Annual Report 2015

BONG

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2015 in brief

- Net sales amounted to SEK 2,345 million (2,533).
- Operating earnings were SEK -5 million (-123) including a non-recurring cost for the restructuring programme of SEK -20 million (-105) and extraordinary items of SEK -16 million (-45).
- An eight per cent decline in the European envelope market resulted in continued consolidation among manufacturers and capacity adjustments.
- Net debt at year-end was SEK 837 million (790) and the equity/asset ratio was 17 per cent (19).
- The restructuring programme launched in 2013 was completed. Annual cost savings amount to around SEK 220 million.
- Earnings after tax were SEK -64 million (-150).

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

The company and its creditors agreed on a comprehensive refinancing which decreased debt and increased equity by approximately SEK 500 million. The lower debt burden will reduce interest costs by approximately SEK 10 million annually.

Bong in one minute

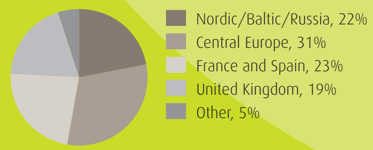
Bong is one of the leading providers of specialty packaging and envelope products in Europe and offers solutions for distribution and packaging of information, advertising materials and lightweight goods. Important growth areas in the Group are packaging within retail and e-commerce and the envelope market within Eastern Europe. The Group has annual sales of approximately SEK 2.3 billion and about 1,600 employees in 16 countries.

Bong has strong market positions in most of the important markets in Europe and the Group sees interesting possibilities for continued expansion and development. Bong is a public limited company and its shares are listed on Nasdaq Stockholm (Small Cap).

KEY FIGURES	2015	Q4	Q3	Q2	Q1	2014	2013	2012	2011
Net Sales, MSEK	**2,345**	613	560	533	639	2,533	2,564	2,946	3,203
Operating profit/loss, MSEK	**–5**	1	3	–6	–2	–123	–109	15	40
Profit/loss after tax, MSEK	**–64**	–15	–12	–19	–20	–150	–141	–55	–16
Cash flow after investing activities, MSEK	**–75**	5	–23	–58	4	94	–91	–38	137
Operating margin, %[1]	**–0.2**	0.2	0.5	–1.1	–0.3	–4.8	–4.3	0.5	1.3
Average number of employees[1]	**1,763**	1,763	1,781	1,817	1,844	1,873	2,051	2,271	2,431

[1] Year to date

SALES TO ALL OF EUROPE



Letter to the **shareholders**

Last year was one of the most eventful in Bong's more contemporary history. We completed our restructuring programme and agreed with our creditors to put Bong on more stable financial footing. The comprehensive refinancing has substantially reduced debt and increased equity.

Bong operates on the envelope market, which still represents 80 per cent of its revenues, and the packaging market, which accounts for the remaining 20 per cent.

THE ENVELOPE MARKET

The envelope market remains tough, which means that we will have to continue to improve operational efficiency. The European envelope sector continues to suffer from overcapacity, low utilisation rates and flat or declining prices.

In 2015 volumes fell around eight per cent. Structural reasons like substitution of electronic channels for physical mail and a subdued business climate made 2015 another tough year for the envelope industry. This trend will probably continue in the upcoming years.

THE PACKAGING MARKET

The packaging market is growing by approximately seven per cent per year. This is a very large market and very fragmented. Bong mainly operates in the light packaging segment as well as carrier and gift bags. The light packaging market is projected to grow in the next years.

RESTRUCTURING PROGRAMME COMPLETED

In 2015, Bong completed the comprehensive restructuring plan launched in 2013. Bong now has fewer but more efficient plants. Utilisation rates and employee productivity have risen considerably as a result. Bong is now much more competitive. The last few years we have reduced annual fixed costs by approximately SEK 220 million.

SUCCESSFUL REFINANCING

Having completed our restructuring programme we agreed with our creditors to put Bong on a more stable financial footing. In December 2015 Bong issued a SEK 200 million bond, the proceeds of which were used to acquire all of our outstanding bank debt. The result was an increase of equity and a reduction of interest-bearing debt by approximately SEK 500 million.

