

Ballingslöv International AB (publ)

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INTERIM REPORT

Second quarter 2008 (Q2)

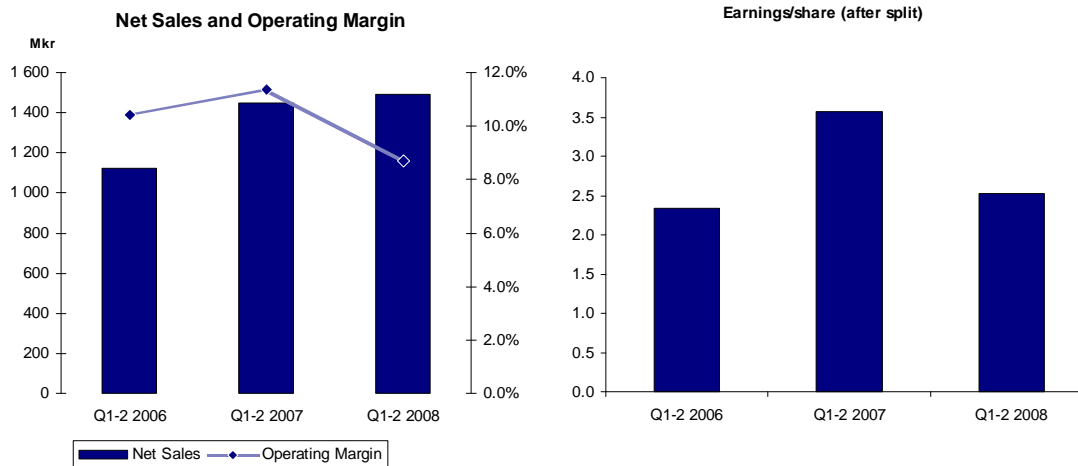
- Net sales increased by 4 percent to SEK 780.5 M (753.1). Organic growth was 5 percent
- Operating income decreased by 27 percent to SEK 68.4 M (93.2) corresponding to an operating margin of 8.8 percent (12.4)
- Net income for the period decreased by 41 percent to SEK 43.0 M (72.3)
- Earnings per share decreased by 40 percent and amounted to 1.34 (2.25)
- Cash flow from current operations amounted to SEK 65.2 M (90.8)
- The income has been affected by weak performance for the Danish worktop operation
- Last year the net income after tax was positively effected with SEK 7.7 M as a one off item due to reduced corporate income tax in Denmark

January-June 2008

- Net sales increased by 3 percent to SEK 1 488.5 M (1 449.9). Organic growth was 3 percent
- Operating income decreased by 21 percent to SEK 129.6 M (164.9) corresponding to an operating margin of 8.7 percent (11.4)
- Net income for the period decreased by 30 percent to SEK 81.1 M (115.1)
- Earnings per share decreased by 30 percent and amounted to 2.52 (3.58)
- Cash flow from current operations amounted to SEK 94.0 M (91.2)
- The income has been affected by weak performance for the worktop operation and of extraordinary expenses related to the merger of our two Danish worktop companies
- Last year the net income after tax was positively effected with SEK 7.7 M as a one off item due to reduced corporate income tax in Denmark

Ballingslöv Group in summary

	Q 2 2008	Q 2 2007	Q1-2 2008	Q1-2 2007	Full year 2007	June/July 2007/2008
Net sales, SEK M	780.5	753.1	1 488.5	1 449.9	2 892.1	2 930.7
Operating income before depreciation, SEK M (EBITDA)	91.7	116.0	176.4	208.4	404.6	372.6
EBITDA-margin, %	11.7	15.4	11.9	14.4	14.0	12.7
Operating income, SEK M (EBIT)	68.4	93.2	129.6	164.9	315.5	280.2
Operating margin (EBIT-margin), %	8.8	12.4	8.7	11.4	10.9	9.6
Income before taxes, SEK M	57.7	82.6	108.8	142.3	273.2	239.7
Net income for the period, SEK M	43.0	72.3	81.1	115.1	211.3	177.3
Earnings per share, SEK	1.34	2.25	2.52	3.58	6.57	5.51



Market Areas

Nordic Region

The market in the Nordic region has been weakened during the first half of the year. This is in particular in Denmark and for the new construction segment in Sweden. The consumers segment in Sweden and Norway has shown a more stable development. There is still a continuous high interest for kitchen-, bathroom- and storage products but the general concern for a lower business cycle, increased inflation and the strong decline in the stock exchanges make the consumers more reluctant to major private investments.

