



AR PACKAGING

AR Packaging Group 2013



A decorative graphic in the left margin of the page, consisting of several overlapping circles in various colors including green, purple, red, blue, and teal.

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This is the consolidated financial statements for 2013
in accordance with IFRS

TURNOVER

424 MEUR

EBITDA

41 MEUR

EBITDA-MARGIN

9,6%

EMPLOYEES

1 600

14 factories in

7 countries

MEUR

AR Packaging in two minutes

A pan European company specialising on selected market segments. AR Packaging is one of Europe's leading companies in the packaging sector. The head office is located in Lund, Sweden.

AR Packaging's core markets are the folding carton and the flexible packaging market in Europe. Combined, the total European market is estimated at EUR 22 billion.

In folding carton AR Packaging is positioned as number 4 or 5 in Europe with a market share of approximately 3%. In flexible packaging the group has a European market position as number ~ 20, with a market share of 1%, and market leader position in the Nordic countries.





Who we are

AR Packaging is one of the leading European packaging companies focusing on:

BARRIER PACKAGING

- Unique high-performance packaging solutions, both systems and materials, based on proprietary technologies like Cekacan® and Hermetet®.
- Wide range of advanced flexible barrier materials supplied with world class product customisation, service and lead times.

BRANDED PRODUCTS

- Innovative packaging solutions for goods you find in duty free stores. A reliable packaging supplier with good business understanding through the entire value chain and extensive geographical coverage is key to success for the brand owners.

FOOD PACKAGING

- Key player in the development of food-on-the-go packaging where consumer convenience is crucial.
- High food safety and sustainability standards as well as best-in-class key account management translating packaging needs into customer benefits.

The benefits of packaging

Packaging has three main purposes: to preserve and protect its contents, to seduce and attract at point of sale and to serve the consumer when using the product.

AR Packaging's ambition is to deliver top performance, to minimise materials usage, optimise efficiency in production and logistics and maximise promotion. We deliver solutions that are convenient for the end user. Available solutions range from carton packs, trays and multipacks to high-tech solutions such as Cekacan and Hermetet.

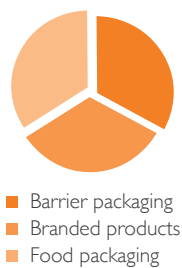
AR Packaging creates fit-for-purpose solutions in a wide range of consumer market segments. In close partnership with customers and designers, the group finds the right packaging solution for every requirement.

Ownership structure

The group's history dates back to 1929 when Åkerlund & Rausing was founded in Lund, Sweden. In 2011, AR Packaging was formed when A&R Carton and Flextrus joined forces. The group is owned by Ahlström Capital (63%), Accent Equity Partners (34%) and management (3%). AR Packaging has an objective to grow both organically and through acquisitions aiming at an IPO.

“Our mission is to optimise the benefits of packaging in our customers' value chain”

Distribution of sales by segment



Folding carton

Flexibles

10 billion EUR Market size 12 billion EUR

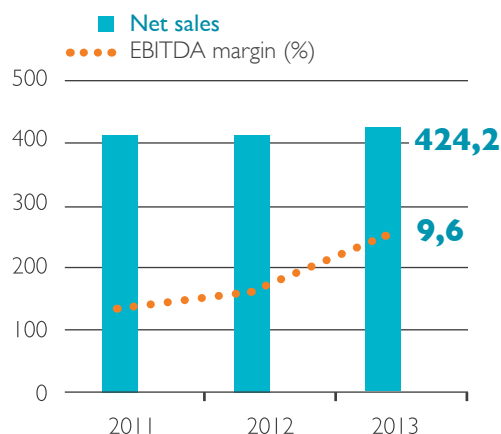
1-2% Estimated annual growth 1-2%

4-5 (3%) Our position ~ 20 (1%) (share)



Profitable growth - our best year ever

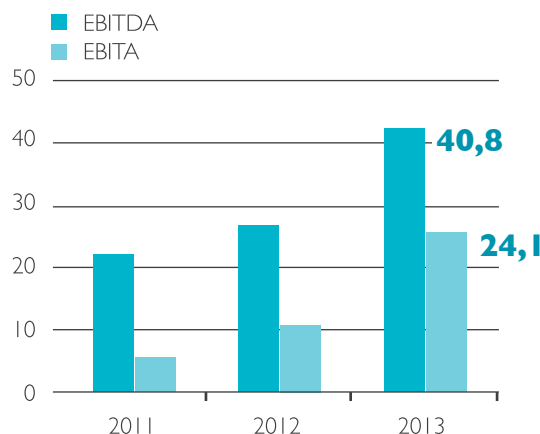
Net sales and EBITDA margin
2011-2013 (MEUR)



AR Packaging net sales 2013 increased to 424,2 MEUR (412,2). EBITDA rose to 40,8 MEUR (25,9) which corresponds to an EBITDA margin of 9,6% and an operating margin of 5,7%, the highest in the group's history. In two years the operating profit has almost doubled.

Due to the substantial improvement in net profit, from 1,4 MEUR in 2012 to 8,6 MEUR 2013, the profit per share has increased fivefold. This in combination with reduced net debt has created higher value to the shareholders. Return on equity rose from 2,9% to 12,7%.

EBITDA 2011-2013 (MEUR)



Net sales by geographic market		
	2013	2012
Russia	82 884	72 507
France	63 162	55 996
Germany	55 343	54 492
Sweden	43 370	44 053
United Kingdom	30 970	34 330
The Netherlands	24 740	27 505
Finland	22 182	27 102
Rest of Europe	93 576	87 065
Other markets	7 956	9 217
Total	424 183	412 267

Key figures (TEUR)

	2013	2012
Net sales	424 183	412 267
EBITDA	40 753	25 947
EBITDA margin %	9,6%	6,3%
Operating profit (EBIT I)*	24 141	9 875
Operating margin %	5,7%	2,4%
Net profit	8 643	1 361
Profit per share	0,87	0,17
Net debt	104 982	116 532
Net debt/EBITDA	2,6	4,5
Gearing ratio %	153%	189%
Equity ratio %	25,0%	22,9%
Return on equity in %	12,7%	2,9%
Return on capital employed in %	12,0%	5,3%

* Non-recurring items excluded

For financial definitions see page 91

A strong 2013 provides a solid platform for moving the company forward

2013 was a strong year for AR Packaging. This positive development comes to a great extent from continued growth in our core segments and continued cost-efficiency improvements, as well as a positive impact from the general recovery of the global economy. The group stands stronger than ever and is in a position to implement its strategic plan ahead of schedule.

AR Packaging net sales amounted to 424,2 MEUR compared to 412,3 MEUR in 2012, on a like-for-like basis (the former Beer & Beverage division was divested in December 2012). This represents an overall sales growth of 2,9%. AR Packaging has both gained and lost business during 2013. This mix change, in accordance with our plans, has led to higher gross margins.

EBITDA for 2013 was 40,8 MEUR (25,9), corresponding to 9,6% of net sales. Over two years, EBITDA has almost doubled from 22 MEUR in 2011. This proves that we are on the right track with our selective focus on core segments, improved product mix and continuous improvements in operational excellence.

AR Packaging has also improved its debt structure during 2013 and issued in July an 80 MEUR bond to replace all existing loans from external parties and shareholders. Key financial ratios have improved significantly compared to 2012 and we have now established a healthy financial platform for the coming years.



Business outlook

Actions taken over the latest few years have rendered AR Packaging a considerably better competitive position in the market. The primary financial target was achieved ahead of plan in 2013.

The strong financial performance of 2013 provides a solid base to carry on strengthening and developing the company in accordance with our strategy, together with our fantastic employees, customers and suppliers. Consequently, the business outlook for the coming years is positive.

Actions for the future

Our shareholders have made a clear commitment to further develop the company and approved an investment program of up to 30 MEUR in 2014. The program is tailored to best support the implementation of our business plan by investments in proprietary system development, site specialisation, cost efficiency enhancement and expansion beyond our current footprint.

”The strong financial performance of 2013 provides a solid base to carry on strengthening and developing the company in accordance with our strategy, together with our fantastic employees, customers and suppliers”

The key elements in our business plan are:

- * Expand in the profitable Barrier packaging, Branded products and Food packaging segments, driving growth through selected key accounts with a focus on profitability rather than volume.
- * Further improve operational excellence and cost-efficiency by launching a group-wide manufacturing efficiency program and increasing site specialisation aided by selected investments in key technologies.
- * Adopt a global approach and expand beyond Europe with regional partners and key customers in our core segments for selected packaging solutions where we enjoy a competitive advantage.

AR Packaging supports the United Nations (UN) Global Compact, the largest voluntary corporate citizenship initiative in the world. We implement its ten universal principles, which encourage responsible business practices in the areas of human rights, labour, the environment and anti-corruption, in the whole group.

2013 was an extraordinary year that confirmed that AR Packaging's long-term work of improvement is generating results. We have now formed the foundation for reaching our financial goals in the future. The performance will continue in 2014, but at a slightly calmer pace.

I would finally like to thank our dedicated and skilled employees who are vital to our ambition to grow AR Packaging to one of the best performing and leading companies in the packaging market.

Lund in May 2014



Harald Schulz
President and CEO of AR Packaging Group AB

Focus on profitable growth

Good packaging solutions are vital to the modern economy. Consumers and distributors need safe, suitable packaging for handling food and other sensitive products. Intelligent packaging makes logistics and transportation more efficient.

Our philosophy

The AR Packaging mission is to optimise the benefits of packaging in our customers' value chain. Our ambition is to be the preferred packaging solutions partner by being recognised as the leader in innovation, reliability and service. The foundation of our business is the ability to build and maintain mutually beneficial long-term relationships with our customers, to develop sustainable and innovative packaging solutions and to attract motivated people.

Business strategy



The development during 2013 clearly proves that our focus on fewer segments, improved product mix and structural measures has been beneficial for the group. Our strategy is based on three elements:

- To expand in profitable segments, driving growth through selective key account management and focusing on profit rather than volume.
- To further improve the group's operational excellence and cost-efficiency by increased specialisation, investments in key technologies and improved sourcing.
- To adopt a global approach in core market segments where the group has a competitive advantage and the opportunity to expand in or beyond Europe with regional partners and key accounts.

CASE #1

McDonalds, Italy

Finger food packaging

McDonalds is one of AR Packaging's most important customers within the growing food service segment. AR Packaging provides a wide range of standard packaging and is also a partner in developing different shapes and functions. One example is a bag-like packaging type, which is efficient to produce and easy to handle in the operational processes in McDonald's restaurants.

The pack has a clever technical function to erect, fill and close in the restaurant. It is easy to handle and to carry for the consumer and has a clear "on-the-go approach". Furthermore it is a unique and fresh shape of packaging in the very well known standard McDonald's packaging world of clams, fry packs or crash lock bottoms.

The package was launched during the end of 2013 in 470 McDonalds-restaurants in Italy.



One of AR Packaging's products for McDonalds. Launched during the end of 2013 in Italy.

CASE #2

Futeco

For the best printing solutions that makes a difference

AR Packaging is committed to continuously develop our technical capabilities to provide our customers with optimised packaging solutions. Outstanding high quality printing and differentiating looks are key to many of our customers in order to grow their business.

Our Futeco (Future Technology Converting) concept combines all advantages of rotogravure printing, such as consistent quality at high production speed, with alternative print technologies and a wide range of differentiating pack features such as cold-foil, hot-foil, embossing and different varnishes etc. All made in one machine pass with high flexibility. The consistent modularity and open architecture provide a long-term flexible investment as latest technologies can be retrofitted to and integrated in the press at any time.

The concept suits both low and high volumes and gives better finishing possibilities than ever. For AR Packaging it opens new potentials and markets for future applications.



Example of our outstanding high quality printing and differentiating looks.

Large European markets with stable growth

AR Packaging operates in the folding carton and flexible packaging markets in Europe. Combined, the total European market is estimated at EUR 22 billion. The group has exposure to markets highly resilient to recession, such as the food and healthcare markets.

The European folding carton packaging market is approximately EUR 10 billion. During the latest recession it only fell by approximately 3% and returned to growth in 2010. Expected continued growth is 1-2% per annum. The European flexible packaging market size is estimated at EUR 12 billion, where the northern European market is EUR 5,5 billion. It has recovered from the 2009 recession and forecasts stable growth at 1-2%.

Driving forces and trends

The market for packaging is influenced by a number of general factors and trends. The driving forces behind growth are partly about macro-economic factors like increasing European GDP by about 1% per year during 2010-2015 and partly by a growth in industrial production and consumer spending. Growth varies from region to region, with the strongest expected growth in eastern Europe and Scandinavia. Demand in the rest of western Europe is expected to grow slightly slower, while the forecast for southern Europe is zero growth during 2010-2015. Overall, growth in demand is in line with GDP growth.

Factors that affect development at the micro level are primarily that consumers prefer packaging made of paper and cardboard. This is especially due to paper being a sustainable material based on renewable resources. Flexible packaging grows on behalf of other rigid packaging types thanks to its lower weight and can thereby fulfil both environmental and cost-driven aspects. Another driving force is the social structure of modern European economies, with a growing proportion of single-person households having a higher need for so-called "single packs" where the packaging represents a larger part of

the value. The trend of processed food and out of home consumption has also originated in the way households are composed, as well as lifestyle factors.

The customer segments that are expected to grow most rapidly during 2010-2015 are consequently food with frozen products, ready meals and desserts, and confectionery and health related products. Regardless of which segment, the trend is clear that the greatest growth is in more advanced packaging of combined material and lavish printing and embossing. AR Packaging is well positioned for this development.

KEY DRIVERS OF GROWTH	
GDP growth	→
Industrial production	↗
European retail market	→
Consumer preference for paper/carton	→
Single packs, ready meals and fast food	↗

The market is characterised by overcapacity and price pressure

There is still significant overcapacity in the supply of packaging paper, carton and plastics, which means that the market is characterised by price pressure, particularly for simpler products. Margins are squeezed as the packaging industry is heterogeneous, with many small to medium-sized players, while suppliers of paper and other raw materials are large companies. Many of our customers are global companies with strong bargaining power and procurement practices that contribute to the downward pressure on prices that are tough to manage, even for the largest companies in the packaging industry.

Reliability, quality of service and the ability to build strong relationships with key customers using unique, advanced and customised solutions in selected segments is the path that AR Packaging has chosen to strengthen profitability in a competitive market. Surveys show that

while price is the most important factor in choosing a supplier of standard packages, delivery and quality are more important than price for more advanced customised packaging.

Our relevant markets

AR Packaging creates added value to customers through innovation, capability, a broad product offering to selected segments and deep knowledge of packaging. The group is positioned as number 4-5 in the European fol-

ding carton market and as number ~20 in the flexibles market. AR Packaging focuses on three main segments: Barrier packaging, Branded products and Food packaging.

While Food packaging is characterised by high fragmentation and low entry barriers, except for the food service segment, Barrier packaging and Branded products are characterised by fewer actors and more focus on reliable delivery and quality. For all segments, the importance of food safety and building long-term relationships with key customers is very large.

OUR MAIN SEGMENTS	CHARACTERISTICS	KEY COMPETITORS	OUR COMPETITIVE ADVANTAGE
Barrier packaging	Low fragmentation, except flexibles	Amcor Constantia Seda Weidenhammer Wipac Sealed Air	Strong market position Unique competence in certain technologies Tailored products
Branded products	Low fragmentation, except confectionery	Amcor Chesapeake Mayr-Menhof MWW Van Genechten RLC Packaging	Long-term and close relationship with blue chip customers, State-of-the-art production facility
Food packaging	Highly fragmented market, except food service	GPI/Contego Mayr-Menhof Van Genechten Seda Schur	Long-term relationship with blue chip customers, certified operations

The greatest growth is expected in Barrier packaging, where the market for more advanced, tailored solutions is rising by more than 10% per year. Food packaging is also experiencing faster growth than the general market, especially within food service. AR Packaging is striving to increase its presence in fast growing segments with higher added value, and also to develop relationships with blue chip customers and accompany them into new markets.

Organisational structure

AR Packaging is organised in geographically managed business areas where the BA manager has the full responsibility for the operational and financial performance. On group level there are certain central functions coordinating common activities for the group and supporting the business areas, such as sourcing, key account management etc. For each market segment, we have a dedicated person who has the strategic focus in developing the business in line with the overall strategy and targets for the group.

The CEO is leading the group through the Executive management team consisting of the BA management together with group executive people.

BA Sweden

The core focus of the business area is barrier controlled packaging and the competence is to understand the specifics of such packaging and related customer needs.

