

Ballingslöv International AB (publ)

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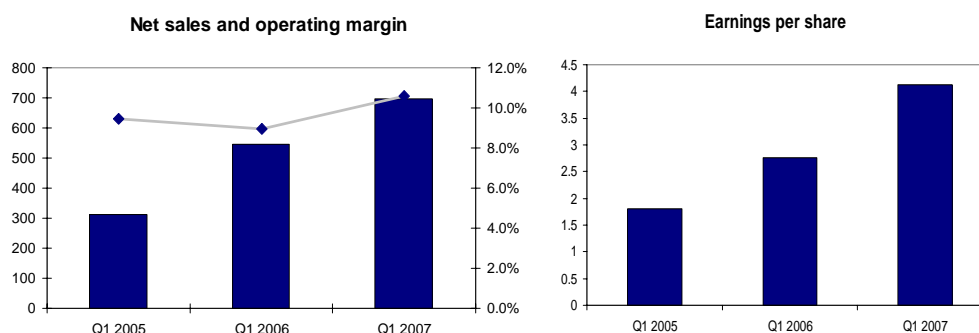
INTERIM REPORT

January-March 2007

- Net sales increased by 28 percent^{*)} to SEK 696.8 M (544.6). Organic growth was approximately 10 percent based on the Group's current holdings
- Net income for the period increased by 45 percent to SEK 42.8 M (29.6)
- Earnings per share increased by 45 percent to 4.00 (2.76)
- Operating income increased by 47 percent to SEK 71.7 M (48.8) corresponding to an operating margin of 10.3 percent (9.0)
- Cash flow from current operations was SEK 3.6 M (29.0)

*) Geisler A/S was consolidated in the Group as from November 2006.
3BO A/S was consolidated in the Group as from January 2007.

| | Q 1 2007 | Q 1 2006 | Full year 2006 | April/march 2006/2007 |
|---|-------------|-------------|-------------------|--------------------------|
| Net sales, SEK M | 696.8 | 544.6 | 2 274.1 | 2 426.3 |
| Operating income before depreciation, SEK M (EBITDA) | 92.4 | 64.7 | 296.0 | 323.7 |
| EBITDA-margin, % | 13.3 | 11.9 | 13.0 | 13.3 |
| Operating income, SEK M (EBIT) | 71.7 | 48.8 | 229.9 | 252.8 |
| Operating margin (EBIT-margin), % | 10.3 | 9.0 | 10.1 | 10.4 |
| Income before taxes, SEK M | 59.7 | 42.4 | 202.2 | 219.5 |
| Net income for the period, SEK M | 42.8 | 29.6 | 144.7 | 157.9 |
| Earnings per share, SEK | 4.00 | 2.76 | 13.49 | 14.73 |



Market Areas

Nordic Region

The market in Nordic Region has continued to show a healthy growth both in the renovation and the new construction segment. Especially in Sweden the new construction segment has had a good development, while in Denmark it has been somewhat weaker. Continuing strong economic growth with relatively low interest rate, increased employment combined with high level of interest in designed kitchen, bathrooms and storage have been important factors to drive the demand.

Growth in the flat-pack segment has continued to be strong.

Development in the distribution network continue according to plan in all subsidiaries and among others Kvik has opened five new shops during the first quarter which the first shop was opened in Spain.

Geisler

Work on integration between the Group's worktop companies Geisler and dfi continue according to plan. The joint product range has been settled, work with brands is finalized, allocation of production between the factories is decided and purchase is coordinated as well as the organization in sales and in administration. At the year end 2007/2008 the two companies will be merger into one company.

Worktop products have for a long time been an important component in kitchen. The trend is that work tops will be an even more central component in kitchen through new material and design. Through this and increased export the product area will continue a good growth.

3BO

3BO A/S was acquired in the beginning of January 2007. 3BO develops, manufactures and distributes sliding-door wardrobes and shower walls. Sales and distributions take place to kitchen shops and builders merchants primarily in the Scandinavian market.

The purchase price is divided into a fixed part and a limited part based on 3BO's operating profit during 2007-2008.

If additional purchase price will be paid a specific minimum EBIT level is required. The additional purchase price is maximum SEK 15.8 M for 2007 and 2008.

In the acquisition included assets and liabilities:

| | <u>SEK, M</u> |
|---------------------------|---------------|
| Tangible assets | 139.3 |
| Current assets | 29.4 |
| Cash | 3.7 |
| Long-term liabilities | -0.7 |
| Current liabilities | <u>-25.6</u> |
| Net Assets | <u>146.1</u> |
| Fixed purchase price | 130.3 |
| Additional purchase price | <u>15.8</u> |
| Total purchase price | <u>146.1</u> |

During the first quarter 2007 the Group has preliminary recorded an amortization of SEK 0.6 M related to intangible surplus value.

