ANNUAL REPORT **2011**

nobia

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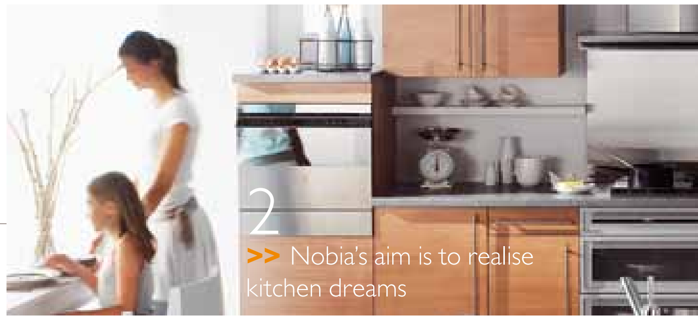

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The Board of Directors and President of Nobia AB, Corporate Registration Number 556528-2752, hereby present the Annual Report and consolidated financial statements for the fiscal year 2011.

The kitchen on the front cover is called Zaria and is sold through Hygena in France.

2011 IN BRIEF

Nobia's sales for 2011 amounted to SEK 13,114 million (14,085). Operating profit excluding restructuring costs amounted to SEK 518 million (517). Restructuring costs of SEK 334 million (511) pertained to efficiency-enhancement costs of SEK 163 million and cost-saving measures of SEK 171 million. Profit after tax was SEK 69 million (loss: 89). Operating cash flow totalled SEK 9 million (641). The Board of Directors proposes that no dividend be paid for the 2011 fiscal year.

First quarter

- Savings were implemented and a new organisation was introduced to simplify decision-making paths. Group management subsequently comprised individuals with well-defined responsibilities for business units or central corporate functions.
- Five Nobia brands participated in the international Living Kitchen trade fair in Cologne.
- Poggenpohl won the prestigious Red Dot Award design award for its new kitchen concept +ARTESIO.

Second quarter

- Higher profitability was generated from price increases, improved sales mix and cost savings.
- A large showroom with a virtual 3D environment for kitchen design was opened in Linz.
- A new Head of Poggenpohl was appointed and work initiated to improve the profitability of this global kitchen brand.

Third quarter

- The situation in all markets deteriorated due to heightened economic uncertainty in Europe.
- To adjust costs to the market situation, several business units carried out cost-saving measures, which were expected to affect approximately 450 employees throughout the Group and involve the closure of stores in France, Denmark and Norway. These measures are expected to generate annual savings of about SEK 125 million.

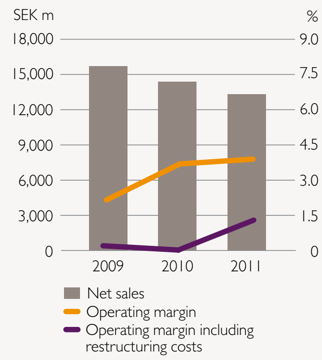
Fourth quarter

- In France, 73 Hygena stores were renovated during the quarter, entailing significantly lower sales capacity. At year-end, a total of 78 Hygena stores had been renovated.
- The transfer of production from Älmhult to Tidaholm was completed, which is expected to generate annual savings of approximately SEK 20 million and double volumes at the Tidaholm plant.
- The launch of the new Group-wide range commenced in Hygena, HTH and Magnet.

KEY FIGURES	2010	**2011**	Change, %
Net sales, SEK m	14,085	13,114	–7
Gross margin, %	39.1	39.1	–
Operating margin before depreciation and impairment losses, % (EBITDA)	6.9	7.0	–
Operating profit, SEK m (EBIT)	517	518	0
Operating margin, %	3.7	3.9	–
Profit after financial items, SEK m	432	435	1
Profit/loss after tax, SEK m	–89	69	–
Earnings/loss per share, after dilution, SEK	–0.53	0.42	–
Operating cash flow, SEK m	641	9	–99
Return on capital employed, %	0.4	3.6	–
Return on shareholders' equity, %	–2.4	2.0	–
Number of employees at year-end	7,430	8,203	–9

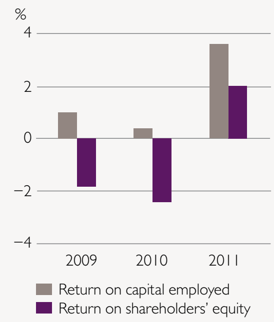
All figures except net sales, profit/loss after tax, earnings/loss per share, operating cash flow, return on capital employed and return on shareholders' equity have been adjusted for restructuring costs.

NET SALES AND OPERATING MARGIN



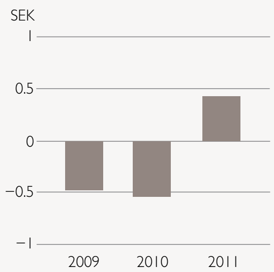
Net sales amounted to SEK 13,114 million. The operating margin was 3.9 per cent (3.7).

PROFITABILITY TREND



Return on capital employed amounted to 3.6 per cent and return on shareholders' equity totalled 2.0 per cent.

EARNINGS/LOSS PER SHARE



Earnings per share amounted to SEK 0.42 in 2011.

EUROPE'S LEADING KITCHEN SPECIALIST

We sell kitchen products such as cabinets, doors and worktops – but that is not all our customers buy. They purchase an idea – a dream about the life they want to lead in their kitchen. Our aim is to realise this dream.

Nobia's aim is to realise kitchen dreams. We develop smart and attractive kitchen solutions based on comprehensive insight into modern-day consumers. We will have a solution to match whatever dreams our customers have. We deliver complete, high-quality kitchens, with reliable delivery at all stages of the purchasing process. Behind the scenes, we have an efficient production process in place that capitalises on economies of scale and synergies.

A strong position to grow from

Nobia originates from a construction products division at what is now Stora Enso. Numerous acquisitions were made during the latter half of the 1990s and the first half of the 2000s, which meant growth and international expansion.

Today, we are Europe's leading kitchen specialist. The operation consists of developing, manufacturing and selling kitchens through some twenty strong brands, as well as manufacturing under private label. The focus on kitchens allows us to leverage the expertise of our business units throughout the value chain.

Our brands include Magnet in the UK, Hygena in France, HTH, Norema, Sigdal, Invita, uno form, Marbodal and Myresjökök in Scandinavia, Petra, Parma and A la Carte in Finland, ewe, Intuo and FM in Austria, Optifit in Germany and Poggenpohl globally.

Nobia is organised into three geographic regions – the UK, Nordic and Continental Europe regions. Sales are conducted directly to consumers through a network of nearly 650 own and franchise stores, and to professional customers in retail and new-builds.

Net sales in 2011 amounted to approximately SEK 13 billion and operating profit excluding restructuring costs was SEK 518 million. Nobia has a total of about 7,400 employees in mainly eight European countries. The head office is located in Stockholm and the Nobia share has been listed on the NASDAQ OMX Stockholm since 2002.

OUR BRANDS

A la Carte Keittiöt · ewe · FM Die Küche zum Leben · Gør det selv HTH · HTH · hygena · INTUO · INVITA · Magnet · Marbodal · myresjökök · netto Keittiöt · NOREMA · OPTIFIT Die Küche · Das Bad · PARMA Keittiöt · PETRA Keittiöt · poggen pohl · sigdal · uno form

WE INSPIRE PEOPLE TO REALISE THEIR KITCHEN DREAMS

Hygena, Havana

FURTHER INFORMATION

You can obtain more information about Nobia from www.nobia.com or by contacting Investor Relations on tel: +46 8 440 16 00 or e-mail: ir@nobia.com

FINANCIAL CALENDAR

11 April	2012 Annual General Meeting
27 April	Interim report January–March 2012
20 July	Interim report January–June 2012
26 October	Interim report January–September 2012

STRONG INITIATIVES FOR EFFICIENCY AND GROWTH

I can look back at a highly eventful year. The new organisation was formed and a new strategic direction took shape, with strategic initiatives communicated throughout the company. At the same time, the world around us changed and market conditions became more difficult. Despite this climate, we managed to maintain our operating profit, mainly through price increases and cost-saving measures.

When I became the President and CEO of Nobia in the autumn of 2010, I saw a company with high-quality production, a broad distribution network and strong brands. A number of acquisitions had laid the foundation for strong market positions and made Nobia Europe's leading kitchen company. Following the financial crisis of 2008 and subsequent recession, it was decided that the Group would be consolidated, for example, through co-ordinated purchasing and a Group-wide product range to thereby reduce costs.

A two-tier strategic plan focusing on growth and efficiency was prepared to improve the company's profitability, with the aim of achieving an operating margin (EBIT margin) of 10 per cent by 2014. We presented a strategic journey through which the company will be transformed into One Nobia and capitalise on synergies in purchasing, production, administration, marketing and various front-end activities to achieve higher selling efficiency. The roadmap and strategic initiatives were approved by the Board and communicated to the capital market for the first time in May 2011.

Setting priorities and reducing costs

A much flatter organisation was formed in line with Nobia's geographic regions and key selling channels to ensure a more rapid decision-making process. In addition, the first priority was to focus on cost reductions. Given the past years' declining kitchen market, it was necessary to adjust to reality and reduce the Group's fixed costs as soon as possible to ensure a lower break-even point. The first cost-out programme, involving the closure of around 30 stores and a considerable personnel reduction, was launched already in the autumn of 2010. In light of the general economic uncertainty and the continuing challenging market situation, further measures were taken to reduce costs in the autumn of 2011. These savings included additional lay-offs in all regions and more store closures. All in all, these programmes are expected to generate annual savings of around SEK 250 million from 2013, compared with the cost situation prior to the start of the programmes.

Reducing Nobia's fixed costs is necessary to safeguard the company's profitability and these measures give us headroom to implement strategic changes and to make investments for growth that are necessary for attaining long-term profitable growth. We will remain cost conscious, and all business units must adhere to certain profitability requirements and are reviewed regularly with regard to their contribution to the Group's overall performance. For example, our global brand Poggenpohl has been identified as a business unit that has not achieved satisfactory profitability, but with a new management team on board, it now has good potential to deliver a higher margin necessary to support and build such a fine brand.

Offensive investments in Hygena

Early on, we realised that radical action was needed to turn around the negative trend in Hygena, our French operation with a broad network of proprietary stores. After a thorough analysis of Hygena's strengths and weaknesses, ten unprofitable stores were closed in the second quarter of 2011. A decision was made in the third quarter to close a further 15 stores with inadequate potential and some ten stores were to be relocated. Consequently, 13 stores were closed in January 2012. For the remaining stores, we are implementing a far-reaching refurbishment programme.

An initial test-run of five stores showed a highly attractive return on investment in terms of significantly higher sales compared with non-renovated stores. Accordingly, a decision was made to accelerate this extraordinary refurbishment programme. As a result, the

WE ARE CREATING ONE NOBIA

majority of Hygena's stores were refurbished during the fourth quarter, while the sales personnel employed at these stores received additional training. Prior to the start of the sales campaign at the beginning of January, a total of 78 refurbished stores had been re-opened and a nationwide marketing campaign was carried out to draw consumers' attention to Hygena's new look and offering. At the same time, a new commission scheme was introduced for sales personnel.

Work on realising synergies

A Group-wide product range is key to realising economies of scale in purchasing, production and logistics. Accordingly, a very important activity that took place during the year was the harmonisation of our product range, under which the number of stock-keeping units for such product categories as doors, interiors, knobs and handles has been reduced by more than two thirds. The roll-out of the new, harmonised product range is proceeding according to plan with Magnet, HTH and Hygena being the first brands to offer parts of the new Group-wide range. The initial reception from employees and customers has been positive and we expect to see the first effects in terms of higher volumes and increased purchasing power by the end of 2012.

One of the aims of our strategy is to create larger, brand-independent plants to realise synergies in production. In line with this plan, four plants – one in each of the Nordic countries – were closed over the past two years, measures that have led to total annual cost savings of approximately SEK 150 million from 2012. The Nordic region has thus made considerable progress in large-scale manufacturing and production efficiency. However, the Group continues to have overcapacity in production and, accordingly, we are planning additional relocations of production and plant closures in other regions in forthcoming years.

We are also taking front-end initiatives for improved growth and efficiency. Going forward, we will invest more in innovation in our product range, and also in customer interaction. Much can be learnt from each other since we are a Group of comparable business units and we are implementing Group-wide guidelines on sales procedures, methods for benchmarking and the exchange of competences between the units. We are co-ordinating our efforts in building strong brands and designing efficient stores. Furthermore, we are continuously introducing efficient digital support, such as CRM systems, drawing systems and 3D virtual design applications. Another key initiative is pricing, where, in Hygena as a first case, we are using state of the art pricing tools to increase efficiency in this area.

The past year

The market situation in the past year was difficult with declining demand in several markets. Our largest individual market, the UK, experienced a decline for the fourth consecutive year and some of our competitors withdrew from the market after experiencing financial difficulties. Our other markets were also negatively affected by the heightened economic uncertainty. Net sales for the full-year declined 2 per cent organically. To adjust to the market conditions, cost-saving measures were implemented whereby the number of employees was reduced. Full-year earnings were maintained mainly due to price increases and cost-saving measures. Operating profit excluding restructuring costs amounted to SEK 518 million. The operating margin was 3.9 per cent, which is satisfactory given the difficult market conditions.

Future development

Since lead indicators such as consumer confidence and approved mortgages are at low levels, we have prepared for continuing challenging market conditions in 2012. While demand is relatively weak and competition high, direct costs for raw materials are at historically high levels. In these difficult market conditions, Nobia can leverage the important strengths of its healthy balance sheet, many possibilities for creating economies of scale in purchasing, high-quality production, strong brands and broad distribution network.

Nobia is currently undergoing a comprehensive change process and I am determined to continue to maintain a high momentum. In the upcoming challenging years, we have excellent conditions for consolidating our business and thereby creating a strong and efficient European kitchen Group.

In conclusion, I would like to thank Nobia's shareholders for their support of our long-term work, and all of our employees, who contributed to the development of One Nobia over the past year. I look forward to us continuing to execute on our strategy, focusing on growth and efficiency. By acting as One Nobia, I am convinced that we will develop and grow stronger.

Morten Falkenberg
President and CEO

FINANCIAL TARGETS

The aims of Nobia's financial targets are to generate favourable returns for shareholders and long-term healthy value growth. The company is steered towards three financial targets:

Profitability

The Group's operating margin (EBIT margin) is to amount to at least 10 per cent over a business cycle. This target is realised through the strategic initiatives defined in 2011. Furthermore, Nobia aims at organic growth that is 2–3 per cent higher than market growth and, in the long term, also growth through acquisitions.

Financing

The debt/equity ratio (net debt/shareholders' equity) shall not exceed 100 per cent. A temporary elevation of the debt/equity ratio is acceptable in conjunction with acquisitions.

Dividends

Dividends to shareholders shall on average comprise at least 30 per cent of net profit after tax. When decisions about the amount of the dividend are made, the company's capital structure is to be taken into consideration.

SALES GROWTH, %	2007	2008	2009	2010	**2011**
Organic change	7	0	–10	0	–2
Acquisitions, divestments and currency	1	–1	6	–9	–5
Total growth	**7**	**–1**	**–4**	**–9**	**–7**
Average annual growth*	12	10	8	6	5

* Calculated during the period 2001–2011.

OPERATING MARGIN PER REGION, %	2007	2008	2009	2010	**2011**
UK	8.6	5.6	4.2	4.2	4.4
Nordic	12.3	8.4	–1.4	4.9	7.6
Continental Europe	5.9	4.6	–0.4	–6.5	–8.1
Group total	**8.4**	**5.7**	**0.2**	**0.0**	**1.4**

INDEBTEDNESS AND CASH FLOW	2007	2008	2009	2010	**2011**
Net debt, SEK m	2,224	3,181	2,426	1,510	1,586
Operating cash flow, SEK m	949	163	803	641	9
Equity/assets ratio, %	40	37	38	41	42
Debt/equity ratio, %	54	77	62	44	45

DIVIDENDS TO SHAREHOLDERS, %	2007	2008	2009	2010	**2011**
Earnings/loss per share, SEK	5.50	3.13	–0.47	–0.53	0.42
Dividend per share, SEK	2.50	0	0	0	0*
Dividend as a percentage of net profit, %	45	N/A	N/A	N/A	N/A

* Board proposal.

Comments on the development

Nobia's sales are impacted by demand and competition in the European kitchen markets. Organic growth has varied significantly over the past few years, primarily due to major fluctuations in the economy. In 2011, sales fell 2 per cent organically.

The operating margin target has never been achieved although the margin peaked at 8.5 per cent in 2006. The Continental Europe region has reported an operating loss since 2009. The aim of Nobia's strategic plan is to enhance profitability and improve efficiency by capitalising on synergies and economies of scale.

Profitability fell in the wake of the financial crisis, and focus was directed to cash flow resulting in strong cash flows and lower net debt in 2009 and 2010. In 2011, operating cash flow declined mainly due to higher payments as a result of structural measures and a higher level of investment.

For 2011, the Board of Directors proposes to the Annual General Meeting that no dividend be paid. No dividend was paid in 2008, 2009 or 2010. Prior to these years, the average dividend ratio was 37 per cent.

OUR STRATEGY

A STRONG NOBIA

Since 2010, Nobia has been undergoing a process of change with the ultimate aim of achieving an operating margin of more than 10 per cent. In order to succeed, the Group needs to improve on capitalising on economies of scale and synergies, strengthen its sales channels and develop its customer offering.

The plan for achieving the operating margin target includes a number of initiatives that encompass the entire the Group and all parts of the operation. These strategic initiatives can be summarised under the headings of Efficiency and Growth, depending on whether they are efficiency-enhancing measures or aimed at increasing sales.

Over the past two years, focus has been targeted on efficiency-enhancing measures – increasing internal co-ordination and adjusting the cost level of the business to the market situation. This focus has resulted in substantial personnel reductions and fewer plants and stores. Meanwhile, a Group-wide range has been developed and work has started on centralising the marketing and purchasing functions. In addition, significant investments were made during the year to turn around the negative trend in the French operations (read more on page 14).

TOWARDS HIGHER PROFITABILITY

1996
Business in kitchens, windows, doors and construction products

2001
Acquisition of Magnet in the UK

2002
Listing on Stockholm Stock Exchange

2006
Acquisition of Hygena in France

2010
New organisation and new work methods

1996–2007

Growth through acquisitions

During its first decade as an independent company, Nobia expanded extensively, mainly through acquisitions. Sales rose and the company generated high returns, but no real consolidation of the business took place. Some 20 highly diverse kitchen companies were grouped together under the Parent Company Nobia which was a decentralised organisation with limited co-ordination.

2007–2010

Falling profitability

The financial crisis and subsequent recession entailed a considerably more difficult market situation. Nobia's sales declined, as did those for the European kitchen market in general. Profitability also fell and focus was directed towards cash flow and profit margins, partly by strengthening the cost focus.

2010–2013

Restructuring

A plan for capitalising on synergies and economies of scale was formulated and a number of strategic initiatives aimed at enhancing efficiency and improving profitability have been initiated. The ultimate aim is to create a strong Nobia and achieve an operating margin of more than 10 per cent by 2014. Improved earnings is creating a basis for growth and continued investments in innovative kitchens for our customers.

1998
Acquisition of kitchen operations in Finland

2000
Acquisition of Poggenpohl and Optifit in Germany, Myresjökök in Sweden, Invita in Denmark and Norema in Norway

2003
Acquisition of Gower in the UK

2004
Acquisition of ewe and FM in Austria

2008/2009
Strongly reduced profitability

CUSTOMER INSIGHT COMBINED WITH EFFICIENT PRODUCTION

Initiatives that collectively will lead to achievement of the operating margin target:

Growth:	• Differentiated brands • Strengthened sales channels • Enhanced sales efficiency *Read more on pages 12–14*	Expected to increase the operating margin by approximately 3 percentage points
Efficiency:	• Harmonised range • Centralised purchasing • Efficient production *Read more on pages 10–11*	Expected to increase the operating margin by approximately 3 percentage points
		3.9% EBIT margin 2011

STRATEGIC INITIATIVES

>> EFFICIENCY...

Nobia is carrying out measures to better capitalise on the economies of scale from being a large Group. Robust initiatives regarding a Group-wide range, co-ordinated purchasing, more efficient production and optimised logistics will create a significantly more efficient value chain, which will lower costs and improve margins.

The foundation of the improvement efforts is increased harmonisation of the range. An extensive review of the total product range of all brands in the Nobia Group was performed during the year. Based on this review, work on substantially reducing the product range was intensified.

Regional harmonisation based on existing structure

The new product range has been developed by a project conducted centrally and is based on the needs of various customer groups and local preferences. The original target of halving the original number of stock-keeping units, which initially totalled more than 200,000, can be exceeded. Overlapping in terms of similarities is eliminated and priorities are made so that a more efficient range can be launched. Accordingly, the number of units can be reduced without the various brands losing their ability to differentiate their customer offering in terms of design, customer benefit and quality. The number of items in the new range in large product categories, such as doors, fronts, interiors, knobs and handles was radically reduced.

For the cabinet range, economies of scale are primarily found in the design of the cabinets and not their size. The key aspect, therefore, regarding the cabinet range is to minimise complexity in each manufacturing unit.

Successive implementation

The new, more efficient Group-wide range started to be launched at the end of 2011. Hygena, Magnet and HTH were the first brands to receive parts of the harmonised range. The entire launch is taking place successively and follows the normal range-development cycle to minimise costs so as to replace existing kitchen showrooms and stock. A large part of the new range is planned to be introduced in 2012. The entire harmonised range is expected to be introduced in all sales channels and geographic markets by the end of 2013.

Reduced complexity is expected to result in financial economies of scale in both proprietary production and purchasing. The greatest savings potential can be generated for units with large volumes. An example is that the ten top selling door platforms in the new range previously represented more than half of Nobia's total sales volume in this product category.

Co-ordinated purchasing

Over the past two years an increasingly large share of the Group's purchasing has been centralised, and in 2011 a new range-based purchasing organisation was introduced that facilitates the build-up of expertise in each area. Nobia is endeavouring to reduce its number of suppliers to enhance flexibility, lower costs and raise the quality of purchased goods. The aim is to enter into more strategic partnerships with fewer key suppliers and increase the amount of purchases sourced from low-cost countries. In 2011, the percentage of purchases sourced from low-cost countries was about 10 per cent (6).

NUMBER OF DOOR PLATFORMS

250

Nobia's door platforms, which means the material composition and dimensions of cabinet doors, have been reduced from about 250 to 85.

85 –66%

NUMBER OF DOOR DESIGNS

1,380

Individual door designs, which means door platforms combined with surface finish and appearance, have fallen from about 1,380 to 310.

310 –77%

Targets

- Harmonised range
- Centralised purchasing
- Efficient production

More efficient production and logistics

Nobia's organisational structure derives from a completely decentralised structure of plants and individual supply chains linked to each brand. With a more homogenous range, Nobia has excellent conditions for creating brand-independent manufacturing, assembly and supply chain. As part of the efficiency process, the number of production units has been cut from 20 to 14 since 2009, which has reduced the Nobia Group's total production capacity by approximately 15 per cent.

Despite plant closures, the Group's total production system continues to have overcapacity. In light of this situation, the company's entire production, inventory and transport structure is being reviewed. The aim of the ongoing production and logistics restructuring is to strike a balance between a large-scale organisation and transport efficiency.

Read more about our efforts to increase growth >>

STRATEGIC INITIATIVES

...AND GROWTH

The kitchen industry is, in many respects, production oriented and has traditionally not been particularly successful at inspiring and engaging customers through the purchasing process. We want to change that. Nobia's aim is to realise kitchen dreams. In order to succeed, Nobia will develop its brands in relevant channels based on consumer insight, and enhance the level of innovation – in its range, products and customer interaction.

Numerous front-end initiatives were launched during the year with the overall aim of developing and co-ordinating sales channels and brands, as well as improving sales efficiency. The work involves all aspects, from development of brands and investments in individual channels to creating and introducing common sales procedures and guidelines on store design.

Differentiated brands

Well-defined brands are essential – for both consumers and professional customers – among the competition in the kitchen market. Nobia's brand portfolio primarily comprises strong, local brands in the mid-segment, tactical brands for a certain channel or with development potential also these in the mid-segment, as well as premium brands in the luxury segment.

Nobia is now developing a brand strategy that clarifies the brands' positions in the market and differentiates them in terms of target group and product range, while generating synergies to a greater extent in the form of shared processes and work procedures.

Innovation in a broad sense is a central aspect of brand differentiation. Going forward, Nobia will focus on a Group-wide and more innovative product and range development that will encompass several brands. The basis of future investments in marketing and product and range development is a comprehensive consumer analysis, according to which kitchen consumers in the mid-segment are categorised according to their needs, motives and purchasing patterns regarding kitchens.

Strengthened sales channels

Nobia has an extensive market coverage with own and franchise stores. It is also possible to purchase Nobia's products through specialist retailers and directly from each business unit. The multi-channel strategy has proven to be a strength during economic fluctuations and, historically, has contributed to Nobia's success. Sales via own stores allow for effective control of brand profiling, service offering and pricing levels. It also provides valuable knowledge about what end-customers prioritise; insights that will also benefit Nobia's professional customers.

Nobia is to have a clear channel strategy for each market in which the company operates. Existing sales channels are to be developed and new ones established once the necessary market conditions are in place. An example of how existing channels are strengthened is the improvement of the Hygena store network. This venture involves store refurbishment and staff training. Read more about Hygena on page 14.

Enhanced sales efficiency

To increase the rate of sales made, Nobia analysed the entire buying process last year from a customer perspective; from the first ideas about buying a new kitchen, to making a decision, delivery and aftermarket service. The analysis will lead to a joint, results-oriented purchase process that is convenient and engaging for customers. The exchange of know-how between the business units will increase, as will the distribution of best practice in such areas as sales procedures, store design and service offering. Group-wide key figures have been established to evaluate and compare the processes, methods and results between the various markets, and the experience gained from such digital support features as software programs and virtual environments for kitchen designs will benefit all business units.

Targets

- Differentiated brands
- Strengthened sales channels
- Enhanced sales efficiency

BRAND PORTFOLIO

Type of brand	Examples from Nobia's brand portfolio
Core brands	Magnet, HTH, hygena, Marbodal, AlCarta, sigdal, ewe
Tactical brands	myresjökök, NOREMA, PETRA
Premium brands	poggenpohl, uno form

Nobia has some twenty brands, most of which are strong locally and are directed towards consumers in the mid-segment. One way of structuring the brand portfolio is by core brands, tactical brands or premium brands.

NOBIA'S WAY TO CUSTOMERS

Market segment	Direct sales	Own stores	Franchise stores	Retailers
Consumers	•	•	•	•
Professional customers	•	•	•	•

Nobia's sales channels cover the entire spectrum and encompass direct sales, own stores, franchise stores and sales via retailers, meaning builders' merchants and DIY chains. Nobia's customers in all of its channels comprise both consumers and professional customers.

NEW HYGENA

Internal problems combined with a weaker economy and fierce competition contributed to both declining sales and profitability for the French chain of stores. A far-reaching investment project was initiated in 2011 aimed at turning around Hygena's performance.

Hygena was acquired in 2006 and is a French kitchen company with widespread brand recognition and an extensive network of stores throughout many parts of France. The past few years have been problematic for the French chain of stores in many respects. Maintenance and investments in the stores and range have been limited, while competition in the French kitchen market has intensified and market conditions deteriorated.

Robust action programme

To turn around Hygena's negative performance, a robust a action programme was initiated in 2011 that involved an overall review of the organisation, range and stores. This review resulted in the closure of ten unprofitable stores, that were not deemed to have sufficient potential to reverse the negative trend, in the second quarter. It was subsequently decided in the third quarter that about another 15 unprofitable stores with inadequate potential were also to be closed and about ten stores relocated. The remaining Hygena stores were decided to undergo extensive refurbishment.

Initial test-run

The first five stores were refurbished at the end of 2010 and during the first six months of 2011 as part of an initial test-run. The stores were remodelled from scratch, with flooring, walls, ceilings, lighting and furnishings all replaced. New displays were assembled, while designs were reworked and new sections added. For example, separate spaces were created for discussions with customers and the entire range of doors, worktops and handles was displayed at one location in the stores, allowing customers to put together their own designs and try different combinations.

In addition to attractive stores, the service provided by store personnel and their ability to present innovative kitchen solutions based on the needs of the individual customer are key competitive factors. Accordingly, during the month that each store was closed for refurbishment, store personnel received training in such areas as sales, the new design system, kitchen planning and regulations and appliances, with the aim of improving customer service and increasing the number of sales.

