.3	–	–	–	–	–	0.3	–
President								
Preben Bager	4.9	0.7	0	1.2	0.2	–	7.0	1.0
Former President								
Fredrik Cappelen	1.5	–	0	0.7	–	–	2.2	2.0
Other members of Group management	15.4	1.5	0.5	2.3	1.8	–	21.5	0.4
Total	**24.7**	**2.2**	**0.5**	**4.2**	**2.0**	**–**	**33.6**	**3.4**

Remuneration and other benefits, 2007	Basic salary, Directors' fee	Variable remuneration	Other benefits	Pension cost	Share-based payment	Other remuneration	Total	Pension commitments
Chairman of the Board								
Hans Larsson	0.7	–	–	–	–	–	0.7	–
Board members								
Stefan Dahlbo	0.3	–	–	–	–	–	0.3	–
Bodil Eriksson	0.3	–	–	–	–	–	0.3	–
Wilhelm Laurén	0.3	–	–	–	–	–	0.3	–
Harald Mix	0.3	–	–	–	–	–	0.3	–
Fredrik Palmstierna	0.3	–	–	–	–	–	0.3	–
Thore Ohlsson	0.2	–	–	–	–	–	0.2	–
Lotta Stalin	0.2	–	–	–	–	–	0.2	–
Former Board members								
Thomas Nilsson	0.1	–	–	–	–	–	0.1	–
Ingrid Osmundsen	0.1	–	–	–	–	–	0.1	–
President								
Fredrik Cappelen	6.1	2.1	0.1	2.6	0.4	–	11.3	1.7
Other members of Group management	13.1	2.5	0.5	2.8	1.4	–	20.3	0.7
Total	**22.0**	**4.6**	**0.6**	**5.4**	**1.8**	**–**	**34.4**	**2.4**

Note 4 cont'd.

Sickness absence in the Parent Company, %	2008	2007
Total sickness absence as a percentage of ordinary working hours	0.3	0.4
Percentage of total sickness absence pertaining to uninterrupted sickness absence of 60 days or more	0.0	0.0
Sickness absence as a percentage of each group's ordinary working hours		
Sickness absence by gender		
Men	0.4	0.5
Women	0.0	0.0
Sickness absence by age category		
29 years or younger	–	–
Between 30 and 49 years	0.0	0.1
50 years or older	1.2	1.0

The average number of employers and number of men and women among Board members and senior managers are described in Note 34, see page 61.

Remuneration to senior management

– Board members and Chairman of the Board

Remuneration to the Chairman and members of the Board is determined by resolutions taken at the Annual General Meeting. No special fees are paid for committee work. Board members who are employed by Nobia do not receive a separate Directors' fee. Board members elected by the Annual General Meeting receive a fixed fee of SEK 315,000 per member and the Chairman receives SEK 790,000, making a total of SEK 2,995,000. The Chairman of the Board has no pension benefits, severance pay agreement or other benefits. Employee representatives receive a study and preparation fee of SEK 26,000 per person per year.

– President

The President, who took office on 2 April 2008, received SEK 4,881,378 in salary and benefits for the 2008 fiscal year plus a bonus related to results for 2008 of SEK 712,500.

In addition to the normal pension in accordance with the Swedish National Insurance Act (ATP and AFP), the President has the pension benefits corresponding to 20 per cent of pensionable salary. Pensionable salary means fixed annual salary. For 2008, the premium cost was SEK 986,090. The retirement age is 65. The President has the right to 12 months' notice plus severance pay equivalent to 12 months' salary if employment is terminated by Nobia. However, the amount of the severance pay will be reduced in the event the President receives a salary from another employer. If employment is terminated by the President, six months' notice must be given.

– Other Group management

Other Group management, comprising 13 people from 10 September 2008, of whom 5 are employed in the Parent Company, received salaries and benefits during the fiscal year amounting to SEK 15,875,191 plus variable salary portions based on results for 2008 of SEK 1,508,141. Group management has the right to ITP pensions or an equivalent scheme. The age of retirement is 65. In addition, management has the right to an increased occupational pension premium of 20 per cent on salary portions amounting to more than 30 basic amounts.

– Variable salary portion

The fundamental principle for the variable salary portion for the business unit managers and Group management is that such portions may amount to a maximum bonus of 30 per cent of fixed annual salary. The variable portion is based on an earning period of one year. The outcome depends on the extent to which predetermined targets are met. The targets for the President are set by the Board of Directors. The President sets the targets for other members of Group management following recommendations from the Board Remuneration Committee.

– Remuneration Committee

The Board of Directors appoints a Remuneration Committee from within its ranks. The Committee's tasks include preparing proposals with respect to remuneration for the President, and to reach decisions on remuneration proposals for managers that report directly to the President. For information about the Committee and its members, see page 74.

– Group management's employment contracts

The contracts include provisions regarding remuneration and termination of employment. Under these agreements, employment may be terminated by the employee with a six-month period of notice and by the company with a 12-month period of notice. The employment contracts normally contain a non-competition clause that applies for the employment term and an additional period of 12 months.

– Share option scheme 2003–2008

At the 2003 Annual General Meeting, a decision was made to launch a share option scheme encompassing 91 senior managers and key individuals who subscribed for 2,323,800 options entitling them to subscribe for new shares in Nobia AB at a share price of SEK 23.50.

The share options could be exercised to subscribe for shares during the period 22 May 2005 to 22 May 2008. In 2008, 848,948 share options were exercised and 38,002 options were forfeited. No costs for the scheme were charged to the income statement in 2008.

– Share option scheme 2005–2012

At the 2005 Annual General Meeting, a resolution was made in accordance with the Board's proposal to implement an incentive scheme in the form of a performance-related employee share option scheme. This resolution comprised the first stage in annually recurring identical incentive schemes. It was also followed by resolutions passed at the 2006, 2007 and 2008 Annual General Meetings.

The table below is a summary of key data concerning the schemes. Fair value has been established using the Black & Scholes valuation model:

	Share option schemes 2005–2012				
Scheme	Exercise period	Exercise price	Share value at allotment	Volatility in per cent	Risk-free interest rate in per cent
2005–2009	31 May 2008–1 March 2009	41.57	37.77	24	2.71
2006–2010	31 May 2009–1 March 2010	88.37	80.34	26	3.31
2007–2011	31 May 2010–1 March 2011	101.30	92.10	24	4.09
2008–2012	31 May 2011–1 March 2012	44.40	42.00	32.5	4.32

Premature exercise is expected to occur during the exercise period. This entails that exercise is expected to occur in the middle of each particular option scheme. Assumed dividend growth amounts to 10 per cent. Historical volatility is assumed to match the estimation of future volatility.

The entitlement to exercise the employee share options presupposes that the option holder remains an employee of the Nobia Group and that earnings per share increases to the extent that the total increase in earnings per share corresponds to an average annual increase in earnings per share of at least 5.0 per cent and a maximum of 15.0 per cent.

Assuming a maximum increase in earnings and full exercise, the number of employee share options from the various schemes will be as follows:

	Allotment of options				
Scheme	President	Other members of Group management	Other employees	Total	Original dividend
2005–2009	–	210,000	1,111,500	1,321,500	1,830,000
2006–2010	–	195,000	1,231,200	1,426,200	1,830,000
2007–2011	–	105,000	1,460,000	1,565,000	1,830,000
2008–2012	65,000	520,000	1,954,500	2,539,500	2,592,500
Total	**65,000**	**1,030,000**	**5,757,200**	**6,852,200**	**8,082,500**

Future dilution effects from the four current schemes are reduced since persons included in the scheme have left Nobia. An average of 85 per cent of the original number of options issued remain.

The costs of the schemes are presented in the table below:

	Accumulated costs			2008			2007		
Scheme	Acc. IFRS 2 cost	Acc. soc. costs	Total cost	IFRS 2 cost	Soc. costs	Total cost	IFRS 2 cost	Soc. costs	Total cost
2003–2008	–	3	3	–	–	–	–	1	1
2005–2009	7	0	7	0	–4	–4	3	–3	0
2006–2010	0	0	0	–11	0	–11	6	–1	5
2007–2011	0	0	0	–2	0	–2	2	0	2
2007–2012	0	0	0	0	0	0	–	–	0
	7	**3**	**10**	**–13**	**–4**	**–17**	**11**	**–3**	**8**

Changes in the number of outstanding share options and their weighted average exercise price were as follows:

	2008		2007	
SEK m	Average exercise price, SEK per share	Number of options	Average exercise price, SEK per share	Number of options
As per 1 January	70.46	5,996,950	51.81	5,070,300
Allotted	44.40	2,592,500	101.30	1,830,000
Forfeited	71.44	–888,302	70.39	–90,500
Utilised	23.50	–848,948	23.50	–812,850
As per 31 December	**66.30**	**6,852,200**	**70.46**	**5,996,950**

Of the 6,582,200 outstanding options (5,996,950), it was possible to exercise 1,321,500 options (886,950). Options utilised in 2008 resulted in 848,948 shares (812,850) being issued at a price of SEK 23.50 each (23.50).

Outstanding share options at year-end had the following expiration dates and exercise prices:

		Shares	
Due date	Exercise price	2008	2007
22 May 2008	23.50	–	886,950
1 March 2009	41.57	1,321,500	1,608,000
1 March 2010	88.37	1,426,200	1,692,000
1 March 2011	101.30	1,565,000	1,810,000
1 March 2012	44.40	2,539,500	–
		6,852,200	**5,996,950**

Note 5 Remuneration to auditors

	Group		Parent Company	
SEK m	2008	2007	2008	2007
Audit assignment				
Öhrlings Pricewater-house Coopers AB	–	2	–	0
KPMG	11	10	2	2
Total	**11**	**12**	**2**	**2**
Other assignments in addition to audit assignments[1)]				
Öhrlings Pricewater-house Coopers AB	–	2	–	–
KPMG	4	1	2	1
Total	**4**	**3**	**2**	**1**

1) Predominantly advisory services in audit-related matters such as accounting and tax.

The audit assignment relates to the examination of the Annual Report and accounts, and the administration by the Board of Directors and the President, other tasks the company's auditors are obligated to perform, and advice or other assistance prompted by observations during such examination or the performance of such tasks. Everything else is other assignments.

Note 6 Depreciation per activity

SEK m	2008	2007
Cost of goods sold	–169	–157
Selling expenses	–253	–222
Administrative expenses	–57	–58
Total depreciation	**–479**	**–437**

Note 7 Specification by type of costs

SEK m	2008	2007
Raw materials	–6,685	–6,748
Costs for remuneration to employees (Note 4)	–3,650	–3,382
Depreciation and impairment (Note 6)	–479	–437
Freight costs	–627	–644
Operational leasing costs, primarily stores (Note 8)	–645	–585
Other operating expenses	–3,125	–3,078
Total operating expenses	**–15,211**	**–14,874**

Note 8 Operating leasing contracts

The nominal values of contracted future leasing fees, including rent for stores, where the remaining term exceeds one year, are specified as follows (pertains mainly to rental contracts for premises):

	Group		Parent Company	
SEK m	2008	2007	2008	2007
Paid during the year	645	585	0	0
Falling due for payment within one year	753	650	0	0
Falling due for payment between one and five years	2,126	1,802	0	0
Falling due for payment later	1,258	1,437	0	0
Total	**4,137**	**3,889**	**0**	**0**

The nominal values of rental contracts that are re-let, where the remaining term exceeds one year, are specified as follows:

	Group		Parent Company	
SEK m	2008	2007	2008	2007
Falling due for payment within one year	147	100	0	0
Falling due for payment between one and five years	364	320	0	0
Falling due for payment later	81	80	0	0
Total	**592**	**500**	**0**	**0**

Note 9 Financial income and expenses

	Group		Parent Company	
SEK m	2008	2007	2008	2007
Profit from participations in Group companies				
Dividends	–	–	321	2,001
Financial income				
Interest income, current	29	23	10	7
Exchange-rate differences	21	0	26	4
Financial expenses				
Interest expense	–153	–96	–54	–17
Interest expense pertaining to pension liability	–32	–31	–	–
Divestment of shares in associated company	–	–	–4	–
Exchange-rate differences	–28	–2	0	0
Total	**–163**	**–106**	**299**	**1,995**

Interest income and interest expense pertain in their entirety to receivables and liabilities valued at amortised cost.

Note 10 Tax on net profit for the year

	Group		Parent Company	
SEK m	2008	2007	2008	2007
Current tax expense for the period	–241	–352	10	9
Deferred tax	15	63	–	–
Tax on net profit for the year	**–226**	**–289**	**10**	**9**

Tax expense accounted for 28.9 per cent (23.2) of profits before tax. The higher tax rate during the current year was due mainly to different local tax rates and taxes attributable to earlier periods. The difference between the reported tax expense (28.9 per cent) and the anticipated tax expense on the Group's profits before tax calculated at the local tax rate for Sweden (28 per cent) is explained in the table below.

In the Parent Company, Group contributions and associated tax effects are reported directly against shareholders' equity at a tax effect of an expense of SEK 10 million (expense: 30). Accordingly, the remaining reported current tax revenue refers to tax accrued on earnings reported before Group contributions. Group contributions are reported directly against shareholders' equity. The difference between the nominal and effective tax rate primarily pertains to dividends from subsidiaries.

%	2008	2007
Local tax rate in Sweden	28.0	28.0
Different local tax rates	1.8	0.7
Taxes relating to earlier periods	1.0	–1.9
Non-taxable income	–3.9	–4.5
Non-deductible costs	4.4	3.8
Changed corporate tax rate in Sweden, Germany and Denmark	–1.1	–2.0
Other	–1.3	–0.9
Group's tax expense	**28.9**	**23.2**

Note 25 on page 58 explains the calculation of deferred tax liabilities and assets.

