



THE YEAR IN BRIEF

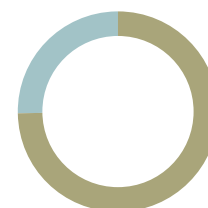
Net sales during 2003 amounted to SEK 1,204.5 M (1,159.6), an increase of 4 %. Excluding exchange rate effects, sales increased by approximately 7 %. Net income remained unchanged at SEK 64.5 M (64.5). Operating income (EBIT) fell to SEK 118.1 M (119.1). Exchange rate effects had a negative influence on income before tax of approximately SEK 7 M.

The operating margin before goodwill amortisation amounted to 11.6 % (12.3), which falls slightly short of our long-term margin target of 12.0 %. The cash flow from current operations improved, from SEK 96.6 M in 2002 to SEK 128.0 M in 2003.

IMPORTANT EVENTS 2003

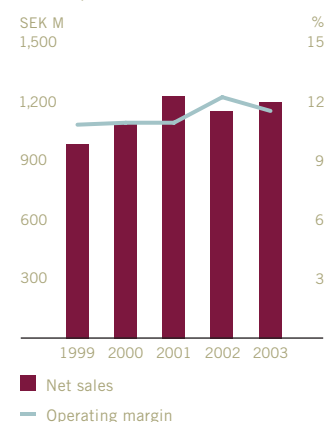
- Acquisition of the Danish kitchen manufacturer Multiform A/S. Multiform is a well-known brand of high-quality products in Denmark.
- Continued good growth in the Scandinavian markets.
- Decline in sales in the United Kingdom slowed down, especially in the second half of the year.
- Launch of new products and new catalogue material for several Group companies.
- Increased safety due to factors such as investment in sprinkler installations in three of the Group's factories.
- Group co-ordination continued to develop positively. Integration of Multiform products in the Group's Swedish and Norwegian distribution systems developed according to plan.

Net sales per geographical market, %

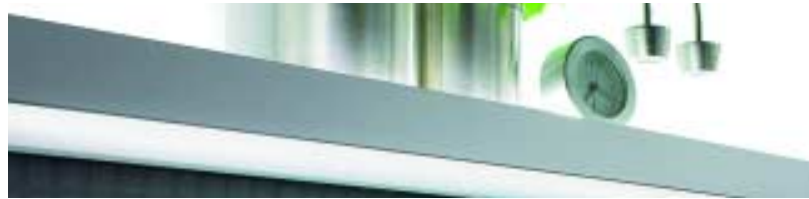


■ Scandinavia, 74.9%
■ United Kingdom, 25.1%

Net sales and operating income before goodwill amortisation, % (pro forma 1999–2000)



	GROUP	
	2003	2002
Net sales, SEK M	1,204.5	1,159.6
Operating income before goodwill amortisation, SEK M (EBITA)	140.0	142.2
Operating margin before goodwill amortisation, %	11.6	12.3
Operating income, SEK M (EBIT)	118.1	119.1
Operating margin, %	9.8	10.3
Income after financial items, SEK M	99.6	99.4
Net income, SEK M	64.5	64.5
Net income per share, SEK	6.01	6.61
Net income per share, excluding goodwill, SEK	8.05	8.98
Return on equity, %	14.2	16.3
Debt/equity ratio, multiple	0.7	0.8
Equity/assets ratio, %	46.1	42.8



The kitchen, our new living room

The kitchen has become the room where we spend most of our waking hours at home, from early in the morning to late at night. The kitchen's role has changed over time, from usually being concealed behind a closed door, to becoming an open solution without any clear boundaries between itself and, for example, the living room. It has become the focal point of the home as well as a status symbol. Today's consumers are more aware than ever before and are rejecting standard solutions. Custom-designed kitchens are becoming increasingly common and customers are prepared to spend much more of their disposable income on kitchens adapted to meet their needs, with greater design input and good functionality. As a result, the European market is growing in pace with the increasing interest among customers. With its expertise, long experience and strong brand, Ballingslöv has the potential to become one of the leading kitchen manufacturers in Europe.

STRONG POSITION IN SCANDINAVIA IN 2003

In 2003, Ballingslöv continued to consolidate its position in Scandinavia as a leading supplier of kitchen fittings. In total, Group sales amounted to SEK 1,204.5 million, compared with SEK 1,159.6 million for 2002. Organic growth in Scandinavia amounted to 8 %, which is considered to be somewhat better than the general market trend. Our strong brand, extensive distribution system and broad product programme have played a crucial role in the positive development of the company. In the UK, our sales fell by 17 % to SEK 302.9 million compared with the previous year. Although the performance of our UK operation has improved on previous years the effect of measures, such as our new service organisation, will not be reflected in the sales figures for some time. The organisation is functioning extremely well, making our company one of the best in the sector in terms of delivery and installation service.

The Group's operating income before amortisation of goodwill amounted to SEK 140.0 million, which is in parity with the previous year's income. Income was negatively affected by higher selling expenses associated with product launches, renewal of sales materials and the establishment of new sales outlets.

Both sales and income were negatively influenced by exchange rate effects: sales were affected by minus SEK 37 million and income before tax by minus SEK 7 million.

POSITIVE DEVELOPMENT IN SCANDINAVIA

In 2003, the Swedish market developed more strongly than in the previous year with increases in both the new construction and renovation segments and total growth of approximately 5 %. Low interest rates and a great deal of continued interest in kitchens among consumers contributed to the growth in the market. To a large extent, the Norwegian market was in parity with 2002, while Denmark showed growth on virtually the same level as Sweden. The UK market was generally considered to have remained at roughly the same level as the previous year. A shortage of undeveloped land and the slow processing of building permits led to a reduction of approximately 2 % in Ballingslöv's primary seg-

ment in the UK, the construction of new, single-family homes.

SUCCESSFUL PRODUCT LAUNCHES

Successful product launches were achieved in 2003 in both Scandinavia and the United Kingdom. These involved the investment of a great deal of resources in marketing and advertising, as well as ensuring our product programme was on display in several showrooms. Professional advice is crucial when investing in a new kitchen, which is why we provide comprehensive training for all sales personnel in retail outlets.

The largest investment of the year, in terms of plant, concerned the installation of sprinkler systems for improved safety in our Swedish and Danish factories. We also invested considerable sums in IT, with new administrative systems in Denmark and the UK.

IMPROVED SERVICE ORGANISATION

Following the problems experienced in the UK, principally on the delivery service side, we have been working with a programme of measures that was launched in 2002. Construction companies in the UK require kitchen manufacturers to take complete responsibility for a project: to deliver and install the appliances as well as the kitchen fittings. To meet these requirements, Ballingslöv changed its organisation including setting up an installation operation that now provides our customers with an extremely competitive service.

INTEGRATION OF MULTIFORM ACCORDING TO PLAN

During the year we acquired Multiform, the Danish company selling kitchen fittings in the superior quality segment. With sales of SEK 50 million and just over 40 employees, the company was acquired to complete our product range. Through co-operation within the Group, Multiform has reduced its purchasing and distribution costs. A successful collaboration has also developed within sales and marketing between Ballingslöv and Multiform, with the former selling Multiform products through selected retailers in Sweden and Norway. We estimate that, by

the middle of 2004, we will have doubled the number of sales outlets in Sweden, Denmark and Norway to approximately 35. In 2004, project sales in the Danish market will be co-ordinated between Ballingslöv AB, Multiform and DFI in a separate organisation.

STRATEGIES FOR INCREASED GROWTH

In 2003, the Board of Directors conducted a thorough review of the strategic aim and direction of the Group. In all probability, we will continue to work according to the strategies we have had up until now, the aims of which are increased growth and improved profitability. This means that we will continue to work with independent distributors and/or franchisees, develop and invest in our brand, exploit group synergies within purchasing, production, IT and distribution, as well as focus on efficient product development and production. Acquisition opportunities that can complement and consolidate our current Group structure will be assessed on a continuous basis.

Following our strategy review, we have established a number of operational principles that form the basis for our objectives and strategies. These principles affect areas such as customer orientation, growth, profitability/productivity, personnel, quality and adaptability. They are integrated in all management development work and provide the driving force for various processes of change. They are also reported in the Group description on page 9.

VISION – TO BE ONE OF THE LEADING COMPANIES IN EUROPE

My vision for Ballingslöv is that we should be one of the leading kitchen manufacturers in Europe. To achieve this ambition, we need to acquire companies as well as grow organically. I believe that size is important: the bigger we become, the more effective we can be. We can achieve scale effects and develop leading edge expertise in areas such as product development, production and logistics, offering benefit to our customers as well as consumers. Growth and size are also positive for our employees, giving them increased opportunities for personal development and furthering their careers. As far as shareholders are concerned, increased growth usually means better long-term profitability.

Finally, I would like to thank all employees for their commitment to the company in 2003.



Nils-Erik Danielsson
Chief Executive Officer

“VISION – TO BE ONE OF THE LEADING COMPANIES IN EUROPE”



BALLINGSLÖV – THE GROUP IN BRIEF

THE COMPANY

Ballingslöv is one of the leading manufacturers of kitchen fittings in Scandinavia and the United Kingdom. In Scandinavia, we also market fixtures and fittings for bathrooms and storage solutions. In each market, our products are sold under a strong and well-known brand: Ballingslöv, SweNova, Drømmekjøkkenet, JKE Design, DFI, Multiform and Paula Rosa.

The Ballingslöv Group includes five wholly-owned manufacturing subsidiaries, and production takes place in Sweden, Denmark and the UK.

BUSINESS CONCEPT

Ballingslöv's concept is to develop, manufacture and market, through an extensive distribution network, a flexible range of products for fitting out kitchens, bathrooms and storage solutions. The range is distinguished by well-known brands, well thought-out design and high quality.

VISION

Through profitable growth, Ballingslöv aims to be one of the leading kitchen manufacturers in Europe.

STRATEGY

Ballingslöv works according to a number of strategic guidelines.

- Continuous investment in and development of the company's brands.
- Distribute our products through a well-established, independent distribution network with

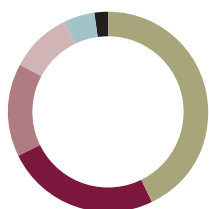
competent sales personnel and a high level of service to the end customer.

- Offer a flexible range of products combining high quality and well thought-out design.
- Improve the Group's efficiency through increased co-ordination, integration and benchmarking within purchasing, product development, production, distribution and IT.
- Strengthen our competitiveness through systematic and continuous development of expertise, both externally and internally.
- Acquisitions shall be initially focused in the Nordic region and the UK, and be complementary in terms of product range and distribution channels.

HISTORY

Ballingslöv AB was founded in 1929 and, until the beginning of the 1940s, produced all types of joinery. In 1941, the company began to standardise kitchen fittings by manufacturing ready-assembled modules that could be put together according to the customer's requirements – a completely new technique that was an instant success. Since then, Ballingslöv has enjoyed a position as one of the leading manufacturers in the kitchen industry. Following its acquisition by Electrolux in 1974, Ballingslöv itself began to grow through the acquisition of other companies in the sector. The worktop manufacturer DFI A/S in Denmark was acquired in 1989, the UK company Kingfisher Wood Products Ltd in

Net sales, breakdown per company, %



FINANCIAL OBJECTIVES

RESULT 2003

ORGANIC GROWTH

Average organic growth over a trade cycle should amount to 3–5 %.

Organic growth amounted to just over 3 %, excluding exchange rate effects.

OPERATING MARGIN

The operating margin before goodwill amortisation (EBITA margin) should amount to at least 12 %.

Operating margin before goodwill amortisation amounted to 11.6 %.

INTEREST COVERAGE RATIO

The interest coverage ratio should exceed 4.0 times.

The interest coverage ratio amounted to 5.6 times.

EQUITY/ASSETS RATIO

The equity/assets ratio should amount to at least 30 %.

As at 31 Dec. 2003, the equity/assets ratio amounted to 46.1 %.

1990 and the Danish kitchen manufacturer JKE Design A/S was incorporated into the Ballingslöv Group in 2000. After 24 years within the Electrolux Group, the venture capital company EQT acquired Ballingslöv in 1998. Operations which, within Electrolux, were organised in each country's business area, were integrated to form a Group with Ballingslöv Holding AB, now Ballingslöv International AB, as the parent company. In June 2002, Ballingslöv took the step of becoming a listed company on Stockholmsbörsen (Stockholm stock exchange). In February 2003, the Danish kitchen manufacturer Multiform A/S was acquired.

CUSTOMERS

Purchasers of Ballingslöv's products in the Scandinavian market are, primarily, private households individuals who the company reaches via independent distributors who, in turn, cultivate the end customers. In the UK, where the majority of customers are construction companies building or renovating major housing developments, Ballingslöv works through its own well-developed sales and service network.

MARKET

The European market for kitchen fittings is currently valued at more than SEK 100 billion*. In Scandinavia, the market is estimated to amount to approximately SEK 6 billion and, in the UK, to between SEK 14 and SEK 15 billion. The total value of the Scandinavian market for bath-

* All market values are shown as producer values.

room fixtures and fittings is estimated to be approximately SEK 1 billion.

Ballingslöv is mainly active in Sweden, Denmark, Norway and the United Kingdom. The majority of sales are generated from the Swedish and British operations.

The market for kitchen and bathroom fittings tends to be divided up into new construction and RRE (renovation and rebuilding). The RRE segment, which is generally less sensitive to market conditions than the new construction segment, represents 70–80 % of the total market in most European countries.

PRODUCTS

Ballingslöv's main product range is made up of high-quality, complete kitchen units and worktops. The company also markets bathroom fixtures and fittings in the Scandinavian markets. Ballingslöv's product range is characterised by well thought-out design, a flexible product selection and superior quality.

THE SHARE

The Ballingslöv share was listed on Stockholmsbörsen's O list in June 2002. At the end of 2003, the total number of shares amounted to 10,725,758. On 31 December 2003, Ballingslöv's market value was SEK 842.0 million. In 2003, the Ballingslöv share rose by 43 %. On 1 January 2004, Ballingslöv's share was moved to Stockholmsbörsen's Attract 40 list.

OPERATIONAL PRINCIPLES

- **Customer focus:** Guiding light for development and change.
- **Profitability:** Good profitability is essential for our company to be able to continue to function in the long term.
- **Productivity:** High productivity is the essence of an integrated value chain with in-depth refinement – an important competition parameter.
- **Growth:** The foundation for development of the company and all its employees is growth.
- **Competence development:** Our employees should be focused on learning and developing.
- **Quality:** This is the basis of our offer and applies in the broadest sense (product, service, treatment, etc).
- **Flexibility:** Driven by the need to be able to respond quickly to changes in the market.



THE SHARE AND SHAREHOLDERS

The Ballingslöv share was listed on the Stockholmsbörsen's O list on 19 June 2002 following a new issue of 1,250,000 shares. The sales price was SEK 64 per share.

SHARE CAPITAL

Ballingslöv's share capital amounts to SEK 21,451,516 divided between 10,725,758 shares. Every share entitles the owner to one vote, and each person entitled to vote may vote at the annual general meeting corresponding to the total number of shares he or she owns and represents, with no limitation as regards voting entitlement. All shares have the same entitlement to a share in Ballingslöv's assets and income.

PRICE TRENDS AND TURNOVER

Ballingslöv's market value at the year end amounted to SEK 842.0 million. The price of the shares has risen by 42.7 % since 1 January 2003. During the corresponding period, Affärsvärlden's Generalindex rose by 29.7 %. During the year, the highest closing value was SEK 80.5 on 23 December 2003 and the lowest closing value was SEK 48.5 on 11 March 2003, measured from the last payment.

During 2003, 4,905,676 Ballingslöv shares were sold, corresponding to 45.7 % of capital and votes. The shares were traded on every trading day, with an average turnover per trading day of 20,356 shares. The rate of turnover, ie the share's liquidity on the Stockholm Exchange, amounted on average to 50 % during 2003. From 2 January 2004, Ballingslöv shares will be traded on the Attract 40, O list.

SHAREHOLDERS

Between 1974 and 1998, Ballingslöv was a wholly-owned subsidiary of AB Electrolux. The ownership structure changed in July 1998 when the investors behind the venture capital fund EQT Scandinavia I acquired Ballingslöv. In conjunction with the spread of ownership and the listing on the stock exchange in 2002, Ballingslöv gained some 1,200 shareholders.

The number of shareholders at the year end amounted to approximately 2,900, corresponding to an increase of 141.7 %. The ten largest shareholders represent 57.6 % of the capital and votes, while foreign shareholders represent 18.1 %.

Legal entities hold 78.1 % of the shares and private households 21.9 %. Out of the total number of shares, 18.5 % or 1,984,782 were directly registered. The proportion of agent-registered shares amounted to 81.5 % at the year end, or 8,740,976 shares. The largest shareholders at the end of 2003 can be seen from the table below.