Accelerated refurbishment programme

The response to the first five refurbished stores was decidedly positive. Sales at these stores after refurbishment were significantly higher than in comparable stores during the same period. Following this positive outcome, a decision was made to accelerate the original refurbishment programme, resulting in a full 73 stores being refurbished during the fourth quarter. The remaining stores are scheduled for refurbishment during 2012, except for those stores to be relocated.

Refurbishing such a high number of stores in such a short time places high demands on planning and logistics. The project followed a structured process, which as far as possible took into account seasonal variations in sales with the requirements of efficiency and implementation.

Positive results

At the sales start at year-end 2011, a total of 78 refurbished Hygena stores had been reopened. Consumer attention was drawn to the changes to the Hygena offering through such activities as a nationwide televisions advertising campaign. The skills of store personnel are being continuously enhanced and the difference in the stores between before and after the refurbishment programme is very clear and will further increase in line with the new Group-wide range being fully rolled out.

Hygena stands for new design and personal advice. The refurbished stores include modern kitchen displays, areas where customers can learn about the range themselves and mini offices for advisory services.


hygena
les Cuisines, l'Electroménager et les Salles de Bains
Les Tentationnelles
-50%
Ne passez pas à côté de la tentation !
hygena

MARKET

In the wake of the financial crisis and general recession, the European kitchen market has experienced a weak development in recent years. Following a short-lived recovery in 2010, the market weakened again in 2011 due to rising economic uncertainty in Europe.

European kitchen market

The value of the European kitchen market is estimated at approximately EUR 12 billion*. The four single largest markets are Germany, Italy, the UK and France, which jointly represent more than 60 per cent of the total European kitchen market. Sweden, Norway, Denmark and Finland combined represent about 10 per cent of the total European kitchen market.

Market characteristics

The European kitchen market is highly fragmented and local. The markets in the various European countries are generally characterised by high competition between many small and locally strong companies. Similar to Nobia, many kitchen companies have more or less complete value chains encompassing all stages from production to consumer sales. Certain companies also have several kitchen brands in the same group, although few have operations in several different geographic markets.

In the fragmented European kitchen market, a total of five companies hold market shares of more than a couple of per cent. Other than Nobia, there are companies that focus on a specific part of the value chain or hold a strong position in certain large geographic markets, and there is a large furniture company that has kitchens as only one part of its total offering.

Trends and drivers

Demand for kitchens is affected by such factors as the general economic trend, consumer confidence, the housing-market trend, the new-build rate and rate of employment. General interest in interior decorating and product development in related industries such as appliances, also influence demand for kitchens.

A kitchen is made up of a number of parts, such as cabinets and drawers with doors, worktops, appliances, mixer taps, sinks and interior fittings, for example, cabinet fittings and lighting. In addition, kitchen specialists such as Nobia offer consumers assistance in designing, planning the kitchen, home delivery and installation. The offering to professional customers can also include service, transport and installation. Given the rising complexity of both kitchen solutions and peripheral services, the average investment in a kitchen is increasing.

On average, Europeans buy a new kitchen every 15 years, mainly when they move to a new home. For kitchen renovations, customers often also need to pay for certain labour for installation, laying the flooring and plumbing, in addition to purchasing the actual kitchen products. Tax reductions for renovations, remodelling and home extensions may therefore have a positive effect on the renovation market since they encourage consumer investments in repairs and maintenance.

In the Nordic region and the UK, kitchens are considered to be fixtures meaning that they are included in the sale of a flat or house, whereas, for example in France, a home is usually sold without any kitchen cabinets or appliances. As a result, the project market in Continental Europe is less extensive.

Kitchen consumers demand a wide range of choice, yet preferences have become increasingly homogenous in European countries. Choosing a kitchen has in many respects become more of a lifestyle issue and individual consumers may perceive the process of choosing a kitchen to be very complicated. Thus, along with quality and price, the kitchen design skills of the sales force and their ability to guide the customer through the entire decision-making process are key competitive advantages.

Nobia's position

Nobia is Europe's largest kitchen Group with operations spanning the entire value chain from manufacturing to sale, and encompassing all distribution channels. Nobia holds a strong position in the mid-segment in all of its markets, with strong local brands and high market presence in the form of 465 own stores and 182 franchise stores. Furthermore, Nobia operates in the luxury segment and with the international Poggenpohl brand also conducts sales in Eastern Europe, the US and Southeast Asia.

As a complete kitchen specialist, Nobia not only provides kitchen products and entire kitchen solutions but also assists customers with designing and planning their kitchens, assembly, home delivery and installation. Few other companies in the European kitchen market have Nobia's size and thereby its possibilities to capitalise on synergies in purchasing, production, administration, marketing and sales.

*Source: CSIL 2011.

NORDIC REGION

40%

of the Group's sales in 2011

read more on pages 20–21

UK REGION

34%

of the Group's sales in 2011

read more on pages 18–19

CONTINENTAL EUROPE REGION

26%

of the Group's sales in 2011

read more on pages 22–23

Magnet Innsbruck

Magnet Shaker

UK REGION

Net sales in the UK declined 8 per cent organically to SEK 4,481 million (5,198). Restructuring costs of SEK 24 million (107) were charged to operating profit. Excluding restructuring costs, operating profit for the region amounted to SEK 223 million (326) and the operating margin was 5.0 per cent (6.3). Negative currency effects of SEK 5 million (neg: 45) impacted earnings.

Market

About a fifth of the UK kitchen market consists of kitchen specialists, which in turn comprise a large number of independent retailers and several large specialist chains. The remaining market mainly comprises DIY chains, players that focus on small local builders, and the market for large new-build and renovation projects.

Demand in the UK kitchen market weakened during the year, meaning that the UK kitchen market has declined for four consecutive years since 2008. Several UK kitchen companies went bankrupt in 2011 due to lower demand, including the nationwide chain of stores, Moben.

Brands

In the UK, Nobia is represented by the brands of Magnet and Magnet Trade. In addition, Nobia has a B2B offering aimed at UK builder's merchants, including DIY chains.

Magnet Retail is a nationwide chain of wholly owned kitchen stores* that directly targets end-consumers. These kitchens, in the middle-price segment, are rigid and normally sold complete with comprehensive after-sales care.

Magnet Trade is a nationwide chain of wholly owned kitchen stores* focusing on local construction companies. Kitchen are rigid and kept in stock. Magnet Trade stores also offer a limited range of joinery products

B2B sales in the UK take place through the merged units of Interior Solutions and Gower, which deliver flat-pack kitchens to UK builder's merchants, including DIY chains. In addition to the actual kitchens, Nobia's offering to the retailers also includes category management: assistance with kitchen displays in stores, advertising, and training for sales and installation personnel.

Nobia's position

Nobia is one of the market leaders in the UK market with its nationwide network of 211 stores. Its broad channel presence has been a major advantage in times of lower demand. Sales in the UK comprise sales to end-customers, sales to local construction companies and B2B sales to builders' merchants. The share of sales in the two latter channels rose in 2011 and overall, Nobia retained its UK market share.

The challenges going forward are to increase sales and enhance the efficiency of the business.

* The main feature of Magnet kitchen stores is "mixed stores," entailing that both Magnet Retail and Magnet Trade have a presence in the same store. The UK also has dedicated stores of various sizes for Retail (for consumers) and Trade (for local construction companies).

Magnet Trade Denby

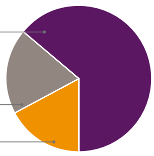
SIGNIFICANT EVENTS DURING THE YEAR

Weak demand was met with savings that resulted in significantly lower fixed costs. A total of 11 stores were closed during the year and the number of employees was considerably reduced.

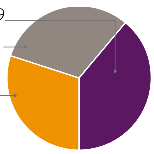
A Customer Relationship Management (CRM) system was implemented at Magnet. This CRM system is expected to generate major benefits, particularly in Trade, since tailored offers and loyalty programmes can be targeted towards profitable, professional customers.

Magnet further developed its Full Circle Service offer, which involves following up on installation work one year after a kitchen was purchased. The results of this extended level of service will be evaluated and used as a good example in other parts of the Nobia Group.

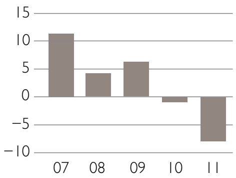
SALES PER PRODUCT, %



SALES CHANNELS, %



ORGANIC SALES GROWTH, %



KEY FIGURES	2010	**2011**	Change, %
Net sales, SEK m	5,198	4,481	–13.8
Gross profit excluding restructuring costs, SEK m	2,029	1,719	–15.3
Gross margin excluding restructuring costs, %	39.0	38.4	–
Operating profit excluding restructuring costs, SEK m	326	223	–31.6
Operating margin excluding restructuring costs, %	6.3	5.0	–
Operating profit, SEK m	219	199	–9.1
Operating margin, %	4.2	4.4	–
Operating capital, SEK m	724	822	13.5
Return on operating capital, %	30	24	–
Investments, SEK m	132	70	–47.0
Average number of employees	2,537	2,482	–2.2
Number of employees at year-end	2,846	2,496	–12.3

KITCHEN STORES	Owned
UK	211
Total	**211**

STORE TREND	
Refurbished or relocated	–
Newly opened, net	–11

OUR BRANDS

Magnet


Petra Iida Habitare


Myresjökök Aspekt

NORDIC REGION

Net sales in the Nordic region rose 7 per cent organically to SEK 5,276 million (5,092). Restructuring costs of SEK 63 million (82) were charged to operating profit. Excluding restructuring costs, operating profit for the region amounted to SEK 462 million (331) and the operating margin was 8.8 per cent (6.5). Positive currency effects of SEK 15 million (40) impacted earnings.

Market

The market in the Nordic region is characterised by a few large kitchen companies and many small, locally strong kitchen companies. Another characteristic of the Nordic kitchen market is its relatively large element of project sales, with customers comprising prefab home manufacturers and construction companies that have lead times of about nine months for their construction projects.

The housing market in the Nordic region weakened in recent years with major variations between the countries. The weaker economy in 2011 primarily affected the consumer markets in Denmark, Sweden and Finland, and to a lesser extent demand from end-customers in Norway. The professional kitchen market was more stable during the year, mainly due to persistently high levels of completed of new housing.

Brands

Nobia is represented in the Nordic region by the brands HTH, Invita and uno form from Denmark, Myresjökök and Marbodal from Sweden, Sigdal and Norema from Norway, and Petra, Parma, A la Carte in Finland.

HTH offers complete kitchen solutions to both consumer and project markets throughout Scandinavia. Sales take place through own and franchise stores. Flat-pack HTH kitchens can also be purchased online.

Invita sells rigid kitchens in customised, exclusive designs through its own stores and retailers, mainly in Denmark.

unoform produces exclusive and expertly handcrafted kitchens with distinctive designs. The kitchens are sold through own stores and retailers, mainly in Scandinavia.

Myresjökök is primarily sold to professional customers in the project market in Sweden, such as construction companies and prefab home manufacturers, where demand for large volumes of rigid cabinets with superior delivery quality is high. Because of Myresjökök's flexible offering, project customers can offer their home customers a large degree of freedom when choosing their kitchens.

Marbodal is a well-known kitchen brand in Sweden and is sold in own stores and franchise stores, and to both end-consumers and professional customers through other retailers. Marbodal kitchens are also sold in Norway.

Sigdal offers rigid kitchens in Norway to consumers and construction companies through specialised kitchen stores, builders' merchants and other retailers.

Norema sells rigid kitchens to consumers and construction companies through own stores and other retailers in Norway. Some sales are also made to construction companies.

Petra, ***Parma*** and ***A la Carte*** are sold in Finland through specialised kitchen stores, builders' merchants and directly to construction companies. Sales through kitchen stores mainly comprise sales via the franchise chain KeittiöMaailma and the Nettokeittiöt concept, which is a dedicated channel for flat-pack kitchens.

Nobia's position

With its strong local brands, Nobia is the leader in the middle-price segment of the Nordic kitchen market. Market coverage is extensive with a total of 258 kitchen stores, of which about a third are own stores and about two thirds are franchise stores. Nobia is also the market leader in new-builds and sales to small and large construction companies and house manufacturers, with highly developed service concepts and documented ability to ensure large-scale deliveries.

The challenges going forward involve improving profitability and clarifying the positions of the sales channels and brands.

Marbodal Ekerö

SIGNIFICANT EVENTS DURING THE YEAR

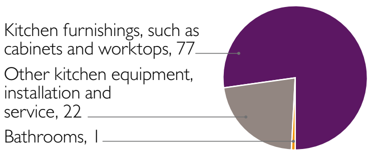
In Sweden, production was relocated from Älmhult to Tidaholm. The relocation is expected to generate annual savings in production and supply chain of approximately SEK 20 million. At the same time, the brand-independent plant in Tidaholm doubled its production volumes.

As part of the cost-saving programmes, 27 stores were closed mainly in Norway and Denmark, and the number of employees was considerably reduced. Following an analysis of the Nordic brand strategy, Invita was focused to the Danish market.

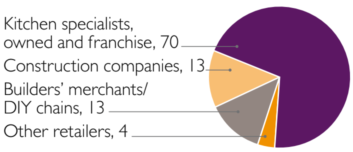
To clarify responsibilities and decision-making channels, the Nordic operations were divided into separate organisations for the different countries. New Heads of Nobia Denmark, Nobia Norway and Novart, Nobia's Finnish business, were appointed.

The introduction of the new Group-wide range in HTH stores began at the end of the year, with the range presented at showroom premises in Tidaholm.

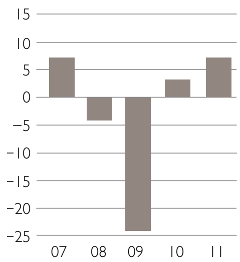
SALES PER PRODUCT, %



SALES CHANNELS, %



ORGANIC SALES GROWTH, %



KEY FIGURES	2010	**2011**	Change, %
Net sales, SEK m	5,092	5,276	3.6
Gross profit excluding restructuring costs, SEK m	1,945	2,019	3.8
Gross margin excluding restructuring costs, %	38.2	38.3	–
Operating profit excluding restructuring costs, SEK m	331	462	39.6
Operating margin excluding restructuring costs, %	6.5	8.8	–
Operating profit, SEK m	249	399	60.2
Operating margin, %	4.9	7.6	–
Operating capital, SEK m	898	881	–1.9
Return on operating capital, %	28	45	–
Investments, SEK m	100	120	20.0
Average number of employees	2,812	2,831	0.7
Number of employees at year-end	2,945	2,767	–6.0

KITCHEN STORES	Owned	Franchise
Denmark	45	34
Sweden	14	23
Norway	15	35
Finland	0	83
Other countries	3	6
Total	**77**	**181**

STORE TREND	
Refurbished or relocated	–
Newly opened, net	–27

OUR BRANDS


ewe astrale


Hygena City

CONTINENTAL EUROPE REGION

Net sales in Continental Europe declined 6 per cent organically to SEK 3,368 million (3,805). Restructuring costs of SEK 202 million (214) were charged to operating profit. Excluding restructuring costs, operating loss for the region amounted to SEK 70 million (loss: 33) and the operating margin was a negative 2.1 per cent (neg: 0.9). Positive currency effects of SEK 10 million (neg: 5) impacted earnings.

Market

The kitchen market in Continental Europe is highly fragmented and local in nature. Nobia's main markets in the region are France, Austria and Germany. There are many market players in France, including large furniture chains and kitchen specialists. Two kitchen companies dominate in Austria, one of these is Nobia's ewe/FM. As in Germany, the major furniture stores in Austria hold a strong position in terms of kitchen distribution. Germany has many small kitchen suppliers and a couple of large kitchen companies, which also hold strong positions in neighbouring markets.

Demand for kitchens in Continental Europe has been at a low level in recent years. General economic uncertainty in 2011 primarily affected consumer markets in southern Continental Europe.

Brands

In the Continental Europe region, Nobia is represented by Hygena, ewe, Intuo, FM and Optifit. German Poggenpohl is Nobia's only global brand.

Hygena offers complete kitchen solutions, which are delivered in flat packs at attractive prices. Kitchens are sold through wholly owned stores, mostly in France. Hygena's kitchen cabinets are produced by Optifit in Germany.

ewe symbolises modern design in the upper-middle-price segment. The kitchens are predominantly sold through furniture chains and independent kitchen companies in Austria.

Intuo offers Austria kitchen solutions to the quality-conscious consumer in the upper-middle-price segment. Intuo kitchens are produced in Austria and sold through retailers.

FM offers kitchens with traditional design and a high degree of functionality, such as solid-wood doors and height-adjustable cabinets. Sales channels are primarily furniture stores and independent kitchen stores in Austria.

Optifit sells flat-pack kitchens to Hygena, and to DIY chains, independent kitchen stores and furniture chains in Germany. Optifit also offers bathroom series under the Marlin brand.

Poggenpohl is one of the few internationally recognised kitchen brands. The production of these exclusive kitchens is carried out in Herford, Germany with distribution to all continents. Complete kitchen solutions are sold to end-consumers in Europe, the US and Southeast Asia through some 35 own stores in major cities, to independent kitchen stores and to professional customers in the project market.

Nobia's position

Nobia's market share of the Continental European kitchen market is modest. Hygena, which is a well-known brand in France, represents the largest share of the Group's sales in Continental Europe. Nobia's strongest position in the region is in Austria, where the company holds the number two position. In Germany, Nobia is a relatively small player but the German brand of Poggenpohl is very strong in the global luxury market.

The challenges going forward are to continue to reduce manufacturing and assembly costs. Particular emphasis will be directed to turning around Hygena's negative performance in recent years and improving the profitability of Poggenpohl.

Poggenpohl Artesio

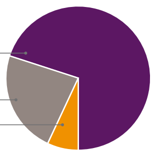
SIGNIFICANT EVENTS DURING THE YEAR

Major investments were made in Hygena to turn around the negative trend. Maintenance of the company's stores was long overdue and following an initial test involving the total refurbishment of five stores, the original refurbishment programme was accelerated. By year-end, 78 Hygena stores had been refurbished, staffed with trained personnel and a partly new range. Read more about Hygena on page 14.

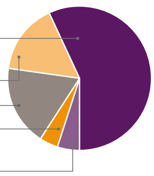
A new management team for Poggenpohl was appointed and an action plan to improve profitability was formulated to enable continued investments in world-class innovative kitchens.

As part of the cost-saving programmes, 13 stores in the region were closed and the number of employees was considerably reduced.

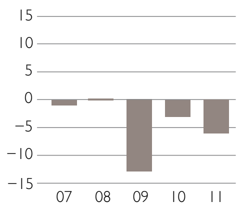
SALES PER PRODUCT, %



SALES CHANNELS, %



ORGANIC SALES GROWTH, %



KEY FIGURES	2010	**2011**	Change, %
Net sales, SEK m	3,805	3,368	–11.5
Gross profit excluding restructuring costs, SEK m	1,501	1,319	–12.1
Gross margin excluding restructuring costs, %	39.4	39.2	–
Operating loss excluding restructuring costs, SEK m	–33	–70	–
Operating margin excluding restructuring costs, %	–0.9	–2.1	–
Operating loss, SEK m	–247	–272	–10.1
Operating margin, %	–6.5	–8.1	–
Operating capital, SEK m	421	489	16.2
Return on operating capital, %	–59	–56	–
Investments, SEK m	114	274	–
Average number of employees	2,298	2,110	–8.2
Number of employees at year-end	2,369	2,112	–10.8

KITCHEN STORES	Owned	Franchise
France	140	–
Germany	8	1
Austria	1	–
Other countries	28	–
Total	**177**	**1**

STORE TREND	
Refurbished or relocated	78
Newly opened, net	–13

OUR BRANDS

hygena ewe INTUO FM OPTIFIT poggenpohl

INSPIRATION:

THE PERSONAL KITCHEN

For many years, interior decorating has been about creating a nest, a complete home, a place with a heart, but most of all it has involved designing a home the feels personal and authentic. The kitchen is no exception. A modern and personal kitchen should be aesthetically pleasing and functional, but also be a joy to spend time in.

New requirements

Kitchen needs have changed since kitchens now often open on to living rooms. Standardised solutions are combined with individual choices. A kitchen should be comfortable and homely but also be integrated with the latest technology. This is a challenge that we at Nobia are pleased to help solve. Classic living-room functions, such as bookshelves, are becoming commonplace in the kitchen, although we are also seeing an increase in the use of such materials as stone, wood, glass and textiles. Kitchens are becoming less sterile and there is greater emphasis on choosing materials that add a sense of being like living-room furniture.

Mix of materials

Modern kitchens comprise several different parts to create a more personal and authentic feeling. We not only mix different colours but also materials and styles. In the future, we will see new mixes of styles and unexpected combinations of materials. Glass and marble have, for example, already appeared in many kitchens. The minimalistic kitchen has not disappeared, but has become a little softer and more down-to-earth.

More than just fluorescent lighting

Good lighting has been a given for many years. However, the trend if using more glass and open storage in the kitchen has increased consumers' needs for decorative lighting. LED lighting is planned to be integrated behind glass doors, in open shelves and in drawers, etc. Lighting is a simple way of giving character to a white kitchen.

Open storage

One of the most important trends that fulfils our need for organising things that we want to display or use often is open storage. Shelves are often a simple form of expression that shows off the things that we believe give our kitchens personality.

NORDIC

MATT AND WHITE


HTH Sense

Preferences in the Nordic countries are for varnished doors, and more often matt than gloss. White is by far the most common colour in Nordic kitchens. Softer colours may also be chosen, usually shades of beige, grey and white. There are also differences in customer preferences between the Nordic countries, for example, regarding the number of sinks; where in Denmark it is most common to have a sink without a draining board, while most consumers in Sweden and Norway prefer more than one kitchen sink.

UK

MODERN OR TRADITIONAL


Magnet Trade Denby

UK consumers prefer either modern, white-varnished, gloss, smooth doors or wooden doors, usually oak in the Shaker style, which is a simple and pure design style. An increasingly popular trend and higher demand in the UK has been noted for painted wooden doors in the traditional style, particularly the "In-Frame" style.

FRANCE

MORE COLOUR AND LESS SPACE


Hygena City

Demand in the French market is for more colours on both modern and traditional fronts. Popular colours among French kitchen consumers are burgundy and various shades of grey and purple. Kitchen work surfaces are generally smaller in France, meaning that it is even more important to design optimal kitchen solutions.

DID YOU KNOW THAT...

...the average kitchen contain 19 pots and pans

...about 25% hang their knives to store them

...almost 50% prefer to keep their fruit on the worktop

...in the UK, the washing machine is often in the kitchen

...customers in Germany and Austria make the highest technical demands

...Hygena's range includes a special drawer for storing baguettes

FINANCIAL OVERVIEW

During the year, Nobia continued to carry out its change work aimed at enhancing the efficiency of purchasing and the product range so as to reduce complexity and costs. Nobia also intensified the refurbishment of Hygena stores in France and adjusted costs and the organisation of various business units to the prevailing market conditions. These far-reaching structural measures totalled SEK 334 million in 2011.

NOBIA GROUP SUMMARY

	2010	**2011**	Change, %
Net sales, SEK m	14,085	13,114	–7
Gross margin, %	39.1	39.1	–
Operating margin before depreciation and impairment losses, % (EBITDA)	6.9	7.0	–
Operating profit, SEK m (EBIT)	517	518	0
Operating margin, %	3.7	3.9	–
Profit after financial items, SEK m	432	435	1
Profit/loss after tax, SEK m	–89	69	–
Earnings/loss per share, after dilution, SEK	–0.53	0.42	–
Operating cash flow, SEK m	641	9	–99
Return on capital employed, %	0.4	3.6	–
Return on shareholders' equity	–2.4	2.0	–
Number of employees at year-end	7,430	8,203	–9

All figures except net sales, profit/loss after tax, earnings/loss per share, operating cash flow, return on capital employed and return on shareholders' equity have been adjusted for restructuring costs.

Significant events

In January 2011, Nobia presented a flatter organisation to enable quicker decision-making. Under the change, the functions that reported to the Chief Commercial Officer (CCO) and the Chief Operations Officer (COO) instead report directly to the President, Morten Falkenberg.

It was announced ahead of the release of the year-end report in February 2011 that restructuring costs of SEK 275 million had been charged to the fourth quarter of 2010 to strengthen Nobia in the short term. The year-end report announced that approximately 385 employees would leave the Group.

A new Group management team for Nobia was appointed in March. Group management now comprises individuals with clear responsibilities for business units or central functions. Grace Pardy took office as the Head of Group Marketing. Per Kaufmann took office on a permanent basis as the Head of Continental European Retail.

In May 2011, Nobia held a Capital Markets Day and presented initiatives for achieving the Group's margin target of 10 per cent.

In August, it was announced that Lars Völkel was to become the new Head of Poggenpohl on 1 September 2011.

In light of the financial uncertainty in Nobia's markets, the company announced in October that a number of business areas would undertake additional measures for adjusting their costs. The action programme involved the closure of about 30 stores in France, Denmark and Norway and approximately 450 employees will leave the Group. Meanwhile, it was announced that the refurbishment of Hygena's stores would be intensified in the fourth quarter.

At the end of October, it was announced that Lars Bay-Smidt would become the new Head of Nobia Denmark on 1 November 2011.

The transfer of production from Älmhult to Tidaholm was completed in December and Hygena, HTH and Magnet started to sell parts of the new Group-wide range.

At year-end, 78 Hygena stores had been completed under the refurbishment programme that had been initiated early in the year.

The Group had 7,430 employees (8,203) at year-end.

Of the approximately 30 stores in France, Norway and Denmark were decided to be closed in the third quarter, 11 had closed at year-end and another 13 were closed in January 2012.

The Group's earnings and financial position

Earnings per share for the year after dilution amounted to SEK 0.42 (loss: 0.53). Earnings per share for the year after dilution excluding restructuring costs amounted to SEK 1.81 (1.86).

Net sales amounted to SEK 13,114 million (14,085). The Group's organic growth, meaning the change in net sales for comparable units and adjusted for currency effects, was negative 2 per cent compared with the preceding year. Organic growth for the Nordic region was positive, while the UK region and Continental Europe regions reported negative organic growth.

The store network decreased during the year. At year-end, the total number of stores amounted to 647 (698). The total number of stores includes both own and franchise stores.

The Group's operating profit amounted to SEK 184 million (6). Lower volumes and restructuring costs of SEK 334 million (511) had a negative impact on earnings. The operating margin amounted to 1.4 per cent (0.0). Operating profit excluding restructuring costs was SEK 518 million (517). The operating margin excluding restructuring costs totalled 3.9 per cent (3.7). The effect of lower volumes on operating profit for the year was offset in Nobia by lower costs and price increases.

In the UK region, net sales fell 14 per cent due to negative currency effects and lower volumes in Magnet. In the Nordic region, net sales rose 4 per cent, primarily due to higher delivery levels to professional customers. In the Continental Europe region, net sales were 11 per cent lower compared with 2010. Adjusted for divested Pronorm, net sales in the region declined 10 per cent, due to lower volumes in Hygena and Poggenpohl.

Financial items amounted to an expense of SEK 83 million (expense: 85). Net financial items included the net of return on pension assets and interest expense on pension liabilities corresponding to a negative amount of SEK 27 million (neg: 37). Profit after financial items improved to SEK 101 million (loss: 79).

Profit after tax rose to SEK 69 million (loss: 89). Tax revenue of SEK 25 million for the preceding year was mainly attributable to capitalised loss carry-forwards and tax refunds in the UK.

Operating cash flow declined to SEK 9 million (641) due to higher payments for restructuring measures, lower advance payments and slightly higher capital tied up in inventories and accounts receivable.

Investments in fixed assets totalled SEK 471 million (347), of which SEK 291 million (107) related to investments in the store network.

The Group's capital employed amounted to SEK 5,269 million (5,323) at the end of the period. Net debt totalled SEK 1,586 million (1,510) at year-end. The debt/equity ratio amounted to 45 per cent (44 per cent) at year-end.

Provisions for pensions, which are included in net debt, amounted to SEK 565 million (587) at the end of the period. At year-end 2011, unrecognised actuarial losses amounted to a total of SEK 184 million (loss: 67).

Shareholders' equity at year-end amounted to SEK 3,525 million (3,446).

The equity/assets ratio at year-end totalled 42 per cent (41).

Nobia's credit framework, which is valid until 2015, amounted to SEK 2.8 billion excluding overdraft facilities. At the end of December 2011, SEK 1.7 billion of this was unutilised.

