
Annual Report
2007
nobia

2007 in summary

- Net sales rose by 7 per cent to SEK 16,622 million
- Operating profit increased by 2 per cent to SEK 1,353 million
- Profit after financial items rose by 3 per cent to SEK 1,247 million
- Earnings per share increased by 12 per cent to SEK 5.50
- The Board proposes raising dividends to SEK 2.50 per share (2.00)

Culinoma in Germany

Culinoma was formed in February 2007 as a joint-venture company with De Mandemakers Groep in the Netherlands.

Culinoma made three acquisitions during the year:

- Plana
- Marquardt
- Asmo

At year-end, Culinoma had 79 kitchen stores with approximately SEK 1.5 billion in sales from stores, making Culinoma Germany's leading retail chain.

Expansion of Magnet, Hygena and Poggenpohl stores

In 2007, a decision was made to increase the tempo of the establishment of new, wholly owned stores in the next three to four years through:

- 100 new Magnet stores in the UK, both Trade and retail stores
- 50–75 new Hygena stores in France
- 40–60 new Poggenpohl stores in Europe and the US
- The establishment of the Hygena concept in Spain during 2008

Enhanced internal efficiency

- With more harmonised product lines, the Group's supply chain has become increasingly co-ordinated
- The integration of Hygena has progressed according to plan and is expected to be fully completed during 2008
- A new business organisation has been approved and implemented in Sweden and Norway

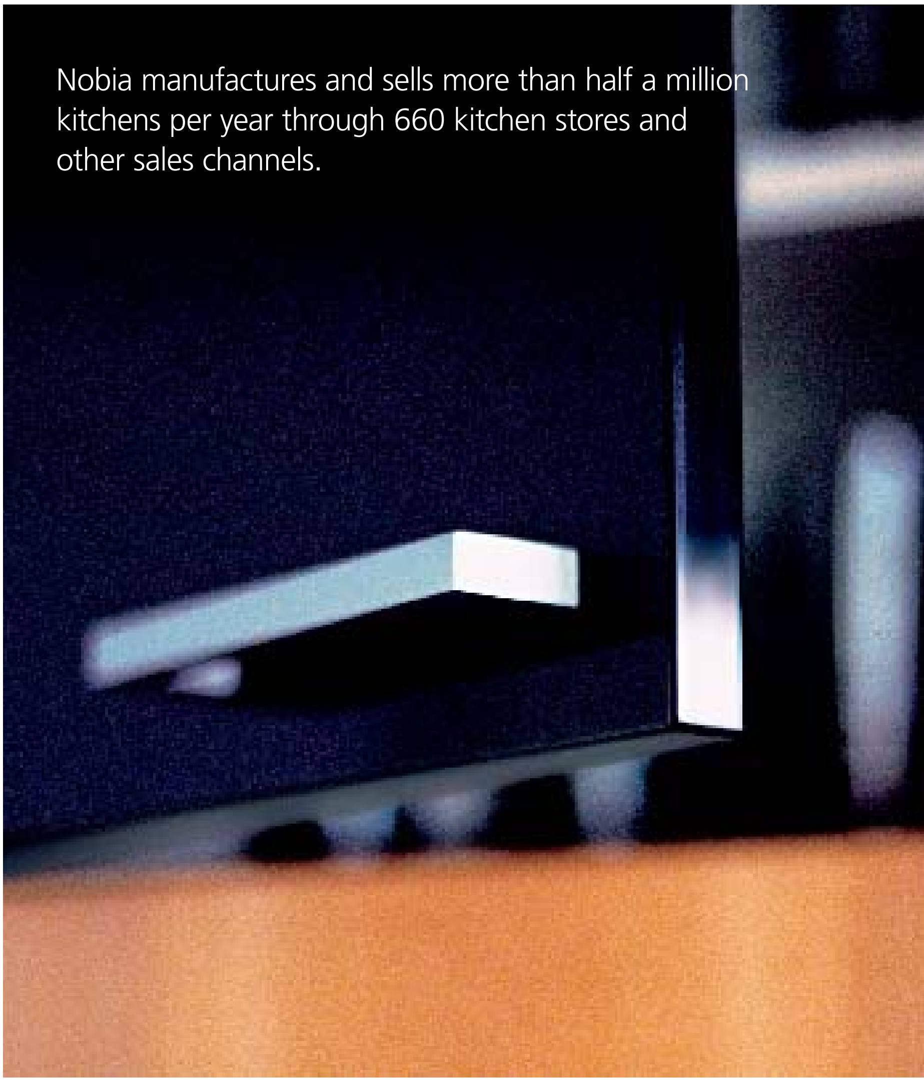
Key figures	2007	2006	Change, %
Net sales, SEK m	16,622	15,590	7
Operating profit before depreciation, SEK m (EBITDA)	1,790	1,745	3
Operating profit, SEK m (EBIT)	1,353	1,327	2
Operating margin, %	8,1	8.5	–
Profit after financial items, SEK m	1,247	1,210	3
Profit after tax, SEK m	958	865	11
Earnings per share after dilution, SEK	5.50	4.93	12
Dividend per share, SEK	2.50[1)]	2.00	25
Operating cash flow, SEK m	949	881	8
Return on capital employed, %	20.6	20.9	–
Return on shareholders' equity, %	25.0	25.4	–

1) According to Board proposal.

Contents

This is Nobia

Nobia is the leading kitchen company in Europe with operations in some ten countries. The Group manufactures and sells complete kitchen solutions through many strong local and international brands, including Magnet in the UK, HTH in the Nordic region, Hygena in France and Poggenpohl internationally. Sales are generated through specialised kitchen studios, retailers and direct to corporate customers. Nobia creates profitable and sustainable growth by enhancing efficiency and making acquisitions. Nobia has about 8,500 employees and annual net sales of approximately SEK 16 billion. The Nobia share is listed on the OMX Nordic Exchange Stockholm under the shortname NOBI.



Nobia´s consumer brands

*included in the joint-venture company Culinoma

CEO's comments

Fiscal 2007 was another strong year for Nobia, with improvements in both operating profit and market position. The most important financial target, earnings per share, rose by 12 per cent in 2007. Average growth in earnings per share has amounted to 18 per cent since 2001, compared with the target of 12 per cent over a business cycle.

In 2007, net sales rose by 7 per cent to slightly more than SEK 16.5 billion. More expensive raw materials, exchange-rate fluctuations and costs associated with quality shortcomings had a negative impact on the year's earnings. In spite of this, operating profit totalled slightly more than SEK 1.35 billion. For comparable units, this corresponds to an increase of 6 per cent from 2006.

Demand in the three regions varied during the past year. The UK region reported stable demand for renovations of kitchens, but towards the end of the year demand weakened slightly. In the Nordic region, demand for renovations of kitchens remained favourable, while demand for new builds declined, except in Sweden. In the Continental Europe region, France noted growth in demand during the year, whereas demand weakened slightly in Germany and the Netherlands.

As a result of high capacity utilisation, combined with the change process implemented to improve productivity, Marbodal and Myresjökök in Sweden and HTH in Denmark occasionally experienced deficiencies in their delivery capabilities and lower productivity. In the immediate short term, these problems not only led to inconvenience for some of our customers but also, for Nobia's part, in temporary increases in costs for production and additional service. The actions implemented to rectify these problems have not only restored production and delivery reliability but also strengthened these areas.

Emergence of a strategy

The cornerstones on which Nobia's strategy is based derive from the structure of the kitchen market in Europe. These strategies have been continuously developed during Nobia's time as an independent company. Until 1996, Nobia was part of the Stora Group and was subsequently taken over by the private equity company Industri Kapital. At this time, the Group comprised four unprofitable, small segments with no actual business relation to each other. The buy-out of Nobia was a necessary move to gain full focus on the operations. The first action taken was to condense and focus the operations, at the same time as responsibility for profitability was clarified and transferred to each line of business. During this period, what was to become Nobia's first cornerstone was formulated – decentralised responsibility for profitability – with a focus on the profitability of each business unit and brand. Finnish kitchen manufacturer Novart was acquired in 1998 and the specialisation in kitchens as the Group's core operations began.

Operations that were not related to kitchens were divested in 2000 and in conjunction with the acquisition of Norwegian company Norema and the German Poggenpohl Group, Nobia became a streamlined kitchen company. These acquisitions facilitated the second cornerstone of Nobia's strategy – low product costs.

Nobia's third cornerstone – the multi-brand and multi-channel strategy – emerged as a result of the different structure of each market in terms of supply channels and brands. The strategy makes it possible to attain strong market positions and broad market coverage.

In 2001, Nobia acquired UK kitchen manufacturer Magnet, one of the UK's largest kitchen companies. This acquisition provided Nobia with valuable know-how in selling kitchens through dedicated kitchen studios and insight into the business value of operating wholly owned stores. Exercising influence over the company's own stores not only offers the opportunity to formulate offerings to end-customers but also to influence the supply chain, which in turn drives the Group's single largest cost item, product costs.

In 2004 and 2005, Nobia pursued its focus on growth and expansion when Nobia acquired Gower in the UK and EWE/FM in Austria. Hygena in France was acquired in 2006, which expanded the store network with an additional 137 stores. The fourth cornerstone – profitable growth – has been a guiding principle throughout all of the years that Nobia has grown both organically and through acquisitions.

An eventful 2007

Fiscal 2007 was another eventful year for Nobia with successes in the UK and France, an altered business direction in Germany, growing pains in the Nordic region and further co-ordination of the Group's product range and supply chain.

The strategy for the next five years was revised in autumn 2007. This review resulted in the clarification of Nobia's efforts to secure a brand-independent supply chain and the acceleration of organic growth through the establishment of stores. The Nobia Group now comprises three regions with sales conducted via different channels. One of the Group's strengths is that we work with strong brands in a variety of price segments and styles and that we offer kitchen solutions to different customer groups. Although we have made continuous improvements to the company over the years, we now have even better opportunities for continued positive development by continuing to work with our strategic direction.

In particular, I would like to highlight the possibility of increased organic growth through scalable concepts and store expansion, as exemplified in the form of Magnet, Hygena and Poggenpohl. A decision was made in 2007 to open 40–60 wholly owned Poggenpohl stores over the next four years. Furthermore, it was decided that Hygena be established in Spain with four stores in the Barcelona area and in the next three years expand the number of Hygena stores in France by between 50 and 75. A decision was also made in 2007 to establish 100 new Magnet stores in the UK during the next three years.

In a bid to improve profitability in Germany, Nobia made a strategic decision in 2006 to alter its business direction towards a more retail-oriented focus. In 2007 this decision was realised with the formation of Culinoma, a company jointly owned by Nobia and the Dutch kitchen company De Mandemakers Groep. Culinoma acquired three German kitchen retailers, Asmo, Plana and Marquardt in 2007, with a combined store network of about 80 stores. Following these acquisitions, Culinoma became the leading kitchen retailer in Germany in less than a year, with annual net sales of approximately SEK 1.5 billion.

Nobia has created a solid basis for reducing purchasing costs and implementing efficiency improvements. In 2007, a decision was also made to introduce a brand-independent supply chain. As part of this process, the business units in Sweden and Norway were consolidated to form one unit in each country. The business units in Finland and Austria already have this organisational structure.

Favourable conditions for the future

An efficient and co-ordinated supply chain is one of Nobia's strongest competitive advantages. It is also the single most controllable cost in the Nobia Group and thereby offers the best opportunity for efficiency improvements. Kitchen customers want more fashionable and qualitative kitchens for less money.

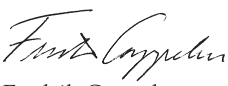
Furthermore, Nobia must remain close to the market. It is a strength in having exclusively global brands as well as well-known local brands in the same Group, combined with the ability to reach different customer groups through the most suitable channels. This is the combination that makes Nobia unique and that provides various parts of the organisation with the market know-how necessary for strengthening our leading position.

During my nearly 14 years of serving as President of Nobia, much of my work has involved inspiring people in the organisation. In this role I have endeavoured to convey the value of working towards joint goals and at the same time remaining dedicated to one's brand and customers. I have propagated the importance of a proactive approach, not reacting to something that has already been established and not having operations that are too heavily reliant on market trends. A proactive organisation is able to take advantage of both upswings and downturns in the market to conduct good business.

It provides me with a sense of security to know that Nobia's strategic direction has been determined, that the company will continue to grow organically, that further improvements will be made to internal efficiency, and also that the company will remain open to supplementary acquisitions. The direction has been set and there is much to develop.

My thanks to all of Nobia's employees, customers and partners!

Stockholm, 29 February 2008



Fredrik Cappelen

(Stands down as President and CEO on 1 April 2008)

" A proactive organisation is able to take advantage of both upswings and downturns in the market to conduct good business.

Business overview

	Net sales, %	Operating profit, SEK m	Average number of employees	Number of stores, Group-owned and franchise
UK region	36	517	2,969	202
Nordic region	35	685	3,010	285
Continental Europe region	29	273	2,518	173
Group total	SEK m 16,622	1,353	8,526	660

Business units

The UK region comprises the business units Magnet and Gower. Magnet manufactures and sells kitchens to end-users through a network of Group-owned stores and multiple retailers. In addition, local tradesmen and joinery products are offered through the Magnet Trade concept. Gower is the UK's leading supplier of flat-pack kitchens to multiple retailers. The C.P. Hart bathroom retail operations were divested at the beginning of 2008.

The Nordic region consists of five business units. In Denmark, kitchens are manufactured and sold through HTH and Invita to the entire Nordic region. Kitchen company Uno form and worktop producer Implast are also included in the HTH business unit. From 2008, Sigdal and Norema are included in the Nobia Norway business unit and Marbodal and Myresjökök are part of the Nobia Sweden business unit. The Novart business unit manufactures kitchens in Finland that are sold under the À La Carte, Parma and Petra brands.

The Continental Europe region consists of the Optifit, Pronorm and Poggenpohl business units in Germany, EWE/FM in Austria and Hygena in France. Optifit produces kitchens sold through other business units in Nobia but also to furniture stores and DIY chains in primarily Germany. Optifit also produces and sells bathroom furniture under the Marlin brand. Pronorm manufactures kitchens in the middle price segment that are sold through kitchen studios primarily in Germany and the Netherlands. Poggenpohl manufactures kitchens in the premium price segment that are sold throughout the world. EWE/FM manufactures and sells kitchens to furniture stores and other retailers in Austria. In France, Hygena sells kitchen solutions in the economy price segment. Culinoma is a joint-venture company in Germany that includes the Plana, Marquardt and Asmo chains.

Brands

Magnet
Gower

HTH, uno form, INVITA
À La Carte, PARMA, PETRA
sigdal, NOREMA, Marbodal, myresjökök

poggen pohl, hygena, ASMO KÜCHEN
ewe, FM, PLANA KÜCHENLAND
OPTIFIT, pronorm EINBAUKÜCHEN, MARQUARDT KÜCHEN

Sales channels

Kitchen stores	Furniture stores	Builders' merchants and DIY chains	Prefab housing and construction companies

Introduction to the kitchen industry

Before you as a reader engross yourself in Nobia's operations, it may be a good idea to be aware of the factors that influence demand for kitchens. What are the elements of a kitchen? Which other players operate in the markets where Nobia conducts operations? Answers to a number of questions are found below.

Nobia primarily conducts operations in the European kitchen market.

Driving forces in the kitchen market

Demand in the kitchen market is influenced by a number of factors, such as interest-rate levels, the rate of construction of new housing, the house price trend, the number of house and apartment transactions and current consumer spending levels. As kitchens evolve from being a construction product to increasingly becoming a consumer product, additional factors such as interest in interior decorating and design and fashion trends play a role in demand levels. In recent years, these trends have become increasingly homogenous in European countries.

What goes into a kitchen?

A kitchen comprises cabinets and drawers with fronts, worktops, appliances, mixer taps, sinks and interior fittings, such as lighting and cabinet fixtures. Nobia wants to make it easy for the end-customer to effortlessly and comfortably purchase an entire kitchen solution in a single transaction. As a result, Nobia's product portfolio comprises a large number of products.

Related services, for example installation and home delivery, are now included to an increasingly greater extent in the product range offered to private customers. The larger proportion of accessories alongside a broader range of services means that our average order value is rising.

Few comparable competitors

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

The European kitchen market is fragmented, with many smaller players. A selection of our largest competitors is found in the table below. Nobia is a driving force in the current trend of consolidation. As in the case of Nobia, most competitors employ an integrated business model, in other words, a value chain that encompasses all aspects – from production to sales to end-customers. The majority of players have operations in more than one price segment.

Overview of competitors	Website	Primary market	Ownership structure
Ikea	www.ikea.com	Global	Foundation
DeMandemakers Groep	www.mandemakers.nl	Netherlands (and 50% of Culinoma in Germany)	Private company
Galiform	www.galiform.com	UK	Public limited liability company
MFI	www.mfi.co.uk	UK	Private equity
Alno	www.alno.de	Germany and export to neighbouring countries	Public limited liability company
Nobilia	www.nobilia.de	Germany and export to neighbouring countries	Private company
SALM	www.salm.fr	France and Germany	Private company
Fournier	www.fournier.fr	France	Private company
Ballingslöv	www.ballingslov.se	Nordic region and UK	Public limited liability company

Sustainable enterprising

Nobia' target is for its operations to assume social and ethical responsibility and be characterised by long-term solutions that reduce the impact on the environment.

Sustainability focuses on two primary areas: the environment, and social and ethical responsibility. Nobia has centrally adopted a number of overall guidelines for the business units to follow. Each business unit is subsequently responsible for the implementation and follow-up of these guidelines. The central guidelines set a minimum standard for what is deemed to be sustainable enterprising within Nobia.

Evaluation of sub-contractors

Nobia demands that all of its sub-contractors have long-term sustainable solutions. Nobia regularly conducts on-site visits at its suppliers and has developed a process for evaluating all suppliers and in certain cases its supplier's suppliers. The process of evaluating its suppliers and ensuring that they adhere to Nobia's central guidelines for environmental impact, work conditions and social and ethical issues is called the Supplier Quality Process (SQP). Every supplier must have undergone this process and been approved to serve as a sub-contractor to the Nobia Group. Evaluations are performed regardless of whether the supplier is new or already has an existing agreement with Nobia.

The evaluation process also provides guidelines on how any potential shortcomings are to be identified and managed with respect to the environmental aspects of production and the work environment for the supplier's employees.

Work on enhancing the efficiency of the purchasing process in 2007 led to a reduction in the number of suppliers and articles. This work also resulted in stricter controls of suppliers.

Social and ethical responsibility

Nobia has a responsibility to many stakeholders to conduct and develop financially successful and sustainable operations. This responsibility encompasses employees, customers, business partners, and society.

The fundamental principles are that Nobia's entire organisation is to:

- follow local laws and regulations in the countries in which Nobia operates.
- respect the UN Universal Declaration of Human Rights and assume responsibility for fully applying this declaration throughout the organisation.
- conduct business operations that are characterised by high integrity and sound ethical practice.
- adopt a transparent and open attitude to all external stakeholders. All external communication is to be rapid and effective.

Nobia has prepared guidelines to ensure that all products purchased are manufactured under environmentally and ethically sustainable conditions. These guidelines are based on the core conventions adopted by the International Labour Organisation (ILO). The ILO is a specialised agency of the UN that deals with labour issues. The conventions encompass four areas:

- freedom of association
- forced labour
- discrimination
- child labour

Business ethics

Nobia strongly distances itself from all types of corruption, bribery and similar unethical and unlawful activities. The central guidelines define Nobia's business ethics as follows:

- Nobia does not contravene applicable competition legislation in any of the markets in which the company conducts operations.
- Nobia does not offer or mediate unethical or unlawful remuneration or any other type of compensation to persons or companies for such parties to act in such a manner as to benefit Nobia's commercial operations.
- Nobia's employees shall not themselves receive any form of remuneration or any other type of compensation intended to persuade employees to act in contravention of Nobia's guidelines, laws, regulations and ordinances.

Work environment

No employee shall have to suffer physical or mental ill health due to their work. All activities in the area of the psychological and physical work environment shall be preventive. All consequences for work environments shall be analysed as soon as organisational changes are implemented, and appropriate measures shall be taken as soon as possible to reduce the risk of work-related injuries and absence due to illness. Managers, project managers and safety representatives shall receive regular training to maintain the necessary competencies with which to manage work-environment issues.

Employee relations

All Nobia employees shall be offered work conditions that as a minimum fulfil national statutory requirements and the ILO conventions, for example:

- Nobia shall not use any form of forced labour or slave labour in its operations and shall not accept any measures that may risk limiting free movement in the labour market.
- No Nobia employee shall be under the influence of alcohol or drugs during working hours.
- Nobia offers the same conditions to its employees, regardless of gender, race, skin colour, nationality, religion or ethnic background. Nobia does not accept discrimination, sexual harassment or bullying in the workplace.
- Nobia recognises the fundamental right of employees to form trade unions or other organisations in line with laws, regulations and principles in each country.
- Nobia does not employ anyone below the age of 15 or anyone who has not reached the statutory established minimum age limit in each country.

Hunger Project Sweden

Nobia has provided financial support to the Hunger Project Sweden since 2006. The Hunger Project is a non-profit, non-political and non-religious organisation that assists people living in hunger to build a sustainable change in their community, primarily through education. The Hunger Project conducts change programmes in 13 countries in the African continent, Central and South America, India and Bangladesh.

Read more at www.hungerprojektet.se.

THE HUNGER PROJECT

Nobia's environmental work

Environmental activities in the Nobia Group are managed by each business unit. Group management has prepared a central policy containing guidelines to which each unit must adhere. The business units then adopt individual environmental targets and strategies within these guidelines.

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

- Emissions
- Waste
- Transportation
- Surface treatment
- Packaging
- Choice of materials
- Energy consumption

The most common material in the production area is chipboard. A total of 80 per cent of all materials used for manufacturing within the Group are renewable. The remainder is used for heating the production plants or is sold as stable and pet bedding.

Environmental certification for plants

All of Nobia's plants fulfil the environmental requirements established in each country. The production units in countries in which Nobia conducts manufacturing have undergone environmental impact consideration for their permit applications. Acquiring certification for the plants ensures that consideration for the environment is incorporated into all of the Group's manufacturing and business processes. At the end of 2007, 15 of the Group's 19 production units had obtained ISO 14001:2004 certification and/or were registered according to the EU's Eco-Management and Audit Scheme (EMAS).

Reducing emissions

Two elements of Nobia's operations generate the greatest environmental impact. The first is the exhausts from transport vehicles and the second is emissions of organic solvents used in surface treatments. Nobia endeavours to continuously enhance the efficiency and co-ordination of its product transportation and logistics flows. A Group-wide video-conferencing system is used to minimise employees' use of transport.

The amount of water-based and UV-tempered paint and lacquer for surface treatments is constantly increasing. The advantage of these products is that they give off minimal emissions of organic solvents. At the end of 2007, approximately 70 per cent of all surface treatments in Nobia were based on water-based and UV-tempered paint and lacquer. This is the same level as in 2006.