Work on integration has so far proceeded well.

From May, 2007 3 BO products will be sold through Ballingslöv AB's distribution system in Sweden and Norway. 3BO's products are already sold through Kvik's franchise organisation and during the year the other Danish subsidiaries distribution channels will be offered to sale 3BO products.

UK

Demand in our market segment, new construction of privately built small homes, has been unchanged. Low order taken in our UK company during quarter 4 2006 has affected the deliveries during the quarter compared to corresponding period last year. The sales activities during the quarter have however been satisfying and among other things we have started to receive orders from customers that at the end of 2006 were involved in different consolidation activities which affected some decrease in sales for our company.

Financial accounts

Net sales and income January-March

Consolidated net sales during the period was SEK 696.8 M (544.6) an increase by 28 percent. Organic growth was approximately 10 percent based on the Group's current holdings.

Consolidated operating income was SEK 71.7 M (48.8) an increase by 47 percent. Operating margin was 10.3 percent (9.0).

Income before tax for the period was SEK 59.7 M (42.4), an increase by 41 percent compared to the same period last year. Net income for the period was SEK 42.8 M (29.6), an increase by 45 percent compared to the same period last year.

¹⁾ Net sales in Nordic region increased by 35 percent to SEK 623.2 M (462.0). The organic growth was approximately 11 percent.

Operating income in Nordic region was SEK 69.1 M (45.2), an increase by 53 percent corresponding to an operating margin of 11.1 percent (9.8). Operating income in the Nordic region has been affected by growth in sales and high utilization of production capabilities. The income has been affected negatively by higher raw material prices and changes in currency.

Net sales in UK decreased by 11 percent to SEK 73.6 M (82.6). Operating income was SEK 2.6 M (3.6), corresponding to an operating margin of 3.5 percent (4.4). The main reason to lower income is lower delivery and higher raw material prices.

¹⁾ In the Nordic region the net sales and operating income from other Europe are included by SEK 15.5 M (5.2) and SEK (-2.4) M (-1.9). Operating income has been affected by different start-up costs related to new shops, introduction, marketing etc.

Cash flow

Group cash flow from operations during the period was SEK 3.6 M (29.0). Cash flow from the Nordic region was SEK 3.2 M (23.8) and in UK SEK 0.4 M (5.2). The higher growth in sales has resulted in increased working capital.

Net investments and depreciation

The Group's net investment during the period was SEK 154.8 M (19.9) whereof the acquisition of 3BO SEK 130.3 M and tangible fixed assets SEK 24.5 M. Depreciation according to plan regarding tangible fixed assets amounted to SEK 15.6 M (12.7). Amortization of intangible assets was SEK 5.1 M (3.2).

Liquidity and financial position

At the end of period, the Group's liquid assets amounted to SEK 163.8 M, compared to SEK 273.6 M at the beginning of the year. Net debt included provisions for pensions was SEK 1 044.5 M, compared to 847.4 M at the beginning of the year. During the first quarter the net debt has increased by SEK 197.1 M.

The consolidated equity/assets ratio was 29.8 percent at the end of the period, compared to SEK 30.0 percent at the beginning of the year.

Available credit limit and liquid assets amounted to SEK 444 M at the end of the period.

Employees

The Group had 1449 employees at the end of the period, an increase with 67 employees compared to the beginning of the year whereof from acquired company 68 employees. Average number of employees during the period was 1 444 (1 128).

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 -23.6 M (-2.9).

The Ballingslöv share

At the end of the period, the number of outstanding shares amounted to 10.725.758. The average number of shares during the period was 10.725.758 (10.525.758). 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 and revised IFRS-principles adopted by CE effected from 1 January 2007 have not any significant impact on Ballingslöv International AB Group account.

Annual General Meeting

At the Annual General Meeting in Ballingslöv International AB, April 17, 2007, the dividend for the 2006 financial year of SEK 4:50 per share was approved. Members of the board were re-elected. At a statutory board meeting following the Annual General Meeting Martin Svalstedt was elected as a new chairman of the board in Ballingslöv International AB.

