



Interim report
January – June 2010



Interim report, January – June 2010

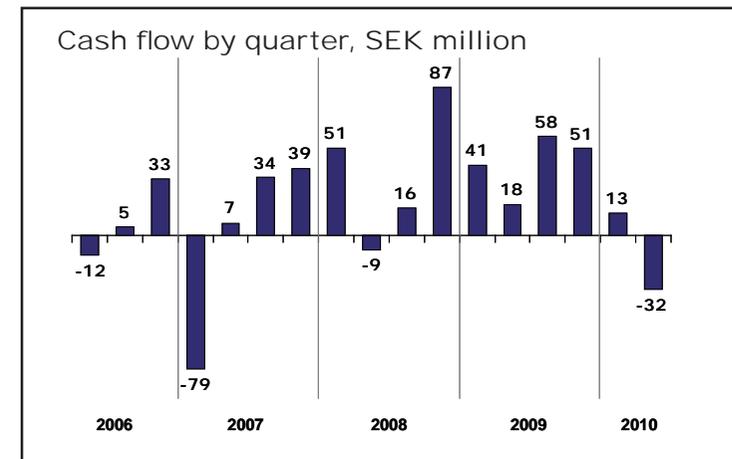
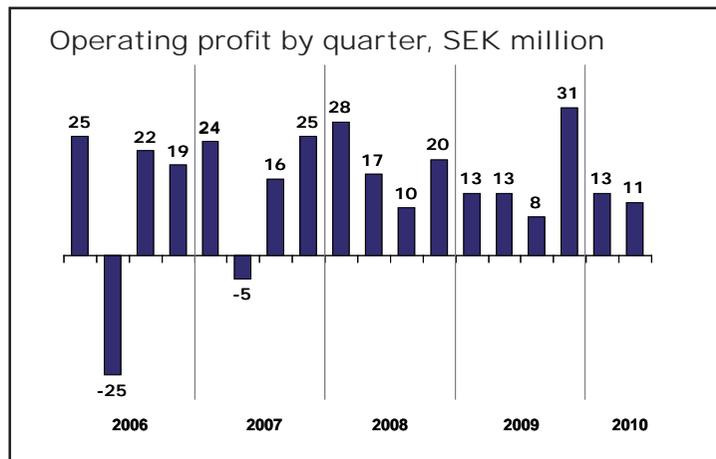
“At fixed exchange rates, we recorded growth of 6% compared to the first half of 2009,” says Bongs President and CEO Anders Davidsson. “Tyvek® sales are off to a good start in all markets and order intake for our ProPac products gives us continued reason to feel optimism for the second half of the year. Rising prices for fine paper put pressure on profitability and cash flow in the second quarter.”

April-June 2010

- Net sales of SEK 468 million (457)
- ProPac sales of SEK 84 million (54)
- Operating profit of SEK 11 million (13)
- Profit after tax of SEK 2 million (4)
- Cash flow after investments of SEK -32 million (18)
- Earnings per share of SEK 0.08 (0.24)

January-June 2010

- Net sales of SEK 970 million (977)
- ProPac sales of SEK 161 million (114)
- Operating profit of SEK 24 million (27)
- Profit after tax of SEK 6 million (7)
- Cash flow after investments of SEK -19 million (59)
- Earnings per share of SEK 0.40 (0.38)
- Acquisition of Tycon in Luxembourg



Bong is a leading European provider of specialised packaging and envelope products and offers solutions for distribution and packaging of information, advertising materials and lightweight goods. Two important growth areas in the Group are the ProPac packaging concept and Russia. The Group has annual sales of approximately SEK 2 billion and some 1,200 employees in 13 countries. Bong has a strong market position, particularly in Northern Europe, and the Group sees attractive opportunities for further expansion and development. Bong is a public limited company and its shares are quoted on the NASDAQ OMX Nordic Stock Exchange Stockholm (Small Cap).

MARKET AND INDUSTRY

Compared to the same period of 2009, demand levels in the second quarter were somewhat better than in the first quarter. The European Envelope Manufacturers Association (FEPE) reports a preliminary volume decrease of 1% for the second quarter, compared to 2% for the first quarter of 2010.

In Russia and Eastern Europe, a visible recovery was noted from the prior year's low levels. The assessment is that these markets have grown by 5-10% compared to the first half of 2009.