DIVIDEND POLICY

The Board of Directors intends to distribute approximately 50 % of income after tax over a business cycle. However, consideration will be given in this respect to the company's financial position, cash flow, investment needs and expected future profitability.

PROPOSED DIVIDEND

Ballingslöv's Board proposes a dividend of SEK 2.75 per share for the fiscal year.

Based on the share price at the end of the year, the proposed dividend means a direct return of 3.5 %.

SHAREHOLDER VALUE

With the aim of increasing the turnover of Ballingslöv's shares and thereby providing current and future shareholders with the conditions for valuing the company fairly, the group management is working continuously to develop and improve the financial information as well as to participate actively in meetings with institutions, shareholders, the media and analysts.

THE MAJOR SHAREHOLDERS 31.12.03

Shareholder	Number of shares	Proportion of capital and votes
Stena	2,325,000	21.7%
AMF Pension fonder	795,000	7.4%
Fairford Scandinavia AB	782,496	7.3%
Handelsbanken fonder	536,200	5.0%
Lannebo fonder	517,200	4.8%
Odin fonder	439,600	4.1%
Catella fonder	300,000	2.8%
Livförsäkringsbolaget	251,800	2.3%
SEB fonder	235,010	2.2%
Småbolagsfond Sverige, Roburs	230,000	2.1%
Sub-total	6,412,306	57.6%
Total number of shares	10,725,758	

The restriction that was placed on EQT Scandinavia I in conjunction with the introduction on the stock exchange regarding the sale of shares in Ballingslöv ceased on 26 February 2003. The restriction that was placed on parts of the management and Board of Directors regarding the sale of shares in Ballingslöv ceased by 50 % on 26 February 2003 and 50 % on 23 August 2003.

SHARE PRICE TREND



KEY INDICATORS PER SHARE

	Result			Pro forma	
	2003	2002	2001	2000	1999
Earnings per share, SEK	6.01	6.61	6.11	4.97	3.94
Earnings per share, excluding goodwill, SEK	8.05	8.98	8.78	7.50	6.43
Dividend per share, SEK*	2.75	2.50	–	–	–
Shareholders' equity per share, SEK	43.28	41.44	39.55	31.04	26.57
Number of shares at year end, millions**	10.73	10.73	8.75	8.75	8.75

*Board's proposal for allocation of income

**After reverse split

PRICE DATA

	2003
Listed price on 31/12, SEK	78.50
Market value on 31/12, SEK M	842.0
Highest price paid during the year, SEK	80.50
Lowest price paid during the year, SEK	48.50
Direct return on 31/12, %	3.5
P/E number on 31/12, multiple	13.0
P/E number excl. goodwill on 31/12, multiple	9.7

DISTRIBUTION OF HOLDINGS OF BALLINGSLÖV SHARES

Number of shares	Number of shareholders	% of number of shareholders	Number of shares	% of share capital and votes
1–1,000	2,479	84.4	935,601	8.7
1,001–10,000	388	13.2	1,188,433	11.1
10,001–100,000	51	1.7	1,416,338	13.2
100,001–1,000,000	19	0.7	5,050,960	47.1
>1,000,001	1	<0.1	2,134,426	19.9
Total	2,938	100	10,725,758	100

BROKERS' HOUSES THAT FOLLOW THE SHARES

Alfred Berg/ABN-AMRO
Nordea Securities
Swedbank Markets
Hagströmer & Qviberg
Handelsbanken Capital Markets

CHANGE IN SHARE CAPITAL 1998–2003

Time	Event	Change in the number of shares	Total number of shares	Increase in share capital, SEK	Total share capital, SEK	Share face value, SEK
May 1998	Formation of the company	100,000	100,000	100,000	100,000	1.0
Aug 1998	New issue	17,400,000	17,500,000	17,400,000	17,500,000	1.0
Nov 1998	Issue of convertible debentures	–	–	–	–	–
Nov 1998	Issue of debenture loans together with option to subscribe for new shares	–	–	–	–	–
May 2002	Consolidation of shares 1:2	8,750,000	8,750,000	–	17,500,000	2.0
June 2002	New issue	1,250,000	10,000,000	2,500,000	20,000,000	2.0
July 2002	Conversion of debentures	308,138	10,308,138	616,276	20,616,276	2.0
July 2002	Utilisation of options	417,620	10,725,758	835,240	21,451,516	2.0

DESIGN AND FUNCTION INCREASINGLY IMPORTANT



Christina Cheng, trend analyst at Embrink Design.

A growing interest in furnishings and design, as well as cooking, has changed the market conditions for players in the kitchen industry. Over the past few years, the market for kitchens has steadily increased and there is every indication that the trend will continue. The growing interest in kitchens is partly due to the extensive coverage given to interior furnishings, cooking and lifestyle trends in the media and partly due to a general fashion for design and home furnishings to become increasingly important to the consumer. Kitchen furnishings have evolved from being building products to being consumer products.

The role of the kitchen has changed over time. From being a small space dedicated to food preparation, with meals served in an adjoining best room or dining room, the role of the kitchen within the home has grown both in size and significance, chiefly at the expense of the living room. This development is expected to lead to the further integration of the kitchen with the living room.

– Once again, the kitchen has become the natural meeting place that the rustic, farmhouse kitchen once was. It's a trend that will continue, says Christina Cheng, trend analyst at Embrink Design in Stockholm.

LARGER KITCHENS AND GREATER AWARENESS

A natural consequence of the kitchen assuming a more important role in the home is that customers prefer larger, more exclusive kitchens with individual solutions, a high degree of functionality

and good design. As the commitment of customers to the kitchen continues to grow, consumers are also prepared to spend a larger proportion of their disposable income on their refurbishment.

SINGLES TAKE MARKET SHARE

In addition to the fashion for increasingly large kitchens with extra features, such as kitchen islands, open fireplaces, etc, we have noted another trend which is being driven by single households and infiltrating large areas of the kitchen market. Research has shown that in family households as well as those of people living alone we behave as singles, in other words, during the week, family members operate like individual households in the kitchen. An indication of this is the fact that products packaged in individual portions are taking an increasingly large share of the market for foodstuffs. Apart from the fact that the majority of households today are made up of individuals behaving as singles, a full 50 % of households in Sweden are single households and their number is growing. Over the past 40 years, the number of Swedes living in single households has increased from approximately 500,000 to slightly more than two million, in other words, the number of single households has quadrupled*.

Single households try to emulate the functionality and design of larger households.

– Owners of small kitchens in single households have the same demands and ambitions for their kitchens as the owners of larger ones. The younger

* Source: SCB



BREAKFAST



APRICOT JAM

1 kg dried apricots, leave to soak overnight
 350 g granulated sugar to 1 kg fruit pulp (after soaking)
 Peel and juice of 2 lemons
 4 whole star anise or approx 1/4 teaspoon ground
 1 vanilla pod, scraped out, + pod during cooking
 200 g toasted almonds, coarsely chopped

Soak apricots in plenty of water overnight, the water coming approx 5 cm above the surface of the fruit. Cook in the water in which they were soaked for approx 15 minutes until soft, stirring regularly to avoid sticking to the bottom of the pan. Drain in a colander and then blend in a food processor. Mix fruit puree, sugar, star anise and lemon in a saucepan, bring to boiling point and then simmer for approx 10 minutes. Leave to stand for 4 minutes and then pour in the toasted almonds.

generation has started to become more interested in cooking which means it is important for them to be able to prepare and serve food, says Elisabeth Rosenlund, interior designer at White in Gothenburg.

KITCHEN APPLIANCES REQUIRE INGENUOUS SOLUTIONS

Advanced electrical equipment will have a more central role to play in the kitchen of the future, and whatever becomes standard for the large family will also become standard for the small and single household. Even in a kitchen with a small surface area, the consumer wants sufficient space for an ever increasing amount of equipment.

In future, consumers will expect space to be available not only for the dishwasher, microwave oven and food-processor but also the food-blender, ice machine, grill, espresso machine, food-slicer and potato peeler, even in small kitchens. This will create the need for new, smarter solutions for storage and built-in machines.

NEW FORMS OF WOOD

– Wood continues to be a popular choice for kitchen fittings, but its appearance may be quite different from what we are used to seeing. We will certainly be working more with treated wood – limed, stained or similar – and combining it with other materials, says Elisabeth Rosenlund.

Over the next few years, light colours will continue to be popular in the kitchen, this trend being echoed in the choice of wood, such as light oak.

ITALIAN DESIGN – AN INSPIRATION

To a large extent, the European market is influenced by Italian and German design. Outstanding features of Italian designs include exciting styles, and cleaner and more pared down shapes. In recent years, clean lines and minimalism have also become increasingly popular in Scandinavian design.

– Approaches to design have burgeoned in Scandinavia, with consumers now starting to demand the optimum combination of function and design, where function drives development, says Christina Cheng.

Apart from focusing on design, kitchen manufacturers are also putting a great deal of thought into finding the best solutions for all functions in the kitchen. The consumer wants to feel that the kitchen environment is sound, functional and well thought through.



Elisabeth Rosenlund, interior designer at White.

“ONCE AGAIN, THE KITCHEN HAS BECOME THE NATURAL MEETING PLACE THAT THE RUSTIC, FARMHOUSE KITCHEN ONCE WAS.”

Christina Cheng, trend analyst at Embrink Design.

WORKTOPS

Ballingslöv offers a wide range of worktops in numerous materials such as solid wood, laminate, granite, concrete and amphigranite. The kitchen environment is strongly influenced by the choice of worktop, as more and more consumers are finding, and choosing between a beautiful wooden worktop in, for example, oiled teak, walnut or maple and a fashionable, concrete worktop cast in one piece and imbued with a rustic appearance, can be quite a problem.



THE EUROPEAN MARKET

The European market for kitchen fittings is currently valued at more than SEK 100 billion, with Germany the single largest market responsible for just over 20 % of sales. The UK and Italy are responsible for approximately 15 % each and the Nordic region for 10 %. The European kitchen fittings sector includes some 2,000 producers with a total of around 70,000 employees. Of the ten largest kitchen producers, five are German and two Swedish, of which Ballingslöv is one.

The market is divided into RRE – Renovation and Rebuilding – and new construction. On average, furnished flats and single-family homes in Europe total 6,000 per 1 million inhabitants.

In 2003, the European kitchen market was estimated to have grown by 1–2 %.

In Scandinavia, the market for kitchen fittings is estimated at approximately SEK 6 billion and, in the UK, to between SEK 14 and SEK 15 billion.

The value of the Scandinavian market for bathroom fittings is approximately SEK 1 billion, excluding other bathroom products such as sanitary ware, shower partitions, shower cabinets and bathtubs. The market for worktops in Scandinavia is estimated to be SEK 1.2 billion in producer value.

DRIVING FORCES IN THE MARKET

The demand for kitchen fittings is influenced by a number of factors. One of them is the rate of new construction. Within the RRE segment, there are factors such as

- the general economic climate: interest levels,

disposable income, unemployment and the consumers' belief in the future.

- the need for new and better planning in the home and the kitchen.
- increased interest in design and interiors.
- media's increased interest in kitchens.

Largely speaking, the same factors affect the demand for bathroom fittings.

THE SCANDINAVIAN MARKET

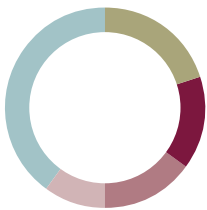
It is estimated that nearly 300,000 kitchens were sold in Scandinavia in 2003 (no official statistics available), of which nearly 250,000 were in RRE and just over 50,000 through new construction.

The RRE segment in Scandinavia is expected to continue to grow by one or two percentage points in 2004. New construction is expected to remain at the same or a slightly lower level than 2003.

In Sweden, the number of newly-built houses in 2003 is estimated at around 20,000, of which 8,000 were single-family houses and 13,000 were flats in apartment blocks. The RRE market is estimated to more than 90,000 kitchens. This means that approximately 110,000–120,000 kitchens were sold in Sweden in 2003. The Norwegian and Danish markets are somewhat smaller than the Swedish one. As in Sweden, the number of new houses estimated to have been built in Norway was approximately 20,000 while the corresponding number in Denmark was estimated at 15,000.

The producer value of the Swedish market was estimated at around SEK 2.4 billion in 2003, the

The largest markets in Europe



- Germany, 20%
- Italy, 15%
- United Kingdom, 15%
- Nordic region, 10%
- Other, 40%



COFFEE BREAK



CINNAMON CAKE

175 g butter	1 pinch of salt
250 ml granulated sugar	300 ml soured cream
2 eggs	2 tbsps brandy or whisky
450 ml wheat flour	of some kind
2 teaspoons vanilla sugar	2 tsp butter
1 tbsp baking powder	

Filling: 3 tbsps ground cinnamon and 100 ml granulated sugar

Cream the butter and sugar together. Stir in the eggs and soured cream and mix well. Mix together the dry ingredients. Blend well with the rest of the mixture. Mix together sugar and cinnamon. Fill 12 large muffin cases half full and sprinkle with approximately half the cinnamon sugar. Top up the cases with the remainder of the cake mix and sprinkle with the rest of the cinnamon sugar. Finally, dot with approx 2 tablespoons of butter, evenly distributed. Bake the muffins at 200 °C, approx 20–30 minutes.

Danish market at almost SEK 2 billion and the Norwegian approximately SEK 1.6 billion. Growth in 2003 in the Swedish and Danish markets was estimated at approximately 5 %, while the Norwegian market showed zero growth.

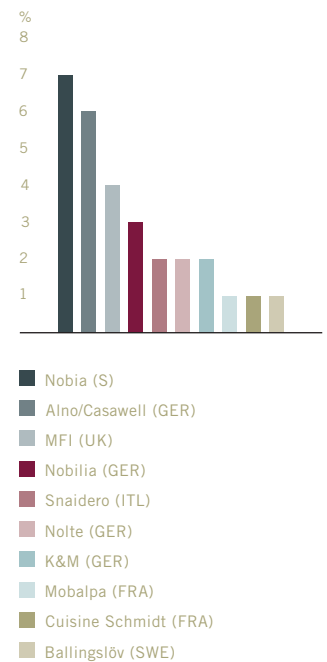
UNITED KINGDOM

The UK market in 2003 was estimated to amount to approximately 750,000 kitchens. The newly-built private house segment totalled 155,000–160,000. The RRE market was estimated at around 550,000 kitchens, of which approximately 50,000 were cheaper apartment blocks, so-called social housing.

The producer value of the UK market was estimated at SEK 14–15 billion in 2003. The market showed only weak growth during the year.

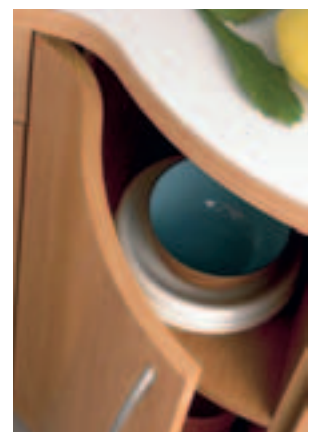
In 2004, the UK market for newly-built private houses is estimated to be at around the same level as in 2003.

The ten largest kitchen producers in Europe



KITCHEN DOORS

Ballingslöv offers a wide range of kitchen doors in exciting materials. Wooden doors (solid or veneered) in, for example, ash, birch, beech, oak or cherry, painted doors in the latest fashionable colours, laminated doors, doors with a high gloss finish. The variations are endless! Every year, of course, we spice up the range with exciting new doors.



Ballingslöv International AB

Sales: SEK 1,205 M
Number of employees: 884

COUNTRY	Sweden	Norway	Denmark	United Kingdom
	Net sales: SEK 449 M	Net sales: SEK 138 M	Net sales: SEK 275 M	Net sales: SEK 303 M
PRODUCTION PLANTS	Ballingslöv AB Sales: SEK 523 M (497) Number of employees: 364		JKE Design A/S Sales: SEK 187 M (167) Number of employees: 104 DFI A/S Sales: SEK 151 M (135) Number of employees: 113 Multiform A/S Sales: SEK 56 M (50) Number of employees: 43	Kingfisher Wood Products Ltd. Sales: SEK 303 M (366) Number of employees: 260
BRANDS KITCHENS	Ballingslöv Swenova JKE Design Multiform	Drømmekjøkkenet JKE Design Multiform	Ballingslöv JKE Design Multiform	Paula Rosa
BRANDS BATHROOMS	Ballingslöv JKE Design Multiform	Ballingslöv JKE Design Multiform	Ballingslöv JKE Design Multiform	
BRANDS WORKTOPS	DFI	DFI	DFI	



CONTINUED GROWTH FOR BALLINGSLÖV IN SCANDINAVIA

Ballingslöv is mainly active in the kitchen fittings market in Sweden, Denmark, Norway and the United Kingdom. An important part of Ballingslöv's sales are also worktops which usually amount to around 15 % of the total cost of a kitchen. The Group also sells bathroom fittings in the three Scandinavian countries. One of Ballingslöv's major competitive advantages is the wide range of products characterised by superior quality and well thought-out design.