Ballingslöv April 27, 2007

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 2007

August 21, 2007

Interim report: January-September 2007

October 24, 2007

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Interim report January-March 2007

FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED INCOME STATEMENT

| SEK M | Q 1 2007 | Q 1 2006 | Full year 2006 | April/march 2006/2007 |
|--|--------------|--------------|----------------|--------------------------|
| Net sales | 696.8 | 544.6 | 2 274.1 | 2 426.3 |
| Cost of goods sold | -450.0 | -350.8 | -1 450.1 | -1 549.3 |
| Gross profit | 246.8 | 193.8 | 824.0 | 877.0 |
| Selling expenses | -135.0 | -113.0 | -458.3 | -480.3 |
| Administrative expenses | -39.6 | -31.0 | -131.9 | -140.5 |
| Other operating income and expenses (including R&D expenses) | -0.5 | -1.0 | -3.9 | -3.4 |
| Operating income | 71.7 | 48.8 | 229.9 | 252.8 |
| Interest income and similar income/loss items | 2.4 | 2.7 | 11.3 | 11.0 |
| Interest expense and similar income/loss items | -14.4 | -9.1 | -39.0 | -44.3 |
| Income after financial items | 59.7 | 42.4 | 202.2 | 219.5 |
| Tax on income for the period | -16.9 | -12.8 | -57.5 | -61.6 |
| Net income for the period | 42.8 | 29.6 | 144.7 | 157.9 |
| Earnings per share | 4.00 | 2.76 | 13.49 | 14.73 |
| Income was charged with: | | | | |
| Depreciation of tangible assets amounting to | 15.6 | 12.7 | 51.0 | 53.9 |
| Amortization of intangible assets amounting to | 5.1 | 3.2 | 15.1 | 17.0 |

CONDENSED CONSOLIDATED BALANCE SHEETS

| SEK M | 31.03.07 | 31.03.06 | 31.12.06 |
|---|----------------|----------------|----------------|
| ASSETS | | | |
| Intangible fixed assets | 1 050.0 | 764.3 | 890.1 |
| Tangible fixed assets | 502.2 | 399.7 | 476.8 |
| Financial fixed assets | 36.3 | 36.0 | 33.8 |
| Total fixed assets | 1 588.5 | 1 200.0 | 1 400.7 |
| Inventories etc | 249.6 | 200.3 | 219.4 |
| Current receivables | 424.8 | 363.6 | 297.9 |
| Cash and bank balances | 163.8 | 149.7 | 273.6 |
| Total current assets | 838.2 | 713.6 | 790.9 |
| Total assets | 2 426.7 | 1 913.6 | 2 191.6 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Shareholders' equity | 722.3 | 594.7 | 658.0 |
| Minority interests | 0.1 | 0.1 | 0.1 |
| Provisions | 226.2 | 226.3 | 214.8 |
| Long-term liabilities | 1 095.2 | 779.6 | 949.9 |
| Current liabilities | 382.9 | 312.9 | 368.8 |
| Total liabilities | 1 704.3 | 1 318.8 | 1 533.5 |
| Total shareholders' equity and liabilities | 2 426.7 | 1 913.6 | 2 191.6 |
| The above liabilities include: | | | |
| Interest-bearing liabilities and provisions | 1 208.3 | 903.3 | 1 121.0 |
| Non interest-bearing liabilities and provisions | 496.0 | 415.5 | 412.5 |
| Net debt | 1 044.5 | 753.6 | 847.4 |

CONDENSED CONSOLIDATED CASH-FLOW STATEMENTS

| SEK M | Q 1 2007 | Q 1 2006 | Full year 2006 |
|--|--------------|--------------|---------------------|
| <i>Current operations</i> | | | |
| Income before financial items | 71.7 | 48.8 | 229.9 |
| Depreciation and other items not affecting liquidity | 19.3 | 17.2 | 50.1 |
| Net interest income/expenses | -7.6 | -2.6 | -22.8 |
| Tax paid | -15.9 | -10.7 | -58.8 |
| Cash flow from current operations before changes in working capital | 67.5 | 52.7 | 198.4 |
| Changes in working capital | -63.9 | -23.7 | 60.3 |
| Cash flow from current operations | 3.6 | 29.0 | 258.7 |
| Cash flow from investment operations | -154.8 | -19.9 | -279.5 |
| Cash flow from financing operations | 40.1 | -5.4 | 147.9 ¹⁾ |
| Cash flow for the period | -111.1 | 3.7 | 127.1 |
| Liquid assets at the beginning of the period | 273.6 | 146.0 | 146.0 |
| Exchange rate difference in liquid assets | 1.3 | 0.0 | 0.5 |
| Liquid assets at end of period | 163.8 | 149.7 | 273.6 |

1) Cash flow from financing operations

| | | | |
|--|-------------|-------------|--------------|
| Dividend, parent company: | | | -37.5 |
| Additional purchase price, Kvik: | -30.0 | | -27.2 |
| Dividend, acquired company (anticipated in the acquisition): | | | |
| Change of loan: | 70.1 | | 213.9 |
| Increased utilization of bank overdraft facility: | | | |
| Decreased utilization of bank overdraft facility: | | -5.4 | -1.3 |
| Other: | | | |
| | 40.1 | -5.4 | 147.9 |

