

Ballingslöv International AB (publ)

YEAR-END STATEMENT

January-December 2003

- The board of directors propose a dividend of SEK 2.75 / share (2.50)
- Earnings increased by 4% to MSEK 1 204.5 (1 159.6)
- Net income is MSEK 64.5 (64.5)
- Earning per share is 6.01 (6.61). Average number of shares are 10.73 millions (9.76)
- Operating income before amortisation of goodwill is MSEK 140.0 (142.2), corresponding to an operating margin before goodwill amortisation of 11.6% (12.3)
- Cash flow from current operations is improved to MSEK 128.0 (96.6)
- Organic growth in Scandinavia amounted to 8%, which is considered to be slightly better than the general market development
- The action programme in the British operation is continuing. A new MD was assigned by Jan. 1, 2004

	Group			
	Q 4 2003	Q 4 2002	Full-year 2003	Full-year 2002
Net sales, SEK M	322.5	303.4	1 204.5	1 159.6
Operating income before depreciation, SEK M	45.4	43.9	168.3	167.1
EBITDA-margin, %	14.1	14.5	14.0	14.4
Operating income before goodwill amortization, SEK M	37.2	39.6	140.0	142.2
Operating margin before goodwill amortization (EBITA-margin), %	11.5	13.1	11.6	12.3
Operating income, SEK M	31.9	33.9	118.1	119.1
Operating margin (EBIT-margin), %	9.9	11.2	9.8	10.3
Income before taxes, SEK M	27.5	29.8	99.6	99.4
Net income for the period, SEK M	18.3	19.7	64.5	64.5
Earnings per share, SEK	1.73	1.86	6.01	6.61
Earnings per share, excluding goodwill, SEK	2.23	2.39	8.05	8.98

President's comments

During 2003 Ballingslöv has continued a positive development in Scandinavia. The organic growth of comparable units was 8% and operating income before amortisation of goodwill in the Scandinavian operations was 14.8% (16.6). Increased costs for marketing and a negative effect from currencies have had a negative impact. Some of the marketing and sales costs are related to investments (establishment of new distributors, upgrade of facilities and showrooms etc).

In the Scandinavian market growth in sales are estimated to be higher than market average

The development of the distribution network in Scandinavia has been according to plan and primarily focused on exclusive retailers

Integration of Multiform (acquired in the beginning of 2003) into the group has developed according to plan and a number of new retailers have been established

Actions aimed at high and stable delivery-service in Great Brittan has delivered expected results. Our operation is currently at a competitive or better level compared to competition. Implementation of ERP-system (MOVEX) has required significant effort from the organization during the last quarter. During 2004 positive effects, deriving from this effort, are expect in operational quality and efficiency

Costs related to the termination of the former MD in Great Brittan and costs related to recruiting of new MD's in Great Brittan and at DFI A/S have had a negative impact on the result by approximately MSEK 2

Many of the subsidiaries issued new products and marketing material during the year which has been well receipted by the consumers and provided strong support to sales

Cash flow from current operations in Scandinavia and Great Brittan has had a positive development compared to last year

Market development

Scandinavia

In Sweden, the RRE segment and new construction for residential housing segment has developed better than last year. Low interest rate and a continuously high interest for kitchens have been underlying drivers. Construction of flats has been declining during the year. In total, the market is estimated to an annual growth of approximately 5% during 2003

The Norwegian market has had a consistent development compared to last year

In Denmark growth is estimated at approximately 5%. Underlying drivers are the same as in Sweden.

Great Britain

The market is estimated at an even level compared to last year. Slow processing of building permits and, to some extent, a lack of land, have resulted in a downturn of some percentage in the production of single-family homes, which is our primary market segment.

Financial reporting

Net sales

Consolidated net sales during 2003 amounted to MSEK 1 204.5 (1 159.6), an increase of 4%. Negative currency exchange effects has impact sales by MSEK 37

Net sales in Scandinavia amounted to MSEK 901.6 (793.8) and in Great Brittan to MSEK 302,9 (365,8). Compared to market growth average the development is estimated to have been better in Scandinavia and weaker in Great Brittan.