Carbon Disclosure project

The Carbon Disclosure Project (CDP) an independent, not-for-profit organisation aimed at measuring the emissions of greenhouse gases from companies. CDP seeks information from companies on business risks and opportunities based on their environmental impact from emissions of greenhouse gases.

Nobia responded to the CDP questionnaire in 2007. The company's responses are available from CDP's website after approval from Nobia.

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

The values for the key figures for 2007 are found in the accompanying table.

Marbodal launched another Swan eco-labelled kitchen in 2007: Vollo available in high-glaze white.

Key figures	2007	2006	Change, %
Environmental management systems			
Operations with certified environmental management systems, % of Group sales[1)]	85	87	–2.3
Greenhouse gases			
Greenhouse-gas emissions from transportation of products and personnel, kg/cabinet	2.00	2.13	–6.3
Greenhouse-gas emissions from heating and manufacturing, kg/cabinet	6.55	6.58	–0.4
Volatile organic compounds			
VOC emissions, kg/100 lacquered fronts	5.99	7.81	–23.3
Energy			
Electricity, KWh/cabinet	9.09	8.73	4.2
Packaging material			
Material use, kg/cabinet	1.43	1.40	2.2
Percentage of renewable packaging material, %	71	77	–0.8

1) Manufacturing prices

Personnel development

Following Nobia's decentralised business model, personnel work is mostly handled by each business unit. The work of the central personnel unit sets the guidelines for the business units and the values to be applied within the Nobia Group.

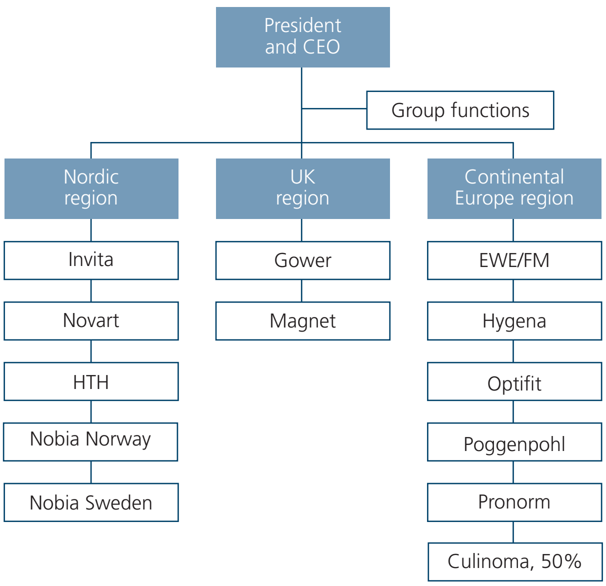
Overall personnel work at Nobia is conducted by a central unit that is responsible for ensuring that the correct competencies are linked with the various operations in the Group and that employees continuously develop. The values emphasised centrally are participation, dialogue, trust, responsibility and work environment. The aim is that all Nobia employees shall have a sense of involvement and feel appreciated and adopt a results-oriented approach.

Centralised personnel work

Issues related to manager supply, further development of existing managers and remuneration to senior executives of the business units and centrally organised employees are handled at Group level. Activities in 2007 focused on further developing existing processes and tools for personnel development. The central personnel unit is responsible for all types of remuneration, such as salaries, bonuses, pensions and long-term incentive programmes for the most senior managers of the Nobia Group.

The daily operational personnel activities, such as issues relating to training, work environment, personnel development and recruitment, are handled at business-unit level.

Nobia's organisation



Leadership development

One of Nobia's prioritised areas is the identification and further training of potential managers. This work is becoming increasingly important as the company grows and becomes more internationalised.

Nobia has arranged an annual training program for potential managers since 2003. The Nobia Management Programme (NMP) is directed toward middle managers and encompasses approximately 25 employees per year. In 2007, 23 employees participated in the programme. Most of these participants were middle managers from one of the Nobia Group's business units. The programme is conducted in project form, whereby the participants solve specific problems adapted to the operations. The programme focuses on such areas as leadership, finance and business strategy.

Manager supply

The central personnel unit has the task of identifying the most skilled and motivated leaders to ensure the internal supply of skills in the long term. This mapping process takes place annually and encompasses about 200 senior executives at Group and middle-management level.

Evaluations are made jointly with the business unit managers and include results-oriented approach, leadership, strategic thinking and internal and external communication skills. The results of these evaluations lead to action plans for the individual employee, which are used as supporting documentation for succession planning at Nobia.

Annual Report

The Board of Directors and President of Nobia AB, Corporate Registration Number 556528-2752, hereby present the Annual Report and consolidated financial statement for the 2007 fiscal year. The Board of Directors' Report is found on pages 14–37.

Business concept and objectives

Nobia's business concept has been in force since the company was listed in 2002 and is the foundation of the Group's strategic cornerstones.

Business concept

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

Objectives

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

Nobia steers its operations towards the financial targets described below.

Profit growth

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

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

Financial strength

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

Dividends

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

Profitable growth and margin improvement

The growth target for earnings per share will be achieved by consistently following established strategies. The target will be attained through organic sales growth and via corporate acquisitions, and by raising the operating margin in those operations that do not currently meet the Group's targets. These aims can be summarised as a clearly defined target for increasing earnings per share over time. The earnings-per-share measurement has been selected as the Group's main target since it summarises the effects of growth, the operating margin, capital effectiveness and the price of acquired units and chosen financing methods. An advantage of this measurement is that it is easy to derive from the financial statements.

The table overleaf shows Nobia's earnings-per-share trend since 2003. For the period 2001–2007, the average rate of increase was 18 per cent, compared with the target of 12 per cent over a business cycle. In 2007, growth amounted to 12 per cent.

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

Sales growth, divided between organic and acquired growth between 2003 and 2007, is shown in the adjacent table.

It is reasonable for Nobia to achieve an operating margin (EBIT) of 10 per cent at Group level. Many of the business units in which Nobia has conducted operations over a long period of time have already attained or exceeded this level. As seen in the adjacent table, the Nordic operations, for example, well exceed this level.

Nobia's target of an operating margin of at least 10 per cent over a business cycle may never be allowed to hinder efforts to take advantage of business opportunities in operations with a high capital-turnover rate and return on capital, but with a relatively low profit margin. The business units are governed by targets for net sales, operating profit, operating margin and tied-up capital. The target figures are based on past outcomes, comparative data from benchmarking and with consideration taken of external factors, such as the economic climate. The margin targets for some business operations can be lowered without adversely affecting the Group's return on capital. This applies, for example, to certain sales of accessories with low value-added and a high rate of capital turnover.

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

Earnings per share after dilution, 2003–2007

	2003	2004	2005	2006	2007
Earnings per share, SEK	2.29[1) 2)]	3.41[2)]	3.67[2)]	4.93[2)]	5.50
Annual change, %	–21	49	8	34	12
Average[3)] annual growth	*6*	*18*	*16*	*19*	*18*

1) Earnings per share before goodwill impairment.
2) Adjusted for 3:1 split.
3) Calculated during the period 2001–2007

Sales growth %, 2003–2007

	2003	2004	2005	2006	2007
Organic change, %	3	11	3	11	7
Acquisitions, divestments and exchange-rate effects, %	–6	11	7	14	1
Total growth, %	**–3**	**22**	**10**	**25**	**7**
Average[1)] annual growth	*6*	*11*	*11*	*14*	*12*

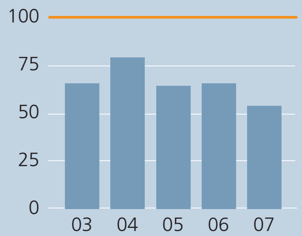
1) Calculated during the period 2001–2007

Operating margin* per region, %

	2003	2004	2005	2006	2007
UK	7.7	7.3	5.8	7.9	8.5
Nordic	11.8	13.4	14.1	13.7	11.9
Continental Europe	4,3	6.5	5.4	6.1	5.6
Group	**6.7[1)]**	**8.5**	**8.0**	**8.5**	**8.1**

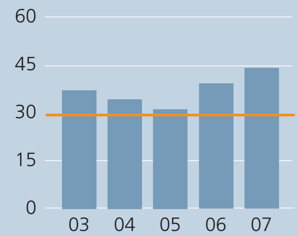
1) Operating margin before goodwill impairment 2003.
* Target, 10 per cent over a business cycle.

Debt/equity ratio, %



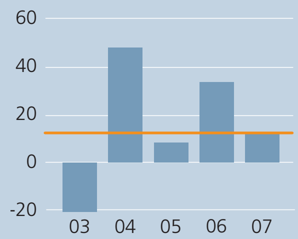
Target, less than 100 per cent

Dividend, %



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

Growth in earnings per share, annual change, %



Target, at least 12 per cent

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

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

Strategic cornerstones

Decentralised responsibility for profitability: Nobia organises its operations on the basis of decentralised responsibility for each brand. There are a number of national brands in the kitchen market in Europe that are exposed to customers through various sales channels. Selling kitchens is mainly a local business. Success in this market is based on proximity to customers.

Nobia's decentralised organisation provides the conditions to successfully implement a multi-channel strategy, in addition to achieving efficient business control. Nobia's sales are underpinned by strong, local brands, which are marketed in the Group's own stores, in co-operation with distributors or franchise holders or through other sales channels. The organisation must create proximity to the local markets and strengthen relations with end customers. Therefore, Nobia's operations are conducted through decentralised business units, with each unit having full responsibility for its own organisation and results.

Close to customers and the market

Independence in decisions and total profit responsibility are key principles. Many of the brands have their own manufacturing and/or assembly operations and the business units are responsible for effectively utilising fixed-asset and working capital. All kitchen solutions vary, for example in terms of composition, measurement and accessories, making most of the value-adding stages highly complex. The ability to handle this complexity in a cost-effective manner is a crucial factor for the competitiveness of the units. Another key factor for competitiveness is the ability of the business units to exert influence in specialised kitchen stores to affect the offerings in the various customer segments and sales channels. Co-operation between Group management and the business units is based on a clear division of responsibility. In brief, this means that Group management is responsible for the overall business concepts, breadth of product lines, central purchasing, strategies and financial targets. Within this framework, the business units have considerable scope to develop their brands.

Leadership and control

Group management is responsible for business development and synergy issues between the business units and for facilitating comparisons and exchanges of knowledge. Individual targets are established in co-operation with the business units and regional managers in Group management. Opportunities to compare performance encourage healthy competition between the units. Targets are based on historical profitability, Group-wide targets and the improvement potential identified via internal comparisons.

Three regions

Nobia organises its business units in three regions, with each region headed by a member of Group management.

The proximity between Group management and the business units increases the power of implementation in both growth and co-ordination. The regional managers are responsible for the earnings of their respective regions. This responsibility includes following up the operations of the business unit, taking advantage of synergies in all areas, formulating/following the strategic direction and working towards profitable growth, both organically and through strategic acquisitions.

Internal benchmarking

The exchange of knowledge and experience between business units is an important success factor. Based on guidelines from Group management, these exchanges result in synergies and efficiency enhancements, for example in production and purchasing. This is clearly evident from the cost reductions that have been achieved based on increased co-ordination in recent years. Knowledge exchange is also linked to benchmarking. This work focuses on financial information and on key performance indicators (KPI), relating, for example, to the amount of time and the cost spent per unit on production, delivery reliability or stock-turnover rate.

Strategic cornerstones

Multi-brand and multi-channel strategy: Nobia shall reach its customers with a variety of brands through various sales channels, thereby attaining broad market coverage. Sales are made through kitchen studios, furniture stores, builders´ merchants and DIY chains, as well as for prefab housing and construction companies.

Through its showrooms, Nobia obtains significant influence in one of the most important sales channels. Specifically, this means that the Group can influence parts of the sales process and expand the products in its offering to end customers.

Strong brands

The company's strong brands give the business units' products a clear profile and identity. The Group's total brand portfolio includes national and regional kitchen brands in addition to one global brand. Poggenpohl is one of the best-known kitchen brands worldwide.

HTH is a regional brand, while Magnet and Sigdal are examples of national kitchen brands. Most of Nobia's brands are currently ranked one or two in their markets. These positions are the result of consistent, long-term efforts in which the various concepts and brands are integrated in the sales channels. In addition to maintaining strong brands, a presence in the different sales channels is essential to reach the various customer segments, especially as customers often choose a sales channel before selecting a certain brand. In addition to specialised kitchen studios, builders´ merchants and DIY chains are currently the most important channels for Nobia's business units. Direct sales to construction companies are also a significant channel for certain units.

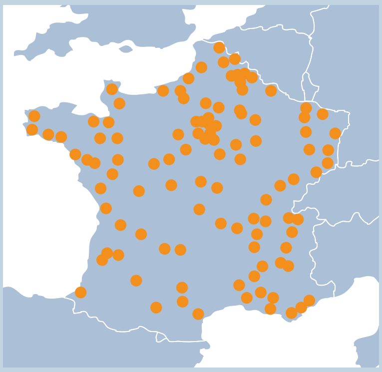
More complete kitchen offering, increased order value

Through its presence in different sales channels, Nobia is able to influence its offering to the end customer, for example in terms of content, design and exposure of the kitchen concept. Experience has shown that the ability to exercise this type of influence is highly significant to sales, such as through kitchen studios operated by Nobia or franchise holders and via direct sales to construction companies and prefab house manufacturers. An overall objective is to gradually expand the offering to end customers. Order values increase by offering more complete kitchen solutions, which promotes growth and profitability within Nobia.

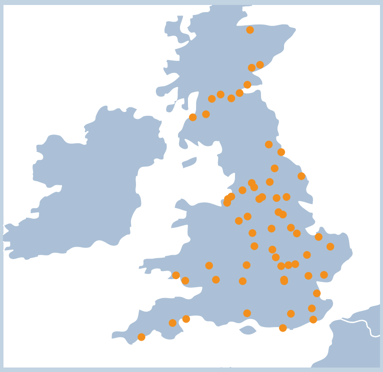
Strategic sales partnerships

The business units that work with larger chains also apply the concept of category management. In these strategic partnerships, the units assume total responsibility for the store's or the chain's kitchen offering. This form of concept management may encompass assistance in marketing, showroom displays and far-reaching support in sales and service. Category management is currently used mainly for large customers in the DIY channel and for direct sales to the building trade.

Hygena is growing in France



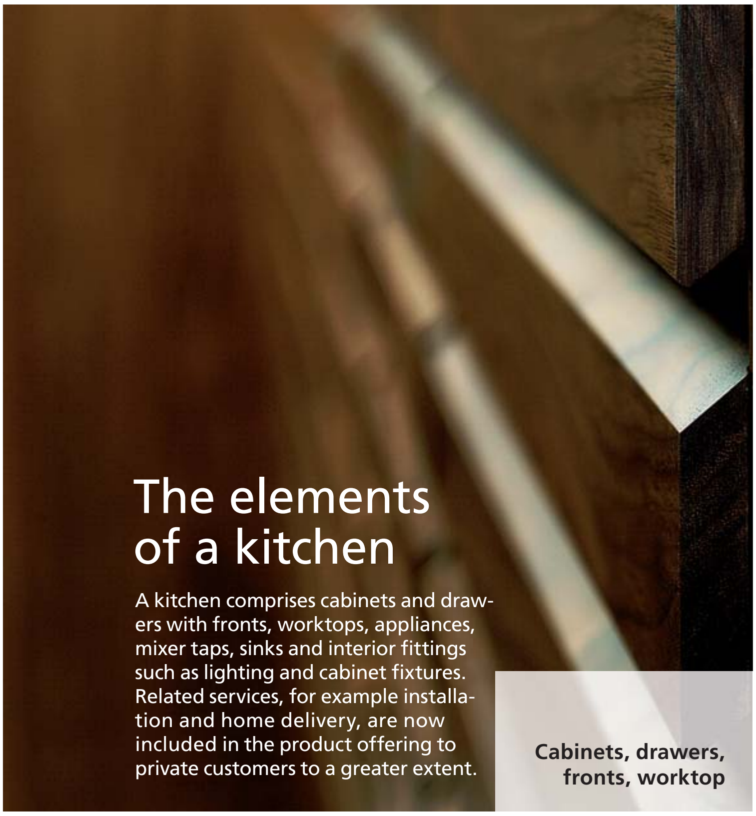
Magnet is growing in the UK

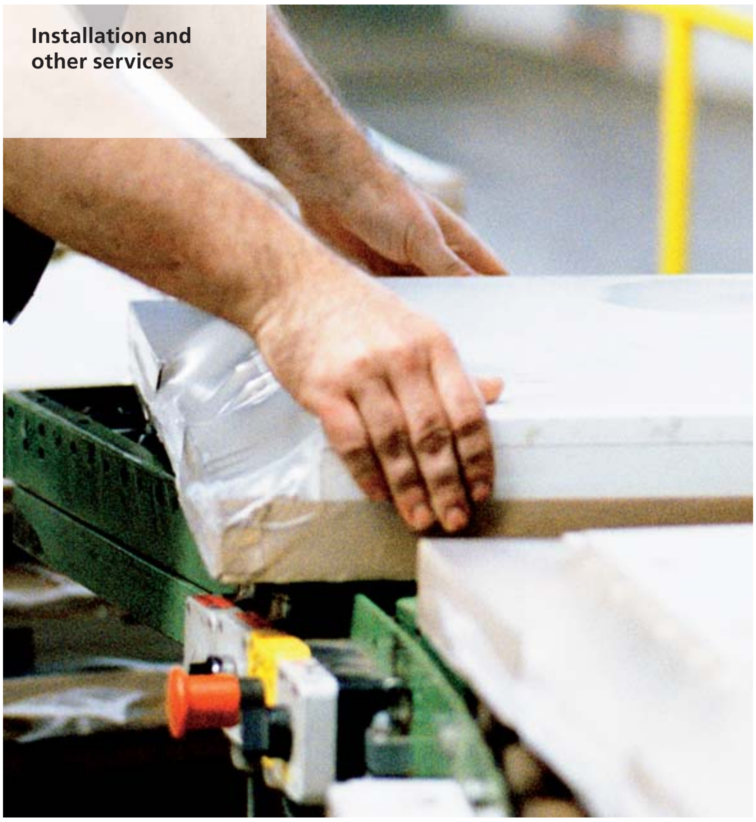


Existing Group-owned kitchen stores

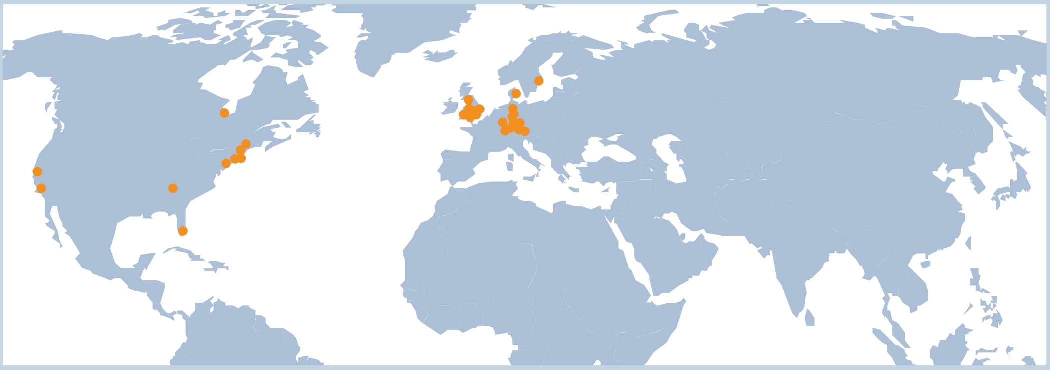
The elements of a kitchen

A kitchen comprises cabinets and drawers with fronts, worktops, appliances, mixer taps, sinks and interior fittings such as lighting and cabinet fixtures. Related services, for example installation and home delivery, are now included in the product offering to private customers to a greater extent.



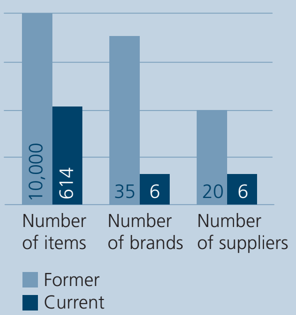


Poggenpohl is growing in Europe and the US



● Existing Group-owned kitchen stores

Simplified and co-ordinated purchasing of appliances



An example of the systematic review of product assortments. By co-ordinating the Group's purchasing of appliances, complexity has been reduced and economies of scale have been achieved.

Strategic cornerstones

Low product costs: Nobia endeavours to continuously reduce product costs. Co-ordination is gradually being increased within production and purchasing in order to use economies of scale optimally in these areas. The aims of these efforts include increased harmonisation of the product range and more production-efficient designs. These efficiency enhancements shall be achieved while simultaneously maintaining the breadth and diversity of Nobia's offering to its customers.

Product costs correspond to slightly less than two thirds of Nobia's sales. Reducing these costs is an important target and a continuous process. This work has resulted in an increasing amount of purchasing being handled via central agreements and the development of common purchasing procedures for various product categories. A purchaser is assigned responsibility to each category and concludes agreements on behalf of the Group. All categories are regularly reviewed.

Component standardisation

The standardisation of carcasses and the harmonisation of the worktop product range have also been developed in the Group. Furthermore, the co-ordination of component manufacturing between business units has improved. Combined, these efforts have contributed to reduced product costs. In order to reduce its purchasing costs, Nobia is expanding its purchasing activities to new geographic markets, primarily in Asia and Eastern Europe.

In-house manufacturing or purchasing?

The components used are always subject to a make or buy analysis. This is an overall assessment that will ascertain the most cost-effective alternative: purchasing components from an external supplier or manufacturing them internally. If the decision is to manufacture, it is concentrated as far as possible to a single plant to generate economies of scale. Examples of such concentration include the HTH subsidiary Implast, which manufactures laminated worktops for most of Nobia's business units, and Marbodal, which supplies cabinet doors and carcasses to several of the Group's business units in the Nordic region.

Co-ordinated purchasing

Focusing on large-scale production and economies of scale in purchasing and production is a priority. At the same time, the offering to customers from the business units must be diverse. Systematic reviews of product lines are performed to maintain the correct balance.

Specialised units

Kitchen manufacturing is largely a logistical flow. The majority of the business units are order-based assembly units, with assembly being the governing stage of the logistics chain through to delivery to the customer. At this stage, economies of scale are fewer and capital intensity is relatively low. Component production is, however, capital-intensive and economies of scale are large. This is the reason why Nobia is intent on increasingly concentrating its component production to specialised units. A growing number of these units employ lean manufacturing techniques, with systematic flow and process improvements designed to boost efficiency. The Group-wide standard for carcasses, K 20, is fundamental to the process of enhancing efficiency and co-ordinating production. The greatest benefit of a common standard is lower costs for product supply. This is possible since a common standard enables larger volumes of products with the same dimensions to be produced for Nobia. Co-ordination has been gradually developed, resulting in a larger percentage of the Group's purchased components now being managed centrally. Increased standardisation offers great potential for Nobia. The aim, therefore, is to apply Group-wide product platforms and standardised modules in production to a greater extent.

