Interim Report January – June 2011

> The merger with Hamelin is progressing as planned and a new, stronger Bong is taking shape. A great deal has already been accomplished in the work to realise synergies, which is continuing full force," says Bong President and CEO Anders Davidsson. "However, the volume trend for envelopes is weaker than expected. Combined with continued price increases on uncoated fine paper and other raw materials, this is putting pressure on earnings. We are working hard to pass on the price increases and further reinforce our cost efficiency programme.

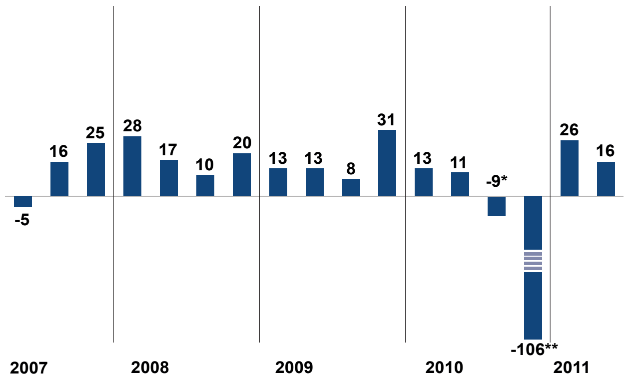
April–June 2011

- Net sales of SEK 747 million (468)
- ProPac sales of SEK 118 million (84)
- Operating profit of SEK 16 million (11)
- Earnings after tax of SEK -2 million (2)
- Cash flow after investments of SEK 37 million (-32)
- Earnings per share: SEK -0.09 (0.08)

January–June 2011

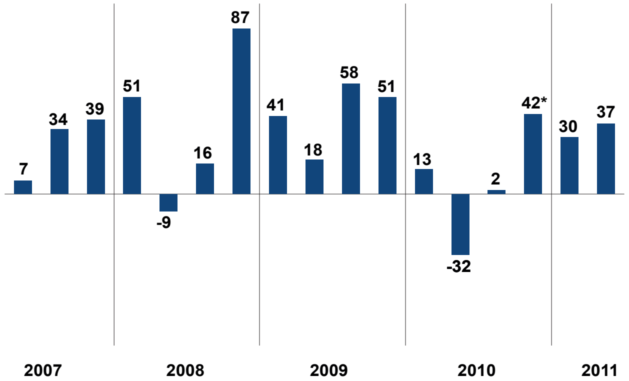
- Net sales of SEK 1,602 million (970)
- ProPac sales of SEK 236 million (161)
- Operating profit of SEK 42 million (24)
- Profit after tax of SEK 7 million (6)
- Cash flow after investments of SEK 67 million (-19)
- Earnings per share: 0.40 (0.40)

Operating profit by quarter, MSEK



* Including the transaction costs of -15 MSEK
** Including expenses related to the merge with Hamelin envelope division, and other nonrecurring items totaled –136 MSEK

Cash flow by quarter, MSEK



* Before the cash consideration and transaction costs associated with the Hamelin merger

Bong is a leading provider of specialised packaging and envelope products in Europe, offering solutions for distribution and packaging of information, advertising materials and lightweight goods. Important growth areas in the Group are the ProPac packaging concept and the Russian market. The Group has annual sales of approximately SEK 3.5 billion and about 2,500 employees in 15 countries. Bong enjoys strong market positions, particularly in northern Europe, and the Group sees attractive opportunities for further expansion and development. Bong is a public limited company whose stock is quoted on the NASDAQ OMX Nordic Stock Exchange Stockholm (Small Cap).

Market and industry

Demand remained soft in the West European envelope market in the second quarter. Volumes declined slightly compared to last year, due partly to fewer working days and partly to the weak market. The positive trend continued in Russia and East Europe, where volumes grew compared to 2010.

French envelope manufacturer GPV, with operations in France, England, Romania and Bulgaria and a European market share of around 10 percent, went into receivership in the second quarter. The receiver began proceedings during the summer to sell all or part of GPV to a new owner. The European industry organisation FEPE reports that the German Mayer Group and the Spanish Tompla Group have both submitted bids to take over GPV. Bong has not made a bid.

The packaging market, in which Bong sells its ProPac range, is significantly larger and more multifaceted than the envelope market. Market statistics for the niches in which Bong is active are unavailable or difficult to obtain. In Bong's assessment, demand for packages used in sectors including e-commerce, mail order and retail is still growing and strong growth potential is expected over time.