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

The development in the shop system continues according to plan and among others Kvik has open 9 new shops during the first half of the year, whereof the first one in France. During the second half of the year Kvik will open 12 new shops, in total 21 new shops during 2008 whereafter Kvik will have 130 shops in 9 different countries.

UK

The new construction of privately built small homes – our primary market segment – has decreased during the first half of the year, both related the decreased property prices and financial anxiety.

Group integration – acquired companies

Worktops

At the year end 2007/2008 the two worktop companies in the Group dfi A/S and Geisler, - Geisler was acquired November 2006-, were merged into one company. The Merger meant among others that a joint EDP system and joint product range were implemented. Start up problems related to the implementation has caused extraordinary expenses and even some lower income. The majority of the start-up problems are now settled and the focus is now towards efficiency improvements.

Storage products

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

The integration of 3BO in the Group has followed our plans. Synergies will be gained on the income side through distribution of 3BOs products via the Group's existing distribution system in Sweden, Denmark and Norway. Synergies will also be obtained on the cost side through coordination of transports with the Group's transportation system in Scandinavia. During the period co-operations has also started with several important external customers.

Financial accounts

Net sales and operating income second quarter

Net sales increased during the second quarter by 4 percent to SEK 780.5 M (753.1). Organic growth was approximately 5 percent. Operating income was SEK 68.4 M (93.2) a decrease by 27 percent. Operating margin was 8.8 percent (12.4).

Net sales in the Nordic region¹⁾ increased by 5 percent to SEK 691.1 M (662.3). The organic growth was approximately 4 percent. Operating income in the Nordic region was SEK 63.4 M (85.5), a decrease by 26 percent corresponding to an operating margin of 9.2 percent (12.9). Operating income in the Nordic region has been negatively effected by weaker performance for the Danish worktop operation. The operating income has also been negatively effected by lower utilization of production capacity and higher transportation- and sales costs. Activities to adapt the production capacity and cost reduction activities are currently implemented.

Net sales in UK decreased during the second quarter by 2 percent to SEK 89.4 M (90.8). The organic growth was approximately 14 percent. Operating income amounted to SEK 5.0 M (7.7) corresponding to an operating margin of 5.6 percent (8.5). Operating income has been negatively effected as a weaker pound sterling against Euro has increased the purchase prices. Also changes in product mix with relatively more sales for white goods and installations with lower gross margins compared to manufactured products and increased sales costs have negatively effected the operating income.

¹⁾ Net sales and operating income from other Europe are included in the Nordic region by SEK 29.3 M (19.3) and SEK -1.0 M (-1.4).

Net sales and income January-June

Net sales during the period was SEK 1 488.5 M (1 449.9) an increase by 3 percent. Organic growth was approximately 3 percent. Operating income was SEK 129.6 M (164.9) a decrease by 21 percent. Operating margin was 8.7 percent (11.4).

Income before tax for the period was SEK 108.8 M (142.3), a decrease by 24 percent compared to the same period last year. Net income for the period was SEK 81.1 M (115.1), a decrease by 30 percent compared to the same period last year. Last year the net income after tax was positively effected by changed corporate income tax in Denmark. The tax rate was reduced from 28 percent to 25 percent, with SEK 7.7 M as a one off item. The effect on the profit was accounted for in the second quarter 2007.

Net sales in Nordic region¹⁾ increased by 2 percent to SEK 1 316.2 M (1 285.5). The organic growth was approximately 1 percent. Operating income in Nordic region was SEK 120.7 M (154.6), a decrease by 22 percent corresponding to an operating margin of 9.2 percent (12.0). Operating income in the Nordic region has been negatively effected by a weaker performance for the worktop operation and of extraordinary expenses related to the merger of our two Danish worktop companies. The operating income has also been negatively effected by lower utilization of production capacity and higher transportation-, and sales costs. Activities to adapt the production capacity and cost reduction activities are currently implemented.

Net sales in UK increased by 5 percent to SEK 172.3 M (164.4). The organic growth was approximately 18 percent. Operating income was SEK 8.9 M (10.3), a decrease by 14 percent corresponding to an operating margin of 5.2 percent (6.3). Operating income has been negatively effected as a weaker pound sterling against Euro has increased purchase prices. Also changes in product mix with relatively more sales for white goods and installations with lower gross margins compared to manufactured products and increased sales costs have negatively effected the operating income. Actions – such as productivity improvements and renegotiation with suppliers – to strengthen the operating income are under implementation.