The product portfolio of the business area consists of flexible barrier materials for the chilled food, dehydrated food and medical device sectors along with components to the barrier packaging system Cekacan. This system delivers air tight packaging containers for demanding powder products such as infant formula, coffee and tea along with dust controlled applications such as sugar, flour, tobacco and mixes.

The business area has four plants which are located in Lund(2) and Halmstad in Sweden and in Highbridge in UK. In total around 400 people are working for BA Sweden.

There is an innovation centre in Lund, Sweden, with an extensive development resources both in terms of equipment and materials.

BA Germany

The main activities within BA Germany are the two plants in Augsburg and Frankfurt. Augsburg is concentrated on rotogravure production, while Frankfurt is an offset plant. The German operations offer a broad range of products to the market and have an excellent innovation capability which is well appreciated by the customers. Totally around 350 employees work for the German company.

BA Germany also includes the business related to CC Pack in Sweden and SP Containers in UK, which are specialised in trays for food applications respectively containers mainly for ice cream.

BA Russia

The business area's sales are mainly in Russia and within Branded products.

The Russian market is growing in percentage double digits. In 2013, BA Russia increased sales by 12 %. Large events during the year were the launch of a new product for the tobacco industry, a special design for the inside of a cigarette package. The business area also added one large customer.

The business area operates through two production plants, one in Timashevsk in southern part of Russia and one in St Petersburg. In addition there is a sales office in Moscow. The Russian company employs around 375 people.

BA Nordic

Business area Nordic consists of the Scandinavian and the Baltic countries. The Nordic market is fragmented, with many customers from many different market segments.

BA Nordic has three production plants in Kauttua and Ingerois in Finland and in Tabasalu in Estonia. Sales representatives are covering all countries within Nordic and Baltic. Around 150 employees support all activities within the business area.

BA France

AR Packaging is the market leader in the food segment in France. Despite the weak market development in 2013, BA France increased sales and gained market shares.

The business operations and factory is located in Cholet in western France and has around 200 employees.

Detailed information about our legal organisational structure can be found in Note 7, page 56.

Quality comes with engagement

AR Packaging strongly believes that quality comes when the employees enjoy their work. Satisfied, committed and engaged employees benefit the customers and the business. This is why AR Packaging actively invests in the continual education of its people and teams as well as in improving the company's working processes.

The company strives to ensure that the employees enjoy the opportunity for stimulating work that offers scope for personal development at the same time as participating in creating company growth. The group offers the opportunity to join a strong team of committed employees devoted to their work and having fun at work.

AR Packaging employees help to protect, shape and market the products and brands of leading companies with innovative and smart packaging solutions. It takes the efforts of the skilled and committed people – working as individual and in teams – to help the customers stay ahead. This is why the group actively invests both in people and working processes.

Our core values

Innovation

Our market knowledge, business leadership and challenging attitude make us the company that drives innovation in the industry. We have world-class capabilities to develop optimised solutions for our customers' needs. We are driven by focus and simplification.

Sense of urgency

We are a focused, committed and action oriented company that always meets our customers with great flexibility.

Professionalism and competence

We are seen as a truly professional company that always delivers quality, service and competence, when looking for ways to optimise our customers' packaging. We have core competences and skills to meet our customer's requirements. Quality, flexibility and delivery are cornerstones of our solutions. We dare to participate and act.

Openness and trust

We want to share and learn and we believe in integrity and respect, transparency, trust and empowerment, always with a great concern for sustainability.

Close to customer

We are available, engaged and committed. We are trustworthy and accountable. We understand and participate on all levels.

Sustainability

We deliver packaging that saves more than it costs in the total value chain. We continuously work to minimise our environmental impact. We strive for long-term customer relationships.

Growing through diversity

As a growing company, with business area operations in different geographic regions and locations, diversity is becoming an ever more integral aspect across the group. Each employee should have the knowledge and power to take initiatives that will help to develop and improve the overall performance. Sharing knowledge related to the businesses, products, production processes, routines and performance is strongly encouraged both within and across the business areas. The group actively seeks to create diversity in terms of gender, languages, age, culture, skills and experiences – everything that will help to support the customers in the best possible way.

Average number of employees

	2013		2012	
	Average no of employees	Of which male	Average no of employees	Of which male
Sweden	440	342	535	406
Estonia	41	22	41	22
Finland	122	79	123	78
France	210	165	205	161
Germany	360	303	483	392
United Kingdom	68	57	62	52
Russia	375	258	367	252
The Netherlands	1	1	99	74
The United States	1	0	1	0
The group in total	1 618	1 227	1 916	1 437
thereof discontinued operations	0	0	199	154

The power of combined skills

OUR PRODUCTS

A wide range of packaging solutions

Packaging has three main purposes. Firstly, to preserve the product's contents; its taste, aroma and freshness. Secondly, to keep or prolong product shelf-life and to increase its durability by protecting it from damages that can occur while transporting or handling the product. Last but not least, to make the product appealing and easy to handle for consumers. Packaging is the most important advertising tool and brand builder. Product packaging is where the brand touches customers. Most products have just a few seconds to engage the average consumer.

Available solutions stem from two types of materials — carton board and flexibles — and a variety of printing technologies. The most advanced solutions combine the two materials and state-of-the-art packaging technology in high-performance barrier packaging. These solutions are proprietary to AR Packaging and the result of a long tradition of innovation and product development.

Complete barrier packaging concepts



Extensive application, production and system cross knowledge provide AR Packaging the capability to deliver a complete packaging solution, including machine systems, designed for specific products and markets. The concepts include Cekacan, Hermetet and Espresso.

System sales lays the foundation for long-term relationships with the customers where AR Packaging provides both machinery and material.

- Cekacan is a gas-tight carton packaging for highly sensitive powder products; a versatile concept with excellent consumer convenience. The new generation machine system is easily adaptable to changing needs with limited downtime and it ensures the highest standards of hygiene, efficiency and reliability.
- Hermetet is a pre-lined packaging solution that can be gas-tight and have several creative opening and re-closure alternatives. Hermetet offers much higher filling efficiency compared to bag-in-box solutions.
- Espresso is a cost-effective and highly dependable solution for high-volume applications. Membranes at top and bottom ensure effective moisture vapour barrier and sift-proof packages. Espresso offers several opening, re-closure and window options.

SALES 2013

141 MEUR



Distribution of sales by segment

BARRIER packaging

The Barrier packaging segment consists of flexibles and Performance packaging. Flexibles offer a wide range of barrier material solutions to protect chilled, dehydrated and other food products and for the growing healthcare sector with products such as Flexpeel®, PaperLite® and Transofoil®. Flexibles also form a part of the flagship of the group; Performance packaging, where the two technologies are combined in unique proprietary solutions with complete machine systems and packaging concepts such as Cekacan, Hermetet and Espresso.

Product examples



We are the exclusive developer and supplier of the Cekacan packaging solution - a primary packaging for the highest requirements on food safety and barrier. Ideal for powder products, also MAP (modified atmosphere packaging), where convenience is key for success.



High barrier laminates for powder products such as dry mixes and nutrition. The advanced HD flexo printing and very high service level are combined into a print on demand concept.



A dedicated range of sterilisable materials for medical device and wound care applications. The high requirements on safety and quality assurance are met and combined with excellent service and logistics.



The award-winning Slider pack offers an extremely user-friendly solution for intuitive opening and resealing of carton packaging for dry foods such as cereals, baby food etc.



PaperLite® is a unique formable paper-based packaging solution for MAP. The material is FSC-certified and combines environmental benefits with a unique soft touch.

SALES 2013

136 MEUR



Distribution of sales by segment

BRANDED products

The Branded products segment consists of packaging solutions for confectionery and tobacco. The main drivers for growth are chocolate consumption and a growing demand for sustainable solutions to reduce carbon footprint. AR Packaging markets Variobox lite, a cost efficient solution that gives customers the opportunity to create different shapes and sizes. It is suitable for luxury packs in segments like confectionery, cosmetics, gifts, etc. We also offer the whole range from basic cigarette packages to premium presentation, with differentiating pack features such as high gloss and advanced opening.

Product examples



An attractive pack look with silver effects and large product images is combined with a design with shelf character and iconic gullwing doors. It is a high quality confectionery pack and yet very easy to assemble.



A range of tobacco packaging solutions, from standard hinch lids to advanced speciality packaging solutions for gas-tight roll-your-own/ make-your-own, are supplied to major multinational customers. Dedicated plants provide consistent high quality and service combined with extensive innovation skills.



The design of this premium package for Tunisian pastries is a very good example of the importance of pack design to confirm and enhance the product value on the shelf.

SALES 2013

148 MEUR



Distribution of sales by segment

FOOD packaging

The Food packaging segment requires high standards when it comes to food safety and the ability to keep food fresh, while being easy to open and reclose, safe during transport and withstanding different temperatures. The growth within the segment comes from frozen food, partly driven by more single households and the shift to ready meals, and from the rapid expansion of quick service restaurants and store-in-store food product offerings. Folding cartons are commonly used for cereals, convenience foods, dairy, frozen foods, ice cream and pet food. The food service product offering contains clamshells, trays, cups and take away boxes for burger meals, Asian food and ice cream.

Product examples



The Tear-strip solution is a patented innovation that minimizes frost bites and saves space in the fridge. Easy tear open and possibility to reclose the pack neatly also meet increasing demands on consumer convenience.



Deep drawn trays of press formed board with special laminate inside are available in many shapes and sizes. The trays are ideal for frozen ready meals and allow cooking in traditional oven and microwave.



The Pandora box is a child proof and at the same time intuitive packaging for easy opening, dosing and reclosing. These features and the cost effectiveness in customer processing was confirmed by the ProCarton ECMA Award 2013.



A user friendly premium packaging for exclusive ice cream brands in the UK. AR Packaging has a dedicated way of offering premium cup converting which includes hot foil, matt & gloss varnishes etc.



Food service packaging is used for a very short time but then everything must be optimized for convenience, speed and food safety. Our food service range includes clamshells, trays, cups, take away boxes and more.



INNOVATION

Innovation adds values to the product

Good ideas how to develop better packaging solutions are a prerequisite for long-term profits, satisfied customers and more environmentally sound packaging. Innovation is about helping the customer strengthen products, brands – and its business. It could mean cutting the cost of a package, meanwhile reducing its carbon footprint, by proposing cost-effective solutions that do not require an investment or a completely new packaging solution adding new value to the product.

A history of innovation

AR Packaging has a tradition of innovation dating back to the 1920's. The long experience in providing packaging solutions for many different customers and market segments has produced much insight into what works in packaging machinery, what creates attention on the shelf, what functional packaging is and what is easy to recycle.

The Performance packaging offering provides premium solutions based on proprietary technology, both materials and machines. For example, the idea and development of Cekacan started already in the end of the 1970's and key features and technologies were patented. Still today, thanks to continuous innovation, the Cekacan solution is a best seller of the group.

AR Packaging is actively working with innovation on both group and local level. Coordination is done on group level by collecting ideas, supporting development projects, arranging external innovation days and preparing internal road shows. The information about new developments is shared throughout the organisation so that the whole group and all its customers can use and benefit from that information.

Consumer insights

It is very important for AR Packaging to pick up trends and gain "Consumer Insights". This means that the company continuously has a close dialogue with its customers and follows changes in the end customer's behaviour. AR Packaging is working on "Consumer Insight" by talking to as many different people as possible in the

business segments targeted, by inviting knowledgeable people to talk about specific consumer trends i.e. how the digital world and other trends change the consumer of tomorrow and by using tailor-made market intelligence services.

Innovation to become a partner in packaging

AR Packaging is working on further combining the knowledge and expertise in the carton packaging solutions area with the flexible packaging solutions. There is a large strategic potential in showing the customers that AR Packaging is a partner in the packaging area with innovative capabilities within a wide range of materials and technologies.

Best in innovation

AR Packaging has a tradition of innovation, which essentially is about helping the customer strengthen products, brands and the business.

During 2013 AR Packaging received three awards for innovative products.

Silver Pack 2013 for the customer friendly Slider pack solution

The Slider pack solution is an innovative and intuitive packaging concept with an extremely user-friendly solution for opening and resealing of carton packaging for dry foods, such as cereals and baby food.

Pro Carton ECMA Award 2013 for the Pandora Box

A cost effective and child proof pack with barrier function suited for fully automatic processing. The innovative packaging solution for nicotine chewing gums was awarded in the pharmaceutical category

First price in German Druck & Medien Awards 2013 for METEOR

A value added packaging project that shows that even folding cartons with a very high degree of finishing can be efficiently produced in-line, using the Futeco concept.

CSR filters through the group

CSR – Corporate Social Responsibility – is one of AR Packaging's most important areas now and in the future. The group is committed to conduct its business in an ethically, socially and environmentally responsible manner with the aim to contribute to the positive development of the communities in which our products are used – as well as those in which we conduct our operations.

Acting in a responsible and sustainable way is the single most important long-term factor for a company that uses the Earth's sensitive forests as raw material. The forests provide clean water and fresh air and even help prevent global warming. They also provide food and important natural resources, such as timber and paper. If managed responsibly, forests and plantations benefit people.

From an overall perspective good packaging must save more than its production costs. Well-designed packaging saves resources by minimising waste of the packed product. Using renewable and recycled raw materials in an optimised process results in thin, tight and light packaging with minimal waste.

Sustainable and flexible organisation

Sustainability means positive efforts in many ways. It is important that the organisation works in a flexible way to be able to meet the requests from different stakeholders in order to behave in a sustainable way. This external pressure sharpens AR Packaging's competitiveness.

Quality

AR Packaging strives for highest quality, safety and responsiveness in its packaging solutions and services. The group will consistently improve quality through learning, sharing, benchmarking, innovation and participation in continuous improvement programs.

Service standards

AR Packaging delivers products and services that meet or exceed requirements with the customers and the relevant regulatory authorities. AR Packaging complies with established procedures, quality standards, safety standards and regulations.



Commitment to quality

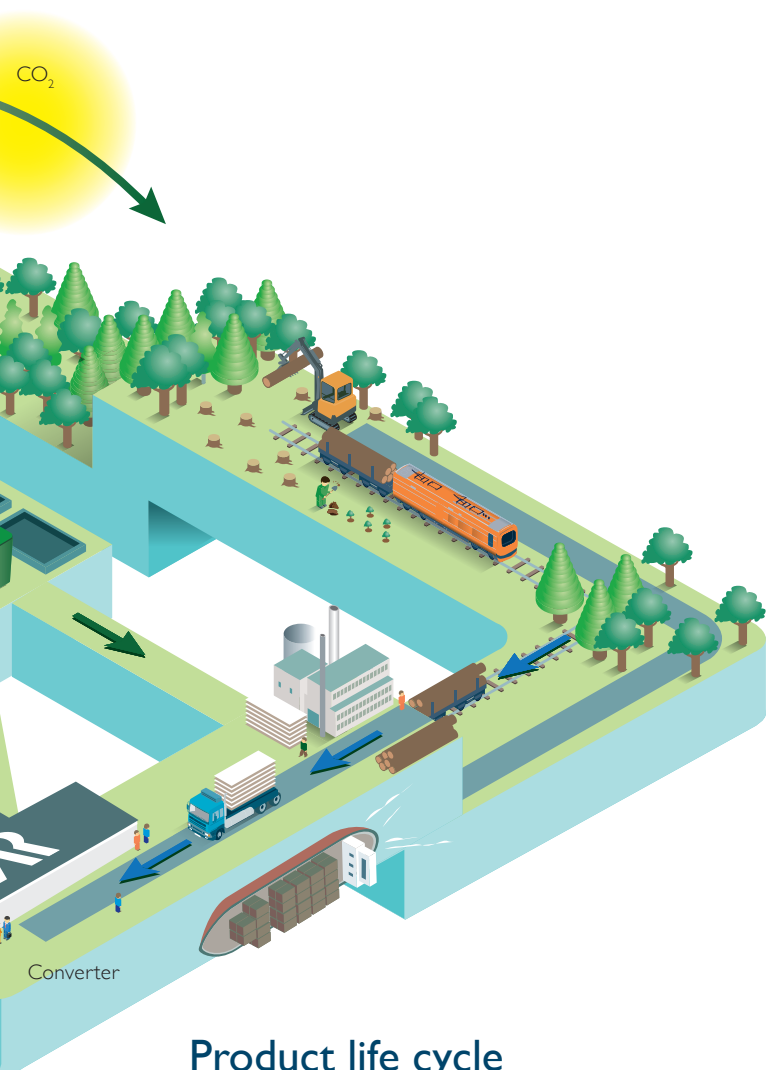
AR Packaging will strive for world-class quality, with the target being customer satisfaction and minimised risk of failure in production. All plants will be certified regards to relevant hygiene and environmental standards.