The comprehensive refinancing has substantially reduced debt and increased equity

The lower debt burden will reduce interest costs by approximately SEK 10 million annually.

The refinancing involved the issue of shares and other financial instruments. All the necessary resolutions concerning shareholders were taken by an Extraordinary General Meeting in January 2016.

THE EU ECOLABEL

Recognising the importance of protecting the environment and responding to the growing awareness of customers, Bong has begun a process with a view of having certain products certified according to the official European label for Greener Products, referred to as the EU Ecolabel. The Official European label for Greener Products guarantees the recyclability of the product and that emissions of chemicals to air and water have been minimised.

Bong UK and Bong France have decided to apply for one certificate. Bong's objective is to have all UK and French plants together with the retail gift bag production in Nybro, Sweden, certified during 2016.

THE WAY FORWARD

As envelopes will remain a challenging industry, Bong will continue to reduce costs and improve efficiency.

Meanwhile, Bong will accelerate its growth into light packaging. Our sales of gift bags and paper carrier bags have grown by 15 per cent from 2014 to 2015, and we expect growth in the region of 20 per cent this year.

Bong is also offering a large range of light packaging solutions. The growth of e-commerce, and the restrictions regarding the use of plastic bags in accordance with EU law from 2015, will strongly support our development. Bong's target is to achieve more than 40 per cent of its turnover from these new areas at the end of 2019.

THANKS FOR SUPPORTING BONG

Finally, I would like to thank our employees, the Board of Directors and the shareholders for their support during the challenging year 2015.

Kristianstad, April 2016

Stéphane Hamelin
Chief Executive Officer

Slimmer and **more efficient**

In 2015, Bong completed the comprehensive restructuring programme launched in 2013 and the plants are now running at full capacity. Thanks to higher efficiency in production and a lower cost structure, Bong is now much more competitive in the tough envelope market.

RESTRUCTURING

In 2015 Bong completed its restructuring programme.This has led to a considerable improvement in earnings through a combination of higher production efficiency, increased margins, asset rationalisation and a lower cost base structure.

Higher production efficiency

The envelope industry in Western Europe is extremely competitive. Low production costs are crucial for competitiveness. Bong needed to respond to the declining demand for envelopes on its main markets by reducing production capacity.

Over the last few years Bong has implemented a number of structural measures aimed at coordinating the Group's production units and adapting capacity to the lower envelope demand.

The comprehensive restructuring programme has resulted in annual cost-savings of about SEK 220 million. Restructuring costs have amounted to approximately SEK 150 million, most of which impacted 2014.

Strong productivity increase

The restructuring has included closures, down-sizing and moving of operations. The number of production sites has been reduced from 37 in 2011 to 23 at the end of 2015 as production has been concentrated to the most efficient plants. Since 2011, productivity has increased by 24 percent, measured as the number of envelopes produced per employee involved in the production.

More than 500 people have left the Group since 2011 as a result of plant closures and staff layoffs.

SPECIALITY PACKAGING

Bong's specialty packaging operation has sales of about SEK 400 million and includes packaging for the retail trade, security solutions and e-commerce solutions.

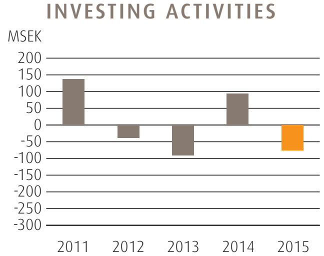
We have a base range of products and solutions for the growing e-commerce market as well as gift bags for retailers. Our offering also includes secure mailings with attractive growth potential.

ENVELOPES IN EASTERN EUROPE

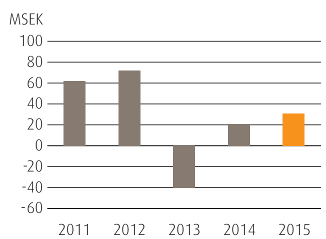
Bong has a presence in Poland, Romania and Russia and intends to use it as a base to expand into new markets in Eastern Europe in the years to come. These markets grow at an annual rate of approximately 5 per cent.