Significant events after the end of the year

With the purpose of simplifying relevant decision channels and thus enabling a more effective process when harmonising the product range and streamlining the purchasing process, a new organisation was introduced on 16 January 2012. The change entails that Nobia's production, purchasing and range organisation will be integrated and placed together in a new joint function. In conjunction with this, responsibility for range strategy, product development and design was transferred to the new global marketing function.

Future outlook

Demand for kitchens normally follows the same business cycle as other consumer discretionary products. Given the prevailing economic climate, future demand trends are deemed to be uncertain, particularly in the UK and Continental Europe regions. In total, market conditions in 2012 are deemed to remain challenging.

Several projects were started during 2011 to increase long-term efficiency, and leverage the Group's size. In addition, cost-saving measures were implemented that are expected to generate annual savings of about SEK 125 million and reach their full effect from the fourth quarter of 2012.

Personnel

The average number of personnel in 2011 amounted to 7,475, compared with 7,681 in 2010. This decrease is primarily due to cost-saving measures in all regions. The number of employees at year-end was 7,430 (8,203).

Nobia's vision of becoming a leading kitchen specialist requires innovative thinking and motivated employees. Competence sourcing at all levels is thus a key process for Nobia. Nobia's HR function is responsible for ensuring a standardised approach to the management of employee-related issues in the Group, and is also responsible for developing and supporting Nobia's managers by providing recruitment tools, skills analyses and change leadership. HR is also reviewing such remuneration issues as fixed and variable salary, pensions and incentive programmes.

Environment

In Sweden, the Group conducts activities within Marbodal AB and Myresjökök AB that require a permit according to the Swedish Environmental Code. These activities impact the external environment mainly through noise levels, and emissions to air from the surface treatment of wooden parts. The County Administrative Board administers these licensable activities.

In 2009, an application for final conditions for the Tidaholm plant was lodged with the County Administrative Board for a decision. The claim was processed by the County Administrative Board, but issues regarding noise limitation levels remain unsolved. A mandatory periodic inspection was conducted during 2011 together with the County Administrative Board and the report stated that the plant had the necessary permits. A new driveway to the plant is being planned jointly with the Municipality of Tidaholm to reduce noise from transportation vehicles to nearby residential areas. Myresjökök's appeal in relation to one of the conditions in the licence decision concerning noise levels in the Älmhult plant was heard in 2009. The decision also remains firm for 2011, but the County Administrative Board of Kronoberg has agreed to postpone the noise inquiry due to Nobia's decision to relocate Myresjökök's assembly and distribution of kitchens from Älmhult to the Tidaholm plant. The outstanding noise inquiry is expected to take place during the first six months of 2012. The licensing issue will be administered by the operation in Tidaholm. In Älmhult, Myresjökök's marketing organisation has ISO 14011 certification. In Tidaholm, Marbodal's marketing and production organisation has ISO 14011 certification.

Emissions levels for volatile organic compounds are well within the limits stipulated by the permits for both the plant in Tidaholm and the plant in Älmhult. The licensable-activities production in Sweden corresponds to less than 10 per cent of consolidated net sales.

Kg	Amount of solvents consumed	Amount of solvents used for destruction	Total emissions
Älmhult	11,599	8,741	2,858
Tidaholm	26,743	5,339	21,404

Nobia also responded to the Carbon Disclosure Project (CDP) questionnaire in 2011, and participated in the Sustainable Value Creation project, an initiative by Sweden's largest investors and shareholders.

Parent Company

The Parent Company is a limited liability company domiciled in Sweden. The address of the head office is Klarabergsviadukten 70 A, SE-107 24, Stockholm. The Parent Company is listed on the NASDAQ OMX in Stockholm. The Parent Company's operations comprise Group-wide functions and the ownership of subsidiaries. Profit after net financial items amounted to SEK 58 million (2) and primarily comprised Group contributions received, and dividends from subsidiaries.

The share and ownership structure

Nobia's share capital amounts to SEK 58,430,237, divided between 175,293,458 shares with a quotient value of SEK 0.33. Each share, apart from own shares, entitles the holder to one vote and the right to a share of the company's capital and profits. Nobia has only one class of share. In 2007 and 2008, Nobia repurchased a total of 8,162,300 own shares at a value of SEK 468,056,934 under the authorisation mandate granted by the 2007 and 2008 Annual General Meeting. The total number of shares bought back corresponds to 4.7 per cent of the total number of shares. The aim was to enable whole or partial acquisition financing through payment using treasury shares, as well as to adjust the company's capital structure to thereby contribute to higher shareholder value. The mandate enables the buy-back of a maximum of 10 per cent of the total number of registered shares in the company. The 2011 Annual General Meeting authorised the buy-back of treasury shares but no additional shares were bought back in 2011.

The ten largest owners held about 66 per cent of the votes. The single largest shareholder in Nobia, Nordstjernan, represented 18.2 per cent of the number of votes for 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 lenders are 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 lenders and Nobia. If an agreement is not reached, the lender is entitled to terminate all outstanding loans for immediate payment.

More information on share capital and shareholders is presented on pages 82–83.

Remuneration guidelines and other employment conditions for Group management 2011

The guidelines for 2011 essentially correspond with the proposed guidelines for 2012 below, except for the incentive programme proposed by the Remuneration Committee. It is proposed that the former recurring employee share option scheme be replaced with a share-based programme based on matching and performance shares, as described below.

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.

The Remuneration Committee performs annual follow-ups and evaluations of the ongoing variable-remuneration programmes, and the programmes completed during the year. The Remuneration Committee also monitors and evaluates the application of the principles for remuneration and other employment conditions for Group management concerning remuneration structures and remuneration levels, and otherwise considered needs for changes. Following on from its evaluations, the Remuneration Committee stated that remuneration to senior executives in 2011 conformed to the remuneration guidelines decided at the 2011 Annual General Meeting. In the Remuneration Committee's opinion, the application of these guidelines was correct.

From 2005, Nobia's long-term incentive programmes comprised an employee share option scheme for senior executives. The purpose was 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 Remuneration Committee's follow-ups and monitoring of the Group's employee share option scheme have indicated a need for a slight structural change and, accordingly, for the 2012 Annual General Meeting the Board has prepared a new long-term share-based remuneration scheme based on matching and performance shares, see below.

Proposal on remuneration guidelines and other employment conditions for Group management 2012

The Board of Directors of Nobia AB proposes that the 2012 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 eleven individuals.

Basing its opinion on, for example, the evaluation performed by the Remuneration Committee, the Board believes that the proposed proposal on remuneration guidelines and other employment conditions for Group management – which essentially conform to those guidelines adopted by the 2011 Annual General Meeting – represents an appropriate balance between fixed cash salary, variable cash salary, long-term share-based remuneration, pension conditions and other benefits. Nobia's policy stipulates that total remuneration shall correspond to market levels. A continuous International Position Evaluation is performed to ensure 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 other senior executives following a decision by the Board. The variable salary portion is normally divided between several targets, such as the Group's earnings, earnings in the business unit for which the manager is responsible and individual/qualitative targets. 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 Board's Remuneration Committee.

In the event of a maximum outcome, which presupposes that all bonus-related targets are fulfilled, the variable salary costs for Group management are estimated to amount to approximately SEK 11,179,000 (excluding social security contributions). The calculation is based on the current composition of Group management. Members of Group management are entitled to a pension under the ITP system or equivalent. The 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.

Following decisions taken at the Annual General Meeting, the Group has implemented an annual employee share option scheme since 2005. Within the framework of each scheme, employee share options were allotted free of charge, but exercising the options is conditional on a rising scale based on the average increase in earnings per share during a three-year vesting period. The vesting periods for the 2005 to 2008 schemes have expired and for the 2009, 2010 and 2011 schemes the earnings trend determines the number of employee share options that may be exercised of the total number of allotted employee share options. The 2009 employee share option scheme encompasses a total of 131 senior executives, including Group management. The 2010 employee share option scheme encompasses a total of 104 senior executives, including Group management. The 2011 employee share option scheme encompasses a total of 105 senior executives, including Group management. The employee share options may lead to costs for the Nobia Group in the form of social security contributions when the options are exercised and accounting costs as stipulated in IFRS 2, in accordance with the figures reported at the 2009, 2010 and 2011 Annual General Meetings. The social security contributions are estimated at approximately 20 per cent of the growth in value of the employee share options. However, the employee share options allotted under the 2009 scheme will not be utilised, since the performance targets for this scheme were not achieved, which is why the scheme will not lead to any costs.

The Board has proposed that the Annual General Meeting decide on a long-term share-based savings programme (a Performance Share Plan). This plan is based on the participants investing in Nobia shares that are "locked into" the plan. Each Nobia share invested in under the framework of the plan entitle the participant, following a three-year vesting period and provided that certain conditions are fulfilled, to allotment of matching and performance shares in Nobia. The conditions are linked to the participant's continued employment and ownership of invested shares, as well as fulfilment of a financial target. The estimated costs for the plan for the President and Group management are based on the accounting policies in accordance with IFRS 2 and given a share price of SEK 26.80 amount to approximately SEK 10 million. This figure includes costs for social security contributions. The costs are distributed over the three-year qualification period.

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

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	1,718,825,490
Net profit for the year	56,949,800
Total SEK	**1,828,000,776**

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

To be carried forward	1,828,000,776
Total SEK	**1,828,000,776**

The Board of Directors proposes that all profits at the disposition of the Annual General Meeting be carried forward and that no dividend be paid for the 2011 fiscal year.

Restructuring costs – an overview

Nobia has implemented a number of restructuring measures during recent years, aimed at reducing the cost base.

Cost-saving measures were also implemented to adjust the cost level to the prevailing market situation. These measures resulted in costs of SEK 171 million that were charged to the 2011 income statement. The initiative entails that approximately 450 employees will leave the Group. The Group's cash flow in 2012 will be charged with an estimated SEK 114 million. This initiative is also expected to lead to annual savings of approximately SEK 125 million, which will be introduced successively and reach their full effect from the fourth quarter of 2012.

In 2011, restructuring costs totalled SEK 334 million (511), of which SEK 163 million was related to efficiency enhancements and SEK 171 million was related to cost-saving measures, and were charged against operating profit. Restructuring costs for 2010 included a loss of SEK 72 million from the divestments of Culinoma and Pronorm. Restructuring measures impacted the cash flow by SEK 241 million, of which SEK 122 million was derived from restructuring measures implemented in previous years.

Remaining restructuring reserves at the end of the year totalled SEK 280 million.

The savings generated by these measures will enable significant investments in product and service development, brand-enhancement measures, store development and training initiatives for Nobia's sales personnel.

RISKS AND RISK MANAGEMENT

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.

All business operations are associated with risks. Risks that are well managed can create opportunities, whereas risks that are not managed correctly may lead to damage and losses. The aim of Nobia's risk management is to create awareness of risks and consequently limit, control and manage them, while 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 shareholders for the company's risk management. Company management regularly reports on risk issues to the Board.

Strategic risks

Corporate-governance and policy risks

Corporate-governance and policy risks are managed by Nobia 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 34.

Business-development risk

Risks associated with business development, such as company acquisitions, are managed by using a systematic process (known as due diligence) and subsequent follow-ups of acquisitions compared with original plans. More long-term risks are initially addressed by the Board in its Group strategy planning. In conjunction with this, Nobia's business development is evaluated and discussed based on external and internal considerations.

Operating risks

Market and competition

Nobia operates in markets exposed to competition, many of which are relatively mature, meaning that underlying demand in normal market circumstances is relatively stable. However, price competition is intense and in 2011, several players in the UK departed from the market after experiencing financial difficulties.

Demand for Nobia's products is influenced by trends in the housing market, whereby housing prices, the number of property transactions and access to financing for housing are key conditions. It is estimated that four fifths of the European kitchen market comprises renovation purchases and one fifth 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.

Market risks in 2011 increased in the UK and Continental Europe regions, where demand for kitchens was generally weak compared with 2010. The market trend in the Nordic region was positive with a slight weakening towards the end of the year. The downturn was mainly caused by a weaker trend in the consumer segment, while the performance of the professional segment remained positive. Nobia has a structured and proactive method for following demand fluctuations. Robust measures and the Group's cost-saving programme for adjusting capacity have proven that Nobia can rapidly adjust its cost level when demand for the Group's products falls. In 2011, Nobia intensified its focus on pricing, which had a positive impact on net sales compared with 2010.

Customers

Kitchens to end-consumers are sold through almost 650 specialised kitchen stores and through DIY stores, furniture stores and other retailers. Conducting sales through own and franchise stores is a deliberate strategy to influence the kitchen offering that will allow for such advantages as co-ordination of the Group's supply chain. A higher percentage of own stores will entail a larger share of fixed costs, which increases risk but also provides more opportunities for Nobia 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 elevated risk of losing sales if a large customer is lost as well as increased credit risk.

Supply chain

A total of about 60 per cent of Nobia's 2011 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 has a relatively high percentage of temporary labour.

In 2011, Nobia purchased materials and components valued at approximately SEK 5.4 billion, of which about 15 per cent pertained to raw materials (such as chipboard), 60 per cent components (such as handles and hinges) and 25 per cent 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 in the global market or the company's suppliers' ability to deliver. Nobia's sourcing organisation works closely with its suppliers to ensure efficient flows of materials. The market prices of raw materials rose in 2011 and compared with 2010 the cost of chipboard, for example, was 15-20 per cent higher in 2011. The Group's sourcing and production are continuously evaluated to secure low product costs.

Property risks in the form of loss of production, for example, in the event of a fire, are 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.

Restructuring measures

Nobia's ability to increase profitability and returns for shareholders is heavily dependent on the Group's success in developing innovative products, maintaining cost-efficient manufacturing and capitalising on synergies. Managing restructuring measures is a key factor in maintaining and enhancing Nobia's competitiveness. In 2011, the Group's product-range development, production and purchasing continued to be co-ordinated. The brand portfolio and commercial strategy were also evaluated. The strategic direction is described in more detail on pages 8–13. The implementation of these plans entails operating risks, which are addressed every day in the ongoing change process. Restructuring is a complex process that requires the management of a series of different activities and risks.

Another programme aimed at reducing costs throughout the entire Group was initiated in the third quarter of 2011.

Human capital risks

Nobia endeavours to be an attractive employer, which is a key success factor. To ensure availability of and skills development for motivated employees, manager sourcing and managerial development is administered by a central unit at Nobia.

Political and legal risks

Nobia's products are encompassed by international and local regulations regarding environmental impact and other effects arising in the production of kitchens, 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.

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 refurbishment or changes to the taxation of residential properties may influence trends in demand. The tax deductions on the labour for home renovations have, for example, had a positive effect on demand in many of the Nordic countries.

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. For further information regarding financial risks, refer to note 2 (Financial risks) on page 55.

Impairment testing of goodwill

Nobia's balance sheet includes acquisition goodwill totalling SEK 2,681 million. The value of this asset item is tested annually, most recently in conjunction with the closing of the annual accounts. For a more detailed description, refer to note 14 Intangible assets on page 63.

Calculation of pension liabilities

Nobia's balance sheet includes pension liabilities of SEK 565 million that pertain to defined-benefit pension plans in the UK, Germany, Norway and Sweden. All pension plans are calculated every year by actuaries in accordance with IAS 19. For a more detailed description, refer to note 26 Provisions for pensions on page 69.

Deferred tax assets

The Group's loss carryforwards for which deferred tax assets have been capitalised have a carrying amount of SEK 226 million (183). The taxable profit in the parts of the Group that generate tax-loss carryforwards is expected to improve in future years. The Group's restructuring measures over the past two years are generating cost savings that are expected to result in a marked improvement in earnings. There is a risk that it will not be possible to utilise portions of the carrying amount of deferred tax assets against taxable surpluses in the future. For further information, refer to note 27 Deferred tax on page 71 and note 1 Accounting policies on page 50.

CORPORATE GOVERNANCE

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 Stockholm.

Nobia has applied the Swedish Code of Corporate Governance (the Code) since 1 July 2005 and in 2011, the company had no deviations to report. Nobia also applies the Swedish Annual Accounts Act concerning the company's corporate governance reporting. 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.

2011 Annual General Meeting

The right of shareholders to make decisions concerning the affairs of Nobia is exercised at the Annual General Meeting. A notice convening the Annual General Meeting is issued pursuant to the Swedish Companies Act and the company's Articles of Association. The 2011 Annual General Meeting was held on 30 March at Summit, Grev Turegatan 30 in Stockholm. 139 shareholders participated in the 2011 Annual General Meeting, representing 56 per cent of the capital and votes in Nobia. Board Chairman Hans Larsson was elected Chairman of the Meeting. In accordance with the Board of Directors' recommendation, the Annual General Meeting resolved that no dividends be paid for the 2010 fiscal year. The decision was motivated by the fiscal year's negative profit after tax and aimed at strengthening the financial position of the company and the Group in the light of the market trends, financial commitments and future restructuring measures. The Meeting also adopted the proposals that the number of Board members should be eight excluding alternates, the fees to be paid to the Board and the Board Chairman, and the election of Board members and auditors. Nora Førisdal Larssen and Morten Falkenberg, also Nobia's President and CEO, were elected new Board members. Hans Larsson and Stefan Dahlbo declined re-election. All other Board members were re-elected and Johan Molin was elected Board Chairman. The Annual General Meeting resolved in accordance with the Board of Directors' proposal to authorise the Board of Directors to make decisions concerning acquisitions and sales of treasury shares.

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

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 2011, the share capital in Nobia AB amounted to SEK 58,430,237 divided between 175,293,458 shares in one class of share. The share's quotient value is SEK 0.33. All shares, except for bought-back treasury shares, entitle owners to a share of the company's assets and profit. The Nobia share and ownership structure are described in more detail on pages 82–83.

Nomination Committee

In accordance with the principles for the composition of the Nomination Committee adopted at the 2008 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 are offered an opportunity to 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. In addition, the Chairman of the Board may be appointed as a member of the Nomination Committee. In accordance with the Code, 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.

Prior to the 2012 Annual General Meeting, the members of the Nomination Committee, representing approximately 40 per cent of capital and votes, comprised Tomas Billing, Nordstjernan (Nomination Committee Chairman), Fredrik Palmstierna, Latour, Björn Franzon, Swedbank Robur funds and Sindre Sörbye, Orkla ASA and, following a decision by the other members of the Nomination Committee, Board Chairman Johan Molin. No remuneration is paid to the Committee members.

The Nomination Committee held four minuted meetings prior to the 2012 Annual General Meeting. Based on the company's strategy and priorities, the Nomination Committee's work included an evaluation of the results of the Board of Directors' own evaluation, its size and structure and the election of an auditor.

The Nomination Committee's proposals prior to the 2012 Annual General Meeting are incorporated in the notice of the Annual General Meeting, which was published on Nobia's website on 12 March

2012. The principles for the composition of the Nomination Committee and the Nomination Committee's reasons for proposing the election of the Board of Directors and so forth are also available at www.nobia.com.

Work of the Board of Directors

The Board of Directors of Nobia AB comprises eight standard Board members elected by the Annual General Meeting and two Board members with two alternates appointed by the employees. The Code contains certain requirements regarding the composition of the Board of Directors, for example, the majority of the Board members elected by the Annual General Meeting shall be independent in relation to the company and company management.

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 President is proposed as a member of the Board proposed to the 2012 Annual General Meeting. This has been the case in earlier years, except for 2010 when the President decided to retire. Other executives in the company participate at Board meetings to make presentations and to serve as Secretary. The Board held eight scheduled meetings and one extraordinary meeting during the 2011 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. The rules of procedure include a calendar schedule with accompanying checklists. In 2011, the strategy of achieving the Group's operating margin targets of 10 per cent received a great deal of focus in the Board of Directors' work. Issues relating to brands, range, production and supply chain were key components of these efforts. Issues surrounding the cost-saving programme to address lower sales volumes were dealt with during the year. In autumn 2011, the Board of Directors visited Nobia's plants in the UK. The Board members are presented on pages 36–37. Attendance at Board meetings is shown in the table on page 35.

The work of the Board in 2011 was evaluated by all Board members completing a number of questions specifically related to the Board's work. The members' responses were compiled and subsequently presented and discussed by the Board. The Board decided that the same evaluation method would be employed for the forthcoming year. The Board also evaluates the President on an ongoing basis throughout the year.

The Board does not have a separate audit committee. Instead, control issues to be discussed by such a committee are addressed by the Board in its entirety, except for the President who does not participate in these issues. Accordingly, the Board can monitor significant issues regarding the company's financial reporting and its internal control, and risk management of financial issues. The same applies to significant issues related to the audit of the annual report and consolidated financial statements and the impartiality and independence of the auditors. 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. Furthermore, the Board assists in the preparation of the Nomination Committee's proposals for the Annual General Meeting's decision regarding the election of auditors.

One occasion is primarily devoted to the planning of the year's audit. In the hard-close audit at the end of September, the company's processes for internal control are also addressed. Finally, reporting is received 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 April 2011, the auditors presented and discussed the focus and scope of the audit, which also took particular consideration of the risk perspective regarding internal control. At the meeting in October, the auditors reported on the control self-assessment that the company's commercial units perform annually. Also at this meeting, the auditors presented their observations from the hard-close audit. The examination of the annual accounts for 2011 was presented at the Board meeting in February 2012.

In 2011, the Group's CFO served as the Board of Directors' secretary.

Remuneration Committee

The Board appoints a Remuneration Committee from within its ranks, which for the period from the 2011 Annual General Meeting until the 2012 Annual General Meeting comprised Johan Molin (Chairman), Fredrik Palmstierna and Nora Førisdal Larssen. Hans Larsson, Bodil Eriksson and Stefan Dahlbo were members of the Remuneration Committee until the 2011 Annual General Meeting. 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 senior executives and monitors and evaluates the ongoing programmes for variable remuneration to senior executives, and the programmes concluded during the year, and the implementation of the Annual General Meeting's decision on guidelines for remuneration to senior executives. The Committee held two meetings during the year.

Remuneration to senior executives

All senior executives in the group management are offered, under a main principle, a fixed annual salary supplemented by variable remuneration comprising a maximum of 30 per cent of fixed annual salary. The exception is the President whose variable salary portion may total a maximum of 50 per cent of fixed annual salary. Exceptions may also be made for senior executives following decisions by the Board.

The variable salary portion is normally divided between several targets, for example, the Group's earnings, earnings in the business unit for which the manager is responsible and individual/qualitative targets.

The variable salary portion is based on an earnings period of one year. The targets for the President are established by the Board. The targets for the other senior executives are established by the President following recommendations by the Board's Remuneration Committee.

In addition, approximately 100 senior managers have also been offered the opportunity to participate in a long-term employee share option scheme described in more detail in the "Financial Overview" of the Board of Directors' Report. The remuneration and benefits of senior executives are described in note 4 on page 58.

Group management

Group management, refer to page 38, holds regular Group-management meetings led by the President. The President and the CFO meet the management group of each business unit at local management meetings three times a year.

Auditors

KPMG AB was elected as the company's auditor for a four-year mandate at the 2007 Annual General Meeting, and for an additional year at the 2011 Annual General Meeting. The Auditor in Charge is Authorised Public Accountant Helene Willberg. KPMG AB with Helene Willberg as Auditor in Charge is proposed for re-election at the 2012 Annual General Meeting. In accordance with the new regulations of the Swedish Companies Act from 1 January 2011, the mandate period for auditors is one year. 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 6, page 62.

The Board's description of internal control and risk management systems regarding the financial reporting for the 2011 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 Chapter 6, section 6, second paragraph, second point of the Swedish Annual Accounts Act, and is thereby limited to the internal control and risk management of the financial reporting. The description of the Group's internal control and risk management systems also includes the description of the company's systems.

Control environments and governance documents

The structure of Nobia is organised so that the first stage of the value chain, sourcing/purchasing, production and logistics have Group-wide management functions. The main task of these operations units is to capitalise on the opportunities of economies of scale that exist in each individual area. The commercial units are responsible for developing Nobia's sales channels and brands in line with Nobia's strategy.

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 governance 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.

The documentation concerning principles and methods for reporting, internal governance, controls and monitoring are collected in Nobia's Financial & Administration Manual. This Manual is available to all relevant employees on the Nobia intranet.

Each 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 policies. These instructions are included in the aforementioned manual. All finance managers from the various units meet once a year to discuss various topics relevant to financial reporting.

Risk management

The Group has introduced methods for risk assessment and risk management to ensure that the risks to which the Group is exposed are managed within the established frameworks. The risks identified concerning financial reporting are managed in the Group's control structure and are monitored and assessed continuously. One of the tools used for this purpose is self-assessment, a process that is performed by local management groups and evaluated annually according to established procedures. Risk assessments are described in more detail on pages 30–31.

Financial information

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

The Group monitors compliance with these governance documents and measures the efficiency of control structures.

In addition, the Group's information and communication channels are monitored to ensure that these channels are appropriate for the financial reporting. Furthermore, the Group has developed checklists to ensure compliance with the disclosure requirements in the financial statements.

Monitoring by the Board

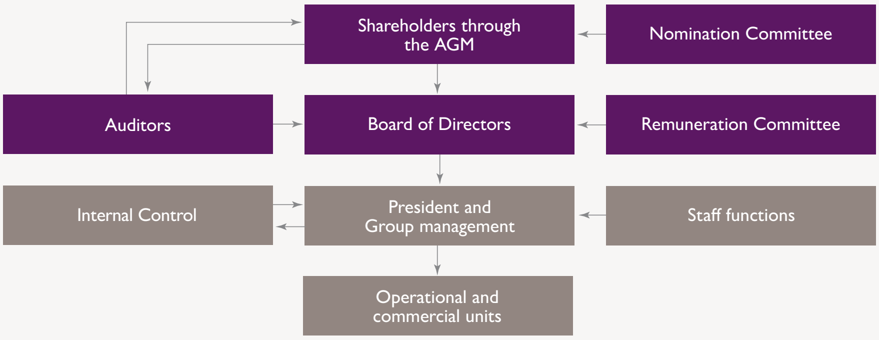
The outcome of the Group's risk assessment and risk management processes is addressed each year by the Board, which ensures that these processes include all material areas and provide balanced guidelines for the various executives.

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

The Group's Internal Control function, which is an integrated part of the central Finance function, monitored viewpoints that emerged during the year from the internal control self-assessment at some of the larger units. The results of these reviews, the measures to be taken and their status are reported to the Board.

Nobia does not currently have an internal audit function. The Board has discussed this matter and found the existing monitoring and assessment structure of the Group to be satisfactory. External services may also be engaged in the context of certain special examinations. This decision is reviewed annually.

OVERVIEW OF GOVERNANCE AT NOBIA



Key *external* regulatory frameworks:

- The Swedish Companies Act
- IFRS and the Swedish Annual Accounts Act
- Listing Agreement with NASDAQ OMX Stockholm
- Swedish Code of Corporate Governance, www.corporategovernanceboard.se

Key *internal* regulatory frameworks:

- Articles of Association
- Internal policies, guidelines, manuals, codes and checklists
- Nobia Financial & Administration Manual
- Risk management processes

BOARD OF DIRECTORS IN 2011

		Board meetings, 9 meetings in total	Remuneration Committee, 2 meetings in total	Year of birth	Board member since	Nationality	Independence
Hans Larsson[1]	Chairman	2		1942	1996	Swedish	Independent
Johan Molin[2]	Chairman	9	2	1959	2010	Swedish	Dependent[5]
Morten Falkenberg[3]	President and CEO	7		1958	2011	Danish	Dependent
Stefan Dahlbo[4]	Board member	2		1959	2004	Swedish	Independent
Bodil Eriksson	Board member	7		1963	2003	Swedish	Independent
Rolf Eriksen	Board member	8		1944	2010	Danish	Independent
Nora Førisdal Larssen[3]	Board member	7	2	1965	2011	Norwegian	Dependent[5]
Thore Olsson	Board member	9		1943	2007	Swedish	Independent
Lotta Stalin	Board member	8		1954	2007	Swedish	Independent
Fredrik Palmstierna	Board member	8	2	1946	2006	Swedish	Dependent[5]
Per Bergström	Employee representative	9		1960	2000	Swedish	
Olof Harrius	Employee representative	9		1949	1998	Swedish	
Kjell Sundström[6, 7]	Employee representative	1		1953	2007	Swedish	
Marie Nilsson[6]	Employee representative	9		1973	2007	Swedish	
Patrik Falck[6, 8]	Employee representative	7		1965	2011	Swedish	

1) Chairman until 30 March 2011
2) Chairman from 30 March 2011
3) Board member from 30 March 2011
4) Board member until 30 March 2011
5) Dependent in relation to major shareholders
6) Alternate
7) Stepped down as employee representative on 10 February 2011
8) Employee representative from 30 March 2011

BOARD OF DIRECTORS

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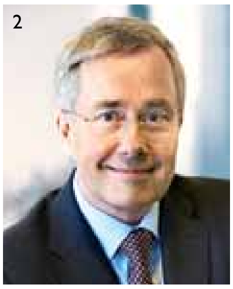
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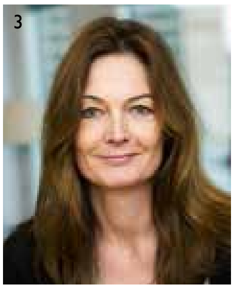
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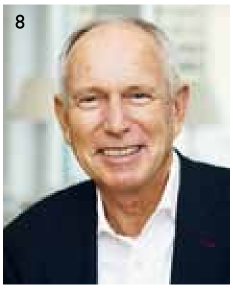
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12


Johan Molin 1.
Born 1959. B.Sc Business Administration.
President and CEO of ASSA ABLOY.
Chairman of the Board since 2011.
Board member since 2010. Dependent in relation to major shareholders.
Board assignments: Board member of ASSA ABLOY.
Previous employment: CEO of Nilfisk-Advance and Head of Division at Atlas Copco.
Holding in Nobia: 75,652 shares, 400,000 call options.