Note 11 Intangible assets

Goodwill, SEK m	2008	2007
Opening carrying amount	2,786	2,764
Corporate acquisitions	199	10
Goodwill arising from acquisition of net assets	6	2
Translation differences	65	10
Closing carrying amount	**3,056**	**2,786**

Other intangible assets, SEK m		
Opening cost	258	236
Investments for the year	25	18
Sales and scrapping	–2	–3
Corporate acquisitions	27	–
Reclassifications	–4	–4
Translation differences	43	11
Closing accumulated cost	**347**	**258**
Opening amortisation	161	143
Sales and scrapping	–1	–2
Amortisation for the year	34	17
Reclassifications	–2	–4
Translation differences	28	7
Closing accumulated amortisation	**220**	**161**
Closing carrying amount	**127**	**97**
Of which		
Software	21	12
Brands	25	26
Other	81	59
Closing carrying amount	**127**	**97**

Note 12 Tangible fixed assets

Buildings, SEK m	2008	2007
Opening cost	2,890	2,746
Investments for the year	233	231
Sales and scrapping	–60	–136
Company sales	–50	–
Reclassifications	4	–18
Translation differences	224	67
Closing cost including written-up amount	**3,241**	**2,890**
Opening depreciation	1,416	1,267
Sales and scrapping	–24	–71
Company sales	–42	–
Reclassifications	2	–2
Depreciation for the year	167	185
Translation differences	145	37
Closing depreciation	**1,664**	**1,416**
Closing residual value accounting to plan	**1,577**	**1,474**

Land and land improvements, SEK m	2008	2007
Opening cost	275	257
Investments for the year	4	2
Sales and scrapping	–15	–15
Corporate acquisitions	–	–
Reclassifications	–	23
Translation differences	25	8
Closing cost including written-up amount	**289**	**275**
Opening depreciation	27	28
Depreciation for the year	1	1
Sales	–	–3
Translation differences	4	1
Closing depreciation	**32**	**27**
Closing carrying amount	**257**	**248**
Tax assessment value for property in Sweden	**110**	**110**
Closing carrying amount	**89**	**78**

Investments in progress, SEK m	2008	2007
Opening balance	95	28
Investments initiated during the year	33	85
Investments completed during the year	–26	–12
Translation differences	–6	–6
Closing carrying amount	**96**	**95**

Plant and machinery, SEK m		
Opening cost	2,587	2,370
Investments for the year	178	205
Sales and scrapping	–35	–33
Company sales	–4	–
Reclassifications	24	38
Translation differences	54	7
Closing cost including written-up amount	**2,804**	**2,587**
Opening depreciation and impairment	1,756	1,613
Sales and scrapping	–31	–27
Company sales	–3	–
Reclassifications	1	23
Depreciation for the year	148	140
Translation differences	33	7
Closing depreciation and impairment	**1,904**	**1,756**
Closing carrying amount	**900**	**831**

Equipment, tools, fixtures and fittings, SEK m		
Opening cost	1,009	923
Investments for the year	203	146
Sales and scrapping	–79	–64
Corporate acquisitions	76	5
Company sales	–15	–
Reclassifications	1	–26
Translation differences	87	25
Closing cost	**1,282**	**1,009**
Opening depreciation and impairment	607	574
Sales and scrapping	–61	–48
Corporate acquisitions	36	1
Company sales	–14	–
Reclassifications	0	–21
Depreciation for the year	125	94
Impairment losses	4	–
Translation differences	41	7
Closing depreciation and impairment	**738**	**607**
Closing carrying amount	**544**	**402**

Advance payments for fixed assets, SEK m		
Opening balance	2	18
Expenses during the year	51	–11
Reclassifications	–1	–5
Closing carrying amount	**52**	**2**

No interest has been capitalised for tangible fixed assets in the closing cost.

Note 13 Financial fixed assets

Other long-term receivables, SEK m	Group 2008	Group 2007
Deposits	59	46
Long-term loans to retailers	10	7
Financial leasing receivable	29	13
Other interest-bearing receivables	314	195
Other	1	5
Total	**413**	**266**

Shares and participations in Group companies, SEK m	Parent Company 2008	Parent Company 2007
Opening cost	1,389	1,380
Acquisition of subsidiaries[1]	–10	9
Closing cost	**1,379**	**1,389**

1) Acquisition of subsidiaries, see Note 16.

Note 14 Investments in associated companies

Shares in associated companies, SEK m	Group 2008	Group 2007	Parent Company 2008	Parent Company 2007
Opening balance	1	1	4	4
Participations in net profit/loss for the year	–	2	–	–
Acquisitions for the year	–	–	–	–
Sales for the year	–1	–2	–4	–
Capital contribution	–	–	–	–
Exchange-rate differences	0	0	–	–
Closing balance	**–**	**1**	**0**	**4**

The Group's participations in associated companies, all of which are unlisted, are as follows:

	Country of registration	Ownership interest, %	Participations 2008, SEK m	Participations 2007, SEK m
UAB Domingos Durelés	Lithuania	45.00	–	1
Total			**–**	**1**

The Group sold its participation in UAB Domingos Durelés during the year.

Note 15 Participating interests in joint ventures

The Group holds 50 per cent of the shares in Culinoma AG, which is jointly owned with De Mandemakers Groep Holding B.V. Joint ventures are reported in accordance with the equity method.

SEK m	Group 2008	Group 2007	Parent Company 2008	Parent Company 2007
Carrying amount, January 1	52	–	57	–
Acquisition of joint ventures	–	3	–	3
Divestment of joint ventures	–	–	–	–
Participation in profit/loss	21	–5	–	–
Translation differences	3	–	–	–
Other changes in the joint venture's shareholders' equity – Capital contributions	–	54	–	54
Carrying amount, December 31	**76**	**52**	**57**	**57**

The figures presented below refer to Culinoma Group AG.

SEK m	2008	2007
Income	1,581	524
Expenses	–1,538	–534
Profit/loss after tax	43	–10
Fixed assets	890	583
Current assets	436	403
Total assets	1,326	986
Current liabilities	353	305
Long-term liabilities	836	566
Total liabilities	1,189	871
Net assets/net liabilities	**137**	**115**
Nobia's share of net assets/net liabilities	**68**	**58**
Equity/assets ratio, %	10.3	13.3
Net debt, SEK m	642	502
Capital employed, SEK m	861	674
Number of stores	88	79

Note 16 Shares and participations in subsidiaries

Nobia AB's holdings of shares and participations in operating Group companies, %. Dormant companies are not included in the table below.

	Corporate Registration Number	Domicile	Share of equity, %	No. of shares	Carrying amount 2008	Carrying amount 2007
Nobia NBI AB	**556060-1006**	**Stockholm**	**100**	**100**	**456**	**456**
Sigdal Kjøkken AS		**Kolbotn**	**100**			
Marbodal AB	**556038-0072**	**Tidaholm**	**100**			
HTH Køkkener A/S		**Ølgod**	**100**			
HTH Kök Svenska AB	556187-3190	Helsingborg	100			
HTH Køge A/S		Køge	100			
HTH Køkkenforum Naestved A/S		Naestved	100			
HTH Køkkenforum Holstebro ApS		Holstebro	100			
HTH Gør Det Selv Holstebro ApS		Holstebro	100			
HTH Roskilde ApS		Roskilde	100			
HTH Øst A/S		Copenhagen	100			
HTH Aalborg A/S		Aalborg	100			
HTH Køkkenforum Aabenraa A/S		Aabenraa	100			
HTH Gruppen Fyn A/S		Odense	100			
HTH Ekspert w. Kuchni S.p.z.o.o.		Warsaw	83.8			
Novart OY		**Nastola**	**100**			
Nobia Holding (UK) Limited		Darlington	100			
Magnet Ltd		**Darlington**	**100**			
Hiveserve Ltd		Darlington	100			
Larkflame Ltd		Darlington	100			
Magnet (Retail) Ltd		Dublin	100			
Gower Group Ltd		Halifax	100			
Gower Furniture Ltd		**Halifax**	**100**			
Charco Ninety-Nine Ltd		Halifax	100			
Myresjökök AB	**556048-3256**	**Älmhult**	**100**	**30,000**	**77**	**77**
Poggenpohl Möbelwerke GmbH		**Herford**	**98.57**		**532**	**532**
Poggenpohl Group UK Ltd		London	100			
Norman Glen Kitchens & Interiors Ltd		London	100			
Wigmore Street Kitchens Ltd		London	100			
Ultimate Kitchens (Pimlico) Ltd		London	100			
Poggenpohl Austria Gmbh		Vienna	100			
Poggenpohl France SARL		Montesson Cedex	100			
Poggenpohl Nederland BV		Veldhoven	100			
Poggenpohl US Inc.		Fairfield NJ	100			
Poggenpohl Group Schweiz AG		Littau	100			
Poggenpohl Küchenstudio Zürich AG		Zürich	100			
Poggenpohl AB	556323-2551	Stockholm	100			
Poggenpohl A/S		Copenhagen	100			
Möbelwerkstätten Josef Ritter GmbH		Herford	100			
Poggenpohl Forum Gmbh		Herford	100			
Pronorm Einbauküchen Gmbh		**Vlotho**	**100**			
WKF Wehdemer Komponentfertigung Gmbh		Stemwede	100			
Optifit Jaka-Möbel GmbH		**Stemwede**	**100**			
Marlin Bad-Möbel GmbH		Stemwede	100			
Nobia Holding France SAS		Seclin	100			

Note 16 cont'd.

	Corporate Registration Number	Domicile	Share of equity, %	No. of shares	Carrying amount 2008	Carrying amount 2007
Hygena Cuisines SAS		**Seclin**	**100**			
Norema AS		**Jevnaker**	**100**	**20,000**	**154**	**154**
Invita Køkkener A/S		**Bording**	**100**	**6,000,000**	**151**	**151**
Invita Detail & Projekt A/S		Bording	100			
Invita Køkkencenter Slagelse ApS		Slagelse	100			
Invita Køkkencenter Roskilde ApS		Roskilde	100			
Invita Køkkencenter Naestved ApS		Naestved	100			
Invita Retail A/S		Bording	100			
Invita Køkkencenter Skive A/S		Skive	100			
Invita Køkkencenter Lyngby A/S		Lyngby	100			
Invita Köksstudio AB	556634-7497	Malmö	100			
Nobia Beteiligungs-GmbH		Wels	100		2[1]	2[1]
Nobia Liegenschafts- und Anlagenverwaltungs-GmbH		Wels	100		1[1]	1[1]
EWE Küchen GmbH		**Wels**	**100**			
FM Küchen GmbH		**Linz**	**100**			
Other					6	16
Total					**1,379**	**1,389**

1) The company is 1 per cent-owned by Nobia AB and 99 per cent-owned by the subsidiary, Nobia NBI AB. The details concern the 1 per cent holding.

A complete statutory specification accompanies the annual report sent to the Swedish Companies Registration Office. This specification can be obtained from Nobia AB, Communications Department, Box 70376, SE-107 24 Stockholm, Sweden.

Note 17 Derivative instruments

SEK m	Group: Carrying amount 2008	Group: Fair value 2008
Forward agreements, transaction exposure – assets	80	80
Forward agreements, transaction exposure – liabilities	3	3
Forward agreements, transaction exposure – net	**77**	**77**

During the year, the hedging reserve was dissolved in the amount of SEK 14 million, which was reported in the Group's earnings. Unrealised gains and losses totalling a net amount of SEK 55 million in shareholders' equity for forward agreements as per 31 December 2008 will be reported in the income statement at different times within 12 months of the closing date.

For information about forward agreements, see Note 2 Financial risks on page 44.

Note 18 Prepaid expenses and accrued income

SEK m	Group 2008	Group 2007
Prepaid rent	68	61
Bonus from suppliers	71	28
Prepaid bank charges	5	7
Insurance policies	7	7
Accrued income from property sales and rental contracts	2	0
Other	112	176
Total	**265**	**279**

Note 19 Cash and cash equivalents

SEK m	Group 2008	Group 2007	Parent Company 2008	Parent Company 2007
Cash and bank balances	332	270	70	46

Unutilised credit facilities, which are not included in cash and cash equivalents, totalled SEK 563 million (430) in the Group and SEK 443 million (227) in the Parent Company at the end of the year. In addition to the overdraft facilities, the company has unutilised credit commitments of SEK 2,912 million (4,293).

Note 20 Share capital

	No. of shares, each
As per 1 January 2007[1]	**173,631,660**
Employee share option scheme – issued shares	812,850
As per 31 December 2007	**174,444,510**
Employee share option scheme – issued shares	848,948
As per 31 December 2008	**175,293,458**

1) Adjusted to correspond with the 3:1 split that was approved by the 2007 Annual General Meeting.

The share capital amounts to SEK 58,430,237. The par value per share is SEK 0.33. All of the shares are fully paid. Nobia acquired 5,233,600 shares during the year and owns 8,162,300 own shares (2,928,700), corresponding to 4.7 per cent of the total number of shares issued in the company. The average price for the bought-back shares was SEK 57.34 per share.

A specification of the changes in shareholders' equity can be found in "Change in consolidated shareholders' equity" on page 36.

For information on share option schemes, refer to Note 4 on page 46.

Note 21 Reserves in shareholders' equity

A specification of changes in shareholders' equity is provided on pages 36 and 39.