Strategic cornerstones

Profitable growth: Nobia generates growth through a combination of organic growth and acquisitions. The European kitchen market is fragmented and most players are small and operate mainly in their own local markets. This creates opportunities for Nobia to continue to lead the consolidation of the European kitchen market.

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

- continually developing and strengthening brands and distribution channels
- continually refurbishing and expanding the store network
- developing and co-ordinating product lines
- new partnerships and co-operation in distribution and sales
- raising the average order value through increased sales of accessories and services.

Growth through acquisitions

Growth shall also be achieved through acquisitions. There are many attractive acquisition prospects in the European kitchen market due to its highly fragmented structure. Several factors show that Nobia can, credibly, lead the consolidation of this market:

- relative size and financial strength
- experience in managing and integrating international operations
- earnings and profitability improvements achieved in acquired companies.

Acquisition criteria

The acquisition strategy involves Nobia strengthening its positions in existing markets, in addition to establishing a presence in new markets in Europe. An acquisition prospect will:

- be well integrated in a distribution chain all the way to end consumers
- provide potential synergies
- have a strong brand
- have a leading position in its market segment and/or within its geographical market
- have a stable and well-functioning management
- generate a satisfactory return on capital employed.

Financial overview 2007

Nobia is Europe's leading kitchen company with operations in some ten countries. The Group manufactures and sells complete kitchen solutions through many strong, local and international brands.

Sales are generated through specialised kitchen studios, retailers and direct to corporate customers. Nobia creates profitable and sustainable growth by enhancing efficiency and making acquisitions. Nobia has about 8,500 employees and annual net sales of approximately SEK 16 billion. The Nobia share is listed on the OMX Nordic Exchange Stockholm under the shortname NOBI.

The Group's cash flow and financial position

Earnings per share after dilution for the year amounted to SEK 5.50 (4.93), corresponding to an increase of 12 per cent. Net sales rose by 7 per cent to SEK 16,622 million (15,590).

The Group's organic growth, meaning the change in net sales for comparable units and adjusted for currency effects, amounted to 7 per cent compared with the year-earlier period. Growth is primarily attributable to increased sales in the UK region and increased sales of accessories.

The store network continued to be developed during the year and at year-end the total number of stores was 660 (647). The total number of stores includes Group-owned and franchise stores. In addition, there are 79 stores in the jointly owned company Culinoma in Germany. Culinoma was established in 2007 together with De Mandemakers Groep. Nobia owns 50 per cent of Culinoma.

The Group's operating profit strengthened and amounted to SEK 1,353 million (1,327). If Hygena had been included from the beginning of 2006, operating profit would have been SEK 1,279 million instead. Accordingly, for comparable units, operating profit was SEK 74 million better than in the preceding year. Increased sales affected operating profit positively, but more expensive raw materials, costs associated with quality shortcomings and exchange-rate fluctuations had a negative impact on earnings.

The operating margin amounted to 8.1 per cent (8.5).

In the UK region, net sales increased by 11 per cent primarily as a result of strong growth for rigid kitchens in the Trade segment. This sales channel focuses on the small-scale professional construction sector. In the Nordic region, net sales rose by 7 per cent. The highest growth was noted in sales to the renovation market where growth was primarily driven by increased sales of accessories. In the Continental Europe region, net sales declined 1 per cent in 2007, mainly as a result of lower sales in Germany and the Netherlands and to non-European export markets. Sales via Group-owned kitchen stores performed positively for Hygena in France and Poggenpohl in Europe. The transfer of Hygena's supply chain to Nobia's flow is proceeding according to plan and integration is expected to be fully implemented in the first half of 2008.

Financial items amounted to an expense of SEK 106 million (expense: 117). Net financial expense also includes the net of returns and interest on pension assets and interest expense on pension liabilities corresponding to a negative amount of SEK 31 million (neg: 40). Profit after financial items improved to SEK 1,247 million (1,210).

Tax expenses for the year amounted to SEK 289 million (345), corresponding to a tax rate of 23.2 per cent (28.5). The lower tax rate for the current year is mainly attributable to revaluations of deferred tax assets, partly resulting from corporate tax rate reforms in Denmark and Germany. Profit after tax rose to SEK 958 million (865).

The operating cash flow rose to SEK 949 million (881). The improvement in cash flow compared with the preceding year is attributable to the higher profit and lower tax paid, and continued improvements in the use of working capital. This was counteracted by higher investments.

Investments in fixed assets amounted to SEK 678 million (532), of which SEK 300 million related to investments in the store network.

The Group's capital employed amounted to SEK 6,866 million (6,464) at the end of the period.

Net debt at year-end amounted to SEK 2,224 million (2,460). The largest items in the change in net debt comprise positive operating cash flow of SEK 949 million, paid dividends of SEK 350 million and the buy-back of shares amounting to SEK 248 million.

Provisions for pensions, which are included in net debt, amounted to SEK 829 million (899) at the end of the year. Unrecognised actuarial gains at year-end 2007 amounted to a total of SEK 247 million (161).

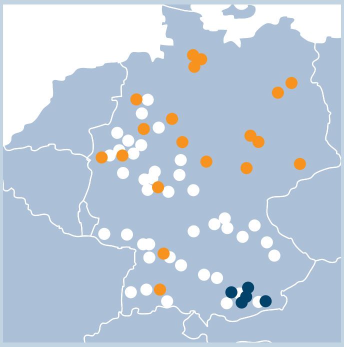
Shareholders' equity at year-end amounted to SEK 4,156 million (3,734). In 2007, shareholders' equity was reduced by SEK 350 million paid in dividends to the company's shareholders and SEK 248 million for the buy-back of shares. A new share issue amounting to SEK 19 million was implemented as a result of utilised share options.

The equity/assets ratio amounted to 40 per cent (39) at year-end, while the debt/equity ratio amounted to 54 per cent (66) at the end of 2007.

Nobia's credit framework, which is valid until 2011, amounts to SEK 6 billion, excluding overdraft facilities. At the end of December 2007, SEK 4.3 billion had been utilised.

Significant events in 2007

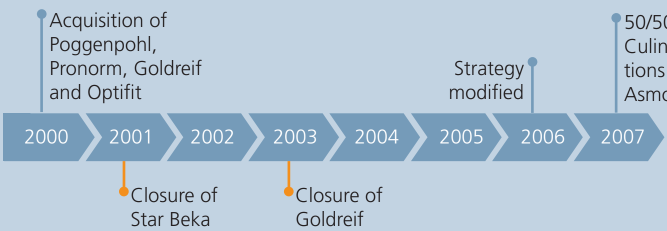
In conjunction with the formation of Culinoma on 8 February, Culinoma make the first of three acquisitions in 2007 when Plana Küchenland with 38 kitchen studios in southern Germany was consolidated. At the Annual General Meeting on 29 March, a decision was made to implement a split of the Nobia share. The 3:1 split was executed in April.



Culinoma's 79 kitchen stores

In 2007, the Culinoma company was founded together with the Dutch kitchen company De Mandemakers Groep, to which Nobia has been a supplier for many years. In 2007, Culinoma acquired the three German kitchen companies Plana, Asmo and Marquardt and thereby created Germany's leading kitchen retail chain with 79 stores throughout the country and annual net sales in stores of approximately SEK 1.5 billion.

● Marquardt
● Plana
● Asmo



Changed direction in Germany

Germany is Europe's largest kitchen market. In autumn 2006, Nobia made a strategic decision to alter its business direction in Germany toward a more retail-oriented focus. On 8 February 2007, this decision was put into practice with the formation of Culinoma.

On 19 July, Culinoma acquired the majority of Marquardtküchen. Marquardt is a leader in granite kitchens in Germany with three plants and 27 stores.

It was announced on 19 July that Nobia had decided to accelerate the tempo of the establishment of its new stores in the UK and France and would begin establishing the Hygena concept in the Spanish market. This initiative involves 100 new Magnet stores and 50–75 new Hygena stores over a three-year period. The entry into the Spanish market will encompass four stores in 2008.

When the interim report for the second quarter was published, it was also announced that the HTH business unit in Denmark had experienced delivery problems. Measures to solve these problems, caused by adjustments for increased productivity in the plants, were not implemented at a satisfactory rate. A number of actions were taken to correct the problems and at the end of the year productivity had been restored.

Culinoma made its third acquisition on 12 October. The retail chain Asmo in Bavaria with 12 stores in the Munich area led to Culinoma attaining a leading market position in Germany with 79 kitchen stores and net sales in stores corresponding to approximately SEK 1.5 billion, including franchise partners.

Fredrik Cappelen announced on 25 October that he is to stand down as President and CEO at Nobia's 2008 Annual General Meeting. Fredrik Cappelen has been President and CEO of Nobia since 1995.

It was announced on 28 November that Poggenpohl had developed both its customer offering and store concept in recent years and that in light of this, Nobia had decided to increase the number of Group-owned Poggenpohl stores. In the next four years, 40–60 stores will be established in large cities, primarily in Europe and the US.

Significant events after the end of the year

In 2007, an agreement was reached to divest the UK bathroom chain C. P. Hart. The divestment was completed at the beginning of 2008 and the marginal capital gain will be reported in the first interim report of 2008.

In January 2008, it was announced that the on-going consolidation process of the supply chain would lead to adaptations of the company's organisation in the Nordic region. This involves consolidating Sigdal and Norema in Norway, and Myresjökök and Marbodal in Sweden into a single business unit in each respective country. These organisational changes came into effect on 1 February 2008.

In February 2008, the HTH business unit took over seven franchise stores in Copenhagen in Denmark.

Personnel

The average number of personnel in 2007 was 8,526, compared with 7,968 in 2006. This increase is primarily attributable to the UK region.

Environment

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

In December 2005, the basic permit for the operations in Marbodal AB was reviewed and approved. The former permit was from 1988. An application for emissions of volatile organic compounds (VOCs) was submitted in December 2007 and will be reviewed in 2008. An application for a noise permit in production is to be submitted during 2008. A review of this permit will take place in 2009.

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

Emissions levels for volatile organic compounds are well within the limits stipulated by the permits for both Marbodal and Myresjökök.

Nobia's environmental work is presented in more detail on pages 10–11.

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 OMX Nordic Exchange Stockholm. Information regarding the Nobia share and its owners can be is found on pages 70–71.

The Parent Company's operations comprise Group-wide functions and the ownership of subsidiaries. Profit after net financial items amounted to SEK 1,969 million (291) in 2007 and primarily comprised Group contributions received and dividends from subsidiaries.

The share and ownership structure

Nobia's share capital amounts to SEK 58,148,035, distributed between 174,444,510 shares, each with a par value of SEK 0.33. Each share, except for repurchased treasury shares, entitles the holder to one vote and carries the same entitlement to the company's capital and profits. Nobia has only one class of share.

On 31 December 2007, Nobia had 5,865 shareholders.

The ten largest shareholders owned 54 per cent of the capital and votes. The single largest owner of Nobia, SäkI, owned 10.6 per cent of the capital and 10.8 percent of the votes on 31 December 2007. SäkI is the only shareholder with a holding of more than 10 percent.

The seven members of Nobia's Group management had combined holdings of 3,762,860 shares at the end of the year, corresponding to 2.1 per cent of the capital and votes. Nobia's nine Board members owned 2,340,900* shares in the company at the end of the year, corresponding to 1.3 per cent of the capital and votes.

In 2007, Nobia repurchased a total of 2,928,700 treasury shares at a value of SEK 248,256,315 under the authorisation mandate granted by the 2007 Annual General Meeting. This buy-back corresponds to 1.7 per cent of the total number of registered shares. The mandate entails that a maximum of 10 per cent of the registered shares in the company may be acquired.

*) Including Fredrik Cappelen's holding of 902,100 shares.

There are no limits to the number of votes that one and the same shareholder may cast at a General Meeting.

There are no agreements, pre-emption clauses, right of first refusal clause or other hindrances to the transfer of shares.

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

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

Proposed guidelines for salaries and remuneration to management

The Board of Directors of Nobia AB proposes that the 2008 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.

The Board's proposed guidelines for salaries and remuneration to management correspond with the remuneration principles applied in the preceding year and are essentially based on contracts signed with each senior executive. The work of the Board and the Remuneration Committee is described in greater detail in the Corporate Governance section on page 72–75.

Proposed guidelines for 2008

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

Members of Group management receive both a fixed and a variable salary portion. The fundamental principle is that the variable salary portion may amount to a maximum of 30 per cent of fixed annual salary. Exceptions to this principle are the President and regional managers whose variable salary portions may amount to a maximum of 50 per cent of fixed annual salary.

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

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

Members of Group management are entitled to a pension under the ITP system or equivalent. The age of retirement is 65 with the exception of the President who may retire at the age of 60. In addition to the ITP plan, members of Group management are entitled to an increased occupational pension premium on salary portions amounting to more than 30 basic amounts.

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

Following decisions taken at the Annual General Meeting, the Group has introduced an annual employee share option scheme since 2005. The purpose is to further strengthen the commitment of senior executives to and ownership in the company, and to attract, motivate and retain key employees in the Group. The allotment of employee share options is free of charge, but the allotment is conditional on a rising scale based on the average increase in earnings per share during the vesting period, which is three years. Accordingly, the earnings trend determines the number of employee share options that may be exercised of the total number of allotted employee share options. The 2007 employee share option scheme encompasses a total of 212 senior executives, including members of Group management.

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

Supplementary information regarding the Board's proposal

In the event of a maximum outcome, which presupposes that all bonus-related targets are fulfilled, the variable salary costs for Group management may be expected to amount to approximately SEK 9,220,100 (excluding social security contributions). The calculation is based on the current composition of Group management.

In accordance with the figures reported at the 2005, 2006 and 2007 Annual General Meetings, employee share options may lead to costs for the Nobia Group in the form of social security contributions in conjunction with exercise as well as accounting costs as stipulated in IFRS 2. The social security contributions are estimated at approximately 20 per cent of the growth in value of the employee share options.

For the 2005, 2006 and 2007 programmes, the earnings trend determines the number of employee share options that may be exercised of the total number of allotted employee share options.

Proposed appropriation of profits[1)]

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

Share premium reserve	32,557,410
Unappropriated profit brought forward	56,163,728
Net profit for the year	1,977,677,231
Total SEK	**2,066,398,369**

The Board of Directors and President propose that profits be appropriated as follows:

Dividend to shareholders of SEK 2.50 per share	428,789,525
To be carried forward	1,637,608,844
Total SEK	**2,066,398,369**

1) Based on the number of ordinary shares as at 31 December 2007. This number may be subject to change during the period up to the record day, since there are outstanding share options. The maximum effect if all share options are exercised prior to record day will amount to SEK 2.2 million.

The Board proposes that the dividend for fiscal year 2007 be set at SEK 2.50 per share (2.00). The proposed dividend corresponds to approximately 45 per cent of net profit for the year (attributable to the Parent Company's shareholders) in the Group. Friday, 4 April 2008 is proposed as the record day for the right to receive dividends. If the Annual General Meeting decides in favour of the proposal, dividends are expected to be paid via VPC (Swedish Securities Register Centre) on Wednesday, 9 April 2008.

Regional overview

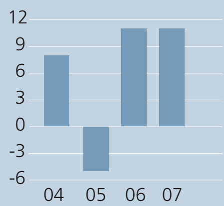
Countries in which production and primary sales take place: UK
Number of employees: 2,952
Number of production units: 4

Kitchen stores	Group-owned	Franchise
UK	196	–
Ireland	1	–
Total	197	–

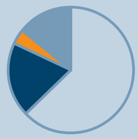
Key figures	2007	2006	Change, %
Net sales, SEK m	6,106	5,572	10
Operating profit, SEK m	517	439*	18
Operating margin, %	8.5	7.9	
Operating capital, SEK m	1,300	1,272	2
Return on operating capital, %	40	35	
Investments, SEK m	283	191	49
Average number of employees	2,969	2,565	16

* Including nonrecurring items

Organic growth in net sales, %

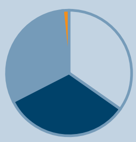


Sales per product, %



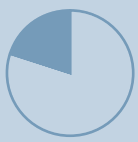
- Kitchen furnishings, 63%
- Other kitchen equipment and service, 19%
- Joinery products, 14%
- Bathrooms, 4%

Sales channels, %



- Kitchen stores Retail, 35%
- Kitchen stores Trade, 33%
- Builders' merchants/ DIY chains, 31%
- Construction companies, 1%

Sales per business unit, %



- Magnet, 80%
- Gower, 20%

UK region

Net sales rose by 10 per cent to SEK 6,106 million (5,572). Organic growth amounted to 11 per cent. Operating profit rose by 18 per cent to SEK 517 million (439*) in 2007. The operating margin rose to 8.5 per cent (7.9).

The region experienced a positive sales trend with the strongest growth figures in the new Trade segment. Operating profit was impacted positively by higher sales volumes and improved productivity in production. The rapid roll-out of the new Trade concept led to lower productivity in distribution in 2007.

The store-expansion programme decided on during the year, involving opening 100 stores in three years, encompasses both Magnet Retail and Magnet Trade stores.

Sales channels

In the UK region, Nobia offers kitchen solutions through the Magnet brand in the middle price segment direct to the end customer through about 200 Group-owned kitchen stores.

Magnet Trade is the distribution channel to professional customers such as local joinery and construction companies. The kitchens sold are rigid kitchens and are available in stock for immediate delivery. Magnet's Trade stores also offer a limited range of building materials and in this manner serve as a total supplier.

Gower is one of the UK's largest manufacturers of kitchens and delivers flat-pack kitchens to DIY chains.

The Trade concept

Magnet's new Trade concept is adapted for the small-scale professional construction sector and contains a narrower range of products, more products in stock and thereby improved product availability. Magnet Trade also has an active sales force.

Magnet Trade considerably strengthened its sales activities during the year, for example the sales force was expanded by more than 300. The aim is to increase the customer base of local joinery and construction companies. A broad customer base provides a platform for continued organic growth.

Supply chain

A new production line was put into operation at Magnet's production plant in Darlington in 2007. The change to order-controlled production that took place in 2006 resulted in improved delivery quality and lower costs and tied-up capital in 2007.

The UK kitchen market

The UK kitchen market is characterised by a small number of large players and many smaller, local and regional kitchen companies, as well as many independent retailers.

Demand during the past year was stable but weakened slightly towards the end of the year.

Other

At the end of 2007, an agreement was reached to divest the C.P. Hart bathroom chain with five stores in the UK.

*) Earnings for 2006 included a positive effect of SEK 27 million as a result of the divestment of a property in Keighley when Magnet's operations were concentrated to Darlington.

Magnet

Modern kitchens in the middle and upper-middle price segments.

Gower

Kitchens in the lower and middle price segments sold under the customer's own brand.

	2007				2006			
Quarter	IV	III	II	I	IV	III	II	I
Net sales, SEK m	1,565	1,514	1,562	1,465	1,416	1,357	1,445	1,354
Operating profit, SEK m	130	125	136	126	134	94	111	100
Operating margin, %	8.3	8.3	8.7	8.6	9.5	6.9	7.7	7.4

Regional overview

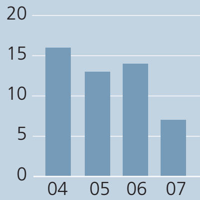
Countries in which production and primary sales take place:
Denmark, Norway, Finland, Sweden
Number of employees: 3,142
Number of production units: 10

Kitchen stores	Group-owned	Franchise
Sweden	4	32
Denmark	6	92
Norway	21	35
Finland	–	78
Other countries	5	12
Total	36	249

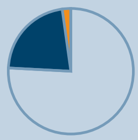
Key figures	2007	2006	Change, %
Net sales, SEK m	5,774	5,407	7
Operating profit, SEK m	685	742*	–8
Operating margin, %	11.9	13.7	
Operating capital, SEK m	1,061	888	19
Return on operating capital, %	65	84	
Investments, SEK m	248	209	19
Average number of employees	3,010	2,885	4

* Including nonrecurring items

Organic growth in net sales, %

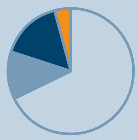


Sales per product, %



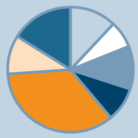
- Kitchen furnishings, 76%
- Other kitchen equipment and service, 22%
- Bathrooms, 2%

Sales channels, %



- Kitchen stores, Group-owned and franchise, 68%
- Builders' merchants/ DIY chains, 12%
- Prefab housing and construction companies, 16%
- Other retailers, 4%

Sales per business unit, %



- Marbodal, 12%
- Myresjökök, 7%
- Norema, 11%
- Sigdal, 9%
- HTH, 35%
- Invita, 10%
- Novart, 16%

Nordic region

Net sales rose by 7 per cent to SEK 5,774 million (5,407). Organic growth amounted to 7 per cent. Operating profit amounted to SEK 685 million (742*). The operating margin was 11.9 per cent (13.7).

Delivery problems and increased costs arose in the HTH business unit in Denmark in 2007. These problems were caused by adjustments to production that were made to attain higher productivity and thereby more reliable and higher delivery capacity. A number of measures were taken in 2007 to rectify the problems. Delivery capacity was restored towards the end of the year.

Sales channels

In Sweden, Nobia sells complete kitchen solutions from Marbodal and Myresjökök, both of which conduct operations primarily in the middle price segment. Myresjökök sells kitchen solutions mainly to project markets through construction companies and prefab house manufacturers. Marbodal sells kitchens through such channels as franchise stores, builders' merchants and independent retailers.

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

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

Danish brands HTH, Uno form and Invita offer customers complete kitchen solutions throughout the Nordic region, with HTH also available as a flat-pack alternative. There are 88 HTH stores and 33 HTH DIY stores.

Approximately 40 per cent of the Nobia Group's sales in the Nordic region take place for new builds, primarily via construction companies and prefab housing. Other sales channels include builders' merchants and DIY chains, Group-owned and franchise kitchen studios and retailers.

More co-ordinated supply chain

As part of the continued co-ordination of the supply chain, Nobia is adapting its organisation in Norway and Sweden. The Myresjökök and Marbodal business units have been consolidated under one and the same unit, Nobia Sweden. Similarly, Sigdal and Norema have been consolidated under Nobia Norway. This change took effect from 1 February 2008.

The Nordic kitchen market

The Nordic kitchen market features a small number of large players and many small, local and regional kitchen companies. Nobia has a strong market position in sales for new builds and many well-known brands.

Demand for kitchens slowed down for new builds in Denmark and Finland during the final quarter of 2007. However, demand in the renovation market remained positive.

*) Operating profit for 2006 included a negative impact of SEK 19 million as a result of the divestment of solid wood production in Ringerike in Norway.

Modern kitchens from Denmark in the middle price segment sold throughout the Nordic region.

Danish design kitchens in the upper segment, sold throughout the Nordic region.

Kitchens from Denmark in the upper-middle price segment, also sold in Sweden.

Finnish kitchens in the upper-middle price segment.

