

Ballingslöv International AB (publ)

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INTERIM REPORT

January-March 2006

- Net sales increased by 74 percent^{*)} to SEK 544.6 M (313.6). Organic growth was approximately 19 percent based on the Group's current holdings
- Net income for the period increased by 53 percent to SEK 29.6 M (19.4)
- Earning per share increased by 52 percent to 2.76 (1.81)
- Operating income increased by 65 percent to SEK 48.8 M (29.6) corresponding to an operating margin of 9.0 percent (9.4)
- Cash flow from current operations was SEK 29.0 M (-12.4)

	Group			
	Q 1 2006	Q 1 2005	Full-year 2005	April/March 2005/2006
Net sales, SEK M	544.6	313.6	1 870.9	2 101.9
Operating income before depreciation, SEK M (EBITDA)	64.7	38.1	204.1	230.7
EBITDA-margin, %	11.9	12.1	10.9	11.0
Operating income, SEK M (EBIT)	48.8	29.6	151.2	170.4
Operating margin (EBIT-margin), %	9.0	9.4	8.1	8.1
Income before taxes, SEK M	42.4	27.8	118.0	132.6
Net income for the period, SEK M	29.6	19.4	85.4	95.6
Earnings per share, SEK	2.76	1.81	7.96	8.91

Note: Costs for cancellation of the Svane project has impacted the result for 2005 (and April/March 2005/2006) negatively by the following; SEK 49.0 M at Ebit, SEK 59 M at result before tax and SEK 43.0 M at net profit level.

^{*)} The Kvik company was not included in the Group figures during the first quarter 2005

Market areas

Scandinavia

The market in Scandinavia is estimated to be strong in both renovation and new construction segment. Low interest rates and stable prices of real estate combined with a continuous strong interest for home interior (kitchens and baths) among consumers are still strong driver in the market.

New product introductions have been made by many brands and marketing through TV commercials have been intensified.

The continuous drive to develop the distribution channels is ongoing at all subsidiaries and includes new openings as well renovations of current distributors. Kvik plans to open approximately 25 new stores in 2006 (compared to 17 in 2005) and opened the first store in Belgium in the beginning of the year

Great Britain

The demand in our primary segment, new construction of single family homes, is continue to be weak. The order value per kitchen has been managed to increase as more kitchens are delivered including white goods and installations

Focus on lead-time and work-flows that commenced by the end of 2005 has continued in 2006. Consequently, delivery precision and customer service are among the best in the industry which is strong contributor in achieving lasting and good customer relation.

Financial accounts

Net sales and income January – March

Consolidated net sales during the period was SEK 544.6 M (313.6) an increase by 74 percent. Organic growth was approximately 19 percent based on the Group's current holdings.

Consolidated operational income was SEK 48.8 M (29.6), and increase with 65 percent. Operating margin was 9.0 percent (9.4)

Net sales in Scandinavia increased by 94 percent to SEK 462.0 M (238.1) Operating income in Scandinavia was SEK 45.2 M (27.1) an increase with 67 percent corresponding to an operating margin of 9.8 percent (11.4 percent). The acquisition of Kvik together with strong growth and high utilization of production capabilities has contributed to the strong result. During the period the costs for marketing has increased and there has also been some delivery problems in Denmark due to implementation of new ERP system.

In Great Britain sales increased by 9 percent to SEK 82.6 M (75.5). Operating income was SEK 3.6 M (2.5) corresponding to a margin of 4.4 percent (3.3). Increased value per kitchens related to an increased number of deliveries including white goods and installations and cost reductions initiated in the end of 2005 have had a positive effect on the result.

Income before tax for the period was SEK 42.4 M (27.8) an increase by 53 percent compared to the same period last year. Net income for the period was SEK 29.6 M (19.4) an increase by 53 percent compared to the same period last year

Cash flow

Group cash flow from operations during the period was SEK 29.0 M (-12.4) of which the Scandinavian operation contributed with SEK 23.8 M (-15.1) and operation in Great Britain with SEK 5.2 M (2.7).

Cash flow has improved due to stronger result and less working capital.

Net investments and depreciation

The Group's net investment during the period was SEK 19.9 M (36.9). These investments are primarily related to facilities at Multiform A/S and Kvik and production equipment at Ballingslöv AB. Depreciation according to plan regarding tangible fixed assets amounted to SEK 12.7 M (7.2). Amortization of intangible assets was SEK 3.2 M (1.3).