SEK m	Translation differences	Hedging reserve	Total
Opening balance, 1 January 2007	**–16**	**3**	**–13**
Exchange-rate differences attributable to translation of foreign operations	24	–	24
Cash-flow hedges, before tax	–	11	11
Tax attributable to change in hedging reserve for the year	–	–3	–3
Closing balance, 31 December 2007	**8**	**11**	**19**
Opening balance, 1 January 2008	**8**	**11**	**19**
Exchange-rate differences attributable to translation of foreign operations	92	–	92
Cash-flow hedges, before tax	–	51	51
Tax attributable to change in hedging reserve for the year	–	–17	–17
Cash-flow hedges, before tax recognised in profit and loss	–	14	14
Tax attributable to change in hedging reserve recognised in profit and loss	–	–4	–4
Closing balance, 31 December 2008	**100**	**55**	**155**

Note 22 Earnings per share

Earnings per share before dilution

Earnings per share before dilution are calculated by dividing profit attributable to the Parent Company's shareholders by the weighted average number of outstanding ordinary shares during the period.

	2008	2007
Profit attributable to Parent Company shareholders, SEK m	555	958
Profit from continuing operations, SEK m	562	958
Profit from divested operations, SEK m	–7	–
Weighted average number of outstanding ordinary shares before dilution	168,718,492	172,709,385
Earnings per share before dilution, SEK	3.29	5.54
Earnings per share for continuing operations before dilution, SEK	3.33	5.54
Earnings per share for divested operations before dilution, SEK	–0.04	–

Earnings per share after dilution

To calculate earnings per share after dilution, the weighted average number of outstanding ordinary shares is adjusted for the dilution effect of all potential ordinary shares. These potential ordinary shares are attributable to the employee share options that were allotted to senior executives in 2005, 2006, 2007 and 2008. Refer also to Notes 4 and 20 on pages 46 and 54.

A dilution effect arises if the issue price is lower than the fair value of the ordinary shares. The dilution effect appears as the difference between the number of shares that option holders are entitled to subscribe for, and the number of shares valued at fair value and to which the subscription payment corresponds. The difference is treated as an issue of shares for which the company does not receive any payment.

When calculating the dilution effect, a fair value per share based on the average for the year was applied. For the employee share option scheme 2005–2009, 2006–2010, and 2007–2011 the fair value per share was SEK 33.10, and for the employee share option scheme 2008–2012, it was SEK 23.91.

At present, the options from the four share option schemes are not dilutive, but they may be in future. Two circumstances must prevail and apply to Nobia for the options not to result in any dilutive effect. The first circumstance is that the exercise price for the options exceeds the average share price during the part of the year when the options were outstanding. The other is that the earnings per share that have been achieved to date fail to fulfil the earnings conditions without the contribution of future profits. If the effect of both of these circumstances ceases, the said schemes will become dilutive.

	2008	2007
Weighted average number of outstanding ordinary shares	168,718,492	172,709,385
Employee share option scheme 2003, 2005, 2006, 2007, 2008	–	1,366,553
Weighted average number of outstanding ordinary shares after dilution	168,718,492	174,075,938
Earnings per share after dilution, SEK	3.29	5.50
Earnings per share for continuing operations, after dilution, SEK	3.33	5.50
Earnings per share for divested operations before dilution, SEK	–0.04	–

Note 23 Dividend per share

A dividend for 2008 of SEK 1.25 per share will be proposed to the Annual General Meeting to be held on 2 April 2009. Based on the number of shares at the end of 2008, this dividend proposal totals SEK 209 million. This amount has not been recognised as a liability, but instead will be reported as an appropriation of profits under share-holders' equity for the 2009 fiscal year. The dividends paid in 2008 and 2007 amounted to SEK 429 million (SEK 2.50 per share) and SEK 349 million (SEK 2.00 per share), respectively. In addition, SEK 1 million (1) was paid to minority shareholders in subsidiaries.

Note 24 Provisions for pensions

Defined-benefit pension plans, Group

Provisions for pensions, SEK m	2008	2007
Defined-benefit pension plans	718	829

There are several defined-benefit pension plans within the Group, whereby the employee's right to remuneration after termination of employment is based upon final salary and period of service. These plans are primarily found in the UK.

Commitments for old-age pensions and family pensions for salaried employees in Sweden are secured on the basis of the FPG/PRI system and insurance primarily with Alecta. According to statement UFR 3 from the Swedish Financial Reporting Board, the insurance with Alecta is a multi-employer defined-benefit plan. Since the Group did not have access to information in the 2008 fiscal year that would make it possible to report this plan as a defined-benefit plan, ITP pensions plans secured on the basis of insurance with Alecta have been reported as defined-contribution plans. Fees for pension insurance with Alecta for the year amounted to SEK 1.9 million (1.6). On 31 December 2008, Alecta's surplus, which can be distributed between the policy holder and/or the persons insured in the form of the collective consolidation rate amounted to 112 per cent (152). The collective consolidation rate comprises the market value of Alecta's assets as a percentage of the insurance commitments calculated in accordance with Alecta's actuarial calculation assumptions, which are not in agreement with IAS 19.

The amounts reported in the consolidated balance sheet have been calculated as follows:

SEK m	2008	2007
Present value of funded obligations	1,676	2,154
Fair value of plan assets	–1,273	–1,668
	403	**486**
Present value of funded obligations	115	96
Unrecognised actuarial gains(+)/losses(–)	200	247
Net liability in balance sheet	**718**	**829**

The net liability for defined-benefit plans amounting to SEK 718 million (829) is reported in its entirety in the "Provisions for pensions" item in the consolidated balance sheet.

The largest portion of the net liability at the end of the year pertains to pension plans in the UK.

Changes in the defined-benefit pension commitments during the year were as follows:

SEK m	2008	2007
At beginning of the year	2,250	2,442
Costs for service during current year	25	22
Interest expense	115	122
Contributions from plan participants	3	3
Actuarial losses(+)/gains(–)	–278	–148
Exchange-rate differences	–251	–84
Reclassification from defined-benefit to defined-contribution pension plans	–3	–29
Benefits paid	–70	–78
Amount at year-end	**1,791**	**2,250**

The change in fair value of plan assets during the year was as follows:

SEK m	2008	2007
At beginning of the year	1,668	1,704
Expected return on plan assets	82	98
Actuarial losses(–)/gains(+)	–304	–56
Exchange-rate differences	–197	–68
Employer contributions	92	60
Employee contributions	3	3
Benefits paid	–71	–73
Amount at year-end	**1,273**	**1,668**

The amounts reported in the consolidated income statement are as follows:

SEK m	2008	2007
Costs for service during current year	25	22
Interest expense	115	122
Expected return on plan assets	–83	–98
Actuarial net losses reported during the year	–3	1
Total pension costs	**54**	**47**

Costs in the consolidated income statement are divided between the following items:

SEK m	2008	2007
Cost of goods sold	3	1
Selling expenses	4	3
Administrative expenses	17	14
Net financial items	30	29
Total pension costs	**54**	**47**

The actual return on the plan assets of the pension plans amounted to negative SEK 222 m (pos: 34).

Principal actuarial assumptions on the closing date:

%	2008	2007
Discount rate	6.2	5.6
Expected return on plan assets	6.1	6.1
Future annual salary increases	4.1	4.2
Future annual pension increases	3.1	3.2

Life expectancy
The expected average number of years of life remaining after retirement at 65 years of age is as follows:

	2008	2007
On closing date		
Men	20.3	20.2
Women	23.1	23.0
20 years after closing date		
Men	21.3	21.4
Women	24.0	24.2

Plan assets comprise the following:

%	2008	2007
Shares	45	50
Interest-bearing securities	27	26
Other	28	24
	100	**100**

The expected return on plan assets was determined by taking into consideration the current level of expected return on risk-free investments, the historic estimated risk premium on the other assets encompassed by the investment policy in question and the estimate of expected future return for each type of asset. The expected return for each type of asset was weighted on the distribution of assets in the applicable investment policy.

Contributions to remuneration plans after employment has been completed are expected to amount to SEK 73 million for the 2009 fiscal year.

	2008	2007	2006	2005
Present value of defined-benefit commitments	1,777	2,250	2,442	2,636
Fair value of plan assets	1,273	1,668	1,704	1,600
Deficit/surplus	**504**	**582**	**738**	**1,036**
Experience-based adjustments of defined-benefit commitments	0	0	233	4
Experience-based adjustments of plan assets	–280	–54	54	148

The pension costs reported in the consolidated income statement are as follows:

Pension costs, SEK m	2008	2007
Total costs for defined-benefit plans	25	22
Total costs for defined-contribution plans	142	117
Costs for special employer's contribution and tax on returns from pension funds	24	26
Total pension costs	**191**	**165**

Defined-benefit pension plans, Parent Company

Provisions for pensions, SEK m	2008	2007
Statutory provisions for the safeguarding of FPG/PRI pension commitments	5	3

The costs are reported in the Parent Company's income statement as follows:

Defined-benefit plans, SEK m	2008	2007
Administrative expenses	1	1

The total pension cost reported in the Parent Company's income statement is as follows:

Pension costs, SEK m	2008	2007
Total costs for defined-benefit plans	1	1
Total costs for defined-contribution plans	4	8
Costs for special employer's contribution and tax on returns from pension funds	1	1
Total pension costs	**6**	**10**

The Parent Company's pension liabilities are calculated at a discount rate of 3.8 per cent.

The assumptions are calculated based on the salary levels applicable on the closing date. No payment of defined-benefit pension plans in the Parent Company is expected in 2009.

Note 25 Deferred tax

The change in deferred tax assets/tax liabilities for the year

SEK m	Group 2008			Group 2007		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Opening balance	273	269	4	175	214	–39
Reported in income statement	–14	–29	15	–26	–89	63
Reversal of offsetting	–	–	–	133	133	0
Exchange-rate differences	–18	22	–40	–9	8	–17
Corporate acquisitions	1	12	–11	–	–	–
Change in forward agreements	0	17	–17	0	3	–3
Other receivables	0	0	0	0	0	0
Closing balance	**242**	**291**	**–49**	**273**	**269**	**4**

The change in deferred tax assets/tax liabilities for the year
Deferred tax assets

	Defined-benefit pension plans	Other temporary differences	Loss carryforwards	Other	Offset	Total
As per 1 January 2007	**247**	**28**	**24**	**9**	**–133**	**175**
Reported in income statement	–27	10	–5	–4	–	–26
Reversal of offsetting	–	–	–	–	133	133
Reported directly in shareholders' equity	–	–	–	0	–	0
Exchange-rate differences	–9	1	–1	0	–	–9
As per 31 December 2007	**211**	**39**	**18**	**5**	**–**	**273**
Reported in income statement	–14	1	–2	1	–	–14
Reclassifications	–	1	–	–1	–	–
Corporate acquisitions	–	1	–	–	–	1
Reported directly in shareholders' equity	–	–	–	0	–	0
Exchange-rate differences	–23	3	2	0	–	–18
As per 31 December 2008	**174**	**45**	**18**	**5**	**–**	**242**

Deferred tax liabilities	Temporary differences in fixed assets	Other	Offset	Total
As per 1 January 2007	**262**	**85**	**–133**	**214**
Reported in income statement	–24	–65	–	–89
Reversal of offsetting	–	–	133	133
Reported directly in shareholders' equity	–	3	–	3
Exchange-rate differences	7	1	–	8
As per 31 December 2007	**245**	**24**	–	**269**
Reported in income statement	–40	11	–	–29
Reclassifications	–4	4	–	–
Corporate acquisitions	12	–	–	12
Reported directly in shareholders' equity	–	17	–	17
Exchange-rate differences	22	0	–	22
As per 31 December 2008	**235**	**56**	**–**	**291**

The loss carryforward is primarily attributable to the US and expires in 2010 or later. The value of the loss carryforward for which a deferred tax asset is not recognised amounts to SEK 34 million (20), and is primarily attributable to the US and Germany.

Nobia does not recognise any deferred tax attributable to temporary differences relating to investments in subsidiaries or associated companies. Any future effects (withholding tax and other deferred tax for profit taking within the Group) are reported when Nobia is no longer able to govern the reversal of such differences or when, for other reasons, it is no longer improbable that reversals will be made in the foreseeable future. These possible future effects are not deemed to have any relation to the overall amount of the temporary differences.

Note 26 Other provisions

	Unutilised tenancy rights	Dilapidations	Guarantee commitments	Other long-term employee benefits	Other	Total
As per 1 January 2008	**34**	**12**	**3**	**56**	**1**	**106**
Expensed in the consolidated income statement						
– Additional provisions	29	1	–	9	3	42
– Reversed unutilised amounts	–7	–10	–	–	–	–17
Reclassifications	–	–	–	–	–	–
Translation differences	–4	–1	–1	8	1	3
Utilised during the year	–19	–1	–1	–	–	–21
As per 31 December 2008	**33**	**1**	**1**	**73**	**5**	**113**

Note 27 Liabilities to credit institutes

Maturity structure, SEK m	2008	2007
Within 1 year	–	–
Between 1 and 5 years	3,088	1,707
Longer than 5 years	–	–
Total	**3,088**	**1,707**

Note 28 Accrued expenses and deferred income

	Group		Parent Company	
SEK m	2008	2007	2008	2007
Bonuses to customers	93	108	–	–
Accrued salary-related expenses	320	280	11	9
Accrued interest	14	6	–	–
Rents	41	63	–	–
Other	511	590	2	1
Total	**979**	**1,047**	**13**	**10**

Note 29 Financial assets and liabilities

Group 2008

SEK m	Derivatives used in hedge accounting	Accounts and loan receivables	Other liabilities	Total carrying amount	Fair value
Long-term interest-bearing receivables	–	347	–	347	347
Other long-term receivables	–	66	–	66	66
Accounts receivable	–	1,527	–	1,527	1,527
Current interest-bearing liabilities	–	27	–	27	27
Other receivables	80	174	–	254	254
Total	**80**	**2,141**	**–**	**2,221**	**2,221**
Long-term interest-bearing liabilities	–	–	3,119	3,119	3,119
Current interest-bearing liabilities	–	–	50	50	50
Accounts payable	–	–	965	965	965
Other liabilities	3	–	428	431	431
Total	**3**	**–**	**4,562**	**4,565**	**4,565**
Unrecognised gains/losses	–	–	–	–	–

Group 2007

SEK m	Derivatives used in hedge accounting	Accounts and loan receivables	Other liabilities	Total carrying amount	Fair value
Long-term interest-bearing receivables	–	215	–	215	215
Other long-term receivables	–	51	–	51	51
Accounts receivable	–	1,573	–	1,573	1,573
Other receivables	19	113	–	132	132
Total	**19**	**1,952**	**–**	**1,971**	**1,971**
Long-term interest-bearing liabilities	–	–	1,720	1,720	1,720
Current interest-bearing liabilities	–	–	161	161	161
Accounts payable	–	–	1,054	1,054	1,054
Other liabilities	4	–	403	407	407
Total	**4**	**–**	**3,338**	**3,342**	**3,342**
Unrecognised gains/losses	–	–	–	–	–

Exchange-rate gains and losses pertaining to the operations are recognised in operating income and operating expense in the net amount of SEK 7 million (neg: 1). Financial exchange-rate gains and losses are recognised in net financial items in the negative amount of SEK 7 million (neg: 2).