¹⁾ Net sales and operating income from other Europe are included in the Nordic region by SEK 57.9 M (34.8) and SEK -1.1 M (-3.3), corresponding to an operating margin of -1.9 percent (-9.5).

Cash flow

Group cash flow from operations during the period was SEK 94.0 M (91.2). Cash flow from the Nordic region including other Europe was SEK 108.8 M (91.6) and in UK SEK -14.8 M (-0.4)

Net investments and depreciation

The Group's net investment during the period was SEK 39.2 M. Corresponding period 2007 (183.2 whereof acquisition 130.3). Depreciation according to plan regarding tangible fixed assets amounted to SEK 34.2 M (32.3). Amortization of intangible assets was SEK 12.6 M (11.2). Amortization of intangible assets related to acquisitions amounted to SEK 8.3 M (7.4).

Liquidity and financial position

At the end of period, the Group's liquid assets amounted to SEK 95.9 M, compared to SEK 158.3 M at the beginning of the year. During the period dividend to the share holders has been paid out of SEK 69.7 M, loan has been amortized by SEK 5.5 M, final additional purchase price related to acquisition of Kvik has been paid out by SEK 31.5 M and additional purchase price related to acquisition of Geisler has been paid out by SEK 6.3 M. The acquisition of Kvik is now fully paid.

Net debt included provisions for pensions was SEK 931.6 M, compared to 964.7 M at the beginning of the year. During the six month period the net debt has decreased by SEK 33.1 M.

The consolidated equity/assets ratio was 34.6 percent at the end of the period, compared to SEK 34.9 percent at the beginning of the year.

Available credits and liquid assets amounted to SEK 463 M at the end of the period.

Employees

The Group had 1 446 employees at the end of the period, a decrease by 17 persons compared to the beginning of the year. Average number of employees during the period was 1 456 (1 454).

Parent company

The parent company conducts no operations of its own and thus reported no net sales during the period.

The Ballingslöv share

At the end of the period, the number of outstanding shares amounted to 32.177.247. The average number of shares during the period was 32.177.247 (32.177.247). At the end of the period, the company had no holdings of its own shares. At the Annual General Meeting April 16, 2008, it was decided a share split 3:1, whereby the total number of shares in the company will 32.177.272 shares. The share split was executed in May 2008.

The 16th of May, 2008, the main owner Stena Adactum offered a bid to the other share holders to acquire their shares to the price of SEK 185 per share or 61:67 per share after the share split. The bid period finished 2 July, 2008. In the middle of July Stena Adactum is owner of approximately 80 percent of the shares in Ballingslöv International AB.

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 EU in force from 1 January 2007 have not any significant impact on the Group's account.

Risk and related factors

The Group and the parent company's risks and related factors include risks associated with the business in the form of raw material price risks, product risks, insurance risks and legal risks. In addition there are other financial risks such as financing risks, liquidity risks, interest risks, currency risks, credit and counterparty risks. A detailed description of the Group's financial risk management is provided in Ballingslöv International's Annual Report for 2007 (pages 52-55, Note 3)

Ballingslöv July 17, 2008

Ballingslöv International AB (publ)

Nils-Erik Danielsson
President and CEO

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

Future reporting dates

Interim report: January-September
Year End Statement: January - December 2008

October 27, 2008
February 9, 2009

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Interim report January-June 2008
**FINANCIAL STATEMENTS
CONDENSED CONSOLIDATED INCOME STATEMENT**

SEK M	Q 2 2008	Q 2 2007	Q 1-2 2008	Q 1-2 2007	Full year 2007	July/june 2007/2008
Net sales	780.5	753.1	1 488.5	1 449.9	2 892.1	2 930.7
Cost of goods sold	-503.5	-478.7	-965.2	-928.7	-1 858.1	-1 894.6
Gross profit	277.0	274.4	523.3	521.2	1 034.0	1 036.1
Selling expenses	-155.5	-136.2	-295.3	-271.2	-549.6	-573.7
Administrative expenses	-50.5	-42.5	-94.3	-82.1	-169.0	-181.2
Other operating income and expenses (including R&D expenses)	-2.6	-2.5	-4.1	-3.0	0.1	-1.0
Operating income	68.4	93.2	129.6	164.9	315.5	280.2
Interest income and similar income/loss items	3.0	3.1	5.9	5.5	14.1	14.5
Interest expense and similar income/loss items	-13.7	-13.7	-26.7	-28.1	-56.4	-55.0
Income after financial items	57.7	82.6	108.8	142.3	273.2	239.7
Taxes	-14.7	-10.3	-27.7	-27.2	-61.9	-62.4
Net income for the period	43.0	72.3	81.1	115.1	211.3	177.3
Earnings per share	1.34	2.25	2.52	3.58	6.57	5.51
Income was charged with:						
Depreciation of tangible assets amounting to	16.8	16.7	34.2	32.3	64.8	66.7
Amortization of intangible assets amounting to	6.5	6.1	12.6	11.2	24.3	25.7
whereof from acquisitions	4.2	4.0	8.3	7.4	16.4	17.3