Production and productivity	2015	2011
Production of envelopes, bn	13.4	16.1
Number of production plants	23	37
Employees in production	1,223	1,809
Productivity measured as number of envelopes per employee and year, million units	11.0	8.9

CASH-FLOW AFTER INVESTING ACTIVITIES

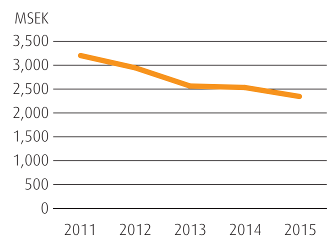


OPERATING PROFIT/LOSS[1]



[1] Operating profit/loss before restructuring costs and extraordinary items.

NET SALES



Successful refinancing

A lower debt burden will decrease interest cost by approximately SEK 10 million annually

At the end of 2015, the company and its lending banks agreed on a comprehensive refinancing aiming for a sustainable balance between debt and operating earnings to ensure conditions for stable long-term operations. The necessary decisions for this transaction were taken by an Extraordinary General Meeting on 25 January, 2016. The highlights of the refinancing are described below.

ACQUISITION OF THE BANKS' CLAIMS

In January 2016 Bong acquired the banks' claims on the company against a cash consideration of SEK 195 million. The banks have also received a total of 27,272,727 shares in Bong through a set-off issue against part of the claims.

Furthermore, the banks are entitled to subscribe for a total of 10 million shares in Bong through a directed issue at a subscription price of SEK 1.00 per share. The subscription may be made up until 28 April 2016.

CONVERTIBLE BONDS

All convertible bonds in series 2013/2018 have been converted at a conversion price of SEK 2.75 per share, which provided the convertible bond holders with a total of 27,272,727 shares in Bong.

The previous convertible bond holders are entitled to subscribe for a total of 9,999,975 shares in Bong through a directed issue at a subscription price of SEK 1.00 per share. The subscription may be made up until 28 April 2016.

BOND ISSUE

Senior secured bonds amounting to SEK 200 million were issued by the company on 21 December 2015. The bonds have a three year tenor and a fixed annual interest rate of 10.0 percent. The bonds each have a nominal value of SEK 250,000.

All bond investors have received 50,000 subscription warrants per bond. In total, 40 million subscription warrants (with a tenor of three years, and each entitles to subscribe for one share in Bong at a subscription price of SEK 1.15 per share) have been issued. The bondholders have also received approximately 23 million shares from the banks as part of the refinancing. The proceeds from the bond issue have been used to purchase the banks' claims. Bong has undertaken not to declare any dividends during the life of the bond.

EFFECTS OF THE REFINANCING

The completion of the refinancing has resulted in an increase of equity and a reduction of interest-bearing debt by approximately SEK 500 million, whereby a reasonable balance between indebtedness and operating profit is achieved. An additional positive effect of the measures is that the interest costs will decrease with approximately SEK 10 million per year as a result of the lower debt burden.

If the directed share issues are subscribed for in full and full subscription of shares through exercise of the subscription warrants issued to the bondholders is made, an amount of approximately SEK 70 million will be added to the equity of the company.

Bong Retail Solutions aims for a **leading position in Europe**

Bong offers flexible and elegant gift and carrier solutions for the retail trade through its business unit Bong Retail Solutions. Convenience, flexibility and recyclability are the hallmarks of the offering.

Bong Retail Solutions (BRS) is a dedicated supplier of gift wrapping and carrier solutions to mainly the retail sector. BRS has grown from annual sales of SEK 30 million in 2010 to sales of SEK 80 million in 2015. Today, BRS has more than 50 customers, including world leading department stores, clothing and cosmetic chains and producers of luxury foods in Sweden, France, Netherlands, Belgium and elsewhere in Europe.

AIMING AT LEADERSHIP

With its own production and supply partners, BRS is pushing the horizon by offering its clients the possibility of expressing their brands according to their values and visual requirements. Through investing in the right products and solutions for them, BRS has a clear ambition and strategy to grow its gift packaging business and to become a European leader in its field.

