

Annual Accounts

ÅR Packaging Group AB

Reg. No. 556702-3006

1 January 2012 - 31 December 2012

Annual Accounts and Consolidated Accounts 2012

The Board of Directors and the Managing Director of ÅR Packaging Group AB hereby submit the Annual and Consolidated Accounts for the financial year 1 January - 31 December 2012.

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Unless otherwise stated, all amounts are reported in TEUR.

Director's Report

General information about the business

ÅR Packaging Group was formed in 2011 through the merger of Å&R Carton Group, one of Europe's leading packaging companies and Flextrus, a leader in flexible packaging in northern Europe. The new Group represents an increased value for the customers through a broad range of products and in-depth knowledge of packaging.

Owner relationships

The Company's shareholders:	Participation:	Share of votes:
AC Pack AB	62%	62%
Accent Equity 2008 LP	34%	34%
Executive Management	4%	4%
	<hr/>	<hr/>
	100%	100%

AC Pack AB is a part of Ahlström Capital group, which parent company Ahlstrom Capital Oy is based in Finland. Ahlstrom Capital is a private equity company and a considerable industrial group. For further information visit www.ahlstromcapital.com.

Accent Equity 2008 LP is a fund run by Accent Equity Partners which is based in Stockholm. It is one of the leading private equity companies in the mid-market segment in the Nordic countries. For further information visit www.accentequity.se

Important events during the financial year and thereafter

The year 2012 has been characterised by many changes within ÅR Packaging Group. In the beginning of the year Harald Schulz was appointed as new CEO for the group, where he succeeded Per Lundeen.

Together with the board a new strategy has been worked out, with the purpose to reduce the complexity in the company. The organisation has been simplified and more clear with higher focus on the business and core elements in the company.

As a part of the change management process, a major restructuring program has been performed during the year, resulting in that around 200 employees has left/will leave the company within shortly. The costs for this redundancy program is around 7 MEUR and expects to give yearly savings in the size of 9-10 MEUR when the of Flextrus in Landskrona, which is planned to happen mid year of 2013. The business volumes will be transferred to the Flextrus factory in Lund. This measure will give a yearly saving of around 1 MEUR. All together the group has taken structural cost of around 10 MEUR in the yearly result of 2012.

In late December 2012 the business area Beer & Beverage was sold to Graphic Packaging International Holding. The shares of Å&R Carton Holding BV was sold and a sales gain of around 10 MEUR could get realised as per 2012-12-31. Å&R Carton Holding BV includes the subsidiaries Å&R Carton BV in Sneek, Netherlands and Å&R Carton Bremen GmbH in Germany. The sales of the divested business is around 45 MEUR and number of employees is 200.

The sales of the Beer & Beverage business has besides the positive result effect also contributed to strengthen the balance sheet and financial position of the group.

The factory in Norrköping has been closed down during the first half year of 2012 in accordance with plan.

Sales

The Group

Sales amounted to EUR 454 million for 2012, an increase of 12.7% compared with 2011 (EUR 402 million). Flextrus' sales are included from September 2011. Sales pro forma amounted to EUR 461 million for the whole year 2011.

Investments

The Group's net investment in building, machinery and equipment during the year was EUR 19.3 million (EUR 19.1 million). The single largest investment in the last year concerned the expansion in Augsburg with a new specialized printing line, primarily made for Philip Morris.

Research and Development

Most of ÅR Packaging's development work takes place locally in close collaboration with the customers' development and marketing departments. Products developed within the framework of these programmes are also launched very quickly.

Specific development projects are run within the Speciality packaging business area in Lund, Sweden, for the development of special packaging machines. These projects are of a more long-term nature and provide revenues over a long period, both in the form of machine sales and sales of internally developed packaging. We foresee a continued high level of interest in our packaging concepts, and during 2012 we have gained a number of orders for deliveries in 2013.

Risk management

The Group

Operational risks

An international presence can involve complex situations that give rise to operational risks. This can apply to ÅR Packaging's relations with customers and suppliers and can, example, relate to the ability of customers to pay or the quality and reliability of suppliers. ÅR Packaging is constantly reviewing its customers and suppliers. Price risk is another business risk that is managed in the form of an ongoing, continuous dialogue between purchasing and sales, together with an increasingly coordinated harmonisation of contracts within the Group. ÅR Packaging has a relatively high dependence on a few customers, with the ten biggest customers accounting for 56% of the Group's total revenue.

Legal matters

On occasions, ÅR Packaging is a party in legal disputes relating to commercial activities. Management considers the likelihood of any significant risk in this respect to be insignificant.

Insurable risks

ÅR Packaging has the usual insurance cover in respect of property and liability risks for the Group.

Financial risks

Through its international activities, ÅR Packaging is exposed to certain financial risks, primarily currency risks but also credit risks and, to a lesser extent, interest rate risks.

The currency risk in the form of transaction exposure, i.e. when sales and purchases are made in different currencies, is limited as most of the Group's units, as well as customers and suppliers, are in countries with Euro-related currencies. For this reason there is no general hedging of flows. Fiextrus is partly hedging their export orders on a continuous base. Project orders are hedged as required to guarantee profit margins. At the end of the year there were no hedging arrangements for project orders.

Since the Group and the parent company went over to the Euro as the reporting currency, the currency risk has lessened considerably. As some of the Group's companies are in non Euro-related countries, however, there is occasionally some modest translation exposure of the subsidiaries' profits and losses and equity.

The company's credit risk consists of outstanding accounts receivable and factoring. The terms of payment are generally short, and large deliveries go almost exclusively to large, reputable companies, which means that bad debts are minimal.