Rigid kitchens in the middle price segment in Finland.

Classic kitchen solutions in the middle price segment in Finland.

Modern and classic kitchens in the middle price segment in Norway.

Kitchen solutions available in many styles in the middle price segment in Norway.

Modern and traditional kitchens in the economy and middle price segments in Sweden.

Modern kitchens in the middle price segment in Sweden.

	2007				2006			
Quarter	IV	III	II	I	IV	III	II	I
Net sales, SEK m	1,485	1,235	1,589	1,465	1,380	1,155	1,507	1,365
Operating profit, SEK m	157	120	225	183	176	149	241	176
Operating margin, %	10.6	9.7	14.2	12.5	12.8	12.9	16.0	12.9

Regional overview

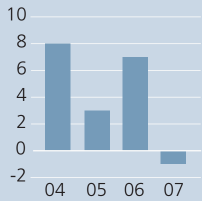
Countries in which production and primary sales take place:
France, Germany, Austria and the Netherlands
Number of employees: 2,601
Number of production units: 5

Kitchen stores	Group-owned	Franchise
France	142	–
USA	9	–
UK	8	–
Germany	7	1
Other countries	4	2
Total	170	3

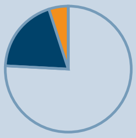
Key figures	2007	2006	Change, %
Net sales, SEK m	4,852	4,718	3
Operating profit, SEK m	273	290*	–6
Operating margin, %	5.6	6.1	
Operating capital, SEK m	833	902	–8
Return on operating capital, %	33	32	
Investments, SEK m	146	129	14
Average number of employees	2,518	2,496	1

* Including nonrecurring items

Organic growth in net sales, %

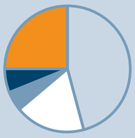


Sales per product, %



- Kitchen furnishings, 76%
- Other kitchen equipment and service, 19%
- Bathrooms, 5%

Sales channels, %



- Kitchen stores, Group-owned and franchise, 46%
- Furniture stores, 18%
- Builders' merchants/ DIY chains, 5%
- Construction companies, 6%
- Other retailers, 25%

Sales per business unit, %

- Optifit, 12%
- Poggenpohl, 23%
- Pronorm, 10%
- Ewe-FM, 12%
- Hygena, 43%

Continental Europe region

Net sales rose by 3 per cent to SEK 4,852 million (4,718). Organic growth was negative 1 per cent. Operating profit amounted to SEK 273 million (290*). The operating margin was 5.6 per cent (6.1).

If Hygena had been included from the beginning of 2006, operating profit for the year would have totalled SEK 242 million. Accordingly, for comparable units, operating profit was SEK 31 million better than in the preceding year.

During the year, Nobia formed a joint-venture company with Dutch company De Mandemakers Groep, under the name Culinoma. In 2007, the new company acquired three kitchen chains in Germany and in doing so became the leading kitchen retailer in the German market with net sales in stores corresponding to approximately SEK 1.5 billion, including franchise partners. Culinoma's supply chain is undergoing extensive co-ordination. Culinoma is reported in Nobia in accordance with the equity method.

In 2007, a decision was made to expand Hygena's store network through the establishment of 50–75 new stores in the next three years. A decision was also made to expand the Hygena concept to Spain. The first establishments are scheduled to be implemented in 2008.

A total of 70 per cent of Hygena's purchases is encompassed by Nobia's supply chain. In 2008, integration is expected to be 100 per cent.

Sales channels and supply chain

The Continental Europe region includes Nobia's business units in Germany, France and Austria. In Germany, Nobia sells flat-pack kitchens from Optifit in the economy segment through DIY chains, but also to other European corporate customers within and outside Nobia. Pronorm sells rigid kitchens in the middle price segment. Exclusive rigid kitchen solutions from Poggenpohl are sold in the upper price segment to both corporate customers directly and to private individuals through stores and retailers throughout the world. In Austria, EWE-FM offers rigid kitchen solutions in many styles and price segments, primarily via furniture stores but also through independent stores. In France, Hygena is one of the leading players in the economy segment with its 142 stores. Hygena does not conduct its own manufacturing. The joint-venture company Culinoma has 79 kitchen stores across Germany under the names of Plana, Asmo and Marquardt.

The Continental European kitchen market

The kitchen market in Continental Europe is characterised by a number of small companies that primarily operate on a regional basis with export to neighbouring countries.

Demand in the region varied between markets with positive growth in France, a stable trend in Austria and weakening demand in Germany and the Netherlands.

*) Earnings for 2006 include an expense provision of SEK 13 million for the divestment of the flat-pack bathroom operations in Optifit.

poggenpohl

Exclusive designer kitchen solutions in the upper price segment.

hygena

Modern kitchens in the economy segment.

ewe

Modern kitchens in the upper-middle price segment.

FM

Traditional kitchen solutions in the upper-middle price segment.

OPTIFIT

Flat-pack kitchens in the economy segment sold under corporate customers' own brands.

pronorm

Modern kitchens in the middle price segment sold under corporate customers' own brands.

Included in the Culinoma joint-venture company

ASMO KÜCHEN

Modern kitchens in the middle price segment.

PLANA KÜCHENLAND

Modern kitchens in the middle price segment.

MARQUARDT KÜCHEN

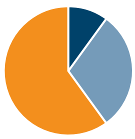
Leading in Germany in granite kitchens.

	2007				2006			
Quarter	IV	III	II	I	IV	III	II	I
Net sales, SEK m	1,272	1,121	1,348	1,111	1,286	1,143	1,360	929
Operating profit, SEK m	85	64	119	5	81	67	104	38
Operating margin, %	6.7	5.7	8.8	0.4	6.3	5.9	7.6	4.1

Risks and risk management

Risk is a part of all business operations and enterprise. A risk may be specific to a company or related to a certain industry or geographic market.

Cost structure of the Nobia Group



Nobia has implemented consistent risk evaluations in all business units for several years. Significant risks identified are handled on an on-going basis at all levels of the organisation and in the strategic planning. In this manner, Nobia is able to identify and manage risk at an early stage. Risk management has four aims:

- Identifying significant risks to which each business unit is exposed
- Prioritising the significant risks based on their potential impact
- Prioritising the significant risks based on the probability they will occur in the next few years
- Ensuring that management has established control systems for handling risks

Nobia's Board of Directors is responsible to shareholders for the company's risk management. The company continuously reports on risk issues to the Board.

Strategic risks

Strategic risks pertain to risks associated with business development and corporate governance and policy risks.

Business-development risk

Risks associated with business development such as company acquisitions are managed by Nobia preparing and further developing procedures for due diligence surveys. Risks associated with long-term planning are primarily addressed once a year when the Board discusses the company's business development strategy based on external and internal considerations.

Corporate governance and policy risks

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

The internal dissemination of appropriate information is ensured through the company's management systems and processes. For further information, refer to the Group Management section of the Corporate Governance Report on page 74.

Operating risks

Some examples of operating risks are presented below. These risks include revenue and earnings risks, supplier risks, political risks, property risks and human capital risks.

Revenue and earnings risk

Nobia's revenue and earnings are dependent on the general economic climate of our primary markets. Nobia's exposure to macro factors and sensitivity to changes in demand depend on the trends in the housing market, such as housing prices, the number of property transactions and access to financing for housing. These factors influence demand for both new builds and renovations.

Approximately 60 per cent of Nobia's cost structure is comprised of variable costs, 30 per cent semi-variable costs and 10 per cent fixed costs. The distribution of costs is relatively similar between the regions except for the UK region which has a slightly higher percentage of fixed costs and a lower percentage of semi-variable costs. Semi-variable costs refer primarily to salaries, social security contributions, marketing and the maintenance of machinery and equipment. Examples of fixed costs are rents and charges, depreciation/amortisation and insurance, while variable costs encompass materials including supplier bonuses, freight and consulting expenses.

Risks in the sales and retailer stage refer, for example, to franchisers not being able to meet agreed commitments, which may negatively affect sales.

Supplier risks

A shortage of the raw materials used in the manufacturing processes entails increased purchasing costs for Nobia. A relevant example is the high price of chipboard in recent years. To mitigate the negative effect of more expensive raw materials, the Group's total product supply chain is continuously monitored. A central purchasing function is responsible for the co-ordination of purchases to attain low product costs.

Nobia has introduced a quality assurance system to ensure the delivery reliability and product quality among sub-contractors.

Political risks

Political risks are, for example, associated with changes in tax legislation in the different countries in which Nobia conducts operations. Changes to the taxation of and subsidies for residential properties, housing construction and value-added tax may influence trends in demand for Nobia's products.

Property risks

Property risks in the form of loss of production, for example in the event of a fire, is minimised by the business units conducting annual technical risk inspections of manufacturing units jointly with the Group's insurers. The results of these inspections are used to take preventive measures to reduce the risk of disruptions and accidents in the operations.

Human capital risks

Being an attractive employer is a success factor. To ensure future availability of competent and motivated employees, manager supply and managerial development is administered by a central unit. Read more about this in the section on Personnel development on page 12.

Financial risks

In addition to strategic and operative risks, Nobia is exposed to a variety of financial risks. The most significant financial risks are currency risk, interest-rate risk, borrowing risk and credit risk. All of these risks are managed in accordance with the Finance Policy adopted by Nobia's Board. For further information regarding financial risks, refer to Note 2, page 50.

Future outlook

Demand for kitchen products normally follows the same economic cycle as other consumer discretionary products. About three quarters of the kitchen market comprises renovations and one quarter is purchases for new builds. Growth in demand is made up of growth in volumes and growth in value in the form of increased sales of accessories. This trend has been clear in the past five years and Nobia believes in continued development in this direction. The European kitchen industry is characterised by fragmentation, which entails excellent opportunities for further acquisitions.

Consolidated income statement

SEK m	Note	2007	2006
Net sales	3	16,622	15,590
Cost of goods sold	4, 6, 7, 8, 24	–10,245	–9,525
Gross profit		**6,377**	**6,065**
Selling expenses	4, 6, 7, 8, 24	–4,318	–3,954
Administrative expenses	4, 5, 6, 7, 8, 24	–753	–834
Other operating income		96	116
Other operating expenses	7	–46	–64
Share of profit after tax of associated companies and joint ventures	14, 15	–3	–2
Operating profit		**1,353**	**1,327**
Financial income	9	23	17
Financial expenses	9	–129	–134
Profit after financial items		**1,247**	**1,210**
Tax on net profit for the year	10, 25	–289	–345
Net profit for the year		**958**	**865**
Profit after tax attributable to:			
The Parent Company's shareholders		958	864
Minority interests		0	1
Net profit for the year		**958**	**865**
Earnings per share, before dilution, SEK[1]	22	5.54	4.98
Earnings per share, after dilution, SEK[1]	22	5.50	4.93
Number of shares before dilution[3]	22	171,515,810	173,631,660
Average number of shares before dilution[3]	22	172,709,385	173,469,660
Number of shares after dilution[3]	22	172,882,363	175,612,335
Average number of shares after dilution[3]	22	174,075,938	175,450,335
Dividend per share, SEK	23	2.50[2]	2.00

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

Comments on and analysis of the income statement

Net sales increased by 7 per cent to SEK 16,622 million (15,590). For comparable units and adjusted for exchange-rate effects, net sales increased by 7 per cent. Acquired units contributed SEK 275 million (1,788). The relationship is shown in the table below.

Analysis of net sales

	I	II	III	IV	Jan–Dec	
	%	%	%	%	%	SEK m
2006						15,590
Organic growth	8	6	6	6	7	933
– of which UK region[1)]	9	8	12	14	11	595
– of which Nordic region[1)]	9	7	6	5	7	362
– of which Continental Europe[1)]	7	1	–5	–7	–1	–22
Currency effect	–1	–1	0	0	0	–65
Acquired units	5	0	1	1	2	275
Divested operations[2)]	–1	–1	0	–1	–1	–111
2007	11	4	6	6	7	16,622

1) Organic growth for each region.
2) Divested operations are defined as bedroom operations in the UK region and bathroom interiors for the DIY market within Optifit's Continental Europe region.

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

Net sales and profit per region

	Net sales			Operating profit			Operating margin	
SEK m	2007	2006	Change, %	2007	2006	Change, %	2007	2006
UK	6,106	5,572	10	517	439	18	8.5	7.9
Nordic region	5,774	5,407	7	685	742	–8	11.9	13.7
Continental Europe	4,852	4,718	3	273	290	–6	5.6	6.1
Other and Group adjustments	–110	–107	–	–122	–144	–	–	–
Group	**16,622**	**15,590**	**7**	**1,353**	**1,327**	**2**	**8.1**	**8.5**

The Hygena business unit was acquired effective 18 February 2006. If the acquisition had taken place on 1 January 2006, net sales would have been SEK 151 million higher while net profit would have been SEK 48 million lower. Accordingly, for comparable units, operating profit in 2007 was SEK 74 million higher than in the preceding year.

Costs pertaining to the current share option scheme were charged to the Group's profits in the amount of SEK 8 million (16), of which SEK 11 million (8) comprises the expense for the fair value of services received in exchange for the share options granted (IFRS 2 expense).

Depreciation of fixed assets for the year amounted to SEK 437 million (418).

During 2006, restructuring measures were implemented in all three regions. In the UK region, operating profit was affected by non-recurring income of SEK 27 million, and the Continental Europe and Nordic regions were affected by non-recurring costs of SEK 13 million and SEK 19 million, respectively, making a net non-recurring cost of SEK 5 million.

Quarterly data per region

	2007				2006			
SEK m	IV	III	II	I	IV	III	II	I
Net sales								
UK	1,565	1,514	1,562	1,465	1,416	1,357	1,445	1,354
Nordic region	1,485	1,235	1,589	1,465	1,380	1,155	1,507	1,365
Continental Europe	1,272	1,121	1,348	1,111	1,286	1,143	1,360	929
Other and Group adjustments	–24	–9	–35	–42	–26	–24	–24	–33
Group	**4,298**	**3,861**	**4,464**	**3,999**	**4,056**	**3,631**	**4,288**	**3,615**
Operating profit								
UK	130	125	136	126	134	94	111	100
Nordic region	157	120	225	183	176	149	241	176
Continental Europe	85	64	119	5	81	67	104	38
Other and Group adjustments	–23	–37	–33	–29	–44	–30	–34	–36
Group	**349**	**272**	**447**	**285**	**347**	**280**	**422**	**278**
Operating margin, %								
UK	8.3	8.3	8.7	8.6	9.5	6.9	7.7	7.4
Nordic region	10.6	9.7	14.2	12.5	12.8	12.9	16.0	12.9
Continental Europe	6.7	5.7	8.8	0.4	6.3	5.9	7.6	4.1
Group	**8.1**	**7.0**	**10.0**	**7.1**	**8.6**	**7.7**	**9.8**	**7.7**

Consolidated balance sheet

SEK m	Note	31 Dec 2007	31 Dec 2006
ASSETS			
Intangible assets	11		
Goodwill		2,786	2,764
Other intangible assets		97	93
		2,883	**2,857**
Tangible fixed assets	12		
Land and buildings		1,722	1,708
Investments in progress and advance payments		97	46
Plant and machinery		831	757
Equipment, tools, fixtures and fittings		402	349
		3,052	**2,860**
Other long-term receivables	13	266	118
Investments in associated companies	14, 15	53	1
Deferred tax assets	25	273	175
Total fixed assets		**6,527**	**6,011**
Inventories			
Raw materials and consumables		436	415
Products in process		157	148
Finished products		99	78
Goods for resale		788	715
		1,480	**1,356**
Current receivables			
Tax receivables		29	12
Accounts receivable		1,573	1,441
Derivative instruments	17	19	8
Other receivables		113	112
Prepaid expenses and accrued income	18	279	455
		2,013	**2,028**
Cash and cash equivalents	19	270	229
Total current assets		**3,763**	**3,613**
Total assets		**10,290**	**9,624**
Of which interest-bearing items		485	270

SEK m	Note	31 Dec 2007	31 Dec 2006
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity and provisions that can be attributed to the Parent Company's shareholders			
Share capital	20	58	58
Other capital contributions		1,442	1,412
Other reserves		19	–13
Profit brought forward		2,631	2,270
		4,150	**3,727**
Minority interests		6	7
Total shareholders' equity		**4,156**	**3,734**
Provisions for guarantees		27	21
Provisions for pensions (IB)	24	829	899
Deferred tax liabilities	25	269	214
Other provisions	26	106	169
Liabilities to credit institutions (IB)	27	1,707	1,600
Other liabilities (IB)		13	53
Total long-term liabilities		**2,951**	**2,956**
Liabilities to credit institutions (IB)	27	1	3
Overdraft facilities (IB)	19	156	171
Other liabilities (IB)		4	4
Advance payment from customers		312	269
Accounts payable		1,054	1,044
Current tax liabilities		202	92
Derivative instruments	17	4	4
Other liabilities		403	422
Accrued expenses and deferred income	28	1,047	925
Total current liabilities		**3,183**	**2,934**
Total shareholders' equity and liabilities		**10,290**	**9,624**
Of which interest-bearing items		2,710	2,730

IB = interest bearing
Information on consolidated pledged assets and contingent liabilities is provided in Notes 30 and 31.

Comments on and analysis of the balance sheet

Goodwill

At the end of 2007, reported goodwill amounted to SEK 2,786 million (2,764). The residual value of goodwill according to plan is specified by acquisition as follows:

SEK m	2007
Acquisition Novart 1998	87
Acquisition Norema/Invita 2000	183
Acquisition Poggenpohl Group 2000	143
Acquisition Magnet 2001	545
Acquisition Gower 2003	710
Acquisition EWE-FM 2005	200
Acquisition Hygena 2006	877
Other acquisitions	41
Total	**2,786**

Goodwill has been allocated to cash-generating units (CGU) when these units were acquired. Nobia has 15 CGUs which in organisational terms corresponds to the company's business units. Goodwill is subject to an annual impairment test by calculating the expected cash flow discounted by a weighted average cost of capital (WACC) after tax. The value in use calculated in conjunction with this is compared with the carrying amount including goodwill for each CGU.

The starting point of the calculation is the estimated future cash flows based on the financial budget approved by management for the forthcoming fiscal year. The cash flow outside this period is extrapolated by applying assumptions on the growth rate and investment requirements.

Significant assumptions applied to the calculation of the expected cash flow include the growth in net sales and profit and investment and working capital requirements. In order to extrapolate the cash flows outside the budget period, a growth rate corresponding to the expected inflation rate of 2 per cent is applied to all CGUs. The operating margin and working capital requirements are expected to remain at budgeted levels while investments are assumed to reflect a reinvestment level. The development rate that has been assumed has been based on a conservative assessment in order to conduct impairment tests and does not form the basis of the company's business planning for each business unit.

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

The Group's weighted cost of capital before tax amounted to 10.1 per cent (11.7) in 2007. In total, the utilised cost of capital after tax for 2007 is in the interval 6.8–7.6 per cent (7.7–8.6). The required return for investments in Sweden amounts to 7.1 per cent (7.7) after tax, meaning that investments must generate a non-restricted cash flow, in other words a cash flow after payments of operating costs and tax but before interest expenses, of at least 7.1 per cent (7.7) of the base investment in order to be profitable.

No impairment requirements were identified from the impairment tests performed during the current year on the amounts of goodwill found in the Group on 31 December 2007. Calculations indicate that the value in use substantially exceeds the carrying amount.

In the company's opinion, reasonable changes in the annual growth rate, operating margin, discount rates and other assumptions would not have any particularly significant effects to the extent that any individual change would reduce the recoverable amount to a value falling below the carrying amount, including goodwill, for each CGU.

Financing

Net debt decreased and amounted at the end of the period to SEK 2,224 million (2,460). The change in net debt primarily derived from a positive operating cash flow of SEK 949 million, which reduced net debt, the paid dividend of SEK 350 million and the repurchase of shares amounting to SEK 248 million, which increased net debt.

Consequently, the debt/equity ratio amounted to 54 per cent at the end of the year (66 per cent at the beginning of the year). The change in net debt is shown in the table below.

Analysis of net debt

SEK m	2007	2006
Opening balance	2,460	2,058
Translation differences	22	–53
Operating cash flow	–949	–881
Acquisition of subsidiaries and associated companies	70	1,084
Change in pension liabilities	42	64
Dividend	350	202
Repurchase of shares	248	–
New share issue	–19	–14
Closing balance	**2,224**	**2,460**

The components of net debt are described in the table below. Unrealised actuarial gains on the pension liability at the end of 2007 totalled SEK 247 million (161).

Components of net debt

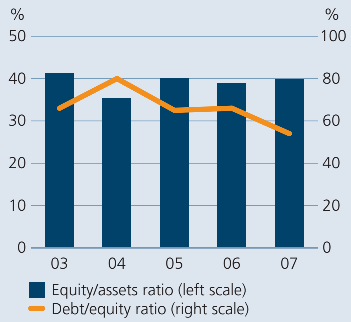
SEK m	2007	2006
Bank loans, etc	1,867	1,778
Provisions for pensions	829	899
Leasing	13	53
Cash and bank balances	–270	–229
Other financial receivables	–215	–41
Total	**2,224**	**2,460**

Change in shareholders' equity – Group

		Attributable to Parent Company shareholders						
SEK m	Note	Share capital	Other capital contributed	Reserves	Profit brought forward	Total	Minority interests	Total share-holders' equity
Opening balance, 1 January 2006		**58**	**1,391**	**120**	**1,608**	**3,177**	**7**	**3,184**
Exchange-rate differences attributable to translation of foreign operations	21	–	–	–136	–	–136	0	–136
Cash-flow hedges before taxes	21	–	–	4	–	4	–	4
Tax attributable to the year's change in hedge reserve	21	–	–	–1	–	–1	–	–1
Total transactions reported directly against shareholders' equity		**–**	**–**	**–133**	**–**	**–133**	**0**	**–133**
Net profit for the year					864	864	1	865
Total revenue and expenses reported for the year				**–133**	**864**	**731**	**1**	**732**
Employee share option scheme:	20							
– Value of employee services		–	7	–	–	7	–	7
Payment for issued shares		0	14	–	–	14	–	14
Dividend	23				–202	–202	–1	–203
Closing balance, 31 December 2006		**58**	**1,412**	**–13**	**2,270**	**3,727**	**7**	**3,734**
Opening balance, 1 January 2007		**58**	**1,412**	**–13**	**2,270**	**3,727**	**7**	**3,734**
Exchange-rate differences attributable to translation of foreign operations	21	–	–	24	–	24	0	24
Cash-flow hedges before taxes	21	–	–	11	–	11	–	11
Tax attributable to the year's change in hedge reserve	21	–	–	–3	–	–3	–	–3
Total transactions reported directly against shareholders' equity		**–**	**–**	**32**	**–**	**32**	**0**	**32**
Net profit for the year					958	958	0	958
Total revenue and expenses reported for the year		**–**	**–**	**32**	**958**	**990**	**0**	**990**
Employee share option scheme:	20							
– Value of employee services		–	11	–	–	11	–	11
Payment for issued shares		0	19	–	–	19	–	19
Dividend	23	–	–	–	–349[1]	–349	–1	–350
Repurchase of shares					–248	–248		–248
Closing balance, 31 December 2007		**58**	**1,442**	**19**	**2,631**	**4,150**	**6**	**4,156**

1) The dividend to the Parent Company's shareholders was resolved by the Annual General Meeting on March 29 and paid to shareholders on 10 April 2007.