THREE FEATURES OF GIFT WRAPPING AND CARRIER SOLUTIONS

In addition to being elegant, the retail gift bags, paper carrier bags, boxes, wrapping paper or accessories, share the same characteristics: convenience, flexibility and recyclability.

Convenience

Our gift bags make the product ready for presentation to the receiver in an instant and the handling of them requires almost no time or effort from the retail staff. By being both efficient and elegant they have become indispensable to demanding retailers and customers alike.

Flexibility

New product solutions, finishes and printing techniques drive product development. BRS has dedicated consultants and specialists working to find the right solution for each individual customer. This enables vendors to design packaging as an integral part of the total marketing strategy. The combinations of paper qualities, colours, varnishes, finishes, printing effects are virtually limitless.

Recyclability

Vendors and end customers are also demanding to an increasing extent that packaging can be recycled and that they reduce environmental impact. The Retail Gift Bag is a recyclable paper-based product. The vendor has the option of choosing FSC-certified paper for use in BRS' FSC-certified production which mainly takes place in Bong's own facility in Nybro, Sweden.

The offering wouldn't be complete without the logistics and delivery services that make sure that the solutions arrive on time and in a manner that make them ready and simple to use.

Envelopes and specialty packaging **that add value**

Bong constantly improves its offering in both envelopes and specialty packaging.

ENVELOPES

Bong manufactures and sells envelopes in all shapes and sizes. From standard envelopes to customised solutions with unique properties, with and without embossing, with different kinds of sealing solutions and in many different materials, colours and sizes.

A modern product in today's media mix

The envelope is a viable modern product in today's media mix. It ensures that the message is securely and attractively transmitted in a personal way to the recipient. There are many areas and advantages to traditional mail and printed products that make it a unique and irreplaceable medium, adding value for consumers and businesses.

Physical post is far superior to e-mail in terms of accessibility. In the EU, 30 per cent of households do not have internet access whereas all of them can be reached by post, even in the most remote areas. Recent research indicates that consumers have many positive perceptions towards traditional mail and even prefer post mail to e-mail for

- personal messages (greetings cards)
- important and confidential information that they receive from authorities, employer, insurer or bank
- diplomas, certificates and similar documents

The young generation, the so-called "digital natives", highly value paper-based media. Paper-based communication should not be considered simply as a competitor to electronic communication and digital applications. On the contrary, digital and paper-based options can provide complementary services to each other. Furthermore, new technologies enable strategic combinations of both channels, offering great opportunities for a more efficient engagement with the recipient.

SPECIALTY PACKAGING

The standard range sold by all business units in the Group includes padded and expandable bags in various materials and designs, corrugated board and cardboard, folders, pockets and tubes. Bong appeals to the special needs of the retail, e-commerce and security market segments with solutions sold by a dedicated sales team.

Gift packaging for the retail trade

The battle for attention and the consumer's wallet is getting tougher. Service is an important competitive tool and it includes packaging concepts. Bong gift packaging reduces time and storage space in the store and is an elegant addition to the gift table and under the Christmas tree.

The challenge for many large retail chains is to serve customers efficiently, while maintaining a high level of service. Bong's lightweight, expandable and attractive gift packaging comes in smart boxes that fit right under the checkout counter. The sales clerk can either hand the packaging directly to the customer, or in just a matter of seconds unfold it, place the item in it and hand it to the customer.

Packaging for e-commerce

E-commerce is growing at double-digit rates throughout Europe. More and more consumers prefer to get their goods delivered to the door, which means that more products must be packed and sent by post or courier. Transports place high demands on packaging. Packages have to tolerate being bumped around and remain convenient to pack. Our packaging materials and packaging help e-commerce companies avoid costly returns since they preserve the goods in the same condition as when they were packed.

The rapidly expanding e-commerce sector has led to growing demand for packaging and distribution services, as well as to the emergence of an entire industry with this specialty, known as fulfilment. For the past few years, Bong has offered these companies ColdSeal® packaging, a material with which packages can be wrapped and sealed without addition of heat.

Security packaging

When sending something valuable, people often choose to send it by post or courier service, securely wrapped and packaged. For lawyers, accountants, hospitals, government agencies, banks and financial companies, many letters and parcels are private and confidential. With our range of security packaging, these customers feel secure.