The Group has five manufacturing subsidiaries: Ballingslöv AB in Sweden, Kingfisher Wood Products in the UK, Multiform, JKE Design and DFI in Denmark.

The Ballingslöv Group works with a series of well-known brands, for example, Ballingslöv, Multiform, JKE Design and DFI in the Scandinavian countries. In the UK, kitchen fittings are sold under the Paula Rosa brand.

BALLINGSLÖV'S BUSINESS MODEL

Ballingslöv's business models for Scandinavia and the United Kingdom differ quite markedly. In Scandinavia, RRE (Renovation and Rebuilding) is the most important market segment for the company. Ballingslöv supplies a flexible range of kitchen and bathroom fittings to the market. For example, customers can choose between thousands of different kitchen doors. In Sweden, builders' merchants provide an important distribution channel. They often have special departments for kitchen and bathroom fittings, a so-called "shop

within the shop". Another important channel is provided by kitchen showrooms which are of greatest importance in Denmark and Norway.

In the UK, Ballingslöv focuses mainly on the private, new construction segment. Approximately 90 % of sales are made up of this segment. Ballingslöv's product mix for this market is composed of kitchen fittings, appliances and installation services. The most important customer category is made up of building contractors. In recent years, Ballingslöv has built up a comprehensive service organisation in order to be able to handle the delivery of products as well as installation.

DEVELOPMENTS IN 2003

Organic growth in Scandinavia amounted to 8 %, which is considered to be somewhat better than the general market trend. Ballingslöv's growth can be explained in a number of ways, including the superior quality and flexibility of the product range, gradual development of the sales system with a growing number of sales outlets and distributors selling only Ballingslöv products.

In the UK market, Ballingslöv's sales fell by approximately 17 %. This is chiefly due to historical problems in 2002 and at the beginning of 2003 when Ballingslöv did not have a sufficiently large organisation to deal with both the delivery of products and their installation. The company has now built up a well-adapted service organisation that provides a delivery service at a competitive level.

INCOME AND PROFIT 1999–2003 (PRO FORMA 1999–2000)

SEK M	2003	%	2002	%	2001	%	2000	%	1999	%
Net sales	1,204.5		1,159.6		1,233.9		1,100.4		988.8	
Operating income before goodwill amortisation (EBITA)	140.0	11.6 %	142.2	12.3 %	135.2	11.0 %	121.5	11.0 %	107.8	10.9 %
Operating income, (EBIT)	118.1	9.8 %	119.1	10.3 %	111.9	9.1 %	99.4	9.0 %	86.0	8.7 %
Income after financial items	99.6	8.3 %	99.4	8.6 %	84.9	6.9 %	71.9	6.5 %	60.8	6.1 %
Net income	64.5		64.5		53.5		43.5		34.5	

SWEDEN – HIGH DEMAND FOR KITCHENS

In Sweden, approximately 110,000–120,000 kitchens were sold in 2003. Thanks to the enormous interest in kitchens and general economic situation, the market grew by approximately 5 %.

SIZE AND DEVELOPMENT OF MARKET

The Swedish kitchen market is estimated to have sales of approximately SEK 2.4 billion in producer value.

The RRE segment constitutes approximately 80 % of the market while new construction accounts for 20 %. In 2003, the market picture changed to a degree insofar as the Stockholm market shrank while growth occurred chiefly in southern and western Sweden. Other countries showed relatively stable consumption in terms of investment in homes. College and university towns showed better growth than other towns. All in all, this means that the Swedish market increased by around 5 % in 2003. The high demand for kitchens is due partly to the fact that the economic climate is quite favourable (low interest rates, easy to secure loans, low unemployment, etc.) but also to the fact that kitchens, and even bathrooms, are receiving an increasing amount of attention from the media.

The Swedish bathroom fittings market is estimated to have sales of approximately SEK 400 billion in producer value.

SALES CHANNELS

In Sweden, builders' merchants provide an important distribution channel for kitchens. A total of

approximately 1,500 builders' merchants sell around 700 kitchens, of which Ballingslöv is represented in about 180. The 700 builders' merchants are responsible for 35–40 % of sales of kitchen fittings. Examples of major builders' merchants are Beijer Byggmaterial and Woody Bygghandel. Even kitchen showrooms, hardware and paint stores, kitchen appliance outlets, furniture warehouses and house factories operate as kitchen distributors. Design and function are important criteria in the decision-making and purchasing process which is why it is important in kitchen sales for consumers to experience and feel the products purely on a physical level. In recent years, Ballingslöv has invested a great deal in building up product displays at retailers and the company is represented in more than 300 locations in Sweden, from Kiruna in the north to Trelleborg in the south.

MARKET POSITION AND COMPETITION

Ballingslöv's market share for kitchen fittings in Sweden is estimated at 15–20 %. In 2003, the Group had sales of SEK 449 million in the Swedish market.

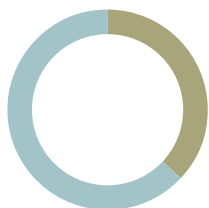
Ballingslöv, Marbodol (owned by Nobia) and IKEA represent two-thirds of the Swedish market.

Svedbergs is the leading player in bathroom fittings; Ballingslöv's share is approximately 7 %.

PROSPECTS FOR 2004

In 2004, the market is expected to increase by a couple of percentage points. Growth will be mainly in the RRE segment.

Proportion of Group sales, %



■ Sweden, 37%
■ Other, 63%



LUNCH



PASTA AND SALMON SALAD, 4 pers

Ruccola lettuce
500 g cooked pasta
200–300 g smoked salmon
2 avocados, cut into wedges
4 spring onions
200 g cocktail tomatoes
200 g fresh young spinach leaves
2–3 tbsps pesto

Mix together all the pasta salad ingredients. If you are using shop-bought, ready-made pesto, you can dilute thick pesto with a little olive oil.

DENMARK – RRE SEGMENT CONTINUED TO GROW

The market for renovation and rebuilding (RRE) continued to grow in 2003, and even the new construction segment increased although by less than in 2002. All in all, the kitchen fittings market increased by more than 5 % in 2003.

SIZE AND DEVELOPMENT OF MARKET

The market for kitchen fittings is estimated to have sales of nearly SEK 2 billion in producer value, and the RRE segment constitutes around 85 % of the market. All in all, the Danish market increased by a little more than 5 % in 2003.

Design plays a more prominent role in the Danish market where the trend is for more minimalistic kitchens. The market is influenced relatively quickly by fashions spreading from the rest of the European Continent.

The Danish bathroom fittings market is estimated to have sales of approximately SEK 300 million in producer value. Many of the kitchen manufacturers also produce bathroom fittings.

SALES CHANNELS

Sales of kitchen fittings to consumers are dominated by kitchen showrooms which are responsible for more than 50 % of sales. The formation of chains of various kinds, including franchising, is quite usual. Several major manufacturers have also concentrated on DIY stores and these have been quite successful in recent years. Builders' merchants provide another important sales channel and are responsible for around 25 % of sales.

MARKET POSITION AND COMPETITION

The Danish kitchen manufacturing industry is relatively consolidated. Ballingslöv is the third largest producer with just over 10 % of market share and in 2003, the Group had sales of SEK 275 million in the Danish market.

The largest manufacturer in the Danish market is Nobia with just over 40 % of market share. Other important players include Svaneköket and Kvikköket.

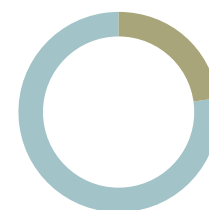
In 2004, Ballingslöv AB will increase our focus on builders' merchants, which is the most important sales channel for our brand.

Dansani is the leading player in the bathroom market. Ballingslöv's market share is approximately 5 %.

PROSPECTS FOR 2004

In 2004, the market is expected to increase by 1–2 %. Growth will be mainly in the RRE segment.

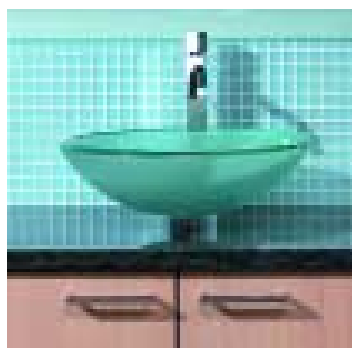
Proportion of Group sales, %



■ Denmark, 23%
■ Other, 77%

BATHROOMS

Approximately 5 % of Ballingslöv's total sales are made up of bathrooms. The company has a large range of products and can offer large, exclusive bathroom environments in the latest materials as well as more basic bath modules for smaller bathrooms.



NORWAY – UNCHANGED MARKET

As in the previous year, the Norwegian market for kitchen fittings remained unchanged in 2003 due, among other causes, to a recession in the new construction segment.

MARKET SIZE

The kitchen fittings market is estimated to have sales of approximately SEK 1.6 billion in producer value. The RRE segment, which constitutes around 75 % of the market, has remained largely unchanged over the past two years. New construction, which in Norway is responsible for a greater proportion of the total market than is the case in Denmark and Sweden, is experiencing a downward trend. The segment shrank by 10 % in 2002, followed by further decline of 5 % in 2003. All in all, the Norwegian market showed zero growth in 2003.

The Norwegian and Swedish kitchen markets are very similar in terms of kitchen design, although minimalist designs are not as popular as in Denmark.

The market for bathroom fittings is estimated to have sales of approximately SEK 300 million in producer value.

SALES CHANNELS

Kitchen showrooms form the dominant sales channel for kitchens in Norway and independent outlets play a much more prominent role here than they do in Denmark. Ballingslöv markets itself to a large extent through kitchen showrooms in the Norwegian market.

MARKET POSITION AND COMPETITION

The two largest domestic makes are Norema and Sigdal, which are part of the Nobia Group.

Norway has a relatively high import share for kitchens, corresponding to approximately 40 %. Ballingslöv is the second largest exporter to Norway and has a market share of approximately 8 %. In 2003, the Group had sales of SEK 138 million in the Norwegian market.

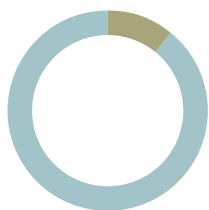
Ballingslöv's product range lends itself particularly well to the Norwegian market and the brand has consolidated steadily over the past few years. The upgrading of displays and investment in training kitchen sales personnel are areas of focus for the company.

The leading manufacturer of bathroom fittings is Foss, with a market share of approximately 20 %.

PROSPECTS FOR 2004

In 2004, the total market is expected to increase by 1–2 %. New construction will continue to fall, its decline estimated at around 4 %, while the RRE segment is expected to increase. The balance between new construction and RRE is, therefore, expected to be similar to that of Denmark and Sweden.

Proportion of Group sales, %



■ Norway, 11%
■ Other, 89%



FIVE O'CLOCK TEA



SANDWICHES

Cucumber slices

Spread fresh cheese, natural or flavoured, on both slices of bread; slice cucumber thinly and make a single layer. Press the two pieces of bread together lightly so that they adhere to each other, and remove the crusts.

Chopped prawns

100–200 g shelled, chopped prawns
1 tbsp finely-chopped dill
2–3 tbsps mayonnaise
a little lemon juice
salt and pepper

Mix the ingredients together and follow the instructions for the cucumber slices.

UNITED KINGDOM – A STABLE MARKET

As in previous years, the UK market in 2003 showed a certain degree of growth. Among other factors, this was due to the general upturn in the economy.

MARKET SIZE

Ballingslöv's UK brand, Paula Rosa, is principally aimed at medium-sized customers in the construction sector to which subcontracted work is sold, in other words, Paula Rosa not only delivers kitchens but is also responsible for kitchen appliances and complete installation.

The RRE segment is responsible for approximately 80 % in the UK and new production for approximately 20 %.

In recent years, the UK market has gradually moved towards a more continental profile where design is becoming increasingly important.

SALES CHANNELS

The distribution of kitchens in the UK is dominated by three channels of equal size: kitchen showrooms, furniture shops and DIY stores. These channels represent around 75 % of the total distribution.

Paula Rosa sells about 10 % of its total sales to private households via 40 independent retailers, mainly kitchen showrooms. Sales to the construction sector, approximately 90 % of total sales, are made direct via contractors.

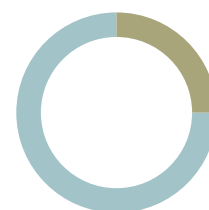
MARKET POSITION AND COMPETITION

Paula Rosa is positioned as a brand in the upper-medium segment and, during 2004, new products to further secure this position will be launched. Paula Rosa holds third position in this segment after the significantly larger competing kitchen companies, Moores and Symphony. Paula Rosa has around 10 % of the segment that is cultivated. In 2003, the Group had sales of SEK 303 million in the UK market.

PROSPECTS FOR 2004

Within the sector and segment that the Ballingslöv Group operates with the Paula Rosa brand, the market has been relatively stable in recent years. This stability expected to continue in 2004.

Proportion of Group sales, %



■ United Kingdom, 25%
■ Other, 75%

ACCESSORIES

The choice of mixer tap, worktop and handle/knob is an important part of determining the design details of a kitchen. Smart solutions, such as internal spice racks, bench stool or bottle container mountings are other details that can make life that much easier in the kitchen.



OUR BRANDS – STRONGER THAN EVER

During the year, major efforts were made to further consolidate the brands. DFI and JKE developed new sales material and launched new products. Ballingslöv, Paula Rosa and SweNova will have their turn in the first quarter of 2004.

BALLINGSLÖV AND SWENOVA

Ballingslövs broad and flexible range offers a great deal of potential for adapting the product to suit the individual customer, and is one of our main competitive tools. Ordinarily, four to five new kitchen ranges are launched every year with quality, functionality and attractive design as our guiding lights.

Ballingslöv markets and sells bathroom fittings with positioning corresponding with that of its kitchens.

Kitchen fittings from SweNova, which are only marketed in Sweden, are mainly sold through specialist outlets and are characterised by excellent function, quality and individualism.

PAULA ROSA

Paula Rosa, our brand in the UK, is promoted by highlighting its superior design content. Three to five new kitchen ranges are usually launched every year. The new ranges have a more continental profile in order to adapt to changes in customer preferences in the UK.

JKE DESIGN

JKE Design, is one of the leading kitchen brands in Denmark. Nearly two-thirds of sales are to

customers in Denmark, a third to Norway and a small proportion to Sweden. JKE Design's offer is characterised by high quality and modern design, and is positioned within the medium price segment upwards. The kitchens are characterised by enormous flexibility, and two to three new kitchen ranges are launched annually.

DFI

DFI, responsible for approximately 70 % of the Group's total sales of worktops, has an extremely broad product range with prices from medium level upwards. The range is primarily made up of laminated tops and worktops in solid wood. DFI offers considerable scope for individual customisation. While, approximately a third of the worktops are made of solid wood, a popular and growing segment, DFI also sells worktops made of steel, composite materials and terrazzo/concrete which have a small but growing market share. The DFI motto is to create "the personal room".

MULTIFORM

Multiform is Ballingslöv's most exclusive brand. Multiform offers three design lines, of which the so-called "classic" is the most well-known. In the same style and design as the kitchens, Multiform also sells bathroom environments. The brand is sold in Denmark through high-profile outlets and, in Sweden and Norway, through joint outlets with the Ballingslöv brand. Multiform promotes the brand through classic and minimalist Danish design.

Ballingslöv®

SweNovaKök

MULTIFORM

JKE
DESIGN



DINNER



CHÈVRE CHICKEN WITH VEGETABLES, 4 portions

Chicken:

4 chicken fillets
100 g chèvre cheese

Marinade:

200 ml oil
2 tbsps Dijon mustard
50 ml white wine vinegar
50 ml honey
1 tbsp grated root ginger
50 ml chives

Root vegetable salad:

Ruccola lettuce
500 g potatoes cut into wedges
2 carrots, 2 parsnips cut into small pieces.
2 red onions cut into wedges
10 whole garlic cloves
200 ml black olives
1 tbsp honey
some toasted chopped almonds
olive oil, salt and pepper

Cut the chicken into strips and fill with cheese. Add salt and pepper and fry the fillets for approximately 5 minutes on both sides. Bake in the oven for approx 15 min at 175°C. Root vegetable salad: Roast root vegetables at 200° for approx 20–25 minutes, leave to cool slightly, toss with the ruccola lettuce and marinade, sprinkle with the toasted almond flakes.