Morten Falkenberg 2.
Born 1958, B.Sc Business Administration.
President and CEO of Nobia.
Board member since 2011.
Board assignments: Board member of Velux Group.
Previous employment: Executive Vice President at Electrolux, Head of Floor Care and Small Appliances, senior positions in TDC Mobile and the Coca-Cola Company.
Holding in Nobia: 105,669 shares, 500,000 call options and 105,000 employee share options.

Nora Førisdal Larssen 3.
Born 1965. B.Sc Business Economics, MBA.
Senior Investment Manager at Nordstjernan.
Board member since 2011. Dependent in relation to major shareholders.
Board assignments: Chairman of Etac, Board member of Ekornes ASA and Filippa K.
Previous employment: Product Line manager at Electrolux and Partner in McKinsey & Co.
Holding in Nobia: 5,000 shares.

Bodil Eriksson 4.
Born 1963. Berghs School of Communication.
Vice President of Apotek Hjärtat.
Board member since 2003. Independent.
Board assignments: Board member of Attendo.
Previous employment: Communications Director at SCA, Vice President of Axfood, Communications Director at Volvo Cars.
Holding in Nobia: 900 shares, 61,500 call options.

Thore Ohlsson 5.
Born 1943. President of Elimexo.
Board member since 2007. Independent.
Board assignments: Chairman of Bastec, Thomas Frick and Tretorn. Board member of Cobra Inc., Elite Hotels AB and Puma SE.
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.
Holding in Nobia: 30,000 shares, 250,000 call options.

Lotta Stalin 6.
Born 1954. MSc.
Management Consultant.
Board member since 2007. Independent.
Board assignments: Chairman of Skrotfrag. Board member of FMV, the Swedish Recycling Industries' Association, Partnertech and Nederman.
Previous employment: President of Kuusakoski Sverige, Business Area Manager at FMV Logistics, Business Area Manager and Vice President of Poolimon, Product Line Manager at Electrolux and President of Överums Bruk.
Holding in Nobia: 1,500 shares, 60,000 call options.

Fredrik Palmstierna 7.
Born 1946. B.Sc Business Administration, MBA.
Board member since 2006. Dependent in relation to major shareholders.
Board assignments: Chairman of Investment AB Latour. Board member of Securitas, Hultafors, Fagerhult, Academic Work and the Viktor Rydberg Schools Foundation.
Holding in Nobia: 201,000 shares.

Rolf Eriksen 8.
Born 1944.
Board member since 2010. Independent.
Board assignments: Hennes & Mauritz A/S, Royal Copenhagen A/S, Bianco Footwear A/S, BoConcept A/S.
Previous employment: President of H&M Hennes & Mauritz A/S Denmark and H&M Hennes & Mauritz AB Sweden.
Holding in Nobia: 125,000 call options.

Employee representatives

Per Bergström 9.
Born 1960. Employee representative since 2000. Employed at Marbodal since 1976.
Board assignments: Board member of Tidaholms Energi AB and Elnät AB.
Holding in Nobia: 5,000 call options.

Olof Harrius 10.
Born 1949. Employee representative since 1998. Employed at Marbodal since 1971.
Holding in Nobia: 5,000 call options.

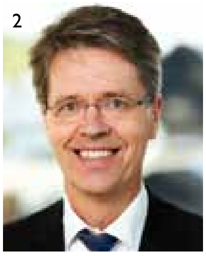
Patrik Falck 11.
Born 1965. Alternate Board member. Employee representative since 2011. Employed at Marbodal since 1986.
Holding in Nobia: –

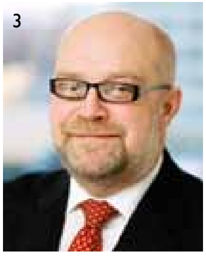
Marie Nilsson 12.
Born 1973. Alternate Board member. Employee representative since 2007. Employed at Myresjökök since 2007.
Board assignments: Board member of Myresjökök.
Holding in Nobia: 1,500 call options.

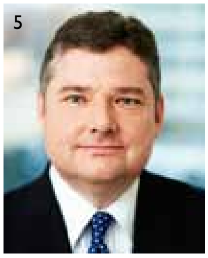
Auditors

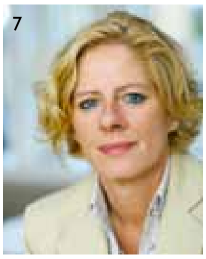
KPMG AB
Auditor in Charge, Authorised Public Accountant:
Helene Willberg
Other auditing assignments:
Cloetta, Investor, Ortivus, Thule and Höganäs.

GROUP MANAGEMENT









Morten Falkenberg 1.
Born 1958. B.Sc. Business Administration.
President and CEO of Nobia.
Employed at Nobia since 2010.
Previous employment: Previous employment: Executive Vice President at Electrolux, Head of Floor Care and Small Appliances, senior positions in TDC Mobile and the Coca-Cola Company.
Holding in Nobia: 105,669 shares, 500,000 call options and 105,000 employee share options.

Mikael Norman 2.
Born 1958. CFO.
Employed at Nobia since 2010.
Previous employment: Group controller, Electrolux.
Holding in Nobia: 10,000 shares, 100,000 call options and 100,000 employee share options.

Ingemar Tärnskär 3.
Born 1961. Executive Vice President and Head of Production and Logistics.
Employed at Nobia since 1998.
Previous employment: Management positions at Nobia.
Holding in Nobia: 70,000 call options and 100,000 employee share options.

Christian Rösler 4.
Born 1967. Executive Vice President and Head of Continental European and UK Professional.
Employed at Nobia since 2007.
Previous employment: Management positions at IKEA Austria.
Holding in Nobia: 100,000 employee share options.

Peter Kane 5.
Born 1965. Executive Vice President and Head of UK Retail.
Employed at Magnet since 1984.
Previous employment: Management positions at Magnet.
Holding in Nobia: 15,525 shares and 100,000 employee share options.

Per Kaufmann 6.
Born 1956. Executive Vice President and Head of Continental European Retail.
Employed at Nobia since 2010.
Previous employment: Management positions at IKEA, Conforama and Le Printemps.
Holding in Nobia: 100,000 employee share options.

Grace Pardy 7.
Born 1963. Executive Vice President and Head of Group Marketing.
Employed at Nobia since 2011.
Previous employment: Management positions at International Press Institute, Dockers Europe, Reebok, Coca-Cola and L'Oréal.
Holding in Nobia: 50,000 employee share options.

Jonas Hård 8.
Born 1971. Executive Vice President and Head of Change Programmes & IT.
Employed at Nobia since 2010.
Previous employment: Management positions at Vin & Sprit, Maxxium and Electrolux.
Holding in Nobia: 2,000 shares, 70,000 call options and 100,000 employee share options.

Lars Völkel 9.
Born 1975. Executive Vice President, Luxury Retail & Professional.
Employed at Nobia since 2011.
Previous employment: Senior positions at Electrolux and EDS.
Holding in Nobia: 50,000 employee share options.

Lars Bay-Smidt 10.
Born 1968. Executive Vice President, Nobia Denmark.
Employed at Nobia since 2008.
Previous employment: Senior sales positions at HTH Køkkener A/S, Actona Company A/S, Bøg Madsen A/S and Gasa Aarhus A/S.
Holding in Nobia: 40,000 employee share options.

Thomas Myringer 11.
Born 1960. Executive Vice President, HR Director.
Employed at Nobia since 2003.
Previous employment: Senior HR positions in the Skanska Group.
Holding in Nobia: 1,500 shares, 30,000 call options and 80,000 employee share options.

FINANCIAL STATEMENTS, THE GROUP AND PARENT COMPANY

Hygena, City

CONSOLIDATED INCOME STATEMENT

SEK m	Note	2010	**2011**
Net sales	3	14,085	13,114
Cost of goods sold	4, 7, 10, 11, 26	–8,740	–8,066
Gross profit		**5,345**	**5,048**
Selling expenses	4, 7, 10, 11, 26	–4,437	–4,039
Administrative expenses	4, 6, 7, 10, 11, 26	–850	–812
Other operating income	8	58	51
Other operating expenses	9	–102	–64
Share of profit after tax of joint venture	17	–8	–
Operating profit		**6**	**184**
Financial income	12	18	9
Financial expenses	12	–103	–92
Profit/loss after financial items		**–79**	**101**
Tax on net profit for the year	13, 27	25	–16
Net profit/loss for the year from continuing operations		**–54**	**85**
Profit/loss from discontinued operations, net after tax	34	–35	–16
Net profit/loss for the year		**–89**	**69**
Earnings/loss per share, before dilution, SEK [1]	24	–0.53	0.42
Earnings/loss per share, after dilution, SEK [1]	24	–0.53	0.42
Earnings/loss per share from continuing operations, before dilution, SEK	24	–0.32	0.51
Earnings/loss per share from continuing operations, after dilution, SEK	24	–0.32	0.51
Number of shares before dilution [2]	24	167,131,158	167,131,158
Average number of shares before dilution [2]	24	167,131,158	167,131,158
Number of shares after dilution [2]	24	167,131,158	167,131,158
Average number of shares after dilution [2]	24	167,131,158	167,131,158

1) Earnings/loss per share attributable to Parent Company shareholders.
2) Shares outstanding, less treasury shares.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Note	2010	**2011**
Net profit/loss for the year		–89	69
Other comprehensive income			
Exchange-rate differences attributable to translation of foreign operations	23	–406	11
Cash-flow hedges before tax	23	4	–9
Tax attributable to hedging reserve for the period	23	–1	2
Other comprehensive income/loss for the year		**–403**	**4**
Comprehensive income/loss for the year		**–492**	**73**
Net profit/loss for the year attributable to:			
Parent Company shareholders		–89	70
Non-controlling interest		0	–1
Net profit/loss for the year		**–89**	**69**
Comprehensive income for the year attributable to:			
Parent Company shareholders		–491	74
Non-controlling interest		–1	–1
Comprehensive income/loss for the year		**–492**	**73**

COMMENTS AND ANALYSIS OF INCOME STATEMENT

Net sales declined 7 per cent to SEK 13,114 million (14,085). For comparable units and adjusted for currency effects, net sales declined 2 per cent. The relationship is shown in the table below.

Analysis of net sales, %	2011 I	2011 II	2011 III	2011 IV	2011 %	2011 SEK m
2010						14,085
Organic growth	2	1	0	–10	–2	–246
– of which, UK region[1]	–4	–8	–5	–15	–8	–410
– of which, Nordic region[1]	14	8	10	0	7	379
– of which, Continental Europe region[1]	–4	3	–6	–17	–6	–214
Currency effect	–8	–7	–3	0	–5	–681
Divested units[2]	–1	0	0	0	0	–44
2011	–7	–6	–4	–10	–7	13,114

1) Organic growth for each organisational region.
2) Divested units refers to Pronorm.

Net sales and profit/loss per region

SEK m	UK region 2010	UK region **2011**	Nordic region 2010	Nordic region **2011**	Continental Europe region 2010	Continental Europe region **2011**	Group-wide and eliminations 2010	Group-wide and eliminations **2011**	Group 2010	Group **2011**
Net sales from external customers	5,198	4,480	5,092	5,276	3,795	3,358	–	–	14,085	13,114
Net sales from other regions	–	1	–	–	10	10	–10	–11	0	0
Total net sales	**5,198**	**4,481**	**5,092**	**5,276**	**3,805**	**3,368**	**–10**	**–11**	**14,085**	**13,114**
Gross profit excluding restructuring costs	2,029	1,719	1,945	2,019	1,501	1,319	32	65	5,507	5,122
Gross margin excluding restructuring costs, %	39.0	38.4	38.2	38.3	39.4	39.2	–	–	39.1	39.1
Operating profit/loss excluding restructuring costs	326	223	331	462	–33	–70	–107	–97	517	518
Operating margin excluding restructuring costs, %	6.3	5.0	6.5	8.8	–0.9	–2.1	–	–	3.7	3.9
Operating profit/loss	219	199	249	399	–247	–272	–215	–142	6	184
Operating margin, %	4.2	4.4	4.9	7.6	–6.5	–8.1	–	–	0.0	1.4

Depreciation/amortisation of and impairment losses on fixed assets for the year amounted to SEK 448 million (544).

Specification of restructuring costs

SEK m	2010	**2011**
Restructuring costs by function		
Cost of goods sold	–162	–74
Selling and administrative expenses	–321	–235
Other income/expenses	–28	–25
Total restructuring costs	**–511**	**–334**
Restructuring costs per region		
UK	–107	–24
Nordic	–82	–63
Continental Europe	–214	–202
Group-wide and eliminations	–108	–45
Group	**–511**	**–334**

	Translation effect		Transaction effect		Total effect	
Impact of exchange rate/EBIT	2010	**2011**	2010	**2011**	2010	**2011**
UK region	–25	–15	–20	10	–45	–5
Nordic region	–25	–20	65	35	40	15
Continental Europe region	5	5	–10	5	–5	10
Group	**–45**	**–30**	**35**	**50**	**–10**	**20**

	2010				**2011**			
Quarterly data per region	I	II	III	IV	I	II	III	IV
Net sales, SEK m								
UK	1,284	1,360	1,263	1,291	1,142	1,137	1,108	1,094
Nordic	1,208	1,401	1,091	1,392	1,270	1,432	1,192	1,382
Continental Europe	967	1,040	875	923	798	993	811	766
Group-wide and eliminations	–3	–5	–1	–1	–3	–3	–2	–3
Group	**3,456**	**3,796**	**3,228**	**3,605**	**3,207**	**3,559**	**3,109**	**3,239**
Gross profit excluding restructuring costs, SEK m								
UK	473	543	507	506	442	430	424	423
Nordic	448	550	418	529	466	553	452	548
Continental Europe	358	400	363	380	316	414	310	279
Group-wide and eliminations	8	9	12	3	16	27	10	12
Group	**1,287**	**1,502**	**1,300**	**1,418**	**1,240**	**1,424**	**1,196**	**1,262**
Gross margin excluding restructuring costs, %								
UK	36.8	39.9	40.1	39.2	38.7	37.8	38.3	38.7
Nordic	37.1	39.3	38.3	38.0	36.7	38.6	37.9	39.7
Continental Europe	37.0	38.5	41.5	41.2	39.6	41.7	38.2	36.4
Group	**37.2**	**39.6**	**40.3**	**39.3**	**38.7**	**40.0**	**38.5**	**39.0**
Operating profit excluding restructuring costs, SEK m								
UK	41	98	101	86	54	57	66	46
Nordic	17	115	63	136	75	159	102	126
Continental Europe	–60	10	6	11	–34	41	–18	–59
Group-wide and eliminations	–22	–28	–17	–40	–24	–16	–24	–33
Group	**–24**	**195**	**153**	**193**	**71**	**241**	**126**	**80**
Operating margin excluding restructuring costs, %								
UK	3.2	7.2	8.0	6.7	4.7	5.0	6.0	4.2
Nordic	1.4	8.2	5.8	9.8	5.9	11.1	8.6	9.1
Continental Europe	–6.2	1.0	0.7	1.2	–4.3	4.1	–2.2	–7.7
Group	**–0.7**	**5.1**	**4.7**	**5.4**	**2.2**	**6.8**	**4.1**	**2.5**
Operating profit, SEK m								
UK	41	89	94	–5	54	52	56	37
Nordic	17	115	15	102	69	148	86	96
Continental Europe	–84	–11	–12	–140	–22	36	–98	–188
Group-wide and eliminations	–122	–28	–20	–45	–38	–19	–31	–54
Group	**–148**	**165**	**77**	**–88**	**63**	**217**	**13**	**–109**
Operating margin, %								
UK	3.2	6.5	7.4	–0.4	4.7	4.6	5.1	3.4
Nordic	1.4	8.2	1.4	7.3	5.4	10.3	7.2	6.9
Continental Europe	–8.7	–1.1	–1.4	–15.2	–2.8	3.6	–12.1	–24.5
Group	**–4.3**	**4.3**	**2.4**	**–2.4**	**2.0**	**6.1**	**0.4**	**–3.4**

CONSOLIDATED BALANCE SHEET

SEK m	Note	2010-12-31	**2011-12-31**
ASSETS			
Intangible assets	14		
Goodwill		2,676	2,681
Other intangible assets		258	249
		2,934	**2,930**
Tangible fixed assets	15		
Land and buildings		1,126	975
Investments in progress and advance payments		13	20
Plant and machinery		672	792
Equipment, tools, fixtures and fittings		373	324
		2,184	**2,111**
Interest-bearing long-term receivables (IB)	16	10	5
Other long-term receivables	16	52	54
Participations in joint ventures	17	–	–
Deferred tax assets	27	406	456
Total fixed assets		**5,586**	**5,556**
Inventories			
Raw materials and consumables		258	277
Products in progress		80	82
Finished products		477	486
Goods for resale		156	160
		971	**1,005**
Current receivables			
Tax assets		43	88
Accounts receivable	2	1,180	1,210
Derivative instruments	2,19	8	3
Interest-bearing current receivables (IB)		1	1
Other receivables	2	87	81
Prepaid expenses and accrued income	20	182	249
Assets held for sale	35	72	71
		1,573	**1,703**
Cash and cash equivalents (IB)	21	356	152
Total current assets		**2,900**	**2,860**
Total assets		**8,486**	**8,416**
Of which interest-bearing items (IB)		367	158

SEKm	Note	2010-12-31	**2011-12-31**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Attributable to Parent Company shareholders			
Share capital	22	58	58
Other contributed capital		1,453	1,459
Reserves	23	–382	–378
Profit brought forward		2,312	2,382
		3,441	**3,521**
Non-controlling interest		5	4
Total shareholders' equity		**3,446**	**3,525**
Provisions for guarantees		13	15
Provisions for pensions (IB)	26	587	565
Deferred tax liabilities	27	211	207
Other provisions	28	398	389
Liabilities to credit institutions (IB)	2, 29	1,246	1,106
Other liabilities (IB)	2	1	0
Total long-term liabilities		**2,456**	**2,282**
Liabilities to credit institutions (IB)	2	1	1
Overdraft facilities (IB)	2, 21	41	71
Other liabilities (IB)	2	1	1
Advance payments from customers		273	205
Accounts payable	2	1,037	1,059
Current tax liabilities		62	90
Derivative instruments	2, 19	11	19
Other liabilities	2	368	331
Accrued expenses and deferred income	30	779	830
Liabilities attributable to assets held for sale	35	11	2
Total current liabilities		**2,584**	**2,609**
Total shareholders' equity and liabilities		**8,486**	**8,416**
Of which interest-bearing items (IB)		1,877	1,744

Information on consolidated pledged assets and contingent liabilities is provided in Notes 32 and 33 on page 74.

COMMENTS AND ANALYSIS OF BALANCE SHEET

Goodwill
Information on goodwill, including comments, is provided in Note 14 on page 63.

Financing
Net debt increased and amounted to SEK 1,586 million (1,510) at the end of the period. The increase in net debt derived from interest paid of SEK 58 million and change in pension liabilities of SEK 32 million. A positive operating cash flow of SEK 9 million and a positive translation difference reduced net debt. Consequently, the debt/equity ratio amounted to 45 per cent at the end of the year (44 per cent at the beginning of the year). The change in net debt is shown in the table below.

Analysis of net debt	Group	
SEK m	2010	**2011**
Opening balance	2,426	1,510
Translation differences	–188	–5
Operating cash flow	–641	–9
Interest	35	58
Acquisition of subsidiaries	–	–
Divestment of subsidiaries and joint ventures	–160	–
Change in pension liabilities	38	32
Dividend	0	0
Closing balance	**1,510**	**1,586**

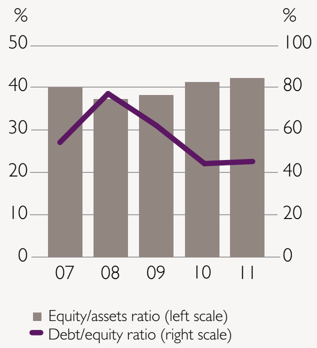
The components of net debt are shown in the table below. Unrealised actuarial losses on the pension liability totalled SEK 184 million (losses: 67) at the end of 2011.

Components of net debt	Group	
SEK m	2010	**2011**
Bank loans, etc	1,288	1,179
Provisions for pensions	587	565
Leasing	1	0
Cash and cash equivalents	–356	–152
Other financial receivables	–10	–6
Total	**1,510**	**1,586**

CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

SEK m	Share capital	Other contributed capital	Exchange-rate differences attributable to translation of foreign operations	Cash-flow hedges after tax	Profit brought forward	Total	Non-controlling interests	Total shareholders' equity
	Attributable to Parent Company shareholders							
Opening balance, 1 January 2010	**58**	**1,449**	**24**	**–4**	**2,401**	**3,928**	**6**	**3,934**
Net loss for the year	–	–	–	–	–89	–89	0	–89
Other comprehensive income for the year	–	–	–405	3	–	–402	–1	–403
Comprehensive income for the year	**–**	**–**	**–405**	**3**	**–89**	**–491**	**–1**	**–492**
Dividend	–	–	–	–	–	–	0	0
Allocation of employee share option schemes	–	4	–	–	–	4	–	4
Closing balance, 31 December 2010	**58**	**1,453**	**–381**	**–1**	**2,312**	**3,441**	**5**	**3,446**
Opening balance, 1 January 2011	**58**	**1,453**	**–381**	**–1**	**2,312**	**3,441**	**5**	**3,446**
Net profit/loss for the year	–	–	–	–	70	70	–1	69
Other comprehensive income for the year	–	–	11	–7	–	4	0	4
Comprehensive income for the year	**–**	**–**	**11**	**–7**	**70**	**74**	**–1**	**73**
Dividend	–	–	–	–	–	–	0	0
Allocation of employee share option scheme	–	6	–	–	–	6	–	6
Closing balance, 31 December 2011	**58**	**1,459**	**–370**	**–8**	**2,382**	**3,521**	**4**	**3,525**

EQUITY/ASSETS RATIO AND DEBT/EQUITY RATIO



CONSOLIDATED CASH-FLOW STATEMENT AND COMMENTS

SEK m	Note	2010	**2011**
Operating activities			
Operating profit		6	184
Depreciation/amortisation/impairment		544	448
Other adjustments for non-cash items		332	179
Income tax paid		–51	–82
Change in inventories		110	–28
Change in receivables		176	–89
Change in operating liabilities		–154	–199
Cash flow from operating activities		**963**	**413**
Investing activities			
Investments in tangible fixed assets		–205	–439
Investments in intangible assets		–142	–32
Sale of tangible fixed assets		30	95
Divestment of subsidiaries		491	–
Interest received		18	8
Increase in interest-bearing assets		–	–
Decrease in interest-bearing assets		6	5
Other items in investing activities		–5	–28
Cash flow from investing activities		**193**	**–391**
Operating cash flow before acquisitions/ divestments of subsidiaries, interest, increase/decrease in interest-bearing assets		**641**	**9**
Operating cash flow after acquisitions/ divestments of subsidiaries, interest, increase/ decrease in interest-bearing assets		1,156	22
Financing activities			
Interest paid		–53	–66
Decrease in interest-bearing liabilities		–1,091[1)]	–159[2)]
New share issue		–	–
Dividend to Parent Company's shareholders		–	–
Dividend to non-controlling interests		0	0
Buy-back of shares		–	–
Cash flow from financing activities		**–1,144**	**–225**
Cash flow for the year excluding exchange-rate differences in cash and cash equivalents		**12**	**–203**
Cash and cash equivalents at the beginning of the year		**384**	**356**
Cash flow for the year		12	–203
Exchange-rate differences in cash and cash equivalents		–40	–1
Cash and cash equivalents at year-end		**356**	**152**

1) Repayment of loans comprising SEK 2,446 million and procurement of new loan of SEK 1,481 million.
2) Repayment of loans comprising SEK 130 million.

Comments on the cash-flow statement

The cash flow from operating activities amounted to SEK 413 million (963). Working capital decreased cash flow by SEK 316 million (132) and is primarily attributable to decreased current liabilities. Adjustments for non-cash items amounted to SEK 179 million (332) as specified in the table below.

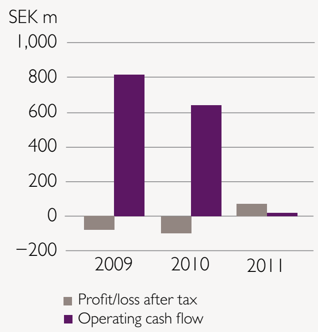
Adjustments for non-cash items

SEK m	2010	**2011**
Capital gains/losses on fixed assets	–1	11
Capital gains attributable to divestments of companies	36	–
Provisions	289	157
Other	8	11
Total	**332**	**179**

Investments in fixed assets amounted to SEK 471 million (347). Other items in investing activities, excluding acquisitions and divestments of companies, had a negative impact on cash flow.

Operating cash flow, that is, the cash flow after investments but excluding the acquisitions and divestments of companies, interest and increases/decreases in interest-bearing assets, amounted to SEK 9 million (641).

PROFIT/LOSS AND CASH FLOW



PARENT COMPANY

Parent Company income statement

SEK m	Note	2010	**2011**
Net sales		46	80
Administrative expenses	4, 6, 11, 26	–108	–145
Other operating expenses	8,9	–33	–
Operating loss		**–95**	**–65**
Profit from participations in Group companies	12	100	193
Financial income	12	29	8
Financial expenses	12	–32	–78
Profit after financial items		**2**	**58**
Tax on net profit for the year	13	1	–1
Net profit for the year		**3**	**57**

Parent Company statement of comprehensive income

SEK m	Note	2010	**2011**
Net profit for the year		3	57
Other comprehensive income			
Other comprehensive income for the year		**–**	**–**
Comprehensive income for the year		**3**	**57**

Parent Company cash-flow statement

SEK m	Note	2010	**2011**
Operating activities			
Operating loss		–95	–65
Adjustments for non-cash items		33	0
Dividend received	12	100	193
Interest received	12	29	8
Interest paid	12	–32	–78
Tax paid		0	0
Cash flow from operating activities before changes in working capital		**35**	**58**
Change in liabilities		219	–21
Change in receivables		–1,096	–175
Cash flow from operating activities		**–842**	**–138**
Investing activities			
Other long-term receivables		–1	4
Provisions for pensions		3	–2
Divestment of associated companies		36	–
Cash flow from investing activities		**38**	**2**
Financing activities			
Group contributions		3	–
New borrowings		800	–
Cash flow from financing activities		**803**	**0**
Cash flow for the year		**–1**	**–136**
Cash and cash equivalents at beginning of the year		**170**	**169**
Cash flow for the year		–1	–136
Cash and cash equivalents at year-end		**169**	**33**

Parent Company balance sheet

SEK m	Note	2010-12-31	**2011-12-31**
ASSETS			
Fixed assets			
Financial fixed assets			
Shares and participations in Group companies	16,18	1,245	1,250
Other securities held as fixed assets		4	0
Associated companies	17	–	–
Total fixed assets		**1,249**	**1,250**
Current assets			
Current receivables			
Accounts receivable		2	25
Receivables from Group companies		3,680	3,832
Other receivables		6	2
Prepaid expenses and accrued income	20	6	10
Cash and cash equivalents	21	169	33
Total current assets		**3,863**	**3,902**
Total assets		**5,112**	**5,152**
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital[1]	22	58	58
Statutory reserve		1,671	1,671
		1,729	**1,729**
Non-restricted shareholders' equity			
Share premium reserve		52	52
Buy-back of shares		–468	–468
Profit brought forward		2,179	2,188
Net profit for the year		3	57
		1,766	**1,829**
Total shareholders' equity		**3,495**	**3,558**
Provisions for pensions	26	**10**	**8**
Long-term liabilities			
Liabilities to credit institutions	29	800	800
Current liabilities			
Liabilities to credit institutions		20	71
Accounts payable		11	9
Liabilities to Group companies		759	644
Other liabilities		1	3
Accrued expenses and deferred income	30	16	59
Total current liabilities		**807**	**786**
Total shareholders' equity, provisions and liabilities		**5,112**	**5,152**
Pledged assets	32	4	–
Contingent liabilities	33	678	535

1) The number of shares outstanding was 167,131,158 in both 2010 and 2011.