Bong offers security-coded packaging and packaging that indicates whether anyone has made any unauthorised attempts to open them.

Bong's
markets

Bong is the clear leader in the Nordic countries and Russia. In France, England and Germany, Bong is among the top two or three players on the market.

With envelope sales of SEK 1,900 million Bong is one of the leading envelope manufacturers in Europe. The European envelope market is estimated at about 70 billion units with a value of about SEK 12-13 billion at the producer level.

The largest envelope manufacturing companies currently deliver around 60 billion envelopes every year across Europe. Their production equates to around 85 per cent of the total market.[1]

Declining envelope market in Europe

In total, sales volumes have decreased over the last decade by four per cent per year on average. Bong estimates that in 2015 the envelope market dropped approximately eight percent compared to 2014.

While the use of envelopes for transactional mail tends to decrease, demand for printed envelopes for Direct Mail is stable. Such envelopes give customers plenty of options in terms of colour, design, materials and print, so that they can become an important part of the customer's corporate identity. The tailored solutions usually include some kind of print, but there are many other ways to give the envelope a personal touch thorugh the design, size, paper quality, location of the window, sealing and so on.

Relatively high consumption in the West

Consumption in Scandinavia, as well as in Western and Northern Europe, remains high at 200-300 envelopes per person and year. The largest markets in Europe are Germany, UK and France.

Companies account for more than 95 per cent of envelope use in Western Europe. Bong's clients include firms in the telecommunications, banking, insurance, finance, energy and water industries, with millions of customers. Every day agreements, pay slips and pension statements, invoices and confirmations of transactions are sent by letter. Bong delivers envelopes directly to end customers, as well as to wholesalers and office supply stores.

Consolidation continues

The restructuring process and the consolidation of the industry continued in 2015, but there is still a large overcapacity in the market. Deutsche Papier has applied for administration process and the UK government has sold its remaining stake in Royal Mail. The Mail Solution Group bought the plant and most of the machinery from Dobson and Crowther in UK, who went into administration in June. It is Bong's assessment that the consolidation and restructuring will continue in 2016. All major envelope groups in Europe have undertaken restructuring programs and are working on adjusting costs and capacity.

Bong is one of the leading manufacturers

With a market share of about 20 per cent, Bong, alongside Mayer, is the largest manufacturer in Europe. Spanish Printeos, formerly Tompla, is the third largest manufacturer in Europe with over 10 per cent of the market.

Bong is the clear leader in the Nordic countries and Russia. In France, England and Germany, Bong is among the two or three top manufacturers. Printeos is the leading manufacturer in Spain.

Rising consumption in the East

Consumption in Eastern European markets is between 20 and 70 envelopes per person per year, depending on country, with an annual growth rate of around 5 per cent. The Eastern European economies are growing from low levels. In these countries where cash payment previously dominated, consumer credit and transaction mail is becoming increasingly common, and many of these countries have chosen to modernise their postal services. Electronic media are not as widespread as in the West, which means that e-mail does not replace physical mail to the same extent.

Speciality packaging

Bong is constantly developing and providing new and existing customers with the latest in speciality packaging. The company is currently in a transition phase for the future and working to develop its packaging offering to meet customers' requirements.

In 2015 Bong's sales of speciality packaging amounted to SEK 398 million (415). Sales of gift packaging, carrier bags and bubble bags to e-commerce and mail order companies increased.

[1] Source: FEPE (Federation of Envelope Producers in Europe).

Green products get the EU **Ecolabel**

Emission of chemicals to air and water have been minimised

Recognising the importance of protecting the environment and responding to the growing awareness of customers, Bong has begun a process with a view of having certain products certified according to the official European label for Greener Products, the EU Ecolabel.

The EU Ecolabel identifies products and services that have a reduced environmental impact throughout their life cycle, from the extraction of raw material to production, use and disposal. Recognised throughout Europe, the EU Ecolabel is a voluntary label promoting environmental excellence which can be trusted.