Income

The Group's operating income before amortisation of goodwill amounted to MSEK 140.0 (142.2). The operating margin before goodwill amortisation amounted to 11.6% (12.3%). Operating income before amortisation of goodwill in Scandinavia amounted to MSEK 133.0 (131.7) and in Great Britain to MSEK 7.0 (10.5).

Currency effects have had a negative impact on the result before tax by MSEK 7.0 (which of MSEK 4.0 during Q4)

Income before tax during 2003 amounted to MSEK 99.6 (99.4) and net income amounted to MSEK 64.5 (64.5)

The positive earnings trend is attributable in part to high capacity utilisation in the Scandinavian factories and to reduced costs through ongoing coordination measures within the Group. Marketing related costs and currency fluctuation are contributing negatively to the result.

Tax authorities are conducted a tax audit of Ballingslöv AB related to fiscal year 2001. Tax authorities disagree with Ballingslöv AB regarding tax deductions made during 2001. Ballingslöv AB has appeal the decision. The effect is estimated to have an impact of approximately MSEK 1.0 on the result if a negative outcome would be the case. No reservation has been made to cover for the exposure as of year end.

Cash flow

Group cash flow from current operations during 2003 amounted to MSEK 128.0 (96.6) Cash flow from current operations in Scandinavia amounted to MSEK 99.3 (78.8) and in Great Britain to MSEK 28.7 (17.8).

Improved cash flow is related to current operation (changes in working capital unaccounted for) and an improvement in working capital

Net investments and depreciation

The Group's net investments during 2003 amounted to MSEK 43.3 (47.8). Investments are primarily related to sprinkler systems (Ballingslöv AB and JKE Design A/S), IT (Kingfisher Wood Products and DFI A/S) and the acquisition of Multiform A/S.

Depreciation according to plan (tangible assets) amounted to MSEK 28.3 (24.9). Depreciation of goodwill and brands amounted to MSEK 21.9 (23.1)

Liquidity and financial position

At year end, the Group's liquid assets amounted to MSEK 68.8 compared with MSEK 73.1 at the beginning of the year. Net debt at year end amounted to MSEK 239.4 compared with MSEK 297.8 at the beginning of the year.

The consolidated equity/assets ratio was 46,1% at year end, compared with 42.8% at the beginning of the year.

At year end, available credit and liquid assets amounted to MSEK 220.3. It has been possible to reduce the average interest rate on the Group's loans through reduced net debt and an improved equity/assets ratio.

The interest coverage ratio at the end of the year was 5.6 compared with 5.0 at the beginning of the year.

Employees

At year end, Ballingslöv group had 883 employees (of which 39 are related to acquisitions during the period) – and increase by 62 compare to the beginning of the year. Average number of employees during 2003 was 868 (816)

Parent Company

The Parent Company conducts no operations of its own and thus reported no sales during the period. The Parent Company's profit after tax amounted to MSEK 48.0 (48.3).

The Ballingslöv share

At the end of the period, there were 10 725 758 outstanding shares. Average number of shares during the period was 10 725 758 (9 761 386). At the end of the period, the company had no holdings of its own shares.

Dividend proposal

The Board of Directors proposes that the dividend for the 2003 fiscal year be set at SEK 2.75 per share. The proposed dividend utilises MSEK 29.5 and constitutes 46% of the net income for the year.

Annual General Meeting

The Annual General Meeting will take place at 17.00 on Thursday April 15 2003 in the company's premises in Ballingslöv. Thursday April 22 is the proposed record date for entitlement to receive dividends. It is anticipated that payment will be made via VPC on Tuesday April 27. The Annual Report for 2003 will be available in the beginning of April. Information regarding notification for the Annual General Meeting will be given in the annual report.

Nominating committee

The four largest owners of Ballingslöv International (capital and votes) have appointed a nominating committee charged with putting forward proposals for the election of board members as well as board fees.

The members of the committee are:

Lars-Åke Helgesson	Chairman of the Board of Ballingslöv
Bert-Åke Eriksson	Stena Sessan
Sten Kottmeier	AMP pension (incl. fonds)
Salah Osseiran	Fairford Scandinavia
Stefan Roos	SHB-Fonder

Accounting principles

This report was prepared in accordance with recommendation RR 20 issued by the Swedish Financial Accounting Standards Council. The valuation and classification principles remain unchanged since the annual report for 2002. The recommendations that were issued on 1 January 2003 by the Swedish Financial Accounting Standards Council have not resulted in any change of accounting principles.