Note 29 cont'd.

Parent Company 2008

SEK m	Accounts and loan receivables	Other liabilities	Total carrying amount	Fair value
Accounts receivable	3	–	3	3
Other receivables	2,166	–	2,166	2,166
Total	**2,169**	**–**	**2,169**	**2,169**
Current interest-bearing liabilities	–	42	42	42
Accounts payable	–	2	2	2
Other liabilities	–	147	147	147
Total	**–**	**191**	**191**	**191**
Unrecognised gains/losses	–	–	–	–

Parent Company 2007

SEK m	Accounts and loan receivables	Other liabilities	Total carrying amount	Fair value
Accounts receivable	4	–	4	4
Other receivables	2,646	–	2,646	2,646
Total	**2,650**	**–**	**2,650**	**2,650**
Current interest-bearing liabilities	–	87	87	87
Accounts payable	–	6	6	6
Other liabilities	–	253	253	253
Total	**–**	**346**	**346**	**346**
Unrecognised gains/losses	–	–	–	–

Note 30 Pledged assets

	Group		Parent Company	
SEK m	2008	2007	2008	2007
For liabilities to credit institutes				
Floating charges	–	–	–	–
Endowment assurance	1	–	1	–
Property mortgage	–	–	–	–
Total pledged assets	**1**	**–**	**1**	**–**

Note 31 Contingent liabilities and commitments

The Group has contingent liabilities pertaining to sub-contractor guarantees, pension liabilities, bank guarantees for loans and other guarantees and other considerations that arise in normal commercial operations.No significant liabilities are expected to arise through these contingent liabilities. Based on the company's assessment, no provision has been posted for ongoing tax cases. The amounts involved are not considered to have any significant effect on the company's results or financial position.

In their normal business activities, the Group and the Parent Company have posted the following guarantees and contingent liabilities:

	Group		Parent Company	
SEK m	2008	2007	2008	2007
Securities for pension commitments	0	0	10	11
Other contingent liabilities	238	133	3,335	2,096
Total	**238**	**133**	**3,345**	**2,107**

Note 32 Corporate acquisitions

Over the course of the year, Nobia acquired 100 per cent of eight companies with franchise stores in Denmark through its HTH business unit.

The companies generated sales of SEK 915 million after the acquisitions. Net profit for the year from the dates of acquisition, net sales and profit are not reported as if the companies had been owned from the beginning of the year. The acquisition analysis below is preliminary for the two companies most recently acquired in the fourth quarter since the fair-valued costs had not been finally determined.

Acquired net assets and goodwill, SEK m	2008	2007
Purchase consideration, including costs	304	5
Additional purchase consideration	–	2
Fair value of acquired net assets	–105	3
Goodwill	**199**	**10**

Goodwill is attributable to synergies expected to be achieved through additional co-ordination of the product offering, in the customer-service organisation and in distribution.

	2008		2007	
Assets and liabilities included in the acquisition, SEK m	Fair value	Acquired carrying amount	Fair value	Acquired carrying amount
Cash and cash equivalents	7	7	0	0
Tangible fixed assets	41	41	4	4
Intangible fixed assets	27	–	–	–
Inventories	36	36	–	–
Receivables	153	153	2	2
Liabilities	–137	–137	2	2
Other provisions	–	–	–2	–2
Financial liabilities	0	0	–9	–9
Taxes, net	–12	–12	–	–
Deferred tax, net	–10	–3	–	–
Acquired net assets	**105**	**85**	**–3**	**–3**

SEK m	2008	2007
Purchase consideration settled in cash	304	5
Additional purchase consideration	–	2
Cash and cash equivalents in acquired subsidiaries	–7	0
Change in the Group's cash and cash equivalents in conjunction with acquisitions	**297**	**7**

Divested operations and fixed assets held for sale

In 2008, Nobia acquired six stores from franchise holders with the intention of subsequently selling the stores in 2009.

These stores are reported as divested operations and disposal groups held for sale in accordance with IFRS 5 and are reported in the Nordic region segment.

Note 33 Related-party transactions

No sales of goods were made to and no purchases of goods were made from the Parent Company to other Group companies during the year. However, Group-wide services are invoiced to subsidiaries. A specification of subsidiaries is presented in Note 16 on page 53.

Goods were purchased and sold between Nobia and associated companies during the year.

Sales amounted to SEK 89 million (49). Purchases amounted to SEK 9 million (13). Outstanding receivables and liabilities as a result of these transactions amounted to SEK 20 million (7) and SEK 0.5 million (0.5) respectively; refer also to Notes 14 and 15 on page 52.

Remuneration was paid to senior executives during the year, refer also to Note 4 on page 46.

Note 34 Average number of employees

	2008		2007	
Subsidiaries in:	Average no. of employees	Of whom, men	Average no. of employees	Of whom, men
Sweden	728	538	723	553
Denmark	1,531	1,456	1,289	944
Norway	454	236	492	254
Finland	466	331	525	362
Germany	981	756	989	818
Austria	446	367	462	383
UK	2,967	2,351	3,011	2,363
France	981	509	923	470
US	65	33	66	30
Switzerland	26	18	21	16
Poland	25	25	25	25
The Netherlands	2	2	–	–
Spain	10	4	–	–
Group	**8,682**	**6,626**	**8,526**	**6,218**
Of which, Parent Company	16	12	15	9

	2008		2007	
	Number on closing date	Of whom, men, %	Number on closing date	Of whom, men, %
Board members	70	77	77	88
President and other senior executives	96	90	89	93
Group	**166**	**83**	**166**	**90**

Several people are members of more than one of the subsidiaries' Boards of Directors or management groups.

	2008		2007	
	Number on closing date	Of whom, men, %	Number on closing date	Of whom, men, %
Board members	13	77	11	82
President and other senior executives	14	86	9	89
Parent Company	**27**	**81**	**20**	**85**

Note 35 Events after closing date

In February, negotiations commenced with employee representatives to discuss reductions at the production units in Jevnaker in Norway, and Bording in Denmark. This initiative is based on the lower demand for kitchens and on the ongoing efficiency improvements of Nobia's supply chain.

The Board of Directors and President verify that the consolidated financial statements and the Annual Report have been compiled in compliance with the international accounting standards, referred to in the European Parliament's and Council of Europe's Regulation (EC) No. 1606/2002 dated 19 July 2002 regarding the application of international accounting standards, and with generally accepted accounting principles in Sweden and thus provide a true and fair view of the Group's and Parent Company's financial position and earnings. The Reports of the Board of Directors for both the Group and the Parent Company provide a fair overview of the Group's and the Parent Company's operations, financial positions and earnings and describe the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

The consolidated income statement and balance sheet and will be presented to the Annual General Meeting for adoption on 2 April 2009.

Stockholm, 3 March 2009

Hans Larsson
Chairman

Stefan Dahlbo

Bodil Eriksson

Wilhelm Laurén

Harald Mix

Thore Ohlsson

Lotta Stalin

Fredrik Palmstierna

Preben Bager
President

Per Bergström
Employee representative

Olof Harrius
Employee representative

Our Audit Report was submitted on 3 March 2009

KPMG AB

Helene Willberg
Authorised Public Accountant

This Annual Report contains the type of information that Nobia AB (publ) is obliged to disclose in accordance with the Swedish Securities Market Act. Nobia AB (publ) has published an interim report on the fourth quarter of 2008 and a year-end report. The information was released for publication at 8:00 a.m. on 11 February by means of a press release and was published on the www.nobia.com website. The Annual Report was published on Nobia's website on 6 March at 12:00 p.m.

Audit Report

To the Annual General Meeting of Nobia AB (publ)
Corporate Registration Number 556528-2752

We have audited the annual accounts, the consolidated financial statements, the accounting records and the administration of the Board of Directors and the President of Nobia AB (publ) for the year 2008. The company's annual accounts are included in the printed version of this document on pages 10–62. The Board of Directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRS as adopted by the EU and the Annual Accounts Act when preparing the consolidated financial statements. Our responsibility is to express an opinion on the annual accounts, the consolidated financial statements 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, but not absolute, assurance that the annual accounts and the consolidated financial statements 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 President and significant estimates made by the Board of Directors and the President when preparing the annual accounts and consolidated financial statements as well as evaluating the overall presentation of information in the annual accounts and the consolidated financial statements. 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 President. We also examined whether any Board member or the President 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 have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated financial statements have been prepared in accordance with international financial reporting standards IFRS as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The statutory Board of Directors' Report is consistent with the other parts of the annual accounts and the consolidated financial statements.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the Board of Directors' Report and that the members of the Board of Directors and the President be discharged from liability for the fiscal year.

Stockholm, 3 March 2009
KPMG AB

Helene Willberg
Authorised Public Accountant

The Nobia *share*

The 2008 closing price of the Nobia share on the NASDAQ OMX in Stockholm was SEK 16.80 (57.50), corresponding to a market capitalisation of slightly less than SEK 3 billion (10).

Nobia's share price declined by 71 per cent during the year. During the same period, the NASDAQ OMX Stockholm's index for manufacturers of consumer discretionary products and services (SX25 Consumer Discretionary) fell by 34 per cent. The highest and lowest prices during the year were SEK 58.50 and SEK 13.00, respectively.

A total of 160,643,307 Nobia shares were traded on the NASDAQ OMX in Stockholm in 2008. The turnover rate, or number of shares traded in relation to the total number of shares in the company, was 92 per cent.

Share capital, number of shares and buy-back

Nobia's share capital amounts to SEK 58,430,237, distributed between 175,293,458 shares, each with a par value of SEK 0.33. Each share, except for repurchased treasury shares, entitles the holder to one vote and carries the same entitlement to the company's capital and profits. Changes in share capital and the number of shares over time are shown in the following tables.

In 2008, Nobia repurchased a total of 5,233,600 treasury shares at a value of SEK 219,791,619 in accordance with the mandate approved by the 2008 Annual General Meeting. This buy-back corresponds to 3.0 per cent of the total number of registered shares. The mandate entails that a maximum of 10 per cent of the registered shares in the company may be acquired. The total number of bought-back shares amounted to 8,162,300, corresponding to 4.7 per cent of the total number of issued shares.

The Nobia share has been listed on the NASDAQ OMX in Stockholm since 2002 under the shortname NOBI, and is in the Mid Cap segment and Consumer Discretionary sector. Nobia is included in the NASDAQ OMX Stockholm Benchmark index. One trading lot consists of 100 shares.

Shareholders

On 31 December 2008, Nobia had 6,349 shareholders (5,865). The percentage of registered shares held by foreign owners amounted to 20.6 per cent at year end (22.0).

The ten largest shareholders held 57.8 per cent of the votes. The 14 members of Nobia's Group management had combined holdings of 2,553,310 shares at the end of the year, corresponding to 1.5 per cent of the capital and votes. Nobia's nine Board members owned 2,901,200 shares in the company at the end of the year, corresponding to 1.7 per cent of the capital and votes.

Proposed dividend

The Board intends to propose a dividend of SEK 1.25 per share to the Annual General Meeting, which is a 50-per cent decrease compared with 2007. The proposed dividend corresponds to 38 per cent of net profit for the year. If the Annual General Meeting decides in favour of the Board's proposal, Tuesday, 7 April 2009 is proposed as the record day for the right to receive dividends. Accordingly the share will be traded with the right to receive dividends up to and including 2 April 2009. One of Nobia's financial targets is that dividends to shareholders shall correspond to at least 30 per cent of profit after tax. When preparing dividend proposals, investment requirements, acquisition opportunities, liquidity and the financial position of the company are taken into consideration. Nobia's average dividend has been 37 per cent since the company was first listed on the stock exchange.

Contact with the stock market

Contact with the stock market is primarily based on quarterly financial reports, press releases and company presentations of Nobia. In 2008, 52 meetings with investors and analysts took place in Sweden and abroad. The company held a Capital Markets Day in London in November. Presentations were also arranged during the year by the Swedish Shareholders' Association.