The packaging market, in which Bong is active with its ProPac range, is significantly larger and more multifaceted than the envelope market. Market statistics for the niches where Bong is active are unavailable or difficult to obtain. Bong's assessment is that demand for packages such as those used in e-commerce, mail order and the retail trade have been positively affected by the recent market upswing and these are expected to have strong growth potential over time.

SALES AND PROFIT JANUARY-JUNE 2010

Consolidated sales for the first half of 2010 reached SEK 970 million (977). The weakening euro rate had a negative impact on the Group's sales. Excluding foreign exchange effects, consolidated sales were up by 6% compared to 2009. On a like-for-like basis, sales excluding foreign exchange effects grew by approximately 5%, while ProPac sales measured in the same manner grew by 33%.

Order intake for ProPac, primarily gift bags for delivery in the second half of the year, was strong during the second quarter.

Operating profit was SEK 24 million (27). The new exclusive Tyvek® agreement had a tangible effect on the Group's sales and made a positive contribution to earnings. At the same time, profit for the period was

charged with costs of close to SEK -5 million for restructuring in the Nordic countries and Belgium. The Finnish harbour workers' strike in March also gave rise to extra costs of around SEK 1 million for Bong due to redistribution of paper between Group units. The change in finished product inventories affected profit in an amount of around SEK 5 million (-1). Net financial items totalled SEK -15 million (-16), profit before tax was SEK 9 million (10) and profit after tax amounted to SEK 6 million (7).

SALES AND PROFIT APRIL – JUNE 2010

Consolidated sales for the second quarter amounted to SEK 468 million (457). The weakening euro rate had a negative impact on the Group's sales, but excluding foreign exchange effects, consolidated sales rose by 9% compared to 2009. On a like-for-like basis, sales excluding foreign exchange effects grew by approximately 7%, while ProPac sales measured in the same manner grew by 42%.

Order intake and deliveries of ProPac, primarily gift bags for delivery in the second half of the year, were strong during the quarter. Operating profit was SEK 11 million (13). The new exclusive Tyvek® agreement contributed to the Group's second quarter sales according to plan and had a positive impact on earnings. At the same time, profit for the quarter was charged with costs of around SEK 1.5 million in the quarter for restructuring in the Nordic countries and Belgium. As announced in the previous report, prices for uncoated fine paper, Bong's largest input material, increased during the period. Bong has worked intensively to pass on the price increases, although this takes place at a certain delay. As a result, the second quarter was negatively affected by the higher paper price.

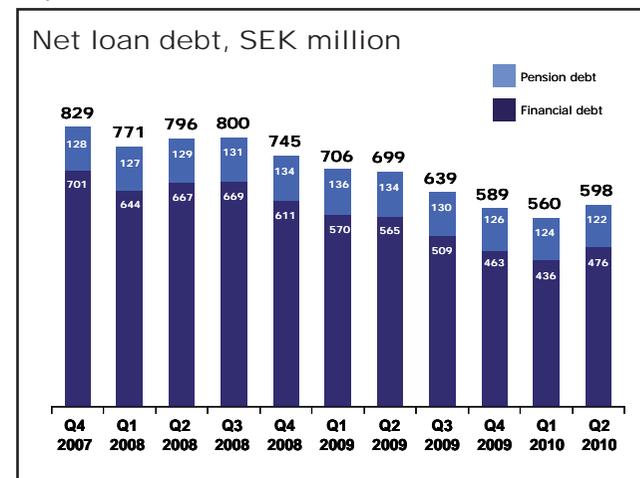
The change in finished product inventories affected profit in an amount of around SEK 4 million (-1). Net financial items totalled SEK -8 million (-8), profit before tax was SEK 3 million (6) and profit after tax amounted

to SEK 2 million (4).

CASH FLOW AND INVESTMENTS

Cash flow after investing activities was SEK -19 million (59). Higher prices for fine paper, together with the seasonal build-up of inventories in preparation for the summer holiday, led to a rise in working capital by SEK 44 million during the period. All other things being equal, working capital will decrease as the effects of customer price increases become visible. The cash flow of SEK 59 million for the year-earlier period includes proceeds of approximately SEK 15 million on the sale of a property.

Investing activities during the period amounted to SEK 20 million (0), a figure that includes the acquisition of the wholly owned Tycon in Luxembourg, the associated company Image Envelopes in the UK, the remaining shares (12%) in the subsidiary Voet and normal day-to-day investments.