Liquidity and financial position

At the end of the period, the Group's liquid assets amounted to SEK 149.7 M compared with SEK 146.0 M at the beginning of the year. Net debt at the end of the period was SEK 753.6 M compared with SEK 762.1 M at the beginning of the year.

The consolidated equity/assets ratio was 31.1 percent at the end of the period, compared with 30.8 percent at the beginning of the year. In the first quarter net debt has been reduced by SEK 8.5 M.

Available credits and liquid assets amounted to SEK 290.0 M at the end of the period.

Employees

At the end of the period, Ballingslöv had 1131 employees an decrease by 15 compared to the beginning of the year. Average number of employees during period was 1128 (921)

Parent company

The parent company conducts no operations of its own and thus reported no net sales during the period. The Parent Company reported a loss after tax of SEK -2.9 M (-0.6).

The Ballingslöv share

At the end of the period, the number of outstanding shares totaled 10.725.758. The average number of shares during the period was 10.725.758 (10.725.758). At the end of the period, the company had no holdings of its own shares.

Accounting principles

This interim report adheres to IAS 34 Interim Financial Reporting and RR 31 "delårsrapportering för koncerner". Accounting principles and computation are consistent with the annual report. The new/up-dated IFRS-standards that are mandatory as of Jan. 1, 2006 has had no impact on Ballingslöv Group's profit and loss account nor on the balance sheet, cash flow or equity (for more details see the annual report for 2005)

Ballingslöv, April 28, 2006

Ballingslöv International AB (publ)

Nils-Erik Danielsson
CEO and President

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

Future reporting dates

Interim report; January-June 2006

August 16, 2005

Interim report; January-September 2006

October 25, 2005

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Interim report Januari-March 2006

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT

SEK M	Q 1 2006	Q 1 2005	Full-year 2005	April / March 2005/2006
Net sales	544.6	313.6	1 870.9	2 101.9
Cost of goods sold	-350.8	-209.1	-1 226.4	-1 368.1
Gross profit	193.8	104.5	644.5	733.8
Selling expenses	-113.0	-57.4	-369.8	-425.4
Administrative expenses	-31.0	-17.5	-121.8	-135.3
Other operating income and expenses (including R&D expenses)	-1.0	-0.1	-1.7	-2.6
Items affecting comparability ¹⁾		0.1	0.0	-0.1
Operating income	48.8	29.6	151.2	170.4
Interest income and similar income/loss items	2.7	0.9	6.9	8.7
Interest expense and similar income/loss items	-9.1	-2.7	-40.1	-46.5
Income after financial items	42.4	27.8	118.0	132.6
Tax on income for the period	-12.8	-8.4	-32.6	-37.0
Net income for the period	29.6	19.4	85.4	95.6
1) Items affecting comparability:				
Effect pensioncost IAS 19/RR 29		0.1		-0.1
Earnings per share	2.76	1.81	7.96	8.91
Income was charged with:				
Depreciation of tangible assets amounting to	12.7	7.2	41.4	46.9
Amortization of intangible assets amounting to	3.2	1.3	11.5	13.4

CONDENSED CONSOLIDATED BALANCE SHEETS

SEK M	31.03.06	31.03.05	31.12.05
ASSETS			
Intangible fixed assets	764.3	348.3	769.3
Tangible fixed assets	399.7	291.2	394.5
Financial fixed assets	36.0	4.6	30.6
Total fixed assets	1 200.0	644.1	1 194.4
Inventories etc	200.3	170.8	202.6
Current receivables	363.6	287.6	296.0
Cash and bank balances	149.7	38.4	146.0
Total current assets	713.6	496.8	644.6
Total assets	1 913.6	1 140.9	1 839.0
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity and minority interests	594.8	522.7	566.6
Provisions	226.3	136.3	228.4
Long-term liabilities	779.6	197.9	777.5
Current liabilities	312.9	284.0	266.5
Total liabilities	1 318.8	618.2	1 272.4
Total shareholders' equity and liabilities	1 913.6	1 140.9	1 839.0
The above liabilities include:			
Interest-bearing liabilities and provisions	903.3	359.6	908.1
Non interest-bearing liabilities and provisions	415.5	258.6	364.3
Net debt	753.6	321.2	762.1

CONDENSED CONSOLIDATED CASH-FLOW STATEMENTS

SEK M	Q 1 2006	Q 1 2005	Full-year 2005
<i>Current operations</i>			
Income before financial items	48.8	29.6	151.2
Depreciation and other items not affecting liquidity	17.2	11.3	98.5
Net interest income/expenses	-2.6	-3.6	-16.5
Tax paid	-10.7	-8.1	-58.6
Cash flow from current operations before changes in working capital	52.7	29.2	174.6
Changes in working capital	-23.7	-41.6	-36.6
Cash flow from current operations	29.0	-12.4	138.0
Cash flow from investment operations	-19.9	-36.9	-398.5
Cash flow from financing operations	-5.4	22.0	340.7 ¹⁾
Cash flow for the period	3.7	-27.3	80.2
Liquid assets at the beginning of the period	146.0	65.7	65.7
Exchange rate difference in liquid assets			0.1
Liquid assets at end of period	149.7	38.4	146.0
1) Cash flow from financing operations			
Dividend, parent company:			-34.8
Dividend, acquired company (anticipated in the acquisition):			-22.8
Change of loan:			401.4
Increased utilization of bank overdraft facility:		26.8	1.3
Decreased utilization of bank overdraft facility:	-5.4	-4.7	-4.8
Other:		-0.1	0.4
	-5.4	22.0	340.7

Key Data

	Q 1 2006	Q 1 2005	Full-year 2005
Gross margin including goodwill amortization, %	35.6	33.3	34.4
EBITDA-margin, %	11.9	12.1	10.9
Operating margin (EBIT) %	9.0	9.4	8.1
Income margin %	7.8	8.9	6.3
Interest coverage ratio, multiple	5.7	11.3	3.9
Debt/equity ratio, multiple	1.5	0.7	1.6
Net debt, including pension provisions, SEK M	753.6	321.2	762.1
Return on capital employed, %			12.3
Return on equity, %			16.3
Equity/assets ratio %	31.1	45.8	30.8
Average number of employees	1 128	921	1125

Data per share

	Q 1 2006	Q 1 2005	Full-year 2005
Earnings per share, SEK	2.76	1.81	7.96
Shareholders equity per share, SEK			52.81
Dividend per share			3.50
Average number of shares during period, millions	10.73	10.73	10.73
Number of shares at end of period, millions	10.73	10.73	10.73

(Definitions of key figures according to Annual report 2005)

CHANGES IN SHAREHOLDERS' EQUITY

SEK M	31.03.06	31.03.05	31.12.05
Shareholders' equity at beginning of period	566.6	496.0	493.4
Translation differences/currency differences	-2.6	7.1	40.8
Pensions			-8.9
Hedging of net investment	1.1		-9.2
Dividends			-34.9
Minority interests	0.1	0.2	0.1
Net income for the period	29.6	19.4	85.4
Shareholders' equity at end of period	594.8	522.7	566.6

SALES, INCOME BY MARKET AREA

	Scandinavia			Great Britain			Group		
	Q 1 2006	Q 1 2005	Full-year 2005	Q 1 2006	Q 1 2005	Full-year 2005	Q 1 2006	Q 1 2005	Full-year 2005
Net sales, SEK M	462.0	238.1	1 539.3	82.6	75.5	331.6	544.6	313.6	1 870.9
Sales growth, %	94.0	1.3	57.2	9.4	9.6	4.0	73.7	3.2	44.1
Operating income before depreciation, SEK M (EBITDA)	58.6	33.3	181.0	6.1	4.8	23.1	64.7	38.1	204.1
EBITDA-margin, %	12.7	14.0	11.8	7.4	6.4	7.0	11.9	12.1	10.9
Operating income, SEK M (EBIT)	45.2	27.1	138.1	3.6	2.5	13.1	48.8	29.6	151.2
Operating margin (EBIT-margin), %	9.8	11.4	9.0	4.4	3.3	4.0	9.0	9.4	8.1

NET SALES AND INCOME BY MARKET AREA - QUARTERLY DATA

SEK M	Q 1 2006	Q 4 2005	Q 3 2005	Q 2 2005	Q 1 2005
<i>Net sales</i>					
Scandinavia	462.0	474.4	390.4	436.4	238.1
Great Britain	82.6	83.8	82.4	89.9	75.5
Group	544.6	558.2	472.8	526.3	313.6
<i>Operating income (EBIT)</i>					
Scandinavia	45.2	57.3	36.3	17.4	27.1
Great Britain	3.6	-0.9	5.2	6.3	2.5
Group	48.8	56.4	41.5	23.7	29.6
<i>Operating margin (EBIT) (%)</i>					
Scandinavia	9.8	12.1	9.3	4.0	11.4
Great Britain	4.4	-1.1	6.3	7.0	3.3
Group	9.0	10.1	8.8	4.5	9.4