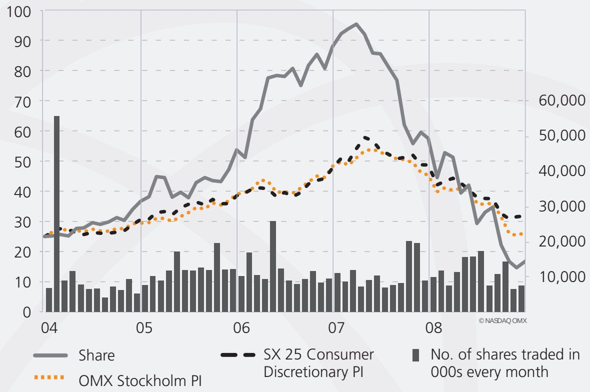
At year-end, the following securities brokers and banks regularly tracked Nobia's progress: ABG Sundal Collier, Carnegie, Danske Bank, Deutsche Bank, Handelsbanken, SEB Enskilda and Swedbank.

Data per share

	2008	2007	2006[2]	2005[2]	2004[2]
Earnings per share before dilution, SEK	3.29	5.54	4.98	3.70	3.42
Earnings per share after dilution, SEK	3.29	5.50	4.93	3.67	3.41
Dividend per share, SEK	1.25[1]	2.50	2.00	1.17	1.00
Yield, %	7.10	4.40	2.30	2.20	2.70
P/E ratio	5	10	18	15	11
Shareholders' equity per share, SEK	24	24	21	18	15

1) According to Board proposal.
2) Restated after split 3:1 in 2007.

Share price trend



Nobia's ten largest owners, 31 December 2008

	No. of shares	Share of capital, %	Accumulated share, %	Share of votes, %	Accumulated share of votes, %
Säkl/Gustav Douglas companies	19,643,550	11.2	11.2	11.8	11.8
Swedbank Robur funds	16,598,332	9.5	20.7	9.9	21.7
Öresund Investment	16,108,500	9.2	29.9	9.6	31.3
IF Skadeförsäkring	14,632,850	8.4	38.3	8.8	40.1
AMF pension funds	9,563,879	5.5	43.8	5.7	45.8
SSB CL Omnibus, USA	6,365,926	3.6	47.4	3.8	49.6
SIX SIS AG, Switzerland	6,096,587	3.5	50.9	3.6	53.2
Investor Trading	5,017,700	2.9	53.8	3.0	56.2
BNP Paribas SS, France	4,291,614	2.4	56.2	2.6	58.8
H & Q funds	2,880,944	1.6	57.8	1.7	60.5
Total	**101,199,882**	**57.8**		**60.5**	

Source: Euroclear Sweden
Through buy-backs, Nobia owns 8,162,300 treasury shares corresponding to 4.7 per cent of the total number of shares issued.

Ownership structure, 31 December 2008

	No. of shares	No. of shareholders	Percentage of shares, %	Percentage of shareholders, %
1–500	604,349	2,771	0.3	43.6
501–1,000	1,076,311	1298	0.6	20.4
1,001–2,000	1,365,841	839	0.8	13.2
2,001–5,000	2,395,299	711	1.4	11.2
5,001–10,000	2,355,541	315	1.3	5.0
10,001–20,000	2,039,400	137	1.2	2.2
20,001–50,000	2,985,586	98	1.7	1.5
50,001–100,000	3,017,999	43	1.7	0.7
100,001–	159,453,132	137	91.0	2.2
Total	**175,293,458**	**6,349**	**100.0**	**100.0**

Change in share capital

Year	Transaction	Change in no. of shares	Change in share capital	Total share capital	Total number of shares	Par value
1995	Company founded	10,000	100,000	100,000	10,000	10
1996	New issue	2,990,000	29,900,000	30,000,000	3,000,000	10
1997	New issue	126,220	1,262,200	31,262,200	3,126,220	10
1998	New issue	4,425	44,250	31,306,450	3,130,645	10
2000	Non-cash issue[1]	987,636	9,876,360	41,182,810	4,118,281	10
2000	Non-cash issue[2]	509,123	5,091,230	46,274,040	4,627,404	10
2001	Non-cash issue[1]	989	9,890	46,283,930	4,628,393	10
2001	New issue	26,684	266,840	46,550,770	4,655,077	10
2002	New issue	297,944	2,979,440	49,530,210	4,953,021	10
2002	New issue	113,901	1,139,010	50,669,220	5,066,922	10
2002	Split 10:1	45,602,298	–	50,669,220	50,669,220	1
2002	New issue	7,000,000	7,000,000	57,669,220	57,669,220	1
2005	New issue	10,500	10,500	57,679,720	57,679,720	1
2006	New issue	170,500	170,500	57,850,220	57,850,220	1
2007	New issue	27,000	27,000	57,877,220	57,877,220	1
2007	New issue	257,450	257,450	58,134,670	58,134,670	1
2007	Split 3:1	116,269,340	0	58,134,670	174,404,010	0.33
2007	New issue	40,500	13,365	58,148,035	174,444,510	0.33
2008	New issue	848,948	282,202	58,430,237	175,293,458	0.33

1) Refers to acquisition of Poggenpohl.
2) Refers to acquisition of Norema/Invita.

Sustainable enterprising

Nobia's sustainability activities focus on two primary areas: the environment and social responsibility. Each business unit pursues sustainability matters based on centrally adopted guidelines that prioritise energy efficiency, lower emissions and employee development.

Nobia co-ordinates production, logistics, purchasing and administration within the Group, which generates both financial and knowledge-related synergies. Internal benchmarking and knowledge exchange advance the Group's endeavours to continuously improve its customer offering, efficiency and profitability. It also aids the development of sustainable enterprising and provides inspiration to promote environmental and social issues throughout the Group.

Choosing a kitchen has become a matter of lifestyle, which elevates the importance of strong brands. Increased demand for sustainable and environmentally adapted products creates new challenges and business opportunities for Nobia.

Nobia's stakeholders

Nobia's key stakeholders are customers, employees, shareholders, suppliers and partners. Nobia is held accountable to its stakeholders for pursuing and developing financially successful and long-term sustainable operations.

Evaluation of sub-contractors

Nobia demands that all of its sub-contractors have long-term sustainable solutions. The company has developed an evaluation process, which includes regular on-site visits to its suppliers. The evaluation process and work to ensure that suppliers adhere to Nobia's central guidelines for environmental impact, work conditions and social and ethical issues is called the Supplier Quality Process (SQP). Every supplier must have undergone this process and been approved to serve as a subcontractor to the Nobia Group. Evaluations are performed regardless of whether the supplier is new or already has an existing agreement with Nobia. The evaluation process also provides guidelines on how any potential shortcomings are to be identified and managed with respect to the environmental aspects of production and the work environment for the supplier's employees.

In 2008, Nobia opened a purchasing office in Shanghai in China, where the company can ensure the on-site monitoring of suppliers in Asia.

Employees

The work of employees is a key factor in the development and competitiveness of the Group, and Nobia wants to offer all its employees an attractive workplace. Competence sourcing is at the top of the Group's agenda.

Following Nobia's decentralised business model, personnel work is mostly handled by each business unit, which manages issues relating to training, work environment, employee development and recruitment. Overall HR work at Nobia is conducted by a central unit that is responsible for ensuring that the correct skills are linked with the various operations. Remuneration matters, such as fixed and variable salaries, pensions and incentive programmes for senior executives, are also managed centrally. The values emphasised in the Group are participation, dialogue, trust and responsibility. The aim is that all Nobia employees shall have a sense of involvement and feel appreciated and adopt a results-oriented approach.

Nobia's employees have many opportunities to develop and leave their mark on the organisation. There is a desire to spread knowledge and experiences, and also to increase the mobility of personnel in all parts and functions of the Group.

In 2008, a number of employees were given notice of termination of employment or were laid off due to adjustments of the operations to the current economic slowdown. All employment termination processes took place in close co-operation with union representatives to give as much consideration as possible to the individual circumstances of employees.

Leadership development

The new organisation with fewer operating units introduced during the year also enables enhanced co-ordination in the area of HR. It makes it easier to work in a more co-ordinated manner and at an overall Group level with such issues as results evaluations, employee surveys and Group-wide training courses. Leadership development, manager sourcing and remuneration systems are being enhanced. Identifying and providing additional training to potential managers are also priority areas. Nobia has arranged an annual training programme for potential managers since 2003. The Nobia

Management Programme (NMP) is directed toward middle managers and encompasses approximately 25 employees per year. The programme focuses on such areas as leadership, finance and business strategy.

Manager sourcing

The central personnel unit has the task of identifying the most skilled and motivated leaders to ensure the internal sourcing of skills in the long term.

A new manager sourcing programme will begin in 2009 in which 200 senior executives at Group and middle level will participate and be assessed with the intention of developing personnel who can assume assignments with a higher level of responsibility in the organisation. The programme, which is being implemented together with the business unit managers, includes results-oriented approach, leadership, commercial strategic thinking and internal and external communication skills. The results of the analysis will lead to an action plan for the individual employee and an internal action plan that will be used as a basis for Nobia's succession planning.

Environmental awareness

Environmental activities at Nobia are integrated with the operations of each business unit. A Sustainability Policy containing guidelines on Nobia's priority areas is in place at Group level. The business units then adopt individual environmental targets and strategies based on these guidelines.

Nobia's core operations comprise the manufacture, assembly and sale of kitchens and accessories. It is also these parts of the operations, combined with transports, that generate the greatest environmental impact. The following areas in the production of kitchens are prioritised in environmental activities:

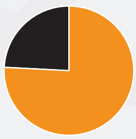
- Energy consumption (both electricity and heating)
- Choice of materials (such as types of wood and chemicals)
- Surface treatment (use of paint and emissions from solvents)
- Waste (recycling and reducing waste)
- Carbon dioxide emissions (from transportation and production)
- Packaging (volumes and types of materials)

Number of employees	2008	2007
Total number of employees, 31 December	8,871	8,726
Average number of employees	8,682	8,526

Average age and sickness absence	2008	2007
Average age	41	–*
Sickness absence as a percentage of working hours	4.3	4.0

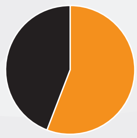
*Measured from 2008.

Distribution between men and women



Men, 76%
Women, 24%

Distribution between salaried employees and blue-collar workers



Salaried employees, 56%
Blue-collar workers, 44%

The most common material in the production area is chipboard. A total of 80 per cent of all chipboard materials used for manufacturing within the Group is recycled material. Waste products from production can be used for heating production plants.

Environmental work during the year:

UK region

Installing low-energy lighting in Magnet's plants and warehouse premises led to a 260 MWh decline in energy consumption annually, representing a saving of 20 per cent.

Nobia UK reduced its waste volumes to landfills by increasing the level of inventory control, sorting and recycling. Magnet and Gower now recycle about 66 per cent of all their waste.

Magnet started work on expanding the Forestry Stewardship Council (FSC) certification of several of its product groups. Gower continued to participate in the Furniture Industry Sustainability Program and extended its FSC certification to include its cabinet models in the basic range.

Nordic region

Marbodal invested in energy-saving measures, for example, insulation and ventilation systems. These measures are expected to generate savings of 300 MWh per year for both heating and electricity. Furthermore, Marbodal's Environment Council performed a risk assessment of external environmental consequences, which will form the basis of activities in 2009.

Sigdal initiated a project to investigate how it could reduce its emissions of volatile organic compounds.

Continental Europe region

Pronorm/EWE/FM improved their recycling procedures, which generated income for certain types of waste in 2008. EWE-FM won the "Award for Environment and Nature 2008" in Austria.

Optifit achieved its target of recycling wood waste for heating.

Poggenpohl reduced its consumption of oil for heating by 26 per cent by burning its wood waste.

Environmental certification for plants

All of Nobia's plants fulfil the environmental requirements established in each country. The production units in each country have had their licences assessed according to applicable environmental legislation.

Nobia's aim is that all manufacturing plants shall have environmental certification. Acquiring environmental certification forms the basis of systematic environmental activities. At the end of 2008, 15 (15) of the Group's 19 production units had obtained ISO 14001:2004 certification and/or were registered according to the EU's Eco-Management and Audit Scheme (EMAS).

Reducing emissions

Two elements of Nobia's operations generate the greatest environmental impact. The first is the exhausts from transport vehicles (carbon dioxide, sulphur oxide, nitrogen oxide) and the second is emissions of volatile organic compounds from solvents used in surface treatments of cabinet doors. Nobia endeavours to optimise product transportation and logistics flows to minimise the environmental impact caused by transportation.

A Group-wide video-conferencing system is used to minimise use of passenger transportation for internal meetings. Telephone conferences and online technology are also used to exchange information.

The amount of water-based and UV-tempered paint and lacquer for surface treatments is constantly increasing. The advantage of these products is that they give off minimal emissions compared with organic solvents. At the end of 2008, approximately 48 per cent of all surface treatments in

Magnet certified under TrustMark scheme

TrustMark is a scheme supported by the British government, consumer groups and the building industry aimed at helping consumers find reliable and well-reputed companies for improvements and repairs inside and outside the home.

Magnet became the first UK kitchen retailer to be certified under the TrustMark scheme. Magnet's processes and procedures were examined in detail before it was given this mark of quality for service and installation. Certain processes were altered so that they could be approved. Magnet undergoes regular inspections to ensure that the required quality levels in workmanship, sound trading practises and financial stability are maintained.

Nobia were based on water-based and UV-tempered paint and lacquer, corresponding to a 5-per cent increased compared with the preceding year.

Nobia's climate activities: Carbon Disclosure project

The Carbon Disclosure Project (CDP) is an independent, non-profit organisation aimed at measuring the emissions of greenhouse gases from companies. CDP seeks information from companies on business risks and opportunities based on their environmental impact from emissions of greenhouse gases. Nobia has responded to the CDP questionnaire since 2006. The company's responses are available from CDP's website at www.cdproject.net.