Communication

AR Packaging communicates its quality policy with customers, employees, suppliers and partners, and solicits their input to meet their expectations. The company actively promotes this policy across all levels of its staff and encourages each employee to embrace quality as a personal commitment.

Future

By continuously taking CSR and quality in to consideration, AR Packaging develops and maintains a competitive edge, thereby securing the profitability and future of the company.



Product life cycle

Fibre based materials, carton and paper, are recyclable and can be used to make new paper pulp or incinerated to generate energy. Recycling practices vary by country and location.

Fibre based materials – renewable resources

Fibre based materials are the basis of AR Packaging's business. It is materials made of wood pulp supplied by companies, which manage forests and pulp mills. Wood from sustainably managed forests is a renewable resource and as such has no impact on climate change, even when it is incinerated and recycled to create energy. The flow of raw material in the carton industry is therefore a relatively clean system in terms of its carbon footprint.

Fossil fuel emissions in the value chain are mainly caused by truck and sea transport of logs, carton board and packaging.

Barrier packaging reduces food waste

To achieve appropriate barrier properties and optimised protection of sensitive packed products a variety of po-

lymer resins are used. Combining materials in thin layers creates optimised barrier material with minimal use of resources. With the development of technology, plastic packaging is lighter and stronger than ever before.

KPI over time

At AR Packaging, all work, investments and other activities are based on a holistic perspective with the purpose of continuously reducing the environmental impact of the packaging and the operations. The responsibility for sustainability has been transferred to each unit, putting decisions closer to where the most specific knowledge is.

An important KPI is waste, which the company works to reduce significantly in the coming years. It is the company's ambition to map the waste in the processes and organise it into different categories to create a system that is easy to use and follow up.

Stakeholder engagement

AR Packaging's key stakeholders are its customers, employees, owners, suppliers and partners. Other stakeholders are societies and communities, including public authorities, in locations where AR Packaging carries out its operations. AR Packaging communicates with stakeholders at various levels, depending on their relevance to the achievement of the company's goals and their level of involvement in the company's operations.

The environment

AR Packaging promotes sustainability across all aspects of the business, with a particular focus on sound paper procurement and conversion practices, which ensures responsible management of forests and other natural resources.

The company drives projects to use natural resources in a more efficient way, for example a project to reuse energy resulting in lower energy consumption. In a dialogue with its customers AR Packaging also emphasises choosing processes to minimise the use of raw materials or minimising carbon footprint.

Materials used

The main materials used by the group are fibre based materials, carton and paper, which are made from wood pulp. Wood is a naturally renewable resource. Wood used in the company's products comes primarily from sustainably managed European forests, and no wood comes from rainforests or other endangered eco-systems. In principle all materials used by the company are recyclable.



AR Packaging actively works with customers to increase the amount of renewable materials in the packaging. This involves conversion from other, less environmentally sound packaging alternatives. As an example, Flextrus PaperLite can reduce CO₂-emissions by 85% compared to traditional full plastic trays.

To achieve appropriate barrier properties and optimised protection of sensitive packed products a variety of polymer resins are used.

Energy use

In order to reduce energy consumption, monitoring and reporting of heating are being continuously increased. Projects to enhance energy efficiency are continuously in progress. Reducing energy consumption is not only an environmental consideration; it is also significant in terms of cutting production costs and making the units more competitive.

In 2013 the plant in St Petersburg, Russia, made revision of its heating system and water supply system, which lead to less water consumption by 5-7%. The plant also has applied energy-saving technology leading to 10% reduction. On regular basis the plant has revisions of ventilation systems which decreases emissions.

The carton plant in Lund, Sweden, has reduced electricity consumption by 20% during 2013, primarily by closing underused machines and focus on fewer processes. Total production was kept on the same level.

With the installation of the Futeco concept the plant in Augsburg, Germany, also installed thermal post-combustion. At the same time the plant started to build a second, new thermal post-combustion.

Water use

Different kinds and qualities of raw carton paper require different quantities of water in the refinement process. AR Packaging is working with processes to minimise the use of water. In addition the optimisation of the processes plays a big role in reducing the use of water.

Emissions and waste

Rotogravure and flexographic printing can emit fumes in the drying process for inks and varnish. These fumes are subject to emission limit values according to the European VOC Solvent Emissions Directive (SED).

The plants in the European Union that use rotogravure and flexographic printing have installed incinerators to burn the exhaust – thereby reducing emissions. There are no other significant direct emissions from AR Packaging's production processes.

When the company selects distributions and logistic partners environment is an important factor. AR Packaging is frequently using videoconferences, minimising travelling for internal meetings, contributing to decreasing the group's CO₂-emissions.

EXTERNAL AUDITS	Frankfurt	Augsburg	CC Pack	SP Containers	Kaustua	Tabasalu	
ISO 9001	Yes	Yes			Yes	Yes	
ISO 14001	Yes	Planned for 2014			Yes		
FSC/PEFC	Yes	Yes	Planned for 2014	Yes (FSC)	Yes		
Social Accountability	Yes	Yes	Yes				
SEDEX	Yes		Yes	Yes	Yes	Yes	
BRC/IoP	Yes	Yes	Yes	Yes	Yes		

Social and ethical

Human rights

Social accountability audits of external independent partners are continuously conducted. The group implements clear directives for human rights and child labour.

Labour

In the group there are arranged yearly meetings with working councils.

Elimination of all forms of forced and compulsory labour as well as the use of child labour is legislated in all countries where AR Packaging has employees.

Regarding gender in the plant in Tabasulu, Estonia, 47% of the employees are female, 16% of the employees are from other nations. In Lund, Sweden, 70-80 students get the opportunity to work during summertime, making it easier for them to enter the labour market after their studies.

Health and safety

All major plants perform regular (every three years) and successful social accountability audits by external independent company. In 2013 the plants in Cholet, Kattua, Timashevsk and Tibro were audited. There were no findings in any of the plants.

The UN Global Compact

AR Packaging is a signatory to the United Nations Global Compact. The UN Global Compact is the first truly global corporate citizenship initiative that brings business together with UN Agencies, civil society and labour in support of its ten principles in the areas of human rights, labour-relations, environmental protection and anti-corruption. To date, nearly 4 000 companies and organisations participate in over 100 countries around the world.

Human rights/Labour Overall company policy declares the support of the UN Declaration of Human Rights and the Convention on the Rights of the Child

Labour All plants have trade union organisation and collective agreement. We treat both organised and not organised employees equally.

The collective union agreements and UN policy of human right and child labour all confirms the effective abolition of child labour.

Environment The overall company policy includes the commitment to care for health and the environment. The management team has regular meetings that includes risk assessments and follow ups of environmental issues.

The group is working in different ways to reduce the environmental impact of its production and products. Innovation is focused on reducing the weight, reuse of post consumer waste and on increasing use of fibre material.

Anti-corruption Anti-corruption is confirmed in Flextrus overall company policy. A&R Carton renewed its anti-counterfeiting/anti illicit trade policy in October 2013.

For further information www.ar-packaging.com

	Ingerois	Cholet	Timashevsk	St Petersburg	Å&R Carton Lund	Flextrus Lund	Flextrus Halmstad	Flextrus Highbridge	
	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
					Yes	Yes	Yes	Yes	
		Yes	Yes		Planned for 2014	Yes (FSC)			
		Yes	Yes		Yes				
		Yes	Yes		Yes	Yes	Yes	Yes	
		Yes	Yes		Yes	Yes	Yes	Yes	

Corporate governance

AR Packaging Group AB is a Swedish public company. The company's governance is controlled via the Annual General Meeting (AGM), the Board and the CEO and group management in AR Packaging in accordance with the Companies Act, the Articles of association and the directives of the Board and CEO. Representatives from group management are also included in the board of directors of each subsidiary.

Ownership structure

AR Packaging Group AB's ownership structure as of 31 December 2013 is as follows;

- Ahlström Capital Oy owns 63% through AC Power Pack BV.
- Accent Equity Partners owns 34% through the Ancalagon 10 AB Fund.
- The remaining 3% is owned by management and other shareholders.

The total number of shareholders is 30.

Articles of association

The current Articles of association were established at the extraordinary general meeting held on June 18, 2013. It specifies that its registered office shall be in Lund, that the company is public, the election period of board members and that each share gets one vote. For more information see our company website.

Annual General Meeting

At the AGM, shareholders decide on key issues. They establish financial statements, disposition of company earnings, discharge for board members and the Chief Executive Officer; election of directors and auditors and remuneration to directors and auditors.

Notice to attend the AGM of AR Packaging shall, pursuant to the Companies Act, be not issued earlier than six weeks and no later than four weeks prior to the meeting. Notice shall be given by advertising in national publications and on the AR Packaging website. To participate in the Meeting, shareholders must notify the company no later than the date specified in the notice.

The next AGM of the shareholders of AR Packaging will be held on Tuesday 24 June in Stockholm. More information about the AGM, notification etc, is available on the company website.

Board of directors

The AR Packaging Board of directors decides on the company's business direction, strategy, business plan, resources and capital structure, organisation, acquisitions, major investments, divestments, annual and interim reports and other general issues of a strategic nature. The board also appoints the CEO who is responsible for ongoing management in accordance with the board's instructions.

Members of the board

Board members are elected annually by the AGM until the next AGM. Pursuant to the Articles of association, the board shall consist of three to ten members and employee representatives.

Since the 2013 AGM, the board consists of six members and four employee representatives (two ordinary and two deputies). CEO is not a member of the board but together with the CFO regularly attends board meetings.

The work of the board

At the first regular board meeting after the AGM, the board agrees upon a written charter describing the board's working practices. The outlined working practices indicate how work should be divided among the directors, and how often the board should meet. Further, the working practices regulate the board's obligations, a charter to the CEO, the era of responsibilities between the board and the CEO and more.

The board has not established any separate committee or committees for audit and remuneration issues. These are handled within the framework of regular director's work. The board meets according to a prearranged annual timetable and additional meetings are arranged if necessary. The board had eight minuted meetings in 2013.

Remuneration to senior executives

Fees and other remuneration to Directors, including the Chairman, are decided at the AGM. In accordance with the resolution adopted at the AGM April 9, 2013, total fees paid amounted to a total of SEK 110 000 to one external member. Other board members receive no remuneration.

The remuneration of the CEO and other members of management are paid in accordance with guidelines for remuneration to senior executives set by the board. Remuneration should reflect market norms and consist of fixed and variable remuneration, other benefits and pension. The variable remuneration shall not exceed the basic salary.

AR Packaging has not granted any loans, extended or issued any guarantees or provided any security in favour of the AR Packaging's directors, officers or auditors. None of the directors, senior executives or auditors have directly, or indirectly through an affiliate, entered into transactions with AR Packaging.

Chief Executive Officer

The Chief Executive Officer of the AR Packaging is Harald Schulz. The board has adopted a charter for the CEO's performance and role. The CEO is responsible for the ongoing management of the group's activities in accordance with the board's guidelines.

As per December 31, 2013, Harald Schulz holds 26 435 shares in ÅR Packaging Group AB. No related party of the CEO has any significant shareholding in ÅR Packaging Group AB. Harald Schulz has no ownership in companies where the company has significant business relations.

Corporate management and control

Harald Schulz leads the group's management and makes decisions in consultation with other management members consisting of business area managers and directors for group functions.

The group's management consists of nine people. In 2013 the group management had eleven meetings. Each meeting contained a financial report, updates from each business area, key issues for AR Packaging regarding operational, strategic or marketing issues, investments and follow-up of these. Meetings also covered the business plan, strategic issues and plans and the budget for the coming year. The management addresses both corporate matters and issues related to individual business areas. They make regular visits to the subsidiaries, of which at least one is jointly visited.

In addition to the usual legal requirements that every company must comply with according to the country we act in, the group's financial manual of policies and procedures must be followed regarding reporting and approval requirements and procedures applicable to investments, contract management, etc.

Auditing

At the General Meeting April 9, 2013, the company appointed Ernst & Young, with Kerstin Mouchard as the principal auditor. When Kerstin Mouchard retired in 2013, she was replaced by Johan Thuresson. The auditors audit the annual accounts and annual report and the company's ongoing operations and procedures to rule on financial accounting, and the work of the CEO and Board of Directors. Auditing of the annual report and financial statements is done in January and February. The auditors participate in one board meeting during the year connected to the determination of annual accounts. In October the auditors conduct an interim review of figures accumulated in September, a so called hard close.

Besides AR Packaging, Ernst & Young has no assignments in companies where AR Packaging's principal shareholders, directors or the CEO has a significant influence. Johan Thuresson is a Chartered Accountant and a member of Swedish accounting authority FAR SRS.

Executive management team



Harald Schulz

Position: CEO since 2012, BA manager of BA Germany since 2007

Born: 1964

With the company since: 2001



Niclas Nyström

Position: CFO since 2005

Born: 1965

With the company since: 2005



Andreas Morciano

Position: Sourcing Director since 2013

Born: 1968

With the company since: 1999



Per Nyström

Position: BA manager of BA Sweden since 2012

Born: 1956

With the company since: 2004



Rauno Viljakainen

Position: BA manager of BA Nordic since 2011

Born: 1966

With the company since: 1995



Nikolai Kuzmin

Position: BA manager of BA Russia since 2012

Born: 1957

With the company since: 1997



Pierrick Van Hoorde

Position: BA manager of BA France since 2012

Born: 1968

With the company since: 1991

Board of directors



Stig Gustavson, chairman of the board since 2011 (born 1945)

Other commitments

Chairman of the Board in Ahlström Capital Oy, Konecranes Plc, Cramo Plc, Handelsbanken Regional Bank Finland, Tamtron Corporation and Technology Academy Foundation, Vice Chairman of the Board in Dynea Oy and Oy Mercantile AB, Supervisory Board member in Varma Mutual Pension

Previous commitments

Insurance Company and Senior Advisor in IK Investment Partners Chairman at Cramo Oy, Handelsbanken Finland, President and CEO in Konecranes Plc, Senior Regional Advisor to IK Investment Partners, President in KONE Cranes Division, Director in KONE Corporation and executive positions in several major Finnish companies



Jan Olsson, Vice chairman, member of the board since 2011 (born 1950)

Other commitments

Executive chairman and Partner in Accent Equity Partners AB

Previous commitments

CEO of KF Invest AB, CEO KF Industri AB and CEO BT Industries



Panu Routila, member of the board since 2008 (born 1964)

Other commitments

President and CEO of Ahlström Capital Oy

Previous commitments

CEO in Alteams Oy, Director in Drawn Copper Products and Outokumpu Group, Controller for Drawn Copper Products and Outokumpu Group Panu has also had various positions in Partek Group and Nokia Oy



Carl Fürstenbach, member of the board since 2011 (born 1974)

Other commitments

Partner and Investment Manager for Accent Equity Partners and board member in Hoist Technology and Hoist Energy

Previous commitments

Partner at Mannheimer Swartling and Board member at Semantix, INR and Troax



Sebastian Burmeister, member of the board since 2012 (born 1975)

Other commitments

CFO, Ahlström Capital Oy

Previous commitments

Investment Manager at Ahlström Capital Oy and Investment Manager/Investment Director at Norvestia/Norventures



Hans Petersson, member of the board since 2011 (born 1951)

Other commitments

CEO at Dynea OY and board member of Skånska Energi

Previous commitments

CEO at Superfos, CEO at Kraftproducts, President MoDo Paper AB and President MoDo Packaging



Ewa Malmquist, member of the board since 2011

(born 1967)

Union representative



Anders Åkesson, member of the board since 2011

(born 1961)

Union representative

The Board of directors and the
Chief Executive Officer of
ÅR Packaging Group AB
corp.id 556702-3006

hereby presents

Consolidated financial statements

for the financial year ending at 31 December 2013



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Unless otherwise indicated, all amounts are in thousands of euro (TEUR).