Equity/assets ratio and debt/equity ratio



Consolidated cash-flow statement and comments

SEK m	Note	2007	2006
Operating activities			
Operating profit		1,353	1,327
Depreciation		437	418
Adjustments for non-cash items		–90	–46
Interest received		21	17
Interest paid		–96	–93
Income tax paid		–260	–359
Cash flow from operating activities before changes in working capital		**1,365**	**1,264**
Change in inventories		–134	–56
Change in receivables		64	–166
Change in operating liabilities		115	258
Cash flow from operating activities		**1,410**	**1,300**
Investing activities			
Investments in tangible fixed assets		–658	–508
Investments in intangible assets		–20	–24
Sales of tangible fixed assets		167	137
Acquisition of subsidiaries	32	–7	–1,084
Acquisition of joint ventures	15	–57	–
Sales of subsidiaries		–	–
Increase/decrease in long-term financial investments		–152	–48
Cash flow from investing activities		**–727**	**–1,527**
Financing activities			
Borrowings		17	540
New share issue		19	14
Dividend to Parent Company's shareholders		–349	–202
Dividend to minority shareholders		–1	–1
Repurchase of shares		–248	–
Repayment of debt		0	–119
Increase/decrease in current financial investments		–83	–19
Cash flow from financing activities		**–645**	**213**
Cash flow for the year		**38**	**–14**
Cash and cash equivalents at beginning of the year		**229**	**251**
Exchange-rate difference in cash and cash equivalents		3	–8
Cash and cash equivalents at year-end		**270**	**229**

Comments on the cash-flow statement

The cash flow from operating activities before changes in working capital amounted to SEK 1,365 million (1,264). Adjustments for non-cash items amounted to negative SEK 90 million (negative: 46) as specified in the table below.

Adjustments for non-cash items

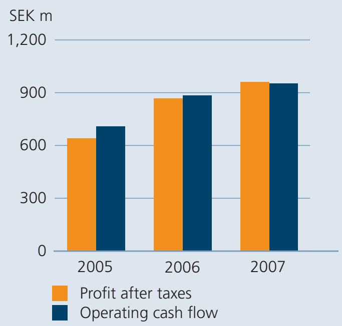
SEK m	2007	2006
Capital gains on fixed assets	–67	–87
Provisions	–24	20
Other	1	21
Total	**–90**	**–46**

The cash flow from operating activities including changes in working capital amounted to SEK 1,410 million (1,300). The decline in working capital amounted to SEK 45 million (36) and was primarily attributable to the UK operations.

Investments in fixed assets amounted to SEK 678 million (532). The increase was primarily attributable to investments in the store network. Other items in investing activities, excluding acquisitions and divestments, had a positive impact on the cash flow of SEK 15 million (89).

Operating cash flow, that is, the cash flow after investments, but excluding the acquisitions and divestment of operations, amounted to SEK 949 million (881).

Profit and cash flow,
January–December



Parent Company

Parent Company income statement

SEK m	Note	2007	2006
Net sales		62	40
Administrative expenses	4, 5, 8, 24	–88	–96
Operating loss		**–26**	**–56**
Profit from shares in Group companies	9	2,001	353
Financial income	9	11	0
Financial expenses	9	–17	–6
Profit after financial items		**1,969**	**291**
Tax on net profit for the year	10	9	17
Net profit for the year		**1,978**	**308**

Parent Company cash-flow statement

SEK m	Note	2007	2006
Operating activities			
Operating loss		–26	–56
Dividend received	9	2,001	353
Interest received	9	11	0
Interest paid	9	–17	–6
Taxes paid		–2	0
Cash flow from operating activities before changes in working capital		**1,967**	**291**
Change in liabilities		177	10
Change in receivables		–1,572	–175
Cash flow from operating activities		**572**	**126**
Investing activities			
Other long-term receivables		0	0
Shares and participations		–66	–6
Pension provisions		1	1
Cash flow from investing activities		**–65**	**–5**
Financing activities			
Option premiums		11	7
Repurchase of shares		–248	0
New share issue		19	14
Group contributions		106	60
Dividend paid		–349	–202
Cash flow from financing activities		**–461**	**–121**
Cash flow for the year		**46**	**0**
Cash and cash equivalents at beginning of the year		**0**	**0**
Exchange-rate differences in cash and cash equivalents		**–**	**–**
Cash and cash equivalents at year-end		**46**	**0**

Parent Company balance sheet

SEK m	Note	31 Dec 2007	31 Dec 2006
ASSETS			
Fixed assets			
Financial assets			
Shares and participations in Group companies	13, 16	1,389	1,380
Associated companies	14, 15	61	4
Total fixed assets		**1,450**	**1,384**
Current assets			
Current receivables			
Accounts receivable		4	–
Receivables from Group companies		2,453	1,086
Receivables from associated companies		191	0
Other receivables		2	0
Prepaid expenses and accrued income		9	1
Cash and cash equivalents	19	46	0
Total current assets		**2,705**	**1,087**
Total assets		**4,155**	**2,471**
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital	20	58	58
Statutory reserve		1,671	1,671
		1,729	**1,729**
Non-restricted shareholders' equity			
Share premium reserve		33	14
Repurchase of shares		–248	0
Profit brought forward		304	258
Net profit for the year		1,978	308
		2,067	**580**
Total shareholders' equity		**3,796**	**2,309**
Provisions for pensions	24	3	2
Current liabilities			
Liabilities to credit institutions		87	0
Accounts payable		6	5
Liabilities to Group companies		231	130
Other liabilities		22	9
Accrued expenses and deferred income	28	10	16
Total current liabilities		**356**	**160**
Total shareholders' equity, provisions and liabilities		**4,155**	**2,471**
Pledged assets	30	–	–
Contingent liabilities	31	2,107	1,832

Change in shareholders' equity – Parent Company

SEK m	Note	Share capital	Statutory reserve[1)]	Share premium reserve	Buy-back of shares	Non-restricted equity	Total share-holders' equity
Opening balance, 1 January 2006		58	1,671	–	–	410	2,139
Group contributions received		–	–	–	–	60	60
Tax effect of Group contributions		–	–	–	–	–17	–17
Net profit for the year		–	–	–	–	308	308
Employee share option scheme							
– Value of employee service		–	–	–	–	7	7
Payment of issued shares		0	–	14	–	–	14
Dividend	23	–	–	–	–	–202	–202
Shareholders' equity, 31 December 2006		**58**	**1,671**	**14**	**–**	**566**	**2,309**
Group contributions received		–	–	–	–	106	106
Tax effect of Group contributions		–	–	–	–	–30	–30
Net profit for the year		–	–	–	–	1,978	1,978
Employee share option scheme							
– Value of employee service		–	–	–	–	11	11
Payment of issued shares		0	–	19	–	–	19
Repurchase of shares		–	–	–	–248	–	–248
Dividend	23	–	–	–	–	–349	–349
Shareholders' equity, 31 December 2007		**58**	**1,671**	**33**	**–248**	**2,282**	**3,796**

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

Notes

Note 1 Accounting principles

Nobia's consolidated financial statements are prepared in accordance with International Financial Reporting Standards, IFRS, as approved by the European Union, up to 31 December 2007, and in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 30:06 Supplementary Accounting Principles for Groups and the Swedish Annual Accounts Act.

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities, including derivative financial instruments, which are valued at fair value. For more information, refer to the descriptions of the accounting principles for each item provided below.

The annual report for the Parent Company, Nobia AB, has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RR 32:06 Accounting for Legal Entities.

The Annual Report and the consolidated financial statements were approved for issue by the Board of Directors on 29 February 2008. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet will be presented to the Annual General Meeting on 1 April 2008 for adoption.

Application of standards or amendments that came into effect on 1 January 2007 or later

Standards and interpretations that came into effect on 1 January 2007

IFRS 7 Financial Instruments: Disclosures and amendments to IAS 1.

The presentation of financial statements leads to requirements for comprehensive disclosures concerning the importance of financial instruments to the company's financial position and earnings, as well as qualitative and quantitative disclosures concerning the nature and scope of the related risks. IFRS 7 and the related amendments in IAS 1 have resulted in additional disclosures in the consolidated financial statements for 2007 in terms of the Group's financial objectives and capital management. Application of the standard did not result in any change in accounting principles, only in changes in the disclosure requirement concerning financial instruments.

IFRIC 10 Interim Financial Reporting and Impairment forbids reversal of an impairment recognised during a prior interim period in respect of goodwill, investments in equity instruments or financial assets carried at acquisition value (cost). IFRIC 10 is applied in the Group's financial reporting as of 2007. The statement is to be applied in a forward-looking manner starting from the date when the Group first applied the impairment rules stipulated in IAS 36 or the valuation rules in IAS 39, which means as of January 1, 2004 with respect to goodwill and as of January 1, 2005 with respect to financial instruments. Since no such reversals have been implemented, the statement has no impact on the Group's financial reporting.

Standards and interpretations coming into effect on 1 January 2008 or later

When the consolidated financial statements were prepared on 31 December 2007, a number of standards and interpretations had been published that had not yet come into effect. Nobia did not prematurely apply any standards or interpretations in 2007. The standards that may lead to additional disclosure requirements when introduced are: IFRS 8 Business Segments, which will come into effect on 1 January 2009. Other standards and interpretations are, preliminarily, not deemed to have an effect on accounting or lead to additional disclosure requirements.

Classification

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

Important estimates and assumptions for accounting purposes

In order to be able to prepare an annual report in accordance with generally accepted accounting principles, company management and the Board of Directors must make assessments and assumptions that affect the reported income and cost items, asset and liability items and other information provided. The actual outcome may differ from assessments made. The main areas in which estimates and assumption may imply a risk of adjustments to carrying amounts of assets and liabilities during future fiscal years are as follows:

– Assumptions regarding impairment testing of goodwill

The Group regularly performs impairment tests of goodwill in accordance with the accounting principles described under "Intangible assets" on page 47. The assumptions and assessments made pertaining to expected cash flows and the discount rate in the form of weighted average cost of capital are described under "Comments on and analysis of the balance sheet" on page 41. Forecasts of future cash flows are based on the approved budget and assumptions on the rate of growth and investment requirements.

– Assumptions regarding income tax

Since the Group is liable to pay taxes in many different countries, assessments are made to determine the Group-wide provisions for income tax. Liabilities for expected tax-audit issues are reported based on assessments of whether an additional tax obligation will arise. The probability of whether tax receivables can be realised though future taxable income is assessed. Refer also to the accounting principles described under "Taxes" on page 47 and in Note 25.

Cash flow

The cash-flow statement has been prepared in accordance with the indirect method. The reported cash flow includes only those transactions resulting in receipts and payments.

Consolidated financial statements

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

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

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

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

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

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

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

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

Translation of foreign subsidiaries

The financial statements of subsidiaries are prepared in the local currency, that is to say 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. Exchange-rate differences are recognised directly in "Reserves" in the Group's shareholders' equity.

Significant	Closing date rate		Average exchange rate	
exchange rates	31 Dec 2007	31 Dec 2006	2007	2006
DKK	1.27	1.21	1.24	1.24
EUR	9.47	9.05	9.25	9.25
GBP	12.91	13.49	13.53	13.58
NOK	1.19	1.09	1.15	1.15
USD	6.47	6.87	6.76	7.38

Reporting of associated companies

Associated companies are those companies that are not subsidiaries, but in which the Parent Company exercises a significant but not controlling influence, which usually entails shareholdings of between 20 and 50 per cent of the voting rights. Investments in associated companies are reported in the Group's accounts in accordance with the equity method. The equity method means that participations in an associated company are reported at acquisition value on the acquisition date and are subsequently adjusted by the Group's share of the change in the associated company's net assets as well as depreciation and impairment losses on Group goodwill, and surplus and deficit values.

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

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

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

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

Joint ventures

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

Segments

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

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

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

Revenue recognition

The company recognises revenue when the risk associated with the goods has been transferred to the customer in accordance with the terms of delivery. In cases where installation services are provided, revenue is recognised when the service has been completed. Sales are reported net after VAT, discounts and exchange-rate differences for sales in foreign currency and returns. Inter-company sales are eliminated in the consolidated financial statements. As of 1 January 2008, conditional discounts will be reported as a reduction in sales. Based on 2007 values, this will have an impact on sales preliminarily estimated at approximately SEK 490 million.

Government assistance

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

Financial income and expenses

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

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

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

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

Taxes

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

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

Valuations take place at the tax rate applying on the closing date. Deferred tax is reported in the balance sheet as a fixed asset or provision. The income tax liability is reported as a current receivable or liability. The tax expense for the year comprises current tax and deferred tax.

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

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

Tangible fixed assets

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

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

In the income statement, operating profit is charged with depreciation according to plan, which is calculated on the original acquisition value 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.

Intangible assets

Goodwill comprises the amount by which the acquisition value of the acquired operation exceeds the established fair value of identifiable net assets, as reported in the acquisition analysis. In connection with the acquisition of operations, goodwill is allocated to cash-generating units. Nobia has

15 cash-generating units which, in organisational terms, correspond to the company's business units. Since goodwill has an indeterminable useful life, it is not amortised annually. Instead, goodwill is subject to impairment testing either annually or when an indication of an impairment requirement arises. The carrying amount comprises acquisition value less any accumulated impairment losses. A description of the method and assumptions applied when conducting impairment tests is found under "Goodwill" in "Comments on and analysis of the balance sheet" on page 41.

Other intangible assets, primarily patents and licences, are reported at acquisition value less accumulated amortisation and possible impairments. The amortisation period is determined based on the estimated useful life of the asset (three to five years).

Research and product development

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

Product development within the Group is mainly in the form of design development and is conducted continuously to adapt to current style trends. This development is relatively fast, which is the reason that no portion of the costs for product development is reported as an intangible asset until and including 2007. The Group does not carry out research and development in the true sense of such work, or to any significant extent.

Leasing agreements

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

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

The Parent Company reports all leasing agreements, whether financial or operational, as rental agreements.

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 acquisition value and net sales value on the closing date. The net sales value comprises the estimated sales value in the ongoing operations less selling expenses. Finished and semi-manufactured products are valued at manufacturing cost including raw materials, direct labour, other direct expenses and production-related overheads based on normal production. Interest expenses are not included in inventory valuations.

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

Receivables

Receivables with a due date of more than 12 months after the closing date are reported as fixed assets. Other receivables are reported as current assets. Receivables are reported at the amounts that are expected to be received after individual assessment.

Financial instruments

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

–Recognition in and removal 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 entered in the balance sheet when an invoice has been sent. A liability is entered when the counterparty has performed a service and a contractual payment obligation arises, even if an invoice has not been received. Accounts payable are entered when an invoice has been received.

A financial asset is removed 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 removed from the balance sheet when the obligation resulting from the agreement has been realised or is extinguished in some other manner. The same applies to a part of a financial liability.

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

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

– Classification and measurement

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

–Receivables and liabilities in foreign currencies

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

–Accounts receivable

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

– Securities and financial receivables

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

– Cash and cash equivalents

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

–Financial liabilities

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

– Cash-flow hedges

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

Impairment losses

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

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

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

The recoverable value is the higher of fair value less selling costs 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 acquisition value, as well as material and protracted decreases in the fair value of an investment in a financial instrument classified as an available-for-sale financial asset.

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

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

Provisions and contingent liabilities
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. Provisions are not present valued.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nobia has elected not to apply IAS 19 Employee Benefits in respect of Other long-term remuneration.

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

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

– Share option scheme
The Group's costs for employee share options are recognised in accordance with IFRS 2 Share-based payment. The cost is calculated based on the basis of the share option's fair value on the date of allotment adjusted with regard to disposition right infringements and employee turnover, and expensed over the vesting period. In countries where employee share options may give rise to costs in the form of social security contributions, the Group establishes a provision for social security contributions that tracks the change in the fair value of the options during the term.

Note 1 Cont'd.

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

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

Note 2 Financial risks

Commercial currency exposure
Nobia applies a decentralised approach to the management of currency hedging. In consultation with the head office, the business units manage their hedging of commercial currency exposure themselves within the framework of the commercial currency exposure policy established by the Board of Directors. Nobia's policy is to hedge approximately 75 per cent of the forecast flows, 6-9 months in the future, and 100 per cent of contracted projects. The principal currency combinations were the SEK against the NOK and the EUR against the GBP. A weakening of the NOK by 5 per cent on an annual basis would reduce profit by about SEK 15 million. A 5-per-cent weakening in the GBP against the EUR would reduce profit by about SEK 10 million. Total exposure in 2007, expressed in SEK and after setting off counteracting flows, amounted to SEK 2,158 million, of which SEK 1,010 million was hedged. At the end of 2007, the hedged volume was SEK 606 million.

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

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

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

	Capital employed per currency	Interest-bearing capital per currency
SEK	592	282
EURO	2,434	1,037
GBP	2,762	966
DKK	654	337
USD	57	0
NOK	343	88
Other	24	0
Total	**6,866**	**2,710**

Interest-rate risk
Interest-rate exposure is managed centrally, meaning that the head office is responsible for identifying and managing interest-rate risks. Nobia uses short, fixed-interest terms. Nobia's approach is that times of high interest rates usually coincide with healthy demand in society at large. In 2007, the fixed-interest rate term was 1-3 months. A rise in interest rates by 100 base points would reduce profit by about SEK 17 million.

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

Year of maturity, SEK m	2008	2009	2010	2011
Loans and lines of credit	–	–	–	6,000
Of which, utilised	–	–	–	1,707

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

Commercial exposure	**USD**	**EUR**	**NOK**	**CHF**	**GBP**	**SEK**	**DKK**
Currency contracts							
2008, local currencies	0	29	–202	–5	–5	0	0
Total, SEK m[1)]	**0**	**275**	**–240**	**–31**	**–59**	**0**	**0**
Fair value, SEK m	1	15	–3	0	2	0	0
Average hedging rate against SEK	6.46	9.06	1.17	5.82	13.25	–	–

Note 2 Cont'd.

Commercial exposure	**USD**	**EUR**	**NOK**	**CHF**	**GBP**	**SEK**	**DKK**
Net flows							
2007, local currencies	4	–80[3)]	457	12	21	213	–21
Net flows, SEK m[2)]	26	–741[3)]	528	66	281	213	–27
Hedged volume, SEK m[2)]	3	428	–363	–39	–183	0	0

1) Flows re-stated at closing date rate, SEK.
2) Restated applying average rate in 2007.
3) In addition, EUR 30 million pertains to flows against DKK, corresponding to SEK 277 million.
Note that SEK is not always one of the currencies in the contract. The value in SEK should therefore be seen as a volume indicator.

Analysis of maturities for financial liabilities, including accounts payable

			2007						2006					
Group, SEK m	Currency	Nominal amount, original currency	Total	Within 1 month	1–3 months	3 months – 1 year	1–5 years	5 years or longer	Total	Within 1 month	1–3 months	3 months – 1 year	1–5 years	5 years or longer
Bank loans (R)														
Bank loans	SEK	198	198	–	–	–	198	–	346	–	–	–	346	–
Bank loans	EUR	93	883	–	–	–	883	–	704	–	–	–	704	–
Bank loans	GBP	19	241	–	–	–	241	–	273	–	–	–	273	–
Bank loans	DKK	246	313	–	–	–	313	–	203	–	–	–	203	–
Bank loans	NOK	61	72	–	–	–	72	–	70	–	–	–	70	–
Bank loans	USD	–	–	–	–	–	–	–	4	–	–	–	4	–
Other liabilities:														
Overdraft facilities (R)			156	–	–	156	–	–	171	–	–	171	–	–
Financial leasing liabilities (R)	SEK	0	13	–	–	–	13	–	53	–	–	–	53	–
Other liabilities (R)	SEK		5	–	5	–	–	–	7	–	–	7	–	–
Accounts payable and other liabilities	SEK		1,455	1,113	300	40	2	–	1,469	1,139	285	29	15	–
Total			**3,336**	**1,113**	**305**	**196**	**1,722**	**–**	**3,300**	**1,139**	**285**	**207**	**1,668**	**–**
Interest-bearing liabilities (R)			1,881						1,831					

	2007		2006	
Age analysis, accounts receivable	Gross	Impairment loss	Gross	Impairment loss
Non due accounts receivable	984	–	933	–
Past-due accounts receivable 0–30 days	608	17	417	1
Past-due accounts receivable > 30 days–90 days	98	25	154	9
Past-due accounts receivable > 90 days–180 days	38	11	31	10
Past-due accounts receivable > 180 days–360 days	28	17	18	18
Past-due accounts receivable > 360 days	16	26	5	49
Total accounts receivable	**1,772**	**96**	**1,558**	**87**

Deposit account	2007	2006
Opening balance	87	82
Reversal of previously posted impairment losses	–11	–12
Impairment losses during the year	20	17
Closing balance	**96**	**87**

Note 3 Segment reporting

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

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

Net sales by the Group's secondary segments	Group	
SEK m	2007	2006
UK	6,106	5,572
Nordic	5,774	5,407
Continental Europe	4,852	4,718
Other and Group adjustments	–110	–107
Group	**16,622**	**15,590**

Note 3 Cont'd.

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

SEK m	Group 2007	Group 2006
Sweden	1,297	1,233
Denmark	1,903	1,811
Norway	1,620	1,471
Finland	914	854
Total Nordic region	**5,734**	**5,369**

SEK m	Group 2007	Group 2006
UK	6,381	5,761
France	2,109	1,828
Germany	710	843
Austria	532	499
Netherlands	315	324
Rest of Europe	467	492
Total Europe	**16,248**	**15,116**
North America	216	265
Rest of world	158	209
Group	**16,622**	**15,590**

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

	Group					
	Investments in intangible assets		Investments in tangible assets		Total assets	
SEK m	2007	2006	2007	2006	2007	2006
UK	–	–	283	191	3,872	3,793
Nordic	10	3	238	207	2,580	2,245
Continental Europe	10	21	136	107	2,569	2,449
Other	–	–	1	3	1,269	1,137
Group	**20**	**24**	**658**	**508**	**10,290**	**9,624**

Note 4 Salaries, remuneration and social security costs

	2007		2006	
SEK m	Salaries and other remuneration	Social security costs (of which pension costs)	Salaries and other remuneration	Social security costs (of which pension costs)
Subsidiaries in				
Sweden	251	106	225	92
		(21)		(13)
Denmark	562	57	525	55
		(42)		(40)
Norway	201	48	185	39
		(1)		(5)
Finland	108	66	105	59
		(30)		(23)
Germany	371	75	370	74
		(0)		(0)
Austria	140	31	141	32
		(14)		(17)
UK	815	81	718	98
		(29)		(32)
France	260	103	248	98
		(17)		(18)
US	35	7	38	4
		(1)		(1)
Switzerland	10	2	14	2
		(–)		(0)
Poland	4	1	–	–
		(0)		(–)
Total subsidiaries	**2,757**	**577**	**2,569**	**553**
		(155)		**(149)**
Parent Company	**26**	**14**	**22**	**18**
		(10)		**(9)**
Group	**2,783**	**591**	**2,591**	**571**
		(165)		**(158)**

Note 4 Cont'd.