Key Performance Indicators

Based on Group targets, Key Performance Indicators are broken down to measureable targets at business-area or plant level, allowing benchmarking to continuously improve the KPIs.

All business units report their use of environmentally harmful substances, amounts of waste and emissions and use of raw materials. These reports are used to create KPIs for measuring the consumption of materials, energy and emissions in the manufacturing process. Nobia has utilised the same KPIs since 2002.

The total level of carbon dioxide emissions declined in 2008 compared with 2007. However, production volumes have also fallen, which means that the reporting of emissions per cabinet states a higher level of emissions.

The increase in the use of packaging material is an effect of conscious consideration of protecting products to avoid damage during transport.

Key Performance Indicators	2008	2007
Environmental management systems		
Operations with certified environmental management systems, % of Group sales[1)]	84	83
Greenhouse gases		
Greenhouse-gas emissions from transportation of products and personnel, kg/cabinet	2.37	2.23
Greenhouse-gas emissions from heating and manufacturing, kg/cabinet	6.51	6.08
Volatile organic compounds		
VOC emissions, kg/100 lacquered fronts	5.13	5.99
Energy		
Electricity, KWh/cabinet	9.64	9.09
Packaging material		
Material use, kg/cabinet	1.51	1.43
Percentage of renewable packaging material, %	72	71

1) Manufacturing prices

Hunger Project Sweden

Meals play a central role in kitchen-based operations. Nobia believes that having enough food to eat is a human right. However, this is not the case for many people today. For this reason, Nobia has supported the work of the Hunger Project, which aims to eliminate hunger in the world, since 2006.

The Hunger Project is a non-profit, non-political and non-religious organisation that assists people living in hunger to build sustainable development in their community, primarily through education, self-identification of problems, establishing goals and achieving change though their own efforts.

The Hunger Project conducts change programmes in 13 countries in the African continent, Central and South America, India and Bangladesh. Nobia's financial support has, for example, led to 125 women in India being trained in leadership.

Read more at www.hungerprojektet.se.

THE HUNGER PROJECT

The swan has landed in the kitchen

A decision was made at Marbodal in 1996 to change the production of carcasses and doors. The decision required major investments in machinery and development resources but led to Marbodal being the first company to offer a Nordic eco-labelled – also known as the Swan – kitchen. The market has caught up and environmentally friendly products are increasingly in demand from customers.

Many advantages of water-based paints

Using water-based paints not only radically reduces emission levels of solvents, it also greatly improves the work environment and results in odourless paints. In addition, quality aspects such as colour fastness and scratch-resistance are better than with solvent-based paints.

Eco-labelled doors and carcasses

A total of 32 of 42 door models in Marbodal's product range are Nordic eco-labelled, and 100 per cent of the white carcasses and melamine furniture. Marbodal aims to increase the number of Nordic eco-labelled products. However, it is difficult to surface treat some high-profiled cabinet doors with water-based paints. The shade of colour is also important since light colours are generally easier to surface treat using water-based paints than darker colours.

Marbodal will also make its worktops more environmentally friendly to increase its Nordic eco-labelled offering.

Environmentally friendly chemicals

Marbodal continuously identifies chemicals used in the manufacturing process. Chemicals found on the Swedish Chemicals Agency's phase-out list are successively replaced with more environmentally friendly alternatives. An example of chemicals used is adhesive for edge profiles.

Environmentally conscious customers seek eco-labelling

Commitment to the environment has increased throughout the world and Marbodal has noted elevated demand for eco-labelled products. The Swan is the Nordic Eco-label that many people recognise and helps customers in making a more informed choice.

More "swans" at Nobia

Marbodal is currently the only player in the market that offers Nordic eco-labelled kitchens. But Marbodal's positive experience from Nordic eco-labelling has inspired many of its sister brands to explore the possibility of increasing their environmental credentials.

MILJÖMÄRKT
331 007

The Grappa kitchen from Marbodal

Nordic Eco-label

The Nordic Eco-label - also known as "The Swan" – is the official eco-label for the Nordic countries, which means that the environmental impact of goods and services are examined over their entire lifecycle from raw material to waste. Products must meet certain quality and functionality requirements. Various criteria are imposed on different types of products.

The following criteria apply to Nordic eco-labelled kitchens:
- Kitchens must be tested and pass strict quality and functional requirements.
- Paints and varnishes must contain a minimum of organic solvents and hazardous chemicals.
- Wood raw materials may not originate from endangered forests.
- Slabs of wood must be manufactured using a minimum amount of energy and in an environmentally friendly manner.
- Plastics may not contain any additives that are hazardous to health or the environment.

Kitchens are comprised of many different materials, for example, sold wood, veneers, fibreboard, metals, plastics and glass. These different materials all affect the environment in different ways.

The Nordic Eco-label for kitchens aims to reduce the impact on the environment. The system strives to promote sustainable forestry, reduce the use of health or environmentally hazardous manufacturing, increase the sustainability of products and contribute to a higher level of recycling.

SIS Eco-labelling is responsible for the Nordic Eco-label and reviews its requirements every four years.

Ten-year summary

SEK m	2008	2007[4]	2006	2005	2004[1]	2003	2002	2001	2000	1999
Income statement										
Net sales	15,991	16,134	15,590	12,442	11,337	9,273	9,594	8,283	4,102	4,049
Change in per cent	–1	3	25	10	22	–3	16	102	1	2
Gross profit	5,830	5,889	6,065	4,863	4,414	3,586	3,865[2]	3,170	1,325	1,176
Operating profit	951	1,353	1,327	993	963	565	725	537	261	132
Financial income	50	23	17	26	13	14	11	15	9	3
Financial expenses	–213	–129	–134	–134	–136	–79	–130	–138	–50	–51
Profit after financial items	**788**	**1,247**	**1,210**	**885**	**840**	**500**	**606**	**414**	**220**	**84**
of which, goodwill impairment	–	–	–	–	–	–60	–63	–51	–9	–6
Tax on net profit for the year	–226	–289	–345	–244	–247	–162	–198	–160	–115	–83
Minority share in net profit for the year						0	0	0	0	–
Net profit for the year from continuing operations	562	–	–	–	–	–	–	–	–	–
Loss from divested operations, net after tax	–7	–	–	–	–	–	–	–	–	–
Net profit for the year	**555**	**958**	**865**	**641**	**593**	**338**	**408**	**254**	**105**	**1**
Net profit for the year attributable to										
Parent Company shareholders	555	958	864	640	592					
Minority interests	0	0	1	1	1					
Net profit for the year	**555**	**958**	**865**	**641**	**593**					
Balance sheet										
Fixed assets	7,340	6,527	6,011	4,723	3,972	3,783	3,308	3,719	1,975	1,000
Inventories	1,480	1,480	1,356	1,253	1,147	1,208	1,107	1,178	614	447
Current receivables	2,143	2,013	2,028	1,691	1,490	1,315	1,021	1,159	835	608
Cash and cash equivalents	332	270	229	251	616	154	293	362	221	135
Assets held for sale	43	–	–	–	–	–	–	–	–	–
Total assets	**11,338**	**10,290**	**9,624**	**7,918**	**7,225**	**6,460**	**5,729**	**6,418**	**3,645**	**2,190**
Shareholders' equity	4,189	4,150	3,727	3,177	2,551	2,667	2,589	1,776	1,363	351
Minority interests	6	6	7	7	6	6	6	6	5	–
Non-interest-bearing provisions						266	285	467	378	89
Interest-bearing provisions						87	91	74	79	56
Non-interest-bearing liabilities	3,221	3,424	3,160	2,390	1,984	1,580	1,443	1,714	1,025	905
Interest-bearing liabilities	3,887	2,710	2,730	2,344	2,684	1,854	1,315	2,381	795	789
Liabilities attributable to assets held for sale	35	–	–	–	–	–	–	–	–	–
Total shareholders' equity and liabilities	**11,338**	**10,290**	**9,624**	**7,918**	**7,225**	**6,460**	**5,729**	**6,418**	**3,645**	**2,190**
Net debt	3,181	2,224	2,460	2,058	2,045	1,763	1,098	2,078	601	710
Capital employed	8,083	6,866	6,464	5,528	5,241	4,614	4,001	4,237	2,242	1,196
Key figures										
Operating margin, %	5.9	8.4	8.5	8.0	8.5	6.1	7.6	6.5	6.4	3.3
Operating profit before depreciation (EBITDA)	1,430	1,790	1,745	1,302	1,245	872	1,036	821	356	237
Operating margin before depreciation, %	8.9	11.1	11.2	10.5	11.0	9.4	10.8	9.9	8.7	5.9
Profit after financial items as a percentage of net sales	4.9	7.7	7.8	7.1	7.4	5.4	6.3	5	5.4	2.1
Turnover rate of capital employed, multiple	2.0	2.3	2.4	2.3	2.3	2.2	2.3	2.3	3.4	3.4
Return on capital employed, %	13.0	20.6	20.9	18.6	19.8	14.6	17.9	15.5	22.2	11.2
Return on shareholders' equity, %	13.7	25.0	25.4	22.6	25.7	13	18.7	16.2	17.2	0
Debt/equity ratio, %	76	54	66	65	80	66	42	117	44	202
Equity/assets ratio, %	37	40	39	40.2	35.4	41.4	45.3	27.8	37.5	16
Cash flow from operating activities	676	1,410	1,300	1,137	1,010	439	513	551	156	126
Investments	733	678	532	472	370	294	269	226	87	74
Earnings per share after dilution	3.29	5.50	4.93[5]	3.67[5]	3.41[5]	1.95[5]	2.51[5]	5.1[3]	2.90[3]	0.03[3]
Personnel										
Average no. of employees	8,682	8,526	7,968	6,573	6,052	5,571	5,790	5,343	3,003	3,334
Net sales per employee, SEK 000s	1,803	1,849	1,957	1,893	1,873	1,665	1,657	1,550	1,366	1,214
Salaries and other remuneration	3,024	2,783	2,591	2,140	1,914	1,742	1,814	1,672	818	825

1) Amounts for 2004 are restated with respect to the transition to IFRS accounting and changed pension classifications.
2) Reclassification of historic values for cost of goods sold and selling expenses.
3) Adjusted for the 10:1 split on 19 June 2002. Calculation of dilution effects with respect to actual exercise of options.
4) 2007 was adjusted for changed accounting principles of conditional discounts.
5) 2002–2006 was adjusted for the 3:1 split approved at the 2007 Annual General Meeting.

Corporate Governance Report

This report is unaudited.

Nobia AB is a Swedish public limited liability company domiciled in Stockholm, Sweden. The company is the Parent Company of the Nobia Group. The basis for the control of the Group includes the Articles of Association, the Swedish Companies Act and the regulations issued by the NASDAQ OMX in Stockholm.

Nobia applies the Swedish Code of Corporate Governance (the Code), which companies listed on the NASDAQ OMX in Stockholm are obligated to apply. Nobia monitors developments in the area of corporate governance and continuously adapts its corporate-governance principles to create value for its owners and other stakeholders by providing appropriate information to the shareholders and through efficient management and Board work. The Nobia Group has an information and IR policy adopted by the Board to ensure appropriate and fair provision of information to the capital market.

Nobia complies with the Code with one exception, which is the regulation that a Board member may not be the Chairman of the Nomination Committee. This deviation is explained below under the Nomination Committee heading.

2008 Annual General Meeting

The 2008 Annual General Meeting was held on 1 April 2008 at Södra Paviljongen in Stockholm. Board Chairman Hans Larsson was elected Chairman of the Meeting. The Meeting adopted the Board's proposal regarding the appropriation of profits. The Meeting also adopted the Nomination Committee's proposal that the number of Board members should be nine without alternates, the fees to be paid to the Board and the Board Chairman, and the election of Board members. Preben Bager, who took office as the new CEO on 2 April 2008, was elected new Board member. Fredrik Cappelen left the Board and stepped down as CEO. All other Board members were re-elected. The NASDAQ OMX in Stockholm's Listing Agreement contains certain requirements regarding the composition of the Board of Directors. According to these requirements, the majority of the Board members elected by the Annual General Meeting shall be independent in relation to the company. Furthermore, at least two of these Board members shall also be independent in relation to the company's largest shareholders. Nobia's Board of Directors fulfils these requirements.

The complete minutes from the Annual General Meeting are available on Nobia's website at www.nobia.com.

Nomination Committee

In accordance with a decision of the Annual General Meeting, the Chairman of the Board is responsible for convening the company's four largest shareholders not later than the end of the third quarter, each of whom shall appoint one member of the Nomination Committee. Should any of the four largest shareholders refrain from appointing a member, the next largest owner shall be presented with the opportunity to appoint a member. Should more than one shareholder refrain from its right to appoint a member of the Nomination Committee, only the next eight largest owners shall be asked to appoint a member, unless more than these eight largest shareholders need be asked in order for the Nomination Committee to comprise at least three members. The Chairman of the Board may be appointed as a member of the Nomination Committee. The Nomination Committee should be chaired by an owner representative. The tasks of the Nomination Committee are to submit proposals to the Annual General Meeting on the election of the Board of Directors, the Chairman and, when applicable, auditors, on fees for the Board of Directors, the Chairman and auditors and on the Chairman of the Annual General Meeting. In addition, the Nomination Committee shall submit proposals to the Annual General Meeting on decisions for the principles of the composition of the Nomination Committee.

The members of the Nomination Committee for 2008–2009 were: Fredrik Palmstierna from SäkI (Chairman of the Nomination Committee), Åsa Nisell from Swedbank Robur funds, Peter Lindell from AMF and Stefan Charette from Öresund and, following a decision by the other members of the Nomination Committee, Board Chairman Hans Larsson. The Nomination Committee's reasoning behind the election of a Board member as the Chairman of the Committee is that the largest shareholder, in terms of the number of votes, should naturally lead the work of the Nomination Committee. No remuneration is paid to the Committee members.