CONDENSED CONSOLIDATED BALANCE SHEETS

SEK M	30.06.08	30.06.07	31.12.07
ASSETS			
Intangible fixed assets	1040.2	1 055.6	1 053.7
Tangible fixed assets	500.8	507.6	506.0
Financial fixed assets	38	36.2	38.3
Total fixed assets	1 579.0	1 599.4	1 598.0
Inventories etc	277.0	258.2	262.7
Current receivables	459.1	437.9	368.6
Cash and bank balances	95.9	178.1	158.3
Total current assets	832.0	874.2	789.6
Total assets	2 411.0	2 473.6	2 387.6
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	833.3	743.3	833.5
Minority interests	0.0	0.1	0.1
Provisions	207.0	227.4	216.3
Long-term liabilities	960.5	1 088.0	973.6
Current liabilities	410.2	414.8	364.1
Total liabilities	1 577.7	1 730.2	1 554.0
Total shareholders' equity and liabilities	2 411.0	2 473.6	2 387.6
The above liabilities include:			
Interest-bearing liabilities and provisions	1 066.2	1 200.3	1 123.0
Non interest-bearing liabilities and provisions	511.5	529.9	431.0
Net debt	970.3	1 022.2	964.7

CONDENSED CONSOLIDATED CASH-FLOW STATEMENTS

SEK M	Q 2 2008	Q 2 2007	Q 1-2 2008	Q 1-2 2007	Full year 2007
<i>Current operations</i>					
Income before financial items	68.4	93.2	129.6	164.9	315.5
Depreciation and other items not affecting liquidity	21.4	22.6	38.1	41.9	77.3
Net interest income/expenses	-12.3	-4.6	-25.0	-15.4	-35.8
Tax paid	13.6	-9.7	-17.7	-25.6	-95.8
Cash flow from current operations before changes in working capital	91.1	101.5	125.0	165.8	261.2
Changes in working capital	-25.9	-10.7	-31.0	-74.6	-76.7
Cash flow from current operations	65.2	90.8	94.0	91.2	184.5
Cash flow from investment operations	-27.4	-28.4	-39.2	-183.2	-223.6
Cash flow from financing operations ¹⁾	-76.0	-49.1	-113.0	-5.8	-78.2
Cash flow for the period	-38.2	13.3	-58.2	-97.8	-117.3
Liquid assets at the beginning of the period	134.5	163.8	158.3	273.6	273.6
Exchange rate difference in liquid assets	-0.4	1.0	-4.2	2.3	2.0
Liquid assets at end of period	95.9	178.1	95.9	178.1	158.3
1) Cash flow from financing operations					
Dividend, parent company:	-38.2	-48.3	-69.7	-48.3	-48.3
Additional purchase price, Kvik:	-31.5		-31.5	-26.8	-27.5
Additional purchase price, Geisler:	-6.3		-6.3		
Dividend, acquired company (anticipated in the acquisition):					
Change of loan:	31.5	-0.8	-5.5	69.3	-2.4
	-44.5	-49.1	-113.0	-5.8	-78.2

Key Data

	Q 1-2 2008	Q 1-2 2007	Full year 2007
Gross margin including goodwill amortization, %	35.2	36.0	35.8
EBITDA-margin, %	11.9	14.4	14.0
Operating margin (EBIT) %	8.7	11.4	10.9
Income margin % (before tax)	7.3	9.8	9.4
Interest coverage ratio, multiple	5.1	6.0	5.8
Debt/equity ratio, multiple	1.3	1.6	1.3
Net debt, including pension provisions, SEK M	970.3	1 022.2	964.7
Return on capital employed, %			17.3
Return on equity, %			28.3
Equity/assets ratio %	34.6	30.1	34.9
Average number of employees	1 456	1 454	1 467

Data per share

	Q 2 2008	Q 2 2007	Q 1-2 2008	Q 1-2 2007	Full year 2007
Earnings per share, SEK	1.34	2.25	2.52	3.58	6.57
Shareholders equity per share, SEK					25.90
Dividend per share					2.17
Average number of shares during period, millions	32.18	32.18	32.18	32.18	32.18
Number of shares at end of period, millions	32.18	32.18	32.18	32.18	32.18

Average number of shares during period and number of shares at end of period have been recalculated after the split 1:3 in May 2008.