Parent Company change in shareholders' equity

SEK m	Share capital	Statutory reserve[1]	Share premium reserve	Buy-back shares	Profit brought forward	Total share-holders' equity
Opening balance, 1 January 2010	**58**	**1,671**	**52**	**–468**	**2,161**	**3,474**
Net profit for the year	–	–	–	–	3	3
Comprehensive income for the year	**–**	**–**	**–**	**–**	**3**	**3**
Group contribution received	–	–	–	–	13	13
Tax effect of Group contributions	–	–	–	–	–3	–3
Group contributions paid	–	–	–	–	–10	–10
Tax effect of Group contributions	–	–	–	–	3	3
Employee share option scheme						
– Allocation of employee share option scheme	–	–	–	–	3	3
Reinvestments in associated companies	–	–	–	–	12	12
Shareholders' equity, 31 December 2010	**58**	**1,671**	**52**	**–468**	**2,182**	**3,495**
Opening balance, 1 January 2011	**58**	**1,671**	**52**	**–468**	**2,182**	**3,495**
Net profit for the year	–	–	–	–	57	57
Comprehensive income for the year	**–**	**–**	**–**	**–**	**57**	**57**
Employee share option scheme						
– Allocation of employee share option scheme	–	–	–	–	6	6
Shareholders' equity, 31 December 2011	**58**	**1,671**	**52**	**–468**	**2,245**	**3,558**

1) Of the Parent Company statutory reserve, SEK 1,390 million comprises contributed shareholders' equity in both 2010 and 2011.

The Parent Company's income statement and balance sheet and statement of shareholders' equity were not restated for 2010 due to the changed accounting policies concerning Group contributions, since they did not pertain to significant amounts.

NOTES

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Compliance with standards and legislation
Nobia's consolidated financial statements are prepared in accordance with International Financial Reporting Standards, IFRS, as approved by the International Accounting Standards Board (IASB) as adopted by the European Union (EU). The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups (June 2011) was also applied.

The Parent Company applies the same accounting policies as the Group except in the cases described below under the section entitled "Parent Company accounting policies". The Annual Report and the consolidated financial statements were approved for issue by the Board of Directors and President on 21 March 2012.

Principles applied in the preparation of the financial statements
Assets and liabilities are recognised at historic acquisition value (cost), except for certain financial assets and liabilities. Financial assets and liabilities measured at fair value comprise derivative instruments.

Receivables and liabilities and income and expenses are offset only if required or expressly permitted in an accounting recommendation.

The Parent Company's functional currency is Swedish kronor (SEK), which is also the presentation currency for the Parent Company and Group. Accordingly, the financial statements are presented in SEK. All amounts are stated in SEK million (SEK m), unless otherwise stated.

Preparing the financial statements in accordance with IFRS requires that company management make assessments, estimates and assumptions that affect the application of accounting policies and the recognised amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assessments. Estimates and assumptions are regularly reviewed. Changes to estimates are recognised in the period in which the change is made if the change affects only that period, or in the period in which the change is made and future periods if the change affects both current periods and future periods. Assessments made by company management in the application of IFRS that have a significant impact on the financial statements and estimates made that may lead to significant adjustments in the financial statements of future fiscal years are primarily the following:

- Impairment testing of goodwill
The Group regularly performs impairment tests of goodwill in accordance with the accounting policies described under "Intangible assets" on page 52. 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 Note 14, "Intangible assets."

Forecasts of future cash flows are based on the approved budget and assumptions on the rate of growth and investment requirements.

The most significant accounting principles stated below are applied consistently to all of the periods presented in the consolidated financial statements.

– Deferred tax assets
The Group's loss carryforwards for which the deferred tax asset has been activated has a carrying amount of SEK 226 million (183). Most of these loss carryforwards have no date of expiry and only a minor portion expire within seven years or later. Over the coming years, taxable earnings are expected to improve in those parts of the Group that generated tax-loss carryforwards. The Groups restructuring measures over the past two years have created significant cost savings, which is expected to generate a substantial earnings improvement. Measures have also been introduced to gradually even out surpluses and deficits by changing financing structures. There is a risk that some of the carrying amount of deferred tax assets cannot be utilised as taxable surpluses in future. For more detailed information on taxes, see Note 27.

Changed accounting policies
In 2011, no changes were made to the accounting policies applied by the Group according to IFRS.

New IFRSs, amendments and interpretations that have not yet been applied
A number of new or changed IFRSs will not come into effect until the next fiscal year, and have not been applied in advance when preparing these financial statements. There are no plans to apply any new or changed accounting policies with future application in advance.

Revised IAS 1 Presentation of Financial Statements (Presentation of other comprehensive income). This change pertains to how items in other comprehensive income are presented. The items are divided into two categories: items that will be reclassified to net profit/loss for the year, and items that will not be reclassified. Items to be reclassified include translation differences and gains/losses on cash-flow hedges. Items that are not reclassified include actuarial gains and losses and revaluations according to the revaluation method for tangible and intangible assets. This change will be applied for the fiscal year commencing 1 July 2012 with retroactive effect. For Nobia, the change entails that for financial statements pertaining to 2013, translation differences and gains/losses on cash-flow hedges will be recognised in a category in Other comprehensive income, and actuarial gains and losses will be recognised in another separate category in Other comprehensive income.

IFRS 9 Financial Instruments is intended to replace IAS 39 Financial Instruments: Recognition and Measurement not later than 2015. IASB has published the first two sections of the final version of IFRS 9. The first section deals with the classification and measurement of financial assets. The categories of financial assets found in IAS 39 will be replaced by two categories: measurement at fair value or amortised cost. Amortised cost is utilised for instruments held to collect the any contractual cash flows, which comprise payments of principal and interest on the principal on the specified date. Other financial assets are recognised at fair value and the fair value option provided under IAS 39 is retained. Changes in fair value are to be recognised in earnings except for changes in the value of equity instruments that are not held for trading and for which on initial recognition changes in value are recognised in other comprehensive income. Changes in value of derivatives in hedge accounting are not affected by this part of IFRS 9, but are recognised until future notice in accordance with IAS 39. Due to the fact that Nobia's financial assets comprise accounts and loans receivable, derivatives in cash-flow hedges and cash and cash equivalents, the changes introduced in this part of IFRS 9 are not expected to have any or only insignificant effects on the financial statements. In October 2010, IASB also published the sections of IFRS 9 that pertain to the classification and measurement of financial liabilities. The greater part complies with the previous IAS 39 regulations, except for that which pertains to financial liabilities that are voluntarily measured at fair value according to the "Fair value Option." For these liabilities, the change in measurement is divided into changes that are attributable to the company's own credit rating and changes in the reference rate, respectively. IFRS 9 has not yet been approved by the EU and as such, cannot be applied in advance.

Changes to IAS 19 Employee Benefits. This change entails that the "corridor method" disappears. Actuarial gains and losses will be recognised in other comprehensive income. Return that is calculated on plan assets will be based on the discount rate, which is used when calculating pension commitments, which may entail a slightly negative effect. The difference between fair and estimated return pertaining to plan assets will be recognised in other comprehensive income. The changes will be applied in the fiscal year commencing 1 January 2013 or later with retroactive effect. At 31 December 2011, unrecognised actuarial losses in the Group amounted to SEK 184 million. The new policies are expected to be approved by EU in the first quarter of 2012 and will not be applied by Nobia in advance.

The following changes to accounting policies with future applications are not deemed to have any effect on the Group's accounting:
- Changes in IAS 12 Income Taxes pertaining to the measurement of tax for investment properties
- Change in IFRS 7 Financial instruments: Disclosures pertaining to new disclosure requirements for transfers of financial assets
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interest in Other Entities
- Revised IAS 27 Consolidated and Separate Financial Statements
- Revised IAS 28 Investments in Associates
- IFRS 13 Fair Value Measurement

For IFRS 12 Disclosure of Interest in Other Entities and IFRS 13 Fair Value Measurement, disclosure requirements may be added.

Classification, etc.
Fixed assets and long-term liabilities essentially comprise amounts that are expected to be recovered or paid more than 12 months after the closing date. Current assets and current liabilities essentially comprise amounts that are expected to be recovered or paid within the 12 months after the closing date.

Consolidation principles and business combinations

Subsidiaries

Subsidiaries are companies subject to the controlling influence of the Parent Company. A controlling influence entails the direct or indirect right to shape a company's financial or operational strategies in a bid to receive financial benefits. An assessment of whether a controlling influence exists takes into account potential voting shares that can be immediately utilised or converted.

–Acquisitions on 1 January 2010 or later

Subsidiaries are recognised in accordance with the purchase method of accounting. According to this method, an acquisition of a subsidiary is considered a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis determines the fair value on the acquisition date of the acquired, identifiable assets and assumed liabilities and any non-controlling interest. Transaction costs that arise, except for transaction costs attributable to issues of equity instruments or debt instruments, are recognised directly in net profit for the year.

For business combinations whereby the consideration transferred, any non-controlling interests and the fair value of previously owned participations (step acquisitions) exceed the fair value of the acquired assets and assumed liabilities recognised separately, the difference is recognised as goodwill. When the difference is negative, known as a bargain purchase, it is recognised directly in net profit for the year.

Consideration transferred in conjunction with the acquisition does not include payments for the settlement of previous business connections. Such settlement is recognised in profit and loss.

Contingent consideration is recognised at fair value on the acquisition date. If the contingent consideration is classified as an equity instrument, no remeasurement is performed and settlement takes place in equity. Other contingent considerations are remeasured on each reporting occasion and the change is recognised in net profit for the year.

A non-controlling interest arises if the acquisition does not pertain to 100-per cent ownership of the subsidiary. There are two options for recognising non-controlling interests. The non-controlling interest's proportionate share of net assets can be recognised or the non-controlling interest can be recognised at fair value, meaning that the non-controlling interest has a share of goodwill. The choice between the two options of recognising non-controlling interests may be made on an acquisition by acquisition basis.

For step acquisitions, goodwill is determined on the date on which the controlling influence arose. Previous holdings are measured at fair value and the change in value is recognised in net profit for the year.

Divestments leading to the loss of a controlling influence but where a holding remains, this holding is measured at fair value and the change in value is recognised in net profit for the year.

–Acquisitions made between 1 January 2004 and 31 December 2009

Acquisitions made between 1 January 2004 and 31 December 2009 where the cost exceeds the fair value of the acquired assets and assumed liabilities and contingent liabilities recognised separately, the difference is recognised as goodwill. When the difference is negative, it is recognised directly in net profit for the year.

Transaction costs that arise, except for transaction costs attributable to issues of equity instruments or debt instruments, are included in the cost.

–Acquisitions prior to 1 January 2004 (date of transfer to IFRS)

For acquisitions that took place prior to 1 January 2004, goodwill, after an impairment test, is recognised at cost which corresponds to the carrying amount according to previously applied accounting policies. The classification and accounting treatment of business combinations that took place prior to 1 January 2004 were not reassessed in accordance with IFRS 3 when the consolidated IFRS opening balance sheet was prepared on 1 January 2004.

The subsidiaries' financial statements are included in the consolidated financial statements from the date of acquisition until the date on which the controlling influence ceased.

If the subsidiary's accounting policies are not the same as the Group's policies, adjustments were made to the Group's accounting policies. Losses attributable to non-controlling interests are allocated to the non-controlling interest except that the non-controlling interest is recognised as a debit item under shareholders' equity.

–Acquisitions of non-controlling interests

Acquisitions from non-controlling interests are recognised as a transaction in shareholders' equity, meaning between the Parent Company's owners (within profit brought forward) and the non-controlling interest. Accordingly, no goodwill arises in these transactions. Changes in non-controlling interest are based on their proportionate share of net assets.

–Sales to non-controlling interests

Sales to non-controlling interests, whereby the controlling influence remains, are recognised as a transaction in shareholders' equity, meaning between the Parent Company's owners and the non-controlling interest. The difference between the proceeds received and the non-controlling interest's proportionate share of net assets is recognised under "Profit brought forward."

Translation of foreign subsidiaries

The financial statements of subsidiaries are prepared in the local currency, or 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 in other comprehensive income and in a separate reserve in consolidated shareholders' equity.

	Closing-date rate		Average	
Significant exchange rates	Dec 31 2010	**Dec 31 2011**	2010	**2011**
DKK	1.21	1.20	1.28	1.21
EUR	9.00	8.94	9.54	9.03
GBP	10.55	10.68	11.13	10.41
NOK	1.15	1.15	1.19	1.16
USD	6.80	6.92	7.20	6.50

Segment reporting

An operating segment is a part of the Group that conducts business activities from which it can generate income and incur expenses and for which independent financial information is available. Furthermore, the results of an operating segment are monitored by the company's chief operating decision-maker to evaluate them and to allocate resources to the operating segment. Nobia's operating segments are the Group's three regions: the UK, Nordic and Continental Europe regions. The division of the units per region is based on the geographic domicile of the units. Refer to Note 3 on page 57 for a more detailed description of this divisions and a presentation of the operating segments.

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 recognised 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.

Government assistance

Government subsidies are recognised 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 on financial items.

Interest income on receivables and interest expense on liabilities are calculated in accordance with the effective interest rate method. The effec-

Note 1 cont'd.

tive 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.

Taxes

Tax costs for the year comprise current tax and deferred tax. Income taxes are recognised in net profit for the year except when the underlying transaction is recognised in other comprehensive income or in shareholders' equity, whereby the associated tax effects are recognised in other comprehensive income or in shareholders' equity.

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 recognised 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 recognised in the balance sheet as a fixed asset or long-term liability. The income tax liability is recognised as a current receivable or liability.

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

Tangible fixed assets

Tangible fixed assets are recognised at cost with deductions for depreciation and possible impairments. Cost includes expenses that can be directly attributed to the acquisition. Costs for improvements to the asset's performance, exceeding the original level, increase the asset's carrying amount. The borrowing costs of the cost of any assets established from 1 January 2009 that comprise qualifying assets are expensed. Costs for repairs, maintenance and any interest expenses are recognised as costs in profit and loss 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 and discontinued operations

Discontinued operations comprise important operations that have been divested or comprise a divestment group held for sale as well as subsidiaries that are acquired for the purpose of subsequently being sold. Profit after tax from discontinued operations is recognised on a separate line in profit and loss.

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. Changes in value are recognised in profit.

Intangible assets

Goodwill comprises the amount by which the cost of the acquired operation exceeds the established fair value of identifiable net assets, as recognised in the acquisition analysis. In connection with the acquisition of operations, goodwill is allocated to cash-generating units. Nobia has eight cash-generating 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 Note 14 Intangible assets on page 63.

Other intangible assets are recognised at cost less accumulated amortisation and possible impairments. It also includes capitalised costs for purchases and internal and external costs for the development of software for the Group's IT operations, patents and licences. Amortisation takes place according to the straight-line method based on the estimated useful life of the asset (three to six 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 recognised as an intangible asset. 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 recognised 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 recognised 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 recognised 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 recognised on a straight-line basis during the leasing period. Operational leasing agreements are recognised in profit and loss 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.

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.

Deductions are made for inter-Group profits arising in conjunction with deliveries between companies in the Group.

Financial instruments

Financial instruments recognised in the balance sheet include cash and cash equivalents, loans receivable, accounts receivable 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 recognised 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 for on demand transactions, 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 recognised at cost corresponding to the instrument's fair value plus transaction costs. On initial recognition, 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 initial recognition, in the manner described below. For the recognition 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. Exchange-rate fluctuations pertaining to operating receivables and liabilities are recognised in operating profit, while exchange-rate fluctuations pertaining to financial receivables and liabilities are recognised in net financial items.

– Loans and accounts receivable

Long-term loans receivable recognised as fixed assets and accounts receivable recognised as current assets comprise financial assets that are not derivatives, which has determined or determinable payments and are not listed on an active market. These assets are valued at amortised cost. Amortised cost is determined based on the effective rate calculated on the acquisition date. Loan and accounts receivable are recognised at the amounts that are expected to be received, meaning less any provisions for decreases in value.

– 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 from the acquisition date.

– Financial liabilities

All transactions pertaining to financial liabilities are recognised on the settlement date. Liabilities are valued at amortised cost.

– Cash-flow hedges

The currency forward contracts used for hedging highly probable forecasted sales and material purchases in foreign currency are recognised in the balance sheet at fair value. Changes in their value are recognised in other comprehensive income and the accumulated changes in value in a separate component of shareholders' equity (the hedging reserve) until the hedged flow impacts net profit for the year, whereby the accumulated changes in value of the hedging instrument are reclassified to net profit for the year.

Impairment losses

The carrying amounts 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 recognised 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 participations in subsidiaries

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, 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 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. For accounts receivable, objective evidence comprises, for example, payment difficulties among customers or imminent corporate reconstructions. Accounts receivable that require impairment are recognised at the present value of expected future cash flows, Receivables with short maturities are not discounted.

– Impairment reversal

An impairment loss on assets that come under the scope of IAS 36 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 loans receivable and accounts receivable recognised at amortised cost is reversed if the previous reasons for the impairment loss no longer exist and full payment can be expected to be received from the customer.

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 a detailed and formal restructuring plan has been adopted and the restructuring process has either commenced or been publically announced. No provisions are established for future operating expenses.

– Guarantees

A provision for guarantees is recognised when the underlying products or services are sold. The provision is based on historical data and a total appraisal of the potential outcomes in relation to the probabilities associated with the outcomes.

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 recognised 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 recognised periods pertain to options issued to employees. The options are dilutive if the profit targets of the share option scheme have been fulfilled on the reporting date and if the exercise price is lower than the share price. Dilution is greater, the greater the difference between the exercise price and the share price. The exercise price is adjusted by a supplement to the value of future services related to the equity-settled employee share option scheme recognised as share-based payment in accordance with IFRS 2.

Note 1 cont'd.

Employee benefits

– Pensions

Within the Group, there are a number of both defined-contribution and defined-benefit pension plans. In Sweden, Norway, the UK and in some Group companies in Germany, employees are covered by defined-benefit pension plans. In other countries and companies, employees are covered by defined-contribution pension plans. Effective 2010, all new resting in the UK comes under defined – contribution pension plans. As previously, all new vesting in Germany comes under 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 earnings 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 recognised 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 mainly 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 pension 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. This discount rate corresponds to the interest on high-quality corporate bonds, where a market with sufficient depth exists, or government bonds if no such market exists. The rate in Sweden and Norway is determined based on mortgage bonds and government bonds, while in the UK and Germany, the rate is based on corporate bonds.

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 recognised in profit and loss over the employees' estimated average remaining period of service.

For funded plans, the Group recognises 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 recognised 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 recognised pertaining to the special payroll tax based on this difference. Such a provision or receivable is not present-valued.

– 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 recognised 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 question.

– Share option scheme

The Group has an employee share option scheme. The fair value of allotted employee share options is recognised 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 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.

– 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.

Parent Company accounting policies

The Parent Company has prepared its Annual Report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities (September 2011). The Financial Reporting Board's statements for listed companies were also applied. RFR 2 entails that the Parent Company applies all IFRSs adopted by the EU and statements to the annual report of the legal entity as far as possible under the framework of the Annual Accounts Act and the Swedish Pension Obligations Vesting Act and with respect to the connection between accounting and taxation. The Recommendation states the exceptions and additions to IFRS that are to be made. Overall, the Recommendation entails differences between the Group's and the Parent Company's accounting policies in the areas stated below. The accounting policies for the Parent Company described below were applied consistently to all periods presented in the Parent Company's financial statements.

– Changed accounting policies

Unless otherwise stated below, the Parent Company's accounting policies for 2011 were changed in accordance with the aforementioned changes for the Group. As of 2011, Group contributions received are recognised as dividends and Group contributions paid as investments in shares in subsidiaries. Group contributions were previously recognised according to UFR 2 Group contributions and shareholders' contributions directly in shareholders' equity. The Parent Company's income statement and balance sheet and specification of shareholders' equity have not been restated for 2010 since the amounts were not significant.

– Classification and presentation form

An income statement and statement of comprehensive income are presented for the Parent Company and the Group. The Parent Company's income statement and balance sheet are presented following the format stipulated in the Annual Accounts Act, while the statement of comprehensive income, the statement of changes in shareholders' equity and cash-flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences in the Parent Company's income statement and the balance sheet compared with the presentation of the consolidated financial statements primarily pertain to the recognition of financial income and expenses, fixed assets, shareholders' equity and the existence of provisions as a separate heading in the balance sheet.

– Subsidiaries

Participations in subsidiaries are recognised in the Parent Company in accordance with the cost method. This means that transaction costs are included in the carrying amount of the holdings in subsidiaries. In the consolidated financial statements, transaction costs are recognised directly in profit and loss when they arise.

Contingent considerations are valued based on the probability of the consideration being paid. Any changes to the provisions/ receivable are added to/deducted from the cost. In the consolidated financial statements, contingent considerations are measured at fair value with changes in value recognised in profit and loss.

Bargain purchases corresponding to future losses and costs are reversed during the expected periods in which the losses and costs arise. Bargain purchases arising for other reasons are recognised as a provision to the extent that the purchase does not exceed the fair value of the acquired, identifiable non-monetary assets. The portion that exceeds this fair value is recognised in profit and loss immediately. The portion that does not exceed the fair value of acquired, identifiable non-monetary assets is recognised in profit and loss systematically over a period calculated as the remaining weighted average useful life of the acquired identifiable assets that are depreciable. In the consolidated financial statements, bargain purchases are recognised directly in profit and loss.

– Leased assets
All leasing agreements in the Parent Company are recognised in accordance with operational leasing regulations.

– Employee benefits
The Parent Company applies other principles for the calculation of defined-benefit plans than those stipulated in IAS 19. The Parent Company follows the provisions of the Pension Obligations Vesting Act and the Swedish Financial Supervisory Authority's regulations since this is a condition for eligibility for rights to tax deductions. The significant differences compared with the IAS 19 regulations pertain to how the discount rate is determined, the calculation of defined-benefit commitments based on current salary levels with no assumptions regarding future salary increases and that all actuarial gains and losses are recognised in profit and loss when they arise. The Parent Company recognises the fair value of employee share options issued to employees of subsidiaries as shareholders' contributions by recognition in shareholders' equity and the value of the shares in the subsidiary.

– Group contributions
The Parent Company recognises Group contributions in accordance with statement UFR 2 from the Swedish Financial Reporting Board (September 2011). This entails that Group contributions received are recognised as dividends and Group contributions paid as investments in shares in subsidiaries.

– Anticipated dividends
Anticipated dividends from subsidiaries are recognised if the Parent Company has the sole right to decide the amount of the dividend and the Parent Company has made a decision on the amount of the dividend prior to the publication of the Parent Company's financial statements.

– Financial instruments
Due to the connection between reporting and taxation, the regulations regarding financial instruments and hedge accounting provided in IAS 39 are not applied in the Parent Company.

– Financial guarantees
The Parent Company's financial guarantee agreements primarily comprise guarantees on behalf of subsidiaries, joint ventures and associated companies. Under a financial guarantee, the company has an obligation to compensate the holder of a debt instrument for losses incurred by this holder due to a specific debtor not fulfilling their payment duties that are due in accordance with the terms and conditions of the agreement. In the recognition of financial guarantee agreements, the Parent Company applies a relaxation rule permitted by the Financial Reporting Board, in contrast to the provisions of IAS 39. This relaxation rule pertains to financial guarantee agreements issued on behalf of subsidiaries, associated companies and joint ventures. The Parent Company recognises financial guarantee agreements as a provision in the balance sheet when the company has a commitment for which it is probable that payment will be required to settle the commitment.

NOTE 2 FINANCIAL RISKS

Foreign exchange risk
Nobia's policy is to hedge approximately 80 per cent of the forecast flows, 0–3 months in the future, 60 per cent 4–6 months in the future, 40 per cent 7–9 months in the future and 100 per cent of contracted projects. The principal currency combinations were the EUR against the GBP and the SEK against the NOK. Total exposure in 2011, expressed in SEK and after setting off counteracting flows, amounted to SEK 2,254 million, of which SEK 1,331 million was hedged. At the end of 2011, the hedged volume amounted to SEK 761 million.

Unrealised gains and losses recognised as cash-flow hedges in shareholders' equity will be transferred to the income statement at various points in time within 12 months.

	2010		**2011**	
SEK m	Capital employed per currency	Interest-bearing loans and lease liabilities	Capital employed per currency	Interest-bearing loans and lease liabilities
SEK	378	892	498	905
EUR	2,150	49	1,860	56
GBP	1,806	464	1,940	477
DKK	719	427	721	256
USD	82	41	90	42
NOK	157	4	134	8
Other	31	0	26	0
Total	**5,323**	**1,877**	**5,269**	**1,744**

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 1,503 million. The credit quality of financial assets that have neither fallen due for payment or that are subject to impairment is high.

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 exchangerate 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 20 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.

Translation exposure
The Group's policy is not to hedge translation exposure in foreign currencies. A 10-per cent strengthening of the SEK compared with other currencies on 31 December 2011 would entail a decrease in shareholders' equity of SEK 406 million (decrease: 363) and a decrease in profit of SEK 11 million (increase: 1). The sensitivity analysis is based on the assumption that all other factors (for example, interest) are unchanged. The same conditions were applied to 2010.

Interest-rate risk
Interest-rate exposure is managed centrally, meaning that the head office is responsible for identifying and managing interest-rate risks. Nobia normally uses short, fixed-interest terms. Nobia's approach is that times of high interest rates usually coincide with healthy demand in society at large. However, since the long-term interest rates at the end of the year were very low compared with short-term rates, Nobia chose to fix the interest rates for loans of SEK 400 million at a term of five years through an interest swap. The fixed-interest-rate term for remaining loans was 1–3 months.

Refinancing risk
Nobia applies a centralised approach to the Group's financing, which means that all financing takes place in Nobia AB or Nobia Sverige AB. In 2010, Nobia raised a bond loan of SEK 800 million from AB SEK Securities (Swedish Export Credit Corporation), which has a term of five years and a mutual extension period of two years. In 2010, the company also raised a syndicated bank loan of SEK 2,000 million with four banks. The term is five years. The loan has three covenants: leverage (net debt to EBITDA), gearing (net debt to equity) and interest cover (EBITDA to net interest expenses). Nobia meets all covenants with a satisfactory margin. Nobia's policy is to obtain long-term lines of credit that are compatible with Nobia's long-term

Note 2 cont'd.

strategy, while simultaneously balancing the needs for low credit costs. In addition to these loans, Nobia has local overdraft facilities.

The table below shows the maturity of all of Nobia's loans:

	2010		**2011**	
Year of maturity, SEK m	2011	2015	2012	2015
Loans and lines of credit	–	2,800	–	2,800
Of which, utilised	–	1,246	–	1,098

Capital management

The debt/equity ratio may not exceed 100 per cent. A temporary elevation of the debt/equity ratio is acceptable. A significantly lower debt/equity ratio in the long term is to be corrected by an extra dividend to shareholders or through the buy-back of treasury shares. Dividends shall on average comprise at least 30 per cent of net profit after tax. The debt/equity ratio amounted to 45 per cent (44). Nobia considered recognised shareholders' equity of SEK 3,525 (3,446) to be capital.

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.