The Nomination Committee held four minuted meetings prior to the 2009 Annual General Meeting. The basis of the

Nomination Committee's work included the company's strategies and priorities and an evaluation of the Board, its size and composition.

The Nomination Committee's proposals regarding the election of Board members and Board Chairman are presented in the notice to attend the Annual General Meeting and an explanatory statement regarding the proposal is simultaneously published on Nobia's website. The complete principles for the composition of the Nomination Committee are available at www.nobia.com.

Work of the Board of Directors

The Board of Directors of Nobia AB comprises nine standard Board members elected by the Annual General Meeting and two Board members with two alternates appointed by the employees. A presentation of the Board members is found on pages 76–77. The President is a member of the Board. Other executives in the company participate at Board meetings to make presentations and to serve as Secretary. The Board held eight scheduled meetings during the 2008 fiscal year.

The work of the Board of Directors follows a fixed agenda for each Board meeting, including such matters as business status, investments, budget, interim reports and annual accounts. The Chairman leads and delegates the work of the Board and ensures that matters not included in the fixed agenda are addressed. The Board's work is also regulated by the rules of procedure adopted annually by the Board governing the distribution of duties between the Board and the President. In 2008, the Board's work focused on discussing issues concerning Group strategy and on matters pertaining to the future structure and organisation of the company, as well as action plans due to the lower demand situation. The Secretary at the Board meetings was Lennart Rappe, Executive Vice President and Senior Vice President Mergers & Acquisitions. Attendance at Board meetings during the year is shown in the table below.

The annual evaluation of the Board in 2008 was performed by the Chairman following up measures determined from the interviews with Board members conducted in the preceding year. The results were subsequently discussed by the Board and decisions were taken to implement the relevant measures in the forthcoming year.

Board of Directors in 2008

		Board meetings, 8 meetings in total	Remuneration Committee, 3 meetings in total	Year of birth	Board member since	Nationality	Independence
Hans Larsson	Chairman	8	3/3	1942	1996	Swedish	independent
Preben Bager	President and CEO	6		1948	2008	Danish	dependent[1]
Stefan Dahlbo	Board member	8	3/3	1959	2004	Swedish	independent
Bodil Eriksson	Board member	6	2/3	1963	2003	Swedish	independent
Wilhelm Laurén	Board member	8		1943	1996	Swedish	independent
Harald Mix	Board member	7		1960	1996	Swedish	independent
Thore Olsson	Board member	8		1943	2007	Swedish	independent
Lotta Stalin	Board member	8		1954	2007	Swedish	independent
Fredrik Palmstierna	Board member	8		1946	2006	Swedish	dependent[2]
Per Bergström	employee representative	8		1960	2000	Swedish	
Olof Harrius	employee representative	8		1949	1998	Swedish	
Kjell Sundström	employee representative[3]	8		1953	2007	Swedish	
Marie Nilsson	employee representative[3]	8		1973	2007	Swedish	

1) President
2) Dependent in relation to major shareholder
3) Alternate

The Board does not have a separate audit committee. Instead, the Board in its entirety strives to maintain a close relationship with the company's auditors to ensure that the Board satisfactorily monitors significant issues concerning the company's accounts, accounting routines, management of the company's assets and level of internal control. Accordingly, control issues to be discussed by the Board are addressed by the Board in its entirety, except for the President who does not participate in discussions regarding these matters since he is a member of company management. To ensure that the Board's information requirements are met in this respect, the company's auditors report to the Board at least three times a year. Part of the auditors' presentation of information to the Board takes place in the absence of the company's executives. The form in which these reports are to be prepared is documented in the Board's rules of procedure.

The audit process is structured such that reports from the auditors are received in connection with the planning of future audits, in conjunction with internal control and hard-close audits in the autumn and finally, in conjunction with the adoption of the annual accounts. In addition, the auditors also present an annual account of the consulting assignments that have been performed by the audit firm.

In August 2008, the auditors presented and discussed the focus and scope of the audit, which also took particular consideration of the risk perspective regarding internal control and reporting of the IT audit performed. At the meeting in October, the auditors reported on the self-assessment of the internal control that the company performs annually. Also at this meeting, the auditors presented their observations from the hard-close audit.

The examination of the annual accounts was presented at the Board meeting in February 2009.

Remuneration Committee

The Board appoints a Remuneration Committee from within its ranks, which for the period until the 2009 Annual General Meeting comprises Hans Larsson (Chairman), Bodil Eriksson and Stefan Dahlbo. The Committee's task is to prepare proposals to the Board relating to the company's remuneration programme (pension policy, employee share option scheme, bonus scheme, etc.) as well as the remuneration and employment terms for the President. The Committee also has the task of making decisions on the President's proposals regarding remuneration and other employment terms for the managers who report to the President. In addition, the Committee shall ensure that the company has an adequate programme to ensure the supply of managers and their development, and a model for evaluating the performance of the President. Furthermore, the Committee submits proposals to the Annual General Meeting regarding principles for remuneration and other employment terms for company managers. The Committee held three meetings during the year.

In 2007/2008, the Remuneration Committee also worked on the recruitment of a new President to succeed Fredrik Cappelen.

Remuneration to senior executives

All senior executives in the management group are offered a basic salary supplemented with variable remuneration comprising a maximum of 30 per cent of fixed annual salary when individual targets are met. For the President, this variable salary portion may total a maximum of 50 per cent of annual salary. The management group has also been offered the opportunity to subscribe for options as part of the employee share option scheme described in more detail in the Board of Directors' Report on page 23. The remuneration and benefits of senior executives are also described on this page.

Group management

Group management, refer to pages 78–79, holds regular Group-management meetings led by the President. In addition, the President and CFO meet the management group of each business unit locally three times a year.

Group management strives to maintain close contact with each business unit in order to support and provide assistance and tools for increasing efficiency, marketing, business development and internal exchanges of knowledge.

Auditors

KPMG AB was elected as the company's auditors for a four-year mandate at the 2007 Annual General Meeting. The Auditor in Charge is Helene Willberg, Authorised Public Accountant. The interaction of the auditors with the Board is described above. Nobia's purchases of services from this firm, in addition to audit assignments, are described in Note 5, page 49.

The Board's description of internal control and risk management systems regarding the financial reporting for the 2008 fiscal year

The Board of Directors is responsible for the internal control of the company in accordance with the Swedish Companies Act and the Code. This description has been prepared in accordance with Sections 10.5 and 10.6 of the Code and is thereby limited to the internal control of financial reporting.

Control environment and steering documents

Nobia builds and organises its operations based on decentralised responsibility for profitability. Nobia's intentions regarding this decentralised responsibility for profitability and internal control through benchmarking are described in the Strategy section of the Annual Report on page 18.

The basis for the internal control of financial reporting is the control environment that comprises the company's organisation, decision-making procedures, authority and responsibility, as documented and communicated in steering documents such as internal policies, guidelines, manuals and codes. Examples include the division of responsibility between the Board on the one hand and the President and other bodies established by the Board on the other, as well as instructions for attestation rights, accounting and reporting.

All documentation concerning principles and methods for reporting, internal controls and monitoring are collected in Nobia's Financial & Administration Manual.

Each business unit manager is ultimately responsible for maintaining a high level of internal control, and the finance manager at each unit is responsible for following up and ensuring daily compliance with Nobia's accounting procedures and principles. These instructions are included in the aforementioned manual.

Risk management

The company has introduced methods for risk assessment and risk management to ensure that the risks to which the company are exposed are managed within the established frameworks.

The risks identified concerning financial reporting are managed in the company's control structure and are monitored and assessed continuously by the company. One of the tools used for this purpose is self-assessment, a process that is performed and evaluated annually. Risk assessments are described in more detail on pages 30–31.

Financial information

The company has established information and communication channels in order to support the completeness and accuracy of the financial reporting, for example, through steering documents in the form of internal policies, guidelines, manuals and codes regarding the financial reporting applied by the appropriate employees.

The company monitors compliance with these steering documents and measures the efficiency of control structures. In addition, the company's information and communication channels are monitored to ensure that these channels are appropriate for the financial reporting. Furthermore, the company has developed checklists to ensure full compliance with the disclosure requirements in the financial statements.

Monitoring by the Board

The outcome of the company's risk assessment and risk management processes is addressed each year by the Board, which ensures that these processes include all material areas and provide balanced guidelines for the various executives.

The Board receives monthly financial reports and each Board meeting addresses the company's and Group's financial position.

The company's Internal Control function, which is an integrated part of the central Finance function, performs reviews of the internal control and its work in this area follows a plan approved by the Board. The results of these reviews, the measures to be taken and their status have been reported to the Board.

Articles of Association

Nobia's Articles of Association regulate the focus of the operations, share capital and how and when notification of the Annual General Meeting is to take place. The full text of the Articles of Association is available from the Nobia website, www.nobia.com.

On 31 December 2008, the share capital in Nobia AB amounted to SEK 58,430,237 divided between 175,293,458 shares in one class of share. The par value is SEK 0.33 per share. Each share, except for bought-back treasury shares, entitles the holder to one vote and carries the same entitlement to the company's assets and profits. The Nobia share and ownership structure are described in more detail on pages 64–65.

Board of Directors

Hans Larsson 1.
Born 1942. B.Sc. Business Economics. Chairman since 1998, Board member since 1996. Chairman of Remuneration Committee. Independent.
Other board assignments: Chairman of Handelsbanken, Attendo and Valedo Partners Fund 1. Board member of Holmen.
Previous employment: President of Swedish Match, Esselte and Nordstjernan. Previous chairmanships include NCC, Bilspedition/BTL, Sydsvenska Kemi and Althin Medical.
Holding in Nobia: 390,000 shares.

Preben Bager 2.
Born 1948. President and CEO of Nobia AB since April 2008. Joined HTH in 1989. Joined Nobia in 1996.
Other board assignments: Board member of Dansk Cater, Cane Line Furniture and Jensens Bøfhus.
Previous employment: Executive Vice President of Nobia, Senior Vice President UK, Business Unit Manager Magnet and HTH, President of Bianca Yachts, Sales Manager at Domino Furniture and President of Danica Køkkener.
Holdings in Nobia: 1,437,000 shares, 164,000 employee share options, 300,000 call options.

Stefan Dahlbo 3.
Born 1959. B.Sc. Business Administration. Board member since 2004. President of Investment AB Öresund. Independent.
Other board assignments: Chairman of Klövern. Board member of Investment AB Öresund and HQ.
Previous employment: President of Hagströmer & Qviberg.
Holdings in Nobia: 30,800 shares.

Bodil Eriksson 4.
Born 1963. Berghs School of Communication. Board member since 2003. Member of Remuneration Committee, Senior Vice President, Communications and Investor Relations at SCA. Independent.
Other board assignments: Board member of Hemtex and Intellecta.
Previous employment: Vice President at Axfood, Communications Director at Volvo Cars.
Holdings in Nobia: 900 shares.

Wilhelm Laurén 5.
Born 1943. B.Sc. Economics. Board member since 1996. Independent.
Other board assignments: Chairman of Swedestart Life Science kb and Euromaint. Board memberships include Ostnor and Moventas Oy.
Previous employment: Vice President and CFO of Fläktgruppen and Vice President of ABB.
Holdings in Nobia: 90,000 shares.

Harald Mix 6.
Born 1960. MBA, B.Sc. Mathematics and Economics. Board member since 1996. Partner of Altor Equity Partners. Independent.
Other board assignments: Board member of Aalborg Industries, Dustin, Euro Cater, Lindorff, Northstar, Relacom, Piab, Papyrus, Wrist and Åkers.
Previous employment: Vice President of Industri Kapital.
Holdings in Nobia: 600,000 shares.

Thore Ohlsson 7.
Born 1943. Board member since 2007. President of Elimexo. Independent.
Other board assignments: Chairman of Bastec, Thomas Frick and Tretorn. Vice Chairman of Puma AG. Board member of Elite Hotels.
Previous employment: President and CEO of Aritmos with wholly owned companies ABU-Garcia, Etonic Inc., Monark-Crescent, Stiga, Tretorn and Puma AG (84%). President of Trianon, Etonic Inc. and Tretorn. CEO of Tretorn.
Holdings in Nobia: 30,000 shares.

Lotta Stalin 8.
Born 1954. Board member since 2007. President of Bele Verksamhetsutveckling. Independent.
Other board assignments: Board member of FMV and The Swedish Recycling Industries' Association.
Previous employment: President of Kuusakoski Sverige. Business Area Manager FMV Logistics, Business Area Manager and Vice President Poolimon, Line Manager Electrolux, President of Överums Bruk, Plant Manager Electrolux Storkök.
Holdings in Nobia: 1,500 shares.

Fredrik Palmstierna 9.
Born 1946. B.Sc. Business Administration, MBA. Board member since 2006. President of Säkl since 1997. Dependent in relation to major shareholder.
Other board assignments: Chairman of Investment AB Latour. Board member of Securitas, Säkl, Hultafors, Fagerhult and Academic Work.
Holdings in Nobia: 321,000 shares.

Employee representatives

Per Bergström 10.
Born 1960. Employee representative since 2000. Employed at Marbodal since 1976.
Holdings in Nobia: 600 shares.

Olof Harrius 11.
Born 1949. Employee representative since 1998.
Employed at Marbodal since 1971.
Holdings in Nobia: 0 shares.

Kjell Sundström 12.
Born 1953. Alternate Board member, employee representative since 2007.
Employed at Myresjökök since 1992.
Holdings in Nobia: 0 shares.