Consolidated statement of profit or loss

TEUR	Note	2013	2012
Continuing operations:			
Net sales	6	424 183	412 267
Cost of goods sold		-364 581	-369 559
Gross margin		59 602	42 708
Selling expenses	9	-11 427	-11 857
Administrative expenses	10	-24 326	-20 049
Research and development costs	11	-1 778	-1 263
Other operating income	12	5 172	7 299
Other operating expenses	13	-5 746	-5 746
Operating profit (EBIT) ¹		21 497	-1 154
Financial income	14	211	85
Financial expenses	15	-10 095	-7 669
Profit before tax from continuing operations		11 613	8 738
Income tax expense	16	-2 970	-807
Net profit from continuing operations		8 643	-9 545
Discontinued operations:			
Net profit from discontinued operations	17	0	10 906
Net profit for the period		8 643	1 361
Attributable to:			
Shareholders of the parent company		8 660	1 749
Non-controlling interests		-17	-388
		8 643	1 361
¹ Of which non-recurring items		-2 644	-11 029
Earnings per share			
Net profit for the year attributable to shareholders of the parent company:			
Before and after dilution. EUR	32	0,87	0,17
Net profit from continuing operations attributable to shareholders of the parent company:			
Before and after dilution. EUR	32	0,87	-0,95

Consolidated statement of other comprehensive income

TEUR	Note	2013	2012
Net profit for the period		8 643	1 361
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		-610	-1 127
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains (losses) on defined benefit plans	34	393	-2 402
Income tax effect	16	-118	720
Other comprehensive income for the period, net of tax		-335	-2 809
Total comprehensive income for the year, net of tax		8 308	-1 448
Attributable to:			
Shareholders of the parent company		8 337	-1 055
Non-controlling interests		-29	-393
		8 308	-1 448

Consolidated statement of financial position

TEUR	Note	31 Dec 2013	31 Dec 2012	1 Jan 2012
ASSETS				
Non-current assets				
Intangible assets				
Goodwill	22	38 348	38 635	38 389
Other intangible assets	23	3 572	3 806	4 462
Property, plant and equipment	24			
Buildings and land		10 597	10 357	11 116
Plant and machinery		65 193	72 507	73 212
Equipment, tools, fixtures and fittings		4 375	4 937	4 874
Construction in progress		2 396	1 679	4 310
Investments in joint venture	25	31	31	31
Non-current financial assets	26	296	210	1 227
Deferred tax assets	16	11 111	10 933	10 314
Total non-current assets		135 919	143 095	147 935
Current assets				
Inventories				
Raw materials and supplies		14 600	13 385	15 434
Work in progress		8 476	8 012	7 301
Finished goods and goods for resale		24 016	25 299	30 835
Trade receivables	27	53 833	61 441	67 362
Derivatives	28	18	114	0
Other receivables	29	5 587	6 020	7 773
Prepaid expenses and accrued income	30	4 311	5 252	6 309
Cash and cash equivalents	31	26 854	6 566	6 053
Total current assets		137 695	126 089	141 067
TOTAL ASSETS		273 614	269 184	289 002

Consolidated statement of financial position

TEUR	Note	31 Dec 2013	31 Dec 2012	1 Jan 2012
EQUITY AND LIABILITIES				
Equity	32			
Share capital		4 999	4 999	4 999
Additional paid-in capital		51 672	51 672	51 672
Reserves		-1 720	-1 122	0
Retained earnings		13 273	4 615	4 548
Equity attributable to shareholders of the parent company		68 224	60 164	61 219
Equity attributable to non-controlling interests		301	1 438	1 831
Total equity		68 525	61 602	63 050
Non-current liabilities				
Interest-bearing loans and borrowings	33	87 217	67 111	71 898
Deferred tax liabilities	16	2 582	1 895	2 465
Provisions for defined benefit pensions	34	26 188	25 837	28 049
Other provisions	35	0	1 448	4 262
Total non-current liabilities		115 987	96 291	106 674
Current liabilities				
Interest-bearing loans and borrowings	33	18 431	30 150	39 464
Trade payables		41 218	47 786	49 997
Derivatives	28	149	23	0
Other payables	36	9 450	8 498	9 107
Accrued expenses and deferred income	37	17 357	21 592	18 000
Income tax liabilities	16	624	155	107
Other provisions	35	1 873	3 087	2 603
Total current liabilities		89 102	111 291	119 278
TOTAL EQUITY AND LIABILITIES		273 614	269 184	289 002

Consolidated statement of cash flows

TEUR	Note	2013	2012
Continuing operations:			
Profit before tax from continuing operations		11 613	-8 738
Profit before tax from discontinued operations	17	0	11 167
Profit before tax		11 613	2 429
Non-cash items	41	17 006	6 400
Working capital adjustments	41	-9 238	4 374
Income tax paid		-2 013	-1 451
Net cash flows from operating activities		17 368	11 752
Investing activities			
Disposal of subsidiary	17	0	18 655
Purchase of property, plant and equipment		-10 154	-20 267
Purchase of intangible assets		-517	-592
Proceeds from sale of property, plant and equipment		0	0
Investments in non-current financial assets		0	-4 643
Proceeds from sale of non-current financial assets		0	499
Net cash flows from investing activities		-10 671	-6 348
Financing activities			
Proceeds from borrowings		86 898	13 160
Repayment of borrowings		-71 584	-18 169
Acquisition of non-controlling interests	8	-1 445	0
Net cash flows from financing activities		13 869	-5 009
Net cash flow for the period		20 566	395
Cash and cash equivalents at 1 January	31	6 566	6 053
Net foreign exchange differences		-278	118
Cash and cash equivalents at 31 December	31	26 854	6 566

Cash flow from interest received amounts to 29 TEUR (85) and from interest paid -8 103 TEUR (-5 862).

Consolidated statement of changes in equity

TEUR	Share capital	Additional paid-in capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
1 January 2012	4 999	51 672	0	4 548	61 219	1 831	63 050
Profit for the period	0	0	0	1 749	1 749	-388	1 361
Other comprehensive income	0	0	-1 122	-1 682	-2 804	-5	-2 809
31 December 2012	4 999	51 672	-1 122	4 615	60 164	1 438	61 602

TEUR	Share capital	Additional paid-in capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
1 January 2013	4 999	51 672	-1 122	4 615	60 164	1 438	61 602
Profit for the period	0	0	0	8 660	8 660	-17	8 643
Other comprehensive income	0	0	-598	275	-323	-12	-335
Acquisition of non-controlling interests	0	0	0	-277	-277	-1 108	-1 385
31 December 2013	4 999	51 672	-1 720	13 273	68 224	301	68 525

Notes to the consolidated financial statements

Note 1

Corporate information

The consolidated financial statements of the AR Packaging Group AB and its subsidiaries (collectively, the Group) for the year ended 31 December 2013 were authorized for issue in accordance with a resolution by the Board of Directors on 26 May 2014. AR Packaging Group AB (the Company or the parent) is a limited liability company incorporated and domiciled in Sweden. The registered office is located at Maskinvägen 1 in Lund, Sweden.

AR Packaging Group was formed in 2011 by a merger of Å&R Carton Group and Flextrus, and is today one of the leading companies in Europe in the packaging business. The Group creates added value to customers through a broad range of products and in-depth knowledge of packaging.

The ultimate parent of AR Packaging Group AB is Ahlström Capital Oy, a Finnish private investment company with its registered office located at Eteläesplanadi 14 in Helsinki, Finland. By the end of 2013 Ahlström Capital Oy owned through its fully owned subsidiary AC Pack BV 63% of the capital and votes in AR Packaging Group AB. Other major shareholder is the Accent Equity Funds, that through the fund Ancalagon 10 AB represented 34% of the capital and the votes in AR Packaging Group AB. The remaining 3% of the capital and votes were owned by management executives.

Information on the Group's structure is provided in Note 7. Information on other related party relationships and transactions are provided in Note 20.

Note 2

Basis of preparation, consolidation and significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. For all periods up to and including the year ended 31 December 2013, the Group prepared its annual reports in accordance with generally accepted accounting principles in Sweden (Swedish GAAP). These consolidated

financial statements, constituting an integral part of the prospectus issued for the purpose of listing the company's Senior unsecured Callable Floating Rate Bonds, are the first financial statements that the Group has prepared in accordance with IFRS. Please refer to Note 5 for information on how the Group adopted IFRS.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The Group's consolidated financial statements are presented in euro (EUR), which is also the parent company's functional currency. All values are rounded to the nearest thousand (TEUR), except when otherwise stated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2013. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases

when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the shareholders of the parent company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Summary of significant accounting policies

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, which have been identified as the Group's operating segments, which are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (i. e. operating segment) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Joint ventures

A joint venture is a type of joint arrangement whereby the parties have joint control of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The parties of the arrangement have the rights to the net assets of the joint venture.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss within operating profit (EBIT) and represents profit or loss after tax and non-controlling interests in the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group currently has interests in only one dormant joint venture. The carrying amount in the statement of financial position corresponds to the cost at initial recognition.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is presented as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is presented as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

The fair values of derivative financial instruments not included in hedge accounting relationships are presented as current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

The Group measures financial instruments, such as derivatives, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 38.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Revenue from rendering services is recognised by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Interest income related to financial instruments measured at amortised cost is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in financial income in the statement of profit or loss.

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset

or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences and tax losses carried forward. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the tax losses carried forward can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Foreign currencies

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their income statements are translated at average exchange rates for the period. The exchange differences arising on translation for consolidation are recognised in other comprehensive income and accumulated in the currency translation reserve in equity. On disposal of a foreign operation, the component of the currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is:

- A component of the Group that is a CGU or a group of CGUs
- Classified as held for sale or already disposed in such a way, or
- A major line of business or major geographical area

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Addition-

al disclosures are provided in Note 17. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Office buildings	25-50 years
Industrial buildings	25-50 years
Plant and machinery	3-15 years
Equipment, tools, fixtures and fittings	3-15 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

When the Group is a lessee, finance leases are recognised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Finance leases are

arrangements that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in financial expense in the income statement. The leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised in the income statement on a straight-line basis over the lease term.

Leases in which the Group is the lessor and where substantially all the risks and benefits of ownership of an asset are not transferred, are classified as operating leases.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Group does not have any borrowings costs at present having been capitalized.

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at historical cost less provisions for depreciation and impairment.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not recognised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be finite and are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods and the amortisation methods are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the

asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of goods sold. During the period of development, the asset is tested for impairment annually.

Amortisation is calculated on a straight-line basis over the estimated useful lives as follows:

Development expenditures	5 years
Patents	5 years

Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, or available-for-sale financial assets, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

For purposes of subsequent measurement financial assets are classified in the following categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Available-for-sale financial investments

Financial assets at fair value through profit or loss include financial assets held for trading. Derivatives are classified as held for trading. The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as

- Other operating income (positive net changes in fair value of foreign currency forward contracts)
- Other operating expense (negative net changes in fair value of foreign currency forward contracts)
- Financial income (positive net changes in fair value of interest swaps)
- Financial expense (negative net changes in fair value of interest swaps)

The category loans and receivables is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in financial income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in financial expense for loans and in other operating expenses for receivables.

This category generally applies to trade receivables. For more information on receivables, refer to Note 27.

Available-for-sale (AFS) financial investments include cash and bank balances and potential equity investments. After initial measurement, AFS financial investments are subsequently measured at fair value with unrealized gains or losses recognised in OCI until the investment is derecognized or impaired, at which time the cumulative gain or loss is recognised in the statement of profit or loss.

Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred “loss event”), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying

amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in statement of profit or loss (other operating expenses). Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

If a write-off is later recovered, the recovery is credited to other operating income in the statement of profit or loss.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or other financial liabilities, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below.

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. This category includes derivative financial instruments. The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial liabilities when the fair value is negative. Financial liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as

- Other operating income (positive net changes in fair value of foreign currency forward contracts)
- Other operating expense (negative net changes in fair value of foreign currency forward contracts)
- Financial income (positive net changes in fair value of interest swaps)
- Financial expense (negative net changes in fair value of interest swaps)

The other financial liabilities category is most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance expenses in the statement of profit or loss.

This category generally applies to trade payables, interest-bearing loans and borrowings. For more information refer Note 33.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Hedge accounting

The Group does not apply hedge accounting at present.

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

- Raw materials: purchase cost on a first in, first out basis
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Goodwill has specific characteristics for impairment testing and is tested annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (which corresponds to the Groups operating segments) to which the goodwill relates. When the recoverable

amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Restructuring provisions are recognised only when the recognition criteria for provisions are fulfilled. The Group has a constructive obligation when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline. Furthermore, the employees affected have been notified of the plan's main features.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a financial expense.

Contingent liabilities

Contingent liabilities are present obligations that have arisen from past events, such as rental agreements, possible defaults of deliveries in the ordinary course of business for which the group has guarantee commitments and sales of accounts receivable under factoring agreements. Contingent liabilities are not recognized in the statement of financial position because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

However, since it cannot be precluded that an outflow of resources embodying economic benefits can be required to settle the obligations, the Group discloses the possible contingencies separately.

Pensions

The Group operates defined benefit pension plans in Germany and France, both unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognises changes in the net defined benefit obligation relating to service costs (comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements) under "Selling expenses" and "Administrative expenses" in the consolidated statement of profit or loss, while changes in the defined benefit obligation relating to interest expense are recognised under "Financial expenses" in the consolidated statement of profit or loss.

The Group also provides defined benefit plan for white collar employees in Sweden which is secured by a plan provided by Alecta. According to a statement (UFR 3) from the Swedish Financial Reporting Board, this is a multi-employer defined benefit plan. The Group has not had access to information that would permit recognition of the plan as a defined benefit plan, which is why the pension plan is accounted as a defined contribution plan.

Under a defined contribution plan, the Group pays predetermined contributions into a fund (a separate legal entity) and has no further legal or constructive obligation to make further payments. The pension cost to be recognized in the period is the contribution payable in exchange for service rendered by employees during the period.

The remaining pension arrangements of the Group are defined contribution plans.

Note 3

Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The areas where judgements, assumptions and estimates are most significant to the Group and which may affect the financial statements if changed are described below:

Impairment testing of goodwill

Goodwill is tested for impairment annually. The necessary calculations require management to make an estimate of the expected future cash flows attributable to the cash generating units (i. e. operating segments to which goodwill have been allocated) and appropriate discount rates used in order to discount the cash flows. Assumptions made regarding impairment testing, including a sensitivity analysis, is described in Note 22.

Provisions for defined benefit pension

The provision for defined benefit pension plans is dependent on the actuarial assumptions, which include discount rates, changes in health care costs, inflation, salary increases, retirement rates, mortality rates and other factors. The discount rate assumptions are based on the long-term return on high quality corporate bonds and if they are not available government bonds at year-end. Assumptions about changes in health care costs are based on historical data, future prospects and assessed long-term trends. The assumptions of inflation are based on external market indicators. The assumptions about wage growth reflect the long-term actual experience, outlook and assumed inflation. Pension levels and mortality is mainly based on official statistics. Please refer to Note 34 for details of the assumptions used in the actuarial calculations of the defined benefit pension plans.

Useful lives of property, plant and equipment

The Group makes estimates regarding the useful live of each significant part of property, plant and equipment based on current and historical experience. The estimated useful lives are reviewed at the end of each financial year. However it cannot be precluded that the final usage (useful life) of individual items of property, plant and equipment may significantly differ from the estimates made by management.

Note 4

Changes in accounting policies and disclosures

For all periods up to and including the year ended 31 December 2013, the Group prepared its annual reports in accordance with generally accepted accounting principles in Sweden (Swedish GAAP). This is the first complete set of consolidated financial statement prepared in accordance with IFRS as endorsed by the European Union. The differences and effects between previously applied accounting principles and IFRS are explained in Note 5.

Significant accounting policies, judgements, estimates and assumptions under IFRS are summarized in Note 2 and Note 3. Applied accounting policies include new and amended standards and interpretations issued by IASB and endorsed by EU, which are effective as at 31 December 2013. Early application has been applied already during 2013 on the new standards (including the amendments of investment entities) IFRS 10, IFRS 11, IFRS 12, as well as the amendments of IAS 27, IAS 28, IAS 32, IAS 36 and IAS 39, with mandatory application starting 1 January 2014.

The following new and amended standards and interpretations are not yet effective or have not been endorsed by EU, but will be effective for financial years starting 1 January 2014 or later:

IFRS 9 Financial Instruments

IFRS 9 is a new standard that is not yet complete and is planned to replace IAS 39. There is currently no effective date for the standard and the Group has not evaluated the potential impact that the new standard may have on the Group's accounts.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is a new standard covering specific issues entities operating businesses that are rate-regulated. The standard is effective for financial years starting on or after 1 January 2016 but has not yet been endorsed by EU. Since the Group does not operate rate-regulated activities, the standard is not expected to have any effect on the Group's financial statements.