Total remuneration costs for employees are as follows:

SEK m	2007	2006
Salaries, other remuneration	2,783	2,591
Social security costs	426	413
Pension costs – defined-contribution plans	117	104
Pension costs – defined-benefit plans	22	29
Costs for special employer's contribution and tax on returns	26	25
Costs for allotted warrants 2003–2008 (Note 20)	1	1
Costs for allotted employee stock options 2005–2009 (Note 20)	0	9
Costs for allotted employee stock options 2006–2010 (Note 20)	5	6
Costs for allotted employee stock options 2007–2011 (Note 20)	2	–
Total costs for employees	**3,382**	**3,178**

Salaries and other remuneration, Board and President:

SEK m	2007	2006
Board and President	11	10
Other employees	15	14
Total Parent Company	**26**	**24**

Salaries and other remuneration, Board and Presidents in subsidiaries:

SEK m	2007	2006
Board and President	45	45
Other employees	2,712	2,524
Total subsidiaries	**2,757**	**2,569**
Group	**2,783**	**2,593**

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

Remuneration and other benefits, Parent Company 2006	Basic salary, Directors' fee	Variable remuneration	Other benefits	Pension cost	Financial instruments,etc	Other remuneration	Total	Pension commit- ments
Chairman of the Board:								
Hans Larsson	0.8	–	–	–	–	–	0.8	–
Board members:								
Stefan Dahlbo	0.3	–	–	–	–	–	0.3	–
Bodil Eriksson	0.3	–	–	–	–	–	0.3	–
Wilhelm Laurén	0.3	–	–	–	–	–	0.3	–
Harald Mix	0.3	–	–	–	–	–	0.3	–
Fredrik Palmstierna	0.2	–	–	–	–	–	0.2	–
Thomas Nilsson	0.3	–	–	–	–	–	0.3	–
Ingrid Osmundsen	0.3	–	–	–	–	–	0.3	–
President:								
Fredrik Cappelen	5.3	2.5	0.1	2.0	0.3	–	10.2	1.5
Other members of Group Management	12.2	3.6	0.4	4.5	1.1	–	21.8	0.7
Total	**20.3**	**6.1**	**0.5**	**6.5**	**1.4**	**–**	**34.8**	**2.2**

Note 4 Cont'd.

Sickness absence in the Parent Company	2007	2006
Total sickness absence as a percentage of ordinary working time	0.4	0.0
Percentage of total sickness absence pertaining to uninterrupted sickness absence of 60 days or more	0.0	0.0
Sickness absence as a percentage of each group's ordinary working hours		
Sickness absence by gender:		
Men	0.5	0.0
Women	0.0	0.0
Sickness absence by age category:		
29 years or younger	–	–
Between 30 and 49 years	0.1	0.0
50 years or older	1.0	0.0

The average number of employers and number of men and women among Board members and senior executives are described in Note 34.

Remuneration to senior management

– Board members and the Chairman of the Board

Remuneration to the Chairman and members of the Board is determined by resolutions taken at the Annual General Meeting. No special fees are paid for committee work. Board members who are employed by Nobia do not receive a separate Directors' fee. Board members elected by the Annual General Meeting receive a fixed fee of SEK 300,000 per member and the Chairman receives SEK 750,000, making a total of SEK 2,850,000. The Chairman of the Board has no pension benefits, severance pay agreement or other benefits. Employee representatives receive a study and preparation fee of SEK 26,000 per person per year.

– President

The President received SEK 6,202,503 in salary and benefits for the 2007 fiscal year plus a bonus related to results for 2007 of SEK 2,105,000.

In addition to the normal pension in accordance with the Swedish National Insurance Act (ATP and AFP), the President has the right to an ITP pension scheme (supplementary pension for salaried employees in industry) at 65 years of age. The President is also entitled to an increased occupational pension premium of 20 per cent on salary portions of more than 30 basic amounts. In addition to the ITP plan, the President is entitled to a temporary pension between the ages of 60 and 65. This pension is contribution-based and the premium is equivalent to 20 per cent of the annual salary of the preceding year. For 2007, the premium cost was SEK 2,128,792. The President has the right to 12 months' notice plus severance pay equivalent to 12 months' salary if employment is terminated by Nobia. However, the amount of the severance pay will be reduced in the event the President receives a salary from another employer. If employment is terminated by the President, six months' notice must be given.

– Other Group management

Other Group management, comprising six people in 2007, received salaries and benefits during the fiscal year amounting to SEK 13,543,014 plus bonuses based on results for 2007 of SEK 2,488,081. 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.

– Bonus scheme

The bonus scheme for the business unit managers and Group management entitles them to a maximum bonus of 30 per cent of fixed annual salary, and 50 per cent for the President and one regional member of Group management. Bonuses are based on an earning period of one year and are dependent on the extent to which predetermined targets are met. The targets for the President are set by the Board of Directors. The President sets the targets for other members of Group management following recommendations from the Board Remuneration Committee.

– Remuneration Committee

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

– Group management's employment contracts

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

– Share option scheme[1)]

Share option scheme 2003–2008

At the 2003 Annual General Meeting, a decision was made to launch a share option scheme encompassing 91 senior executives and key individuals who subscribed for 2,323,800 options entitling them to subscribe for new shares in Nobia AB at a share price of SEK 23.50. Those subscribing for options and who remained employees of the company on 22 May 2005 were entitled to receive compensation corresponding to 40 per cent of the options premium.

The option premium was SEK 3.40. Key input data for the model were the share's value price of SEK 18.78 at the allotment date, the exercise price of SEK 23.50, anticipated volatility in the share of 35 per cent, the option's term and an annual risk-free interest rate of 4.01 per cent. The share's value was based on the volume-weighted average number of listed prices paid on the OMX Stock Exchange during a period of five days prior to allotment. Anticipated volatility was based on future assessments and the historical volatility in Nobia's share price.

Social security fees of SEK 1 million (1) on the estimated benefit value were charged against the 2007 consolidated income statement.

The options can be exercised to subscribe for shares during the period 22 May 2005 to 22 May 2008. If all options are exercised, the number of shares in the company will be increased by 886,950 shares. On full exercise of the remaining options, the number of share options and the acquisition price are as follows:

Share options 2003–2008	Number	Acquisition price, SEK
President	–	–
Other Group management	81,000	275,400
Other employees	805,950	2,740,230
Total	**886,950**	**3,015,630**

Employee share option scheme 2005–2011

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 and 2007 Annual General Meetings.

1) Adjusted to correspond with the 3-for-1 split that was resolved by the 2007 Annual General Meeting. This affected the number of shares, the number of options outstanding and the salary-based price of the options outstanding. The share price on the date of allotment and the option value according to Black & Scholes were adjusted accordingly.

Note 4 Cont'd.

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

	Option schemes 2005–2011					
Scheme	Exercise period	Exercise price	Share value at allotment	Option value at allotment	Volatility in per cent	Risk-free interest rate in per cent
2005–2009	31 May 2008–1 March 2009	41.57	37.77	5.07	24	2.71
2006–2010	31 May 2009–1 March 2010	88.37	80.34	13.13	26	3.31
2007– 2011	31 May 2010–1 March 2011	101.30	92.10	14.20	24	4.09

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

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

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

	Group			
Scheme	President	Other Group management	Other employees	Total
2005–2009	67,500	255,000	1,285,500	1,608,000
2006–2010	67,500	234,000	1,390,500	1,692,000
2007–2011	25,000	150,000	1,635,000	1,810,000
Total	**160,000**	**639,000**	**4,311,000**	**5,110,000**

The costs of the schemes are presented in the table below

	Accumulated costs			2007[1]			2006[2]		
Scheme	Acc. IFRS 2 cost	Acc. Soc. fees	Total cost	IFRS 2 cost	Soc. fees	Total cost	IFRS 2 cost	Soc. fees	Total cost
2003–2008	–	3	3	–	1	1	–	1	1
2005–2009	7	4	11	3	–3	0	3	6	9
2006–2010	10	0	11	6	–1	5	5	1	6
2007–2011	2	0	2	2	0	2	–	–	0
	20	**7**	**27**	**11**	**–3**	**8**	**8**	**8**	**16**

1) Current price, 31 Dec 2007 = SEK 57.50 per share
2) Current price, 31 Dec 2006 = SEK 87.83 per share

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

	2007		2006	
SEK m	Average exercise price, SEK per share	Number of options	Average exercise price, SEK per share	Number of options
As per 1 January	51.81	5,070,300	31.52	4,122,300
Allotted	101.30	1,830,000	88.37	1,830,000
Forfeited	70.39	–90,500	51.99	–289,500
Utilised	23.50	–812,850	23.50	–592,500
As per 31 December	**70.46**	**5,996,950**	**51.81**	**5,070,300**

Of the 5,996,950 outstanding options (5,070,300), it was possible to exercise 886,950 options (1,699,800) at a price of SEK 23.50 each. Options utilised in 2007 resulted in 812,850 shares (592,500) being issued at a price of SEK 23.50 each.

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

		Shares	
Due date	Exercise price	2007	2006
22 May 2008	23.50	886,950	1,699,800
1 March 2009	41.57	1,608,000	1,605,000
1 March 2010	88.37	1,692,000	1,765,500
1 March 2011	101.30	1,810,000	–
Total		**5,996,950**	**5,070,300**

Note 5 Remuneration to auditors

	Group		Parent Company	
SEK m	2007	2006	2007	2006
Audit assignments				
Öhrlings PricewaterhouseCoopers AB	2	10	0	0
KPMG	10	–	2	–
Total	**12**	**10**	**2**	**0**
Other assignments in addition to audit assignments[1]				
Öhrlings PricewaterhouseCoopers AB	2	2	–	0
KPMG	1	–	1	–
Total	**3**	**2**	**1**	**0**

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

Note 6 Depreciation per activity

SEK m	2007	2006
Cost of goods sold	–157	–148
Selling expenses	–222	–207
Administrative expenses	–58	–63
Total depreciation	**–437**	**–418**

Note 7 Specification by type of costs

SEK m	2007	2006
Raw materials	–6,706	–6,254
Costs for remuneration to employees (Note 4)	–3,382	–3,178
Depreciation and impairment (Note 6)	–437	–418
Freight	–644	–603
Operational leasing costs, primarily stores (Note 8)	–585	–527
Other operating costs	–3,608	–3,397
Total operating costs	**–15,362**	**–14,377**

Note 8 Operational leasing contracts

The nominal values of contracted future leasing fees, including rent for stores, where the remaining term exceeds one year, are specified as follows:

	Group		Parent Company	
SEK m	2007	2006	2007	2006
Paid during the year	585	527	0	0
Falling due for payment 2007	–	578	–	0
Falling due for payment 2008	650	515	0	0
Falling due for payment 2009	587	451	0	0
Falling due for payment 2010	480	381	0	0
Falling due for payment 2011	395	323	0	0
Falling due for payment 2012	340	–	0	–
Falling due for payment later	1,437	1,483	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	2007	2006	2007	2006
Falling due for payment 2008	100	53	–	0
Falling due for payment 2009	95	48	0	0
Falling due for payment 2010	85	32	0	0
Falling due for payment 2011	72	22	0	0
Falling due for payment 2012	68	–	0	0
Falling due for payment later	80	38	0	–

Note 9 Financial income and expenses

	Group		Parent Company	
SEK m	2007	2006	2007	2006
Profit from participations in Group companies				
Dividends	–	–	2 001	353
Financial income				
Interest income, current	23	17	7	0
Exchange-rate differences	0	0	4	0
Financial expenses				
Interest expense	–96	–93	–17	–3
Interest expense pertaining to pension liability	–31	–40	–	–
Exchange-rate differences	–2	–1	0	–3
Total	**–106**	**–117**	**1 995**	**347**

Note 10 Tax on net profit for the year

	Group		Parent Company	
SEK m	2007	2006	2007	2006
Current tax expense for the period	–352	–306	–21	0
Deferred tax	63	–39	30	17
Tax on net profit for the year	**–289**	**–345**	**9**	**17**

Tax expense accounted for 23.2 per cent (28.5) of profits before tax. The lower tax rate during the current year was due mainly to a restatement of deferred tax liabilities, resulting in part from the reformation of corporate tax legislation in Denmark and Germany. The difference between the reported tax expense (23.2 per cent) and the anticipated tax expense on the Group's profits before tax calculated at the local tax rate for Sweden (28 per cent) is explained in the table below.

The Parent Company's deferred tax is related to the tax effect on Group contributions.Group contributions are reported directly against shareholders' equity.

%	2007	2006
Local tax rate in Sweden	28.0	28.0
Different local tax rates	0.7	1.8
Taxes relating to earlier periods	–1.9	–0.6
Changed corporate tax rate in Denmark and Germany	–2.0	–
Other	–1.6	–0.7
Group's tax expense	**23.2**	**28.5**

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

Note 11 Intangible assets

Goodwill, SEK m	2007	2006
Opening carrying amounts	2,764	1,975
Corporate acquisitions	10	859
Goodwill arising from acquisition of net assets	2	–
Translation differences	10	–70
Closing carrying amount	**2,786**	**2,764**

Other intangible fixed assets, SEK m		
Opening acquisition value	236	170
Investments for the year	18	24
Sales and scrapping	–3	–10
Corporate acquisitions	–	62
Reclassifications	–4	0
Translation differences	11	–10
Closing accumulated acquisition value	**258**	**236**
Opening amortisation	143	137
Sales and scrapping	–2	–10
Amortisation for the year	17	16
Corporate acquisitions	–	7
Reclassifications	–4	–
Translation differences	7	–7
Closing accumulated amortisation	**161**	**143**
Closing carrying amount	**97**	**93**
Of which		
Software	12	15
Brands	26	31
Other	59	47
Closing carrying amount	**97**	**93**

Note 12 Tangible fixed assets

Buildings, SEK m	2007	2006
Opening acquisition value including written-up amount	2,746	2,000
Investments for the year	231	133
Sales and scrapping	–136	–93
Corporate acquisitions	–	756
Reclassifications	–18	31
Translation differences	67	–81
Closing acquisition value including written-up amount	**2,890**	**2,746**
Opening depreciation	1,267	813
Sales and scrapping	–71	–57
Corporate acquisitions	–	371
Reclassifications	–2	3
Depreciation for the year	185	173
Translation differences	37	–36
Closing depreciation	**1,416**	**1,267**
Closing carrying amount	**1,474**	**1,479**

The items above include financial leasing according to the table below:

	Accumulated acquisition value		Accumulated depreciation	
SEK m	2007	2006	2007	2006
Buildings	–	54	–	12

Land and land improvements, SEK m	2007	2006
Opening acquisition value including written-up amount	257	261
Investments for the year	2	8
Sales and scrapping	–15	–32
Corporate acquisitions	–	37
Reclassifications	23	–6
Translation differences	8	–11
Closing acquisition value including written-up amount	**275**	**257**
Opening depreciation	28	29
Depreciation for the year	1	1
Sales	–3	–
Translation differences	1	–2
Closing depreciation	**27**	**28**
Closing carrying amount	**248**	**229**
Tax assessment value for property in Sweden	**110**	**70**
Closing carrying amount	**78**	**73**

Investments in progress, SEK m	2007	2006
Opening balance	28	33
Investments initiated during the year	85	46
Investments completed during the year	–12	–50
Corporate acquisitions	–	–
Translation differences	–6	–1
Closing carrying amount	**95**	**28**

Plant and machinery, SEK m		
Opening acquisition value including written-up amount	2,370	2,373
Investments for the year	205	177
Sales and scrapping	–33	–154
Corporate acquisitions	–	13
Reclassifications	38	29
Translation differences	7	–68
Closing acquisition value including written-up amount	**2,587**	**2,370**
Opening depreciation and impairment	1,613	1,667
Sales and scrapping	–27	–142
Corporate acquisitions	–	5
Reclassifications	23	0
Depreciation for the year	140	128
Translation differences	7	–45
Closing depreciation and impairment	**1,756**	**1,613**
Closing carrying amount	**831**	**757**

Note 12 Cont'd.

Equipment, tools, fixtures and fittings, SEK m	2007	2006
Opening acquisition value	923	771
Investments for the year	146	126
Sales and scrapping	–64	–83
Corporate acquisitions	5	141
Reclassifications	–26	5
Translation differences	25	–37
Closing acquisition value	**1,009**	**923**
Opening depreciation and impairment	574	481
Sales and scrapping	–48	–45
Corporate acquisitions	1	59
Reclassifications	–21	0
Depreciation for the year	94	100
Translation differences	7	–21
Closing depreciation and impairment	**607**	**574**
Closing carrying amount	**402**	**349**

Advance payment for fixed assets, SEK m		
Opening balance	18	5
Expenses during the year	–11	18
Corporate acquisitions	–	0
Reclassifications	–5	–5
Closing carrying amount	**2**	**18**

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

Note 13 Financial fixed assets

	Group	
Other long-term receivables, SEK m	2007	2006
Deposits	46	37
Long-term loans to retailers	7	13
Financial leasing receivable	13	16
Other interest-bearing receivables	195	12
Other	5	40
Total	**266**	**118**

Shares and participations in Group companies,	Parent Company	
SEK m	2007	2006
Opening acquisition value	1,380	1,374
Acquisition of subsidiaries [1)]	9	6
Closing acquisition value	**1,389**	**1,380**

1) Acquisition of subsidiaries, see Note 16.

Note 14 Investments in associated companies

Shares in associated	Group		Parent Company	
companies, SEK m	2007	2006	2007	2006
Opening balance	1	3	4	4
Participations in net profit/loss for the year	2	–2	–	–
Acquisitions for the year	–	–	–	–
Sales for the year	–2	–	–	–
Capital contribution	–	–	–	–
Exchange-rate differences	0	0	–	–
Closing balance	**1**	**1**	**4**	**4**

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

	Country of regis-tration	Ownership interest, %	Participa-tions 2007, SEK m	Participa-tions 2006, SEK m
UAB Domingos Durelés	Lithuania	45.00	1	1
HTH Expert w Kuchni sp Z	Poland	83.80	–	0
HTH Schweiz AG	Switzer-land	0.00	–	0
Total			**1**	**1**

The Group has acquired a further 39.1 per cent of HTH Expert w Kuchni sp Z, whereby the company is now consolidated in the Group accounts, with a recognised minority interest. See Note 32

The Group exercised a sales option pertaining to HTH Schweiz AG and the shareholding in this company now amounts to 0 per cent.

Note 15 Participating interests in joint ventures

The Group holds 50 per cent of the shares in jointly owned Culinoma AG.

Joint ventures are reported in accordance with the equity method.

The figures presented below pertain to Culinoma AG Group and refer to the Nobia Group's participation.

	Group		Parent Company	
SEK m	2007	2006	2007	2006
Carrying amount, January 1	–	–	–	–
Acquisition of joint ventures	3	–	3	–
Divestment of joint ventures	–	–	–	–
Participation in loss	–5	–	–	–
Translation difference	–	–	–	–
Other changes in the joint venture's shareholders' equity – Capital contributions	54	–	54	–
Carrying amount, December 31	**52**	**–**	**57**	**–**

SEK m	2007	2006
Revenues	262	–
Costs	–267	–
Profit after tax	–5	–
Fixed assets	292	–
Current assets	202	–
Total assets	494	–
Current liabilities	153	–
Long-term liabilities	283	–
Total liabilities	436	–
Net assets/net liabilities	**58**	**–**

Note 16 Shares and participations in subsidiaries

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

	Corporate Registration Number	Domicile	Share of equity, %	No. of shares	Carrying amount
Nobia NBI AB	**556060-1006**	**Stockholm**	**100**	**100**	**456**
Sigdal Kjøkken AS		**Kolbotn**	**100**		
Marbodal AB	**556038-0072**	**Tidaholm**	**100**		
HTH Køkkener A/S		**Ølgod**	**100**		
HTH Kök Svenska AB	556187-3190	Helsingborg	100		
HTH Køge A/S		Køge	100		
HTH Ekspert w. Kuchni S.p.z.o.o.		Warsawa	83.8		
Novart OY		**Nastola**	**100**		
Nobia Holding (UK) Limited		Darlington	100		
Magnet Ltd		**Darlington**	**100**		
Hiveserve Ltd		Darlington	100		
Larkflame Ltd		Darlington	100		
Magnet (Retail) Ltd		Dublin	100		
C.P. Hart & Sons Ltd*		**Darlington**	**100**		
Gower Group Ltd		**Halifax**	**100**		
Charco Ninety-Nine Ltd		Halifax	100		
Myresjökök AB	**556048-3256**	**Älmhult**	**100**	**30,000**	**77**
Poggenpohl Möbelwerke GmbH		**Herford**	**98.57**		**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 France SARL		Montesson Cedex	100		
Poggenpohl US Inc.		Fairfield NJ	100		
Poggenpohl Group Schweiz AG		Littau	100		
Poggenpohl Küchenstudio Zürich AG		Zürich	100		
Poggenpohl AB	556323-2551	Stockholm	100		
Poggenpohl A/S		Köpenhamn	100		
Möbelwerkstätten Josef Ritter GmbH		Herford	100		
Poggenpohl Forum Gmbh		Herford	100		
Pronorm Einbauküchen Gmbh		**Vlotho**	**100**		
Optifit Jaka-Möbel GmbH		**Stemwede**	**100**		
Marlin Bad-Möbel GmbH		Stemwede	100		
Nobia Holding France SAS		Seclin	100		
Hygena Cuisines SAS		**Seclin**	**100**		
Norema AS		**Jevnaker**	**100**	**20,000**	**154**
Invita Køkkener A/S		**Bording**	**100**	**6,000,000**	**151**
Invita Detail & Projekt A/S		Bording	100		
Invita Retail A/S		Bording	100		
Invita Köksstudio AB	556634-7497	Malmö	100		
Nobia Beteiligungs-GmbH		Wels	100		2[1)]
Nobia Liegenschafts- und Anlagenverwaltungs-GmbH		Wels	100		1[1)]
EWE Küchen GmbH		**Wels**	**100**		
FM Küchen GmbH		**Linz**	**100**		
EWE Kuchyne CZ S.r.o		Prag	100		
Other					16
Total					**1,389**

1) The company is 1 per cent-owned by Nobia AB and 99 per cent-owned by the subsidiary, Nobia NBI AB. The details concern the 1 per cent holding.
A complete statutory specification accompanies the annual report sent to the Swedish Companies Registration Office. This specification can be obtained from Nobia AB, Communications Department, Box 70376, SE-107 24 Stockholm.