DESIGN FOR INDIVIDUAL CUSTOMISATION

Ballingslöv's products are characterised by superior quality, well thought-out design and function as well as great flexibility offering virtually limitless scope for individual customisation. The Group's brand extends from a relatively broad spectrum of price and range, with the emphasis from the medium level upwards. In recent years, the value of Ballingslöv's products has steadily increased. This can be explained by a general market trend with a shift towards a product mix with more customised and sophisticated, and consequently more expensive kitchens, that meet the needs of the individual more closely. As a result, Ballingslöv has become a more pure consumer goods company.

IMPORTANT COMPETITIVE TOOLS

As consumers become increasingly conscious of quality, the demand for design and function increases, which is the current driving force behind Ballingslöv's product development. The company works methodically with product development in order to be able to continually offer a flexible range of products. Product development takes place mainly at subsidiary level in order to meet the requirements of each brand's specific customer base, although Ballingslöv endeavours to co-ordinate product development at Group level, too.

To achieve group-wide solutions, the focus at Ballingslöv is on the standardisation of measures, materials and quality requirements. Development work is conducted in such a way as to ensure a competitive range is secured for each brand, while realising Group synergies in purchasing and pro-

duction. This work will intensify in 2004.

EXTERNAL DESIGNERS IN CLOSE CO-OPERATION

Product development is led today by various product advisory boards within each of the manufacturing subsidiaries. These consist of five to ten people from the company management, production, sales and purchasing departments. To ensure successful product and design work, close co-operation also exists with outside architects and designers.

FUNCTION IN FOCUS

The kitchen has developed from being a mere workplace to a room where family and friends can spend time together and, in addition to food preparation, it is the venue for a wide range of other activities. This imposes completely different demands on the kitchen itself: apart from accommodating the activities of several individuals, it must also be beautiful and practical as, to a large extent, it is integrated into the lifestyle that is evolving. The current trend is for more storage space to be provided in bottom cupboards and wide drawers instead of cupboards with shelving.

Ballingslöv foresees further development of bottom cupboards while consumers are also demanding wider worktops. In response to this, equipment for cupboards has been developed to provide more practical and functional storage. There are several different worktop surface materials to choose from, including those produced by the Danish group company DFI A/S, and the Group has developed a high degree of expertise in this area.

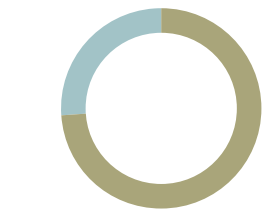
ZENUS

Prominent furniture designer Jonas Lindvall has designed the Zenus kitchen for Ballingslöv. The surface, with its corrugated structure, makes you want to touch the kitchen units. Much of the impressive technical equipment is hidden away, eg, the cooker hood concealed behind the swing-out cover and the dishwasher behind a sophisticated pull-out door.



ENVIRONMENT AND EMPLOYEES

Average number of employees by sex



Men, 642
Women, 226

Care for the environment and adapting our operations to ensure they are in tune with sustainable development are important issues for Ballingslöv. We satisfy environmental requirements by a clear margin in all countries in which we are currently active.

Environmental considerations, therefore, play a significant role as we gradually improve our production plants. Ballingslöv's environmental work is also characterised by contributing to a long-term sustainable society, for example, by reducing the exploitation of resources in the production and use of Ballingslöv's products.

ACTIVE ENVIRONMENTAL WORK

Ballingslöv sees the work of reducing the operation's environmental impact as an important sales tool and a way of further increasing the attractiveness of what we have to offer our customers. Through active environmental work and by positioning Ballingslöv as an environmentally-friendly company, we can strengthen our market positions in the long term.

SUSTAINABLE DEVELOPMENT IN ALL UNITS

It is our intention that all units within Ballingslöv should work towards ecologically-sustainable development. Environmental work is mainly carried out at company level but, by establishing overall goals for the Group, it can be directed to areas where improvements are most urgently required.

Ballingslöv's Swedish factory is quality certified in accordance with ISO 9001:2000 and environmentally certified in accordance with ISO 14001:1996.

Within a reasonable financial framework, our aim is for Ballingslöv's environmental impact to be limited. Our environmental work should be an integral part of day-to-day operations and, as a result, be a continuous process of change. One of the essential requirements for this work is a committed workforce.

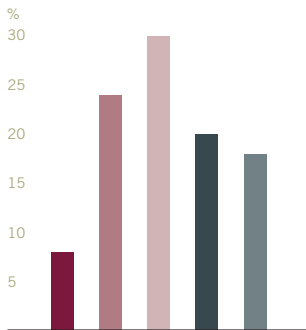
INVOLVED EMPLOYEES

Our aim is to offer customers customised, high-quality kitchen and bathroom fittings, and this entails ever-increasing demands on Ballingslöv's personnel. A customer-oriented company culture, where the personnel are committed, involved and have a firm understanding of customers' wishes, is therefore a key factor for Ballingslöv.

Within Ballingslöv there is a strong tradition of craftsmanship as well as great technical expertise regarding the advanced manufacturing machines that are used in production. Many of our employees have extensive experience of manufacturing our products.

While a growing proportion of production is carried out using increasingly sophisticated and automated manufacturing machinery, the manufacture of our more exclusive products still requires expert craftsmanship.

Employees' age structure 2003-12-31



16-25, 8%
26-35, 24%
36-45, 30%
46-55, 20%
56+, 18%



“ENVIRONMENTAL CONSIDERATIONS THEREFORE PLAY A SIGNIFICANT ROLE AS WE GRADUALLY IMPROVE OUR PRODUCTION PLANTS.”

TRAINING

Our ambition is to be an attractive workplace full of potential for those seeking new work as well as those already employed by us. The overall aim of our training programs is to provide our employees with sound knowledge and to convey the values that Ballingslöv represents. We prefer simple training close to the company which can take us forwards in a quick and cost-effective way. Many employees develop in their work through learning from and teaching their colleagues. When recruiting personnel, the desire to learn and develop is a prioritised criterion of selection. Our aim is to have employees with an overall view and a high degree of competence in their particular area. The combination of employees with a long period of employment and extensive business knowledge with well-educated, younger employees is important for Ballingslöv's long-term development.

To cover our future need for qualified personnel, we have regular contact with schools and offer pupils work-experience opportunities.

SATISFIED EMPLOYEES

Operational analysis is a way of developing both the company and its personnel. Analysis provides important information about how Ballingslöv can further improve its daily work situation and also increase the well-being, motivation and commitment of our employees.

In 2003, absence due to illness was 6 % in total. Preventative healthcare and exercise have a

high priority as part of our efforts to safeguard the working environment and the health of our employees. Working systematically on improving the working environment brings ergonomics and health checks into focus.

Employees

- In December 2003, Ballingslöv had a total of 884 employees, of whom 364 work in Sweden, 260 in the UK and 260 in Denmark.
- Forty-three employees have been added to the workforce through company acquisitions.

Average age

- Average age of women 37 years
- Average age of men 42 years

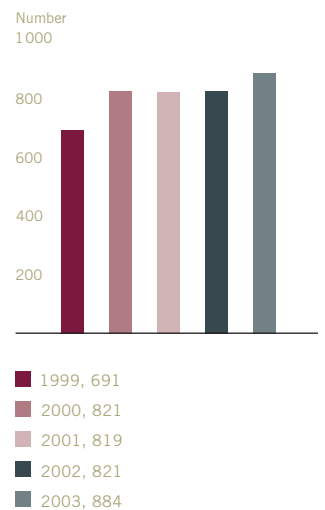
Absence due to illness 01.01.2003 – 31.12.2003

- In 2003, absence due to illness in the Group was 6 % in total. Of which women's sick leave was 4 % and men's was 6 %.
- Total long-term absence 2.7 %, of which women's sick leave was 1.5 % and men's sick leave 2.8 %.

Absence due to illness per age group

Age	Proportion
29 years and younger	4 %
30–49 years	6 %
50 years and older	8 %

Number of employees trend



FINANCIAL RISK MANAGEMENT

The Group's financial operations and financial risk management are conducted on the basis of the Board's established financial policy which aims to keep financial risks at a low level. The financial policy comprises the following principal areas: foreign exchange risks, external borrowing and cash management (liquidity management, working capital management, customer credit policy, investments, etc).

The aim is to define risks within each area and methods for dealing with them. In addition, through the policy, the Board issues instructions concerning the size of financial risk the Group is capable of handling and the distribution of responsibility within the Group.

FOREIGN EXCHANGE RISKS

The Group's income is exposed to currency changes as a proportion of sales income is in different currencies from costs (transaction exposure). Income is also affected by currency changes when the income of overseas subsidiaries is translated into Swedish kronor (translation exposure). Consolidated equity is also affected by currency changes when the assets and liabilities of overseas subsidiaries are translated into Swedish kronor (translation exposure).

Transaction exposure

Around 65–70 % of Ballingslöv's invoicing is denominated in foreign currencies, mainly in GBP, DKK and NOK. Purchasing takes place mainly in EUR, SEK, DKK and GBP. Ballingslöv's income is therefore affected by changes in exchange rates.

Net currency exposure, ie, the relationship between the amount flowing in and out in each currency, amounts to approximately EUR 10.6 million (SEK 97 million) (net outflow), NOK 70.8 million (SEK 81 million) (net inflow) and DKK 1.3 million (SEK 1.6 million) (net outflow). Thus Ballingslöv has an overall currency exposure of approximately SEK 180 million, equivalent to approximately 17 % of net sales. Ballingslöv's financial policy aims to minimise the financial risks that Ballingslöv is exposed to in a cost-effective manner, as well as to secure sufficient liquidity for

day-to-day operations. Financial risks will be minimised, firstly, through internal measures such as matching flows, the choice of invoicing currency and balancing currency risks in investments/liabilities, and secondly with the aid of financial instruments. Of the net flows six to twelve months ahead, 45–75 % is hedged. Forward contracts are dealt with by the relevant subsidiary, while other financial instruments such as currency options may only be dealt with by the Group's Financial Director. However, trading with forward contracts always takes place with the approval of the Group's Financial Director.

As at 31 December 2003, the actual value of hedging not yet taken to income amounted to SEK 27.0 million. An example showing the effects of changes in the most significant currencies for Ballingslöv can be found under the heading Sensitivity analysis in this section.

As at 31 December 2003, the consolidated goodwill asset amounted to SEK 329.7 million. Goodwill is depreciated linearly over 20 years, giving an annual goodwill amortisation of approximately SEK 21.9 million. The 20 year depreciation period is justified by the fact that company acquisitions and restructuring are a long-term strategy and that the acquisitions include important brands for Ballingslöv. The goodwill asset is entered in the accounts of Ballingslöv International AB and the UK subsidiary Kingfisher Wood Products Ltd. The total acquisition value for the Group's goodwill is SEK 438.3 million. Goodwill is depreciated in SEK, DKK and GBP, and consequently the total annual goodwill depreciation may vary somewhat in the consolidated accounts as a result of currency changes. In addition to goodwill, the Group has intangible assets in the form of brands entered in Ballingslöv AB's accounts. As at 31 December 2003, this item was written down to 0. Write-down of brands has taken place linearly over five years. The brand was capitalised in the balance sheet in conjunction with Ballingslöv International AB (then Ballingslöv Holding AB) buying out the operation from Electrolux in 1998.

Translation exposure

The overseas companies are financed through equity and loans in the currency of the countries in which the companies are based. Equity hedging in overseas subsidiaries is only conducted in DKK and amounted to SEK 75.3 as at 31 December 2003. Net assets in DKK amounted to SEK 102.8 million as at 31 December 2003. Exchange rate differences from translation of foreign net assets amounted to SEK -1.5 million in 2003 and income from equity-hedge to SEK 1.2 million, which is reported direct to consolidated equity.

FINANCING RISKS

As at 31 December 2003, Ballingslöv's net financial liabilities amounted to SEK 239.4 million, divided between financial liabilities and interest-bearing provisions of SEK 308.2 million and cash and bank balances of SEK 68.8 million.

Of the long-term liabilities, SEK 229.6 million will fall due within five years of the balance sheet date and the remaining SEK 4.0 million will fall due after six years or more.

On the balance sheet date, available credit and liquid assets amounted to SEK 220.3 million.

INTEREST RISK

The Group's financing costs are affected by changes in market rates of interest. Fixed interest rates on consolidated financial liabilities are normally short as the debt/equity is relatively low. Interest-bearing liabilities, see note 33.

CREDIT RISK

The Group's financial transactions give rise to credit risk in relation to financial opposite parties. The risk of an opposite party failing to meet their obligations is limited through the choice of creditworthy opposite parties, restrictions on commitments per opposite party and the use of appropriate agreements for the operation. Credit losses sustained by the Group are therefore low.

INSURANCE

Ballingslöv insures its factories against property and downtime costs. Risk-taking for each factory

is as it generally is for property, SEK 0.5 million for individual loss. Risk-taking for each production interruption generally amounts to 7 days per loss, nevertheless a minimum of SEK 0.5 million.

SENSITIVITY ANALYSIS

Ballingslöv's income is affected by factors such as changes in sales volumes, price trends for input material as well as the trends affecting Ballingslöv's most important currencies, ie, DKK, NOK and EUR. The following table shows how pre-tax income is affected by changes to the most important parameters.¹⁾

The reported effects are based on conditions in 2003, and should give an indication of how income after net financial items is affected in the event of an isolated change to each parameter.

The table only presents transaction effects of exchange rate changes, and not accounting effects as a result of changes in exchange rates during the Group's consolidation.

1) For example, an increase in the NOK/SEK exchange rate, in other words strengthening of the Norwegian krone in relation to the Swedish krona, will have a positive effect on Ballingslöv's income as the company has a net inflow of Norwegian krone.

EFFECT ON INCOME

Parameter	Change	Before tax, SEK M
Net sales	+/- 1 %	+/- 6.5
Purchasing expenses	+/- 1 %	-/+ 4.0
Salary expenses	+/- 1 %	-/+ 3.1
DKK/SEK	+/- 1 %	+/- 0.0
NOK/SEK	+/- 1 %	+/- 0.8
EUR/SEK	+/- 1 %	-/+ 1.0
Interest rate level	+/- 1% unit	-/+ 2.7

FIVE YEAR SUMMARY

INCOME STATEMENT	Result			Pro forma	
	2003	2002	2001	2000	1999
SEK M					
Net sales	1,204.5	1,159.6	1,233.9	1,100.4	988.8
Operating income before depreciation (EBITDA)	168.3	167.1	162.7	146.9	131.8
Operating income before GW amortisation (EBITA)	140.0	142.2	135.2	121.5	107.8
Operating income, (EBIT)	118.1	119.1	111.9	99.4	86.0
Net profit for the year	64.5	64.5	53.5	43.5	34.5
Income for the period excl. GW amortisation	86.4	87.6	76.8	65.7	56.3
EBITDA margin, %	14.0	14.4	13.2	13.3	13.3
EBITA margin, %	11.6	12.3	11.0	11.0	10.9
EBIT margin, %	9.8	10.3	9.1	9.0	8.7

BALANCE SHEET	Result			Pro forma	
	2003	2002	2001	2000	1999
SEK M					
Goodwill, brands and other	331.6	351.1	390.0	394.9	400.0
Tangible and financial fixed assets	216.2	214.4	199.6	191.0	173.7
Total fixed assets	547.8	565.5	589.6	585.9	573.7
Operating assets	391.5	402.1	412.8	339.5	292.6
Liquid assets	68.8	73.1	29.1	39.2	81.3
Total current assets	460.3	475.2	441.9	378.7	373.9
TOTAL ASSETS	1,008.1	1,040.7	1,031.5	964.6	947.6
Shareholders' equity and minority interest	464.6	445.0	346.6	272.0	232.8
Interest-bearing liabilities and provisions	308.2	370.9	430.6	458.5	488.0
Non-interest-bearing liabilities and provisions	235.3	224.8	254.3	234.1	226.8
Total liabilities	543.5	595.7	684.9	692.6	714.8
TOTAL SHAREHOLDERS; EQUITY & LIABILITIES	1,008.1	1,040.7	1,031.5	964.6	947.6

CASH FLOW STATEMENT

	Result			Pro forma	
	2003	2002	2001	2000	1999
SEK M					
Operating income	118.1	119.1	111.9	99.4	86.0
Depreciation	50.2	48.0	50.8	47.6	45.8
Other items not affecting liquidity	5.7	3.8	4.1	3.7	3.6
Net financial items	-17.7	-20.1	-31.7	-27.5	-25.2
Tax	-25.4	-29.4	-31.8	-44.1	-22.1
Cash flow before change in working capital.	130.9	121.4	103.3	79.1	88.1
Change in working capital	-2.9	-24.8	-40.3	-35.2	-10.3
Cash flow from current operations	128.0	96.6	63.0	43.9	77.8
Cash flow from investment operations	-43.4	-47.8	-27.2	-42.3	-43.2
Cash flow from financing operations	-89.0	-4.7	-45.7	-54.6	-54.0
Cash flow for the period	-4.4	44.1	-9.9	-53.0	-19.4

KEY DATA, FIVE YEARS

	Result			Pro forma	
	2003	2002	2001	2000	1999
Returns					
Return on equity, %	14.2	16.3	17.3	17.3	16.2
Return on capital employed, %	15.3	15.6	15.5	14.3	12.5
Return on total capital, %	11.7	12.0	11.7	10.8	9.6
Capital structure					
Interest coverage ratio, multiple	5.6	5.0	3.7	3.3	3.0
Debt/equity ratio, multiple	0.7	0.8	1.2	1.7	2.1
Net debt including pension provisions, SEK M	239.4	297.8	401.5	419.3	406.7
Equity/assets ratio, %	46.1	42.8	33.6	28.2	24.6
Investments					
Net investments, SEK M	43.4	47.8	27.2	42.3	43.2
The Ballingslöv share					
Earnings per share, SEK	6.01	6.61	6.11	4.97	3.94
Earnings per share, excluding goodwill, SEK	8.05	8.98	8.78	7.50	6.43
Employees					
Average number of employees	868	816	861	850	800

DIRECTORS' REPORT

GROUP

Ballingslöv is one of the leading manufacturers of kitchen fittings in Scandinavia and the United Kingdom. The products are characterised by well thought-out design, enormous flexibility and superior quality. Our products are manufactured in our own factories in Sweden, Denmark, Norway and the United Kingdom. Our product range also includes bathroom products.