FINANCIAL POSITION

Cash and cash equivalents at 30 June 2010 totalled SEK 86 million (SEK 74 million at 31 December 2009). Unutilised credits at 30 June 2010 amounted to SEK 208 million. Total available cash and cash equivalents thus amounted to SEK 294 million.

Consolidated equity at 30 June 2010 was SEK 552 million (SEK 598 million at 31 December 2009). Translation of the net assets of foreign subsidiaries to Swedish kronor, changes in the fair value of derivative instruments and dividends to the shareholders reduced consolidated equity by SEK 39 million (5,9).

The interest-bearing net loan debt increased during the period by SEK 9 million to SEK 598 million (SEK 589 million at 31 December 2009). Translation of net loans in foreign currency to Swedish kronor reduced the Group's net loan debt by SEK 18 million.

EMPLOYEES

The average number of employees during the period was 1,231 (1,221). The number of employees at 30 June 2010 was 1,235 (1,210). The figures include the acquired Tycon as of 1 January 2010.

PARENT COMPANY

The activities of the Parent Company include administration of operating subsidiaries and Group management functions. Net sales are reported at SEK 14 million (0) and the period's profit before tax was SEK -4 million (-2).

ACQUISITIONS

As announced in separate press releases, Bong has carried out two acquisitions during 2010 at the same time that its holding in a previously partly-owned company has now been raised to 100%.

Acquisition of Tycon in Luxembourg

As announced on 1 February 2010, Tycon's production unit in Luxembourg has been acquired. The acquisition includes 100% of the company with 20 employees and is related to the exclusive licence agreement signed between Bong and DuPont in the autumn of 2009 for conversion of Tyvek® material into envelopes and packaging solutions, the area in which Tycon is

specialised. The acquisition made a positive contribution to Bong's earnings starting in the first quarter of 2010.

Acquisition of Image Envelopes

As announced in a press release on 18 December 2009, Bong acquired 50% of the British specialist envelope manufacturer Image Envelopes Ltd at the beginning of January 2010. Bong has an option to increase its stake in the company over the next three years.

Image Envelopes, with annual sales of around SEK 30 million, delivers products to the British Direct Mail market and is reported as an associated company in the Group.

Acquisition of remaining shares in Voet

As stated in the interim report for the first quarter, Bong acquired an additional 12% of the shares in Netherlands-based Voet International Packaging Solutions V.O.F. in April 2010. Following the acquisition, the company is a wholly owned subsidiary. The company's operations have been subsequently transferred to the Group's subsidiary in the Netherlands and a newly established subsidiary in Belgium.

OPPORTUNITIES AND RISKS

The risks arising in Bong's operations are related primarily to market development and different types of financial risk. For further information, see Bong's annual report and website www.bongljungdahl.se.

ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and the Swedish Annual Accounts Act. The applied accounting policies correspond to those used in the annual report for 2009 and should be read together with these. For a description of the new amendments, revisions, interpretations and standards effective for periods beginning on or after 1 January 2010, see Bong's annual report for

2009.

One of these changes is that the Group applies IFRS 3 (revised), "Business Combinations" as of 1 January 2010. Among other things, the revised standard states that all consideration paid to acquire an operation must be reported at fair value on the acquisition date, while subsequent contingent consideration is classified as a liability which is then remeasured with recognition of changes in profit or loss. All acquisition-related transaction costs are expensed. None of the new or changed standards and interpretations has had any significant impact on the company's financial statements.

The Board of Directors and the CEO give their assurance that the semi-annual report provides a true and fair picture of the business activities, financial position and results of operations of the Parent Company and the Group, and describes the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

Kristianstad, 25 August 2010

Mikael Ekdahl
Board Chairman

Peter Harrysson
Board member

Patrick Holm
Board member

Christer Muth
Board member

Christian W. Jansson
Board member

Ulrika Eriksson
Board member

Alf Tönnesson
Vice Chairman

Anders Davidsson
Board member
President and CEO

Review report

We have reviewed the interim report for Bong Ljungdahl AB (publ) for the period from 1 January 2010 to 30 June 2010. The Board of Directors and CEO are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by FAR. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden (RS) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not, in all material aspects, prepared in accordance with the Swedish Annual Accounts Act and IAS 34 for the Group and in accordance with the Swedish Annual Accounts Act for the Parent Company.