Ballingslöv will adjust the reporting of pension obligations in 2004 in accordance with recommendation RR 29 issued by the Swedish Financial Accounting Standards Council. By January 1, 2004 group pension obligations will increase by MSEK 59. The negative effect on equity due to this adjustment is MSEK 41.

Ballingslöv, February 17, 2004

Ballingslöv International AB (publ)

Board of Directors

This interim report has not been subject to review by the company's auditors.

Future reporting dates

Annual report for fiscal year 2003	April 5 2004
Annual general meeting	April 15 2004
Interim report, January-March	April 29 2004
Interim report, January-June	August 23 2004
Interim report, January-September	October 26 2004

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Interim report Full-year 2003

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT

SEK M	Q 4 2003	Q 4 2002	Full-year 2003	Full-year 2002
Net sales	322.5	303.4	1 204.5	1 159.6
Cost of goods sold	-205.7	-197.3	-775.3	-749.7
Gross profit	116.8	106.1	429.2	409.9
Selling expenses	-66.1	-58.5	-243.5	-230.0
Administrative expenses	-18.6	-12.2	-65.6	-58.8
Other operating income and expenses (including R&D expenses)	-0.2	-1.5	-2.0	-2.0
Operating income	31.9	33.9	118.1	119.1
Interest income and similar income/loss items	0.4	2.1	3.1	5.0
Interest expense and similar income/loss items	-4.8	-6.2	-21.6	-24.7
Income after financial items	27.5	29.8	99.6	99.4
Tax on income for the period	-8.9	-10.0	-35.2	-34.9
Minority shares in net income/loss	0.0	-0.1	0.1	0.0
Net income for the period	18.6	19.7	64.5	64.5
Earnings per share before and after dilution	1.73	1.86	6.01	6.61
Income was charged with:				
Depreciation of tangible assets amounting to	8.2	4.3	28.3	24.9
Amortization of intangible assets amounting to	5.3	5.7	21.9	23.1

CONDENSED CONSOLIDATED BALANCE SHEETS

SEK M	31.12.03	31.12.02
ASSETS		
Intangible fixed assets	321.6	351.1
Tangible fixed assets	222.4	211.2
Financial fixed assets	3.8	3.2
Total fixed assets	547.8	565.5
Inventories etc	153.2	147.8
Current receivables	238.3	254.3
Cash and bank balances	68.8	73.1
Total current assets	460.3	475.2
Total assets	1 008.1	1 040.7
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	464.4	444.7
Minority interests	0.2	0.3
Provisions	83.1	69.9
Long-term liabilities	236.3	302.7
Current liabilities	224.1	223.1
Total liabilities	543.5	595.7
Total shareholders' equity and liabilities	1 008.1	1 040.7
The above liabilities include:		
Interest-bearing liabilities and provisions	308.2	370.9
Non interest-bearing liabilities and provisions	235.3	224.8
Net debt	239.4	297.8

CONDENSED CONSOLIDATED CASH-FLOW STATEMENTS

SEK M	Q 4 2003	Q 4 2002	Full-year 2003	Full-year 2002
<i>Current operations</i>				
Income before financial items	31.9	33.9	118.1	119.1
Depreciation and other items not affecting liquidity	16.9	11.8	55.9	51.8
Net interest income/expenses	-6.8	-2.4	-17.7	-20.1
Tax paid	-9.4	-9.0	-25.4	-29.4
Cash flow from current operations before changes in working capital	32.6	34.3	130.9	121.4
Changes in working capital	33.0	14.2	-2.9	-24.8
Cash flow from current operations	65.6	48.5	128.0	96.6
Cash flow from investment operations	-12.2	-11.2	-43.4	-47.8
Cash flow from financing operations	-25.6	-25.7	-89.0	-4.7
Cash flow for the period	27.8	11.6	-4.4	44.1
Liquid assets at the beginning of the period	41.0	61.5	73.1	29.1
Exchange rate difference in liquid assets			0.1	-0.1
Liquid assets at end of period	68.8	73.1	68.8	73.1