Environmental impact

ÅR Packaging Group and its subsidiaries work actively to minimise the environmental impact of their activities and the resulting products. All Swedish manufacturers operate businesses that require a permit under the Swedish Environmental Code. Around 75% of sales are operations that require a permit. Operations involve the manufacture of carton and plastic film packaging products designed for the food industry. The permits define volume levels/limits for the use of carton, plastic and the use of organic solvents, inks and varnish. These emissions affect the environment through evaporation, and to a lesser extent through emissions to water and noise pollution. For further information around sustainability reporting see www.ar-carton.com.

Multi-year summary, the Group (TEUR)	2012	2011	2010
Net sales	453 608	402 320	353 825
Profit/loss after financial items	645	4 000	-2 600
Operating margin (%)	1,9%	0,4%	0,5%
Balance sheet total	256 689	276 980	215 008
Equity/assets ratio (%)	0	0	23,0%
Number of employees	1 916	2 016	1 762

Multi-year summary, the parent company (TEUR)	2012	2011	2010
Profit/loss after net financial items	-1 526	-649	-1 014
Balance sheet total	80 071	73 917	39 719
Equity/assets ratio (%)	70,2%	78,1%	57,0%
Number of employees	3	2	0

Profit/loss and position

The Group

The operating profit amounted to EUR 8.4 million for 2012, compared with EUR 1.7 million for 2011. The operating profit before depreciation and goodwill amounts to EUR 28.0 million (20.1).

The profit/loss for the year after financial items amounted to EUR 0.6 million, which is better than the previous year (-4.0).

The Group's profit after taxes was EUR 0.0 million, an improvement on the previous year when the result was EUR -2.0 million.

The Group's cash and bank balances on the balance sheet date amounted to EUR 6.6 million (6.1). Total available funds (including unutilised credit facilities) were EUR 31.6 million on 31 December 2012 (16.3).

The Group's equity/assets ratio was 24.8% (24.0) including the minority interest. With subordinated loans from shareholders included, the equity/assets ratio is 37,3 %.

The Group's net liability including pension liability and excluding subordinated loans amounted to EUR 64 million on 31/12/2012 (87).

Parent company

The parent company's operating profit/loss was TEUR -1 093, compared with TEUR -571 the previous year.

The profit/loss after tax was TEUR -1 526 (TEUR -649)

Outlook 2013

For 2013, ÅR Packaging Group expects to see volume continue to grow in all segments we are in. Carton is an environment-friendly, bio-based packaging material that is gaining ground in a society with an ever increasing level of environmental awareness. ÅR Packaging is investing actively in innovative, environment friendly packaging solutions. Investments in recent years are expected to lead to increased sales, and the aim is to become Europe's leading supplier of carton packaging.

For flexible packaging within flexographic printing, HD Flexo, and has laid the foundations for modern cutting-edge expertise and a market-leading position in Northern Europe. Innovation close to the customer and a high degree of flexibility are key to this development work, which expects to create new business opportunities moving forward.

The ongoing restructuring projects will continuously bring up the profitability level during the coming year, with full effect in 2014.

The Board and the president's proposal for appropriation

Group

Consolidated retained earnings according to the balance sheet amounts to 58,6 million Euro. No allocation to restricted reserves is required.

Parent Company

The Board proposes that the retained earnings:

Share premium reserve	51 672
Retained earnings	1 042
Net loss for the year	-1 526
	51 188

are appropriated as follows:

to be carried forward	51 188
	51 188

Consolidated Income Statement

	Notes	2012	2011
Net sales	1	453 608	402 320
Cost of goods sold	5, 6	-407 263	-368 442
Gross profit		46 345	33 878
Selling expenses		-13 348	-9 090
Administrative expenses		-24 633	-21 869
Research- and development expenses		-1 553	-1 170
Other operating income	7	19 413	9 422
Other operating expenses	8	-17 786	-9 423
Operating profit	2, 3, 4, 5	8 438	1 748
<i>Result from financial items</i>			
Finance income	9	102	267
Finance costs	10	-7 895	-6 015
		-7 793	-5 748
Loss before tax		645	-4 000
Income tax		-1 051	2 228
	11		
Minority share		388	-209
Net loss for the year		-18	-1 981

Consolidated Balance Sheets		31 December	31 December
	Notes	2012	2011
ASSETS			
<i>Non-current assets</i>			
<i>Intangible assets</i>			
Capitalized development expenses	12	3 772	4 435
Patents and trademarks	13	34	27
Goodwill	14	36 891	38 389
		40 697	42 851
<i>Tangible assets</i>			
Buildings and land	15, 19	9 552	10 274
Plant and machinery	16, 19	72 507	73 212
Equipment, tools, fixtures and fittings	17	4 937	4 874
Construction in progress and advance payments related to tangible assets	18	1 679	4 310
		88 675	92 670
<i>Non-current financial assets</i>			
Shares in associated companies	22, 23	31	31
Deferred tax assets	24	9 183	9 267
Other long term receivables		210	1 227
Endowment insurance		588	68
		10 012	10 593
Total non-current assets		139 384	146 114
<i>Current assets</i>			
<i>Inventories</i>			
Raw materials and supplies		13 385	15 434
Work in progress		8 012	7 301
Finished goods and goods for resale		25 299	30 835
		46 696	53 570
<i>Current receivables</i>			
Trade receivables		53 413	57 917
Other receivables		5 941	7 705
Prepaid expenses and accrued income	25	4 689	5 621
		64 043	71 243
<i>Marketable securities</i>			
Marketable securities		-	-
		-	-
<i>Cash and bank</i>			
		6 566	6 053
Total current assets		117 305	130 866
TOTAL ASSETS		256 689	276 980