Kristianstad, 25 August 2010

*Eric Salander
Authorised Public
Accountant*

*Mathias Carlsson
Authorised Public
Accountant*

PricewaterhouseCoopers

Presentation of the report

The interim report will be presented at a teleconference starting at 10:00 a.m. on 25 August. The telephone number to the teleconference is +46 (0)8 5052 0110. Pictures for the teleconference will be available on our website www.bongljungdahl.se by 9:00 a.m., at the latest.

For additional information contact

Anders Davidsson, President and CEO of Bong Ljungdahl AB.

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Financial calendar:

- Interim report January-September, 11 November 2010
- Year-end report 2010, 17 February 2011
- Interim report January-March 2010, 12 May 2011
- Interim report January-June, August 2011
- Interim report January-September, November 2011

INTERIM REPORT 30 JUNE 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNTS IN SUMMARY (SEK M)	Apr - jun 2010 3 mån	Apr - jun 2009 3 mån	Jan - jun 2010 6 mån	Jan - jun 2009 6 mån	Jul 2009 - jun 2010	Jan - dec 2009
Net sales	468.4	457.3	969.6	977.4	1,907.0	1,914.7
Cost of goods sold	-373.7	-370.9	-768.9	-774.6	-1,504.9	-1,510.6
Gross profit	94.7	86.4	200.7	202.8	402.1	404.1
Selling expenses	-47.6	-42.1	-98.0	-97.0	-189.3	-188.4
Administrative expenses	-41.4	-36.7	-83.0	-84.4	-154.8	-156.2
Other operating income and expenses	5.3	5.8	4.4	5.1	5.0	5.7
Operating profit	11.0	13.4	24.1	26.5	62.9	65.3
Net financial items	-8.2	-7.6	-14.9	-16.5	-33.2	-34.8
Profit before tax	2.7	5.8	9.3	10.0	29.7	30.5
Income tax	-1.0	-1.7	-2.8	-3.0	-6.1	-6.2
Profit after tax	1.7	4.1	6.4	7.0	23.7	24.3
Profit for the period attributable to non-controlling interests	0.7	0.9	1.2	1.9	1.8	2.6
Basic earnings per share, SEK	0.08	0.24	0.40	0.38	1.66	1.65
Diluted earnings per share, SEK	0.08	0.23	0.40	0.38	1.66	1.63
Average number of shares, basic	13,128,227	13,128,227	13,128,227	13,128,227	13,128,227	13,128,227
Average number of shares, diluted	13,128,227	13,230,227	13,128,227	13,230,227	13,128,227	13,230,227

STATEMENTS OF COMPREHENSIVE INCOME (SEK M)	Apr - jun 2010	Apr - jun 2009	Jan - jun 2010	Jan - jun 2009	Jul 2009 - jun 2010	Jan - dec 2009
Profit after tax	1.7	4.1	6.4	7.0	23.7	24.3
Other comprehensive income						
Income and expense recognised directly in equity						
Cash flow hedges	10.1	-1.1	2.5	-19.7	19.8	-2.3
Hedging of net investments	-2.6	26.1	20.7	16.0	17.9	13.1
Translation differences	-20.9	-18.6	-64.4	2.0	-113.6	-47.2
Revaluation reserve on acquisitions of shares in subsidiaries		0.0	0.0		5.6	5.6
Income tax relating to components of other comprehensive income	0.9	-7.9	1.8	-4.2	-1.6	-7.7
Other comprehensive income after tax	-12.5	-1.5	-39.4	-5.9	-71.9	-38.5
Total comprehensive income	-10.8	2.6	-33.0	1.1	-48.3	-14.2
Total comprehensive income attributable to:						
Owners in Parent Company	-12.0	1.7	-33.8	-1.1	-51.4	-18.7
Non-controlling interests	1.1	0.9	0.8	2.2	3.1	4.5

CONSOLIDATED BALANCE SHEETS IN SUMMARY (SEK M)		30 jun 2010	30 jun 2009	31 dec 2009
Assets				
Intangible assets	1)	403.1	429.7	416.2
Tangible assets		503.5	589.6	550.4
Financial assets		90.0	162.7	95.6
Inventories		232.7	242.8	207.8
Current receivables		339.2	349.0	313.9
Cash and cash equivalents		86.1	66.0	74.3
Total assets		1,654.5	1,839.9	1,658.2