* Divested after the close of the fiscal year.

Note 17 Derivative instruments

	Group	
MSEK	Carrying amount 2007	Fair value 2007
Forward agreements, transaction exposure – assets	19	19
Forward agreements, transaction exposure – liabilities	–4	–4
Forward agreements, transaction exposure – net	**15**	**15**

Unrealised gains and losses in shareholders' equity for forward agreements as per 31 December 2007 will be reported in the income statement at different times within 12 months of the closing date.

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

Note 18 Prepaid expenses and accrued income

	Group	
SEK m	2007	2006
Prepaid rent	61	48
Bonus from suppliers	28	62
Prepaid bank charges	7	20
Insurance policies	7	7
Accrued income from property sales	0	151
Other	176	167
Total	**279**	**455**

Note 19 Cash and cash equivalents

	Group		Parent Company	
SEK m	2007	2006	2007	2006
Cash and bank balances	270	229	46	0

Unutilised credit facilities, which are not included in cash and cash equivalents, totalled SEK 430 million (253) in the Group and SEK 227 million (0) in the Parent Company at the end of the year. In addition to the overdraft facilities, the company has unutilised credit commitments of SEK 4,293 million (4,400).

Note 20 Share capital[1]

	No. of shares, each
As per 1 January 2006	173,039,160
Employee share option scheme – issued shares	592,500
As per 31 December 2006	173,631,660
Employee share option scheme – issued shares	812,850
As per 31 December 2007	174,444,510

1) Adjusted to correspond with the 3-for-1 split that was resolved by the 2007 Annual General Meeting.

The share capital amounts to SEK 58,148,035. The par value per share is SEK 0.33. All of the shares are fully paid. Nobia has 2,928,700 (0) Class A treasury shares. A specification of the changes in shareholders' equity can be found in "Change in shareholders' equity – Group" on page 42.

For information on option schemes, refer to Note 4.

Note 21 Reserves in shareholders' equity

A specification of changes in shareholders' equity is provided on pages 42 and 45.

SEK m	Translation differences	Hedging reserve	Total
Opening balance as per 1 January 2006	**120**	**0**	**120**
Exchange-rate differences attributable to translation of foreign operations	–136	–	–136
Cash-flow hedges, before tax	–	4	4
Tax attributable to change in hedging reserve	–	–1	–1
Closing balance as per 31 December 2006	**–16**	**3**	**–13**
Opening balance as per 1 January 2007	**–16**	**3**	**–13**
Exchange-rate differences attributable to translation of foreign operations	24	–	24
Cash-flow hedges, before tax	–	11	11
Tax attributable to change in hedging reserve	–	–3	–3
Closing balance as per 31 December 2007	**8**	**11**	**19**

Note 22 Earnings per share*

Earnings per share before dilution

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

	2007	2006
Profit attributable to Parent Company shareholders, SEK m	958	864
Weighted average number of outstanding ordinary shares before dilution	172,709,385	173,469,660
Earnings per share before dilution, SEK per share	5.54	4.98

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 options that were subscribed for in May 2003 by senior executives in the Group and the employee stock options allotted to senior executives in 2005, 2006 and 2007. Refer also to Notes 4 and 20.

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

When calculating the dilution effect, a fair value per share based on the average for the year was applied. For the employee share option scheme 2003–2008, 2005–2009 and 2006–2010, the fair value per share was SEK 78.24, and for the employee share option scheme 2007–2011, it was SEK 70.69.

At present, the options from the 2006–2010 and 2007–2011 share option schemes are not dilutive, but they may be in future. Two circumstances must 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 other is that the earnings per share that have been achieved to date fail to fulfil the earnings conditions without the contribution of future profits. If the effect of both of these circumstances ceases, the said schemes will become dilutive.

	2007	2006
Weighted average number of outstanding ordinary shares	172,709,385	173,469,660
Employee share option scheme 2003, 2005, 2006, 2007	1,366,553	1,980,675
Weighted average number of outstanding ordinary shares after dilution	174,075,938	175,450,335
Earnings per share after dilution, SEK per share	5.50	4.93

*) Dividend per share pertaining to prior periods has been adjusted to take into account the 3:1 split that was approved at the 2007 Annual General Meeting.

Note 23 Dividend per share*

A dividend for 2007 of SEK 2.50 per share will be proposed to the Annual General Meeting to be held on 1 April 2008. Based on the number of shares at the end of 2007, this dividend proposal totals SEK 429 million. This amount has not been recognised as a liability, but instead will be reported as an appropriation of profits under shareholders' equity for the 2008 fiscal year. The dividends paid in 2007 and 2006 amounted to SEK 349 million (SEK 2 per share) and SEK 202 million (SEK 1.17 per share), respectively. In addition, SEK 1 million (1) was paid to minority shareholders in subsidiaries.

*) Dividend per share pertaining to prior periods has been adjusted to correspond with the 3-for-1 split that was approved by the 2007 Annual General Meeting.

Note 24 Provisions for pensions

Defined-benefit pension plans, Group

Provisions for pensions, SEK m	2007	2006
Defined-benefit pension plans	829	899

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

Commitments for old-age pensions and family pensions for salaried employees in Sweden are secured on the basis of insurance with Alecta. According to statement UFR 3 from the Swedish Financial Reporting Board, this is a multi-employer defined-benefit plan. Since the Group did not have access to information in the 2007 fiscal year that would make it possible to report this plan as a defined-benefit plan, ITP pensions plans secured on the basis of insurance with Alecta have been reported as defined-contribution plans. Fees for pension insurance with Alecta for the year amounted to SEK 1.6 million (3). On 31 December 2007, 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 152 per cent (128). The collective consolidation rate comprises the market value of Alecta's assets as a percentage of the insurance commitments calculated in accordance with Alecta's actuarial calculation assumptions, which are not in agreement with IAS 19.

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

SEK m	2007	2006
Present value of funded obligations	2,154	2,342
Fair value of plan assets	–1,668	–1,704
	486	**638**
Present value of unfunded obligations	96	100
Unrecognised actuarial gains/losses (–)	247	161
Net liability in balance sheet	**829**	**899**

The net liability for defined-benefit plans amounting to SEK 829 million (899) is reported in its entirety in the "Provisions for pensions" item in the consolidated balance sheet.

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

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

SEK m	2007	2006
At beginning of the year	2,442	2,636
Costs for service during current year	22	29
Interest expense	122	122
Contributions from plan participants	3	4
Actuarial losses/gains	–148	–219
Exchange-rate differences	–84	–57
Reclassification from defined-benefit to defined-contribution pension plans	–29	–
Benefits paid	–78	–73
Amount at year-end	**2,250**	**2,442**

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

SEK m	2007	2006
At beginning of the year	1,704	1,600
Expected return on plan assets	98	82
Actuarial losses/gains	–56	54
Exchange-rate differences	–68	–33
Employer contributions	60	65
Employee contributions	3	4
Benefits paid	–73	–68
Amount at year-end	**1,668**	**1,704**

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

SEK m	2007	2006
Costs for services during current year	22	29
Interest expenses	122	122
Expected return on plan assets	–98	–82
Actuarial net losses reported during the year	1	2
Total pension costs	**47**	**71**

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

SEK m	2007	2006
Cost of goods sold	1	4
Selling expenses	3	3
Administrative expenses	14	24
Net financial items	29	40
Total pension costs	**47**	**71**

The actual return on the plan assets of the pension plans amounted to SEK 34 m (137).

Note 24 Cont'd.

Principal actuarial assumptions on the closing date:

%	2007	2006
Discount rate	5.6	5.2
Expected return on plan assets	6.1	6.1
Future annual salary increases	4.2	3.9
Future annual pension increases	3.2	2.9

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

	2007	2006
On closing date		
Men	20.2	19.7
Women	23.0	22.5
20 years after closing date		
Men	21.4	21.3
Women	24.2	24.1

Plan assets comprise the following:

%	2007	2006
Shares	50	58
Interest-bearing securities	24	29
Other	26	13
	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 85 million for the 2008 fiscal year.

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

The total pension cost reported in the consolidated income statement is as follows:

Pension costs, SEK m	2007	2006
Total costs for defined-benefit plans	22	29
Total costs for defined-contribution plans	117	104
Costs for special employer's contribution and tax on returns from pension funds	26	25
Total pension costs	**165**	**158**

Defined-benefit pension plans, Parent Company

Provision for pensions, SEK m	2007	2006
Statutory provisions for the safeguarding of FPG/PRI pension commitments	1	1

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

Defined-benefit plans, SEK m	2007	2006
Administration costs	1	1

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

Pension costs, SEK m	2007	2006
Total costs for defined-benefit plans	1	1
Total costs for defined-contribution plans	8	6
Costs for special employer's contribution and tax on returns from pension funds	1	2
Total pension costs	**10**	**9**

Note 25 Deferred tax

A deferred tax expense of SEK 63 million (expense: 39) is reported in the Group.

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

Deferred tax assets

	Group	
SEK m	2007	2006
Opening balance	175	206
Reclassifications	–	–
Acquisitions	–	29
Reported in income statement	–26	–51
Reversal of offsetting	133	–
Exchange-rate differences	–9	–10
Other changes	0	1
Closing balance	**273**	**175**

Deferred tax liabilities

	Group	
SEK m	2007	2006
Opening balance	214	186
Reclassifications	–	–
Acquisitions	–	51
Reported in income statement	–89	–12
Reversal of offsetting	133	–
Exchange-rate differences	8	–11
Other changes	3	0
Closing balance	**269**	**214**

Closing balance of deferred tax assets/tax liabilities for the period

Deferred tax assets

	Temporary differences	Loss carryforwards	IAS 19	Other	Offset	Total
As per 1 January 2006	**26**	**52**	**253**	**8**	**–133**	**206**
Reported in income statement	–25	–25	–1	–	–	–51
Acquisition of subsidiaries	29	–	–	–	–	29
Other	–	–	–	1	–	1
Exchange-rate differences	–2	–3	–5	–	–	–10
As per 31 December 2006	**28**	**24**	**247**	**9**	**–133**	**175**
Reported in income statement	10	–5	–27	–4	–	–26
Reversal of offsetting	–	–	–	–	133	133
Reported directly in shareholders' equity	–	–	–	0	–	0
Exchange-rate differences	1	–1	–9	0	–	–9
As per 31 December 2007	**39**	**18**	**211**	**5**	**–**	**273**

Deferred tax liabilities

	Excess depreciation for tax purposes	Revaluation	Other	Offset	Total
As per 1 January 2006	**88**	**147**	**84**	**–133**	**186**
Reported in income statement	7	–9	–10	–	–12
Reclassification	–5	–	5	–	0
Acquisition of subsidiaries	–	43	8	–	51
Exchange-rate differences	–3	–6	–2	–	–11
As per 31 December 2006	**87**	**175**	**85**	**–133**	**214**
Reported in income statement	10	–34	–65	–	–89
Reversal of offsetting	–	–	–	133	133
Reported directly in shareholders' equity	–	–	3	–	3
Exchange-rate differences	1	6	1	–	8
As per 31 December 2007	**98**	**147**	**24**	**–**	**269**

The loss carryforward is primarily attributable to the US and expires in 2011 or later. The value of the loss carryforward for which a deferred tax asset is not recognised amounts to SEK 20 million (21), and is primarily attributable to the US.

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

Note 26 Other provisions

	Unutilised tenancy rights	Dilapidations	Guarantee commitments	Other long-term employee benefits	Other	Total
As per 1 January 2007	**100**	**9**	**6**	**44**	**10**	**169**
Expensed in the consolidated income statement						
– Additional provisions	10	9	–	4	0	23
– Reversed unutilised amounts	–44	–2	–3	–2	–	–51
Reclassifications	–	–	–	8	–8	–
Translation differences	–4	–1	0	2	0	–3
Utilised during the year	–28	–3	0	–	–1	–32
As per 31 December 2007	**34**	**12**	**3**	**56**	**1**	**106**

Note 27 Liabilities to credit institutions

Maturity structure, SEK m	2007	2006
Within 1 year	–	0
Between 1 and 5 years	1,707	1,600
Longer than 5 years	–	0
Total	**1,707**	**1,600**

Note 28 Accrued expenses and deferred income

	Group		Parent Company	
SEK m	2007	2006	2007	2006
Bonuses to customers	108	91	–	–
Accrued salary-related expenses	280	271	9	16
Accrued interest	6	2	–	–
Rents	63	89	–	–
Other accrued expenses	590	472	1	0
Total	**1,047**	**925**	**10**	**16**

Note 29 Financial assets and liabilities

Group 2007

SEK m	Derivatives used in hedge accounting	Accounts and loan receivables	Other liabilities	Total carrying amount	Fair value
Long-term receivables	–	266	–	266	266
Accounts receivable	–	1,573	–	1,573	1,573
Other receivables	19	113	–	132	132
Total	**19**	**1,952**	**–**	**1,971**	**1,971**
Long-term interest-bearing liabilities	–	–	1,720	1,720	1,720
Current interest-bearing liabilities	–	–	161	161	161
Accounts payable	–	–	1,054	1,054	1,054
Other liabilities	4	–	403	407	407
Total	**4**	**–**	**3,338**	**3,342**	**3,342**
Unrecognised gains/losses				–	–

Group 2006

SEK m	Derivatives used in hedge accounting	Accounts and loan receivables	Other liabilities	Total carrying amount	Fair value
Long-term receivables	–	118	–	118	118
Accounts receivable	–	1,441	–	1,441	1,441
Other receivables	8	112	–	120	120
Total	**8**	**1,671**	**–**	**1,679**	**1,679**
Long-term interest-bearing liabilities	–	–	1,653	1,653	1,653
Current interest-bearing liabilities	–	–	178	178	178
Accounts payable	–	–	1,044	1,044	1,044
Other liabilities	4	–	422	426	426
Total	**4**	**–**	**3,297**	**3,301**	**3,301**
Unrecognised gains/losses				–	–

Note 29 Cont'd.

Parent Company 2007

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

Parent Company 2006

SEK m	Accounts and loan receivables	Other liabilities	Total carrying amount	Fair value
Other liabilities	1,086	–	1,086	1,086
Total	**1,086**	**–**	**1,086**	**1,086**
Current interest-bearing liabilities	–	0	0	0
Accounts payable	–	5	5	5
Other liabilities	–	139	139	139
Total	**–**	**144**	**144**	**144**
Unrecognised gains/losses			–	–

The fair value of derivative instruments is determined on the basis of quoted prices. The carrying amount of receivables and liabilities has been assumed to match the fair value.

Note 30 Pledged assets

	Group		Parent Company	
SEK m	2007	2006	2007	2006
For liabilities to credit institutions				
Floating charges	–	1	–	–
Property mortgages	–	–	–	–
Total pledged assets	**–**	**1**	**–**	**–**

Note 31 Contingent liabilities and commitments

The Group has contingent liabilities pertaining to sub-contractor guarantees, pension liabilities, bank guarantees for loans and other guarantees and other considerations that arise in the 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	2007	2006	2007	2006
Securities for pension commitments	0	0	11	10
Other contingent liabilities	133	93	2,096	1,822
Total	**133**	**93**	**2,107**	**1,832**

Note 32 Corporate acquisitions

In February 2007, Nobia acquired a further 39.1 per cent of the share capital in HTH Expert w Kuchni sp Z. The previous shareholding amounted to 44.7 per cent.

The purchase price pertaining to the previous shareholding was adjusted by SEK 2 million.

Acquired net assets and goodwill, SEK m	2007	2006
Purchase price including acquisition costs	5	1,250
Additional purchase price	2	–
Fair value of acquired net assets	3	–391
Goodwill	**10**	**859**

	2007		2006	
Assets and liabilities included in the acquisition, SEK m	Fair value	Acquired carrying amount	Fair value	Acquired carrying amount
Cash and cash equivalents	0	0	166	166
Tangible fixed assets	4	4	512	388
Intangible fixed assets	–	–	55	55
Financial fixed assets	–	–	19	19
Inventories	2	2	101	98
Receivables	2	2	91	91
Liabilities	–2	–2	–188	–188
Other provisions	–9	–9	–9	–4
Financial liabilities	–	–	–334	–334
Deferred taxes, net	–	–	–22	–
Acquired net assets	**–3**	**–3**	**391**	**286**

SEK m	2007	2006
Purchase price settled in cash	5	1,250
Additional purchase price	2	–
Cash and cash equivalents in acquired subsidiaries	0	–166
Change in the Group's cash and cash equivalents in conjunction with acquisitions	**7**	**1,084**

Note 33 Related-party transactions

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

Goods were purchased and sold between Nobia and associated companies during the year. The closing balance at the end of the year as a result of these transactions amounted to SEK 7 million (8); refer also to Notes 14 and 15.

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

Note 34 Average number of employees

	2007		2006	
Subsidiaries in	Average no. of employees	Of whom, men	Average no. of employees	Of whom, men
Sweden	723	553	674	519
Denmark	1,289	944	1,239	945
Norway	492	254	481	254
Finland	525	362	520	362
Germany	989	818	966	765
Austria	462	383	470	382
UK	3,011	2,363	2,601	2,048
France	923	470	924	468
USA	66	30	70	43
Switzerland	21	16	23	17
Poland	25	25	–	–
Group	**8,526**	**6,218**	**7,968**	**5,803**
Of which, Parent Company	15	9	13	8

	2007		2006	
	Number on closing date	Of whom men, %	Number on closing date	Of whom men, %
Board members	77	88	79	92
Presidents and other senior executives	89	93	106	96
Group	**166**	**91**	**185**	**95**

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

	2007		2006	
	Number on closing date	Of whom men, %	Number on closing date	Of whom men, %
Board members	11	82	11	82
Presidents and other senior executives	9	89	7	100
Parent Company	**20**	**85**	**18**	**89**

Note 35 Events after closing date

In January 2008, Nobia announced that it was to continue to consolidate its supply chain, and with respect to this adapt its organisation in the Nordic region. This involves consolidating Sigdal and Norema in Norway, and Myresjökök and Marbodal in Sweden into a single business unit in each respective country.

In December 2007, an agreement was reached to divest the UK bathroom chain C. P. Hart. The transaction was completed at the beginning of 2008. The capital gain will be marginal.

In February 2008, HTH took over seven franchise stores in Copenhagen, Denmark.

The consolidated accounts and the Annual Report have been compiled in compliance with the European Parliament's and Council of Europe's Regulation (EC) No. 1606/2002 dated 19 July 2002 regarding the application of international accounting standards and with generally acceptable accounting practices for listed companies and thus provide a fair and accurate impression of the financial position and earnings of the Group and the Parent Company. The Reports of the Board of Directors for both the Group and the Parent Company accurately review the Group's and the Parent Company's operations, financial positions and earnings and describe the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

The consolidated income statement and balance sheet will be presented to the Annual General Meeting on 1 April 2008 for adoption.

Stockholm, 29 February 2008

Hans Larsson
Chairman

Stefan Dahlbo

Bodil Eriksson

Wilhelm Laurén

Harald Mix

Thore Ohlsson

Lotta Stalin

Fredrik Palmstierna

Fredrik Cappelen
President

Per Bergström
Employee representative

Olof Harrius
Employee representative

Our Audit Report was submitted on 29 February 2008

KPMG Bohlins AB

Helene Willberg
Authorised Public Accountant

This Annual Report contains the type of information that Nobia AB (publ) is obliged to disclose in accordance with the Swedish Securities Exchange and Clearing Operations Act. Nobia AB (publ) has published an interim report on the fourth quarter of 2007 and a year-end report. The information was released for publication at 8:00 a.m. on 8 February by means of a press release and was published on the www.nobia.se website. The Annual Report was published on Nobia's website on 3 March at 12:00 p.m.

Audit Report

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

We have audited the annual accounts, the consolidated financial statements, the accounting records and the administration of the Board of Directors and the President of Nobia AB (publ) for the year 2007. The company's annual accounts are included in the printed version of this document on pages 13–68. The Board of Directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRS as adopted by the EU and the Annual Accounts Act when preparing the consolidated financial statements. Our responsibility is to express an opinion on the annual accounts, the consolidated financial statements and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable, but not absolute, assurance that the annual accounts and the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual accounts and consolidated financial statements as well as evaluating the overall presentation of information in the annual accounts and the consolidated financial statements. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the President. We also examined whether any Board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated financial statements have been prepared in accordance with international financial reporting standards IFRS as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The statutory Board of Directors' Report is consistent with the other parts of the annual accounts and the consolidated financial statements.

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

Stockholm, 29 February 2008
KPMG Bohlins AB

Helene Willberg
Authorised Public Accountant

The Nobia share

The closing price of the Nobia share on the OMX Nordic Exchange Stockholm was SEK 57.50 (87.83), corresponding to a market capitalisation of SEK 10 billion (15).

Nobia's share price declined by 35 per cent during the year. During the same period, the OMX Stockholm's index for manufacturers of consumer discretionary products and services (SX25 Consumer Discretionary) rose by 3 per cent. The highest and lowest prices during the year were SEK 104 and SEK 50, respectively.

A total of 136,391,558 Nobia shares were traded on OMX Stockholm in 2007. The turnover rate, or number of shares traded in relation to the total number of shares in the company, was 79 per cent.

Share capital, number of shares and buy-back

Nobia's share capital amounts to SEK 58,148,035, distributed between 174,444,510 shares, each with a par value of SEK 0.33. Each share, except for repurchased treasury shares, entitles the holder to one vote and carries the same entitlement to the company's capital and profits.

The 3:1 share split decided by the Annual General Meeting was implemented in April 2007. The record date for the split was Friday, 27 April and the final trading date for the share prior to the split was Tuesday, 24 April. The split Nobia share was traded on OMX Stockholm on Wednesday, 25 April. All share-related key figures in this Annual Report have been restated with respect to this share split. Changes in share capital and the number of shares over time are shown in the following tables.

In 2007, Nobia repurchased a total of 2,928,700 treasury shares at an amount of SEK 248,256,315 in accordance with the mandate approved by the 2007 Annual General Meeting. This buy-back corresponds to 1.7 per cent of the total number of registered shares. The mandate entails that a maximum of 10 per cent of the registered shares in the company may be acquired.

The Nobia share has been listed on the OMX Nordic Exchange Stockholm AB since 2002 under the shortname NOBI in the Large Cap segment and Consumer Discretionary sector. Nobia is included in the OMX Stockholm Benchmark Index. One trading lot consists of 100 shares.

Shareholders

On 31 December 2007, Nobia had 5,865 shareholders (5,097). The percentage of registered shares held by foreign owners amounted to 22 per cent at year end.

The ten largest shareholders held 54 per cent of the votes. The seven members of Nobia's Group management had combined holdings of 3,762,860 shares at the end of the year, corresponding to 2.1 per cent of the capital and votes. Nobia's nine Board members owned 2,340,900 shares in the company at the end of the year, corresponding to 1.3 per cent of the capital and votes.