IAS 19 Employee Benefits (amendment)

The amendment is effective on financial years starting on 1 July 2014 or later, but is not yet endorsed by EU. The amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to the service should be attributed to each service period. The amendment is not expected to have any impact on the Group's accounts.

IFRIC 21 Levies

IFRIC 21 is effective on financial years starting on 1 January 2014 or later, but is not yet endorsed by EU. The interpretation clarifies when provisions for levies shall be recognized. Levies are fees/taxes imposed by governments on entities except for income taxes, penalties and fines. The interpretation states that a provision shall be recognized when an entity has an obligation to pay the levy as a result of a past event. Provision is recognized progressively if the obligating event occurs continuously. The new interpretation is expected to have limited effect on the Group's financial statements.

Note 5

First-time adoption of IFRS

As described above, those are the first consolidated financial statements prepared according to IFRS as endorsed by EU. Since IFRS in general requires at least one year's comparative information, the transition date to IFRS is 1 January 2012, at which date an opening statement of financial position is prepared. In those financial statements, the Group thus has prepared three statements of financial position (1 January 2012, 31 December 2012 and 31 December 2013) and two statements of profit or loss (2012 and 2013).

As first-time adopter of IFRS the Group has elected to use two exemptions from full retrospective application of IFRS as specified below:

- According to Appendix C of IFRS 1, the Group has elected not to apply IFRS 3 retrospectively to past business combinations.
- According to Appendix D12-D13 of IFRS 1, the Group has elected to set all cumulative translation differences of all foreign operations recognized in other comprehensive income at the date of transition to IFRS to zero.

An explanation of how the transition from previous GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is shown in the tables and the notes that follow.

Group reconciliation of equity as at 1 January 2012 (transition date)

	Note	Local GAAP	Remeasure- ments	IFRS
ASSETS				
Non-current assets				
Goodwill		38 389	0	38 389
Other intangible assets		4 462	0	4 462
Property, plant and equipment	A	92 670	842	93 512
Investments in joint venture		31	0	31
Non-current financial assets		1 227	0	1 227
Deferred tax assets	BCD	9 267	1 047	10 314
Endowment insurance	E	68	-68	0
Total non-current assets		146 114	1 821	147 935
Current assets				
Inventories		53 570	0	53 570
Trade receivables	BF	57 917	9 445	67 362
Derivatives		0	0	0
Other receivables	E	7 705	68	7 773
Prepaid expenses and accrued income	A	5 621	688	6 309
Cash and cash equivalents		6 053	0	6 053
Total current assets		130 866	10 201	141 067
TOTAL ASSETS		276 980	12 022	289 002

	Note	Local GAAP	Remeasure- ments	IFRS
EQUITY AND LIABILITIES				
Equity				
Share capital		4 999	0	4 999
Additional paid-in capital	G	0	51 672	51 672
Reserves		0	0	0
Retained earnings	ABCDG	59 709	-55 161	4 548
Non-controlling interests	H	0	1 831	1 831
Total equity		64 708	-1 658	63 050
Minority interests	H	1 831	-1 831	0
Provisions	I	36 426	-36 426	0
Non-current liabilities				
Interest-bearing loans and borrowings	AV	86 477	14 579	71 898
Deferred tax liabilities	I	0	2 465	2 465
Provisions for defined benefit pensions	DI	0	28 049	28 049
Other provisions	I	0	4 262	4 262
Total non-current liabilities		86 477	20 197	106 674
Current liabilities				
Interest-bearing loans and borrowings	FV	12 905	26 559	39 464
Trade payables		49 997	0	49 997
Derivatives		0	0	0
Other payables		9 107	0	9 107
Accrued expenses and deferred income	CI	15 422	2 578	18 000
Income tax liabilities		107	0	107
Other provisions	I	0	2 603	2 603
Total current liabilities		87 538	31 740	119 278
TOTAL EQUITY AND LIABILITIES		276 980	12 022	289 002

Group reconciliation of total comprehensive income for the year ended 31 December 2012

	Note	Local GAAP	Remeasure- ments	IFRS
Net sales	J	453 608	-41 341	412 267
Cost of goods sold	AJK	-407 263	37 704	-369 559
Gross margin		46 345	-3 637	42 708
Selling expenses	J	-13 348	1 491	-11 857
Administrative expenses	J	-24 633	4 584	-20 049
Research and development costs	J	-1 553	290	-1 263
Other operating income	BCJ	19 413	-12 114	7 299
Other operating expenses	BJL	-17 786	-206	-17 992
Operating profit (EBIT)		8 438	-9 592	-1 154
Financial income	J	102	-17	85
Financial expenses	AJM	-7 895	226	-7 669
Profit before tax		645	-9 383	-8 738
Income tax expense	BCJ	-1 051	244	-807
Minority share of profit	H	388	-388	0
Net profit from continuing operations		-18	-9 527	-9 545
Net profit from discontinued operations	J	0	10 906	10 906
Net profit		-18	1 379	1 361
Other comprehensive income	DN	0	-2 809	-2 809
Total comprehensive income		-18	-1 430	-1 448

Group reconciliation of statement cash flows for the year ended 31 December 2012

The transition to IFRS has had limited impact on the classification of the Group's cash flows for the year ended 31 December 2012.

Group reconciliation of equity as at 31 December 2012

	Note	Local GAAP	Remeasure- ments	IFRS
ASSETS				
Non-current assets				
Goodwill	K	36 891	1 744	38 635
Other intangible assets		3 806	0	3 806
Property, plant and equipment	A	88 675	805	89 480
Investments in joint venture		31	0	31
Non-current financial assets		210	0	210
Deferred tax assets	BCD	9 183	1 750	10 933
Endowment insurance	EO	588	-588	0
Total non-current assets		139 384	3 711	143 095
Current assets				
Inventories		46 696	0	46 696
Trade receivables	BF	53 413	8 028	61 441
Derivatives	B	0	114	114
Other receivables	E	5 941	79	6 020
Prepaid expenses and accrued income	A	4 689	563	5 252
Cash and cash equivalents		6 566	0	6 566
Total current assets		117 305	8 784	126 089
TOTAL ASSETS		256 689	12 495	269 184

	Note	Local GAAP	Remeasure- ments	IFRS
EQUITY AND LIABILITIES				
Equity				
Share capital		4 999	0	4 999
Additional paid-in capital	G	0	51 672	51 672
Reserves	N	0	-1 122	-1 122
Retained earnings	ABCDG KLM	58 564	-53 949	4 615
Non-controlling interests	H	0	1 438	1 438
Total equity		63 563	-1 961	61 602
Minority interests	H	1 438	-1 438	0
Provisions	I	29 613	-29 613	0
Non-current liabilities				
Interest-bearing loans and borrowings	A	64 781	2 330	67 111
Deferred tax liabilities	I	0	1 895	1 895
Provisions for defined benefit pensions	DIO	0	25 837	25 837
Other provisions	I	0	1 448	1 448
Total non-current liabilities		64 781	31 510	96 291
Current liabilities				
Interest-bearing loans and borrowings	F	21 990	8 160	30 150
Trade payables		47 786	0	47 786
Derivatives	B	0	23	23
Other payables		8 498	0	8 498
Accrued expenses and deferred income	CI	18 865	2 727	21 592
Income tax liabilities		155	0	155
Other provisions	I	0	3 087	3 087
Total current liabilities		97 294	13 997	111 291
TOTAL EQUITY AND LIABILITIES		256 689	12 495	269 184

Group reconciliation of total comprehensive income for the year ended 31 December 2013

	Note	Local GAAP	Remeasure- ments	IFRS
Net sales		424 183	0	424 183
Cost of goods sold	AK	-367 076	2 495	-364 581
Gross margin		57 107	2 495	59 602
Selling expenses		-11 427	0	-11 427
Administrative expenses	P	-22 615	-1 711	-24 326
Research and development costs		-1 778	0	-1 778
Other operating income	BC	4 909	263	5 172
Other operating expenses	AB	-5 279	-467	-5 746
Operating profit (EBIT)		20 917	580	21 497
Financial income	M	178	33	211
Financial expenses	AQ	-9 866	-229	-10 095
Profit before tax		11 229	384	11 613
Income tax expense	BCDPR	-1 378	-1 592	-2 970
Minority share of profit	H	17	-17	0
Net profit from continuing operations		9 868	-1 225	8 643
Net profit from discontinued operations		0	0	0
Net profit		9 868	-1 225	8 643
Other comprehensive income	DN	0	-612	-612
Total comprehensive income		9 868	-1 837	8 031

Group reconciliation of statement cash flows for the year ended 31 December 2013

The transition to IFRS has had limited impact on the classification of the Group's cash flows for the year ended 31 December 2013.

Group reconciliation of equity as at 31 December 2013

	Note	Local GAAP	Remeasure- ments	IFRS
ASSETS				
Non-current assets				
Goodwill	KLST	34 656	3 692	38 348
Other intangible assets		3 572	0	3 572
Property, plant and equipment	AQT	81 371	1 190	82 561
Investments in joint venture		31	0	31
Non-current financial assets		296	0	296
Deferred tax assets	BCP	10 606	505	11 111
Endowment insurance	O	383	-383	0
Total non-current assets		130 915	5 004	135 919
Current assets				
Inventories		47 092	0	47 092
Trade receivables	BF	45 934	7 899	53 833
Derivatives	B	0	18	18
Other receivables		5 587	0	5 587
Prepaid expenses and accrued income	APU	6 242	-1 931	4 311
Cash and cash equivalents		26 854	0	26 854
Total current assets		131 709	5 986	137 695
TOTAL ASSETS		262 624	10 990	273 614

	Note	Local GAAP	Remeasure- ments	IFRS
EQUITY AND LIABILITIES				
Equity				
Share capital		4 999	0	4999
Additional paid-in capital	G	0	51 672	51 672
Reserves	N	0	-1 720	-1 720
Retained earnings	ABCDG KMPS	62 141	48 868	13 273
Non-controlling interests	H	0	301	301
Total equity		67 140	1 385	68 525
Minority interests	H	301	-301	0
Provisions	I	32 148	-32 148	0
Non-current liabilities				
Interest-bearing loans and borrowings	QU	88 163	-946	87 217
Deferred tax liabilities	I	0	2 582	2 582
Provisions for defined benefit pensions	I	0	26 188	26 188
Other provisions	I	0	0	0
Total non-current liabilities		88 163	27 824	115 987
Current liabilities				
Interest-bearing loans and borrowings	AF	8 275	10 156	18 431
Trade payables		41 218	0	41 218
Derivatives	B	0	149	149
Other payables		9 450	0	9 450
Accrued expenses and deferred income	CIP	15 305	2 052	17 357
Income tax liabilities		624	0	624
Other provisions	I	0	1 873	1 873
Total current liabilities		74 872	14 230	89 102
TOTAL EQUITY AND LIABILITIES		262 624	10 990	273 614

Notes to the reconciliation of equity (as at 1 January 2012, 31 December 2012 and 31 December 2013) and total comprehensive income (for the years ended 31 December 2012 and 31 December 2013)

Note A

The Group leases a building in Augsburg, Germany, from BIL Leasing Verwaltungs-GmbH & Co 891 KG (BIL), a company that has not been consolidated under previous GAAP. A&R Carton GmbH is a 100% limited partner of BIL, but has only 10% of the voting rights. However, since the Group controls BIL through its exposure and rights to the variable returns from its involvement in BIL and has the ability to affect those returns through its power over the investee, BIL is consolidated within the Group in accordance with IFRS 10.

Note B

The Group holds, through its Flextrus subgroup, foreign currency (FX) exchange derivative contracts in order to hedge commercial cash flows in EUR and GBP. Under previous GAAP those are off-balance, while in accordance with the provisions of IAS 39, those financial derivative contracts are accounted at fair value through profit or loss.

Note C

The Group has received compensation for purchased machinery and equipment by one of its major customers that according to previous GAAP was recognized as gain in profit or loss. Under IFRIC 18 the gain is instead recognized over the useful life of the equipment.

Note D

Under previous GAAP, the defined pension obligation in the German activities was accounted in accordance with IAS 19. The revised version of IAS 19 was applied in the 2013 financial statements prepared according to previous GAAP. However, the amendments of the revised IAS 19 were not applied retrospectively and any difference related to previous years was accounted during 2013. In connection to the conversion to IFRS, any previous effects of the revised IAS 19 have been adjusted in the statement of financial position as of the transition date and also the comparative figures for 2012.

Note E

Endowment insurance receivables that according to previous GAAP were classified as non-current, have been reclassified as current in accordance with IAS 1.

Note F

The Group has factoring agreement for some of the accounts receivable in the French operations. Under

previous GAAP, the related accounts receivables have been derecognized and a corresponding amount has been disclosed as a contingent liability. Since substantially all risks and rewards connected to the trade payables are retained by the Group, the factoring agreement does not qualify for derecognition of the accounts receivable in accordance with the provisions stated in IAS 39.

Note G

Shareholders contribution has been presented in retained earnings under previous GAAP. Under IFRS the shareholders contributions have been reclassified and presented as a separate component within equity (additional paid-in capital).

Note H

Non-controlling interests (minorities) are under previous GAAP presented separate from equity. Under IFRS the non-controlling interests are a part of the Group's equity.

Note I

Under previous GAAP provisions are presented separately from other liabilities. As a consequence of the transition to IFRS, the provisions have been reclassified as liabilities in order to reflect their remaining expected maturity, i. e. as non-current or current provisions.

Note J

During 2013 the Group disposed its Beer and Beverage segment. In accordance with IFRS 5, the disposal of the separate line of business is presented as discontinued operations. There is no similar standard under previous GAAP, thus the results of the disposed business was presented as part of the continuing operations under previous GAAP.

Note K

Under IFRS goodwill is not amortized. Instead goodwill is tested for impairment on annual basis. As a consequence of the IFRS conversion, the amortizations utilized under previous GAAP have ceased starting at the transition date.

Note L

Contingent consideration that has been paid for the acquisition of the shares in CC Pack Holding AB has according to previous GAAP increased goodwill. Under IFRS the contingent consideration has been expensed through profit or loss.

Note M

Interest rate swaps in the German operations were according to previous GAAP off-balance. In accordance with IAS 39 those derivatives are accounted at fair value through profit or loss.

Note N

Exchange differences on translation of foreign operations are under IFRS presented as a separate component in equity, while under previous GAAP they are a part of retained earnings. Moreover, the change of exchange differences on translation of foreign operations during a period is under IFRS affecting other comprehensive income. Under previous GAAP there is no similar statement to the statement of other comprehensive income and changes of exchange differences on translation of foreign operations during a period are recognized against equity (retained earnings).

Note O

Under previous GAAP endowment insurances in the Swedish operations have been presented as assets with the corresponding amount as a pension provision. Under IAS 19 this is by definition a defined contribution plan that is presented net.

Note P

Under previous GAAP, some incurred expenses related to a planned disposal of business operations have been accrued and presented as prepaid expenses. Under IFRS those expenses does not fulfill the asset recognition criteria and have been expensed in profit or loss during the period incurred. Furthermore some expenses related to the same issue, not recognized in profit and loss under previous GAAP, have been expensed in profit and loss under IFRS.

Note Q

As a part of the transition to IFRS, additional arrangements have been identified as lease arrangements in accordance with the provisions stated in IFRIC 4 and accounted as leases in accordance with IAS 17.

Note R

According to Estonian income tax law taxable profit is only payable upon distribution (dividend payment to the shareholders). Under previous GAAP the Group has not accounted any income tax on the taxable profits of the Estonian operations. As a consequence of the transition to IFRS and in accordance with IAS 12, a deferred tax liability has been recognized corresponding to the accumulated undistributed taxable profits multiplied by the Estonian income tax rate.

Note S

Under previous GAAP, effects related to the acquisition of the remaining 30% related to CC Pack Holding AB have been accounted as business combination. Additional increases in shareholdings in entities which have been previously consolidated shall according to IFRS 3 be accounted as transaction with shareholders (non-controlling interests).

Note T

The Group's acquisition of real estate property has under previous GAAP been accounted as a business combination, giving raise to goodwill. Under IFRS the transaction does not constitute a business combination but rather an asset deal.

Note U

Transaction costs related to the Group's refinancing have under previous GAAP been presented gross, i. e. as prepaid expenses separate from the corresponding financial liability. According to IAS 39 the transaction costs shall be included in the initial measurement of the financial liability. In subsequent periods the financial liability (bond loan) shall be measured at amortised cost using the effective interest method.

Note V

Bank overdrafts have under previous GAAP been accounted for as non-current liabilities. According to IFRS these are reclassified to current liabilities.