Equity and liabilities

Equity	2)	552.0	617.0	598.1
Non-current liabilities	3)	618.7	745.6	605.1
Current liabilities	4)	483.8	477.3	454.9
Total equity and liabilities		1,654.5	1,839.9	1,658.2

1) Of which, goodwill		394.6	426.8	407.9
2) Of which, non-controlling interests		3.4	3.8	2.6
3) Of which, interest-bearing		600.9	679.5	584.5
4) Of which, interest-bearing		83.2	85.7	78.4

CHANGES IN CONSOLIDATED EQUITY (SEK M)	Jan - jun 2010	Jan - jun 2009	Jan - dec 2009
Opening balance for the period	598.1	629.0	629.0
Dividends paid	-13.1	-13.1	-16.6
Total comprehensive income	-33.0	1.1	-14.2
Closing balance for the period	552.0	617.0	598.1

QUARTERLY DATA

GROUP (SEK M)	2/2010	1/2010	4/2009	3/2009	2/2009	1/2009	4/2008	3/2008	2/2008	1/2008	4/2007	3/2007	2/2007
Net sales	468.4	501.3	512.9	424.5	457.3	520.1	507.8	440.7	463.0	525.5	517.6	461.0	472.4
Operating expenses	-457.4	-488.1	-482.2	-416.4	-443.9	-507.0	-487.8	-430.7	-446.3	-498.0	-492.6	-444.7	-477.6
Operating profit	11.0	13.2	30.7	8.1	13.4	13.1	20.1	10.0	16.7	27.5	25.0	16.3	-5.2
Net financial items	-8.2	-6.7	-10.2	-8.1	-7.6	-8.9	-15.4	-12.3	-14.7	-11.8	-10.2	-14.6	-11.5
Profit before tax	2.7	6.5	20.4	0.0	5.8	4.2	4.7	-2.3	2.0	15.7	14.8	1.7	-16.7

CONSOLIDATED CASH FLOW STATEMENTS	Apr - jun 2010	Apr - jun 2009	Jan - jun 2010	Jan - jun 2009	Jul 2009 - jun 2010	Jan - dec 2009
(SEK M)						
Operating activities						
Operating profit	11.0	13.4	24.1	26.5	62.9	65.3
Depreciation, amortisation and impairment	22.3	22.4	42.9	46.8	86.3	90.1
Financial items	-8.2	-7.6	-14.9	-16.5	-33.1	-34.8
Paid tax	-1.7	-0.4	-3.7	-1.7	-4.1	-2.1
Other non-cash items	-2.2	-8.5	-3.6	-28.0	-8.7	-33.1
Cash flow from operating activities before changes in working capital	21.2	19.3	44.8	27.0	103.3	85.4
Changes in working capital	-42.4	11.8	-44.2	32.5	21.4	98.1
Cash flow from operating activities	-21.2	31.1	0.6	59.5	124.7	183.4
Cash flow from investing activities	-11.0	-12.9	-20.1	-0.1	-34.6	-14.6
Cash flow after investing activities	-32.2	18.2	-19.5	59.4	90.1	168.9
Cash flow from financing activities	-2.1	-71.8	33.4	-94.0	-65.0	-192.3
Cash flow for the period	-34.3	-53.6	13.9	-34.6	25.1	-23.4
Cash and cash equivalents at beginning of period	120.1	119.3	74.3	99.1	66.0	99.1
Exchange rate difference in cash and cash equivalent	0.3	0.3	-2.1	1.4	-5.0	-1.4
Cash and cash equivalent at end of period	86.1	66.0	86.1	66.0	86.1	74.3

KEY RATIOS

	Jan - jun 2010	Jan - jun 2009	Jul 2009 - jun 2010	Jan - dec 2009
Operating profit, %	2.5	2.7	3.3	3.4
Profit margin, %	0.8	0.8	1.4	1.4
Return on equity, %	-	-	3.75	3.57
Return on capital employed, %	-	-	5.2	5.5
Equity/assets ratio, %	33.4	33.5	33.4	36.1
Gearing ratio, times	1.08	1.13	1.08	0.98
Net loan debt/EBITDA	-	-	4.08	3.79
Capital employed, SEK M	1,236.1	1,382.2	1,236.1	1,261.6
Interest-bearing net loan debt, SEK M	598.0	699.2	598.0	589.2