Consolidated Balance Sheets	Notes	31 December 2012	31 December 2011
EQUITY AND LIABILITIES			
Equity	26		
Share capital (10 000 100 shares)		4 999	4 999
Retained earnings		58 582	61 690
Net loss for the year		-18	-1 981
		63 563	64 708
Minority interests		1 438	1 831
Provisions			
Provisions for pensions and similar commitments		20 648	24 753
Deferred tax liabilities	24	1 895	2 465
Other provisions	27	7 070	9 208
		29 613	36 426
Long-term liabilities	28		
Liabilities to credit institutions		25 798	18 614
Bank overdraft facility	29	-	17 064
Liabilities group companies		5 155	-
Other long-term liabilities		33 828	50 799
		64 781	86 477
Current liabilities			
Bank overdraft facility	29	4 298	2 165
Liabilities to credit institutions		17 223	10 740
Short-term part of long-term liabilities		469	-
Advance payments from customers		1 544	287
Trade payables		47 786	49 997
Liabilities group companies		111	2
Income tax payable		155	107
Other operating liabilities		6 843	8 818
Accrued expenses and deferred income	30	18 865	15 422
		97 294	87 538
TOTAL EQUITY AND LIABILITIES		256 689	276 980
Pledged assets	31	73 792	73 343
Contingent liabilities	32	16 580	6 100

Consolidated Statement of Cash Flows

	Notes	2012	2011
Operating activities			
Loss after financial items		645	-4 000
Non-cash adjustments			
Depreciations and impairment		19 537	17 819
Other	33	-11 053	5 605
		9 129	19 424
Income tax paid		-1 451	-2 611
Cash flows form operating activities before changes in working capital		7 678	16 813
Changes in working capital			
Decrease/increase in inventories		3 254	3 567
Decrease/increase in operating receivables		3 891	8 225
Increase in operating liabilities		5 454	17 778
Cash flows form operating activities		20 277	46 383
<i>Investing activities</i>			
Investments in subsidiaries		-365	-34 792
Sale of subsidiaries	34	18 655	0
Acquisition of intangible assets		-592	-3 702
Acquisition of tangible assets		-20 267	-19 051
Increase in financial assets		-4 643	0
Sale of/decrease in financial assets		499	0
Cash flows from investing activities		-6 713	-57 545
<i>Financing activities</i>			
Shareholders contribution		0	55 899
Loans raised		5 000	0
Liabilities paid		-18 169	-32 494
Increase in short-term financial debts		0	0
Dividend paid		0	-20 193
Cash flows from financing activities		-13 169	3 212
Net change in cash and cash equivalents		395	-7 950
Cash and cash equivalents as at 1 January		6 053	14 003
Exchange rate difference in cash and cash equivalents		118	0
Cash and cash equivalents as at 31 December		6 566	6 053

Parent Company Income Statement

	Notes	2012	2011
Net sales		759	-
Administrative expenses		-1 883	-571
Other operating income	7	31	-
Operating loss	3, 4, 5	-1 093	-571
<i>Result from financial items</i>			
Interest income and similar income	9	408	270
Interest expenses and similar expenses	10	-841	-348
		-433	-78
Loss after financial items		-1 526	-649
Net loss for the year		-1 526	-649

Parent Company Balance Sheets	Notes	31 December 2012	31 December 2011
ASSETS			
<i>Non-current assets</i>			
<i>Non-current financial assets</i>			
Shares in subsidiaries		70 096	70 096
Long term receivables group companies		9 000	0
Endowment insurance	20, 21	509	0
		79 605	70 096
Total non-current assets		79 605	70 096
<i>Current assets</i>			
<i>Current receivables</i>			
Current receivables group companies		406	3 290
Other current receivables		36	348
		442	3 638
<i>Cash and bank</i>		24	183
Total current assets		442	3 821
TOTAL ASSETS		80 047	73 917

Parent Company Balance Sheets	Notes	31 December 2011	31 December 2011
EQUITY AND LIABILITIES			
Equity	26		
<i>Restricted equity</i>			
Share capital (10 000 100 shares)		4 999	4 999
		4 999	4 999
<i>Non-restricted equity</i>			
Share premium reserve		51 672	51 672
Retained earnings		1 042	1 691
Net loss for the year		-1 526	-649
		51 188	52 714
		56 187	57 713
Provisions			
Provisions for pensions and similar commitments		509	0
		509	0
Long-term liabilities			
	28		
Liabilities group companies		8 940	1 500
Other liabilities		12 801	12 801
		21 741	14 301
Current liabilities			
Trade payables		731	706
Liabilities group companies		192	1 141
Other operating liabilities		71	6
Accrued expenses and deferred income	30	640	50
		1 634	1 903
TOTAL EQUITY AND LIABILITIES		80 071	73 917
Pledged assets	31	None	None
Contingent liabilities	32	None	None

Parent Company Statement of Cash Flows

	2012	2011
Operating activities		
Loss after financial items	-1 526	-649
Items not included in cashflow	509	-
	-1 017	-649
Income tax paid	0	0
Cash flows from operating activities before changes in working capital	-1 017	-649
Changes in working capital		
Increase in operating receivables	3 196	-1 272
Decrease in marketable securities	0	4 775
Increase in operating liabilities	-269	303
Cash flows from operating activities	1 910	3 157
<i>Investing activities</i>		
Investments in subsidiaries	0	-37 971
Investments in financial assets	-9 509	0
Cash flows from investing activities	-9 509	-37 971
<i>Financing activities</i>		
New share issue	0	55 899
Loans raised	7 440	12 801
Liabilities paid	0	-13 963
Dividend paid	0	-20 193
Cash flows from financing activities	7 440	34 544
Net decrease in cash and bank	-159	-270
Cash and bank as at 1 January	183	453
Cash and bank as at 31 December	24	183

Additional information

General accounting policies

The Annual Accounts have been prepared in accordance with the Annual Accounts Act as well as recommendations and statements from the Swedish Accounting Standards Board regarding large companies. In case where there are no recommendations regarding important matters, recommendations and statements from the Swedish Accounting Standards Council has been used as guidance.