Note 6

Operating Segments

Management has determined the operating segments based on the reports reviewed by the strategic steering committee and used to make strategic decisions.

For management purposes, the Group is organised into business areas (BA) based on geographic areas and products. The Group has five reportable segments, as follows:

- BA Sweden - constituting of the Flextrus group and A&R Carton Lund activities in Sweden
- BA Germany - constituting of the A&R Carton German activities as well as CC Pack and SP Containers
- BA Russia - AR Carton Russian activities
- BA France - A&R Cartons French operations
- BA Nordic - A&R Cartons Finnish and Estonian operations as well as the Scandinavian sales organization

The chief operating decision maker within the Group is the Executive Management Team, consisting of the chief executing officer, the chief financial officer and the BA managers. The Executive Management team monitors the operating results of its business areas separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit (EBIT) and is

measured consistently with operating profit (EBIT) in the consolidated financial statements. The Group's financing (including financial expenses and financial income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Year ended 31 December 2013	BA Sweden	BA Germany	BA Russia	BA France	BA Nordic	Other, eliminations	Group total
Net sales:							
External customers	150 834	107 791	82 384	50 635	31 859	680	424 183
Inter-segment	9 479	1 020	47	426	9 712	-20 684	0
Total net sales	160 313	108 811	82 431	51 061	41 571	-20 004	424 183
Net operating expenses	-152 426	-99 065	-78 681	-49 615	-38 328	18 073	-400 042
whereof depreciation and amortisation	-4 817	-4 218	-3 704	-2 179	-1 017	-597	-16 612
Operating profit (EBIT I)*	7 887	9 746	3 750	1 446	3 243	-1 931	24 141
Non-recurring items	-1 941	-47	-144	-207	-8	-297	-2 644
Operating profit (EBIT)	5 946	9 699	3 606	1 239	3 235	-2 228	21 497

Year ended 31 December 2012	BA Sweden	BA Germany	BA Russia	BA France	Nordic	Other, eliminations	Group total
Net sales:							
External customers	154 971	101 543	72 529	47 099	30 933	5 192	412 267
Inter-segment	6 682	344	125	0	9 066	-16 217	0
Total net sales	161 653	101 887	72 654	47 099	39 999	-11 025	412 267
Net operating expenses	-161 098	-99 584	-68 374	-46 055	-37 521	10 240	-402 392
whereof depreciation and amortisation	-5 184	-3 470	-3 608	-2 125	-948	-737	-16 072
Operating profit (EBIT I)*	555	2 303	4 280	1 044	2 478	-785	9 875
Non-recurring items	2 099	182	5	14	4	-13 333	-11 029
Operating profit (EBIT)	2 654	2 485	4 285	1 058	2 482	-11 774	-1 154

* Operating profit (EBIT) before non-recurring items

Consolidated net sales per geographic market are distributed based on the locations of the customers:

Net sales from external customers	2013	2012
Russia	82 884	72 507
France	63 162	55 996
Germany	55 343	54 492
Sweden	43 370	44 053
United Kingdom	30 970	34 330
The Netherlands	24 740	27 505
Finland	22 182	27 102
Rest of Europe	93 576	87 065
Other markets	7 956	9 217
Total	424 183	412 267

Net sales from our two biggest customers, which both individually stands for more than 10% of the total net sales, amounted to 135 918 TEUR (134 270 TEUR), where of customer 1 amounts to 89 698 TEUR (87 670 TEUR) and is included in BA Germany/BA Russia and customer 2 amounts to 46 220 TEUR (46 600 TEUR) is included in BA Sweden.

Consolidated net sales divided per product area:

Net sales per product area	2013	2012
Barrier Packaging	140 950	147 996
Branded Products	135 509	133 544
Food Packaging	147 724	130 727
Total	424 183	412 267

The Group's non-current assets consisting of intangible assets (including goodwill), property, plant and equipment, investment properties, and investments in joint ventures, are attributable to the following countries:

Non current assets	2013	2012
Sweden	59 445	62 763
Germany	28 958	27 410
Russia	22 578	23 416
Other countries	13 531	18 363
Total	124 512	131 952

Note 7

Group information

AR Packaging Group was created in 2011 when A&R Carton and Flextrus joined forces and is today amongst the leading companies in the European packaging sector. The business is divided into three main segments; Barrier Packaging, Branded Products and Food Packaging.

The companies within the group are operating through the following brands/names:

- A&R Carton (offering innovative carton-packaging concepts to a wide range of consumer market segments),
- Flextrus (offering advanced flexible packaging solutions to food and healthcare customers),
- CC Pack (offering high quality trays mainly for food applications), and
- SP Containers (offering innovative direct fill containers based on paperboard to the food processing and packaging industry).

The consolidated financial statements of the Group include besides the Parent Company also the following subsidiaries:

Name	Domicile	Share of equity 2013	Share of equity 2012
• Å&R Carton AB	Sweden	100%	100%
A&R Carton AS	Norway	100%	100%
A&R Carton North America Inc.	United States	100%	100%
A&R Carton Oy	Finland	100%	100%
A&R Carton Beteiligungen GmbH	Germany	100%	100%
A&R Carton GmbH	Germany	100%	100%
BIL Leasing Verwaltungs-GmbH & Co 89 I KG ¹⁾	Germany	100%	100%
A&R Carton Frankfurt GmbH	Germany	100%	100%
A&R Carton Holding GmbH	Germany	100%	100%
ZAO A&R Carton Kuban	Russia	100%	100%
A&R Carton AS	Estonia	100%	100%
Tabasalu Kinnistute OU	Estonia	100%	100%
A&R Carton SA	France	100%	100%
A&R Carton CdF SA	France	100%	100%
A&R Carton Ltd	United Kingdom	100%	100%
Å&R Carton Lund AB	Sweden	100%	100%
Å&R Carton Norrköping AB	Sweden	3)	100%
CC Pack Holding AB	Sweden	100%	70%
CC Pack AB	Sweden	100%	100%
Combi Craft AB	Sweden	100%	100%
Specialty Paperboard Containers Ltd ²⁾	United Kingdom	100%	73%
• Flextrus Group AB	Sweden	100%	100%
Flextrus AB	Sweden	100%	100%
Flextrus Ltd	United Kingdom	100%	100%
Flextrus Halmstad AB	Sweden	100%	100%

1) The Group's voting rights in the special purpose entity are corresponding to 10% (10%). The entity was created to accomplish a narrow and well-defined objective, which is to lease the building in Augsburg to A&R Carton GmbH. Irrespective of the limited voting rights, the group is through separate agreement exposed and has rights to variable returns from the involvement in the investee and has the ability to affect those returns through its power over the investee.

2) The Group's voting rights in Specialty Paperboard Containers Ltd are corresponding to 67% (67%). The remaining capital and voting rights are held by local management and employees.

3) Å&R Carton Norrköping AB was merged with Å&R Carton Lund AB during 2013.

The Group has a 50% interest in EmiCorp SA, a joint venture with domicile in Belgium, which currently is dormant and has no activities.

Note 8

Business combinations and acquisitions of non-controlling interests

There have not been any business combinations during 2012 or 2013. The Group's purchase of the shares in the Estonian real estate entity Tabasalu Kinnistute OU has been accounted for as an assets deal.

On 5 July 2013, the Group acquired an additional 30% interest in the shares of CC Pack Holding AB, increasing its ownership interest to 100%. Cash consideration of 1 445 TEUR was paid to the non-controlling shareholders. The carrying value of the net assets of CC Pack Group (excluding goodwill on the original acquisition) was 1 169 TEUR. Following is a schedule of additional interest acquired in CC Pack Group:

	TEUR
Cash consideration paid to non-controlling shareholders	1 445
Carrying value of the additional interest in CC Pack Group	1 168
Difference recognized in retained earnings within equity	277

Note 9

Selling expenses

The Group's selling expenses are distributed as follows:

	2013	2012
Personnel expenses	7 917	7 968
Marketing expenses	3 510	3 889
Total	11 427	11 857

Note 10

Administrative expenses

The Group's administrative expenses are distributed as follows:

	2013	2012
Personnel expenses	8 621	8 730
External services	4 221	3 779
Travelling expenses	2 198	1 291
IT expenses	2 021	2 555
Other administrative expenses	7 265	3 694
Total	24 326	20 049

Note 11

Research and development costs

The Group's research and development costs are distributed as follows:

	2013	2012
Personnel expenses	1 356	1 184
Other research and development costs	422	79
Total	1 778	1 263

Note 12

Other operating income

	2013	2012
Gain on sale of property, plant and equipment	385	634
Net exchange rate gains on current assets and current liabilities in foreign currencies	430	4 764
Net gain on foreign currency forward contracts	187	0
Reversal of provisions and accruals	1 765	594
Other	2 405	1 307
Total	5 172	7 299

Note 13

Other operating expenses

	2013	2012
Loss on sale of property, plant and equipment	864	1 989
Net exchange rate losses on current assets and current liabilities in foreign currencies	1 376	3 595
Net losses on foreign currency forward contracts	222	82
Restructuring cost	2 165	11 105
Other	1 119	1 221
Total	5 746	17 992

Note 14

Financial income

	2013	2012
Interest income	29	85
Net gains on interest rate swaps	33	0
Net exchange rate gains on non-current financial assets and non-current financial liabilities in foreign currencies	149	0
Total	211	85

Note 15

Financial expenses

	2013	2012
Interest on loans and borrowings	7 437	6 707
Net losses on interest rate swaps	0	33
Net exchange rate losses on non-current financial assets and non-current financial liabilities in foreign currencies	1 545	244
Other	1 113	685
Total	10 095	7 669

Note 16

Income Tax

The major components of income tax are:

	2013	2012
Current tax:		
Current tax expense	-2 485	-1 320
Adjustments of previous year	0	286
Total current tax:	-2 485	-1 034
Deferred tax:		
Origination and reversal of temporary differences	-2 830	3 385
Tax losses	2 345	-3 158
Total deferred tax:	-485	227
Total income tax:	-2 970	-807

Reconciliation of effective tax rate:

	2013	2012
Profit before tax from continuing operations	11 613	-8 738
Profit before tax from discontinued operations	0	11 167
Accounting profit before income tax	11 613	2 429
Tax calculated using Swedish tax rate (22% respective 26.3%)	-2 615	-639
Difference between Swedish and foreign tax rates	-298	206
Tax effect due to changed tax rate in Sweden	0	-686
Non-taxable income	665	1 072
Non-deductible expenses	-1 011	-822
Utilisation of previously not recognised tax losses	1 475	657
Tax losses not recognised	-995	-881
Revaluation of tax losses	-191	0
Adjustment of previous years current income tax	0	286
Effective income tax (25.0% respective 33.2%):	-2 970	-807
Income tax expense from continuing operations	-2 970	-1 068
Income tax expense from discontinued operations	0	261
Total income tax for the period	-2 970	-807

In addition to above, deferred income tax income has been charged to other comprehensive income with -0.1 MEUR (0.7 MEUR) relating to re-measurement losses on defined benefit plans.

Deferred tax assets and deferred tax liabilities relate to the following:

	Assets	Liabilities
Tax losses carry forward	7 222	0
Provisions for defined benefit pensions	2 617	0
Property, plant and equipment	267	90
Liabilities	332	100
Untaxed reserves	0	1 184
Other	658	1 208
Total	11 111	2 582

Deferred tax assets are recognized for tax losses carry forwards to the extent that it is probable that they can be utilized to reduce future taxable profits. Recognised tax losses carry forward are relating to the following countries:

	2013		2012	
	MEUR	Tax rate	MEUR	Tax rate
Sweden	20	22%	18	26%
France	8	33%	8	33%

Tax losses carry forward in Sweden and France may be utilized against future tax income and are not limited in time. In France there is a maximum amount to be used each year.

In addition to the above recognized tax losses carry forwards, the Group has unrecognized tax losses carry forward in Sweden 27 MEUR, France 54 MEUR and Norway 20 MEUR, that might be utilized to reduce future taxable profits but are not recognized due to uncertainty of the possibility to generate enough taxable profits in the near future. No tax losses carry forward are limited in time.

Reconciliation of net deferred tax assets:

	2013	2012
Opening balance as at 1 January	9 038	7 849
Tax expense (income) for the period recognized in profit or loss	-485	227
Tax income for the period recognized in other comprehensive income	-118	720
Effect of discontinued operations	0	-261
Other	127	525
Translation differences	-33	-22
Closing balance as at 31 December	8 529	9 038

Note 17

Discontinued operations

On 11 November 2012, the Board of Directors decided to dispose the Beer & Beverage segment. The disposal transaction generating a sales price of 19 042 TEUR and a gain of 11 566 TEUR was completed on 31 December 2012. The operations of the Beer & Beverage segment have been classified as discontinued operations and the results of the disposed segment are presented below:

	2013	2012
Revenue	0	41 341
Expenses	0	-41 393
Operating profit (EBIT)	0	-52
Net financial expense	0	-347
Profit before tax and disposal gain	0	-399
Gain on disposal of discontinued operations	0	11 566
Profit before tax from discontinued operations	0	11 167
Tax related to ordinary activities of discontinued operations	0	-261
Tax related to disposal gain of discontinued operations	0	0
Net profit from discontinued operations	0	10 906

The net cash flows incurred by the Beer & Beverage segment are as follows:

	2013	2012
Cash flows from operating activities	0	1 935
Cash flows from investing activities	0	17 871
Cash flows from financing activities	0	-1 422
Net cash inflow	0	18 384

Earnings per share related to discontinued operations are as follows:

Net profit from discontinued operations attributable to shareholders of the parent company:

Before dilution, EUR	0	1,09
After dilution, EUR	0	1,09

Note 18

Employee benefits and number of employees

Average number of employees:

	Average number of employees	Of which male	Average number of employees	Of which male
Sweden	436	339	535	418
Estonia	41	22	41	22
Finland	122	79	123	80
France	210	165	205	161
Germany	360	303	483	407
United Kingdom	72	60	62	52
Russia	375	258	367	252
Netherlands	1	1	99	45
United States	1	0	1	0
The Group in total	1 618	1 227	1 916	1 437
thereof discontinued operations	0	0	199	154

The Board of Directors is constituted of 8 (8) persons (including 2 (2) persons appointed by the Union), thereof 7 (7) male members. Other senior executives are 9 (9) male members.

Employee benefit expenses (including salaries and other fixed and variable remuneration, value of benefits in kind, payroll overhead, pension costs etc) are specified below:

	2013	2012
Salaries and other remuneration	57 096	66 911
Social security costs	16 379	21 829
Pension costs	4 284	4 553
The Group in total	77 759	93 293
thereof discontinued operations	0	11 124

Salaries and other remuneration to the Board of Directors and the Chief Executing Officer (CEO) and other employees respectively:

2013			2012	
	Salaries and other remuneration (of which bonuses)	Pension costs	Salaries and other remuneration (of which bonuses)	Pension costs
Board of Directors and CEO	1 277 (433)	83	1 398 (422)	677
Other employees	55 819 (165)	4 201	65 513 (147)	3 876
The Group in total	57 096 (598)	4 284	66 911 (569)	4 553

Pension costs in the Group are distributed as follows:

	2013	2012
Defined benefit plans (please refer to Note 34)	671	474
Defined contribution plans (thereof multi-employer plan funded at Alecta)	3 613 (647)	4 079 (715)

Commitments for retirement pensions and family pensions for salaried employees in Sweden are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 3, this is a defined benefit plan that covers several employers. The Group has not had access to information that makes it possible to report this plan as a defined benefit plan. The pension plan secured through insurance with Alecta is recognized as a defined contribution plan. Paid pension fees to Alecta amount to 647 TEUR (715 TEUR). Any surplus in the Alecta multi-employer plan may be distributed to policyholders and/or the insured persons. By the end of each financial year, Alecta's surplus amounted to the following percentages:

	2013	2012
Funding ratio	148%	129%

The funding ratio is the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial assumptions, which do not comply with IAS 19.

Note 19

Remuneration of Board members, CEO and other senior executives

Principles for remuneration

The Chairman of the Board and the other Board members are not entitled to remuneration in their acting role as Board members with the exception of Hans Pettersson, external Board member, who receives 110 TSEK per year.

Remuneration of the CEO and other members of management are paid in accordance with guidelines for remuneration to senior executives produced by the Board. Remuneration should reflect market norms and consist of fixed and variable remuneration, other benefits and pension. The variable remuneration shall not exceed the basic salary. The CEO receives an annual gross salary of 300 TEUR and has the opportunity to achieve a bonus equivalent to 70% of his annual basic salary based on predetermined targets. He shall also be entitled to certain other benefits such as company car.