Sales and profit January – June 2011

Consolidated sales for the first half of the year were SEK 1,602 million. The Hamelin merger had positive impact on consolidated sales, while the depreciation of the euro had negative impact. Recalculated at last year's exchange rate, consolidated sales would have amounted to SEK 1,736 million.

The volume trend for envelopes fell somewhat short of expectations during the first half, which constrained earnings. ProPac delivered growth of 47%, driven primarily by the Hamelin deal (mainly expander bags), the acquisition of Bong CSK (bubble bags) in Poland and growth in sales of gift bags to the retail trade.

Operating profit improved to SEK 42 million (24). Figured at last year's exchange rate, operating profit would have amounted to SEK 47 million.

Prices for uncoated fine paper, Bong's main input material, continued upwards during the interim period, which squeezed margins. Due to overcapacity in the European market, it is a challenge for Bong to immediately and fully compensate for the price increases on uncoated fine paper. It is normally possible for Bong to pass on price increases after a certain lag.

Bong is reporting net financial items of SEK -31 million (-15), profit before tax of SEK 11 million (9) and profit after tax of SEK 7 million (6). There were certain costs of a non-recurring nature during the period, as well as the reversal of a minor reserve.

The process of integrating Hamelin and efforts to realise announced synergies progressed as planned during the interim period. Cost synergies had only minor impact on earnings during the first half of 2011. Please refer also to "Events after the end of the reporting period" on page 4. The weak volume trend in the envelope market has made it necessary for Bong to reinforce its cost savings and synergies programme. Efforts towards this end are ongoing and will continue throughout autumn 2011.

Sales and profit April-June 2011

Consolidated sales for the second quarter were SEK 747 million (468). The Hamelin merger had positive impact on consolidated sales, while the depreciation of the euro had negative impact. Recalculated at last year's exchange rate, consolidated sales would have amounted to SEK 805 million.

Bong sales are seasonally lower in the second quarter, especially in relation to the first and fourth quarters. In addition, the second quarter was characterised by a low number of working days since Easter fell in April and the month of June included more public holidays than usual in most European countries. Higher paper prices and fierce price competition squeezed margins during the quarter.

At SEK 16 million (11), operating profit improved over last year. At last year's exchange rate, operating profit for the quarter would have amounted to SEK 17 million. Bong is reporting net financial items of SEK -18 million (- 8), earnings before tax of SEK -2 million (3) and earnings after tax of SEK -2 million (2). There were certain costs of a non-recurring nature during the period, as well as the reversal of a minor reserve.

Cash flow and investments

Cash flow after investing activities amounted to SEK 67 million (-19). Working capital was reduced by SEK 38 million during the period, related primarily to synergies in supplier payment terms after the merger with Hamelin's envelope division. As customary during the second quarter, cash flow was negatively affected by a seasonal increase in working capital in the form of inventory build-up ahead of factory shutdowns for industrial holidays. Higher paper prices also lead to increases in capital tied-up. Previously allocated structural costs affected reduced cash flow during the period by approximately SEK 20 million.

Investing activities during the interim period generated positive cash flow of SEK 8 million. The figure includes payment of final purchase consideration of SEK 26 million to Holdham S.A. for the Hamelin acquisition, as well as the acquisition of Egå Offset in Denmark and normal capital expenditures of SEK 42 million. Notable expenditures included investments in machinery to increase capacity within ProPac (gift bags) and expansion of the Group's Russian property, as well as investments in business systems for the new Group.

Sale of real estate

The Group's factory in Wuppertal, Germany was sold in June. The transaction had no effect on earnings, but brought in cash proceeds of EUR 9 million, which had positive impact on cash flow.

Financial position

Cash and cash equivalents and interest-bearing receivables at 30 June 2011 amounted to SEK 157 million (149 at 31 December 2010). The Group had unutilised credit facilities of SEK 267 million at 30 June 2011. This brought total available liquidity to SEK 424 million.

Consolidated equity at the end of June 2011 was SEK 532 million (531 million at 31 December 2010). Translation of net assets in foreign subsidiaries to Swedish crowns, changes in the fair value of derivative instruments and dividends to shareholders increased consolidated equity by SEK 1 million.