CHANGES IN SHAREHOLDERS' EQUITY

SEK M	30.06.08	30.06.07	31.12.07
Shareholders' equity at beginning of period	833.6	658.1	658.1
Translation differences/currency differences	-11.7	30.4	21.3
Pensions			-0.5
Hedging of net investment		-11.9	-8.4
Dividends	-69.7	-48.3	-48.3
Minority interests			
Net income for the period	81.1	115.1	211.4
Shareholders' equity at end of period	833.3	743.4	833.6

SALES, INCOME BY MARKET AREA

	Nordic and other markets			Great Britain			Group		
	Q 1-2 2008	Q 1-2 2007	Full year 2007	Q 1-2 2008	Q 1-2 2007	Full year 2007	Q 1-2 2008	Q 1-2 2007	Full year 2007
Net sales, SEK M	1 316.2	1 285.5	2 542.6	172.3	164.4	349.5	1 488.5	1 449.9	2 892.1
Sales growth, %	2.4	33.6	28.4	4.8	3.2	19.0	2.7	29.3	27.2
Operating income before depreciation, SEK M (EBITDA)	163.1	193.1	371.8	13.3	15.3	32.8	176.4	208.4	404.6
EBITDA-margin, %	12.4	15.0	14.6	7.7	9.3	9.4	11.9	14.4	14.0
Operating income, SEK M (EBIT)	120.7	154.6	292.5	8.9	10.3	23.0	129.6	164.9	315.5
Operating margin (EBIT-margin), %	9.2	12.0	11.5	5.2	6.3	6.6	8.7	11.4	10.9

NET SALES AND INCOME BY MARKET AREA - QUARTERLY DATA

SEK M	Q 2 2008	Q 1 2008	Q 4 2007	Q 3 2007	Q 2 2007	Q 1 2007
Net sales						
Nordic	691.1	625.1	656.1	601.0	662.3	623.2
Great Britain	89.4	82.9	92.5	92.6	90.8	73.6
Group	780.5	708.0	748.6	693.6	753.1	696.8
Operating income (EBIT)						
Nordic	63.4	57.3	74.6	63.3	85.5	69.1
Great Britain	5.0	3.9	5.7	7.0	7.7	2.6
Group	68.4	61.2	80.3	70.3	93.2	71.7
Operating margin						
Nordic	9.2	9.2	11.4	10.5	12.9	11.1
Great Britain	5.6	4.7	6.2	7.6	8.5	3.5
Group	8.8	8.6	10.7	10.1	12.4	10.3

PARENT COMPANY CONDENSED INCOME STATEMENT

Mkr	Q 2 2008	Q 2 2007	Q 1-2 2008	Q 1-2 2007	Full year 2007
Net sales	0.0	0.0	0.0	0.0	6.0
Administrative expenses	-4.2	-3.1	-6.5	-4.7	-16.6
Operating income	-4.2	-3.1	-6.5	-4.7	-10.6
Profit/loss from shares in Group companies	0.0	84.9	0.0	84.9	451.4
Interest income and similar income/loss items	0.0	0.0	0.0	0.1	1.6
Interest expense and similar income/loss items	1.4	-1.5	0.7	-32.8	-39.0
Income after financial items	-2.8	80.3	-5.8	47.5	403.4
Year-end allocations					
Taxes	0.3	1.3	1.4	10.5	2.1
Net income for the period	-2.5	81.6	-4.4	58.0	405.5

PARENT COMPANY CONDENSED BALANCE SHEETS

Mkr	30.06.08	30.06.07	31.12.07
ASSETS			
Tangible fixed assets	0.2	0.0	0.1
Financial fixed assets	709.3	1 171.3	712.2
Total fixed assets	709.5	1 171.3	712.3
Current receivables	20.3	13.9	12.5
Receivables from Group companies	144.5	72.3	151.4
Cash and bank balances	1.7	40.8	10.3
Total current assets	166.5	127.0	174.2
Total assets	876.0	1 298.3	886.5
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	864.0	531.8	877.3
Minority interests	0.0	0.0	0.0
Untaxed reserves	1.8	0.0	1.2
Long-term liabilities	0.0	751.3	0.0
Current liabilities	10.2	15.2	8.0
Total liabilities	12.0	766.5	9.2
Total shareholders' equity and liabilities	876.0	1 298.3	886.5