Remuneration to other senior executives is decided by the CEO after previous consultation with the Board. Remuneration is paid as monthly basic salary, variable remuneration and other benefits. Variable remuneration is based on predetermined targets.

Pension costs

The pension costs related to the CEO are consisting of defined contribution payments amounting to 51 TEUR (47 TEUR) and includes except from the normal statutory pension cost an additional pension agreement corresponding to 15% (15%) of the fixed annual salary.

The pension costs to other senior executives are consisting of defined contribution payments corresponding to the standard rules in respective country/company.

Employment termination and severance payments

The CEO has 12 months of notice period upon termination of the employment from the Company and 6 months when self-terminating the employment. During the notice period, the CEO has right to full payment of the base salary and other benefits, regardless if there is obligation to work or not for the CEO. Severance payment is maximized to 12 months salary in case of termination of the employment from the Company's side.

Other senior executives have in general 12 months of notice period upon termination of the employment from the Company and 6 months when self-terminating the employment. During the notice period, there is entitlement of full payment of the base salary and other benefits, regardless if there is obligation to work or not. Entitlement to severance payments does not exist for other senior executives.

The tables below are specifying remuneration to Board members, CEO and other senior executives:

2013	Salaries/ board fee	Bonuses	Other benefits	Pension costs	Total
Board members:					
Stig Gustavsson	0	0	0	0	0
Panu Routila	0	0	0	0	0
Jan Ohlsson	0	0	0	0	0
Carl Furstenbach	0	0	0	0	0
Hans Pettersson	13	0	0	0	13
Sebastian Burmeister	0	0	0	0	0

CEO:					
Harald Schulz	300	210	7	51	568
Other senior executives:					
(8 persons)	1 152	257	35	161	1 605
Total	1 465	467	42	212	2 186

2012	Salaries/ board fee	Bonuses	Other benefits	Pension costs	Total
Board members:					
Stig Gustavsson	0	0	0	0	0
Panu Routila	0	0	0	0	0
Jan Ohlsson	0	0	0	0	0
Carl Furstenbach	0	0	0	0	0
Hans Pettersson	13	0	0	0	13
Sebastian Burmeister	0	0	0	0	0
CEO:					
Harald Schulz	300	200	7	47	554
Other senior executives:					
(8 persons)	1 116	255	35	171	1 577
Total	1 429	455	42	218	2 144

Note 20

Transactions with related parties

In below tables, transactions with related parties are specified. All transactions with related parties have been carried out on an "arms-length" principle.

Sales to related parties	2013	2012
AC Finance BV	0	11
AC Tabasalu Kinnistute OU	1	0
Purchases from related parties	2013	2012
A&R Finance and Real Estate BV	0	390
AC Tabasalu Kinnistute OU	12	144
Interest income from related parties	2013	2012
AC Real Estate BV	0	17
Interest expense to related parties	2013	2012
AC Pack BV	0	155
A&R Finance and Real Estate BV	0	18
Interest-bearing liabilities including accrued interest to related parties	2013	2012
AC Pack BV	0	5 155
Current liabilities to related parties	2013	2012
Ahlström Capital Oy	0	111

In addition to above, the Group acquired during 2013 the shares in the Estonian real estate entity Tabasalu Kinnistute OU from AC Real Estate BV. The consideration paid for 100% of the shares and votes amounted to 669 TEUR.

Remunerations to Board Members, CEO and other senior executives are presented in Note 19.

Note 21

Remuneration of auditors

	2013	2012
EY:		
Audit fees related to the assignment ¹⁾		
Other audit assignments	392	464
Tax consultation	251	38
	643	502
Other firms:		
Audit fees related to the assignment ¹⁾	27	65
Other services	490	55
	517	120

¹⁾The audit assignment refers to fees for the statutory audit, i. e. such work that is necessary to issue the audit report as well as audit advice provided in connection with the audit engagement.

Note 22

Goodwill

The Group's goodwill has arisen from past business combinations and is allocated to the following cash generating units (which corresponds to reportable segments):

- BA Sweden
- BA Germany
- BA Russia

The development of goodwill is specified in below table:

	2013	2012
Opening balance as at 1 January	38 635	38 389
Translation differences	-287	246
Closing balance as at 31 December	38 348	38 635

The allocation of the carrying amount of the goodwill is specified below:

	BA Sweden	BA Germany	BA Russia	Total
Carrying amount of goodwill 2013	22 528	9 139	6 681	38 348
Carrying amount of goodwill 2012	22 815	9 139	6 681	38 635
Carrying amount of goodwill 2011	22 569	9 139	6 681	38 389

The Group provides goodwill impairment testing on annual basis as at 31 December. Impairment is determined by assessing the recoverable amount of each cash generating unit to which the goodwill relates. The recoverable amount of a cash generating unit is determined based on estimates of value in use. These calculations are based on estimated future cash flows before tax, based on financial budget and forecast approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term growth rate of the packaging market in which the relevant cash generating units operates.

Key assumptions used for the calculations of value in use:

2013	BA Sweden	BA Germany	BA Russia
Gross margin*	23.5%	21.9%	19.8%
Growth rate**	2.0%	2.0%	2.0%
Discount rate***	11.3%	10.9%	10.9%

2012	BA Sweden	BA Germany	BA Russia
Gross margin*	23.0%	21.3%	20.0%
Growth rate**	2.0%	2.0%	2.0%
Discount rate***	11.6%	11.6%	11.0%

* Estimated gross margin.

** Weighted average growth rate used to extrapolate cash flows beyond the budget period.

*** Pre-tax discount rate used in calculating the present value of estimated future cash flows.

Management has determined the budgeted gross margins based on past performance and its expectations for the market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the various operating segments.

For BA Sweden the recoverable amount exceeded the carrying amount with 37 MEUR. A decrease in gross margin by 2.2%, a reduction of the growth rate of 2.3% or an increase in the discount rate to 13.3% would eliminate the margin.

For BA Germany the recoverable amount exceeded the carrying amount with 23 MEUR. A decrease in gross margin by 2.0%, a reduction of the growth rate of 2.1% or an increase in the discount rate to 13.2% would eliminate the margin.

For BA Russia the recoverable amount exceeded the carrying amount with 21 MEUR. A decrease in gross margin by 2.3%, a reduction of the growth rate of 2.4% or an increase in the discount rate to 14.8% would eliminate the margin.

Note 23

Other intangible assets

Capitalized development expenses	2013	2012
Opening acquisition value	10 915	7 935
Additions	543	577
Sales/disposals	-227	-532
Reclassifications	0	2 661
Translation differences	-275	274
Closing accumulated acquisition value	10 956	10 915
Opening accumulated amortisations	-7 143	-3 500
Sales/disposals	182	21
Amortisations	-626	-865
Reclassifications	0	-2 661
Translation differences	173	-138
Closing accumulated amortisations	-7 414	-7 142
Net book value at the end of the year	3 542	3 772

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

Patents	2013	2012
Opening acquisition value	517	116
Additions	11	15
Sales/disposals	-12	-7
Reclassifications	0	393
Closing accumulated acquisition value	516	517
Opening accumulated amortisations	-483	-89
Sales/disposals	3	7
Amortisations	-6	-8
Reclassifications	0	-393
Closing accumulated amortisations	-486	-483
Net book value at the end of the year	30	34

The cost of amortisation of intangible assets has affected the following functions in the statement of profit or loss:

	2013	2012
Cost of goods sold	632	873
Total depreciations	632	873

Note 24

Property, plant and equipment

Buildings and land	2013	2012
Opening acquisition value	26 288	26 029
Additions	1 331	65
Reclassifications	77	0
Translation differences	-197	194
Closing accumulated acquisition value	27 499	26 288
Opening accumulated depreciations	-15 931	-14 913
Depreciations	-1 018	-970
Translation differences	47	-48
Closing accumulated depreciations	-16 902	-15 931
Net book value at the end of the year	10 597	10 357

Plant and machinery	2013	2012
Opening acquisition value	192 634	245 307
Additions	11 831	17 147
Sales/disposals	-9 842	-53 147
Discontinued operations	0	-22 740
Reclassifications	0	3 230
Translation differences	-3 086	2 837
Closing accumulated acquisition value	191 537	192 634
Opening accumulated depreciations	-120 127	-171 601
Sales/disposals	4 986	48 241
Discontinued operations	0	19 119
Depreciations	-13 183	-14 026
Reclassifications	0	-146
Translation differences	1 980	-1 714
Closing accumulated depreciations	-126 344	-120 127
Opening accumulated impairments	0	-494
Reversal of impairments	0	494
Closing accumulated impairments	0	0
Net book value at the end of the year	65 193	72 507

Equipment, tools, fixtures and fittings	2013	2012
Opening acquisition value	28 281	31 812
Additions	1 059	1 300
Sales/disposals	-715	-3 685
Discontinued operations	0	-2 445
Reclassifications	177	641
Translation differences	-727	658
Closing accumulated acquisition value	28 075	28 281
Opening accumulated depreciations	-23 343	-26 938
Sales/disposals	715	3 971
Discontinued operations	0	1 800
Depreciations	-1 713	-1 601
Reclassifications	0	0
Translation differences	641	-575
Closing accumulated depreciations	-23 700	-23 343
Net book value at the end of the year	4 375	4 938

Construction in progress	2013	2012
Opening acquisition value	1 680	4 310
Additions	1 819	1 755
Sales/disposals	0	-39
Discontinued operations	0	-437
Reclassifications	-1 026	-4 004
Translation differences	-77	95
Net book value at the end of the year	2 396	1 680

The cost of depreciation of property, plant and equipment has affected the following functions in the statement of profit or loss:

	2013	2012
Cost of goods sold	15 980	15 199
Total depreciations	15 980	15 199

Of the net book value of property, plant and equipment, 12 808 TEUR (24 562 TEUR) relates to leased buildings and machinery under finance lease agreements.

The carrying amount of the leased facilities is specified in the below table:

	2013	2012
Buildings and land	1 369	1 673
Plant and machinery	11 439	22 889

The Group has a leased building in Bremen, Germany, under a finance lease agreement (included above) with a lease term until year 2016. The leased property was used in the Beer & Beverage operations that were divested by the end of 2012. Subsequent to the divestment of the Beer & Beverage operations, the leased building has become investment property, which is subleased to the external party under an operating lease agreement.

The carrying amount of the investment property is 1 369 TEUR (1 646 TEUR) and the fair value is estimated to be in the range between 6 and 7 MEUR. The estimation of the fair value is based on external valuations using unobservable inputs such according to fair value hierarchy level 3. The fair value estimation, mainly driven by expected discounted future net cash inflows, has been benchmarked against similar transactions in the local property market.

The operating lease income for 2013 amounts to 925 TEUR. The operating lease agreement has a lease term until year 2016 with an annual fee of 881 TEUR.

Note 25

Investments in joint venture

The Group has 50% interest in EmiCorp SA. Since EmiCorp SA is dormant with no activities, the carrying amount corresponds to the cost of acquisition.

Note 26

Non-current financial assets

Specification of the Group's non-current financial assets:

	2013	2012
Deposits	215	153
Participations in other companies	53	53
Other	28	4
Total	296	210

	2013	2012
Carrying amount as at 1 January	210	1 227
Additions	90	0
Disposals	-4	-1 017
Carrying amount as at 31 December	296	210

Note 27

Trade receivables

	2013	2012	2011
Trade receivables	54 165	61 920	68 161
Provision for doubtful trade receivables	-332	-479	-799
Trade receivables, net	53 833	61 441	67 362

The provision for doubtful trade receivables has the following aging analysis:

	2013	2012
Not due	18	55
<30 days	0	0
30-90 days	0	0
91-180 days	52	140
>180 days	262	284
Total provisions for doubtful trade receivables	332	479

As at 31 December, trade receivables amounting to 7 709 TEUR (10 211 TEUR) were due but without any impairment deemed necessary. The overdue receivables relate to a number of customers who have not had any payment difficulties and from which the Group did not in previous periods have any impairment losses and does not expect any impairment losses related to the unpaid trade receivables.

The aging analysis of these trade receivables, which is past due but not impaired is as follows:

	2013	2012
<30 days	6 584	8 386
30-90 days	911	1 473
91-180 days	60	354
>180 days	153	-2
Total	7 709	10 211

The provision for doubtful trade receivables corresponds to 1% (1%) of total trade receivables and has changed as follows:

	2013	2012
Provision as at 1 January	479	799
Addition of provisions for expected losses	129	180
Realized losses	-98	-10
Reversal of unused provisions	-179	-489
Translation differences	1	-1
Provision as at 31 December	332	479

Addition of provisions for expected losses are included in other operating expenses in the statement of profit or loss, while reversal of unused amounts is included in other operating income in the statement of profit or loss.

The ten largest customers of the Group are representing 58% (56%) of the trade receivables.

Note 28

Derivatives

The Group's derivatives are consisting of the following items:

	2013		2012		2011	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Foreign currency forward contracts	18	149	114	23	0	0

Note 29

Other receivables

	2013	2012	2011
VAT recoverable	2 061	1 634	2 409
Other	3 526	4 386	5 364
Total	5 587	6 020	7 773

Note 30

Prepaid expenses and accrued income

	2013	2012	2011
Prepaid rental expenses	1 288	1 041	800
Prepaid license fees	166	177	252
Accrued bonus income	977	1 160	1 538
Other	1 880	2 874	2 662
Total	4 311	5 252	5 252

Note 31

Cash and cash equivalents

	2013	2012
Cash at hand	0	0
Bank balances	26 854	6 566
Short-term deposits	0	0
Total	26 854	6 566

Note 32

Equity

The Parent Company, ÅR Packaging Group AB, has issued 10,000,100 shares of which:

- 3,500,000 A-shares,
- 6,500,000 B-shares, and
- 100 C-shares.

The quota value is 0,50 EUR per share. All share types have the same voting rights, however there is a difference regarding dividends and the residual capital share between the different share types in accordance with the provisions in the Company's Articles of Association. For more information, please refer to the Company's web page www.ar-packaging.com where a copy of the latest version of the Company's Articles of Association can be found.

Reserves are consisting of exchange differences on translation of foreign operations.

Earnings per share are calculated by dividing the profit attributable to the parent company's shareholders by the weighted average number of ordinary shares outstanding during the period.

	2013	2012
Profit attributable to the shareholders of the parent company	8 660	1 749
Weighted average number of outstanding ordinary shares	10 000 100	10 000 100
Earnings per share before and after dilution	0.87	0.17
	2013	2012
Profit from continuing operations attributable to the shareholders of the parent company	8 660	-9 545
Weighted average number of outstanding ordinary shares	10 000 100	10 000 100
Earnings per share before and after dilution	0.87	-0.95

Note 33

Interest-bearing loans and borrowings

	2013	2012	2011
Bond loan	78 705	0	0
Loans from credit institutions	16 052	31 005	54 320
Finance lease obligations	9 164	19 860	15 900
Loans from related parties	0	5 155	0
Other loans	1 727	41 241	41 142
Total	105 648	97 261	111 362
thereof non-current portion	87 217	67 111	71 898
thereof current portion	18 431	30 150	39 464

On 9 July 2013, the Parent Company issued a four year 80 MEUR Senior Secured High Yield Bond, with final maturity on 9 July 2017. The bond loan has floating coupon of 3 months Euribor + 5.75% which is paid quarterly. In connection to the issuance of the bond, directly attributable transaction cost amounting to 1 295 TEUR were recognized as part of the initial cost of the bond loan.

As part of the refinancing during mid 2013, the Group repayed the vast majority of the loans from credit institutions (mainly Nordea and Handelsbanken) and loans from related parties. Moreover, some other loans were repayed and also some finance lease agreements were terminated. The interest rates paid on the repayed interest-bearing loans and borrowings (excluding finance lease agreements) were in the range between 5% och 10%. For more information of loans from related parties please refer to Note 20.

The group has the following overdraft facilities:

	2013	2012	2011
Overdraft facilities granted	17 753	23 983	22 681
Used amounts (presented as loans from credit institutions)	3 791	4 298	19 229

Below is a specification of the Group's finance lease obligations:

	2013	2012
Minimum lease payments:		
within 1 year	3 510	6 694
within 2-5 years	6 606	14 104
later than 5 years	83	1 269
Total minimum lease payments	10 199	22 067
Amount representing interest	-1 035	-2 207
Carrying amount of finance lease obligations	9 164	19 860
thereof non-current portion	6 231	15 444
thereof current portion	2 933	4 416

Note 34

Provisions for defined benefit pensions

The Group has a couple of defined benefit pension plans, where the pension plan in the German operation is the most significant. The defined pension plans are based on employee pensionable remuneration and length of service. All plans are unfunded.