Interest-bearing net loan debt was reduced by SEK 41 million during the period to SEK 1,021 million (1,062 at 31 December 2010). Translation of net loans in foreign currency to Swedish crowns increased the Group's net loan debt by SEK 3 million.

Employees

The average number of employees during the period was 2,483 (1,231). The Group had 2,452 (1,235) employees at the end of June 2011. The large change is attributable to the 2010 merger with Hamelin's envelope division.

Parent company

The parent company's business extends to management of operating subsidiaries and Group management functions. Net sales were SEK 11 million (14) and the parent company is reporting earnings before tax of SEK -32 million (-4) for the period.

Acquisitions

Acquisition of Egå Offset

As previously announced in a press release on 3 January 2011, Bong has acquired the Danish envelope and printing company Egå Offset's operations in Århus. Through the acquisition, Bong gained an envelope printing plant and combined with the Danish subsidiary Bong Bjørnbak A/S became the leading supplier of printed envelopes throughout Denmark. Egå Offset, a family business specialised in overprinting and envelope sales, is a significant regional player on the Danish island of Jutland. The company has annual sales of approximately SEK 30 million and 17 employees. The acquisition made a positive contribution to Bong's earnings as of the first quarter of 2011.

Events after the end of the reporting period

Structural measures in Belgium

An agreement was reached in early July with the relevant trades unions concerning comprehensive restructuring of Bong's envelope production in Belgium. As a result of the agreement, the bulk of production in Bong's Belgian factory will be transferred to other Group facilities. In conjunction, about 60 people were made redundant and will be leaving the company during the third and fourth quarters. The structural project will result in an annual reduction of fixed costs of about SEK 40 million per year, beginning with a minor effect in the fourth quarter of 2011. A provision was made for the costs of the project in connection with preparation of the annual accounts for 2010.

Acquisition of the remaining 50% stake in Nova Envelopes.

In August 2011 Bong acquired the remaining 50% stake in the British company Nova Envelopes Ltd. in accordance with an agreement made in 2006. Nova Envelopes specialises in overprinting, has 14 employees, and generates annual sales of about GBP 2 million. Nova Envelopes will be consolidated in the group accounts as of August 2011.

Opportunities and risks

Business risks for the Bong Group are primarily related to market development and various types of financial risks. For further information, please refer to Bong's annual report and the website, bong.com.

Accounting principles

This interim report was prepared in compliance with IAS 34 and the Swedish Annual Accounts Act. Application was consistent with the accounting principles outlined in the 2010 annual report and the interim report should be read along with those principles. Please refer to Bong's 2010 annual report for a specification of the new amendments, interpretations and standards that took effect 1 January 2011.

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, August 24 2011

Mikael Ekdahl
Chairman of the Board

Alf Tönnesson
Member of the Board

Stéphane Hamelin
Member of the Board

Eric Joan
Member of the Board

Christian W Jansson
Member of the Board

Ulrika Eriksson
Member of the Board

Peter Harrysson
Member of the Board

Christer Muth
Member of the Board

Anders Davidsson
President and Chief Executive Officer
Member of the Board

Auditor's report

We have reviewed this report for the period January 1, 2011 to June 30, 2011 for Bong AB (publ). The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review. We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Reports Performed by the Independent Auditor of the Entity. 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 more limited in scope than an audit conducted in accordance with ISA and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain such assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the interim report has not been prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Kristianstad, August 24, 2011

PricewaterhouseCoopers AB

Eric Salander
Authorized Public Accountant
Auditor in Charge

Mathias Carlsson
Authorized Public Accountant

Presentation of the report

The report will be presented in a teleconference on 24 August at 10:00 AM. The telephone number for the conference is +46 (0) 8 5052 0110. Pictures for the teleconference will be available on our website, bong.com, by 8:30 AM on the day of the conference.

For further information, please contact:

Anders Davidsson, President and CEO, Bong AB
+46 (0) 40 17 60 00 (main exchange), +46 (0) 40 17 60 05 (direct line), +46 (0) 70 545 70 80 (mobile).