Key Data

| | Q 1 2007 | Q 1 2006 | Full year 2006 |
|---|----------|----------|----------------|
| Gross margin including goodwill amortization, % | 35.4 | 35.6 | 36.2 |
| EBITDA-margin, % | 13.3 | 11.9 | 13.0 |
| Operating margin (EBIT) % | 10.3 | 9.0 | 10.1 |
| Income margin % | 8.6 | 7.8 | 8.9 |
| Interest coverage ratio, multiple | 5.2 | 5.7 | 6.2 |
| Debt/equity ratio, multiple | 1.7 | 1.5 | 1.7 |
| Net debt, including pension provisions, SEK M | 1 044.5 | 753.6 | 847.5 |
| Return on capital employed, % | | | 15.6 |
| Return on equity, % | | | 23.7 |
| Equity/assets ratio % | 29.8 | 31.1 | 30.0 |
| Average number of employees | 1 444 | 1 128 | 1 187 |

Data per share

| | Q 1 2007 | Q 1 2006 | Full year 2006 |
|--|----------|----------|----------------|
| Earnings per share, SEK | 4.00 | 2.76 | 13.49 |
| Shareholders equity per share, SEK | | | 61.33 |
| Dividend per share | | | 4.50 |
| 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 2006)

CHANGES IN SHAREHOLDERS' EQUITY

| SEK M | 31.03.07 | 31.03.06 | 31.12.06 |
|--|--------------|--------------|--------------|
| Shareholders' equity at beginning of period | 658.1 | 566.6 | 566.6 |
| Translation differences/currency differences | 36.9 | -2.6 | -36.8 |
| Pensions | 0.8 | | 9.1 |
| Hedging of net investment | -16.2 | 1.1 | 12.0 |
| Dividends | | | -37.5 |
| Minority interests | | 0.1 | |
| Net income for the period | 42.8 | 29.6 | 144.7 |
| Shareholders' equity at end of period | 722.4 | 594.8 | 658.1 |

SALES, INCOME BY MARKET AREA

| | Nordic | | | Great Britain | | | Group | | |
|---|-------------|-------------|-------------------|---------------|-------------|-------------------|-------------|-------------|-------------------|
| | Q 1 2007 | Q 1 2006 | Full year 2006 | Q 1 2007 | Q 1 2006 | Full year 2006 | Q 1 2007 | Q 1 2006 | Full year 2006 |
| Net sales, SEK M | 623.2 | 462.0 | 1 980.4 | 73.6 | 82.6 | 293.7 | 696.8 | 544.6 | 2 274.1 |
| Sales growth, % | 34.9 | 94.0 | 28.7 | -10.9 | 9.4 | -11.4 | 27.9 | 73.7 | 21.6 |
| Operating income before depreciation, SEK M (EBITDA) | 87.3 | 58.6 | 272.6 | 5.1 | 6.1 | 23.4 | 92.4 | 64.7 | 296.0 |
| EBITDA-margin, % | 14.0 | 12.7 | 13.8 | 6.9 | 7.4 | 8.0 | 13.3 | 11.9 | 13.0 |
| Operating income, SEK M (EBIT) | 69.1 | 45.2 | 216.6 | 2.6 | 3.6 | 13.3 | 71.7 | 48.8 | 229.9 |
| Operating margin (EBIT-margin), % | 11.1 | 9.8 | 10.9 | 3.5 | 4.4 | 4.5 | 10.3 | 9.0 | 10.1 |

NET SALES AND INCOME BY MARKET AREA - QUARTERLY DATA

| SEK M | Q 1 2007 | Q 4 2006 | Q 3 2006 | Q 2 2006 | Q 1 2006 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| <i>Net sales</i> | | | | | |
| Nordic | 623.2 | 567.9 | 450.2 | 500.3 | 462.0 |
| Great Britain | 73.6 | 64.3 | 70.1 | 76.7 | 82.6 |
| Group | 696.8 | 632.2 | 520.3 | 577.0 | 544.6 |
| <i>Operating income (EBIT)</i> | | | | | |
| Nordic | 69.1 | 68.2 | 40.8 | 62.4 | 45.2 |
| Great Britain | 2.6 | 1.0 | 3.2 | 5.5 | 3.6 |
| Group | 71.7 | 69.2 | 44.0 | 67.9 | 48.8 |
| <i>Operating margin (EBIT) (%)</i> | | | | | |
| Nordic | 11.1 | 12.0 | 9.1 | 12.5 | 9.8 |
| Great Britain | 3.5 | 1.6 | 4.6 | 7.2 | 4.4 |
| Group | 10.3 | 10.9 | 8.5 | 11.8 | 9.0 |