The Group's provision for defined benefit plans is related to the following countries:

	2013	2012
Germany	24 979	24 753
Other countries	1 209	1 084
Total	26 188	25 837

The change of the provision for defined benefit pensions is specified in the table below:

	2013	2012
Carrying amount as at 1 January	25 837	28 049
Pension cost charged to profit or loss		
Service cost of current period	166	155
Service cost of past periods	205	0
Net interest expense	934	1 084
Remeasurement gains/losses in other comprehensive income		
Return on plan assets (excluding amounts included in net interest expense)	0	0
Actuarial gains/losses	393	-2 402
Benefits paid	-1 347	-1 049
Carrying amount as at 31 December	26 188	25 837

The main actuarial assumptions are specified below:

	2013	2012
Discount rate:		
Germany	3.5%	3.8%
Future salary increases:		
Germany	2.0%	2.0%
Future pension increases:		
Germany	1.65%	1.65%
Life expectation for the pensioners at the age of 65:		
Germany	20.75 years	20.62 years

The sensitivity of the overall pension liability to changes in the most significant weighted assumptions are:

Change in assumption		Impact on net pension provision
Discount rate:		
Germany	+/- 0.5%	+/- 1 518 TEUR
Future salary increases:		
Germany	+/- 1%	+/- 292 TEUR
Future pension increases:		
Germany	+/- 0.5%	+/- 1 315 TEUR
Life expectation for the pensioners at the age of 65:		
Germany, female	+/- 1 years	+/- 2 018 TEUR

Note 35

Other provisions

	2013		2012	
	Restructuring provisions	Other provisions	Restructuring provisions	Other provisions
As at 1 January	4 262	273	1 094	5 771
Additional provisions	0	254	4 262	0
Reversed unused amounts	0	170	0	0
Utilised during the year	-2 814	-272	-1 094	-5 498
As at 31 December	1 448	425	4 262	273
thereof non-current portion	0	0		
thereof current portion	1 448	425	2 814	273

The restructuring provisions are mainly related to closing of operations in Landskrona and Norrköping.

Note 36

Other payables

	2013	2012	2011
Advance payments	1 634	1 544	287
Employee with-holding taxes	864	1 114	1 040
Social security liability	2 982	3 530	3 023
VAT payable	978	1 473	2 004
Other	2 992	837	2 753
Total	9 450	8 498	9 107

Note 37

Accrued expenses and deferred income

	2013	2012	2011
Holiday pay (incl. social charges)	5 075	5 729	5 260
Personnel cost	2 596	3 390	2 990
Production cost	756	1 156	965
Provision for complaints	407	267	552
Interest	1 102	1 768	923
Other	7 421	9 282	7 310
Total	17 357	21 592	18 000

Note 38

Financial risk management

The Group is exposed to a number of financial risks that the Group continuously monitors. The overall objective is to minimize the Group's market, credit and liquidity risk exposures. Below is a description about the Group's management of various financial risks.

Market risk

Market risk is the risk that fluctuations in market rates, such as currency exchange rates and interest rates, will impact the Group's profits or financial position.

Currency risk

The Group is partially exposed to currency risk as it op

erates internationally. The currency risk comprises both transaction exposure and translation exposure. Transaction exposure arises when the Group conducts purchasing and sales in another currency than Euro (EUR) which is the reporting currency of the Group. Transaction exposure is attributable to trade receivables and trade payables. However, the major part of the Groups sales and purchases are denominated in EUR. Transaction exposure relates primarily to Swedish kronor (SEK) and British Pounds (GBP).

The Group's objective is to minimize the short-term impact of movements in foreign exchange rates. This is mainly achieved by matching revenues and expenses in

business transactions with currencies other than EUR. When matching cannot be achieved, the Group sometimes utilizes foreign exchange forward contracts for currency hedging. The currency hedging is performed by the Flextrus subgroup having SEK as functional currency.

Based on income and expenses in foreign currencies for 2013, it is estimated that a change of +/- 5 percent in the EUR against SEK would entail an effect of about +/- 366 TEUR in operating result, while a change of +/- 5 percent in the EUR against GBP would entail an effect of about +/- 44 TEUR in operating result.

Upon consolidation of the non-Euro functional currency subsidiaries net assets, translation differences are arising that are affecting other comprehensive income. Based on conditions in 2013, it is estimated that a change of +/- 5 percent in the EUR against SEK would entail an effect of about +/- 523 TEUR in other comprehensive income, while a change of +/- 5 percent in the EUR against GBP would entail an effect of about +/- 209 TEUR in other comprehensive income.

Interest rate risk

Interest risk is attributable to fluctuations in market interest rates and their effect on the Group's loan portfolio. Consolidated interest-bearing loans and borrowings are subsequent to the refinancing during 2013, mainly subject to variable interest rate (3 months Euribor + 5.75%). Prior to the refinancing, the Group had some interest rate swaps.

At the end of the year, the total interest-bearing loans and borrowings amounted to 105 648 TEUR (97 261 TEUR). Interest-bearing assets in the form of non-current financial assets and cash and cash equivalents amounted to 26 854 TEUR (6 566 TEUR). Based on conditions by the end of 2013, a change in interest rates of 1 percent would affect consolidated net financial items by approximately 900 TEUR (400 TEUR).

Liquidity risk

The Group is a net borrower and a refinancing risk arises in connection with the extension of existing loans and the raising of new loans. Access to external financing, which is affected by factors such as the general trend in the capital and credit markets, as well as the creditworthiness and credit capacity of the Group, may be limited and there may be unforeseen events and costs associated with this. Subsequent to the refinancing during 2013, the Group's liquidity risk has substantially decreased. The 80 MEUR bond loan has a maturity in mid 2017. The terms in the bond agreement gives us the possibility to issue additionally 35 MEUR bond financing during the term period of the bond loan.

In the below tables the undiscounted cash-outflows are disclosed according to the terms and conditions of financial liabilities excluding derivatives:

As at 31 December 2013	<1 year	1-2 years	2-5 years	>5 years	Total
Interest-bearing loans and borrowings	18 431	3 857	83 360	0	105 648
Trade payables	41 218	0	0	0	41 218
Other payables	9 450	0	0	0	9 450
Accrued expenses	17 357	0	0	0	17 357
Total	86 456	3 857	83 360	0	173 673

As at 31 December 2012	<1 year	1-2 years	2-5 years	>5 years	Total
Interest-bearing loans and borrowings	30 150	3 632	36 771	26 708	97 261
Trade payables	47 786	0	0	0	47 786
Other payables	8 498	0	0	0	8 498
Accrued expenses	21 592	0	0	0	21 592
Total	108 026	3 632	36 771	26 708	175 137

Credit risk

When entering new business relationships and extending the existing ones, a commercial assessment is performed. The risk that payment will not be received on accounts receivable represents a customer credit risk. The Group applies credit policies to manage this risk by limiting the outstanding credit extended and terms for various customers. Short credit terms contribute to reducing credit risk. However the concentrations towards individual customers on the other hand increases the credit risk to some extent, even though the Group has had long-term relationships with those customers that are stable and did not experience any previous credit losses. Please refer to Note 27 for more information regarding risk concentration of trade receivables and provisions for doubtful accounts.

Fair values of financial instruments

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities. For fair value of the Group's non-financial assets (investment properties), please refer to Note 24.

As at 31 December 2013	Carrying amount	Fair value	Hierarchy level
Assets measured at fair value			
Derivatives			
Currency forward contracts	18	18	2
Interest rate swaps	0	0	2
Available-for-sale financial assets			
Cash and cash equivalents	26 854	26 854	1
Assets for which fair value is disclosed			
Loans and receivables			
Non-current financial assets	296	296	2
Trade receivables	53 833	53 833	2
Other receivables	3 526	3 526	2
Accrued income	4 311	4 311	2
Liabilities measured at fair value			
Derivatives			
Currency forward contracts	149	149	2
Interest rate swaps	0	0	2
Liabilities for which fair value is disclosed			
Interest-bearing loans and borrowings			
Bond loan	78 705	81 066	2
Loans from credit institutions	16 052	16 052	2
Loans from related parties	0	0	2
Other loans	1 727	1 727	2
Trade payables	41 218	41 218	2
Other payables	4 626	4 626	2
Accrued expenses	9 279	9 279	2

There have been no transfers between the different hierarchy levels during the period.

Fair value on current financial assets and liabilities are assessed agree with the carrying amount due to the short maturity.

Note 39

Pledged assets

	2013	2012	2011
Property mortgages	2 856	5 975	10 670
Floating charges	14 704	41 619	43 426
Pledged accounts receivable	847	6 952	1 863
Pledged shares in subsidiaries	56 446	12 218	2 327
Pledged inventories	0	0	146
Endowment insurances	0	139	139
Leased fixed assets	0	6 810	4 432
Other	0	79	10 340
Total	74 853	73 792	73 343

Note 40

Contingent liabilities

	2013	2012	2011
Guarantee commitments	6 720	5 377	5 863
Pension commitments	0	237	237
Factoring commitments	8 766	3 912	0
Total	15 486	9 526	6 100

Note 4I

Reconciliation between profit before tax and net cash flow

Non-cash items	2013	2012
Depreciation and impairment of property, plant and equipment	15 980	15 199
Amortization and impairment of intangible assets	632	873
Unrealised exchange rate differences	3 131	775
Unrealised changes in fair values of derivatives	222	-91
Profit from the disposal of subsidiary	0	-12 211
Gain on sale of property, plant and equipment	479	1 345
Changes in provisions	268	731
Other	-3 706	-221
Total	17 006	6 400

Working capital adjustments	2013	2012
Working capital adjustments	2013	2012
Increase/decrease in inventories	-1 200	3 254
Increase in trade and other receivables	-42	-4 334
Decrease/increase in trade and other payables	-7 996	5 454
Total	-9 238	4 374

Note 42

Commitments

Operating leases

The Group leases various plant and machinery under cancellable operating leases. Leasing expenses amounting to 7 984 TEUR (9 896 TEUR) for the leasing of buildings and machinery is included in the statement of profit or loss.

The significant leased facilities under operating lease agreements relate to:

- A&R Carton facilities in Kriftel, Germany – lease term until 2023.
- A&R Carton facilities in Lund, Sweden – lease term until 2019.
- A&R Carton facilities in France – lease term until 2017.
- A&R Carton facilities in Sankt Petersburg and Timashevsk, Russia – lease terms until 2015 and 2016 respectively.
- Flextrus facilities in Lund, Landskrona and Halmstad, Sweden. The lease term regarding the facilities in Lund and Halmstad is until 2019 while the facility in Landskrona until mid 2014.
- Flextrus facilities in Highbridge, United Kingdom – lease term until 2022.

The future aggregate minimum lease payments under non-cancellable operating leases:

	2013	2012
Within 1 year	7 608	9 763
Between 1 and 5 years	18 688	24 188
More than 5 years	7 906	13 443
Total	34 202	47 394

Note 43

Significant events after the year-end

There has been no significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published and no material adverse change in the financial position or prospects of the group since the end of the last financial period for which either audited financial information or interim financial information have been published.

The bond loan is planned to be listed at Nasdaq/OMX during the last week of June 2014.

The undersigned certify that the Consolidated Financial Statements for the group has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union, and gives a true and fair view of the financial position and result of the group.

Lund, 26 May 2014

Stig Gustavsson

Chairman of the board

Harald Schulz

President and CEO

Panu Routila

Board member

Jan Ohlsson

Board member

Carl Furstenbach

Board member

Hans Pettersson

Board member

Sebastian Burmeister

Board member

Ewa Malmqvist

Union representative

Eddie Erman

Union representative

To the Board of directors of ÅR Packaging Group AB (publ)

Corporate Identity Number 556702-3006

The Auditor's Report on restated historical financial statements

We have audited the financial statements for ÅR Packaging Group AB (publ), which comprise the balance sheet as of 31 December 2013 (31 December 2012 as comparative year) and the income statement, cash flow statement and statement of changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory notes.

The board of directors' and the managing director's responsibility for the financial statements

The board of directors and the managing director are responsible for the preparation and the fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and additional applicable framework. This responsibility includes designing, implementing and maintaining internal control relevant to preparing and appropriately presenting financial statements that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the preparation and fair presentation in accordance with the requirements in the Commission Regulation (EC) No 809/2004.

The auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with FAR's Recommendation RevR 5 Examination of Prospectuses. This recommendation requires that we comply with ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatements. An audit in accor-

dance with FAR's Recommendation RevR 5 Examination of Prospectuses involves performing procedures to obtain audit evidence corroborating the amounts and disclosures in the financial statements. The audit procedures selected depend on our assessment of the risks of material misstatements in the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation and fair presentation of the financial statements as a basis for designing audit procedures that are applicable under those circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also involves evaluating the accounting policies applied and the reasonableness of the significant accounting estimates made by the board of directors and the managing director and evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional applicable framework of the financial position of ÅR Packaging Group AB (publ) as of 31 December 2013 (31 December 2012 as comparative year) and its financial performance, statement of changes in equity and cash flows for these years.

Malmö, 26th May 2014

Johan Thuresson
Authorised Public Accountant

Financial definitions

Capital employed

Total assets less non-interest bearing liabilities.

Earnings per share

Net earnings, excluding non-controlling interests, divided by average number of shares.

EBITDA

Operating profit excluding non-recurring items and amortisation and depreciation of fixed assets.

Equity ratio

Shareholders' equity including non-controlling interests as a percentage of total assets.

Gearing ratio

Net debt as a percentage of total equity.

Net debt

Total interest bearing liabilities (including pension liability) less cash and cash equivalents.

Operating profit (EBIT)

Operating profit excluding non-recurring items.

Operating margin

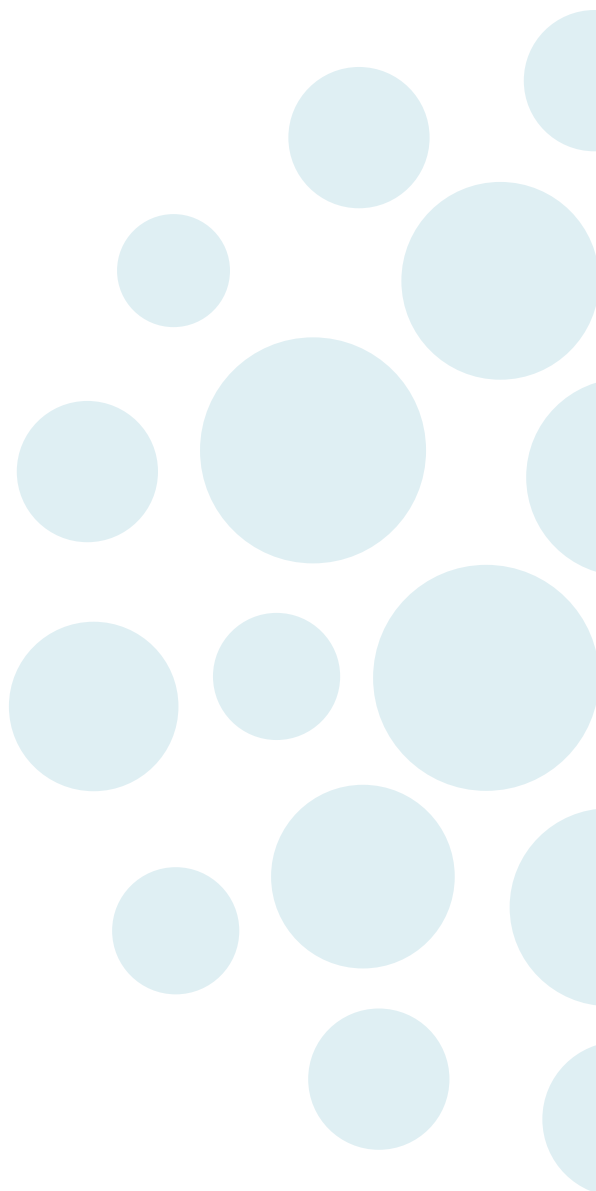
Operating profit (EBIT) as a percentage of net sales for the year.

Return on capital employed

Twelve months to end of period profit after financial items, excluding non-recurring items, plus financial expenses as a percentage of twelve months to end of period average capital employed.

Return on equity

Twelve months to end of period net profit excluding non-controlling interests as a percentage of twelve months to end of period average shareholders' equity excluding non-controlling interests.





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