Receivables are recorded at the lower of acquisition value and the amount expected to be received. Other assets, liabilities and provisions are valued at acquisition cost if not stated otherwise. Factoring agreements are recorded as contingent liabilities in accordance with RedR 6 of the Swedish Institute of Authorised Public Accountants.

Receivables and liabilities in foreign currency are valued at the exchange rate at the balance sheet date. Exchange rate gains and losses on operating receivables and liabilities are included in operating profit. Exchange rate gains and losses on financial receivables and liabilities are included in net financial items.

In cases currency hedging measures have been carried out, e.g. forward contracts, receivables and liabilities are valued at the contract exchange rate. When hedging of future budgeted cash flows the hedging instruments are not revalued in cases of changes in exchange rates. The full effect of changes in exchange rates are charged to income when the instruments fall due.

Revenue recognition

Income is stated at actual value of what has been received or will be received. The income is recorded at nominal value (invoiced amounts) if goods is paid in cash at delivery. Discounts are deducted from income.

At sale of goods income is normally recorded when major risks and rewards connected to the ownership of the goods are transferred to the buyer.

For machine assignments income and costs are recorded in relation to the degree of completion at the balance sheet date (percentage of completion method). This method is applied to all projects larger than EUR 0,5 million which last longer than six months. The degree of completion is determined through comparison of costs paid as per the balance sheet date and estimated total costs. In case the outcome of a machine assignment cannot be measured in a reliable way, income is recorded at a maximum of equal costs that are likely to be reimbursed by the customer. Expected losses on assignments are recorded as costs immediately.

Interest income and dividends are accounted for when it is likely that the Company will receive the financial benefits connected to the transaction and when the amounts can be measured reliably.

Currency hedging of operational transactions

The subgroup Flextrus Group is hedging operational transactions in foreign currencies up to six months. Hedging is achieved through forward contracts in EUR and GBP.

Income taxes

Recorded income taxes comprise current year taxes to be paid or recovered, adjustments of prior year taxes and changes in deferred tax assets and liabilities.

Tax assets and liabilities are stated at nominal values and calculated in accordance with tax rates and regulations decided or notified and likely to be adopted.

For items recorded in the Income Statement the associated tax effects are recorded in the income statement. Tax effects on items recorded against equity are also recorded against equity. Deferred tax is calculated according to the balance sheet method on all temporary differences arising when comparing recorded values on assets and liabilities with taxation values.

Deferred tax assets on losses carried forward or other future tax benefits are accounted for at the extent these benefits are likely to be deducted against future tax profits.

Fixed assets

Tangible and intangible assets are recorded at acquisition values deducted with depreciation/ amortization and according to estimated useful life.

Assets are depreciated on a straight line basis over the estimated useful life, taking into account material residual values. The following depreciation rates are applied:

Intangible assets: Capitalized development expenses	20%
Intangible assets: Patents	20%
Intangible assets: Goodwill and other	5-20%
Office buildings	2-4%
Industrial buildings	2-4%
Plant and machinery	6,67-33%
Equipment, tools, fixtures and fittings	6,67-33%

Research and development

Research expenses are recognised as cost as they arise. Development expenses (attributable to design of new machines) are recorded as intangible assets at the extent they are likely to generate future financial benefits. Other development expenses are charged to the income statement as they arise. Development expenses charged to the income statement are not recognised as assets in subsequent periods. Development expenses recognised as assets are depreciated on a straight line basis over the period the expected benefits are arising.

Leasing agreements

Group

When leasing agreements where the group as lessee enjoys the major economic benefits and carries the financial risks attributable to the leased object, the object is accounted for as fixed asset in the consolidated balance sheet. Corresponding commitments to pay future leasing fees are recorded as liabilities. The leased assets are depreciated over the same useful life as similar assets. Other leasing agreements are operational and expenses as leasing fees connected to these are charged to the income statement as they arise.

Parent Company

In the Parent Company all leasing agreements, financial and operational, are recorded as operational leasing agreements. All leasing expenses are charged to the income statement.

Inventories

Inventories are valued at the lower of acquisition cost and net sales value at the balance sheet date. Net sales value is calculated as estimated sales price less sales cost. The valuation method implies that any obsolescence is deducted. Collective valuation is used on homogenous groups of goods.

Consolidated accounts

The group accounts are prepared in accordance with the acquisition method and in all relevant aspects in accordance with the Swedish Financial Accounting Standards Councils recommendation RR 1:00. The consolidated accounts comprise the parent company and its subsidiaries. A subsidiary is a company in which the parent company has, direct or indirect, controlling influence.

If the acquisition value for the shares exceeds the value of the subsidiary's net assets included in the acquisition analysis the difference is accounted for as goodwill. If on the other hand the acquisition value is below the value of the net assets the difference is accounted for as a provision for negative goodwill. The provision is dissolved on basis of expectations on future earnings.

The estimation of the useful life of goodwill is based on both the acquired company's financial history and on its future prospects and strategic market importance. This has justified the economic life to be changed to 20 years.