Bong UK and Bong France have decided to apply for one certificate. Bong's objective is to have all UK and French plants together with the retail gift bag production in Nybro, Sweden, certified during 2016.

The segment targeted with this Ecolabel will be office suppliers.

The EU Ecolabel for converted paper

The Official European label for Greener Products guarantees the recyclability of the product and that emissions of chemicals to air and water have been minimised.

Today, consumers and professional customers are more aware that protecting the environment is fundamental. With Bong's products bearing the EU Ecolabel, we offer consumers and professional customers a reliable label to easily identify high environmentally performing products available on the market. The EU Ecolabel for converted paper gives our customers a simple and effective way to prove to consumers that their products meet the highest environmental standards.[1]

[1] The converted paper product group comprises envelopes and paper carrier bags that consist of at least 90 per cent paperboard or paper-based substrates by weight of paper and stationary paper products that consist of at least 70 per cent paperboard or paper-based substrates by weight of paper.

Five-year summary

Key figures	2015	2014	2013	2012	2011
Net sales, MSEK	2,345	2,533	2,564	2,946	3,203
Operating profit/loss, MSEK	-5	–123	–109	15	40
Profit/loss after tax, MSEK	-64	–150	–141	–55	–16
Cash flow after investing activities, MSEK	-75	94	–91	–38	137
Operating margin, %	-0.2	–4.8	–4.3	0.5	1.3
Profit margin, %	-2.6	–7.0	–6.9	–1.9	–0.7
Capital turnover rate, times	1.2	1.3	1.2	1.3	1.3
Return on equity, %	neg	neg	neg	neg	neg
Return on capital employed, %	neg	neg	neg	1.0	2.6
Equity ratio, %	16	19	26	17	21
Net loan debt, MSEK	837	790	802	1,005	947
Net loan debt/equity, times	2.64	2.09	1.54	2.70	1.91
Net loan debt/EBITDA, times	11.9	neg	neg	8.6	6.3
EBITDA/net financial items, times	1.4	neg	neg	1.7	2.4
Average number of employees	1,763	1,873	2,051	2,271	2,431

Number of shares					
Number of shares outstanding at end of period	156,659,604	156,659,604	156,659,604	17,480,995	17,480,995
Diluted number of shares outstanding at end of period	183,932,331	183,932,331	183,932,331	18,727,855	18,727,855
Average number of shares	156,659,604	156,659,604	63,873,865	17,480,995	17,480,995
Average number of shares, diluted	183,932,331	183,932,331	73,796,014	18,727,855	18,727,855

Earnings per share					
Before dilution, SEK	-0.41	–0.96	–2.20	–3.20	–1.04
After dilution, SEK	-0.41	–0.96	–2.20	–3.20	–1.04

Equity per share					
Before dilution, SEK	2.02	2.41	3.33	21.25	28.37
After dilution, SEK	1.95	2.27	3.06	20.50	26.48

Cash flow from operating activities per share					
Before dilution, SEK	-0.95	0.62	–0.40	–0.10	8.53
After dilution, SEK	-0.81	0.53	–0.34	–0.09	7.96

Other data per share					
Dividend, SEK	0.00[1]	0.00	0.00	0.00	0.00
Quoted market price on balance day, SEK	1.3	1.1	1.5	9.7	17.9
P/E-ratio, times	neg	neg	neg	neg	neg
Price/Equity before dilution, %	62	46	45	45	63
Price/Equity after dilution, %	65	49	49	47	68

[1] The Board's proposal.

The share

The Bong share is listed on the Nasdaq Stockholm Small Cap list. At the end of January 2016, the number of shares in Bong AB was 211,205,058.

SHARE PERFORMANCE AND TRADING

The Bong share rose 21.8 per cent in 2015. The highest price paid, SEK 1.61 ,was recorded on 30 March 2015. The lowest price paid, SEK 0.94, was recorded on 7 January 2015.

OMX Stockholm PI (an index showing the price development of all listed shares on the Stockholm Stock Exchange) increased by 6.6 per cent in 2015. OMX Stockholm Small Cap PI, an index that measures the price performance of shares in companies whose size is comparable with Bong, rose by 50.0 per cent.