DATA PER SHARE

	Jan - jun 2010	Jan - jun 2009	Jul 2009 - jun 2010	Jan - dec 2009
Basic earnings per share, SEK	0.40	0.38	1.66	1.65
Diluted earnings per share, SEK	1) 0.40	0.38	1.66	1.63
Basic equity per share, SEK	42.04	47.00	42.04	45.56
Diluted equity per share, SEK	42.04	47.20	42.04	45.77
Basic number of shares outstanding at end of period	13,128,227	13,128,227	13,128,227	13,128,227
Diluted number of shares outstanding at end of period	13,128,227	13,230,227	13,128,227	13,230,227
Average number of shares, basic	13,128,227	13,128,227	13,128,227	13,128,227
Average number of shares, diluted	13,128,227	13,230,227	13,128,227	13,230,227

1) The dilution effect is not taken into account when it leads to a better result.

FINANCIAL OVERVIEW

Key ratios

	2009	2008	2007	2006	2005
Net sales, SEK M	1,915	1,937	1,991	1,985	1,782
Operating profit, SEK M	65	74	60	40	71
Profit after tax, SEK M	24	10	16	-1	23
Cash flow after investing activities	169	144	1	-7	105
Operating margin, %	3.4	3.8	3.0	2.0	4.0
Profit margin, %	1.4	1.0	0.6	0.1	1.9
Capital turnover rate, times	1.1	1.1	1.1	1.2	1.1
Return on equity, %	3.6	1.8	2.8	neg	4.3
Return on capital employed, %	5.5	5.6	4.9	3.1	5.3
Equity/assets ratio, %	36	34	33	31	34
Net loan debt, SEK M	589	745	829	807	706
Gearing ratio, times	0.98	1.18	1.45	1.50	1.26
Net loan debt/EBITDA, times	3.8	4.4	5.4	5.7	4.1
EBITDA/net financial items, times	4.5	3.1	3.2	3.8	4.6
Average number of employees	1,220	1,270	1,346	1,379	1,280

Data per share

Number of shares

Basic number of shares outstanding at end of period	13,128,227	13,128,227	13,128,227	13,017,298	13,004,986
Diluted number of shares outstanding at end of period	13,230,227	13,332,227	13,428,227	13,651,180	13,651,180
Average basic number of shares	13,128,227	13,128,227	13,079,425	13,006,000	13,004,986
Average diluted number of shares	13,230,227	13,332,227	13,379,425	13,651,180	13,511,180

Earnings per share

Basic, SEK	1.65	0.80	1.19	-0.04	1.79
Diluted, SEK	1.63	0.78	1.17	-0.04	1.74

Equity per share

Basic, SEK	45.56	47.91	43.54	41.31	43.17
Diluted, SEK	45.77	48.22	43.98	42.30	44.09

Other data per share

Dividend, SEK (Board proposal for 2009)	1.00	1.00	1.00	1.00	0.00
Quoted market price on the balance sheet date, SEK	21	12	42	68	64
P/E ratio, times	13	15	36	neg	37
Price/book value after dilution, %	46	25	96	165	148
Price/equity after dilution, %	46	25	96	160	145

PARENT COMPANY PROFIT AND LOSS ACCOUNTS IN SUMMARY (SEK M)	Jan - jun 2010	Jan - jun 2009
Net sales	13.7	0.0
Cost of goods sold	0.0	0.0
Gross profit	13.7	0.0
Administrative expenses	-28.0	-18.4
Other operating income and expenses	2.6	2.0
Operating profit	-11.7	-16.4
Net financial items	7.9	14.2
Profit before appropriations and tax	-3.8	-2.1
Income tax	-	-
Profit after tax	-3.8	-2.1

PARENT COMPANY BALANCE SHEETS IN SUMMARY (SEK M)	30 jun 2010	31 dec 2009
Assets		
Tangible assets	10.4	5.1
Financial assets	1,212.1	1,220.1
Current receivables	38.8	109.1
Cash and cash equivalents	3.3	6.1
Total assets	1,264.6	1,340.4
Summa tillgångar		
Equity and liabilities		
Equity	564.3	580.2
Provisions	11.6	11.7
Non-current liabilities	483.4	459.2
Current liabilities	205.3	289.3
Summa eget kapital och skulder	1,264.6	1,340.4