The group applies the current exchange rate method for translation of foreign subsidiaries annual accounts. Assets and liabilities of foreign subsidiaries are translated at the closing exchange rate at the balance sheet date and income statement items at the average exchange rate for the year. Translation differences are accounted for in group equity.

Intra-group profits are eliminated in their entirety, without consideration of minority share.

Minority shares of profit/loss for the year is accounted for in the consolidated income statement. Minority shares of equity are reported on a separate line in the consolidated balance sheet.

Associated companies are in all major aspects accounted for according to the Swedish Financial Accounting Standards Councils recommendation RR 13. Associated companies are companies in which the company holds significant but not controlling influence.

Appropriations are not reported separately in the consolidated income statement but are included, deferred taxes deducted, in net result. Untaxed reserves are split up and reported as deferred tax liabilities and equity in the balance sheet.

Besides above regarding appropriations and untaxed reserves, accounting and valuation principles are valid for both the group and the parent company apart from exceptions below.

Pensions

Pension provisions are recorded in accordance with generally accepted accounting principles in the local countries except in Germany and France there pensions are reported in accordance with IAS 19.

Statement of cash flows

The statements of cash flows are prepared in accordance with RR 7 and the indirect method. When using the indirect method the net result is adjusted for transactions that has not lead to any payments during the period and for income and expenses attributable to investing and financing activities.

Liquid assets consist of, in addition to cash and bank balances, short-term financial investments that are exposed to insignificant risk of fluctuation in value and are traded at an open market at known prices or has shorter remaining term than 3 months from the date of acquisition.

Key ratio definitions

Operating margin

Operating profit as percentage of net sales

Adjusted equity

Equity increased with minority interests and mezzanine loans

Solvency

Adjusted equity as percentage of total assets

Notes to specific items

Note 1 Net sales per geographical market

Net sales allocated to geographical markets:

	2012	2011
Scandinavia and the Baltic regions	97 137	78 929
Rest of Europe	274 741	235 528
Russia	72 513	76 728
Other markets	9 217	11 135
	453 608	402 320

Note 2 Leasing agreements

Leasing costs for the year amounts to 9 896 TEUR (8 478) for the group and 0 (0) TEUR for the parent company.

Remaining term on future leasing fees regarding operational leasing agreements amounts to:

	Group	
	2012	2011
Within one year	9 763	12 740
Year 2	6 959	9 387
Year 3	6 535	7 532
Year 4	5 665	5 943
Year 5	5 029	5 597
Thereafter	13 443	16 263
	47 394	57 462

Future leasing fees are translated into EUR using the exchange as at December 31, 2012. The parent company has not entered any leasing agreements.

The leasing agreement for the property in Kriffel, Germany runs up till 2023 with an annual leasing fee of 1 145 TEUR.

The leasing agreement for the property in Augsburg, Germany ends in 2017 with an option to prolong the contract for further 5 years. The contract runs with an annual fee of 323 TEUR.

The property in Lund is utilised via a rental agreement until 2019 with a yearly fee of 1 232 TEUR.

Flextus properties in Lund, Landskrona and Halmstad are utilised via leasing agreements until 2019 with yearly fees of 1 831 TEUR.

The property in Kauttua, Finland is utilised via a 12 months rolling rental agreement with a yearly fee of 618 TEUR.

Å&R Carton CDF SA in France utilise the property via a rental agreement until December 2017 with a yearly fee of 566 TEUR.

The property in St. Petersburg, Russia is utilised via a rental agreement until 2015 with a yearly fee of 420 TEUR.

The property in Timashevsk, Russia is utilised via a rental agreement until 2015 with a yearly fee of 750 TEUR.

The property in Tabasalu, Estonia is utilised via a rental agreement until 2017 with a yearly fee of 140 TEUR.

Note 3 Compensation to auditors

	Group		Parent Company	
	2012	2011	2012	2011
<i>Ernst & Young</i>				
Audit fees related to the assignment	464	442	44	0
Other audit fees	38	34	0	0
Tax consultation	0	15	0	0
	502	491	44	0
<i>Other auditors</i>				
Audit fees related to the assignment	65	7	0	0
Other services	55	0	0	0
	120	7	0	0

Audit related to the assignment includes audit of the annual accounts and the administration of the Board of Directors, other audit work and consultation or assistance due to audit findings.

Note 4 Personnel, salaries and other compensation

<i>Personnel (average number)</i>	2012		2011	
	Total	Of which men	Total	Of which men
Parent Company	3	67%	0	0%
Subsidiaries	1 913	75%	2 016	75%
Total Group	1 916	75%	2 016	75%
<i>Salaries and other compensation</i>				
	Group		Parent Company	
	2012	2011	2012	2011
Board of Directors and CEO	1 332	1 230	254	0
Bonus payments to Board and CEO	66	0	0	0
Other employees	75 945	59 594	232	0
	77 343	60 824	486	0
<i>Social security</i>				
Pension cost Board and CEO	677	322	509	0
Pension cost other employees	3 876	3 999	65	0
Other social security	11 397	14 064	169	0
	15 950	18 385	743	0

Pension cost Board and CEO relates to previous CEO.

Employees by country:	Group		Parent Company	
	2012	2011	2012	2011
Sweden	535	608	3	-
Denmark	0	1	-	-
Estonia	41	48	-	-
Finland	123	117	-	-
France	205	199	-	-
Norway	0	3	-	-
Germany	483	463	-	-
Greta Britain	62	67	-	-
Russia	367	411	-	-
The Netherlands	99	97	-	-
USA	1	2	-	-
Total	1 916	2 016	3	0

The Board consists of 8 (7) personer of which 1 (1) woman. The group management team consists of 7 (7) men.

The period of notice regarding the CEO is 12 months if the company or the CEO terminates the employment. If the company terminates the employment, the CEO is entitled to severance compensation of 12 months salary. The retirement age is 65 years.

Note 5 Intragroup purchases and sales

	Parent Company	
	2012	2011
Share of total sales to group companies	100%	0%
Share of total purchases from group companies	0%	0%

Note 6 Depreciation by function

	Group	
	2012	2011
Cost of goods sold	19 537	16 062
	19 537	16 062

Not 7 Other operating income

	Group'		Parent Company	
	2012	2011	2012	2011
Gain on sale of subsidiaries	11 566	-	-	-
Gain on sale of fixed assets	638	685	-	-
Exchange rate differences	4 764	3 130	31	-
Reversed accrued cost	594	860	-	-
Regained bad debt	137	16	-	-
Other	1 714	4 731	-	-
	19 413	9 422	31	0

Not 8 Other operating expenses

	Group		Parent Company	
	2012	2011	2012	2011
Restructuring cost	11 105	3 438	0	0
Exchange rate differences	3 595	2 917	0	0
Loss on sale of fixed assets	1 989	333	0	0
Other	733	2 735	0	0
	17 422	9 423	0	0

Note 8 Finance income

	Group		Parent Company	
	2012	2011	2012	2011
Interest income from group companies	17	0	0	270
Other interest income	85	209	408	0
Exchange rate differences	0	58	0	0
	102	267	408	270

Note 9 Finance costs

	Group		Parent Company	
	2012	2011	2012	2011
Interest expenses from group companies	173	199	325	129
Other interest expenses	6 793	5 032	456	152
Exchange rate differences	244	429	60	67
Other finance costs	685	355	0	0
	7 895	6 015	841	348

Note 10 Income tax

	Group		Parent Company	
	2012	2011	2012	2011
Current tax	-1 434	-1 620	0	0
Deferred tax	383	3 848	0	0
	-1 051	2 228	0	0
Loss before tax	645	-4 000	-1 526	-649
Tax according to tax rate in Sweden	-170	1 052	401	171
Tax effect on non deductible expenses	-811	-	-	-
Tax effect on tax exempt income	3 287	-	-	-
Effect of tax rates in other countries	201	-	-	-
Tax expense due to changed tax rate in Sweden	-686	-	-	-
Used against tax deficit	657	1 176	-	-
Loss not accounted for	-3 815	-	-401	-171
Prior year tax adjustments	286	-	-	-
Taxes in income statement	-1 051	2 228	0	0

Change in net deferred taxes is 486 of which 383 is reported in the income statement.
Remaining 103 consist of:

Sale of subsidiaries	-577
Reclassifications	872
Translation differences	-25
Other	-167
Total	103

Note 12 Capitalized development expenses

	Group	
	Dec 31, 2012	Dec 31, 2011
Opening acquisition value	7 935	6 437
Investments	577	1 584
Acquisition of subsidiaries	-	477
Sales/disposals	-532	-740
Reclassifications	2 661	161
Translation differences	274	16
Closing accumulated acquisition value	10 915	7 935
Opening depreciation	-3 500	-3 700
Sales/disposals	21	736
Depreciation for the year	-865	-536
Reclassifications	-2 661	0
Translation differences	-138	0
Closing accumulated depreciation	-7 143	-3 500
Closing book value	3 772	4 435

Capitalized development expenses mainly refer to development of packaging systems in Å&R Carton Lund AB.

Note 13 Patents, trademarks

	Group	
	Dec 31, 2012	Dec 31, 2011
Opening acquisition value	116	1 194
Investments	15	11
Sales/disposals	-7	-1 089
Reclassifications	393	-
Closing accumulated acquisition value	517	116
Opening depreciation	-89	-785
Sales/disposals	7	699
Reclassifications	-393	-
Depreciation for the year	-8	-3
Closing accumulated depreciation	-483	-89
Opening write-downs	-	-402
Sales/disposals	-	402
Closing accumulated write-downs	0	0
Closing book value	34	27

Note 14 Goodwill

	Group	
	Dec 31, 2012	Dec 31, 2011
Opening acquisition value	64 622	36 999
Investments	365	27 623
Translation differences	241	-
Closing accumulated acquisition value	65 228	64 622
Opening depreciation	-26 233	-24 474
Depreciation for the year	-2 104	-1 759
Closing accumulated depreciation	-28 337	-26 233
Closing book value	36 891	38 389

Note 15 Buildings and land

	Group	
	Dec 31, 2012	Dec 31, 2011
Opening acquisition value	25 187	24 914
Investments	65	148
Sales/disposals	-	0
Reclassifications	-	125
Translation differences	194	0
Closing accumulated acquisition value	25 446	25 187
Opening depreciation	-14 913	-13 997
Sales/disposals	-	-
Depreciation for the year	-933	-916
Translation differences	-48	-
Closing accumulated depreciation	-15 894	-14 913
Closing book value	9 552	10 274

Note 16 Plant and machinery

	Group	
	Dec 31, 2012	Dec 31, 2011
Opening acquisition value	245 345	187 090
Investments	17 147	14 428
Acquisition of subsidiaries	-	46 438
Sales/disposals	-53 147	-7 080
Sale of subsidiaries	-22 740	-
Reclassifications	3 230	4 199
Translation differences	2 837	270
Closing accumulated acquisition value	192 672	245 345
Opening depreciation	-171 639	-130 579
Acquisition of subsidiaries	-	-33 149
Sales/disposals	48 241	6 292
Sale of subsidiaries	19 119	-
Depreciation for the year	-14 026	-13 476
Reclassifications	-146	-394
Translation differences	-1 714	-333
Closing accumulated depreciation	-120 165	-171 639
Opening accumulated write-downs	-494	-739
Reversals	494	739
Write-downs for the year	-	-494
Closing accumulated write-downs	0	-494
Closing book value	72 507	73 212

Note 17 Equipment, tools, fixtures and fittings

	Group	
	Dec 31, 2012	Dec 31, 2011
Opening acquisition value	31 812	17 390
Investments	1 300	581
Acquisition of subsidiaries	-	14 102
Sales/disposals	-3 685	-415
Sale of subsidiaries	-2 445	-
Reclassifications	641	136
Translation differences	658	18
Closing accumulated acquisition value	28 281	31 812
Opening depreciation	-26 938	-13 886
Acquisition of subsidiaries	-	-12 272
Sales/disposals	3 971	408
Sale of subsidiaries	1 800	-
Depreciation for the year	-1 601	-1 167
Translation differences	-575	-21
Closing accumulated depreciation	-23 343	-26 938
Closing book value	4 938	4 874

Note 18 Construction in progress

	Group	
	Dec 31, 2012	Dec 31, 2011
Opening acquisition value	4 310	4 451
Purchases and payments	1 755	3 894
Sales/disposals	-39	-
Sale of subsidiaries	-437	-
Reclassifications	-4 004	-4 052
Translation differences	95	17
	1 680	4 310

Note 19 Financial leasing agreements

	Group	
	Dec 31, 2012	Dec 31, 2011
Buildings and land	1 673	1 925
Plant and machinery	22 889	17 849
	24 562	19 774

Due dates for future minimum leasing fees:

	Group	
	Dec 31, 2012	Dec 31, 2011
Within 1 year	6 694	6 120
Year 2	6 520	5 653
Year 3	5 433	4 934
Year 4	4 738	3 831
Year 5	3 556	2 567
Thereafter	1 269	2 623
	28 210	25 728

Note 20 Shares in subsidiaries

	Parent Company	
	Dec 31, 2012	Dec 31, 2011
Opening acquisition value	70 096	32 125
Investments	-	35 161
Reclassifications	-	537
Shareholders contributions	-	2 273
Closing accumulated acquisition value	70 096	70 096
Closing book value	70 096	70 096

Note 21 Specification of shares in subsidiaries

Name	Reg. No.	Domicile	Number of shares	Share of equity	Book value
Å&R Carton AB	556050-0554	Lund	171 769	100%	55 083
A&R Carton AS	NO934180941	Skjeberg, Norway		100%	-
A&R Carton North America Inc.	22-2781794	Delaware, USA		100%	-
A&R Carton Oy	0946631-7	Eura, Finland		100%	-
A&R Carton Beteiligungen GmbH	HRB 53237	Kriftel, Germany		100%	-
A&R Carton GmbH	HRB 52899	Kriftel, Germany		100%	-
A&R Carton Frankfurt GmbH	HRB 53930	Kriftel, Germany		100%	-
A&R Carton Holding GmbH	HRB 53322	Kriftel, Germany		100%	-
ZAO A&R Carton Kuban	1022304838863	Timashevsk, Russia		100%	-
A&R Carton AS	10399612	Tabasalu, Estonia		100%	-
A&R Carton SA	380137711	Cholet Cedex, France		100%	-
A&R Carton CdF SA	552037384	Cholet Cedex, France		100%	-
A&R Carton Primepac Ltd	04608307	Leicester, Great Britain		100%	-
A&R Carton Lund AB	556044-6063	Lund		100%	-
A&R Carton Norrköping AB	556636-2736	Lund		100%	-
CC Pack Holding AB	556648-2617	Tibro		70%	-
CC Pack AB	556124-6629	Tibro		100%	-
Combi Craft AB	556650-3370	Tibro		100%	-
Specialty Paperboard Containers Ltd	5862237	Rotherham, Great Britain		67%	-
Flextrus Group AB	556754-0678	Lund	100 000	100%	15 013
Flextrus AB	556754-1049	Lund		100%	-
Flextrus Ltd	06371607	Highbridge, Great Britain		100%	-
Flextrus Halmstad AB	556061-1674	Halmstad		100%	-
					70 096

Note 22 Shares in associated companies

	Group	
	Dec 31, 2012	Dec 31, 2011
Opening acquisition value	31	568
Reclassifications	-	-537
Closing accumulated acquisition value	31	31
Closing book value	31	31

During 2011 further shares in Specialty Paperboard Containers Ltd were acquired and the company has been consolidated as subsidiary.

Note 23 Specification of shares in associated companies

Name	Group Share of equity	Book value
EmiCorp SA	50%	31
		31

	Reg.No.	Domicile
EmiCorp SA	823.107.851	Bruxelles

Note 24 Deferred taxes

Temporary differences arise when book values and taxation values for assets or liabilities are different. Deferred taxes on temporary differences are recorded to the extent they are expected to be utilised. The Group's and the parent company's temporary differences have resulted in deferred tax assets and liabilities regarding the following: However, there are substantial tax losses carried forward in foreign subsidiaries that have not been taken into account.

Deferred tax assets

	Group	
	Dec 31, 2012	Dec 31, 2011
Tax losses carried forward	7 553	6 866
Temporary differences on pension provisions	867	1 377
Temporary differences on fixed assets	273	0
Temporary differences on liabilities	211	0
Other	279	1 024
	9 183	9 267

Deferred tax liabilities

	Group	
	Dec 31, 2012	Dec 31, 2011
Temporary differences on pension provisions	-	18
Temporary differences on fixed assets	104	-272
Temporary differences on current assets	-	167
Temporary differences on liabilities	91	87
Untaxed reserves	1 005	0
Other	695	2 465
	1 895	2 465

Note 25 Prepaid expenses and accrued income

	Group	
	Dec 31, 2012	Dec 31, 2011
Prepaid rents	1 041	800
Accrued leasing income	43	0
Prepaid leasing fees	177	252
Accrued bonus income	1 160	1 538
Other	2 268	3 031
	4 689	5 621

Note 26 Changes in equity

Group	Share capital	Unrestricted reserves	Net loss for the year	
At January 1	4 999	61 690	-1 981	
Appropriation as resolved by the AGM	0	-1 981	1 981	
Translation differences	0	-1 127	0	
Net loss for the year	0	0	-18	
At december 31	4 999	58 582	-18	

Parent Company	Share capital	Other injected capital	Retained earnings	Net loss for the year
At January 1	4 999	51 672	1 691	-649
Appropriation as resolved by the AGM	0	0	-649	649
Net loss for the year	0	0	0	-1 526
As at December 31	4 999	51 672	1 042	-1 526

Number of shares:

A-shares	3 500 000
B-shares	6 500 000
C-shares	100
Total	10 000 100

Note 27 Other provisions

	Group	
	Dec 31, 2012	Dec 31, 2011
Restructuring reserves	4 262	6 424
Guarantee commitments	16	0
Other provisions	2 792	2 784
	7 070	9 208

Note 28 Long-term liabilities

	Group		Parent Company	
	Dec 31, 2012	Dec 31, 2011	Dec 31, 2012	Dec 31, 2011
Due between 2 and 5 years after the balance sheet date				
Liabilities to credit institutions	21 995	8 667	0	0
Overdraft facilities	0	17 064	0	0
Liabilities to group companies	5 155	0	8 940	1 500
Other long-term liabilities	10 923	38 707	0	0
	38 073	64 438	8 940	1 500
Due later than 5 years after the balance sheet date				
Liabilities to credit institutions	3 803	3 704	0	0
Other long-term liabilities	22 905	18 335	12 801	12 801
	26 708	22 039	12 801	12 801
Total	64 781	86 477	21 741	14 301

Sub-ordinated loans of total 37 127 are included in other long-term liabilities, of which Accent, Amcor and AC Pack' stands for the major part.

Note 29 Overdraft facilities

	Group	
	Dec 31, 2012	Dec 31, 2011
Total facilities amounts to	22 883	22 681
Overdraft at balance sheet date	4 298	19 229

Note 30 Accrued expenses and deferred income

	Group		Parent Company	
	Dec 31, 2012	Dec 31, 2011	Dec 31, 2012	Dec 31, 2011
Accrued vacation pay including social security	5 303	8 878	0	0
Accrued personnel costs	2 690	337	61	0
Accrued production costs	1 095	0	0	0
Provision for claims	188	552	0	0
Accrued interest expenses	1 828	923	386	0
Other	7 761	4 732	193	50
	18 865	15 422	640	50

Note 31 Pledged assets

	Group	
	Dec 31, 2012	Dec 31, 2011
Assets pledged for own liabilities		
Property mortgages	5 975	10 670
Floating charges	41 619	43 426
Pledged accounts receivable	6 952	1 863
Pledged inventories	0	146
Pledged shares	12 218	2 327
Endowment insurances	139	139
Leased fixed assets	6 810	4 432
Other	79	10 340
	73 792	73 343

Note 32 Contingent liabilities

	Group	
	Dec 31, 2012	Dec 31, 2011
Guarantee commitments	5 377	5 863
Pension commitments	237	237
Accounts receivable (factoring)	10 966	9 199
	16 580	15 299

The french subsidiary had factoring agreements during 2012 and 2011 reported as contingent liabilities according to FAR SRS recommendation RedR 6. Å&R Carton Lund AB has entered into a similar factoring agreement with Pohjala Bank at the end of 2012.

Not 33 Other items not included in cash flow


	Group	
	Dec 31, 2012	Dec 31, 2011
Profit on sale of subsidiaries	-12 211	-
Loss on sale of fixed assets	1 345	-
Unrealized exchange rate differences	775	-
Provisions for pensions	731	92
Other	-1 693	5 513
	-11 053	5 605

Not 34 Sale of subsidiaries

Price on sale of AR Carton Holding BV was 19 042 of which 14 152 was received in cash.
The sold subgroup's assets and liabilities at sales date:

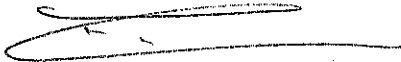
Tangible fixed assets	4 487
Financial fixed assets	5 188
Inventories	4 537
Current receivables	5 188
Cash and bank	387
Total assets	19 787
Provisions	5 119
Non current liabilities	1 530
Current liabilities	6 307
Total liabilities	12 956

Malmö February 26, 2013

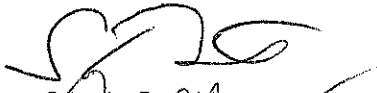


Stig Gustavson
Chairman of the Board

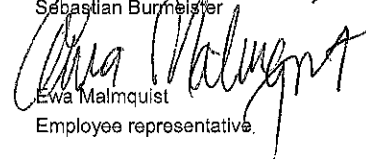
Panu Routila



Carl Furstenbach



Sebastian Burmeister




Ewa Malmquist
Employee representative



Harald Schulz
President and CEO



Jan Ohlsson



Hans Pettersson



Anders Åkesson
Employee representative

Our audit report has been submitted February 26, 2013

Kerstin Mouchard
Authorized Public Accountant