In 2015 the total value of Bong shares traded equalled 24.1 per cent of the market value of all outstanding shares on closing day 2015.

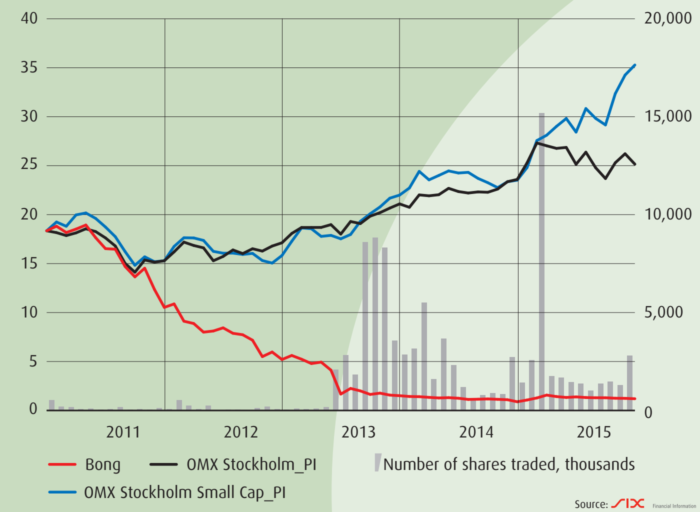
SHAREHOLDERS

The number of shareholders as at 31 December 2015 was circa 1,700. Holdham S.A is Bong's largest shareholder with 33.7 per cent of votes and capital. Please refer to the table below for more information regarding ownership as at 31 December 2015.

NUMBER OF SHARES

If the banks and the previous convertible bondholders fully participate in the directed new issues, the Company's share capital will amount to SEK 258,949,637, divided into 231,205,033 shares with a nominal value of 1.12 SEK per share.[1]

BONG'S SHARE PERFORMANCE 2011-2015



OUTSTANDING SUBSCRIPTION WARRANTS

As part of Bong's refinancing plan, the Extraordinary General Meeting on 25 January 2016 resolved on an issue of 40 million warrants, each of which carries the right to subscribe for one (1) share in the Company at a price of 1.15 SEK per share. Subscription of shares with warrants may be exercised no later than February 1, 2019. The warrants were issued to the holders of the senior secured bonds.

If fully exercised the warrants will lead to an increase of the share capital by SEK 44.8 million. Fully diluted the share capital of Bong will thus amount to SEK 303,749,637 divided into 271,205,033 shares with a nominal value of 1.12 SEK per share. The dilution effect is 14.75 percent for existing shareholders.

Owner/trustee/custodian	Number of shares	Share of capital and votes %
Holdham S.A.	52,850,282	33.7
Nordea Bank (NDS)	11,574,074	7.4
Swedbank AB	11,574,074	7.4
Paulsson Advisory AB	9,126,695	5.8
Clearstream Banking S.A.	7,910,200	5.1
Other shareholders	63,624,279	40.6
Total	156,659,604	100.0

Year	Event	Change in number of shares	Total number of shares	Quota value SEK
2013	Reduction of share capital	-	17,480,995	1.50
2013	Preferential issue	69,923,980	87,404,975	1.50
2013	Set-off issues	69,254,629	156,659,604	1.50
2016	Reduction of share capital	-	156,659,604	1.12
2016	Conversion of convertible debenture	27,272,727	183,932,331	1.12
2016	Set-off issue	27,272,727	211,205,058	1.12
2016	Directed New Issues[1]	19,999,975	231,205,033	1.12

[1] The previous convertible bond holders are entitled to subscribe for a total of 9,999,975 shares in Bong through a directed issue at a subscription price of SEK 1.00 per share. The banks are entitled to subscribe for a total of 10 million shares in Bong through a directed issue at a subscription price of SEK 1.00 per share. Both subscriptions may be made up until 28 April 2016.

Board of Directors' report

The Board of Directors and the Chief Executive Officer ("CEO") of Bong AB (publ.), corporate ID no. 556034-1579, registered headquarters in Kristianstad, