PERGO AB

FINANCIAL RESULTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED JUNE 30, 2006

Trelleborg, July 26, 2006 – PERGO AB ("Pergo" or "the Group") (Stockholmsbörsen: PERG) today announced its financial results for the second quarter and six months ended June 30, 2006. Pergo's consolidated accounts have been prepared according to International Financial Reporting Standards (IFRS) as adopted by the European Union.

SECOND QUARTER HIGHLIGHTS

- **Net sales up 16% year on year to SEK 831 million (SEK 717 million)**
- **Gross profit up 19% year on year to SEK 206 million (SEK 173 million) with gross profit margin of 25% (24%)**
- **SEK 45 million positive swing in profitability to operating income of SEK 42 million (SEK -3 million) with operating profit margin of 5.1% (-0.4%)**
- **Net income up to SEK 37 million (SEK -5 million)**
- **Earnings per share of SEK 0.69 (SEK -0.12)**

FIRST HALF YEAR HIGHLIGHTS

- **Net sales up 12% year on year to SEK 1,599 million (SEK 1,430 million)**
- **Gross profit up 17% year on year to SEK 410 million (SEK 350 million) with gross profit margin of 26% (25%)**
- **Fourfold increase in profitability to operating income of SEK 84 million (SEK 20 million) with operating profit margin of 5.2% (1.4 %)**
- **Net income up to SEK 71 million (SEK 15 million)**
- **Earnings per share up to SEK 1.34 (SEK 0.26)**

OUTLOOK

- **Following strong first half year operating results and despite increased competitive pressures, the Board of Directors has raised the guidance for full year 2006 sales growth to at least 15% (previously 10-15%) and maintained full year 2006 guidance for EBIT margin of 6-7%, with a bias towards the upper end of range, and return on capital employed of 16-18%**

Tony Sturrus, President and CEO of Pergo AB, commented: "Record second quarter and first half year operating results underline our dual objectives of continued growth and enhanced profitability. We also continue to benefit from the restructuring in 2005 and ongoing operating efficiency improvements. The North American operations continued to perform well across most business lines and the European operations yielded higher margins as a result of the changes that we have made. Our operating margin therefore increased to above 5% for both the quarter and year to date.

"We remain focused on investing in the value of the Pergo brand and developing key account relationships across our operating regions. The introduction of new product ranges; new account initiatives; the extension of existing distribution channels; and activities to capitalize on Pergo's significant worldwide intellectual property portfolio, provide the engine for further growth. We also continue to enhance our operating efficiency levels in order to improve our financial performance and maintain our competitiveness."

FINANCIAL SUMMARY

SEK millions	**Apr–June 2006**	Apr–June 2005	**Jan–June 2006**	Jan–June 2005	Jan–Dec 2005
Net sales	**831**	717	**1,599**	1,430	3,015
North America	**543**	439	**1,030**	879	1,847
Europe	**269**	254	**532**	507	1,064
Asia & Other	**19**	24	**37**	44	104
Operating profit (loss)	**42**	-3	**84**	20	174
North America	**30**	24	**73**	56	102
Europe	**32**	7	**55**	19	51
Asia & Other	**-20**	-34	**-44**	-55	21
Net Interest & Other financial items	**-5**	-2	**-12**	-4	-13
Pre-tax profit	**37**	-5	**72**	16	161
Net profit (loss)	**37**	-5	**71**	15	166
Average number of shares outstanding	**53,569,685**	53,569,685	**53,569,685**	53,569,685	53,569,685
Earnings per share (SEK)	**0.69**	-0.12	**1.34**	0.26	3.07

Fully diluted earnings per share (SEK)	**0.68**	-	**1.32**	-	3.07
Total Assets	**1,983**	1,786	**1,983**	1,786	1,869

OPERATING REVIEW

Group net sales increased by 15.9% year on year in the second quarter to SEK 831 million (SEK 717 million) and by 11.8% to SEK 1,599 million (SEK 1,430 million) for the first six months of the year. The Group's growth was primarily driven by a strong performance in the North American operation following higher than anticipated retail sales. The North American operation's planned product roll-outs initially scheduled for the second quarter had marginal impact on the results, due to the fact that major accounts moved their introduction schedules to the latter half of the year. Local currency net sales were up 14.4% and 6.2% for the two respective periods.

Gross profits were up 19.1% year on year in the quarter to SEK 206 million (SEK 173 million) and by 17.1% to SEK 410 million (SEK 350 million) for the year to date, and the Group reported an improved gross margin of 24.9% (24.2%) in the quarter and 25.7% (24.5%) for the year to date. The improvement in gross profit margin was primarily attributable to improved productivity, lower operating costs in Europe, and the benefits of the 2005 investments in a laminate bonding line in North America. The productivity improvements and return on investments more than offset increasing costs on certain key commodity items and transportation. The decline in gross profit margin on a sequential quarter to quarter basis was attributable to planned retail mark-downs in North America in preparation for new product and program launches.

Group operating costs (i.e. excluding the cost of goods sold) decreased by SEK 23 million or 12.2% year on year in the quarter and by 6.6% for the year to date. Operating costs represented 19.7% of Group sales in the second quarter, compared to 24.5% for the same period of 2005. On a year to date basis, operating costs represented 20.4% (23.1%) of Group sales. Lower personnel related costs and legal fees were the primary factors in the year on year reduction. The Group expensed SEK 3 million of costs related to the Global Share Option plan during the quarter and SEK 7 million for the year to date, with no comparable costs for the same periods of 2005.

The Group had 647 employees at the end of the period, compared to 778 at the end of the second quarter of 2005 and 703 at the end of 2005.

The Group reported a SEK 45 million year on year positive swing in operating profitability in the second quarter from a loss of SEK 3 million in 2005 to a profit of SEK 42 million in the current year, and thereby achieved an operating margin of 5.1% (-0.4%). The Group reported a fourfold increase in operating profitability to SEK 84 million (SEK 20 million) for the year to date, and an increased operating margin of 5.2% (1.4%). The operating profits for the quarter and year to date were adversely impacted by SEK 11.0 million and SEK 7.0 million of negative currency translation effects, respectively.

Net interest and other financial items totaled SEK -5 million (SEK -2 million) in the quarter and SEK -12 million (SEK -4 million) for the year to date. The Group's pre-tax profit therefore increased year on year to SEK 37 million (SEK -5 million) in the quarter and to SEK 72 million (SEK 16 million) for the year to date. The Group incurred no tax charges in the second quarter of 2005 or 2006 and SEK -1 million for the first six months of both years. The Group's balance sheet included deferred tax assets of SEK 96 million at the end of the period.

Pergo therefore reported net income of SEK 37 million in the second quarter, compared to a net loss of SEK -5 million for the same period of 2005, and substantially increased year to date net income of SEK 71 million (SEK 15 million). The Group reported earnings per share of SEK 0.69 (loss of SEK 0.12) in the quarter and SEK 1.34 (SEK 0.26) for the year to date on an unchanged total of 53,569,685 issued and outstanding shares.

North America

SEK millions	**Apr–June 2006**	Apr–June 2005	**Jan–June 2006**	Jan–June 2005	Jan–Dec 2005
Net Sales	**543**	439	**1,030**	879	1,847
Operating profit (EBIT)	**30**	24	**73**	56	102
Operating profit margin (%)	**6**	5	**7**	6	6
Personnel	**277**	284	**-**	-	275

Net sales for the North American operations accounted for approximately 64% (61%) of the company's sales for the first six months of 2006, and were up 23.7% year on year in the second quarter, 11.5% on a sequential quarter to quarter basis, and by 17.2% for the year to date. Local currency net sales were up 21.8% and 9.6% year on year for the two respective periods. Quarterly sales were at record levels and primarily reflected strong growth in the home improvement channel and new account programs, including increased activity levels with Sam's Club. Sales of Pergo's patented four-in-one accessories also increased significantly year on year. The positive developments were offset by the rescheduling of new launch programs with key customers until the third quarter, as well as weaker sales through the specialty retail channel.

Both the gross and operating margins increased over the half year with lower freight, claims and bad debt expenses offset by higher promotional costs. The North American operation continues as planned to incur costs in preparation for its new product and program launches, which will positively impact the forward results. Inventory levels increased during the two reporting periods in preparation for the roll-outs and increased sales volumes anticipated during the second half of the year, with SEK 35 million of total inventories accounted for by the build-up for the new product programs.

Operating profits were up 25% year on year in the quarter and 30% for the year to date, which included SEK 0.5 million and SEK 6.0 million of positive currency translation effects for the two respective periods. The operating profit margin was 5.5% (5.5%) in the quarter and increased to 7.1% (6.4%) for the year to date.

Europe

SEK millions	**Apr–June 2006**	Apr–June 2005	**Jan–June 2006**	Jan–June 2005	Jan-Dec 2005
Net Sales	**269**	254	**532**	507	1,064
Operating profit	**32**	7	**55**	19	51
Operating profit margin (%)	**12**	3	**10**	4	5
Personnel	**327**	446	**-**	-	379

Net sales for the European operations accounted for approximately 33% (35%) of the Company's sales for the first six months of 2006, and increased by 5.9% year on year in the quarter and by 4.9% for the year to date. In local currency terms, net sales were up 5.9% and 2.7% year on year for the respective periods, which reflected growth across all countries despite the impact of discontinuing certain less profitable product lines. Pergo grew in line with the highly competitive laminate flooring industry for both periods, and benefited from more aggressive branding and marketing activities. These activities included Pergo brand specific marketing as well as retailer linked promotion campaigns. New product ranges such as the innovative beveled edge 'Expressions' and 'Shipdeck' products performed ahead of expectations. Sales of accessories also performed strongly, with the four-in-one molding product proving increasingly popular and providing a comprehensive moldings solution for all laminate flooring.

Total operating costs for the European operations were reduced by 4% year on year in the quarter and by 2% for the year to date, following the successful cost reduction program in 2005 and improvements across the region. These reductions have led to increased gross profit margins in both periods. The European activities have been consolidated at all levels and Pergo continues to drive improved profitability levels through continuous manufacturing process improvements and enhanced sales efficiency. These initiatives included the reorganization of the sales force into four regional teams, which has increased flexibility and customer service levels.

Operating profits more than quadrupled in the quarter and more than tripled for the year to date, despite SEK 11.5 million and SEK 13.0 million of negative currency translation effects in the respective periods. The operating profit was influenced by the European Restructuring Program undertaken in 2005. The European businesses consequently achieved significantly enhanced operating margins of 11.9% (2.8%) in the quarter and 10.3% (3.7%) for the year to date.

Asia & Other (Intellectual Property & Overhead)

SEK millions	**Apr–June 2006**	Apr–June 2005	**Jan–June 2006**	Jan–June 2005	Jan-Dec 2005
Net Sales	**19**	24	**37**	44	104
Operating profit	**-20**	-34	**-44**	-55	21
Operating profit margin (%)	**-**	-	**-**	-	20
Personnel	**43**	48	**-**	-	49

Net sales for the Asian operations were down year on year in both the quarter and for the year to date, which primarily reflected a highly competitive market environment in China. Pergo is focused on the high-end market in China, which reflects increasing consumer demand for high quality imported products, and on identifying additional distribution partners for Pergo products. The sale of the Pergo Korea Ltd. subsidiary was completed in the second quarter on June 30, 2006. The former subsidiary has now become an exclusive Pergo distributor in South Korea.

Total operating costs for the combined Asian, IP and Overhead operations were also reduced year on year by 38% in the quarter and 21% for the year to date following the reorganization in 2005.

Pergo’s intellectual property portfolio comprises approximately 500 granted and pending patent applications. Pergo grants licenses to its inventions to third parties in return for license payments. Pergo was granted an additional molding patent in the US at the end of June, which, in combination with Pergo's existing patents in this field, protects an extensive sphere of intellectual property covering multi-function molding products including Pergo's revolutionary SimpleSolutions™ Four-in-One Molding system, as well as other single function laminate molding products. As previously announced, Pergo entered into a license agreement with the Süddekor group in March

2006 relating to the Pergo patented Lusterguard and Titan X surface technology, which gives superior wear, scratch and high impact resistance.

A favorable decision on how to construe the Pergo glue-less joint patents in the context of the Alloc Inc., Berry Finance NV, and Armstrong World Industries US patent dispute was received in May 2006. The decision confirmed that Pergo's patent is broad and this decision is a positive step toward the court ultimately finding that the defendants infringe Pergo's patent. As previously announced, the arbitration between Pergo and HW Industries GmbH & Co. KG was settled in March 2006. The Group is awaiting a decision in the arbitration with the bankrupt estate of Witex relating to a partnership agreement.

Non-Asia operating costs were reduced year on year in both the quarter and for the year to date following the reduction of external legal counsel fees and the non-recurring severance payments made in 2005.

FINANCIAL REVIEW

The Group generated SEK 66 million (SEK -4 million) of cash flow from operations in the second quarter and SEK 130 million (SEK 30 million) for the year to date. Working capital increased by SEK 38 million in the quarter and by SEK 173 million for the year to date and primarily comprised increased inventory levels in North America ahead of rescheduled product launches, as well as a SEK 104 million increase in account receivables in line with the overall growth in the Group's production volumes and sales. Accounts receivables days outstanding were stable year on year. Inventory levels increased during the first half of the year, in order to support the campaigns planned for the rest of the year, which is expected to lead to a significantly increased inventory turnover rate during the second half of the year as promotional activity accelerates and in-store product roll-outs gather momentum.

Cash flow from ongoing operations consequently amounted to SEK 28 million (SEK 62 million for the quarter and SEK -43 million (12) for the year to date.

Capital expenditure totaled SEK 28 million (SEK 102 million) in the quarter and SEK 63 million (SEK 170 million) for the year to date. Figures for the 2005 comparable periods reflected the now completed build out of the lamination bonding line and the expansion of the plant in Garner, North Carolina in 2005, as well as the plant consolidation in Sweden. Depreciation and amortization charges totaled SEK 35 million (SEK 32 million) in the quarter and SEK 68 million (SEK 63 million) for the year to date.

Capital employed at the end of the period amounted to SEK 1,579 million (SEK 1,314 million) and had increased by SEK 107 million since the beginning of 2006 but was unchanged from the end of the first quarter. The Group's return on capital employed increased to 17.3% for the twelve months ended June 30, 2006 and compared to 14.5% for the twelve months ended December 31, 2005.

The Group had net debt of SEK 275 million (SEK 260 million) as at 30 June 2006, which compared with a net debt position of SEK 228 million as at December 31, 2005. Net debt is calculated as cash and cash balances less interest bearing liabilities. The Group's total confirmed credit facilities amounted to USD 71.5 million as at June 30, 2006, which was equivalent to SEK 519 million.

The Group's equity to assets ratio, which is defined as consolidated equity as a percentage of total assets**,** was 61% (55%) as at the end of the reporting period, and compared with 61% at the end of 2005.

The parent company reported operating income of SEK -10 million (SEK -26 million) in the quarter and SEK -27 million (SEK -37 million) for the year to date. Net income for the parent company amounted to SEK 0 million (SEK -18 million) and SEK -9 million (SEK -19 million) for the two respective periods.

OTHER INFORMATION

The Group's consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), which were adopted with effect from January 1, 2005. This interim report has been prepared according to IAS 34 - 'Interim Financial Reporting', and has not been subject to review by the Company's auditors.

Conference call

The company will host a conference call today at 14.00 Stockholm local time, 13.00 London local time and 08.00 New York local time. To participate in the conference call, please dial in on the following numbers:

Sweden: +46 (0) 8 5876 9445
International: +44 (0) 20 7365 1832
US: +1 718 354 1157

A replay facility will be available for seven days following the call and may be accessed by dialing the following numbers:

Sweden: +46 (0) 8 5876 9441
International: +44 (0) 20 7806 1970
US: +1 718 354 1112
The universal PIN code is 4757452#

Date of next report

Pergo's financial results for the third quarter and nine months ended September 20, 2006 will be published on October 25, 2006.

Trelleborg, July 26, 2006

The Board of Directors

Pergo AB (publ)
Box 1010
231 25 Trelleborg
Sweden
Registration number: 556563-2600

For further information, please visit www.pergo.com or contact:

Tony Sturrus, CEO

Frida Rosenholm, General Counsel
and Head of Investor Relations
Tel: +46 410 36 31 00

Matthew Hooper /
Carl Eliasson
Investor Relations
Tel: +44 (0) 20 7321 5010
ir@pergo.com

Pergo is one of the world's leading flooring companies with market leading positions in Europe and the US. Pergo employs approximately 650 people and generated SEK 3 billion of net sales in 2005. Pergo pioneered the development of laminate flooring at the end of the 1970s and launched its products in Europe in the 1980s; in the US in 1994; in Asia in 1995; and in Latin America in 1997. The Company's products have been marketed under the PERGO® brand since 1989 and under the SimpleSolution brand since 2005. The Company's shares are listed on the O-list of the Stockholm Stock Exchange under the symbol 'PERG'.

CONSOLIDATED INCOME STATEMENT

SEK millions	**Apr-June 2006**	**Apr-June 2005**	**Jan-June 2006**	**Jan-June 2005**	**Rolling 12 Months to June 2006**	**Jan-Dec 2005**
Net sales	831	717	1,599	1,430	3,184	3,015
Cost of goods sold	-625	-544	-1,189	-1,080	-2,399	-2,290
Gross profit	**206**	**173**	**410**	**350**	**785**	**725**
Selling, administrative and R&D costs	-165	-188	-325	-348	-682	-705
Other operating income and costs	1	12	-1	18	135	154
Operating profit	**42**	**-3**	**84**	**20**	**238**	**174**
Net financial items	-5	-2	-12	-4	-21	-13
Profit after financial items	**37**	**-5**	**72**	**16**	**217**	**161**
Tax	0	0	-1	-1	5	5
Net profit for the period	**37**	**-5**	**71**	**15**	**222**	**166**
Depreciation and write-downs	-35	-32	-68	-63	-135	-130
Minority share in net profit	0	-1	0	0	-1	-1
Earnings per share (SEK)	0.69	-0.12	1.34	0.26	4.15	3.07
Average number of shares outstanding	53,569,685	53,569,685	53,569,685	53,569,685	53,569,685	53,569,685

CONSOLIDATED BALANCE SHEET

SEK millions	**June 30, 2006**	**June 30, 2005**	**Dec 31, 2005**
Intangible fixed assets	1	3	2
Tangible fixed assets	768	758	812
Financial fixed assets	149	92	155
Inventories	399	432	314
Current Receivables	577	434	492
Cash and bank balances	89	67	94
Total assets	**1,983**	**1,786**	**1,869**
Shareholders' equity	1,214	987	1,148
Provisions [1]	9	32	26
Long-term liabilities	343	267	322
Current liabilities	417	500	373
Total shareholders' equity and liabilities	**1,983**	**1,786**	**1,869**

[1] Provisions relating to restructuring reserves, which amounted to SEK 26 million at the end of 2005, have been reduced by SEK 17 million. Provisions increased by SEK 3 million during the period. This provision has been fully utilized during the period. All of the remaining provisions are expected to be utilized during 2006.

CONSOLIDATED CASH FLOW STATEMENT

SEK millions	**Apr-June 2006**	**Apr-June 2005**	**Jan-June 2006**	**Jan-June 2005**	**Jan-Dec 2005**
Ongoing operations					
Profit after financial items	36	-5	72	16	161
Adjustment for items not included in cash flow					
- Depreciation	35	32	68	63	130
- Provisions	-10	-33	-17	-50	-57
- Reversed write-down of fixed assets	-	-	-	-	-22
- Gains on sale of fixed assets	0	0	0	0	-15
- Stock option program costs	3	-	7	-	5
Tax paid	2	2	0	1	-4
Cash flow from ongoing operations before changes in working capital	**66**	**-4**	**130**	**30**	**198**
Cash flow from changes in working capital					
Change in inventories	-51	-3	-105	19	137
Change in receivables [2]	56	100	-104	-27	-129
Change in liabilities	-43	-31	36	-10	-77
Cash flow from ongoing operations	**28**	**62**	**-43**	**12**	**129**
Investment operations					
Acquisition of tangible assets	-28	-102	-63	-170	-262
Sale of tangible fixed assets	0	0	0	0	15
Cash flow from investment operations	**-28**	**-102**	**-63**	**-170**	**-247**
Financing operations					
Amortization	0	0	0	0	0
Loans raised	8	58	103	129	105
Cash flow from financing operations	**8**	**58**	**103**	**129**	**105**
Cash flow during the period	**8**	**18**	**-3**	**-29**	**-13**
Cash and bank balances at beginning of period	82	47	94	91	92
Exchange rate differences in liquid assets	-1	2	-2	5	15
Cash and bank balances at end of period	**89**	**67**	**89**	**67**	**94**

[2] SEK – 104 million of changes in current receivables in 2005 are due to the settlement of civil litigation matters. With effect from the start of Q4 2005, cash flow statements are shown without currency translation differences. The comparative prior periods have been adjusted in accordance with this change.

SHAREHOLDERS' EQUITY

SEK millions	June 2006					June 2005	Jan-Dec 2005
	Attributable to equity holders of the parent			Minority interest	Total equity	Total equity	Total equity
	Share capital	Other reserves	Retained earnings				
Operating Balance	536	367	241	4	1,148	985	985
Cash flow hedges after tax		3			3		
Translation differences		-24	10		-14	-13	-8
Net profit for the period			71	0	71	15	166
Share-based payments [3]			6		6		5
Closing balance	**536**	**346**	**328**	**4**	**1,214**	**987**	**1,148**

[3] In accordance with IFRS2 regarding share-based payments, costs for the stock option program of SEK 7.1 (5.1) million fully impacted the operating profit but only impacted equity by SEK -0.6 million (SEK -0.3 million).

KEY PERFORMANCE INDICATORS

SEK millions unless indicated	**Apr-June 2006**	**Apr-June 2005**	**Jan-June 2006**	**Jan-June 2005**	**Rolling 12 months to June 2006**	**Jan-Dec 2005**
Sales growth (%)	15.9	6.9	11.8	0.9	14	8.5
Gross margin (%)	24.9	24.2	25.7	24.5	24.7	24
Operating margin (%)	5.1	-0.4	5.2	1.4	7.5	5.8
Return on capital employed (%)	-	-	-	-	17.3	14.5
Return on equity (%)	-	-	-	-	20.3	16.3
Capital employed at the end of the period	1,579	1,314	1,579	1,314	1,579	1,472
Average capital employed during the period	1,574	1,234	1,519	1,178	1,436	1,264
Net debt [4]	275	260	275	260	275	228
Net debt to equity ratio	22.6	26.3	22.6	26.3	22.6	20.0
Interest cover (x)	5.2	-0.3	5.3	3.3	7.6	7.9
Equity to assets ratio (%)	61	55	61	55	61	61
Per share data						
Average number of shares outstanding	53,569,685	53,569,685	53,569,685	53,569,685	53,569,685	53,569,685
Fully diluted average number of shares outstanding	54,455,338	53,569,685	54,364,518	53,569,685	54,072,367	53,569,685
Earnings per share (SEK)	0.69	-0.12	1.34	0.26	4.15	3.07
Fully diluted earnings per share (SEK)	0.68	-	1.32	-	4.12	3.07
Average number of shares outstanding at the end of the period	53,569,685	53,569,685	53,569,685	53,569,685	53,569,685	53,569,685
Equity per share (SEK)	22.67	18.43	22.67	18.43	22.67	21.44
Share price at the end of the period (SEK)	48.00	31.80	48.00	31.80	48.00	44.00
Share price to equity per share ratio	212	173	212	173	212	205

[4] Liquid funds less utilized credit facilities.