SALES AND INCOME

Net sales

Ballingslöv's net sales increased in 2003 by 3.9 % to SEK 1,204.5 million compared with SEK 1,159.6 million in the previous year.

Income

In 2003, operating income fell by 0.8 % to SEK 118.1 million (SEK 119.1 million) corresponding to 9.8 % (10.3 %) of net sales. Income after financial items amounted to SEK 99.6 million (SEK 99.4 million) corresponding to 8.3 % (8.6 %)

of net sales. Net income amounted to SEK 64.5 million (SEK 64.5 million) corresponding to SEK 6.01 (6.61) per share, calculated on the average number of share during the period.

OPERATIONS DURING THE YEAR

In the renovation segment and new construction of single-family houses, the Swedish market was considered to have improved on the previous year. Low interest rates and a great deal of continued interest in kitchens among consumers have been important in driving up demand. The apartment block segment has shown weaker growth. In total, the market is estimated to have increased by approximately 5 %.

The Norwegian market is estimated to have been in parity with the previous year.

In Denmark, the market showed positive growth of slightly more than 5 %. The driving forces behind this growth have largely been the same as in Sweden.

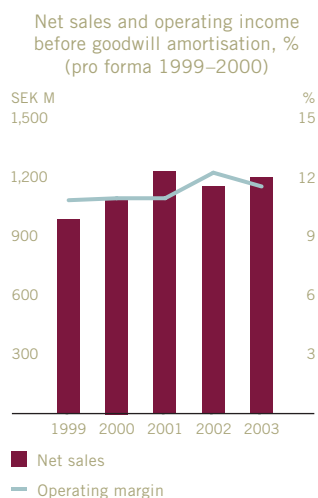
Ballingslöv's positive sales trend continued in the Scandinavian operations in 2003. Organic

Key data

SEK million (unless stated otherwise)	2003	Change	2002
Net sales	1,204.5	+3.9%	1,159.6
Operating income before goodwill amortisation (EBITA)	140.0	-1.6%	142.2
Operating income before goodwill amortisation (EBITA)	11.6		12.3
Operating income, (EBIT)	118.1	-0.8%	119.1
Operating margin, %	9.8		10.3
Income after financial items	99.6	+0.2%	99.4
Net profit for the year	64.5		64.5
Net income per share, SEK	6.01		6.61
Average number of shares during the period, millions	10.73		9.76
Dividend per share, SEK (proposed)	2.75	+10%	2.50
Return on capital employed, %	15.3		15.6
Return on equity, %	14.2		16.3
Interest coverage ratio, multiple	5.6		5.0
Debt/equity ratio, multiple	0.7		0.8
Equity/assets ratio, %	46.1		42.8
Net investments	43.4		47.8
Average number of employees	868		816

Net sales and operating income before goodwill amortisation (EBITA) per geographical area, SEK m

	Net sales		EBITA	
	2003	2002	2003	2002
Scandinavia	901.6	793.8	133.0	131.7
United Kingdom	302.9	365.8	7.0	10.5
Total	1,204.5	1,159.6	140.0	142.2



growth amounted to 8 %, a rate of increase that is estimated to be higher than general market trends.

Expansion of the distribution system in Scandinavia progressed according to plan, especially in terms of exclusive distributors.

The integration of Multiform A/S, which was acquired at the beginning of the year, progressed well and several new retailers were established through Group co-ordination. Operating margin before goodwill amortisation amounted to 14.8 % (16.6 %) in the Scandinavian operations. Increased marketing and selling expenses, like foreign currency growth, had a negative effect on the margins. A certain proportion of marketing and selling expenses were of an investment character (establishment of new distributors, reconstruction/extension of product displays, etc).

The UK market was generally considered to have remained at roughly the same level as the previous year. A shortage of undeveloped land and the slow processing of building permits has, however, led to a decline of 2 % in our primary market segment, the construction of new, privately-built, single-family houses.

Measures taken to effect a stable, high-quality delivery service in the UK produced results which means that, in competitive terms, we now have a good or better level of service than our competitors. In the final quarter, however, the implementation of a new IT system (Movex) in the UK company had a negative impact on the organisation whereby the focus on business operations was affected. In 2004, the new IT system is expected to provide excellent support, both in terms of quality and efficiency.

Severance pay of the previous CEO of the UK company and the recruitment costs of the new CEO of this company have been charged against income to a total of approximately SEK 2 million.

During the year, several companies launched new products and new sales material which received a positive response from the market and provided excellent support to the development in sales.

In 2003, the Ballingslöv Group was largely able to maintain its good profitability levels despite excessively weak development in the UK.

Good sales growth and, consequently, high-capacity utilisation in the Scandinavian factories

and co-ordination measures within the Group formed an important driving force in the development of profitability.

FINANCIAL POSITION

Shareholders' equity

As at 31 December 2003, consolidated shareholders' equity amounted to SEK 464.4 million (SEK 444.7 million), which corresponds to SEK 43.28 (SEK 41.44) per share.

Change in shareholders' equity, SEK M

Change in shareholders' equity, SEK M	444.7
Dividend	-27.0
Translation differences	-17.8
Net profit for the year	64.5
Shareholders' equity at the end of the year	464.4

Equity/assets ratio improved to 46.1 % (42.8 %). Our aim is for the equity/assets ratio to exceed 30 %.

Debt/equity ratio

The debt/equity ratio, ie, interest-bearing liabilities divided by shareholders' equity improved to 0.7 (0.8).

Interest coverage ratio

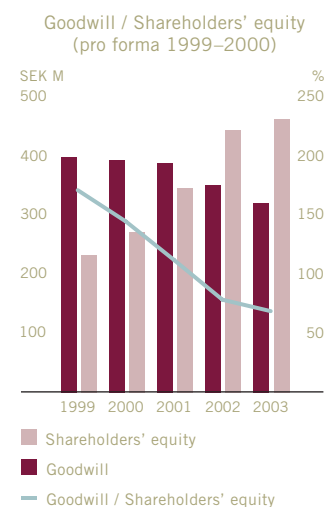
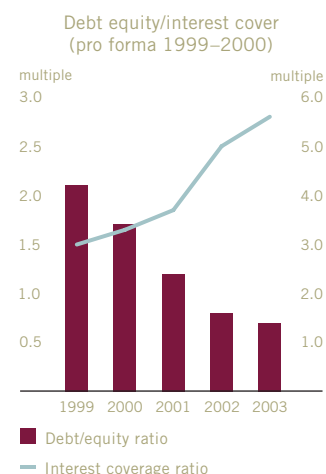
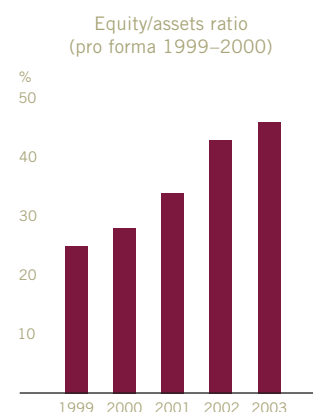
The interest coverage ratio, ie, income after net financial items plus financial expenses divided by financial expenses, improved to 5.6 (5.0). Our aim is for the interest coverage ratio to exceed 4.0.

Liquid assets

At the close of the year, liquid assets amounted to SEK 68.8 million (SEK 73.1 million) corresponding to 5.7 % (6.3 %) of net sales. At the close of the year, available credit and liquid assets amounted to SEK 220 million. Through various factors, including reduced net liabilities and an improved equity/assets ratio, it was possible for the average rate of interest on consolidated loans to be cut.

Inventories and current receivables

Inventories amounted to SEK 153.2 million (SEK 147.8 million) and current receivables to SEK 238.3 million (SEK 254.3 million) which corresponded to 12.7 % (12.7 %) and 19.8 % (21.9 %) of net sales.



Return on capital employed and equity

The return on capital employed was 15.3 % (15.6 %) and on shareholders' equity 14.2 % (16.3 %).

Cash flow

The cash flow from current operations improved significantly to SEK 128.0 million (SEK 96.6 million). The cash flow from current operations in Scandinavia amounted to SEK 99.3 million (SEK 78.8 million) and to SEK 28.7 million (SEK 17.8 million) in the UK. Cash flow improved both from current operations before operating capital changes and through a relative improvement in tied-up operating capital.

Investments

The Group's net investments during the year amounted to SEK 43.4 million (SEK 47.8 million). These investments corresponded to 3.6 % (4.1 %) of consolidated net sales. The investments related primarily to sprinkler installations at Ballingslöv AB and JKE Design A/S, IT investments at Kingfisher Wood Products Ltd and DFI A/S as well as the acquisition of Multiform A/S.

Employees

In 2003, the average number of employees was 868 (816) of whom 359 (366) are in Sweden. At the close of the year, the total number of employees was 883 (821). During the year, salaries and remuneration amounted to SEK 263.4 million (SEK 248.8 million).

PARENT COMPANY

The parent company conducts no operations of its own. During the year, one person was appointed.

The Board's work during the year

Ballingslöv's Board of Directors consists of seven members appointed at the AGM (including the CEO), without deputies, and two members appointed by the employees' organisations. Other salaried employees of the Group participate in board meetings in a reporting capacity.

During the year, six board meetings were held, of which one was connected with a company visit to Denmark.

Throughout the year, the board held regular reviews of the Group's income and financial position as well as dealing with questions concerning acquisitions and divestments, investments and the strategic aim and direction of the Group.

During 2003, the board paid special attention to the strategic aim and direction of the Group.

The board has adopted a formal work plan which includes the following requirements:

- that 4–6 meetings should ordinarily be held each year.
- that reports from the company's auditors should be processed at least once a year.
- that the company's business plan should be discussed at a board meeting.
- that the board's working methods and decision-making routines should be evaluated once a year.

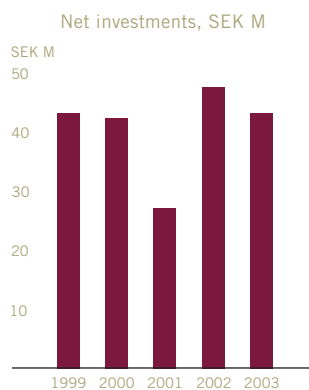
The formal work plan also includes detailed instructions for the Chief Executive Officer explaining which matters require the approval of the board and which financial and other report should be dealt with by the board. The work plan also stipulates the monetary levels at which each decision-making body within the Group is entitled to approve investments in plants, etc.

Every year the board establishes a financial policy which is to apply to the Group. Among other items, the policy deals with foreign exchange risks, external borrowing and cash management. The policy defines risks within each area and methods for dealing with them. In addition, through the policy, the board issues instructions concerning the size of financial risk Ballingslöv is capable of handling and the distribution of responsibility within the Group.

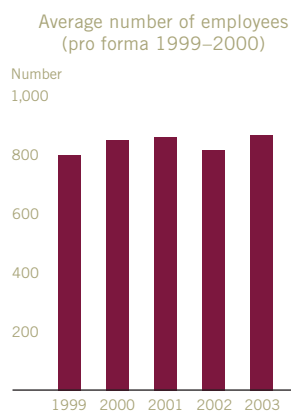
Preparation of election of directors

The four major owners of capital and votes in Ballingslöv appointed a nomination committee with the task of proposing the election of board members, and remuneration of the latter, at the AGM in 2004. The nomination committee comprises:

- Lars-Åke Helgesson, Chairman of Ballingslöv
- Bert-Åke Eriksson, Stena Sessan
- Sten Kottmeier, AMF pension incl funds
- Salah Osseiran, Fairford Scandinavia
- Stefan Roos, SHB funds



*Actual financial trend for the year 1999–2000 are based on pro forma and are not fully audited accounts.



LICENSING AND REPORTING OBLIGATION

The company owns a manufacturing plant in Sweden. This is responsible for approximately 40 % of the total manufacturing value in the Group. For operational purposes, the plant is required to hold a licence issued by the relevant public authorities. This licence covers, for example, the maximum values or limits for discharging waste into the atmosphere as well as noise levels. No significant injunctions relating to the Swedish Environmental Code were issued during the year.

Manufacturing units in other countries adapt operations, seek the necessary licences and report to the authorities in accordance with relevant local legislation.

CHANGE-OVER TO IFRS

In 2005, the Ballingslöv Group and parent company will change over to reporting in accordance with International Financial Reporting Standards. The annual accounts for 2004 will, therefore, be the last annual accounts to be prepared in accordance with the Swedish Financial Accounting Standards Council. In the interim report for the first quarter of 2005 and the annual report for 2005, a reconciliation will appear between our balance sheet and income statement (our financial reports) 2004 in accordance with IFRS and the Group's present accounting principles.

The recommendations of the Swedish Financial Accounting standards Council have gradually moved closer to the IFRS. However, a number of differences remain between the recommendations of the Council and the IFRS. The number of differences will increase through changes in IFRS that are currently being implemented. It is still the case that not all IFRS that will be applicable in 2005 are available in their definitive form. We are continually following developments to ensure we are able to adapt ourselves to the new regulations. Based on what we know at present, the greatest differences between our current accounting principles and the forthcoming IFRS will be the following:

- Accounting of pensions (this difference will, however, disappear through the introduction of RR 29 in 2004).
- Accounting of financial instruments, which

means that several instruments will be reported at their actual value and which also intensifies the demand for reporting hedging to be permitted.

- Goodwill will no longer be amortised linearly. Instead, it will be obligatory for an annual review to determine whether there are any write-down requirements.

The consolidated financial reports will also be affected by changes in classification and information requirements in accordance with IFRS. These changes will probably have an impact on our key data. The Group has not, however, progressed far enough with the introduction of IFRS for these differences to be quantified.

The Ballingslöv Group is currently reviewing its reporting procedures in order to be able to collect the data required for IFRS accounting. In 2004, the Group will also collect information that will be used as amounts for comparison in the interim reports and annual accounts for 2005. Since 2002, the Group has had a steering group, under the management of the Group's financial director, which is working with these issues.

PROPOSED ALLOCATION OF PROFITS

Group

According to the balance sheet, the Group's non-restricted equity amounts to SEK 295,794 thousand. A transfer of cash to restricted reserves is not required.

Parent company

The following profits are at the disposal of the AGM:

Profit brought forward, SEK	267,795,209
Net profit for the year, SEK	49,433,555
	317,228,764

The Board of Directors and the Chief Executive Officer

propose that the profits be appropriated as follows

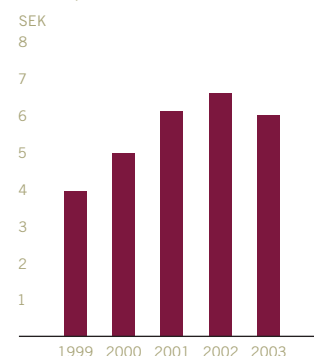
that a dividend of	
SEK 2.75 per share be paid to the shareholders	29,495,835
that the remaining amount be carried forward	287,732,929
	317,228,764

The parent company has paid Group contributions to subsidiaries of SEK 1,947 thousand.