Marie Nilsson 13.
Born 1973. Alternate Board member, employee representative since 2007.
Employed at Myresjökök since 2006.
Other board assignments: Board member of Myresjökök.
Holdings in Nobia: 0 shares.

Auditors

KPMG AB
Auditor in charge, Authorised Public Accountant:
Helene Willberg

Other auditing assignments: Cloetta, Fastighets AB Balder and Ortivus.

Group management

Preben Bager 1.
Born 1948. President and CEO of Nobia AB since April 2008. Joined HTH in 1989. Joined Nobia in 1996.
Previous employment: Executive Vice President of Nobia, Senior Vice President UK, Business Unit Manager Magnet and HTH, President of Bianca Yachts, Sales Manager at Domino Furniture and President of Danica Køkkener.
Holdings in Nobia: 1,437,000 shares, 164,000 employee share options, 300,000 call options.

Gun Nilsson 2.
Born 1955. CFO. Employed at Nobia since 2008
Previous employment: President of Gambro Holding, Deputy President and CFO of Duni.
Holdings in Nobia: 45,000 employee share options, 100,000 call options.

Elmar Duffner 3.
Born 1960. Business Unit Manager Poggenpohl. Employed at Poggenpohl since 2003.
Previous employment: Business Unit Manager Optifit 1999–2002.
Holdings in Nobia: 115,350 shares, 117,000 employee share options.

Henrik Karup Jørgensen 4.
Born 1963. Business Unit Manager Nobia DK. Employed at Nobia Denmark since 2008.
Previous employment: COO of Royal Greenland A/S, President of Royal Greenland Seafood GmbH, HR Manager at Royal Greenland A/S, Purchasing Director KNI A/S, Department Store Manager Salling A/S.
Holdings in Nobia: 45,000 employee share options.

Jorma Lehtovuori 5.
Born 1952. Business Unit Manager Novart. Employed at Novart since 1985.
Previous employment: CFO of SR-Kone Oy and Tuomisen Puku Oy, Controller at Oy Martor.
Holdings in Nobia: 7,500 shares, 117,000 employee share options.

Christian Rösler 6.
Born 1967. Business Unit Manager Pronorm/EWE/FM. Employed at EWE/FM since 2007.
Previous employment: Various senior management positions at IKEA Austria.
Holdings in Nobia: 45,000 employee share options.

Roy Saunders 7.
Born 1958. Business Unit Manager Nobia UK. Employed at Magnet since 2004.
Previous employment: COO and CFO of Magnet and CFO of My Travel.
Holdings in Nobia: 115,500 employee share options.

Daniel Souissi 8.
Born 1949. Business Unit Manager Hygena. Employed at Hygena since 2001.
Previous employment: Partner Senior Vice President Associate Consulting Group.
Holdings in Nobia: 92,000 employee share options.

Ingemar Tärnskär 9.
Born 1961. Business Unit Manager Nobia SweNo. Employed at Nobia since 1998.
Previous employment: Supply Director at Magnet, Vice President Supply Nobia, Business Area Manager Doors at Nobia.
Holdings in Nobia: 10,000 shares, 115,500 employee share options.

Bo Johansson 10.
Born 1965. Supply Chain Management. Employed at Nobia since 2005.
Previous employment: Business Development Manager Europe and Global Accounts at Flextronics Enclosures Europe, Sales Director at Europe Flextronics International, and Production Manager and Sales Manager at Swedform Metall.
Holdings in Nobia: 22,800 shares, 174,000 employee share options and 45,000 call options.

Thomas Myringer 11.
Born 1960. Human Resources. Employed at Nobia since 2003.
Previous employment: Human Resources Manager at Skanska Europe, Skanska Management Institute, Skanska International Civil Engineering and Ohlsson & Skarne.
Holdings in Nobia: 1,500 shares, 84,500 employee share options.

Lennart Rappe 12.
Born 1944. Executive Vice President Nobia. Mergers and Acquisitions. Employed at Nobia since 1999.
Other board assignments: Board member of Jötul AS.
Previous employment: CFO of Nobia, Vice President of Esab, CFO of VME Group, Volvo Trucks and Spectra-Physics.
Holdings in Nobia: 401,160 shares, 99,000 employee share options and 60,000 call options.

Egil Wold 13.
Born 1947. Business Development. Employed at Nobia since 1996.
Previous employment: Senior Vice President Nordic region, Various positions within HTH in Norway and Sweden since 1981, Marketing Director of Sigdal, Manager of Swedoor's and Nobia's business in Norway and Business Unit Manager Sigdal.
Holdings in Nobia: 555,000 shares, 129,000 employee share options and 90,000 call options.

Ingrid Yllmark 14.
Born 1963. Communications and IR. Employed at Nobia since 2006.
Previous employment: Managing positions within communications at SJ, Akzo Nobel, Pronator and Philipson Bil.
Holdings in Nobia: 3,000 shares, 65,000 employee share options.

2009 Annual General Meeting

The shareholders of Nobia AB (pub) are invited to attend the Annual General Meeting on Thursday, 2 April 2009 at 5:00 p.m. at Summit, Grev Turegatan 30, Stockholm, Sweden.

Right to participate in the Annual General Meeting
Shareholders who wish to participate in the Annual General Meeting must:
- first be included in the shareholders' register maintained by Euroclear Sweden as of Friday, 27 March 2009, and
- second notify the company of their participation not later than 4:00 p.m. on Friday, 27 March 2009.

Notification of attendance
Notification of attendance at the Annual General Meeting may be made:
- by e-mail to lisa.ahnberg@nobia.se
- by telephone at +46 8 440 16 00
- by fax at +46 8 503 826 49
- by mail to Nobia AB, Box 70376, SE-107 24 Stockholm, Sweden.

This notification shall state:
- the shareholder's name
- personal identity number/Corporate Registration Number
- address and daytime telephone number
- shareholding
- information about any assistants and information on any representatives who may accompany the shareholder to the Meeting.

Proxy
Shareholders represented by proxy shall issue a written power of attorney for the proxy. If the power of attorney is issued on behalf of a legal entity, or an authorised signatory for the legal entity, a certified copy of a registration certificate or corresponding document ("certificate") for the legal entity shall be ap-pended to the notification of attendance. The power of attorney in original and, where applicable, the certificate, should be sent by post to the company at the address stated above in good time prior to the Annual General Meeting. Proxy forms are available from www.nobia.com.

Nominee shares
Shareholders whose shares have been registered with a nominee must, through the bank or securities broker administering the shares, temporarily re-register their shares in their own names with Euroclear Sweden in order to be entitled to participate in the Annual General Meeting. Shareholders wishing such re-registration must inform their nominee not later than Friday, 27 March 2009. A request for re-registration must be made well in advance of this date.

Payment of dividend
The Board of Directors proposes that a dividend for the 2008 fiscal year be paid in the amount of SEK 1.25 per share. Shareholders who are included in the shareholders' register maintained by Euroclear Sweden on the record date, which is proposed as Friday, 7 April 2009, are entitled to receive dividends. If the Annual General Meeting passes a resolution in accordance with the proposal, the dividend is expected to be paid by Euroclear Sweden on Tuesday, 14 April 2009.

Financial information 2009

2 April	Annual General Meeting
24 April	Interim Report January–March
17 July	Interim Report January–June
23 October	Interim Report January–September

Definitions

Capital employed
Balance-sheet total less non-interest-bearing provisions and liabilities.

Debt/equity ratio
Net debt as a percentage of shareholders' equity including minority interests.

Earnings per share
Net profit for the year divided by a weighted average number of shares during the year.

Equity/assets ratio
Shareholders' equity including minority interests as a percentage of the balance-sheet total.

Gross debt
The total of interest-bearing liabilities and interest-bearing provisions.

Net debt
The total of interest-bearing liabilities and interest-bearing provisions, less interest-bearing assets.

Operating capital
Balance-sheet total less interest-bearing assets, receivables relating to current and deferred tax and non-interest-bearing provisions and liabilities, excluding liabili-ties for current and deferred tax. Operating capital at business-area level excludes all consolidated surplus value.

Operating cash flow
Cash flow after investment, adjusted for interest rates, taxes paid, investments in corporate acquisitions and financial investments.

Operating margin
Operating profit as a percentage of net sales.

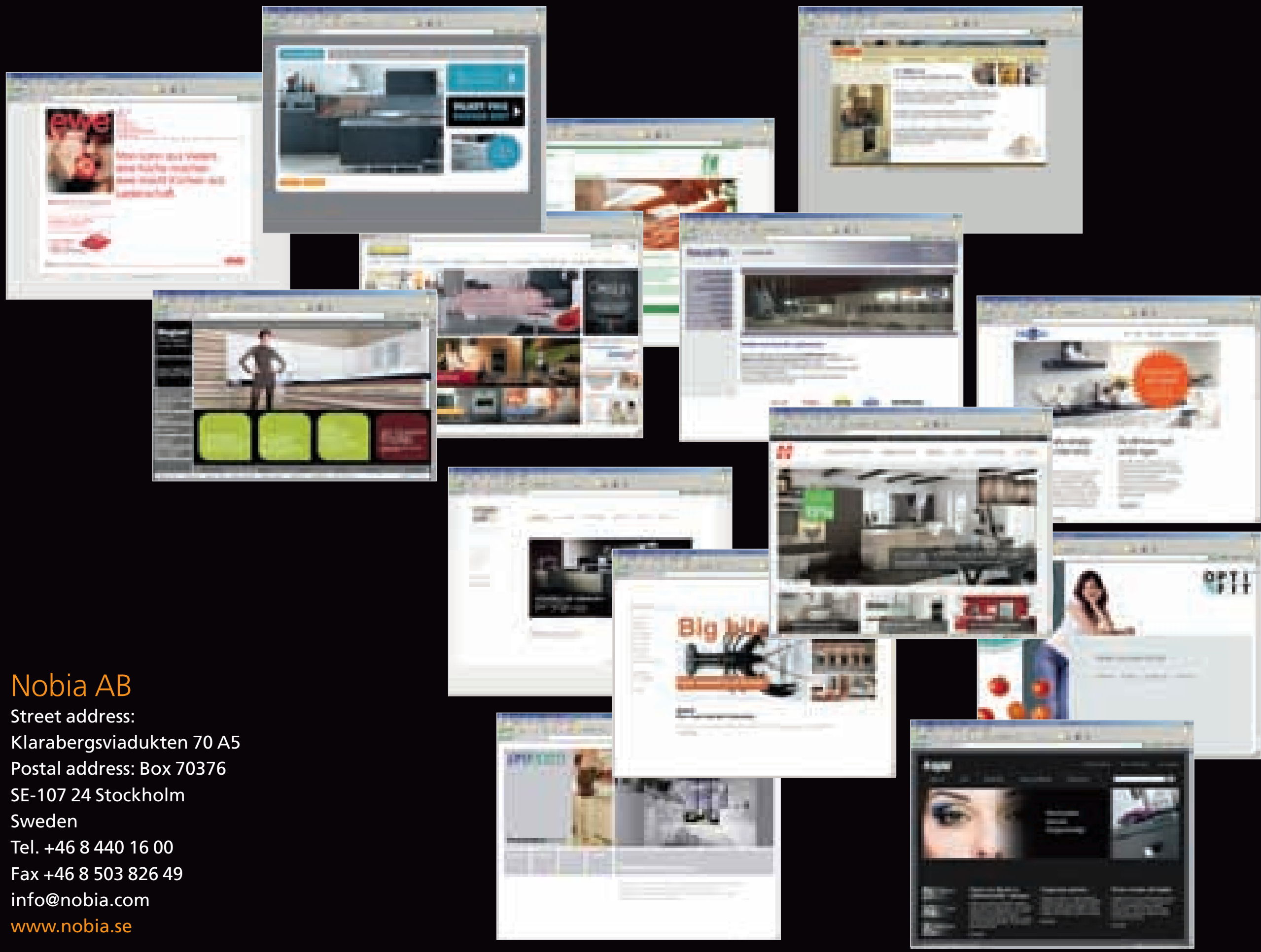
P/E ratio
The share price at year-end divided by earnings per share after full dilution.

Return on capital employed
Profit after financial income as a percentage of average capital employed. The calculation of average capital employed has been adjusted for acquisitions and divestments.

Return on operating capital
Operating profit as a percentage of operating capital.

Return on shareholders' equity
Net profit for the year as a percentage of average shareholders' equity. The calculation of average shareholders' equity has been adjusted for capital increases and reductions.

Turnover rate of capital employed
Net sales divided by average capital employed.



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Follow Nobia on the Internet throughout the year: www.nobia.com

Nobia works continuously throughout the year to update its website with the latest information. The Group's aim is that all visitors to www.nobia.com will be able to quickly and easily find the information they seek.

About Nobia, Brands

Here you can find information about Nobia, our business concept, goals, etc. You can also read about our brands in the different regions.

Financial information

Here you can find information about the share, share-price trends, compare with indexes and calculate total returns. A calendar is also available here and you can download financial reports and compare data and key figures in HTML or Excel format. In addition, you will find webcasts and presentations from the most recent capital markets days and the President's comments on the financial reports.

The share

Here you can keep track of Nobia's share-price trends. You can also receive the share price, key figures and press releases directly on your mobile phone. Log on to the website and register to access the service.

Interim report

Here you will find the most recent interim report and also view the webcast of the President's comments on-demand.

Corporate governance

Information about the Annual General Meeting and other governance issues can be found here.

Press releases and news

The most recent news is always found here. Visitors can subscribe to press releases and reports and always receive the latest information by e-mail or mobile phone. Log on to the website and register under the Press tab.

Annual Report

Here you can browse our most recent annual report or download it as a pdf.

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