Interest-rate maturity period – borrowing	2010		**2011**	
Group, SEK m	0–3 months	five years	0–3 months	five years
SEK	800	–	400	400
EUR	–	–	–	–
GBP	–	–	–	–
DKK	398	–	256	–
NOK	–	–	–	–
USD	40	–	42	–

	2010							**2011**						
Commercial exposure	USD	EUR	NOK	CHF	GBP	SEK	DKK	USD	EUR	NOK	CHF	GBP	SEK	DKK
Currency contracts on closing date														
local currency	1	40	–203	–2	–1	–68	–	1	41	–212	–1	–1	–77	–
Total, SEK m[1)]	**8**	**358**	**–233**	**–11**	**–15**	**–68**	**–**	**6**	**366**	**–244**	**–10**	**–14**	**–77**	**–**
Fair value, SEK m	0	1	0	–1	0	–2	–	–1	–14	1	0	0	–2	–
Net flow calendar year														
Net flow, local currency	–10	–85[3)]	414	4	3	249	–37	–18	–89[4)]	565	3	2	259	–29
Net flow, SEK [2)]	–70	–813	493	25	35	249	–47	–115	–805[4)]	654	25	17	259	–35
Hedged volume, SEK m [2)]	31	663	–429	–18	–23	–183	–	22	628	–495	–19	–24	–143	–

1) Flows restated at closing-date rate, SEK. 2) Restated at average rate in 2010, 2011 3) In addition, EUR 26 m pertains to flows against DKK, corresponding to SEK 246 m.
4) In addition, EUR 38 m pertains to flows against DKK, corresponding to SEK 343 m.

Sensitivity analysis	2010			**2011**		
Currencies[1)] and interest rates	Change	SEK m Impact on profit before tax	SEK m Impact on shareholders' equity	Change	SEK m Impact on profit before tax	SEK m Impact on shareholders' equity
EUR/SEK	5%	4.9	3.5	5%	7.2	5.3
NOK/SEK	5%	12.0	8.6	5%	11.5	8.5
EUR/GBP	5%	20.4	14.7	5%	17.6	13.2
NOK/DKK	5%	6.4	4.6	5%	8.7	6.6
SEK/DKK	5%	4.5	3.2	5%	4.8	3.6
Interest-rate level	100 points	12.0	8.6	100 points	7.0	5.5

1) Transaction effects after hedges.

Analysis of maturity for financial liabilities including accounts payable

		2010							**2011**						
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	Nominal amount, original currency	Total	Within 1 month	1–3 months	3 months – 1 year	1–5 years	5 years or longer
Bank loans (IB)															
Bank loans	SEK	976	976	2	5	21	948	–	952	952	3	6	26	917	–
Bank loans	EUR	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Bank loans	GBP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Bank loans	DKK	402	485	1	2	9	473	–	239	287	1	1	5	280	–
Bank loans	NOK	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Bank loans	USD	7	47	0	0	1	46	–	7	46	0	0	1	45	–
Other liabilities															
Forward agreements*	SEK		3	0	1	2	–	–		2	0	1	1	–	–
Forward agreements*	EUR		4	2	1	1	–	–		14	3	4	7	–	–
Forward agreements*	GBP		0	0	0	0	–	–		1	0	0	1	–	–
Forward agreements*	NOK		2	0	0	2	–	–		1	0	0	1	–	–
Forward agreements*	CHF		1	0	1	0	–	–		0	0	0	0	–	–
Forward agreements*	USD		1	0	0	1	–	–		1	0	0	1	–	–
Overdraft facilities (IB)	SEK		41	–	–	41	–	–		71	–	–	71	–	–
Financial lease liabilities (IB)	SEK		1	–	–	–	1	–		–	–	–		–	–
Other liabilities (IB)	SEK		2	–	2	–	–	–		2	–	2		–	–
Accounts payable and other liabilities	SEK		1,403	1,092	262	45	4	–		1,390	1,095	271	22	2	–
Total			**2,966**	**1,097**	**274**	**123**	**1,472**	–		**2,767**	**1,102**	**285**	**136**	**1,244**	–
Interest-bearing liabilities (IB)			1,290							1,179					

* The value of forward agreements is included in the item "Derivatives" in the balance sheet.

Age analysis, accounts receivable and other receivables, SEK m	2010 Gross	2010 Of which, impairment losses	2011 Gross	2011 Of which, impairment losses
Non-due accounts receivable	982	–	952	–
Past-due accounts receivable 0–30 days	213	12	244	8
Past-due accounts receivable > 30 days–90 days	70	9	84	9
Past-due accounts receivable > 90 days–180 days	24	16	26	15
Past-due accounts receivable > 180 days–360 days	40	32	24	16
Past-due accounts receivable > 360 days	60	53	69	60
Total receivables	**1,389**	**122**	**1,399**	**108**

Deposit account for impairment losses on accounts receivable and other receivables, SEK m[1]	2010	2011
Opening balance	138	122
Reversal of previously posted impairment losses	–15	–31
Impairment losses for the year	16	18
Confirmed losses	2	–1
Discontinued operations	–5	–
Translation difference	–14	0
Closing balance	**122**	**108**

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 OPERATING SEGMENTS

The Group's business activities are divided into operating segments based on a management approach, meaning the parts of the operations monitored by the company's chief operating decision-maker. The Group's operations are organised such that Group management monitors the earnings, returns and cash flow generated by the Group's regions. These regions comprise the Group's operating segments since Group management monitors the operations' earnings and decides on the allocation of resources based on the regions. Accordingly, the Group's internal reporting is structured so that Group management can monitor the performance and earnings of all of the regions. The following operating segments were identified: UK region, Nordic region and Continental Europe region.

Nobia considers the Group's income from kitchens, bathrooms and storage to comprise a single product group since bathrooms and storage represent such a small percentage of the Group's total balance sheet, income statement and cash-flow statement.

Net sales and profit/loss per region

	UK region		Nordic region		Continental Europe region		Group-wide and eliminations		Group	
SEK m	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**
Net sales from external customers	**5,198**	**4,480**	**5,092**	**5,276**	**3,795**	**3,358**	**–**	**–**	**14,085**	**13,114**
Net sales from other regions	–	1	–	–	10	10	–10	–11	0	0
Total net sales	**5,198**	**4,481**	**5,092**	**5,276**	**3,805**	**3,368**	**–10**	**–11**	**14,085**	**13,114**
Depreciation/amortisation	–130	–116	–151	–140	–143	–110	–23	–24	–447	–390
Participations in joint ventures	–	–	–	–	–	–	–	–	–8	–
Operating profit/loss	219	199	249	399	–247	–272	–215	–142	6	184
Financial income									18	9
Financial expenses									–103	–92
Profit/loss before tax and discontinued operations									**–79**	**101**
Impairment losses	–	–12	–34	0	–14	–29	–49	–17	–97	–58
Restructuring costs	–107	–24	–82	–63	–214	–202	–108	–45	–511	–334

Total liabilities and assets per region

	UK region		Nordic region		Continental Europe region		Group-wide and eliminations		Group	
SEK m	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**
Total operating assets	**1,690**	**1,652**	**1,834**	**1,859**	**1,334**	**1405**	**2,813**	**2,798**	**7,671**	**7,714**
Total operating assets include:										
Investments in fixed assets	132	70	100	120	114	274	1	7	347	471
Total operating liabilities	**966**	**831**	**936**	**979**	**913**	**915**	**76**	**125**	**2,891**	**2,850**

Note 3 cont'd.

Geographic areas, Group	Income from external customers 1)		Fixed assets 2)	
SEK m	2010	**2011**	2010	**2011**
Sweden	1,091	1,126	236	237
Denmark	1,944	1,855	743	715
Norway	1,315	1,485	173	157
Finland	732	800	188	181
UK	5,317	4,586	1,786	1,745
France	1,707	1,561	1,201	1,264
Germany	517	474	405	366
Austria	533	496	317	317
Netherlands	76	51	2	1
USA	144	141	45	47
Other countries	709	539	22	11
Total	**14,085**	**13,114**	**5,118**	**5,041**

1) Net sales from external customers based on customers' geographic domicile.
2) Fixed assets that are not financial instrument, deferred tax assets, assets associated with benefits after employment termination or rights under insurance agreements.

NOTE 4 COSTS FOR EMPLOYEE BENEFITS AND REMUNERATION TO SENIOR EXECUTIVES

	2010			**2011**		
SEK m	Salaries and other remuneration	Social security costs	Total	Salaries and other remuneration	Social security costs	Total
Total subsidiaries	2,589	599	**3,188**	2,438	592	**3,030**
of which pension costs		193	**193**		175	**175**
Parent Company	37	20	**57**	47	22	**69**
of which pension costs		8	**8**		14	**14**
Group1)	2,626	619	**3,245**	2,485	614	**3,099**
of which pension costs		201	**201**		189	**189**

1) Excludes costs for share-based remuneration.

Total costs for employee benefits		
SEK m	2010	**2011**
Salaries and other remuneration	2,626	2,485
Social security costs	418	425
Pension costs – defined-contribution plans	146	145
Pension costs – defined-benefit plans	48	37
Costs for special employer's contributions and tax on returns	7	7
Costs for allotted share options		
2005–2009	–	–
Costs for allotted employee share options		
2006–2010	–	–
2007–2011	–	–
2008–2012	–	–
2009–2013	–	–
2010–2014	5	2
2011–2015	–	2
Total costs for employees	**3,250**	**3,103**

Salaries and other remuneration for the Parent Company		
SEK m	2010	**2011**
Senior management 1)	23	18
Other employees	14	29
Total Parent Company 2)	**37**	**47**

1) In 2011, the number of individuals was 5 (8).
2) Excludes costs for share-based remuneration.

Salaries and other remuneration for the Group		
SEK m	2010	**2011**
Board and President of subsidiaries 1)	31	34
Other employees of subsidiaries	2,558	2,404
Total subsidiaries	**2,589**	**2,438**
Group 2)	**2,626**	**2,485**

1) In 2011, the number of individuals was 12 (13).
2) Excludes costs for share-based remuneration.

Remuneration and other benefits, 2011, SEK m	Basic salary, Director's fee	Variable remuneration	Other benefits	Pension cost	Share-based remuneration	Other remuneration	Total	Pension commitments	Number of individuals
Chairman of the Board									
Johan Molin	0.7	–	–	–	–	–	0.7	–	1
Board members									
Nora Förisdal Larssen	0.2	–	–	–	–	–	0.2	–	0.75
Bodil Eriksson	0.3	–	–	–	–	–	0.3	–	1
Fredrik Palmstierna	0.3	–	–	–	–	–	0.3	–	1
Lotta Stalin	0.3	–	–	–	–	–	0.3	–	1
Thore Ohlsson	0.3	–	–	–	–	–	0.3	–	1
Rolf Eriksen	0.3	–	–	–	–	–	0.3	–	1
Former Chairman									
Hans Larsson	0.2	–	–	–	–	–	0.2	–	0.25
Former Board member									
Stefan Dahlbo	0.1	–	–	–	–	–	0.1	–	0.25
President									
Morten Falkenberg	6.5	–	0.2	2.4	0.2	–	9.3	–	1
Other members of Group management	**23.1**	**1.4**	**0.7**	**3.7**	**1.8**	**–**	**30.7**	**0.7**	**9**
–of which, from subsidiaries	14.8	0.9	0.5	1.4	0.9	–	18.5	–	5
Total	**32.3**	**1.4**	**0.9**	**6.1**	**2.0**	**–**	**42.7**	**0.7**	**17.25**

Remuneration and other benefits, 2010, SEK m	Basic salary, Director's fee	Variable remuneration	Other benefits	Pension cost	Share-based remuneration	Other remuneration	Total	Pension commitments	Number of individuals
Chairman of the Board									
Hans Larsson	0.8	–	–	–	–	–	0.8	–	1
Vice Chairman									
Johan Molin	0.4	–	–	–	–	–	0.4	–	0.75
Board members									
Stefan Dahlbo	0.3	–	–	–	–	–	0.3	–	1
Bodil Eriksson	0.3	–	–	–	–	–	0.3	–	1
Fredrik Palmstierna	0.3	–	–	–	–	–	0.3	–	1
Lotta Stalin	0.3	–	–	–	–	–	0.3	–	1
Thore Ohlsson	0.3	–	–	–	–	–	0.3	–	1
Rolf Eriksen	0.2	–	–	–	–	–	0.2	–	1
Former Board members									
Wilhelm Laurén	0.1	–	–	–	–	–	0.1	–	0.25
Joakim Rubin	0.1	–	–	–	–	–	0.1	–	0.25
President									
Morten Falkenberg	1.6	–	0.0	0.6	0.1	–	2.3	–	0.25
Former president									
Preben Bager	6.6	1.7	0.1	1.7	–	–	10.1	3.5	0.75
Other members of Group management	28.8	4.2	1.3	4.2	1.1	–	39.6	1.1	13
–of which, from subsidiaries	16.9	2.6	0.8	1.2	0.5	–	22.0	–	6
Total	**40.1**	**5.9**	**1.4**	**6.5**	**1.2**	**–**	**55.1**	**4.6**	**22.25**

Note 4 cont'd.

The average number of employees and number of men and women among Board members and senior managers are described in Note 5, see page 62.

Remuneration to senior management

– Board 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 received a fixed fee of SEK 315,000 per member and the Chairman received SEK 790,000. The Board received a total of SEK 2,680,000. Employee representatives receive a study and preparation fee of SEK 26,000 per person per year.

– President

In the 2011 fiscal year, the President received SEK 6,728,539 in salary and benefits, plus a variable salary portion related to results for 2011 of SEK 0. In addition to the normal pension in accordance with the Swedish National Insurance Act (ATP and AFP), the President has pension benefits corresponding to 30 per cent of pensionable salary. Pensionable salary means fixed annual salary. For 2011, the premium cost was SEK 1,920,626. The retirement age is 65. The President has the right to 12 months' notice if employment is terminated by Nobia. If employment is terminated by the President, six months' notice must be given.

– Other Group management

Group management, which comprised ten individuals in 2011, of whom four are employed in the Parent Company, received salaries and benefits during the fiscal year amounting to SEK 8,556,840 plus variable salary portions based on results for 2011 of SEK 527,007. 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, following a Board decision.

– Variable salary portion

The fundamental principle for the variable salary portion for the unit managers and Group management is that such portions may amount to a maximum bonus of 30 per cent of fixed annual salary. The exception is the President whose variable salary portion may amount to a maximum bonus of 50 per cent of fixed annual salary. Exceptions may also be made for other senior managers following a decision by the Board. 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 senior managers 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 33.

– Group management's employee 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.

– 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.

– Share option scheme 2009–2013

At the 2009 Annual General Meeting, a resolution was made in accordance with the Board's proposal to continue the same incentive scheme implemented in previous years in the form of a performance-based employee share option scheme. This means that approximately 130 senior executives in the Nobia Group will be allotted a total of 2,300,000 employee share options. Each employee share option carries entitlement to the acquisition of shares in Nobia AB during the period from and including 31 May 2012 up to and including 1 March 2013 at a predetermined exercise price of SEK 35.30. The right to utilise these employee share options requires that on the exercise date the holder is an employee of the Nobia Group and that during the 2009–2011 fiscal years, the Nobia Group increases its earnings per share compared with the 2008 fiscal year such 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. The annual increase in earnings per share influences the number of options that can be received.

– Share option scheme 2010–2014

At the 2010 Annual General Meeting, a resolution was made in accordance with the Board's proposal to continue the same incentive scheme implemented in previous years in the form of a performance-based employee share option scheme. This means that approximately 100 senior executives in the Nobia Group will be allotted a total of 2,300,000 employee share options. Each employee share option carries entitlement to the acquisition of shares in Nobia AB during the period from and including 31 May 2013 up to and including 31 December 2014 at a predetermined exercise price of SEK 39.50. The right to utilise these employee share options requires that on the exercise date the holder is an employee of the Nobia Group and that during the 2010–2012 fiscal years, the Nobia Group increases its earnings per share compared with the average for the 2008 and 2009 fiscal years such 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. The annual increase in earnings per share influences the number of options that can be received.

– Share option scheme 2011–2015

At the 2011 Annual General Meeting, a resolution was made in accordance with the Board's proposal to continue the same incentive scheme implemented in previous years in the form of a performance-based employee share option scheme. This means that approximately 100 senior executives in the Nobia Group will be allotted a total of 1,640,000 employee share options. Each employee share option carries entitlement to the acquisition of shares in Nobia AB during the period from and including 31 May 2014 up to and including 31 December 2015 at a predetermined exercise price of SEK 54.10. The right to utilise these employee share options requires that on the exercise date the holder is an employee of the Nobia Group and that during the 2011–2013 fiscal years, the Nobia Group increases its earnings per share compared with the average for the 2009 and 2010 fiscal years, adjusted for structural nonrecurring costs, such 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. The annual increase in earnings per share influences the number of options that can be received.

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 scheme 2005–2014					
Scheme	Exercise period	Exercise price, SEK per share	Theoretical value of the options, SEK per share	Share value at allotment, SEK per share	Volatility in per cent	Risk-free interest rate in per cent
2005–2009	31 May 2008–1 March 2009	41.57	5.07	37.77	24	2.71
2006–2010	31 May 2009–1 March 2010	88.37	13.13	80.34	26	3.31
2007–2011	31 May 2010–1 March 2011	101.30	14.20	92.10	24	4.09
2008–2012	31 May 2011–1 March 2012	44.40	6.16	42.00	33	4.32
2009–2013	31 May 2012–1 March 2013	35.30	5.47	29.40	35	2.17
2010–2014	31 May 2013–31 December 2014	39.50	8.12	35.20	37	1.71
2011–2015	31 May 2014–31 December 2015	54.10	9.10	47.70	33	2.55

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. 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 compared with the average for a certain defined period.

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 employee share options				
Scheme	President	Other members of Group management	Other employees	Total	Original allotment
2005–2009	–	–	–	–,	1,830,000
2006–2010	–	–	–	–	1,830,000
2007–2011	–	–	–	–	1,830,000
2008–2012	–	–	–	–	2,592,500
2009–2013[1]	–	–	–	–	2,292,000
2010–2014	35,000	450,000	1,225,000	1,710,000	2,165,000
2011–2015	70,000	450,000	1,000,000	1,520,000	1,640,000
Total	**105,000**	**900,000**	**2,225,000**	**3,230,000**	**14,179,500**

1) Since the earnings target was not achieved in the 2009 scheme, the employee share options could not be exercised. Consequently, the options are considered forfeited.

Future dilution effects from the two current schemes are reduced since persons included in the scheme have left Nobia. An average of 23 per cent of the original number of options issued remain.

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

	Accumulated costs			2010[1]			**2011[2]**		
Scheme	IFRS 2 cost	Social costs	Total cost	IFRS 2 cost	Social costs	Total cost	IFRS 2 cost	Social costs	Total cost
2005–2009	7	0	7	–	–	–	–	–	–
2006–2010	–	–	–	–	–	–	–	–	–
2007–2011	–	–	–	–	–	–	–	–	–
2008–2012	–	–	–	–	–	–	–	–	–
2009–2013	–	–	–	–	–	–	–	–	–
2010–2014	7	0	7	3	2	5	4	–2	2
2011–2015	2	0	2	–	–	–	2	0	2
	16	**0**	**16**	**3**	**2**	**5**	**6**	**–2**	**4**

1) Price on 31 Dec 2010 = SEK 60.25 per share
2) Price on 31 Dec 2011 = SEK 24.50 per share

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

	2010		**2011**	
	Average exercise price, SEK per share	Number of options	Average exercise price, SEK per share	Number of options
As per 1 January	40.36	4,549,500	38.01	3,995,000
Allotted	39.50	2,165,000	54.10	1,640,000
Expired	–	0	–	0
Forfeited	43.13	–2,719,500	36.91	–2,405,000
Exercised	–	0	–	0
As per 31 December	**38.01**	**3,995,000**	**47.00**	**3,230,000**

Of the 3,230,000 outstanding options (3,995,000), it was possible to exercise 0 options (0) since date of expiry has not yet fallen.

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

		Shares	
Expiry date	Exercise price, SEK per share	2010	**2011**
1 March 2013	35.30	1,900,000	–
31 December 2014	39.50	2,095,000	1,710,000
31 December 2015	54.10	–	1,520,000
		3,995,000	**3,230,000**

NOTE 5 AVERAGE NUMBER OF EMPLOYEES

	2010		2011	
Subsidiaries in:	Average number of employees	Of whom, men	Average number of employees	Of whom, men
Sweden	774	604	822	604
Denmark	1,325	902	1,267	917
Norway	286	121	289	113
Finland	428	303	463	334
Germany	623	468	545	399
Austria	478	392	473	382
UK	2,573	1,997	2,524	1,879
France	1,049	512	960	427
USA	59	26	48	15
Switzerland	32	25	23	19
Poland	24	24	24	11
Netherlands	2	2	2	2
Spain	9	2	8	0
Japan	3	1	4	2
Total subsidiaries	**7,665**	**5,379**	**7,452**	**5,104**
Of which, Parent Company	16	11	23	15
Group	**7,681**	**5,390**	**7,475**	**5,119**

	2010		2011	
	Number on closing date	Of whom, men, %	Number on closing date	Of whom, men, %
Board members	68	84	67	85
President and other senior executives	80	86	79	81
Group	**148**	**85**	**146**	**79**

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

	2010		2011	
	Number on closing date	Of whom, men, %	Number on closing date	Of whom, men, %
Board members	13	77	12	67
President and other senior executives	15	93	11	91
Parent Company	**28**	**86**	**23**	**78**

NOTE 6 REMUNERATION TO AUDITORS

Specification by type of costs

	Group		Parent Company	
SEK m	2010	**2011**	2010	**2011**
KPMG				
Audit assignment	11	10	3	3
Audit activities other than audit assignment	0	0	0	0
Tax advice	0	1	0	0
Other assignments	1	1	0	1
Other auditors				
Audit assignment	0	0	–	–

Audit assignment refers to the statutory audit of the annual and consolidated financial statements and accounting, the administration of the Board and the President and other examinations performed by agreement or contract. This includes other duties that fall upon the company's auditor to perform and providing advisory services or other assistance due to observations made during such an audit or while performing other such duties.

NOTE 7 DEPRECIATION/AMORTISATION AND IMPAIRMENT LOSSES BY ACTIVITY

	Depreciation/ amortisation		Impairment losses	
Group, SEK m	2010	**2011**	2010	**2011**
Cost of goods sold	–142	–155	–27	–17
Selling expenses	–254	–190	–24	–38
Administrative expenses	–51	–45	–46	–3
Total depreciation/amortisation and impairment losses	**–447**	**–390**	**–97**	**–58**

NOTE 8 OTHER OPERATING INCOME

	Group		Parent Company	
SEK m	2010	**2011**	2010	**2011**
Gains attributable to sale of fixed assets	1	0	–	–
Exchange-rate gains from operating receivables/liabilities	41	31	–	–
Other	16	20	–	–
Total other operating income	**58**	**51**	**–**	**–**

NOTE 9 OTHER OPERATING EXPENSES

	Group		Parent Company	
SEK m	2010	**2011**	2010	**2011**
Exchange-rate losses from operating receivables/liabilities	–67	–47	–	–
Capital loss attributable to divestment of subsidiaries	–26	–	–33	–
Loss attributable to sale of fixed assets	–	–11	–	–
Other	–9	–6	–	–
Total other operating expenses	**–102**	**–64**	**–33**	**–**

NOTE 10 SPECIFICATION BY TYPE OF COST

SEK m	2010	**2011**
Costs for goods and materials	–6,142	–5,646
Costs for remuneration to employees (Note 4)	–3,250	–3,103
Depreciation and impairment losses (Note 7)	–544	–448
Freight costs	–697	–689
Operational leasing costs, primarily stores (Note 11)	–640	–685
Other operating expenses	–2,856	–2,410
Total operating expenses	**–14,129**	**–12,981**

NOTE 11 OPERATIONAL LEASE CONTRACTS

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

	Group		Parent Company	
SEK m	2010	**2011**	2010	**2011**
Expensed during the year	640	685	0	0
Falling due for payment within one year	667	650	0	0
Falling due for payment between one and five years	1,844	1,701	0	0
Falling due for payment later	1,065	1,156	0	0
Total	**3,576**	**3,507**	**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	2010	**2011**	2010	**2011**
Falling due for payment within one year	59	66	–	–
Falling due for payment between one and five years	166	233	–	–
Falling due for payment later	11	8	–	–
Total	**236**	**307**	**–**	**–**

NOTE 12 FINANCIAL INCOME AND EXPENSES

	Group		Parent Company	
SEK m	2010	**2011**	2010	**2011**
Profit from participations in Group companies				
Dividends	–	–	100	133
Group contributions received			–	60
Financial income				
Interest income, current	18	8	6	5
Exchange-rate differences	0	1	23	3
Financial expenses				
Interest expense	–53	–66	–32	–72
Interest expense pertaining to pension liability	–37	–26	–	–
Divestment of shares in associated companies	–	–	–	–
Exchange-rate differences	–13	0	0	–6
Total	**–85**	**–83**	**97**	**123**

NOTE 13 TAX ON NET PROFIT FOR THE YEAR

	Group		Parent Company	
SEK m	2010	**2011**	2010	**2011**
Current tax expenses for the period	–95[1]	–67[1]	1	–
Deferred tax	120	51	0	–1
Tax on net profit for the year	**25**	**–16**	**1**	**–1**

1) This amount includes tax revenue attributable to the earlier period of SEK 14 million (38) that primarily pertain to the repayment of tax in the UK.

Reconciliation of effective tax Parent Company, %	2010	**2011**
Tax rate in the Parent Company	26.3	26.3
Tax relating to earlier periods	–	–
Non-tax deductible income	–	0.0
Non-deductible costs	297.0	0.4
Non-tax deductible dividend	–1,337.7	–60.5
Non-capitalised loss carryforwards	968.2	34.1
Other	–	1.0
Recognised effective tax	**–46.2**	**1.3**

The difference between the nominal and effective tax rates for the Parent Company primarily pertain to dividends from subsidiaries and a non-capitalised loss carryforward. The loss carryforward is capitalised at Group level.

Tax expense on net profit for the year for the Group comprised 17.2 per cent of profit before tax. In 2010, tax revenue accounted for 28.4 per cent of profit before tax. The difference between recognised tax (17.2 per cent) and anticipated tax in consolidated profit before tax estimated with the local tax rate for Sweden (26.3 per cent) is explained in the table below.

Reconciliation of effective tax Group, %	2010	**2011**
Local tax rate in Sweden	26.3	26.3
Different local tax rates	19.9	–29.9
Taxes attributable to previous periods	33.4	–3.4
Non-tax deductible income	25.7	–12.2
Non-deductible costs	–71.0	20.5
Changed corporate tax rate in the UK	–3.3	6.9
Other	–2.6	9.0
Recognised effective tax	**28.4**	**17.2**

Note 27 on page 71 explains the calculation of deferred tax assets and liabilities.

NOTE 14 INTANGIBLE ASSETS

Goodwill, SEK m	2010	**2011**
Opening cost	3,037	2,676
Corporate acquisitions	1	–
Goodwill arising from acquisition of net assets	7	1
Reclassifications	–	–
Impairment losses	–46	–
Translation differences	–323	4
Closing carrying amount	**2,676**	**2,681**

Impairment testing of goodwill

At the end of 2011, recognised goodwill amounted to SEK 2,681 million (2,676). The carrying amount of goodwill is specified by cash-generating units as follows:

SEK m	2010	**2011**
Nobia UK	1,025	1,038
Hygena	834	828
Nobia DK	315	315
Nobia SweNo	156	155
Other	346	345
Total	**2,676**	**2,681**

Goodwill has been allocated to cash-generating units (CGU) when these units were acquired. Nobia has eight CGUs, which in organisational terms correspond 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 recoverable amount 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 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, investment and working capital requirements. It has been assumed that growth will increase in line with market growth in all CGUs except for Hygena for which growth is anticipated to be slightly higher. The comprehensive store refurbishment programme, see page 14 of the Report of the Board of Directors, that was implemented in 2010–2011 and that will continue during part of 2012 entails that growth in Hygena in the coming years is expected to increase more than the market.

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 weighted average cost of capital is calculated on the average debt/equity ratio for large companies in similar industries 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 estimated risks assumed when they invest in cash-generating units. The risk premium has been established based on the long-term historical return on the stock market for large companies in similar industries by taking into consideration the risk profile of each business unit.

Note 14 cont'd.

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 interest and tax rates in different countries.

In 2011, the Group's weighted cost of capital before tax amounted to 11.9 per cent (13.6) and after tax to 9.1 per cent (9.9). In total, the utilised cost of capital after tax for 2011 is in the interval 8.7–10.2 per cent (9.5–10.2).

Assumptions for calculating recoverable amounts:

Discount rate before tax, %

SEK m	2010	**2011**
Nobia UK	14.6	11.6
Hygena	13.6	13.9
Nobia DK	12.7	11.1
Nobia SweNo	13.3	11.6
Other	12.8–13.5	12.8–13.5

In Hygena, the recoverable amount exceeds the carrying amount by approximately SEK 200 million (350).