Income and financial position

The income of the Group and parent company operations as well as the position at the end of the financial year are presented in the following income statements and balance sheets with accompanying notes. Unless stated otherwise, all amounts are given in SEK thousands.

Earnings per share for the year, SEK (pro forma 1999–2000)





INCOME STATEMENT

SEK THOUSAND	NOTE	GROUP		PARENT COMPANY	
		2003	2002	2003	2002
Net sales	2	1,204,543	1,159,641		
Cost of goods sold		-775,282	-749,761		
Gross profit		429,261	409,880	0	0
	3				
Selling expenses		-243,523	-230,038		
Administrative expenses	4, 5	-65,636	-58,770	-1,202	-1,025
Development expenses		-2,204	-2,183		
Other operating income		737	235		
Other operating expenses		-506			
Operating income	6	118,129	119,124	-1,202	-1,025
Income from financial investments					
Result from participations in Group companies	28			84,120	104,227
Interest income and similar income/loss items	7	3,076	5,024	172	2,505
Interest expense and similar income/loss items	8	-21,636	-24,697	-6,687	-12,984
Total income from financial investments		-18,560	-19,673	77,605	93,748
Income after financial items		99,569	99,451	76,403	92,723
Transfer to tax allocation reserve				-14,360	-18,000
Tax on income for the year	9	-35,241	-34,952	-12,610	-21,600
Minority shares in net income/loss		149	23		
Net profit for the year		64,477	64,522	49,433	53,123
Earnings per share for the year before and after dilution, SEK	10	6.01	6.61		

BALANCE SHEET

SEK THOUSAND	NOTE	GROUP		PARENT COMPANY	
		2003-12-31	2002-12-31	2003-12-31	2002-12-31
ASSETS					
Fixed assets					
Goodwill, brands and other	11	331,584	351,125		
Tangible fixed assets					
Buildings	12	84,368	84,934		
Land	13	26,333	27,743		
Plant and machinery	14	72,114	70,489		
Equipment	15	24,304	25,480		
Construction in progress	16	5,282	2,552		
		212,401	211,198		
Financial fixed assets					
Participations in subsidiaries	29, 30			538,964	525,937
Prepaid loan expenses	17	573	734	573	733
Deferred taxes recoverable	18	2,144	1,539		
Other long-term receivables	19	1,138	960		
		3,855	3,233	539,537	526,670
Total fixed assets		547,840	565,556	539,537	526,670
Current assets					
Inventories, etc					
Raw materials and consumables		69,376	67,366		
Work in progress		39,936	34,587		
Finished products and goods for resale		43,920	45,871		
		153,232	147,824		
Current receivables					
Accounts receivable - trade		197,519	200,082		
Receivables from Group companies				126,510	126,979
Current tax recoverable		5,149	11,472		
Other current receivables		6,492	4,961	88	60
Prepaid expenses and accrued income	20	29,098	37,746		121
		238,258	254,261	126,598	127,160
Cash and bank balances		68,791	73,100	992	17,139
Total current assets		460,281	475,185	127,590	144,299
TOTAL ASSETS		1,008,121	1,040,741	667,127	670,969

BALANCE SHEET

SEK THOUSAND	NOTE	GROUP		PARENT COMPANY	
		2003-12-31	2002-12-31	2003-12-31	2002-12-31
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	10				
Restricted equity					
Share capital		21,452	21,452	21,452	21,452
Share premium reserve				93,327	93,327
Restricted reserves		147,200	145,680	3,500	3,500
		168,652	167,132	118,279	118,279
Non-restricted equity					
Non-restricted reserves		231,317	213,006	267,795	242,892
Net profit for the year		64,477	64,522	49,433	53,123
		295,794	277,528	317,228	296,015
Total shareholders' equity		464,446	444,660	435,507	414,294
Minority interests		194	343		
Untaxed reserves	31			69,887	55,527
Provisions					
Provision for pensions and similar commitments	21	33,482	31,158		
Deferred tax liabilities	18	44,180	34,118		
Provision for guarantee undertakings	22	4,826	4,610		
Other provisions		619			
		83,107	69,886	0	0
Long-term liabilities to credit institutions	23	233,580	273,379	109,350	146,746
Current liabilities					
Bank overdraft	24	4,660	29,395		
Liabilities to credit institutions		36,499	36,994	36,469	36,964
Advance payments from customers		318	190		
Accounts payable - trade		89,161	87,745	65	77
Liabilities to Group companies				12,457	11,110
Current tax liabilities		7,429	10,512	2,076	4,284
Other current liabilities		24,292	36,034	141	100
Accrued expenses and prepaid income	25	64,435	51,603	1,175	1,867
		226,794	252,473	52,383	54,402
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,008,121	1,040,741	667,127	670,969
Pledged assets	26	751,480	775,295	538,964	525,832
Contingent liabilities	27	41,232	37,495	44,044	70,207

CASH FLOW STATEMENT

SEK THOUSAND	NOTE	GROUP		PARENT COMPANY	
		2003-12-31	2002-12-31	2003-12-31	2002-12-31
Current operations					
Operating income before financial items		118,129	119,124	-1,202	-1,025
Depreciation		50,280	47,973		
Other items not affecting liquidity		5,570	3,876		
		173,979	170,973	-1,202	-1,025
Interest received		3,076	6,198	172	802
Group subsidies and dividends received				83,001	47,773
Interest paid		-20,745	-26,301	-7,235	-11,586
Income tax paid		-25,395	-29,433	-14,276	-18,396
Cash flow before changes in working capital		130,915	121,437	60,460	17,568
Change in inventories		-3,321	-6,047		
Change in other current receivables		-59,084	13,233	931	5,705
Change in other current liabilities		59,491	-31,995	-67	-5,070
Cash flow from current operations		128,001	96,628	61,324	18,203
Investment operations					
Investments in intangible fixed assets			-316		
Investments in tangible fixed assets		-37,696	-46,739		
Sale of tangible fixed assets		1,210	630		
Investments in financial assets	35	-6,945	-1,472	-13,027	-1,052
Sale of financial assets			138		100
Cash flow from investment operations		-43,431	-47,759	-13,027	-952
Financing operations					
Amortisation of liability		-38,678	-39,041	-37,629	-38,374
Change in bank overdraft facility		-23,335	-2,955		
Issue settlement			97,122		97,122
Issue expenses			-14,926		-14,926
Buy-back of options and convertibles			-44,834		-44,834
Dividend		-26,971	-100	-26,815	
Cash flow from financing operations		-88,984	-4,734	-64,444	-1,012
Cash flow for the year		-4,414	44,135	-16,147	16,239
Liquid assets at the beginning of the year		73,100	29,146	17,139	900
Translation difference in liquid assets		105	-181		
Liquid assets at the end of the year		68,791	73,100	992	17,139

NOTES, applying to both the Parent company and the Group

Note 1 Accounting principles and supplementary information

The annual accounts have been prepared in accordance with the Annual Accounts Act and the recommendations and pronouncements of the Swedish Financial Accounting Standards Council. In accordance with RR 22, the bank overdraft facilities have been reclassified, from long-term to current liabilities. Other principles remain unchanged since the financial year 2002.

Revenue recognition

Revenue recognition of sold goods takes place on delivery of the goods to the customer. In cases where a sales contract includes delivery of goods as well as installation work, revenue recognition of the goods takes place on delivery while revenue recognition of the installation work takes place during the period when the work is executed. The extent of installation work is less than 5 % of the Group's total sales. Sales are reported net after tax, discounts and exchange rate differences on sales in foreign currencies. Intra-group sales are eliminated from the consolidated accounts.

Consolidated accounts

The consolidated accounts include subsidiaries in which the parent company, directly or indirectly, holds more than 50 % of the votes.

Fifty per cent of Inredet HK AB is owned by the parent company but, as Ballingslöv International AB has a controlling influence through ownership, delivery agreements and board representation, the company is accounted for as a subsidiary.

The consolidated accounts have been prepared in accordance with the acquisition accounting method which means that subsidiaries' equity on acquisition, determined as the difference between the actual value of the assets and liabilities, is eliminated in its entirety. Thus, only that part of subsidiaries' equity due following acquisition is included in consolidated equity.

If the consolidation acquisition value of shares exceeds the value of the subsidiary's net assets shown in the acquisition analysis, the difference amounts to goodwill on consolidation. The depreciation period is set at 20 years in the light of the long-term and strategic character of the acquisition. Depending on the nature of the acquisition, amortisation of goodwill is reported under the entries Cost of goods sold or Administrative expenses.

During the year, acquired companies are included in the consolidated accounts by an amount in respect of the period after the acquisition. Income from companies sold during the year is included in the consolidated income statement for the period up to the point of the sale.

Deferred tax liabilities in respect of temporary differences that relate to investments in subsidiaries and associated companies are not reported in Ballingslöv's consolidated accounts as the parent company in all cases can determine the date for cancellation of the temporary differences and it is not considered likely that a cancellation will take place in the foreseeable future.

All subsidiary companies are classified as independent units. Therefore, Ballingslöv International AB uses the current method for the translation of annual accounts for foreign subsidiaries. This involves translating the assets and liabilities of foreign subsidiaries at the rates in force on the balance sheet date. Income and expenses are calculated in accordance with average rates for the year. Translation differences are posted directly to consolidated equity.

Since 2001, bank loans in foreign currencies used to finance subsidiary acquisitions have been reported as so-called hedge loans. This means that loans in foreign currencies are viewed as a security measure taken by the parent company to even out the changes in value of net investments in subsidiaries that occur as a result of fluctuations in exchange rates. Exchange rate differences on a loan are posted directly to equity to the corresponding part of translation differences for the subsidiary arising during the year.

Intra-group profit resulting from sales within the Group has been eliminated in its entirety.

Minority shares in net income for the year are reported in the consolidated income statement. Minority shares in subsidiary capital are reported in a separate entry in the consolidated balance sheet.

Income tax

Income tax carried as an expense includes tax to be paid or received in the current year, adjustments to the previous year's tax and changes in deferred tax.

All tax claims and tax liabilities are assessed at a nominal amount in accordance with fiscal regulations and tax rates that have been approved or announced and will, almost certainly, be established by law.

The associated tax effects of items accounted for in the income statement are also reported in the latter. Tax effects on the previous year's issue expenses were reported directly to equity for 2002.

Deferred tax is calculated in accordance with the balance sheet method on all temporary differences that arise between reported and written-down values of assets and liabilities.

Temporary differences exist in cases where the respective reported written-down values of assets and liabilities do not coincide. These temporary differences arose chiefly through untaxed reserves.

Appropriations and untaxed reserves are reported in the parent company accounts according to their fiscal import due to the connection between accounting and taxation. Deferred tax of 28 % is included.

Receivables

Receivables are shown to the amount that, according to individual assessment, is calculated to be paid.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies are assessed in accordance with the rates in force on the balance sheet date. In cases where hedging measures are taken, in the Ballingslöv Group's case forward cover applies, forward rates are used. Transactions in foreign currencies are translated according to the spot rate on the transaction date.

Future flows are hedged which means that revaluation does not take place continuously but only when the instrument falls due for payment.

Exchange gains and exchange losses on receivables and liabilities relating to operations have been reported in operating income

continued from p. 39

Inventories

Inventories are assessed, using the first-in first-out principle, at the lowest acquisition value and the net realisable value on the balance sheet date.

Work in progress and finished goods are assessed at the opening acquisition value of the materials, other direct costs accrued for the goods and appropriate overhead charges for indirect costs.

Fixed assets

Tangible and intangible fixed assets are estimated at their acquisition value minus depreciation. Assets are written off systematically over the estimated period of use. The following depreciation periods apply:

	NUMBER OF YEARS
Goodwill	20
Brands	5
Software programs	5
Buildings	20–40
Land improvements	20
Motor vehicles	5
Computer equipment	3–5
Plant and machinery	5–10
Equipment	5–10

Expenditure for improving the performance of assets, over and above the original level, increases the assets' reported value. Expenditure for repair and maintenance is carried as an expense immediately.

Goodwill is amortised over 20 years depending on the long-term and strategic character of the acquisition. Depending on the nature of the acquisition, amortisation of goodwill is reported under the entries Cost of goods sold or Administrative expenses.

In cases where an asset's reported value exceeds its estimated recovery value, the asset is written down immediately to its recovery value.

Development work

Expenditure for development work is ordinarily carried as an expense as and when it arises. The development undertaken is of great importance to the Group but has the character of maintenance development which means that all criteria in accordance with RR 15 are not met and, above all, the requirement of a future cash flow as a result of investment.

Pensions

Pensions are reported in accordance with the regulations of each country concerned. The shortfall in the UK company, Kingfisher Wood Products Ltd., is reported as contingent liabilities, see note 27.

Prepaid loan expenses

Prepaid loan expenses connected with the refinancing of Ballingslöv are distributed over the term of the loan.

Financial instruments

Financial instruments reported in the balance sheet include cash and bank balances, receivables and operating liabilities. Receivables are shown to the amount that, following individual consideration, is calculated to be paid. Other financial instruments are valued at their nominal value.

Earnings per share

As with profit for the year, earnings per share are calculated according to the income statement in relation to the average number of outstanding shares before and after dilution.

Segment reporting

Segments contain products that are subject to risks and returns that differentiate them from other segments. Geographical areas provide products within a special economic environment that is subject to risks and returns that differentiate them from the risks and returns that apply to units operating in other economic environments. In the Group, segments are classified as primary segments and geographical areas as secondary.

The Group's segments can be divided into kitchen fittings and bathroom fittings. Against the background of the fact that bathroom fittings represent only around 5 % of Group operations, they are only reported as a primary segment. Segment information is therefore covered by the Group as a whole.

Leasing agreements

The Group has a small number of financial leasing agreements for company cars. These amount to negligible sums and are, therefore, reported as operational leasing. Operational leasing fees are carried as an expense in the period to which they relate.

cont. p. 41

continued from p. 40

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method described in the Swedish Financial Accounting Standards Council's recommendation RR 7. Reported cash flow only includes transactions resulting in cash receipts and payments.

Reported cash flow is divided into

- current operations
- investment operations
- financing operations

Cash and bank balances are included as liquid assets.

Provisions

Provisions are reported when the Ballingslöv Group has a legal or informal obligation as a result of previous events and where an outflow of resources is likely in order to regulate commitments and where it is possible to calculate the amount in a reliable manner. In cases where the Group expects a provision to be repaid, for example in accordance with an insurance contract, the repayment shall be reported as a separate asset but only when the repayment is as good as secured.

The Group reports the estimated obligation to repair and restore goods still covered by guarantees on the balance sheet date. Provision estimates are based on historical data in respect of levels of repair and restoration. Most goods are sold with a two-year guarantee.

Raising of capital expenses

Raising of capital expenses are carried as an expense in the period to which they relate.

Internal pricing

Intra-group sales are priced in accordance with conditions in the market. No intra-group purchases or sales take place within the parent company.

Financial risk management

Financial risk management is described on pages 26-27.

Note 2 Segment reporting

SECONDARY SEGMENT – GEOGRAPHICAL AREAS	2003	2002
Sales		
Scandinavia	891,829	784,143
United Kingdom	300,152	362,707
Other markets	12,562	12,791
Total	1,204,543	1,159,641
Assets		
Scandinavia	672,692	644,978
United Kingdom	335,429	395,763
Total	1,008,121	1,040,741
Net investments		
Scandinavia	31,929	36,963
United Kingdom	11,502	10,796
Total	43,431	47,759

Group operations are chiefly conducted in three geographical areas:

- in Scandinavia the development, manufacturing and marketing of both kitchen and bathroom fittings are pursued.
- in the United Kingdom the development, manufacturing, installation and marketing of kitchen fittings are pursued.
- in other markets, marketing of kitchen fittings is pursued.

The sales figures are based on the country in which the company has customers. No sales take place between the geographical areas. Assets and investments are reported where the assets exist.

Note 3 Depreciation, write-downs and write-backs

In total, consolidated profit was charged with depreciation amounting to SEK 50,280 thousand (SEK 47,973 thousand), of which SEK 13,865 thousand (SEK 13,875 thousand) concerns goodwill on consolidation. Amortisation costs for goodwill on consolidation are included in the entry Cost of goods sold. Amortisation other goodwill is included in the entry Administrative expenses.

Note 4 Audit fees

GROUP	2003	2002
Audit assignments, Öhrlings PricewaterhouseCoopers	1,474	1,211
Other assignments		
Öhrlings PricewaterhouseCoopers	633	3,507
Other	169	
Total	2,276	4,718
PARENT COMPANY	2003	2002
Öhrlings PricewaterhouseCoopers		
Audit assignments	41	50
Other assignments	31	1,570
Total	72	1,620

Fees for other assignments for the parent company and the Group in 2002 include SEK 1,570 thousand for remuneration for auditing prospectuses etc connected with stock exchange quotation. These costs have been charged against shareholders' equity as new share issue expenses.