Proposed dividend

The Board intends to propose a dividend of SEK 2.50 per share to the Annual General Meeting, which is a 25 per cent increase compared with 2006. The proposed dividend corresponds to approximately 45 per cent of net profit for the year. If the Annual General Meeting decides in favour of the Board's proposal, Friday, 4 April 2008 is proposed as the record day for the right to receive dividends. Accordingly the share will be traded with the right to receive dividends up to and including 1 April 2008.

One of Nobia's financial targets is that dividends to shareholders shall correspond to at least 30 per cent of profit after tax. When preparing dividend proposals, investment requirements, acquisition opportunities, liquidity and the financial position of the company are taken into consideration. Nobia's average dividend has been 34 per cent since the company was first listed on the stock exchange.

Contact with the stock market

Contact with the stock market is primarily based on quarterly financial reports, press releases and company presentations of Nobia. In 2007, 64 meetings with investors and analysts took place in Sweden and abroad. The company held a Capital Markets Day in Stockholm in November. Presentations were also arranged during the year by the Swedish Shareholders' Association and Sweden's Young Investors.

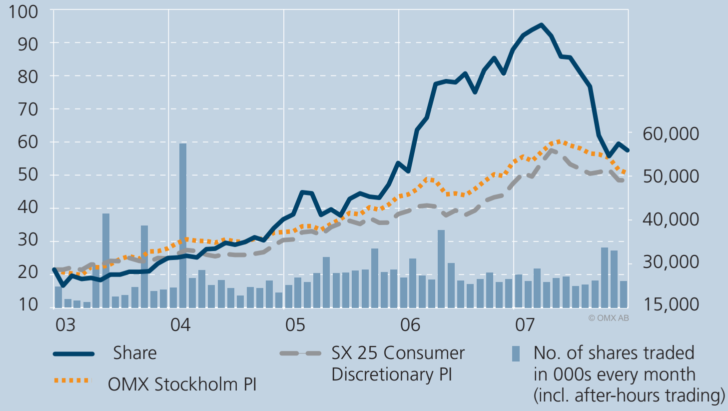
At year-end, the following securities brokers and banks regularly tracked Nobia's progress: ABG Sundal Collier, Carnegie, Danske Bank, Deutsche Bank, Handelsbanken, HQ Bank, SEB Enskilda and Swedbank.

Data per share

	2003[2]	2004[2]	2005[2]	2006[2]	2007
Earnings per share before dilution, SEK	1.95	3.42	3.70	4.98	5.54
Earnings per share after dilution, SEK	1.95	3.41	3.67	4.93	5.50
Dividend per share, SEK	0.75	1.00	1.17	2.00	2.50[1]
Yield, %	3	2.70	2.20	2.30	4.40
P/E ratio	13	11	15	18	10
Shareholders' equity per share, SEK	15	15	18	21	24

1) In accordance with Board proposal.
2) Restated after 3:1 split in 2007.

Share price trend



Nobia's ten largest owners, 31 December 2007

	No. of shares	Share of capital, %	Accumulated share, %	Share of votes, %	Accumulated share of votes, %
Säkl	18,531,750	10.6	10.6	10.8	10.8
Swedbank Robur	14,886,140	8.5	19.1	8.7	19.5
IF Skadeförsäkring	14,693,350	8.4	27.5	8.6	28.1
Öresund	14,605,000	8.4	35.9	8.5	36.6
AMF pension funds	8,351,229	4.8	40.7	4.9	41.5
AMF Pension	5,040,000	2.9	43.6	2.9	44.4
Investor	5,017,700	2.9	46.5	2.9	47.3
H & Q funds	4,416,650	2.5	49.0	2.6	49.9
SEB funds	3,813,437	2.2	51.2	2.2	52.1
Columbia funds	3,657,600	2.1	53.3	2.1	54.2
Total	**93,012,856**	**53.3**		**54.2**	

Source: VPC/SIS Ownership Data Corp.

Ownership structure, 31 December 2007

	No. of shares	No. of shareholders	Percentage of shares, %	Percentage of shareholders,%
1–500	527,304	2,346	0.3	40.0
501–1,000	874,826	1,117	0.5	19.1
1,001–2,000	1,295,431	835	0.7	14.2
2,001–5,000	2,476,597	770	1.4	13.1
5,001–10,000	2,147,617	295	1.2	5.0
10,001–20,000	2,340,938	156	1.4	2.6
20,001–50,000	3,824,602	115	2.2	2.0
50,001–100,000	5,478,648	74	3.2	1.3
100,001–	155,478,547	157	89.1	2.7
Total	**174,444,510**	**5,865**	**100.0**	**100.0**

Change in share capital

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

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

Corporate Governance Report

This report is unaudited.

Nobia applies the Swedish Code of Corporate Governance and follows the Code with the exception of a separate audit committee.

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 2007, the share capital in Nobia AB amounted to SEK 58,148,035 divided between 174,444,510 shares in one class of share. The par value is SEK 0.33 per share. Each share, except for repurchased treasury shares, entitles the holder to one vote and carries the same entitlement to the company's assets and profits. The Nobia share and ownership structure are described in more detail on pages 70–71.

2007 Annual General Meeting

The 2007 Annual General Meeting was held on 29 March 2007 at Operaterassen in Stockholm. Board Chairman Hans Larson was elected Chairman of the Meeting. The Meeting adopted the Board's proposal regarding the appropriation of profits. The Meeting also adopted the Nomination Committee's proposal that the number of Board members should be nine without alternates, the fees to be paid to the Board and the Board Chairman, and the election of Board members. Lotta Stalin and Thore Ohlsson were elected new Board members. Ingrid Osmundsen and Thomas Nilsson left the Board. All other Board members were re-elected. The OMX Nordic Exchange Stockholm's Listing Agreement contains certain requirements regarding the composition of the Board of Directors. According to these requirements, the majority of the Board members elected by the Annual General Meeting shall be independent in relation to the company. Furthermore, at least two of these Board members shall also be independent in relation to the company's largest shareholders. Nobia's Board of Directors fulfils these requirements.

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

Board of Directors in 2007

		Board meetings, 11 meetings in total	Remuneration Committee, 4 meetings in total	Year of birth	Board member since	Nationality	Independence	Main education
Hans Larsson	Chairman	11	4/4	1942	1996	Swedish	independent	B.Sc. Business Economics
Fredrik Cappelen	President and CEO	11		1957	1995	Swedish	dependent[1)]	B.Sc. Business Administration
Stefan Dahlbo	Board member	11	3/4	1959	2004	Swedish	independent	B.Sc. Business Administration
Bodil Eriksson	Board member	10	4/4	1963	2003	Swedish	independent	Berghs School of Communications
Wilhelm Laurén	Board member	11		1943	1996	Swedish	independent	B.Sc. Economics
Harald Mix	Board member	10		1960	1996	Swedish	independent	B.Sc Mathematics and Economics, MBA
Thore Olsson	Board member	10		1943	2007	Swedish	independent	Economist
Lotta Stalin	Board member	10		1954	2007	Swedish	independent	M. Sc. Engineering
Fredrik Palmstierna	Board member	11		1946	2006	Swedish	dependent[2)]	B.Sc. Business Administration, MBA
Per Bergström	employee representative	11		1960	2000	Swedish		
Olof Harrius	employee representative	11		1949	1998	Swedish		
Kjell Sundstöm	employee representative[3)]	8		1953	2007	Swedish		
Marie Nilsson	employee representative[3)]	1		1973	2007	Swedish		

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

Nomination Committee

In accordance with a decision of the 2006 Annual General Meeting, the Chairman of the Board is responsible for convening the company's four largest shareholders not later than the end of the third quarter, each of whom shall appoint one member of the Nomination Committee. Should any of the four largest shareholders refrain from appointing a member, the next largest owner shall be presented with the opportunity to appoint a member.

Should more than one shareholder refrain from its right to appoint a member of the Nomination Committee, only the next eight largest owners shall be asked to appoint a member, unless more than these eight largest shareholders need be asked in order for the Nomination Committee to comprise at least three members. The Chairman of the Board may be appointed as a member of the Nomination Committee. The Nomination Committee should be chaired by an owner representative. The tasks of the Nomination Committee are to submit proposals to the Annual General Meeting on the election of the Board of Directors, the Chairman and, when applicable, auditors, on fees for the Board of Directors, the Chairman and auditors and on the Chairman of the Annual General Meeting. In addition, the Nomination Committee shall submit proposals to the Annual General Meeting on decisions for the principles of the composition of the Nomination Committee.

The members of the Nomination Committee for 2007–2008 were: Stefan Charette from Öresund (Chairman of the Nomination Committee), Fredrik Palmstierna from SäkI, KG Lindvall from Robur, Peter Lindell from AMF and, following a decision by the other members of the Nomination Committee, Board Chairman Hans Larsson. No remuneration is paid to the Committee members. The Nomination Committee held six minuted meetings prior to the 2008 Annual General Meeting. The basis of the Nomination Committee's work included the company's strategies and priorities and an evaluation of the Board, its size and composition.

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

Work of the Board of Directors

The Board of Directors of Nobia AB comprises nine standard Board members elected by the Annual General Meeting and two Board members with two alternates appointed by the employees. A presentation of the Board members is found in the Annual Report on pages 78–79. The President is a member of the Board. Other executives in the company participate at Board meetings to make presentations and to serve as Secretary. The Board held seven scheduled meetings and four extraordinary meetings during the 2007 fiscal year.

The work of the Board of Directors follows a fixed agenda for each Board meeting including such matters as business status, investments, budget, interim reports and annual accounts. The Chairman leads and delegates the work of the Board and ensures that matters not included in the fixed agenda are addressed. The Board's work is also regulated by the rules of procedure adopted annually by the Board governing the distribution of duties between the Board and the President. In 2007, the Board's work focused on discussing issues concerning Group strategy and on matters pertaining to acquisitions. The Secretary at the Board meetings was Lennart Rappe, Executive Vice President and Senior Vice President Mergers & Acquisitions. Attendance at Board meetings during the year is shown on the preceding page.

The annual evaluation of the Board in 2007 was performed by the Chairman interviewing the Board members based on a questionnaire distributed in advance. The results of the evaluation were subsequently discussed by the Board and decisions taken to implement the relevant measures in the forthcoming year.

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

The audit process is structured such that reports from the auditors are received in connection with the planning of future audits, in conjunction with hard-close audits and finally, in conjunction with the adoption of the annual accounts. In addition, the auditors also present an annual account of the consulting assignments that have been performed by the audit firm as well as the auditors' independence in relation to the company and its management.

In 2007, this meant that the new auditors elected at the Annual General Meeting presented the focus and scope of the audit at the Board meeting in August. The audit also took particular consideration of the risk perspective regarding internal control and reporting of the IT audit performed. At the meeting in October, the auditors reported on the self-assessment of the internal control that the company performs annually. Also at this meeting, the auditors presented their observations from the hard-close audit.

The examination of the annual accounts was presented at the Board meeting in February 2008.

Remuneration Committee

The Board appoints a Remuneration Committee from within its ranks, which for the period until the 2008 Annual General Meeting comprises Hans Larsson (Chairman), Bodil Eriksson and Stefan Dahlbo. No remuneration is paid to the Committee members. 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. The Committee also submits proposals to the Annual General Meeting regarding principles for remuneration and other employment terms for company managers. The Committee held four meetings during the year.

Remuneration to senior management

All senior managers in the management group are offered a basic salary supplemented with variable remuneration comprising a maximum of 30 per cent of annual salary when individual targets are met. For the President and regional managers, this variable salary portion may total a maximum of 50 per cent of annual salary. The management group has also been offered the opportunity to subscribe for options as part of the employee share option scheme described in more detail in the Board of Directors' Report on page 28. The remuneration and benefits of senior managers are also described on page 28.

Group management

Group management, refer to page 76, holds monthly Group-management meetings led by the President. In addition to these meetings, a larger group entitled the Advisory Board meets on several occasions during the year. This Advisory Board includes Group management and all business unit managers. The meetings follow a fixed agenda and minutes are taken. Together with the President and/or CFO, the regional managers also meet with the entire management group of each business unit locally three times a year.

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

Auditors

KPMG Bohlins AB was elected as the company's auditors for a four-year mandate at the 2007 Annual General Meeting. The Auditor in Charge is Helene Willberg, Authorised Public Accountant. In April, KMPG Bohlins AB took over from Öhrlings PricewaterhouseCoopers, who had been the company's auditors since

1996. The interaction of the auditors with the Board is described above. Nobia's purchases of services from this firm, in addition to audit assignments, are described in Note 5, page 55.

Report on the internal control of financial reporting

The report on the internal control of financial reporting has been prepared in accordance with the aims of Chapter 3.7.2 of the Swedish Code of Corporate Governance and the application instructions decided by the Swedish Corporate Governance Board in September 2006. Accordingly, this report on internal control does not include any statement on the function of the internal control and has not been examined by the company's auditors.

Control environment and steering documents

Nobia builds and organises its operations based on decentralised responsibility for each brand and its entire value chain. Nobia's intentions regarding this decentralised responsibility for profitability and internal control through benchmarking are described in the Strategy section of the Annual Report on page 17.

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

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

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

Risk management

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

The risks identified concerning financial reporting are managed in the company's control structure and are monitored and assessed continuously by the company. One of the tools used for this purpose is self-assessment, a process which is performed and evaluated annually.

Financial information

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

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

Monitoring by the Board

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

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

In 2007, the company's Internal Control function, which is an integrated part of the central Finance function, performed reviews of the internal control and its work in this area follows a plan approved by the Board. The results of these reviews, the measures to be taken and their status have been reported to the Board.

Group Management

Fredrik Cappelen
Born 1957. President and CEO of Nobia AB from 1995 to 1 April 2008. Dependent in relation to the company. Joined Nobia in 1995.
Other board assignments:
Board member of Munksjö, Byggmax, ICC and Association of Stock Market Companies.
Previous employment:
Marketing Director of Stora Finepaper, President of Kaukomarkkinat International Sweden and Norway and President of Kaukomarkkinat Oy Germany.
Holding in Nobia AB:
902,100 shares through companies, 160,000 employee share options and 150,000 call options.

Preben Bager
Born 1948. Executive Vice President since 2008 and Senior Vice President UK region since 2006, Business Unit Manager Magnet since 2004, acting Business Unit Manager HTH during 2007. Joined HTH in 1989.
Previous employment:
President of Domino Furniture, Sales Manager at Bianca Yachts, President of Danica Køkkener and Business Unit Manager HTH.
Holding in Nobia AB:
1,425,600 shares, 99,000 employee share options and 90,000 call options.

Bo Johansson
Born 1965. Senior Vice President Supply Chain Management since 2005. Joined Nobia in 2005.
Previous employment:
Production Manager and Sales Manager at Swedform Metall, Business Development Manager Europe and Global Accounts at Flextronics Enclosures Europe and Sales Director at Europe Flextronics International.
Holding in Nobia AB:
22,800 shares, 129,000 employee share options and 45,000 call options.

Jan Johansson
Born 1962. CFO since 2004. Joined Nobia in 1995.
Previous employment:
Various positions within finance in the Stora Group and Group Controller of Nobia.
Holding in Nobia AB:
53,000 shares, 129,000 employee share options and 75,000 call options.

Per Skårner
Born 1955. Senior Vice President Continental Europe region. Joined Nobia in 2008.
Previous employment:
Senior VP Strategy and Business Development at NFI Group Sweden, CFO and acting CEO at Nybron, CFO at Kährs Group Sweden and CFO at ABU Garcia.
Holding in Nobia AB: 0

Lennart Rappe
Born 1944. Executive Vice President since 2000 and Senior Vice President Mergers and Acquisitions since 2004. Joined Nobia in 1999.
Board assignment:
Board member of Jötul AS.
Previous employment:
Vice President Esab AB, CFO at VME Group, Volvo Trucks, Spectra-Physics and Nobia.
Holding in Nobia AB:
401,160 shares, 99,000 employee share options and 60,000 call options.

Egil Wold
Born 1947. Senior Vice President Nordic region since 2006. Joined Nobia in 1995.
Previous employment:
Various positions within HTH in Norway and Sweden since 1981, Marketing Director of Sigdal, Manager of Swedoor's and Nobia's business in Norway and Business Unit Manager Sigdal.
Holding in Nobia AB:
555,000 shares, 81,000 share options, 84,000 employee share options and 90,000 call options.

Business Unit Managers

Glenn Andresen
Born 1966.
Business Unit Manager Nobia Norway (includes Norema and Sigdal) since 2008.
Employed by Sigdal in 2003.
Holding in Nobia AB:
81,000 employee share options.

Preben Bager
Born 1948.
Business Unit Manager Magnet since 2004.
Holding in Nobia AB:
1,425,600 shares, 99,000 employee share options and 90,000 call options.

Leo Brecklinghaus
Born 1959.
Business Unit Manager Optifit since 2003. Employed by Optifit in 2000.
Holding in Nobia AB:
18,000 shares, 81,000 share options and 72,000 employee share options.

Elmar Duffner
Born 1960.
Business Unit Manager Poggenpohl since 2003.
Employed by Optifit in 1999.
Holding in Nobia AB:
74,850 shares, 40,500 share options and 72,000 employee share options.

Nick Friend
Born 1956.
Business Unit Manager Gower since 2007.
Holding in Nobia AB:
45,000 employee share options.

Heinz Hachmeister
Born 1953.
Business Unit Manager Pronorm since 2004.
Employed by Pronorm in 1984.
Holding in Nobia AB:
72,000 employee share options.

Henrik Karup Jørgensen
Born 1963.
Business Unit Manager HTH since 2008.
Holding in Nobia AB: 0.

Jorma Lehtovuori
Born 1952.
Business Unit Manager Novart in 1992. Employed by Novart in 1985.
Holding in Nobia AB: 7,500 shares and 72,000 employee share options.

Leif Nygård
Born 1949.
Business Unit Manager Invita since 1974.
Holding in Nobia AB:
150,820 shares and 72,000 employee share options.

Christian Rösler
Born 1967.
Business Unit Manager EWE-FM since 2007.
Holding in Nobia AB: 0.

Daniel Souissi
Born 1949. Business Unit Manager Hygena since 2006.
Holding in Nobia AB:
47,000 employee share options.

Ingemar Tärnskär
Born 1961.
Business Unit Manager Nobia Sweden (includes Marbodal and Myresjökök) since 2008.
Employed by Marbodal in 1998.
Holding in Nobia AB:
70,500 employee share options.

Holding in Nobia as of 31 December 2007.

Board of Directors

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

2. Fredrik Cappelen
Born 1957.
President and CEO of Nobia AB since 1995. Employed at Nobia since 1995.
Dependent in relation to the company.
Other board assignments: Board member of Munksjö, Byggmax, ICC and Association of Stock Market Companies.
Previous employment: Marketing Director of Stora Finepaper, President of Kaukomarkkinat International Sweden and Norway, and President of Kaukomarkkinat Oy Germany.
Holding in Nobia AB: 902,100 shares through companies, 160,000 employee share options and 150,000 call options.

3. Stefan Dahlbo
Born 1959.
Board member since 2004. Member of Remuneration Committee, President of Investment AB Öresund.
Independent.
Other board assignments: Chairman of Klövern. Board member of HQ AB and Fabege.
Previous employment: President of Hagströmer & Qviberg, President of Hagströmer & Qviberg Fond- och Kapitalförvaltning. Alfred Berg Fondkommission.
Holding in Nobia AB: 26,400 shares.

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

5. Wilhelm Laurén
Born 1943.
Board member since 1996.
Independent.
Other board assignments: Board memberships include Moventas Oy, Euromaint, Ostnor and Swedestar Life Science.
Previous employment: Vice President and CFO Fläktgruppen and Vice President ABB.
Holding in Nobia AB: 90,000 shares.

6. Harald Mix
Born 1960.
Board member since 1996. Partner of Altor Equity Partners.
Independent.
Other board assignments: Board member of Aalborg Industries, Carlssons school, Dynapac, Ferrosan, Lindorff Group, Relacom, Piab, Dustin, Dansk Cater and Sweden American Foundation.
Previous employment: Vice President of Industri Kapital.
Holding in Nobia AB: 600,000 shares.

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

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

9. Fredrik Palmstierna
Born 1946.
Board member since 2006. President of SäkI AB since 1997. Dependent in relation to major shareholder.
Other board assignments: Board member of Securitas, SäkI, Investment AB Latour, Hultafors, Fagerhult and Academic Work.
Holding in Nobia AB: 300,000 shares.

10. Per Bergström
Born 1949.
Employee representative since 2000. Employed at Marbodal since 1976.
Holding in Nobia AB: 651 shares.

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

12. Marie Nilsson
Born 1973.
Alternate Board member, employee representative since 2007. Employed at Myresjökök since 2006.
Other board assignments: Member of Board of Myresjökök.
Holding in Nobia AB: 0.

13. Kjell Sundström
Born 1953.
Alternate Board member, employee representative since 2007.
Holding in Nobia AB: 0.

Holdings in Nobia as per 31 December 2007.

Auditors

KPMG Bohlins AB
Auditor in charge: Authorised Public Accountant
Helene Willberg
Born 1967. Auditor for Nobia since April 2007.
Other auditing assignments:
Cloetta Fazer AB, Fastighets AB Balder and Ortivus AB.

2008 Annual General Meeting

The shareholders of Nobia AB (publ) are invited to attend the Annual General Meeting on Tuesday, 1 April 2008 at 5:00 p.m. at Södra Paviljongen, Centralplan 3, Stockholm.

Right to participate in the Annual General Meeting
Shareholders who wish to participate in the Annual General Meeting must:
first be included in the shareholders' register maintained by VPC AB as of Wednesday, 26 March 2008, and
second notify the company of their participation not later than 4:00 p.m. on Wednesday, 26 March 2008.

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

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

Proxy
Shareholders represented by proxy shall issue a written power of attorney for the proxy. If the power of attorney is issued on behalf of a legal entity, or an authorised signatory for the legal entity, a certified copy of a registration certificate or corresponding document ("certificate") for the legal entity shall be appended to the notification of attendance. The power of attorney in original and, where applicable, the certificate, should be taken to the Annual General Meeting.

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 VPC AB in order to be entitled to participate in the Annual General Meeting. Shareholders wishing such re-registration must inform their nominee not later than Wednesday, 26 March 2008. A request for re-registration must be made well in advance of this date.

Payment of dividend
The Board of Directors proposes that a dividend for the 2007 fiscal year be paid in the amount of SEK 2.50 per share. Shareholders who are included in the shareholders' register maintained by VPC AB on the record date, which is proposed as Friday, 4 April 2008, are entitled to receive dividends. If the Annual General Meeting passes a resolution in accordance with the proposal, the dividend is expected to be paid by VPC AB on Wednesday, 9 April 2008.

Definitions

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

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

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.

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

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

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

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

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

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

Operating margin
Operating profit as a percentage of net sales.

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

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

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

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

Financial information 2008

1 April	Annual General Meeting
25 April	Interim Report January – March
18 July	Interim Report January – June
24 October	Interim Report January – September

The ten-year summary is included among the financial data available on Nobia's website: www.nobia.com.

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