Scheduled reports:

- **Interim Report January-September,10 November 2011**
- **Year-end Report 2011, 16 February 2012**
- **Interim Report January-March 2012, 16 May 2012**
- **Interim Report January-June 2012, July 2012**
- **Interim Report January-September, November 2012**

Interim Report 30 June 2011

INCOME STATEMENT IN SUMMARY (SEK M)	Apr–Jun 2011 3 month	Apr-Jun 2010 3 month	Jan-Jun 2011 6 month	Jan–Jun 2010 6 month	Jul 2010 Jun 2011 12 month	Jan–Dec 2010 full-year
Revenue	747.3	468.4	1,601.8	969.6	2,958.2	2,326.1
Cost of goods sold	−612.7	-373.7	−1,310.0	−768.9	−2,446.6	−1,905.6
Gross profit	**134.7**	**94.7**	**291.8**	**200.7**	**511.6**	**420.6**
Selling expenses	−66.1	−47.6	−134.6	−98.0	−238.0	−201.3
Administrative expenses	−55.6	−41.4	−120.4	−83.0	−231.0	−193.6
Other operating income and expenses	3.3	5.3	5.6	4.4	−115.4	−116.6
Operating profit	16.3	11.0	42.3	24.1	−72.8	−91.0
Net financial items	−17.8	-8.2	−31.5	−14.9	−57.6	−41.0
Result before tax	-1.6	2.7	10.8	9.3	−130.4	−132.0
Income tax	0.0	−1.0	-3.8	-2.8	33.7	34.7
Net result for the year	-1.6	1.7	7.1	6.4	−96.7	−97.3
Profit for the period attributable to non-controlling interests	0.3	0.7	0.9	1.2	1.5	1.8
Basic earnings per share	-0.09	0.08	0.40	0.40	−6.84	−6.97
Diluted earnings per share	-0.09	0.08	0.39	0.40	−6.84	−6.97
Average number of shares, basic	17 480 995	13,128,227	17,480,995	13,128,227	16,150,983	14,216,419
Average number of shares, diluted	18 727 855	13,128,227	18,727,855	13,128,277	17,016,858	14,528,134

STATEMENTS OF COMPREHENSIVE INCOME (SEK M)	Apr-Jun 2011	Apr-Jun 2010	Jan -Jun 2011	Jan–Jun 2010	Jul 2010 Jun 2011	Jan–Dec 2010
Net result for the year	-1.6	1.7	7.1	6.4	−96.7	−97.3
Other comprehensive income						
Cash flow hedges	-2.2	10.1	0.1	2.5	0.4	2.0
Revaluation reserve on acquisitions of shares in subsidiaries	-12.5	-2.6	-5.7	20.7	30.7	57.2
Exchange rate differences	28.0	-20.9	14.9	-64.4	-50.1	-129.3
Income tax relating to components of other	4.0	0.9	1.5	1.8	−12.9	−12.6
Other comprehensive income after tax	**17.3**	**−12.5**	**10.8**	**−39.4**	**−32.6**	**−82.7**
TOTAL COMPREHENSIVE INCOME	**15.7**	**−10.8**	**17.8**	**−33.0**	**−129.3**	**−180.0**
Total comprehensive income attributable to:						
Owners in Parent Company	14.7	−12.0	16.8	−33.8	−130.9	−181.5
Non-controlling interests	1.0	1.1	1.0	0.8	1.7	1.5

CONSOLIDATED BALANCE SHEETS IN SUMMARY (SEK M)	30 Jun 2011	30 Jun 2010	31 Dec 2010
Assets			
Intangible assets [1])	582.3	403.1	567.7
Tangible assets	618.9	503.5	707.4
Financial assets	131.8	90.0	111.7
Inventories	389.7	232.7	365.0
Current receivables	593.1	339.2	645.5
Cash and cash equivalents	156.8	86.1	149.4
Total assets	**2,472.6**	**1,654.5**	**2,546.7**
Equity and liabilities			
Equity [2])	531.5	552.0	531.2
Non-current liabilities [3])	1,106.1	618.7	1,085.6
Current liabilities [4])	835.0	483.8	929.8
Total equity	**2,472.6**	**1,654.5**	**2,546.7**
[1]) Of which, goodwill	549.1	394.6	532.4
[2]) Of which, non-controlling interests	3.1	3.4	2.1
[3]) Of which, interest-bearing	996.7	600.9	1,068.1
[4]) Of which, interest-bearing	180.9	83.2	143.5