A sensitivity analysis in Hygena shows that EBITDA as a percentage of net sales may decline approximately 2 percentage points in 2012 and approximately 5 percentage points in 2013–2016 without the recoverable amount falling below the carrying amount and an impairment requirement arising. Alternatively, annual sales growth up to and including 2016 may decline approximately 4 per cent or the discount rate before tax may be raised to 16.0 per cent, and to 11.7 per cent after tax, without the recoverable amount falling below the carrying amount and an impairment requirement arising. For other CGUs, reasonable changes in the key assumptions on which calculations are made should not result in the recoverable amount falling below the carrying amount.

Other intangible assets, SEK m	2010	**2011**
Opening cost	417	462
Investments for the year	135	32
Sales and scrapping	–17	–6
Corporate acquisitions	–	–
Company sales	–27	–
Reclassifications	13	–
Translation differences	–59	–1
Closing accumulated cost	**462**	**487**
Opening amortisation	246	204
Sales and scrapping	–16	–1
Amortisation for the year	30	36
Corporate acquisitions	–	–
Company sales	–25	–
Reclassifications	–	–
Translation differences	–31	–1
Closing accumulated amortisation	**204**	**238**
Closing carrying amount	**258**	**249**
Of which:		
Software	176	176
Brands	20	19
Other	62	54
Closing carrying amount	**258**	**249**

NOTE 15 TANGIBLE FIXED ASSETS

	Group	
Buildings, SEK m	2010	**2011**
Opening cost	3,040	2,538
Investments for the year	38	28
Sales and scrapping	–18	–6
Company sales	–146	–
Reclassifications	–47	–660
Translation differences	–329	4
Closing carrying amount including written-up amount	**2,538**	**1,904**
Opening depreciation and impairment losses	1,729	1,591
Sale and scrapping	–17	–2
Company sales	–61	–
Reclassifications	–31	–590
Depreciation for the year	142	87
Impairment losses	29	15
Translation differences	–200	1
Closing depreciation and impairment losses	**1,591**	**1,102**
Closing carrying amount	**947**	**802**
Closing accumulated depreciation	**1,540**	**1,037**

	Group	
Land and land improvements, SEK m	2010	**2011**
Opening cost	267	203
Investments for the year	0	1
Sales and scrapping	–	–
Company sales	–26	–
Reclassifications	–8	–
Translation differences	–30	–1
Closing cost including written-up amount	**203**	**203**
Opening depreciation	36	24
Sales	–	–
Company sales	–9	–
Reclassifications	–4	–
Depreciation for the year	1	1
Impairment losses	4	6
Translation differences	–4	–1
Closing depreciation	**24**	**30**
Closing carrying amount	**179**	**173**
Closing accumulated depreciation	**22**	**23**

	Group	
Investments in progress, SEK m	2010	**2011**
Opening balance	20	12
Investments initiated during the year	11	15
Investments completed during the year [1]	–18	–1
Translation differences	–1	–7
Closing carrying amount	**12**	**19**

1) Assets reclassified as other tangible fixed assets.

Plant and machinery, SEK m	Group 2010	Group 2011
Opening cost	2,738	2,262
Investments for the year	66	246
Sales and scrapping	–160	–321
Company sales	–138	–
Reclassifications	5	661
Translation differences	–249	–1
Closing carrying amount including written-up amount	**2,262**	**2,847**
Opening depreciation and impairment losses	1,892	1,590
Sales and scrapping	–158	–305
Company sales	–116	–
Reclassifications	–3	589
Depreciation for the year	141	160
Impairment losses	6	21
Translation differences	–172	0
Closing depreciation and impairment losses	**1,590**	**2,055**
Closing carrying amount	**672**	**792**
Closing accumulated depreciation	**1,565**	**2,010**

Equipment, tools, fixtures and fittings, SEK m	Group 2010	Group 2011
Opening cost	1,323	1,182
Investments for the year	88	149
Sales and scrapping	–63	–204
Corporate acquisitions	–	–
Company sales	–20	–
Reclassifications	–11	1
Translation differences	–135	7
Closing cost	**1,182**	**1,135**
Opening depreciation and impairment losses	808	809
Sales and scrapping	–38	–122
Corporate acquisitions	–	–
Company sales	–17	–
Reclassifications	–3	1
Depreciation for the year	133	106
Impairment losses	12	16
Translation differences	–86	1
Closing depreciation and impairment losses	**809**	**811**
Closing carrying amount	**373**	**324**
Closing accumulated depreciation	**785**	**771**

Advance payments for tangible fixed assets, SEK m	Group 2010	Group 2011
Opening balance	1	1
Expenses during the year	1	1
Reclassifications	–1	–1
Closing carrying amount	**1**	**1**

During the year, assets of SEK 70 million were reclassified from buildings to plant and machinery. Reclassifications pertain primarily to store fittings in Hygena in the Continental Europe region. These store fittings were partly impaired, see below.

Impairment losses for the year amounted to SEK 58 million (51), of which SEK 48 million (48) are included in recognised restructuring costs. The most significant impairment losses pertain to Goldreif, where Group-wise land and buildings were impaired in the amount of SEK 17 million, and Hygena in the Continental Europe region, where store fittings were impaired in the amount of SEK 18 million and equipment, tools, fixtures and fittings in the amount of SEK 11 million. Impairment losses were part of the established restructuring programme and recognised as restructuring costs. In Magnet in the UK region, buildings were impaired in the amount of SEK 4 million, plant and machinery in the amount of 2 million and kitchen displays in the amount of SEK 3 million. The latter was recognised as restructuring costs. Impairment losses were recognised at fair value less selling expenses based on the estimated price in the relevant location.

NOTE 16 FINANCIAL FIXED ASSETS

Other long-term receivables, SEK m	Group 2010	Group 2011
Deposits	51	50
Long-term loans to retailers	0	3
Financial leasing receivables	1	0
Other interest-bearing receivables	2	2
Other	8	4
Total	**62**	**59**

Shares and participations in Group companies, SEK m	Parent Company 2010	Parent Company 2011
Opening cost	1,379	1,245
Inter-Group sales	–150	–
Shareholders' contribution	14	–
Other changes	2	5
Closing cost	**1,245**	**1,250**

NOTE 17 PARTICIPATIONS IN JOINT VENTURES

In 2010, the Group sold its 50-per cent shareholding in Culinoma AG, which was jointly owned with De Mandemakers Groep Holding B.V. Joint ventures are recognised in accordance with the equity method.

	Group		Parent Company	
SEK m	2010	2011	2010	2011
Carrying amount, 1 January	58	–	57	–
Acquisition of joint ventures	–	–	–	–
Divestment of joint ventures	–50	–	–57	–
Participation in net loss for the year	–8	–	–	–
Translation differences	0	–	–	–
Other changes in the joint venture's shareholders' equity	–	–	–	–
Carrying amount, 31 December	–	–	–	–

The figures presented below pertain to Culinoma Group AG.

SEK m	2010	2011
Income	242	–
Expenses	–258	–
Loss after tax	**–16**	**–**
Fixed assets	–	–
Current assets	–	–
Total assets	–	–
Current liabilities	–	–
Long-term liabilities	–	–
Total liabilities	–	–
Net assets/net liabilities	**–**	**–**
Nobia's share of net assets/net liabilities	**–**	**–**
Equity/assets ratio, %	–	–
Net debt, SEK m	–	–
Capital employed, SEK m	–	–
Number of stores	–	–

NOTE 18 SHARES AND PARTICIPATIONS IN SUBSIDIARIES

Nobia AB's holdings of shares and participations in operating Group companies, %.

	Corporate Registration Number	Domicile	Share of equity, %	No. of shares	Carrying amount 2010	Carrying amount **2011**
Nobia Sverige AB	556060-1006	Stockholm	100	100	456	456
Sigdal Kjøkken AS		Kolbotn	100			
Marbodal AB	556038-0072	Tidaholm	100			
Marbodal OY[1)]		Helsinki	100			
Nobia Denmark A/S		Ølgod	100			
HTH Kök Svenska AB	556187-3190	Helsingborg	100			
Nobia Denmark Retail A/S		Ølgod	100			
HTH Kuchni 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			
Larkflame Ltd		Darlington	100			
Magnet (Isle of Man) Limited		Man	100			
Aqua Ware Ltd[1)]		Darlington	100			
Magnet Group Trustees Ltd[1)]		Darlington	100			
Magnet Group Ltd[1)]		Darlington	100			
Flint Properties Ltd[1)]		Darlington	100			
Eastham Ltd[1)]		Darlington	100			
Hyphen Fitted Furniture Ltd[1)]		Darlington	100			
Magnet Distribution Ltd[1)]		Darlington	100			
The Penrith Joinery Company Ltd[1)]		Darlington	100			
Magnet & Southerns Ltd[1)]		Darlington	100			
Magnet Furniture Ltd[1)]		Darlington	100			
Magnet Joinery Ltd[1)]		Darlington	100			
Magnet Manufacturing Ltd[1)]		Darlington	100			
Magnet Retail Ltd[1)]		Darlington	100			
Magnet Supplies Ltd[1)]		Darlington	100			
Magnet Industries Ltd[1)]		Darlington	100			
Magnet Kitchens Ltd[1)]		Darlington	100			
Firenzi Kitchens Ltd[1)]		Darlington	100			
Gower Group Ltd		Halifax	100			
Gower Furniture Ltd		Halifax	100			
Charco Ninety-Nine Ltd		Halifax	100			
WOR Ltd[1)]		Halifax	100			
Gower Windows Ltd[1)]		Halifax	100			
Eurostyle Furniture Ltd[1)]		Halifax	100			
Beverly Doors Ltd[1)]		Halifax	100			
Working Systems Ltd[1)]		Halifax	100			
Perfectshot Ltd[1)]		Halifax	100			
Addspace Products Ltd[1)]		Halifax	100			
Gower Garden Furniture Ltd[1)]		Halifax	100			
Addspace Products Ltd[1)]		Halifax	100			
Gower Garden Furniture Ltd[1)]		Halifax	100			

	Corporate Registration Number	Domicile	Share of equity, %	No. of shares	Carrying amount 2010	Carrying amount 2011
Lovene Dörr AB[1]	556038-1724	Gothenburg	100			
Star Möbelwerk GmbH[1]		Herford	99.95			
Swedoor Bauelementevertrieb Gmbh[1]		Herford	100			
Myresjökök AB	556048-3256	Älmhult	100	30,000	92	92
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		Wien	100			
Poggenpohl France SARL		Montesson Cedex	100			
Poggenpohl Nederland BV		Veldhoven	100			
SA Poggenpohl Belgium NV[1]		Gent	100			
Poggenpohl US Inc.		Fairfield NJ	100			
Poggenpohl Group Schweiz AG		Littau	100			
Poggenpohl AB	556323-2551	Stockholm	100			
Poggenpohl A/S[1]		Copenhagen	100			
Poggenpohl Japan Co Ltd		Tokyo	100			
Möbelwerkstätten Josef Ritter GmbH		Herford	100			
Poggenpohl Forum Gmbh		Herford	100			
Goldreif Möbelfabrik GmbH		Herford	100			
WKF Wehdemer Komponentfertigung Gmbh[1]		Stemwede	100			
Optifit Jaka-Möbel GmbH		Stemwede	100			
Marlin Bad-Möbel GmbH		Stemwede	100			
Nobia Holding France SAS		Seclin	100			
Hygena Cuisines SAS		Seclin	100			
Hygena Cuisines Spain SAU		Barcelona	100			
Norema ASA		Jevnaker	100	20,000	154	154
Invita Retail A/S		Ølgod	100			
Invita Köksstudio Malmö AB[1]	556634-7497	Malmö	100			
Nobia Beteiligungs-GmbH		Wels	100		2[2]	2[2]
Nobia Liegenschafts- und Anlagenverwaltungs-GmbH		Wels	100		1[2]	1[2]
EWE Küchen GmbH		Wels	100			
FM Küchen GmbH		Linz	100			
Other					8	13
Total					**1,245**	**1,250**

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

NOTE 19 DERIVATIVE INSTRUMENTS

SEK m	Group Carrying amount 2011	Group Fair value 2011	Parent Company Carrying amount 2011	Parent Company Fair value 2011
Forward agreements, transaction exposure – assets	3	3	–	–
Forward agreements, transaction exposure – liabilities	19	19	–	–
Total	**–16**	**–16**	**–**	**–**

Unrealised gains and losses totalling a net loss of SEK 8 million in shareholders' equity for forward agreements as per 31 December 2011 will be recognised in profit and loss at different times within 12 months of the closing date. For information about forward agreements, see Note 2 Financial risks on page 55. Unrealised gains and losses totalling a net loss of SEK 1 million was reversed in profit and loss in its entirety in 2011.

NOTE 20 PREPAID EXPENSES AND ACCRUED INCOME

SEK m	Group 2010	Group **2011**	Parent Company 2010	Parent Company **2011**
Prepaid rent	35	53	–	–
Bonus from suppliers	55	87	4	8
Prepaid bank charges	17	13	–	–
Insurance policies	7	7	1	1
Accrued income from property sales and rental contracts	1	1	–	–
Other	67	88	1	1
Total	**182**	**249**	**6**	**10**

NOTE 21 CASH AND CASH EQUIVALENTS

SEK m	Group 2010	Group **2011**	Parent Company 2010	Parent Company **2011**
Cash and bank balances	356	152	169	33

Unutilised credit facilities, which are not included in cash and cash equivalents, totalled SEK 406 million (391) in the Group, and SEK 306 million (312) in the Parent Company at year-end. In addition to the overdraft facilities, the company has unutilised credit commitments of SEK 1,702 million (1,554).

NOTE 22 SHARE CAPITAL

	No. of registered shares	No. of outstanding shares
As per 1 January 2010	**175,293,458**	**167,131,158**
As per 31 December 2010	**175,293,458**	**167,131,158**
As per 31 December 2011	**175,293,458**	**167,131,158**

The share capital amounts to SEK 58,430,237. The par value per share is SEK 0.33. All of the registered shares are fully paid. All shares are ordinary shares of the same type. Nobia owns 8,162,300 bought-back shares (8,162,300). Bought-back shares are not reserved for issue according to the option agreement or other sale.

NOTE 23 RESERVES IN SHAREHOLDERS' EQUITY

A specification of changes in shareholders' equity is provided on pages 46 and 49.

SEK m	Translation reserve	Hedging reserve	Total
Opening balance, 1 January 2010	**24**	**–4**	**20**
Exchange-rate differences attributable to translation of foreign operations	–405		–405
Cash-flow hedges, before tax	–	4	4
Tax attributable to change in hedging reserve for the year	–	–1	–1
Closing balance, 31 December 2010	**–381**	**–1**	**–382**
Opening balance, 1 January 2011	**–381**	**–1**	**–382**
Exchange-rate differences attributable to translation of foreign operations	11	–	11
Cash-flow hedges, before tax	–	–9	–9
Tax attributable to change in hedging reserve for the year	–	2	2
Closing balance, 31 December 2011	**–370**	**–8**	**–378**

Translation reserve

The translation reserve includes all exchange-rate differences arising in conjunction with the translation of financial statements from foreign operations that have prepared their financial statements in a different currency to the currency in which the consolidated financial statements are prepared. The Parent Company and Group present their financial statements in SEK.

Hedging reserve

The hedging reserve includes the effective portion of the accumulated net change in fair value of a cash-flow hedging instrument attributable to hedging transactions that have not yet occurred.

NOTE 24 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.

	2010	**2011**
Profit attributable to Parent Company's shareholders, SEK m	–89	70
Profit from continuing operations, SEK m	–54	85
Profit from discontinued operations, SEK m	–35	–16
Weighted average number of outstanding ordinary shares before dilution	167,131,158	167,131,158
Earnings per share before dilution, SEK	–0.53	0.42
Earnings per share before dilution, from continuing operations, SEK	–0.32	0.51
Earnings per share before dilution, for discontinued operations, SEK	–0.21	–0.09

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 2010 and 2011. Refer also to Notes 4 and 22 on pages 58 and 68.

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.

At present, the options from the two share option schemes are not dilutive, but they may be in future. Three circumstances may prevail 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 second is that the earnings per share that have been achieved to date fail to fulfil the earnings conditions without the contribution of future profits. The third is that during an unprofitable year (earnings from continuing operations), Nobia will not be able to calculate dilution from options; the company will have to turn a profit before dilution can occur. If the effect of these circumstances ceases, the said schemes will become dilutive. At least one of these circumstances prevailed between 2010 and 2011, which is why no dilutive effect arose.

	2010	**2011**
Weighted average number of outstanding ordinary shares	167,131,158	167,131,158
Employee share option scheme 2009, 2010, 2011	–	–
Weighted average number of outstanding ordinary shares after dilution	167,131,158	167,131,158
Earnings per share after dilution, SEK	–0.53	0.42
Earnings per share after dilution, from continuing operations, SEK	–0.32	0.51
Earnings per share after dilution, from discontinued operations, SEK	–0.21	-0.09

NOTE 25 DIVIDEND

At the Annual General Meeting on 11 April 2012, the Board of Directors proposes that no dividend be paid for the 2011 fiscal year. In 2011, no dividend was paid for the 2010 fiscal year. SEK 0.3 million was paid to non-controlling interests in subsidiaries. Under 2010 was paid no dividend per share for fiscal year 2009. SEK 0.4 million was paid to non-controlling interests in subsidiaries.

NOTE 26 PROVISIONS FOR PENSIONS

Defined-benefit pension plans, Group

	Group	
Provisions for pensions, SEK m	2010	**2011**
Defined-benefit pension plans	587	565

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, Sweden, Norway and Germany. In the UK, all new vesting in the defined-benefit pension plan was concluded in 2010, and has already been concluded in Germany.

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 2011 fiscal year that would make it possible to recognise this plan as a defined-benefit plan, ITP pension plans secured on the basis of insurance with Alecta have been recognised as defined-contribution plans. Fees for pension insurance with Alecta for the year amounted to SEK 1.2 million (2.0). On 31 December 2011, 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 113 per cent (146 per cent in December 2010). The collective consolidation rate comprises the market value of Alecta's assets as a percentage of the insurance commitments produced in accordance with Alecta's actuarial calculation assumptions, which are not in agreement with IAS 19.

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

	Group	
SEK m	2010	**2011**
Present value of funded obligations	1,978	2,175
Fair value of plan assets	–1,451	–1,556
	527	**619**
Present value of unfunded obligations	127	130
Unrealised actuarial gains (+)/losses (–)	–67	–184
Net debt in balance sheet	**587**	**565**

The net debt for defined-benefit plans amounting to SEK 565 million (587) is recognised in its entirety in the "Provisions for pensions" item in the consolidated balance sheet. The net debt at year-end was as follows: UK 78 per cent (79), Sweden 13 per cent (11), Germany 8 per cent (8) and Norway 1 per cent (2).

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

	Group	
SEK m	2010	**2011**
At beginning of the year	2,178	2,105
Costs for service during current year	9	11
Interest expense	113	103
Actuarial losses (+)/gains (–)	80	132
Exchange-rate differences	–179	35
Benefits paid	–96	–81
Amount at year-end	**2,105**	**2,305**

Note 26 cont'd.

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

SEK m	Group 2010	Group 2011
At beginning of the year	1,462	1,451
Expected return on plan assets	76	76
Actuarial losses (–)/gains (+)	68	23
Exchange-rate differences	–125	19
Employer contributions	59	57
Benefits paid	–89	–70
Amount at year-end	**1,451**	**1,556**

The amounts recognised in the consolidated income statement were as follows:

SEK m	Group 2010	Group 2011
Costs for service during current year	12	9
Interest expense	113	103
Expected return on plan assets	–76	–76
Actuarial net losses recognised during the year	–1	1
Total pension costs	**48**	**37**

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

SEK m	Group 2010	Group 2011
Cost of goods sold	3	3
Selling expenses	3	3
Administrative expenses	5	4
Net financial items	37	27
Total pension costs	**48**	**37**

The actual return on the plan assets of the pension plans amounted to SEK 103 million (143).

Principal actuarial assumptions on the closing date:

%	Group 2010	Group 2011
Discount rate	3.2–5.3	3.3–5.0
Expected return on plan assets	5.6–5.9	4.8–4.9
Future annual salary increases	2.9	2.5–4.0
Future annual pension increases	3.4	3.0–3.8

Life expectancy

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

	Group 2010	Group 2011
On closing date		
Men	20.8–21.3	21.4–23.0
Women	23.3–24.4	24.5–24.8
20 years after closing date		
Men	20.8–22.6	22.7–23.0
Women	23.3–26.8	24.8–26.9

Plan assets comprise the following:

%	Group 2010	Group 2011
Shares	40	37
Interest-bearing securities	54	57
Property	5	5
Other	1	1
	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 66 million (65) for the 2012 fiscal year.

SEK m	Group 2007	2008	2009	2010	2011
Present value of defined-benefit commitments	2,250	1,791	2,178	2,105	2,305
Fair value of plan assets	1,668	1,273	1,462	1,451	1,556
Deficit/surplus	**582**	**518**	**716**	**654**	**749**
Experience-based adjustments of defined-benefit commitments	0	0	–89	23	–4
Experience-based adjustments of plan assets	–54	–280	95	64	26

Total pension costs recognised in the consolidated income statement were as follows:

Pension costs, SEK m	Group 2010	Group 2011
Total costs for defined-benefit plans	48	37
Total costs for defined-contribution pension plans	146	145
Costs for special employer's contributions and tax on returns from pension	7	7
Total pension costs	**201**	**189**

Defined-benefit pension plans, Parent Company

Provisions for pensions, SEK m	Parent Company 2010	Parent Company 2011
Provisions in accordance with Pension Obligations Vesting Act, FPG/PRI pensions	8	12

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

Defined-benefit plans, SEK m	Parent Company 2010	Parent Company 2011
Administrative expenses	3	2

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

Pension costs, SEK m	Parent Company 2010	Parent Company 2011
Total costs for defined-benefit plans	3	2
Total costs for defined-contribution pension plans	4	9
Costs for special employer's contributions and tax on returns from pension funds	1	3
Total pension costs	**8**	**14**

Parent Company pension liabilities are calculated at a discount rate of 3.75 per cent (3.80).

The assumptions are calculated on the basis of the salary levels applicable on the closing date. No payment of defined-benefit pension plans in the Parent Company is expected in 2012.

NOTE 27 DEFERRED TAX

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

	2010			2011		
SEK m	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Opening balance	293	225	68	406	211	195
Recognised in net profit/loss for the year	133	13	120	48	–3	51
Changes in forward agreements	0	–	0	1	–1	2
Reclassifications	13	13	0	–	–	–
Corporate acquisitions	–	–	–	–	–	–
Divestment of companies	–	–8	8	–	–	–
Other changes 1)	–	–7	7	–	–	–
Translation differences	–33	–25	–8	1	0	1
Closing balance	**406**	**211**	**195**	**456**	**207**	**249**

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

	Defined-benefit pension plans	Other temporary differences	Loss carryforwards	Total
As per 1 January 2010	**159**	**55**	**79**	**293**
Recognised in net profit for the year	–11	27	117	133
Recognised in other comprehensive income	0	–	–	0
Reclassification	–	13	–	13
Other changes 1)	–	0	–	0
Translation differences	–12	–8	–13	–33
As per 31 December 2010	**136**	**87**	**183**	**406**
Recognised in net profit/loss for the year	–18	22	44	48
Recognised in other comprehensive income	0	1	–	1
Reclassification	–	–	–	–
Other changes	–	–	–	–
Translation differences	2	0	–1	1
As per 31 December 2011	**120**	**110**	**226**	**456**

Deferred tax liabilities	Temporary differences in fixed assets	Other	Total
As per 1 January 2010	**224**	**1**	**225**
Recognised in net profit for the year	12	1	13
Recognised in other comprehensive income	–	–	–
Reclassification	3	10	13
Corporate acquisitions	–8	–	–8
Other changes 1)	–5	–2	–7
Translation differences	–27	2	–25
As per 31 December 2010	**199**	**12**	**211**
Recognised in net profit/loss for the year	–5	2	–3
Recognised in other comprehensive income	–	–1	–1
Reclassification	–	–	–
Corporate acquisitions	–	–	–
Other changes	–	–	–
Translation differences	0	0	0
As per 31 December 2011	**194**	**13**	**207**

1) Other changes in 2010 pertain to items that were included in "Liabilities attributable to assets held for sales" in the preceding year but that have now been reclassified.

The change in loss carryforwards pertains primarily to France and Sweden. Deferred tax assets at year-end were primarily attributable to France, Sweden and the US. The loss carryforward attributable to the US will expire in 2018 or later. The value of the loss carryforward for which a deferred tax asset is not recognised amounts to SEK 51 million (50) and is primarily attributable to Spain and Germany. Of the loss carryforwards that have not been recognised, approximately SEK 4 million will expire in 2012, SEK 23 million in 2016 or later, and SEK 24 million of the unrecognised loss carryforwards have no date of expiry.

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 recognised 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 28 OTHER PROVISIONS

SEK m	Unutilised tenancy rights	Dilapidations	Other long-term employee benefits	Structural costs	Other	Total
As per 1 January 2011	**60**	**21**	**57**	**253**	**7**	**398**
Expensed in the consolidated income statement						0
– Additional provisions	17	8	2	216	3	246
– Reversed unutilised amounts	0	–	–1	–54	–1	–56
Reclassification	–	–	–	4	–	4
Utilised during the year	–37	–5	–4	–154	–3	–203
Translation differences	0	0	1	–1	0	0
As per 31 December 2011	**40**	**24**	**55**	**264**	**6**	**389**

The additional provisions for restructuring costs primarily comprise personnel-related expenses of SEK 100 million, and costs for leasing premises and replacement of the range of about SEK 90 million. At year-end, provisions for personnel-related expenses totalled SEK 85 million and these will be charged to cash flow during 2012. The provision for leasing premises will impact cash flow between 2012 and 2015.

NOTE 29 LIABILITIES TO CREDIT INSTITUTIONS

	Group		Parent Company	
Maturity structure, SEK m	2010	**2011**	2010	**2011**
Within 1 year	–	–	–	–
Between 1 and 5 years	1,246	1,106	800	800
Longer than 5 years	–	–	–	–
Summa	**1,246**	**1,106**	**800**	**800**

NOTE 30 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
SEK m	2010	**2011**	2010	**2011**
Bonus to customers	110	104	–	–
Accrued salary-related costs	260	274	6	13
Accrued interest	5	4	3	4
Rents	43	37	–	–
Other	361	411	7	42
Total	**779**	**830**	**16**	**59**

NOTE 31 FINANCIAL ASSETS AND LIABILITIES

Group 2011 SEK m	Derivatives used in hedge accounting	Accounts and loans receivable	Other liabilities	Total carrying amount	Fair value
Long-term interest-bearing receivables	–	5	–	5	5*
Other long-term receivables	–	54	–	54	54*
Accounts receivable	–	1,210	–	1,210	1,210*
Current interest-bearing receivables	–	1	–	1	1*
Other receivables	3	81	–	84	84*
Total	**3**	**1,351**	**–**	**1,354**	**1,354**
Long-term interest-bearing liabilities	–	–	1,106	1,106	1,104**
Current interest-bearing liabilities	–	–	73	73	73*
Accounts payable	–	–	1,059	1,059	1,059*
Other liabilities	19	–	331	350	350*
Total	**19**	**–**	**2,569**	**2,588**	**2,586**
Unrealised gains/losses	–	–	–	–	–

Group 2010 SEK m	Derivatives used in hedge accounting	Accounts and loans receivable	Other liabilities	Total carrying amount	Fair value
Long-term interest-bearing receivables	–	10	–	10	10*
Other long-term receivables	–	52	–	52	52*
Accounts receivable	–	1,180	–	1,180	1,180*
Current interest-bearing receivables	–	1	–	1	1*
Other receivables	8	87	–	95	95*
Total	**8**	**1,330**	**–**	**1,338**	**1,338**
Long-term interest-bearing liabilities	–	–	1,247	1,247	1,241**
Current interest-bearing liabilities	–	–	43	43	43*
Accounts payable	–	–	1,037	1,037	1,037*
Other liabilities	11	–	368	379	379*
Total	**11**	**–**	**2,695**	**2,706**	**2,700**
Unrealised gains/losses	–	–	–	–	–

* The carrying amount is considered to be an acceptable approximation of fair value. The effective interest rate of the receivables was very close to the market-based interest rate of the loans.
** The estimated market value is based on the estimated terms and conditions when renegotiating loans.

Exchange-rate gains and losses pertaining to the operations are recognised in operating income and operating expense in the net amount of negative SEK 16 million (neg: 26). Financial exchange-rate gains and losses are recognised in net financial items in the amount of SEK 2 million (loss: 13).