The audit assignment involves auditing the annual accounts, accounting records, the administration of the Board of Directors and Chief Executive Officer. Other duties that are within the remit of the company auditors are guidance or any other assistance given as a result of observations made during the performance of an audit of this kind, or the implementation of other such duties. All other work is classified as other assignments.

Note 5 Salaries and remuneration

GROUP	2003	2002
Salaries and remuneration amounted to		
Board of Directors and Chief Executive Officer		
Parent company and subsidiaries in Sweden (Of which bonus payments SEK 720 thousand (SEK 720 thousand))	3,508	2,910
Subsidiaries in Denmark	3,719	2,497
Subsidiaries in the UK	2,641	1,634
Total	9,868	7,041
Other employees		
Parent company and subsidiaries in Sweden	91,375	88,911
Subsidiaries in Denmark	95,696	70,457
Subsidiaries in Norway	2,515	1,690
Subsidiaries in the UK	63,995	80,748
Total	253,581	241,806
Total salaries and remuneration	263,449	248,847
Total statutory and contractual social security contributions excl pension expenses	43,407	41,881
Pension expenses		
Parent company and subsidiaries in Sweden (of which for the Board and CEO SEK 1,400 thousand (SEK 1,177 thousand))	7,913	7,432
Subsidiaries in Denmark (of which for the Board and CEO SEK 245 thousand (SEK 57 thousand))	7,290	4,414
Subsidiaries in Norway	99	49
Subsidiaries in the UK (of which for the Board and CEO SEK 92 thousand (SEK 202 thousand))	8,042	10,358
Total pension expenses (of which for the Board and CEO SEK 1,738 thousand (SEK 1,436 thousand))	23,344	22,253
TOTAL SALARIES, REMUNERATION, SOCIAL SECURITY CONTRIBUTIONS AND PENSION EXPENSES FOR THE GROUP	330,200	312,981

cont. p. 43

continued from p. 42

PARENT COMPANY	2003	2002
Salaries and remuneration amounted to		
Other employees	422	
Total statutory and contractual social security contributions excl pension expenses	154	–
Pension expenses	28	–
TOTAL SALARIES, REMUNERATION, SOCIAL SECURITY CONTRIBUTIONS AND PENSION EXPENSES FOR THE PARENT COMPANY	604	0

Fees and remuneration

Fees paid to the Board of the Group for the period up to the Annual General Meeting in 2004 have been fixed at SEK 750 thousand, of which the Chairman of the Board receives SEK 250 thousand. No agreement has been made concerning future severance pay for the Chairman of the Board or the members of the Board.

In 2003, the Chief Executive Officer received a salary and other remuneration totalling SEK 2,474 thousand, of which a bonus of SEK 720 thousand was paid. The CEO's bonus is chiefly based on the development of the Group's operative income in relation to set goals but also the way in which specific personal project targets are fulfilled. These are of both a quantitative and qualitative character. The total bonus can amount to a maximum of 50 % of the fixed salary. Other benefits to the CEO include the use of a company car. The retirement age for the CEO is 65 years and provision for a pension is made partly in the form of an individually-signed occupational retirement annuity and partly by entering an amount as a liability to cover the cost of an additional pension. For 2003, premiums for retirement annuity amounting to SEK 273 thousand were carried as an expense and, in respect of the additional pension, an additional amount of SEK 1,127 thousand was allocated.

The CEO has a period of notice of 24 months if employment is terminated by the company. The period of notice is 6 months if terminated at the CEO's request. There is no agreement concerning severance pay.

In 2003, salaries and other benefits totalling SEK 5,797 thousand were paid to the senior executives of the Group (eight people). The executives' retirement age is 60–65 years. The senior executives have a period of notice of 6–12 months if employment is terminated by the company and 3–6 months if terminated at their own request. No agreement has been made concerning severance pay for any of the senior executives.

Remuneration paid to the CEO is decided by the Board following preparation by one of the compensation committees appointed by the Board. Remuneration paid to other senior executives is decided by the CEO. From 2004, the same decision-making arrangement will apply to other senior executives as currently applies to the CEO.

Note 6 Exchange rate differences

Operating income includes exchange rate differences in respect of operating receivables and operating liabilities in accordance with the following:

GROUP	2003	2002
Exchange rate differences	–867	492
Total	–867	492

A certain proportion of the anticipated flow of foreign currencies is hedged. Without these hedgings, the total exchange rate difference in operating income should have increased to SEK -4,390 (SEK 1,893) in the Group.

Further information about hedging measures can be found under the heading Financial risk management.

Note 7 Other interest income and similar income/loss items

GROUP	2003	2002
Interest income on current receivables	3,074	4,567
Exchange rate differences	2	457
Total	3,076	5,024

PARENT COMPANY	2003	2002
Interest income on current receivables	172	923
Exchange rate differences		1,582
Total	172	2,505

Note 8 Interest expense and similar income/loss items

GROUP	2003	2002
Interest expense	-19,979	-22,500
Exchange rate differences	-1,497	-1,268
Bank expenses	-160	-929
Total	-21,636	-24,697
PARENT COMPANY		
Interest expense	-6,324	-10,787
Exchange rate differences	-203	-1,268
Bank expenses	-160	-929
Total	-6,687	-12,984

Note 9 Tax on income for the year

GROUP	2003	2002
Current tax	-27,131	-25,027
Deferred tax	-8,110	-9,925
Total	-35,241	-34,952

Schedule of total tax for the Group:

Income before tax	99,569	99,451
Tax in accordance with current tax rate of 28 %	-27,879	-27,846
Tax effect of non-deductible expenses	-484	-839
Tax effect of goodwill amortisation	-3,884	-3,885
Tax effect of goodwill amortisation abroad	-2,282	-2,421
Tax effect of income abroad	-712	39
Total tax	-35,241	-34,952

PARENT COMPANY	2003	2002
Current tax	-12,610	-17,130
Deferred tax		-4,470
Total	-12,610	-21,600

Schedule of total tax:

Income before tax	62,043	74,723
Tax in accordance with current tax rate of 28 %	-17,372	-20,922
Tax effect of non-deductible expenses	-34	-706
Tax effect of tax-exempt dividends and shareholders' contributions	4,796	319
Tax effect of deductible issue expenses		4,179
Total current tax	-12,610	-17,130

Note 10 Changes in equity

GROUP	2003-12-31	2002-12-31
Restricted equity		
Share capital		
Amount at the beginning of the year according to adopted balance sheet	21,452	17,500
New share issue		3,952
Amount at the end of the year	21,452	21,452
Restricted reserves		
Amount at the beginning of the year according to adopted balance sheet	145,680	56,642
Share premium reserve		90,436
Adjustment of restricted and non-restricted equity	1,520	-1,398
Amount at the end of the year	147,200	145,680
Total restricted equity at the end of the year	168,652	167,132
Non-restricted equity		
Amount at the beginning of the year according to adopted balance sheet	277,528	271,982
Effect of redemption of share option scheme connected with new share issue		-44,167
Exchange rate difference	-17,720	-16,207
Adjustment of restricted and non-restricted equity	-1,520	1,398
Dividend	-26,971	
Net income for the year	64,477	64,522
Total non-restricted equity at the end of the year	295,794	277,528
Accumulated exchange rate difference since RR8 came into force:	19,030	36,906
PARENT COMPANY		
	2003	2002
Restricted equity		
Share capital		
Amount at the beginning of the year according to adopted balance sheet	21,452	17,500
New share issue		3,952
Amount at the end of the year	21,452	21,452
Share premium reserve		
Amount at the beginning of the year according to adopted balance sheet	93,327	2,891
New share issue		90,436
Amount at the end of the year	93,327	93,327
Statutory reserve		
Amount at the beginning of the year according to adopted balance sheet	3,500	3,500
Amount at the end of the year	3,500	3,500
Total restricted equity at the end of the year	118,279	118,279
Non-restricted equity		
Amount at the beginning of the year according to adopted balance sheet	296,015	293,871
Effect of redemption of share option scheme connected with new share issue		-46,139
Dividend paid	-26,815	
Group contribution paid	-1,947	-6,722
Tax effect of Group contribution	542	1,882
Net income for the year	49,433	53,123
Amount at the end of the year	317,228	296,015

The share capital consists of 10,725,758 A shares with a nominal value of SEK 2. The number of shares remained unchanged in 2003.

Note 11 Goodwill, brands and other

GROUP	2003-12-31	2002-12-31
Opening acquisition value	440,956	459,872
Changes for the year		
Through acquisition of assets and liabilities		317
Through acquisitions	5,232	
Software programs	11,034	
Sales and disposals		-4,539
Reclassifications		-136
Translation differences	-16,633	-14,558
Closing accumulated acquisition value	440,589	440,956
Opening amortisation	-89,831	-69,876
Changes for the year		
Sales and disposals		530
Amortisation	-21,942	-23,078
Depreciation on software programs	-1,026	
Translation differences	3,794	2,593
Closing accumulated amortisation	-109,005	-89,831
CLOSING RESIDUAL VALUE ACCORDING TO PLAN	331,584	351,125

Note 12 Buildings

GROUP	2003-12-31	2002-12-31
Opening acquisition value	135,421	132,887
Opening acquisition value of acquired companies	8,444	
Changes for the year		
Purchases	2,734	5,209
Redistribution from constructions in progress		1,422
Reclassifications	-1,407	
Translation differences	-4,415	-4,097
Closing accumulated acquisition value	140,777	135,421
Opening depreciation	-50,487	-46,577
Opening depreciation in acquired companies	-2,150	
Changes for the year		
Depreciation	-4,431	-4,453
Translation differences	659	543
Closing accumulated depreciation	-56,409	-50,487
CLOSING RESIDUAL VALUE ACCORDING TO PLAN	84,368	84,934
Tax assessment value of buildings in Sweden	15,440	15,490
Book value of buildings in Sweden	13,973	15,087

Note 13 Land

GROUP	2003-12-31	2002-12-31
Opening acquisition value	28,887	30,471
Opening acquisition value of acquired companies	826	
Changes for the year		
Acquisitions		242
Translation differences	-2,072	-1,826
Closing accumulated acquisition value	27,641	28,887
Opening depreciation	-1,144	-992
Changes for the year		
Depreciation	-164	-152
Closing accumulated depreciation	-1,308	-1,144

continued from p. 46

GROUP	2003-12-31	2002-12-31
CLOSING RESIDUAL VALUE ACCORDING TO PLAN	26,333	27,743
Tax assessment value of land in Sweden	1,703	1,722
Book value of land in Sweden	2,509	2,673

Note 14 Plant and machinery

GROUP	2003-12-31	2002-12-31
Opening acquisition value	311,097	281,829
Opening acquisition value of acquired companies	8,122	
Changes for the year		
Purchases	14,242	24,100
Sales and disposals	-899	-230
Reclassifications	1,407	-469
Redistribution from constructions in progress	515	7,386
Translation differences	-2,509	-1,519
Closing accumulated acquisition value	331,975	311,097
Opening depreciation	-240,608	-226,195
Opening depreciation in acquired companies	-4,229	
Changes for the year		
Sales and disposals	368	138
Depreciation	-16,506	-15,125
Translation differences	1,114	574
Closing accumulated depreciation	-259,861	-240,608
CLOSING RESIDUAL VALUE ACCORDING TO PLAN	72,114	70,489

Note 15 Equipment

GROUP	2003-12-31	2002-12-31
Opening acquisition value	63,062	54,796
Opening acquisition value of acquired companies		2,891
Changes for the year		
Purchases	6,148	15,365
Sales and disposals	-1,320	-1,326
Redistribution from constructions in progress		60
Reclassifications		-4,272
Translation differences	-2,833	-1,561
Closing accumulated acquisition value	67,948	63,062
Opening depreciation	-37,582	-38,633
Opening depreciation in acquired companies	-1,658	
Changes for the year		
Sales and disposals	661	787
Depreciation	-6,211	-5,165
Reclassifications		4,827
Translation differences	1,146	602
Closing accumulated depreciation	-43,644	-37,582
CLOSING RESIDUAL VALUE ACCORDING TO PLAN	24,304	25,480

Note 16 Constructions in progress

GROUP	2003-12-31	2002-12-31
Opening accrued expenses	2,552	10,006
Accrued expenses during the year	3,266	1,427
Redistribution implemented during the year	-515	-8,868
Translation differences	-21	-13
Closing accumulated acquisition value	5,282	2,552

Note 17 Prepaid loan expenses

GROUP	2003-12-31	2002-12-31
Opening acquisition value	800	2,700
Acquisition		800
Disposals		-2,700
Closing accumulated prepaid loan expenses	800	800
Opening accumulated depreciation	-67	-1,863
Depreciation for the year	-160	-904
Disposals		2,700
Closing accumulated depreciation on prepaid loan expenses	-227	-67
CLOSING RESIDUAL VALUE ACCORDING TO PLAN	573	733
PARENT COMPANY	2003-12-31	2002-12-31
Opening acquisition value	800	2,700
Acquisition		800
Disposals		-2,700
Closing accumulated prepaid loan expenses	800	800
Opening accumulated depreciation	-67	-1,863
Depreciation for the year	-160	-904
Disposals		2,700
Closing accumulated depreciation on prepaid loan expenses	-227	-67
CLOSING RESIDUAL VALUE ACCORDING TO PLAN	573	733

Note 18 Deferred tax recoverable and tax liabilities**Deferred tax recoverable per temporary difference**

GROUP	2003-12-31	2002-12-31
Fixed assets		
Buildings	-473	-473
Provisions		
Provisions for pensions	1,820	1,504
Subsidiaries' deficit deduction	797	508
Total deferred taxes recoverable	2,144	1,539

Deferred tax liabilities per temporary difference

GROUP	2003-12-31	2002-12-31
Excess depreciation on fixed assets	16,330	15,224
Untaxed reserves	26,570	19,217
Other temporary differences	1,280	-323
Total	44,180	34,118

Note 19 Other long-term receivables

GROUP	2003-12-31	2002-12-31
Opening acquisition value	960	117
Changes for the year		
Additional receivables	187	809
Deductible receivables	-1	-139
Reclassifications		174
Translation differences	-8	-1
Closing accumulated acquisition value	1,138	960

Note 20 Prepaid expenses and accrued income

GROUP	2003-12-31	2002-12-31
Prepaid insurance	21	2,605
Prepaid rent	1,911	2,079
Accrued interest income	633	121
Prepaid exhibition expenses	159	226
Prepaid marketing expenses	5,518	424
Other items	5,968	7,433
Accrued income	14,888	24,858
Total	29,098	37,746

PARENT COMPANY	2003-12-31	2002-12-31
Accrued interest income		121
Total	0	121

Note 21 Provision for pensions and similar commitments

GROUP	2003-12-31	2002-12-31
Provisions for FPG/PRI pensions	26,982	25,785
Other pensions and similar commitments	6,500	5,373
Total	33,482	31,158

As at 31 December 2003, the pension assets intended to cover the pension obligations of the UK subsidiary, Kingfisher Wood Products Ltd, fell short of the pension provisions by SEK 58,132 thousand (SEK 52,827 thousand), deferred tax taken into account SEK 40,592 (SEK 36,979). Consequently, the pension provisions of the UK subsidiary have been calculated in compliance with new British accounting standards and with the presumption based on British practice. This difference has been reported in the consolidated balance sheet as a contingent liability (note 27). For the benefit of the Chief Executive Officer, Ballingslöv AB has entered into a pension obligation that is entered as a liability on a continuous basis. As at the balance sheet date, provisions amounted to SEK 6,500 thousand (SEK 5,373 thousand).

Note 22 Provision for guarantee undertakings

GROUP	2003-12-31	2002-12-31
Opening value	4,610	4,098
Opening value of acquired companies	180	
Provisions for the year	277	512
Reduction of reserves	-241	
Total	4,826	4,610

Note 23 Long-term liabilities

GROUP

Of the long-term liabilities, SEK 229,604 million will fall due within five years of the balance sheet date and the remaining SEK 3,976 million will fall due after six years or more. All long-term liabilities are interest-bearing.

PARENT COMPANY

All the parent company's long-term liabilities are interest-bearing and will fall due within five years of the balance sheet date.

Note 24 Bank overdraft

GROUP

The Group have bank overdraft facilities granted, translated at the rate in force on the balance sheet date of SEK 105,962 thousand (SEK 116,360 thousand), of which SEK 4,660 thousand (SEK 29,395 thousand) had been used as at 31 December 2003.

PARENT COMPANY

The parent company has no bank overdraft limit.

Note 25 Accrued expenses and prepaid income

GROUP	2003-12-31	2002-12-31
Accrued interest expense	2,864	4,092
Accrued salaries and remuneration	25,956	23,495
Accrued social security contributions	12,289	11,941
Other items	23,326	12,075
Total	64,435	51,603

PARENT COMPANY	2003-12-31	2002-12-31
Accrued interest expense	1,007	1,867
Accrued salaries and remuneration	112	
Accrued social security contributions	56	
Total	1,175	1,867

Note 26 Pledged assets

GROUP	2003-12-31	2002-12-31
For own provisions and liabilities		
Property mortgages	51,529	43,282
Floating charges and similar	6,804	4,250
Shares in subsidiaries incl security in debenture	693,147	727,763
Total	751,480	775,295

PARENT COMPANY	2003-12-31	2002-12-31
For own provisions and liabilities		
Participations in subsidiaries	538,964	525,832
Total	538,964	525,832

Note 27 Contingent liabilities

GROUP	2003-12-31	2002-12-31
Pension commitments, see also note 21	41,232	37,495
Total	41,232	37,495

PARENT COMPANY	2003-12-31	2002-12-31
Guarantee commitment for subsidiaries	44,044	70,207
Total	44,044	70,207

Note 28 Result from participations in Group companies

PARENT COMPANY	2003-12-31	2002-12-31
Dividends from subsidiaries	17,120	100
Group subsidies from subsidiaries	67,000	105,500
Shareholders' contribution, repaid		1,040
Write-down of stocks and shares in Bad & Kökshuset i Stocksund AB		-2,413
Total	84,120	104,227

Note 29 Participations in subsidiaries

	CORPORATE IDENTITY NO.	REGISTERED OFFICE
Ballingslöv AB	556028-1429	Hässleholm, Sweden
DFI A/S	57 41 71 10	Herning, Denmark
Kingfisher Wood Products Ltd	34 71 086	Storrington, England
JKE Design A/S	63 27 10 12	Jerslev, Denmark
Multiform A/S	18 60 64 88	Kibaek, Denmark
Multiform Erhverv A/S	26 47 87 66	Kibaek, Denmark
Bad & Kökshuset i Stocksund AB	556542-6482	Stockholm, Sweden
JKE Design i Stockholm AB	556583-9916	Stockholm, Sweden
Inredet HK AB	556468-2259	Stockholm, Sweden
Subsidiaries to JKE Design A/S		
JKE Design Oslo AS	96 44 18 470	Oslo, Norway
JKE Design Bergen AS	98 47 33 763	Bergen, Norway
JKE Design Fyn	26 88 25 40	Odense, Denmark

	SHARE OF EQUITY, %	NUMBER OF SHARES	RECORDED VALUE
Ballingslöv AB	100	90,000	139,624
DFI A/S	100	1	63,957
Kingfisher Wood Products Ltd	100	9,533,000	180,743
JKE Design A/S	100	1,000	140,787
Multiform A/S	100	3,100	12,541
Multiform Erhverv A/S	100	500	486
Bad & Kökshuset i Stocksund AB	100	1,000	246
JKE Design i Stockholm AB	100	1,000	105
Inredet HK AB	50	500	475
Total			538,964

Note 30 Financial participations in subsidiaries

PARENT COMPANY	2003-12-31	2002-12-31
Opening acquisition value	525,937	530,789
Acquisition of companies	13,027	
Write-down of participations in subsidiaries		-2,413
Write-down of estimated purchase price of subsidiaries		-2,339
Sales of subsidiaries		-100
Closing acquisition value	538,964	525,937

Note 31 Untaxed reserves

PARENT COMPANY	2003-12-31	2002-12-31
Tax allocation reserves	69,887	55,527
Total	69,887	55,527
Deferred tax in untaxed reserves amounts to	19,568	15,548

Note 32 Average number of employees

Average number of employees, divided into men and women, totals:

GROUP	2003-12-31	2002-12-31
Parent company and subsidiaries in Sweden		
Men	275	280
Women	84	86
Total	359	366
Subsidiaries abroad		
Denmark		
Men	186	143
Women	66	45
Total	252	188
Norway		
Men	1	1
Women	6	5
Total	7	6
England		
Men	180	177
Women	70	79
Total	250	256
TOTAL FOR GROUP	868	816
PARENT COMPANY	2003-12-31	2002-12-31
Men	1	

Note 33 Interest-bearing liabilities

GROUP	2003-12-31	2002-12-31
Pensions	33,482	31,158
Long-term liabilities to credit institutions	233,580	273,379
Bank overdraft	4,660	29,395
Current liabilities to credit institutions	36,499	36,994
Total	308,221	370,926
PARENT COMPANY	2003-12-31	2002-12-31
Long-term liabilities to credit institutions	109,350	146,746
Liabilities to credit institutions	36,469	36,964
Total	145,819	183,710

Note 34 Operational leasing

GROUP	2003-12-31	2002-12-31
Leasing expenses	11,890	12,384
Future payment commitments of the Group as at 31 December 2003 for operational leasing contracts amount to the following nominal amounts		
2004	3,221	
2005	3,345	
2006	6,128	
2007	1,302	
2008	8,067	
2009 and later	17,405	
Rent expenses	8,085	7,865

The parent company has no operational leasing agreements or expenses for renting premises.

Note 35 Acquisition of subsidiaries

In 2003, the company acquired Multiform A/S and Multiform Erhverv A/S. The total value of the acquired assets and liabilities, purchase price and effect on the liquid assets of the Group was as detailed below:

	2003-12-31	2002-12-31
Intangible fixed assets	13,027	–
Total purchase price	13,027	0
Liquid assets in the acquired company	–6,548	–
Total cash flow attributable to investments in subsidiaries	6,479	0

Note 36 Information about Ballingslöv International AB

Ballingslöv International AB has its registered office in Ballingslöv, Hässleholm municipality in Sweden.

The address of the Group head office is:

Ballingslöv International AB
281 87 Ballingslöv

Note 37 Dividend per share

A dividend of SEK 2.75 per share, totalling SEK 29,496,000, for 2003 will be proposed at the Annual General Meeting on 15 April 2004. This amount has not been reported as a liability, but will be entered as appropriation of profits under shareholders' equity for the financial year 2004. The dividends for 2002 and 2001 amounted to SEK 26,814,000 and SEK 0 respectively.

Ballingslöv on 18 March 2004

The income statement and balance sheet will be submitted for adoption at the Annual General Meeting on 15 April 2004.

Lars-Åke Helgesson
CHAIRMAN OF THE BOARD

Rainer Alfström

Fredrik Åtting

Svend Holst-Nielsen

Ronny Nilsson

Håkan Eriksson

Martin Svalstedt

Aina Nilsson

Nils-Erik Danielsson
PRESIDENT AND CEO

My audit report was published on 22 March 2004.

Åke Christiansson
AUTHORISED PUBLIC ACCOUNTANT

The annual report is published in Swedish and English. In all essential respects, the English version is a translation of the Swedish report. In the event of any discrepancies between the Swedish and English versions, the Swedish version shall apply.

AUDIT REPORT

To the general meeting of shareholders of Ballingslöv International AB (publ)

Corporate identity number 556556-2807

I have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the president and CEO of Ballingslöv International AB (publ) for the financial year 2003. These accounts and the administration of the company are the responsibility of the board of directors and the managing director. My responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director, as well as evaluation of the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for my opinion concerning discharge from liability, I examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. I also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. I believe that my audit provides a reasonable basis for my opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

I recommend to the general meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Ballingslöv, 22 March 2004

Åke Christiansson
Authorised public accountant

DEFINITIONS

Return on equity

Profit/loss after full tax as a percentage of average equity.

Return on operational capital employed

Profit/loss after net financial items plus financial expenses as a percentage of average operational capital employed. The term operational capital employed refers to the balance sheet total less non-interest bearing liabilities including deferred tax liabilities.

Return on total capital

Income after net financial items plus financial expenses as a percentage of the average balance sheet total.

Gross margin (EBITDA margin)

Operating income before depreciation as a percentage of net sales for the period.

Gross income margin

Income after cost of goods sold after amortisation of group goodwill and other intangible fixed assets (attributable to cost of goods sold) as a percentage of net sales for the period.

Gross profit margin

Income after cost of goods sold as a percentage of net sales for the period.

Market value

Share price at the close of the financial year multiplied by the number of shares.

Yield

Dividend as a percentage of share price at the close of the year.

Shareholders' equity per share

Shareholders' equity divided by the number of shares outstanding on the balance sheet date.

Average shareholders' equity

Shareholders' equity at the opening and closing of the financial year divided by two.

Average operational capital employed

Operational capital employed at the opening and closing of the financial year divided by two.

Average total capital employed

Total capital employed at the opening and closing of the financial year divided by two.

Net liabilities

Net interest-bearing liabilities and provisions minus interest-bearing assets including liquid assets.

P/E ratio

Share price divided by earnings per share.

P/E ratio excluding goodwill

Share price divided by earnings per share with reversed goodwill amortisation and amortisation of other intangible fixed assets.

Interest coverage ratio

Income after net financial items plus financial expenses divided by financial expenses.

Operating margin (EBIT margin)

Operating income after depreciation as a percentage of net sales for the period.

Operating margin before goodwill amortisation (EBITA margin)

Operating income after depreciation excluding goodwill amortisation and amortisation of other intangible fixed assets as a percentage of net sales for the period.

Debt/equity ratio

Interest-bearing liabilities divided by shareholders' equity.

Equity/assets ratio

Shareholders' equity including minority shareholding as a percentage of the balance sheet total.

Dividend per share

Dividend as a percentage of earnings per share at the close of the year.

Dividend per share

Total amount distributed divided by the total number of shares.

Earnings per share

Net profit for the year divided by average number of shares.

Earnings per share, excluding goodwill

Net profit for the year with reversed goodwill amortisation and amortisation of other intangible fixed assets divided by the average number of shares.

Profit margin

Profit after financial items as a percentage of net sales for the period.

BOARD OF DIRECTORS AND AUDITORS



CHAIRMAN

Lars-Åke Helgesson, born 1941. Board member since 1998. Chief Executive Officer for Marinus Företagskapital i Bromma AB. Other significant board assignments: chairman of the board of Generic Systems Sweden AB, Svenska Hus i Göteborg AB, Translink Holding AB and Styrelseakademien Sverige, board member of Britnisk-Svenska Handelskammaren, Crane AB, Kungl. Ingenjörsvetenskapsakademien, LKAB and Axel Christiernsson AB. Shareholdings in Ballingslöv: 77,000 shares



PRESIDENT AND CEO

Nils-Erik Danielsson, born 1944. Board member since 1998. Other significant board assignments: board member of Anders Skooghs Byggnads AB, Bröderna Skooghs Förvaltnings AB, Kabe Husvagnar AB, Sydsvenska Industri- och Handelskammaren AB and NB Bil AB. Shareholdings in Ballingslöv: 204,680 shares



BOARD MEMBER

Rainer Alfström, born 1934. Board member since 1998. Other significant board assignments: board member of Citata Inter AB, Compatec AB, Electrolux Talouskoneet Oy, The Ingemar Stenmark Foundation Fjällvinden Fund, Kotimaiset Oy and Stiftelsen Serv-Lines utvecklingsfond. Shareholdings in Ballingslöv: 11,538 shares



BOARD MEMBER

Fredrik Årting, born 1968. Board member since 1998. Partner in EQT Partners AB. Other significant board assignments: board member of Dometic International AB, HemoCue AB, Nederman Holding AB and Bewator Group AB. Shareholdings in Ballingslöv: 15,000 shares



BOARD MEMBER

Svend Holst-Nielsen, born 1940. Board member since 1998. Other significant board assignments: chairman of the board of Dometic International AB, HemoCue AB, S Reg AB, Lindab AB, Spendrups AB, Sydsvenska Industri- och Handelskammaren and Unilever AB, board member of Besthand AB, Lunds universitet and Wallgrund AB. Shareholdings in Ballingslöv: 19,250 shares



BOARD MEMBER

Aina Nilsson, born 1953. Design Director at Volvo Lastvagnar (Volvo/Renault/Mack). Other significant board assignments: Chairman of the board of Stiftelsen Svensk Industridesign, board member of Imego Institutet för mikroelektronik, Beckmans Skola AB and Finsk-Svenska Design Akademin. Shareholdings in Ballingslöv: 200 shares



BOARD MEMBER

Martin Svalstedt, born 1963. CEO of Stena Adactum. Other significant board assignments: chairman of the board of Gislaved Folie AB, board member of Gunnebo AB. Shareholdings in Ballingslöv: 10,000 shares



BOARD MEMBER (EMPLOYEE REPRESENTATIVE)

Ronny Nilsson, born 1956. Board member (employee representative) since 1998. Shareholdings in Ballingslöv: 0 shares



BOARD MEMBER (EMPLOYEE REPRESENTATIVE)

Håkan Ericsson, born 1967. Board member (employee representative) since 1999. Shareholdings in Ballingslöv: 0 shares



DEPUTY BOARD MEMBER (EMPLOYEE REPRESENTATIVE)

Lisbeth Klint, born 1956. Deputy board member (employee representative) since 1999. Shareholdings in Ballingslöv: 200 shares



DEPUTY BOARD MEMBER (EMPLOYEE REPRESENTATIVE)

Mats Tullgren, born 1949. Deputy board member (employee representative) since 2001. Shareholdings in Ballingslöv: 0 shares

AUDITORS ORDINARY

Åke Christiansson, born 1954. Authorised public accountant Öhrlings PricewaterhouseCoopers AB. Auditor at Ballingslöv since 1998.

DEPUTY AUDITOR

Bengt Nilsson, born 1957. Authorised public accountant Öhrlings PricewaterhouseCoopers AB. Deputy auditor at Ballingslöv since 1998.

GROUP MANAGEMENT



**PRESIDENT AND CEO OF
BALLINGSLÖV AB**

Nils-Erik Danielsson, born 1944.
Shareholdings in Ballingslöv:
204,680 shares



**CEO OF KINGFISHER WOOD
PRODUCTS LTD.**

Rod Siddall, born 1951
Shareholdings in Ballingslöv: 0 shares



CEO OF DFI A/S

Morten Boeck-Hansen, born 1959
Shareholdings in Ballingslöv: 0 shares



CEO OF JKE DESIGN A/S

Henrik Nørgaard, born 1963
Shareholdings in Ballingslöv:
27,000 shares



**CHIEF EXECUTIVE OFFICER
MULTIFORM A/S**

Leif Glintborg, born 1949
Shareholdings in Ballingslöv:
2,000 shares



**PRODUCTION DIRECTOR,
BALLINGSLÖV AB**

Bengt Liljenberg, born 1944
Shareholdings in Ballingslöv:
19,000 shares



GROUP CONTROLLER

Anders Düring, born 1965
Shareholdings in Ballingslöv: 0 shares



**DIRECTOR OF PURCHASING,
BALLINGSLÖV AB**

Thomas Wuttke, born 1969
Shareholdings in Ballingslöv: 400 shares



CHIEF FINANCIAL OFFICER

Olof Wigren, born 1950
Shareholdings in Ballingslöv: 460 shares

INVITATION TO ANNUAL GENERAL MEETING

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on
Thursday 15 April, at 17.00
on the premises of Ballingslöv AB in Ballingslöv.

Before the meeting, there will be an opportunity for visitors to tour the factory and view a product presentation at 15.30.

REGISTRATION AND NOTIFICATION

Shareholders who wish to take part in the Annual General Meeting must

- be registered in the share register kept by VPC AB (Swedish Securities Register Centre) no later than 5 April 2004.
- notify the company of their intention to attend the AGM by post to the following address:
Ballingslöv International AB (publ),
for the attention of: Ingela Ekman, 281 87 Ballingslöv,
or by telephone: +46 451-46117, or by fax +46 451-46283,
or by e-mail: ingela.ekman@ballingslov.se
no later than Thursday 13 April, at 16.00.

Notification by telephone can be made on weekdays between 9.00 and 16.00.

When notifying the company, shareholders must give their name, address, personal identity number/corporate identity number and day-time telephone number.

Shareholders who wish to be represented by a proxy must send the necessary authorisation with their application. Representatives of a legal person must produce a copy of the certificate of incorporation or similar authorisation documents disclosing the name of the person authorised to sign for the company.

Nominee shareholders must temporarily register the shares in their own name at VPC AB to ensure their entitlement to vote at the meeting. Re-registration of this kind must be completed no later than Monday 5 April and the nominee notified to this effect well in advance of the aforementioned date.

DIVIDEND

The Board of Directors proposes a dividend for the financial year 2003 fixed at SEK 2.75 per share. Tuesday 20 April is proposed as the record date for the right to receive payment of dividends. Payment is expected to be made through VPC on Friday 23 April 2004, provided the Board's proposal is accepted by the AGM.