CHANGES IN CONSOLIDATED EQUITY GROUP (SEK M)	Jan–Jun 2011	Jan–Jun 2010	Jan–Dec 2010
Opening balance for the period	531.2	598.1	598,1
New issue	-	-	130,1
Dividends paid	-17.5	-13.1	−15,1
Issue costs	-	-	−2,0
Total comprehensive income	17.8	−33.0	−180
Closing balance for the period	**531.5**	**552.0**	**531,2**

QUARTERLY DATA GROUP (SEK M)	2/2011	1/2011	4/2010	3/2010	2/2010	1/2010	4/2009	3/2009	2/2009	1/2009	4/2008	3/2008	2/2008
Net Revenue	747.3	854.4	938.8	417.7	468.4	501.3	512.9	424.5	457.3	520.1	507.8	440.7	463.0
Operating expenses	-731.1	−828.4	−1045.1	−426.5	−457.4	−488.1	−482.2	−416.4	−443.9	−507.0	−487.8	−430.7	−446.3
Operating profit	**16.3**	**26.1**	**−106.3**	**−8.8**	**11.0**	**13.2**	**30.7**	**8.1**	**13.4**	**13.1**	**20.1**	**10.0**	**16.7**
Net financial items	-17.8	−13.7	−16.9	−9.2	−8.2	−6.7	−10.2	−8.1	−7.6	−8.9	−15.4	−12.3	−14.7
Profit before tax	**-1.6**	**12.4**	**−123.2**	**−18.0**	**2.7**	**6.5**	**20.4**	**0.0**	**5.8**	**4.2**	**4.7**	**−2.3**	**2.0**

CONSOLIDATED CASH FLOW STATEMENTS (SEK M)	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jul 2010– Jun 2011	Jan–Dec 2010
Operating activities						
Operating profit	16.3	11.0	42.2	24.1	-72.8	−90.9
Depreciation, amortisation and impairment	28.3	22.3	56.7	42.9	127.5	113.7
Financial items	−17.8	-8.2	-31.5	−14.9	−57.6	−41.0
Tax paid	−12.3	−1.7	-19.9	−3.7	−35.4	−19.1
Other non-cash items	−20.9	−2.2	-25.7	-3.6	41.7	61.8
Cash flow from operating activities before changes in working capital	-6.4	21.2	21.8	44.8	3.4	24.5
Changes in working capital	-13.6	−42.4	37.6	-44.2	110.0	28.2
Cash flow from operating activities	**-20.0**	**-21.2**	**59.4**	**0.6**	**113.4**	**52.7**
Cash flow from investing activities	57.4	−11.0	7.7	−20.1	−303.8	−329.8
Cash flow after investing activities	**37.4**	**-32.2**	**67.2**	**−19.5**	**−190.4**	**−277.1**
Cash flow from financing activities	−40.0	-2.1	-60.1	33.4	268.0	361.6
Cash flow for the period	**-2.6**	**-34.3**	**7.0**	**13.9**	**77.6**	**84.5**
Cash and cash equivalents at beginning of period	157.4	120.1	149.4	74.3	86.1	74.3
Exchange rate difference in cash and cash equivalent	1.9	0.3	0.3	−2.1	−5.0	−9.4
Cash and cash equivalent at end of period	**156.7**	**86.1**	**156.7**	**86.1**	**156.7**	**149.4**

KEY RATIOS	Jan–Jun 2011	Jan–Jun 2010	Jun 2010 Jul 2011	Jan–Dec 2010
Operating profit, %	2.7	2.5	−2.5	−3.9
Profit margin, %	0.7	0.8	−4.4	−5.6
Return on equity, %	–	–	neg	neg
Return on capital employed, %	–	–	neg	neg
Equity/assets ratio, %	21.5	33.4	21.5	20.9
Gearing ratio, times	1.92	1.08	1.92	2.00
Net loan debt/EBITDA	-	–	18.64	42.67
Capital employed, SEK M	1 709.1	1,236.1	1,709.1	1,742.8
Interest-bearing net loan debt, SEK M	1 020.8	598.0	1,020.8	1,062.2