Parent Company 2011 SEK m	Accounts and loans receivable	Other liabilities	Total carrying amount	Fair value
Accounts receivable	25	–	25	25*
Other receivables	3,834	–	3,834	3,834*
Total	**3,859**	**–**	**3,859**	**3,859**
Long-term interest-bearing liabilities	–	800	800	799**
Current interest-bearing liabilities	–	715	715	715*
Accounts payable	–	9	9	9*
Other liabilities	–	3	3	3*
Total	**–**	**1,527**	**1,527**	**1,526**
Unrealised gains/losses	–	–	–	–

Parent Company 2010 SEK m	Accounts and loans receivable	Other liabilities	Total carrying amount	Fair value
Accounts receivable	2	–	2	2*
Other receivables	3,686	–	3,686	3,686*
Total	**3,688**	**–**	**3,688**	**3,688**
Long-term interest-bearing liabilities	–	800	800	800**
Current interest-bearing liabilities	–	779	779	779*
Accounts payable	–	11	11	11*
Other liabilities	–	1	1	1*
Total	**–**	**1,591**	**1,591**	**1,591**
Unrealised gains/losses	–	–	–	–

* The carrying amount is considered to be an acceptable approximation of fair value. The effective interest rate of the receivables was very close to the market-based interest rate of the loans.
** The estimated market value is based on the estimated terms and conditions when renegotiating loans.

Determination of fair value of financial instruments
Level 1 according to prices listed in an active market for the same instrument.
Level 2 based directly or indirectly on observable market information not included in Level 1.
Level 3 based on input that is not observable in the market.

Nobia has only financial instruments that are measured at fair value in accordance with level 2, meaning based directly or indirectly on observable market information. These instruments comprise derivative instruments amounting to SEK 3 million (8) in assets and 19 million (11) in liabilities.

NOTE 32 PLEDGED ASSETS

	Group		Parent Company	
SEK m	2010	**2011**	2010	**2011**
Floating charges	–	–	–	–
Endowment insurance	4	–	4	–
Property mortgage	–	–	–	–
Total pledged assets	**4**	**–**	**4**	**–**

NOTE 33 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	2010	**2011**	2010	**2011**
Securities for pension commitments	1	1	12	14
Other contingent liabilities	187	175	666	521
Total	**188**	**176**	**678**	**535**

NOTE 34 DISCONTINUED OPERATIONS

In 2008–2010, Nobia acquired a total of 15 stores from franchise holders in Denmark with the intention of subsequently selling on. Six of these stores were subsequently sold on in 2009 and 2010. During the first-half of 2011, five stores were closed down. Close-down costs for these five stores were charged to the fourth quarter of 2010. In the second quarter of 2011, five stores were acquired in Sweden and one store in Denmark. The store in Denmark was sold on during the same quarter. In the third quarter of 2011, two stores were sold on in Denmark and in the fourth quarter, one store was sold on in Sweden. At the end of the year, Nobia had two stores in Denmark and four stores in Sweden, a total of six stores that are recognised as discontinued operations and a disposal group that is held for sale in the Nordic region operating segment in accordance with IFRS 5.

Profit/loss from discontinued operations	Group	
SEK m	2010	**2011**
Profit/loss from business activities of discontinued operations		
Income	98	119
Expenses	–137	–134
Loss before tax	–39	–15
Tax	6	1
Loss after tax	–33	–14
Profit/loss from remeasurement to fair value after deductions for selling expenses		
Loss from remeasurement to fair value after deductions for selling expenses attributable to discontinued operations before tax	–17	–2
Tax attributable to aforementioned remeasurement	4	0
Loss from remeasurement after tax	–13	–2
Profit/loss in conjunction with divestment of discontinued operations		
Capital gains in conjunction with divestment of discontinued operations	11	0
Tax attributable to aforementioned capital gains	0	0
Profit from divestment after tax	11	0
Total loss from discontinued operations after tax	**–35**	**–16**
Loss per share from divested operations		
before dilution (SEK)	–0.21	–0.09
after dilution (SEK)	–0.21	–0.09

The loss from discontinued operations of SEK 16 million (loss: 35) is attributable to the Parent Company's owners. Of the loss of SEK 85 million (loss: 54) from continuing operations, SEK 86 million (loss: 54) is attributable to the Parent Company's owners.

Net cash flow from discontinued operations	2010	**2011**
Cash flow from operating activities	15	2
Cash flow from investing activities	–8	0
Cash flow from financing activities	0	0
Net cash flow from discontinued operations	7	2

NOTE 35 ASSETS HELD FOR SALE

Nobia intends to divest a production property in Denmark and a production property in Sweden in 2012. These properties are recognised in accordance with IFRS 5 under "Assets held for sale," which is also where the assets and liabilities of the six stores that Nobia acquired in 2008– 2011 with the intention of selling on are recognised, refer also to Note 34.

	Group	
SEK m	2010	**2011**
Assets held for sale		
Disposal group for sale:		
Tangible fixed assets	64	66
Inventories	1	0
Accounts receivable and other receivables	7	5
Total	**72**	**71**

Liabilities classified as held for sale	2010	**2011**
Disposal group for sale:		
Accounts payable and other liabilities	11	2
Total	**11**	**2**

Accumulated exchange-rate differences attributable to the translation of assets held for sale in foreign currency that are recognised in other comprehensive income amounted to a negative SEK 3 million (neg: 3). Impairment losses amounted to 2 million (17).

NOTE 36 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. Group-wide services are invoiced to subsidiaries. A specification of subsidiaries is presented in Note 18 on page 66.

The Group no longer has an associated company, whereupon sales of goods thus amounted to SEK 0 million (0) during the year. The closing balance at year-end amounted to SEK 0 million (0).

Remuneration was paid to senior executives during the year, refer to Note 4 on page 58.

Summary of related-party transactions

Parent Company	Year	Sale of goods/ services from related parties	Purchase of goods/ services from related parties	Invoicing Group-wide services	Other (such as interest, dividends)	Receivables from related parties per 31 Dec	Liabilities to related parties per 31 Dec
Related parties							
Subsidiaries	2011	–	9	41	193	3,832	644
Subsidiaries	2010	–	0	2	100	3,680	759

NOTE 37 EVENTS AFTER CLOSING DATE

With the aim of clarifying and simplifying the company's lines of decision-making and thereby enabling more efficiency when harmonising and streamlining purchasing work, a new organisation was introduced on 16 January 2012. The reorganisation entails that Nobia's production, purchasing and range organisation are integrated and combined in a new joint function. At the same time, responsibility for the range strategy, product development and design was transferred to the new global market function.

BOARD OF DIRECTORS' ASSURANCE

The Board of Directors and the President declare that the Annual Report was prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated accounts have been prepared in accordance with accounting standards referred to in Regulation (EG) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The Annual Report and the consolidated accounts give a true and fair view of the position and earnings of the Parent Company and the Group. The Board of Directors report for the Parent Company and the Group gives a true and fair view of the operations, position and earnings and describes significant risks and uncertainties facing the Parent Company and companies included in the Group.

The consolidated accounts and balance sheet will be presented to the Annual General Meeting for adoption on 11 April 2012.

Stockholm, 21 March 2012

Johan Molin
Chairman

Nora Førisdal Larssen   Bodil Eriksson   Thore Ohlsson

Fredrik Palmstierna   Rolf Eriksen   Lotta Stalin

Morten Falkenberg
President

Per Bergström
Employee representative

Olof Harrius
Employee representative

Our Audit Report was submitted on 21 March 2012

KPMG AB

Helene Willberg
Authorised Public Accountant

AUDIT REPORT

To the annual meeting of the shareholders of Nobia AB (publ)
corporate identity number 556528-2752

Report on the annual accounts and consolidated accounts
We have audited the annual accounts and consolidated accounts of Nobia AB (publ) for the year 2011. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 6–76.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts
The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Account Act and present fairly, in all material respects, the financial position of the group as of 31 December 2011 and of their financial performance and cash flows in accordance with International Financial Reporting Standard, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of Nobia AB (publ) for the year 2011.

Responsibilities of the Board of Directors and the President
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

Auditor's responsibility
Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions
We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President are discharged from liability for the financial year.

Stockholm, 21 March 2012
KPMG AB

Helene Willberg
Authorised Public Accountant

SUSTAINABLE BUSINESS

Nobia's sustainability activities encompass three main areas:
• Financial impact
• Environmental impact
• Social impact

Stakeholder relationships

Choosing a kitchen has become a decision for life. Customers not only want a practical kitchen but also kitchen products that are responsibly manufactured. Increasing demand for environmentally friendly kitchen products with a minimum of harmful chemicals, wooden raw materials from responsible forest farmers and eco-labelling present both new challenges and business opportunities for Nobia.

Nobia's key stakeholders are its customers, employees, owners, suppliers and partners. Relationships with these stakeholders are crucial and Nobia assumes its responsibility for conducting and developing mutually profitable and sustainable business activities.

Energy and environment

The Earth does not have infinite resources. Economising on limited resources has always been natural part of society's daily life. At Nobia, we want economising on resources to feature heavily in the work of all of our employees and at all levels of the organisation.

Reducing the use of resources is often both profitable for a company and environmentally sound.

Nobia's environmental work is integrated into the operations of each business unit. The focus and priorities are set at Group level. The units subsequently established their own environmental objectives based on Group-wide directives.

Priority areas are:
• Electricity and energy consumption
• Carbon emissions from heating and transport
• Use of paints and solvents

The areas of Nobia's operations that have the most significant impact on the environment are manufacturing, surface treatment, assembly and kitchen transportation.

Energy consumption

Electricity and energy consumption amounted to 1 per cent of Nobia's expenses and, accordingly, this is one of the three areas that have been assigned the highest priority.

Electricity and energy are primarily used to operate production equipment, ventilation, fans, lighting and the heating and cooling of premises. Part of the efforts to reduce electricity and energy consumption is to train and involve employees in economising on resources.

Other measures that have been conducted are replacing outdated equipment with new, which uses less electricity, and equipping fans with frequency controls and heat recovery systems.

Energy consumption, GWh	Type of energy	2009	2010	**2011**
Nordic region	Electricity	42.9	42.5	42.6
	Energy	48.9	50.8	41.8
Continental Europe region	Electricity	14.6	12.3	11.7
	Energy	27.2	21.7	16.3
UK region	Electricity	20.5	16.1	15.3
	Energy	47.7	41.5	34.3

Greenhouse-gas emissions

The co-ordination of production activities, such as the relocation of production that took place in 2011 when Nobia's production in Älmhult was transferred to the Tidaholm plant, offers new opportunities' for optimising transport of kitchen products and materials and reducing costs. Some 5 per cent of Nobia's expenses are attributable to transport.

An analysis of transportation was conducted and a close partnership with forwarding agents was developed to identify financial and environmental advantages. A vital factor of this work is optimising loading so that transportation can carry as many kitchen products as possible without causing damage.

A step in Nobia's work on greenhouse-gas emissions is that the Group reports to the Carbon Disclosure Project (CDP) every year. The CDP is an independent organisation and an initiative from investors and shareholders across the globe. More than 3,700 companies now report their greenhouse-gas emissions to the CDP, thus enabling stakeholders to evaluate business risks and opportunities.

Greenhouse-gas emissions, tons CO_2	Source	2009	2010	**2011**
Nordic region	Transport	9.2	11.2	10.1
	Heating	32.9	32.4	31.8
Continental Europe region	Transport	7.9	4.5	4.8
	Heating	15.5	10.7	9.1
UK region	Transport	10.5	9.3	7.1
	Heating	14.5	8.8	7.9

Emissions of solvents to air

The use of solvents is both costly and hazardous to human health and the environment. Reducing the use of solvents is a core element of Nobia's environmental aims and is a guideline applicable to the entire Group.

Solvents are primarily used in surface treatment and cleaning. Part of reducing the consumption of solvents is to replace them with water-based and UV-tempered paint and to reduce the number of changes of production equipment to lower the number of cleaning instances and enhance productivity.

Emissions of solvents to air, tons	Type	2009	2010	**2011**
Nordic region	VOC[1)]	174.6	191.4	169.6
Continental Europe region	VOC	44.4	38.2	41.1
UK region	VOC	42.2	5.7	–[2)]

1) Volatile Organic Compounds.
2) In 2010, Nobia discontinued surface finishings of kitchen products in the UK.

Certifications

Structure is a cornerstone of successful environmental activities, which is why eight of twelve business units hold ISO 14001 environmental certification. Certification involves an annual review of environmental impact, the establishment of new targets and production of specific action plans.

Employees and social responsibility

Innovation and motivated employees form the basis of Nobia's development. Equal opportunities and excellent working conditions are key contributory factors to generating a creative work climate that drives development forward. The same demands are imposed on suppliers, including the requirement that they have a long-term approach to their development.

Suppliers are continuously checked and evaluated against Nobia's guidelines on the environment, work-environment conditions and social and ethical issues. All suppliers are expected to comply with laws, requirements and the Universal Declaration of Human Rights.

Products

Nobia aims to inspire people and realise their kitchen dreams. With its Nordic eco-labelled products, Nobia is focusing intensively on renewing the industry from an environmental perspective and supplying the best and most environmentally sustainable kitchen products.

A number of Nobia's Nordic brands and products are Nordic eco-labelled, meaning that the products are controlled by the Nordic Ecolabelling scheme and contain a minimum of harmful chemicals.

Several of Nobia's kitchen products are made of wooden components that have FSC (Forestry Stewards Council) certification, from suppliers that conduct responsible forestry.

NOVART AT THE FOREFRONT

Novart is one of Nobia's business units that has endeavoured to reduce its electricity and energy consumption for a long time. For example, Novart has invested in a heat-recovery system that uses heated air and thus reduces overall energy consumption.

Novart also works to increase the use of machinery and enhance the efficiency of the production structure. These measures combined with higher production volumes have led to Novart reducing its use of electricity by approximately 20 per cent per cabinet produced over a three-year period.

For 2012 and 2013 additional investments and measures are planned to reduce electricity consumption, increase the use of machinery and enhance the efficiency of the production structure in Novart.

SUPPORTING SOCIETY

Meals play a central role in kitchen-based operations. Nobia supports The Hunger Project since 2006.

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

The Hunger Project conducts change programmes in countries in the African continent, Central and South America, India and Bangladesh.

Nobia's annual donations have, for example, led to 125 women in India being trained in leadership.

Next generation

Our children and future generations must have the same opportunities to experience and enjoy nature. For this reason, Nobia sponsors "Natur & Miljöpärmen" (Nature & Environment Book) in Sweden, which provides training for teachers, as well as textbooks and teaching aids for 10–12 year olds, on the subject of ecological, social and financial sustainability.

HTH Modern Alu

EMPLOYEES

Nobia's development depends on its employees' possibilities to meet the challenges of a changing business environment. In 2011, Nobia's HR unit worked to make the Nobia Group a more attractive and efficient workplace by introducing a number of key processes. The HR unit works closely with the management to drive this development toward the creation of One Nobia.

An organisational change was made at the beginning of the year, aimed at making decision processes shorter and clearer. A number of employees were also given notice or dismissed during the year, due to the adaptation of business activities to the prevailing economic situation. At year-end, the number of employees totalled 7,430.

Performance evaluations and reviews

As part of our development toward One Nobia, a joint process for performance evaluations and reviews was implemented during the year. This process aims to break down business goals throughout the entire organisation, monitor and evaluate them on an ongoing basis, and identify individual development plans.

Learning and development

Nobia endeavours to develop its employees to their full professional potential and we are proud of the training and development that employees are offered as part of their work. Many of Nobia's brands offer their own training to employees to familiarise them with products, sales processes, design, drawing systems and language skills.

Magnet Training Academy in the UK and Hygena Training Academy in France conducted several training programmes in 2011. These included a new leadership programme for store managers in the UK and a customised, online-based programme for sales personnel in France, which proved both a time and cost-efficient method for developing employees.

The HTH Training Academy in Denmark also conducted a development programme for sales employees and managers. A range of training initiatives was offered to employees who work in production during the year. One activity was the ongoing Group-wide introduction of lean production, including the identification of new work methods, training and best practice sharing.

Talent management

Nobia believes in internal promotion and recruitment from within, and the identification and development of internal talent is key to the Group's continued success. A Group-wide talent management process was established during the year. About 400 managers were assessed with the objective of identifying leadership potential, development requirements and future succession solutions.

Leadership development

To support continuous learning for managers in the Nobia Group, a number of managers were offered an opportunity to participate in a customised two-day programme in "long-distance leadership." The aim was that all managers with personnel responsibility across geographic distances would acquire tools and best practises for developing virtual leadership.

In the third quarter, a Group-wide leadership programme was introduced for 25 young managers. The programme spans from leadership training and change management to financial analysis and business development, and provides opportunities for participants to develop and acquire new skills, take part in strategic projects and expand their networks. The programme was specially designed for the Nobia Group and is closely aligned with ongoing strategy drivers. The participants work with some of Nobia's key challenges, carefully selected by the President and Group management.

THE NOBIA SHARE

In 2011, the closing price of the Nobia share on the NASDAQ OMX Stockholm was SEK 24.50 (60.25), corresponding to a market capitalisation of approximately SEK 4.3 billion (10.5).

FACTS IN BRIEF

- The Nobia share has been listed on the NASDAQ OMX in Stockholm under the short name NOBI since 2002.
- The share is in the Mid Cap segment, Consumer Goods sector and included in the NASDAQ OMX Stockholm Benchmark index (OMXSB), which includes the Exchange's 85 largest and most traded companies.
- Nobia is the only kitchen company on the NASDAQ OMX.
- Four fifths of the shareholders are Swedish.

In 2011, the Nobia share price fell 59 per cent. During the same period, the NASDAQ OMX All Share (OMXSPI) index decreased 18 per cent, and the OMX Stockholm Consumer Goods PI index decreased 22 per cent.

During the year, a total of 116,501,229 Nobia shares were traded at a value of SEK 4.4 billion (5.3). The average turnover per day corresponded to a value of SEK 17.5 million (21). In 2011, the turnover rate, or the share's liquidity, amounted to 62 per cent (71), which can be compared with the average (OMXSPI) of 96 per cent.

The Nobia share closed at its highest price of SEK 63.50 on 7 and 11 January in 2011. The lowest price during the year was SEK 21.50 on 19 December.

Ownership structure

On 31 December 2011, the number of shareholders was 3,842 (4,343). At year-end, the five largest shareholders held 54.1 per cent of all shares and the ten largest shareholders held 66.3 per cent of the share capital. The proportion of registered shares held by foreign owners amounted to 19.9 (10.3) per cent of the total number of shares at year-end.

At year-end, Nobia's Group management had combined holdings of 134,694 shares and Nobia's Board members owned 419,721 shares.

Share capital

On 31 December 2011, Nobia's share capital amounted to SEK 58,430,237, divided between 175,293,458 shares with a par value of SEK 0.33. The share capital remained unchanged throughout the year. On 31 December 2011, Nobia had 8,162,300 treasury shares, corresponding to 4.7 per cent of the total number of shares issued. The aim of holding treasury shares is that they can be used as a means of payment for future acquisitions and enable adjustment of the company's capital structure, thereby contributing to greater shareholder value. Each share, with the exception of repurchased treasury shares, entitles the holder to one vote, and carries the same entitlement to the company's capital and profits.

Dividend policy

Nobia's objective is that the dividend to shareholders will correspond to at least 30 per cent of net profit after tax. Investment requirements, acquisition opportunities, liquidity and the financial position of the company are taken into consideration when preparing dividend proposals. No dividend was paid in 2008, 2009 or 2010. Prior to that, Nobia's average dividend ratio was 37 per cent since the company was listed.

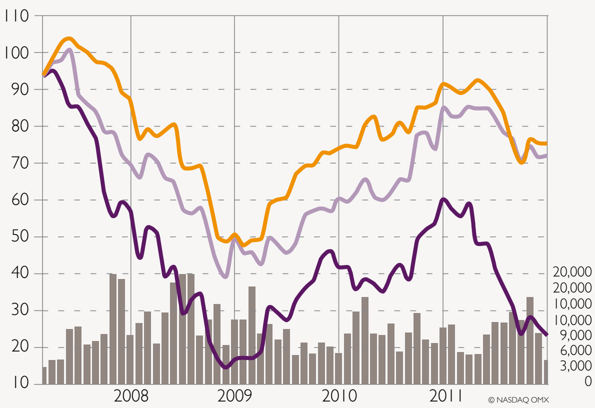
Proposed dividend

The Board of Directors recommends to the Annual General Meeting that no dividend be paid for the 2011 fiscal year.

Contact with the stock market

Nobia's objective is to simplify the market valuation process by providing clear information. Contact with the stock market is primarily based on quarterly financial reports, press releases and company presentations. In 2011, the company also held one capital market day in Stockholm.

THE NOBIA SHARE



NOBIA'S LARGEST OWNERS, 31 DECEMBER 2011

Shareholder	Number of shares	Share of capital, %
Nordstjernan	31,860,266	18.2
Latour	23,000,000	13.1
If skadeförsäkring	20,948,064	12.0
Orkla ASA	9,744,183	5.6
Lannebo funds	9,209,600	5.2
Swedbank Robur funds	9,151,547	5.2
The Fourth Swedish National Pension Fund	3,736,290	2.1
Didner & Gerge funds	3,270,000	1.9
SEB Investment Management	2,756,097	1.6
Enter funds	2,521,300	1.4
Total	**116,197,347**	**66.3**

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 2011

	Number of shareholders	Percentage of shareholders, %	Percentage of capital, %
1–500	1,764	45.9	0.21
501–1,000	750	19.5	0.35
1,001–5,000	837	21.8	1.17
5,001–10,000	150	3.9	0.63
10,001–15,000	74	1.9	0.55
15,001–20,000	34	0.9	0.34
20,001–	233	6.1	96.74
Total	**3,842**	**100.0**	**100.0**

DATA PER SHARE

	2009	2010	**2011**
Earnings per share, SEK	–0.47	–0.53	0.42
Dividend per share, SEK	0	0	0[1]
Shareholders' equity per share, SEK	24	21	21
Number of shares at year-end	175,293,458	175,293,458	175,293,458
Shareholders at year-end	4,876	4,343	3,842
Share price at year-end	41.90	60.25	24.50

1) The Board's proposal.

ANALYSTS THAT FOLLOW NOBIA

Company	Analyst
Carnegie Investment Bank	Agnieszka Vilela
Danske Markets Equities	Anders Hansson
Deutsche Bank	Stefan Lycke
Handelsbanken	Rasmus Engberg
Nordea	Catrin Jansson
Penser Bank	Johan Dahl
SEB Enskilda Equities	Stefan Mattsson
Swedbank	Niclas Höglund

SHAREHOLDER CONTACT

For financial information, contact Lena Schattauer, Head of Investor Relations, tel +46 8-440 16 07 or lena.schattauer@nobia.com.

FIVE-YEAR OVERVIEW

SEK m	2007[1]	2008[2]	2009	2010	**2011**
Income statement					
Net sales	16,134	15,991	15,418	14,085	13,114
Change in per cent	3	–1	–4	–9	–7
Gross profit	5,889	5,830	5,442	5,345	5,048
Operating profit	1,353	915	38	6	184
Financial income	23	50	41	18	9
Financial expenses	–129	–213	–116	–103	–92
Profit/loss after financial items	**1,247**	**752**	**–37**	**–79**	**101**
Tax on net profit for the year	–289	–216	35	25	–16
Profit/loss from continuing operations	958	536	–2	–54	85
Loss from discontinued operations, net after tax	–	–7	–77	–35	–16
Net profit/loss for the year	**958**	**529**	**–79**	**–89**	**69**
Net profit/loss for the year attributable to:					
Parent Company shareholders	958	529	–79	–89	70
Non-controlling interests	0	0	0	0	–1
Net profit/loss for the year	**958**	**529**	**–79**	**–89**	**–69**
Balance sheet					
Fixed assets	6,527	7,356	6,899	5,586	5,556
Inventories	1,480	1,465	1,212	971	1,005
Current receivables	2,013	2,101	1,886	1,501	1,632
Cash and cash equivalents	270	332	384	356	152
Assets held for sale	–	43	75	72	71
Total assets	**10,290**	**11,297**	**10,456**	**8,486**	**8,416**
Shareholders' equity	4,150	4,148	3,928	3,441	3,521
Non-controlling interests	6	6	6	5	4
Non-interest-bearing liabilities	3,424	3,221	3,320	3,152	3,145
Interest-bearing liabilities	2,710	3,887	3,162	1,877	1,744
Liabilities attributable to assets held for sale	–	35	40	11	2
Total shareholders' equity and liabilities	**10,290**	**11,297**	**10,456**	**8,486**	**8,416**
Net debt including pensions	2,224	3,181	2,426	1,510	1,586
Capital employed	6,866	8,042	7,095	5,323	5,269
Key figures					
Gross margin, %	36.5	36.5	35.3	37.9	38.5
Operating margin, %	8.4	5.7	0.2	0	1.4
Operating profit before depreciation/amortisation (EBITDA)	1,790	1,394	640	550	632
Operating margin before depreciation/amortisation, %	11.1	8.7	4.2	3.9	4.8
Profit/loss after financial items as a percentage of net sales	7.7	4.7	–0.2	–0.6	0.8
Turnover rate of capital employed, multiple	2.3	2.0	2.2	2.6	2.5
Return on capital employed, %	20.6	12.6	1.0	0.4	3.6
Return on shareholders' equity, %	25.0	13.2	–1.9	–2.4	2.0
Debt/equity ratio, %	54	77	62	44	45
Equity/assets ratio, %	40	37	38	41	42
Cash flow from operating activities	1,410	804	1,061	963	413
Investments	678	733	346	347	471
Earnings per share after dilution	5.50	3.13	–0.47	–0.53	0.42
Dividend per share, SEK	2.50	0	0	0	0[3]
Personnel					
Average number of employees	8,526	8,682	7,930	7,681	7,475
Net sales per employee, SEK 000s	1,849	1,803	1,858	1,717	1,765
Salaries and other remuneration	2,783	3,023	2,994	2,626	2,485

1) 2007 was adjusted for the changed accounting policy regarding conditional discounts.
2) 2008 was adjusted for the changed accounting policy regarding recognition of expenses.
3) The Board's proposal.

2012 ANNUAL GENERAL MEETING

The shareholders of Nobia AB (publ) are invited to the Annual General Meeting on Wednesday, 11 April 2012 at 5:00 p.m. at Summit, Grev Turegatan 30 in Stockholm.

Right to participate in the Annual General Meeting
Shareholders who wish to participate in the Annual General Meeting must:
- *Firstly*, be included in the shareholders' register maintained by Euroclear Sweden AB as of Tuesday, 3 April 2012, and
- *Secondly*, notify Nobia of their participation in the Annual General Meeting not later than Tuesday, 3 April 2012.

Notification of attendance
Notification of attendance at the Annual General Meeting may be made:
- by e-mail to info@nobia.com
- 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 (not more than two assistants) and information on any representatives who may accompany the shareholder to the Meeting

When applicable, complete authorisation documents, such as registration certificates, shall be appended.

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, a certified copy of a registration certificate or corresponding document ("certificate") for the legal entity shall be appended to the notification of attendance. The power of attorney and certificate may not be more than one year old. However, the power of attorney may have a maximum period of validity of five years if this is specifically stated. 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. Power of attorney forms are available from the company's website, www.nobia.com, and are sent to shareholders who have submitted a request for such a form and provided their postal address.

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 AB in order to be entitled to participate in the Annual General Meeting. Such re-registration must have been completed not later than Thursday, 24 March 2011. A request for re-registration must be made well in advance of this date.

Dividend
The Board of Directors proposes that no dividend be paid for the 2011 fiscal year.

Distribution policy
The Nobia Annual Report is published in English and Swedish, and both versions are available for download from the Group's website, www.nobia.com.

Printed versions of the Annual Report are sent to shareholders and other stakeholders who have expressly requested such a version.

DEFINITIONS

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

Currency effects
"Translation effects" refers to the currency effects arising when foreign results and balance sheets are translated to SEK.

"Transaction effects" refers to the currency effects arsing when purchases or sales are made in currency other than the currency of the producing country (functional currency).

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

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

EBITDA
Earnings before depreciation/amortisation and impairment losses.

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

Gross margin
Gross profit as a percentage of net sales.

Net debt
Interest-bearing liabilities less interest-bearing assets. Interest-bearing provisions includes pension liabilities.

Operating cash flow
Cash flow from operating activities including cash flow from investing activities, excluding cash flow from acquisitions/divestments of subsidiaries.

Operating margin
Operating profit as a percentage of net sales.

Region
A region comprises an operating segment in accordance with IFRS 8.

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 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.

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