Key Data

	Full-year 2003	Full-year 2002
Gross margin including goodwill amortization, %	35.6	34.6
EBITDA-margin, %	14.0	13.2
Operating margin before goodwill amortization (EBITA), %	11.6	11.0
Operating margin (EBIT), %	9.8	9.1
Income margin, %	8.3	6.9
Interest coverage ratio, multiple	5.6	3.7
Debt/equity ratio, multiple	0.7	1.2
Net debt, including pension provisions, SEK M	239.4	401.5
Return on capital employed, %	15.3	15.6
Return on equity, %	14.2	16.3
Equity/assets ratio, %	46.1	42.8
Average number of employees	868	816

Data per share

	Q 4 2003	Q 4 2002	Full-year 2003	Full-year 2002
Earnings per share, SEK	1.73	1.86	6.01	6.61
Earnings per share, excluding goodwill, SEK	2.23	2.39	8.05	8.98
Shareholders equity per share, SEK			43.28	41.44
Dividend per share*	2.75	2.50	2.75	2.50
Average number of shares during period, millions	10.73	10.72	10.73	9.76
Number of shares at end of period, millions	10.73	10.73	10.73	10.73

* 2003 refers to the boards dividend proposal.

CHANGES IN SHAREHOLDERS' EQUITY

SEK M	31.12.03	31.12.02
Shareholders' equity at beginning of period	444.7	346.1
Translation differences	-17.8	-16.0
New issue	0.0	50.1
Dividend	-27.0	0.0
Net income for the period	64.5	64.5
Shareholders' equity at end of period	464.4	444.7

NET SALES BY SUBSIDIARY

SEK M	Full-year 2003	Full-year 2002
Ballingslöv AB, Sv	523.0	497.3
JKE Design A/S, Dk	186.8	167.4
Dansk Formpladeindustri A/S, Dk	151.1	134.9
Kingfisher Wood Products Ltd, Uk	302.9	365.8
Multiform A/S, Dk	56.3	0.0
Retail operations and eliminations	-15.6	-5.8
Total	1 204.5	1 159.6

SALES, INCOME BY MARKET AREA

	Scandinavia		Great Britain		Group	
	Full-year 2003	Full-year 2002	Full-year 2003	Full-year 2002	Full-year 2003	Full-year 2002
Net sales, SEK M	901.6	793.8	302.9	365.8	1 204.5	1 159.6
Sales growth, %	13.6	3.7	-17.2	-21.9	3.9	-6.0
Operating income before depreciation, SEK M (EBITDA)	154.9	150.2	13.4	16.9	168.3	167.1
EBITDA-margin, %	17.2	18.9	4.4	4.6	14.0	14.4
Operating income before goodwill amortization, SEK M (EBITA)	133.0	131.7	7.0	10.5	140.0	142.2

NET SALES AND INCOME BY MARKET AREA - QUARTERLY DATA

SEK M	Q 4 2003	Q 3 2003	Q 2 2003	Q 1 2003	Q 4 2002	Q 3 2002	Q 2 2002	Q 1 2002
<i>Net sales</i>								
Scandinavia	245.7	193.8	246.8	215.3	220.0	164.1	218.9	190.8
Great Britain	76.8	76.8	74.5	74.8	83.4	80.6	96.8	105.0
Group	322.5	270.6	321.3	290.1	303.4	244.7	315.7	295.8
<i>Operating income before amortization of goodwill (EBITA)</i>								
Scandinavia	35.6	21.0	47.6	28.8	34.1	26.4	47.2	24.0
Great Britain	1.6	1.4	3.9	0.1	5.5	-2.9	3.2	4.7
Group	37.2	22.4	51.5	28.9	39.6	23.5	50.4	28.7
<i>Operating income before amortization of goodwill (%)</i>								
Scandinavia	14.5	10.8	19.3	13.4	15.5	16.1	21.6	12.6
Great Britain	2.1	1.8	5.2	0.1	6.6	-3.6	3.3	4.5
Group	11.5	8.3	16.0	10.0	13.1	9.6	16.0	9.7