DATA PER SHARE	Jan–Jun 2011	Jan–Jun 2010	Jul 2010 Jun 2011	Jan–Dec 2010
Basic earnings per share, SEK	0.40	0.40	−6.84	−6.97
Diluted earnings per share, SEK [1])	0.39	0.40	−6.84	−6.97
Basic equity per share, SEK	30.41	42.04	30.41	30.39
Diluted equity per share, SEK	28.38	42.04	28.38	28.37
Basic number of shares outstanding at end of period	17,480,995	13,128,227	17,480,995	17,480,995
Diluted number of shares outstanding at end of period	18,727,855	13,128,227	18,727,855	18,727,855
Average number of shares, basic	17,480,995	13,128,227	16,150,983	14,216,419
Average number of shares, diluted	18,727,855	13,128,227	17,016,858	14,528,134

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

Financial overview

KEY RATIOS	2010	2009	2008	2007	2006
Revenue sales, SEK M	2,326	1,915	1,937	1,991	1,985
Operating profit loss, SEK M	−91	65	74	60	40
Profit after tax, SEK M	−97	24	10	16	−1
Cash flow after investing activities, SEK M	−277	169	144	1	−7
Operating margin, %	−3.9	3.4	3.8	3.0	2.0
Profit margin, %	−5.6	1.4	1.0	0.6	0.1
Capital turnover rate, times	1.2	1.1	1.1	1.1	1.2
Return on equity, %	neg	3.6	1.8	2.8	neg
Return on capital employed, %	neg	5.5	5.6	4.9	3.1
Equity ratio, %	21	36	34	33	31
Net loan debt, SEK M	1,062	589	745	829	807
Net debt/equity ratio, times	2.00	0.98	1.18	1.45	1.50
Net loan debt/EBITDA, times	42.7	3.8	4.4	5.4	5.7
EBITDA/net financial items, times	0.6	4.5	3.1	3.2	3.8
Average number of employees	1,538	1,220	1,270	1,346	1,379
Number of shares					
Basic number of shares outstanding at end of period	17,480,995	13,128,227	13,128,227	13,128,227	13,017,298
Diluted number of shares outstanding at end of period	18,727,855	13,230,227	13,332,227	13,428,227	13,651,180
Average basic number of shares	14,216,419	13,128,227	13,128,227	13,079,425	13,006,000
Average diluted number of shares	14,528,134	13,230,227	13,332,227	13,379,425	13,651,180
Earnings per share					
Basic, SEK	−6.97	1.65	0.80	1.19	−0.04
Diluted, SEK	−6.97	1.63	0.78	1.17	−0.04
Equity per share					
Basic, SEK	30.39	45.56	47.91	43.54	41.31
Diluted, SEK	28.37	45.77	48.22	43.98	42.30
Other data per share					
Dividend, SEK	1.00	1.00	1.00	1.00	1.00
Quoted market price on the balance sheet date, SEK	32	21	12	42	68
P/E ratio, times	neg	13	15	36	neg
Price/book value after dilution, %	105	46	25	96	165
Price/equity after dilution, %	113	46	25	96	160

PARENT COMPANY INCOME STATEMENT IN SUMMARY

(SEK M)	Jan–Jun 2011	Jan–Jun 2010
Revenue	11.4	13.7
Gross profit	**11.4**	**13.7**
Administrative expenses	–32.9	–28.0
Other operating income and expenses	8.8	2.6
Operating profit/loss	–12.7	–11.7
Net financial items	–19.6	7.9
Result before tax	–32.3	-3.8
Income tax	-	-
Net result	**–32.3**	**-3.8**

STATEMENT OF COMPREHENSIVE INCOME

(SEK M)	Jan–Jun 2011	Jan–Jun 2010
Net result	–32.3	-3.8
Other comprehensive income		
Income and expense recognised directly in equity		
Cash flow hedges	4.5	1.5
Income tax relating to components of other comprehensive income	–1.2	–0.4
Other comprehensive income after tax	3.3	1.1
Total comprehensive income	**–29.0**	**-2.7**

PARENT COMPANY BALANCE SHEETS IN SUMMARY

(SEK M)	30 Jun 2011	31 Dec 2010
Assets		
Intangible assets	17.0	-
Tangible assets	7.0	10.4
Financial assets	1,735.1	1,212.1
Current receivables	243.9	38.8
Cash and cash equivalents	88.9	3.3
Total assets	**2,091.9**	**1,264.6**
Equity and liabilities		
Equity	679.1	564.3
Provisions	11.3	11.6
Non-current liabilities	1,113.5	483.4
Current liabilities	288.0	205.3
Total equity and liabilities	**2,091.9**	**1,264.6**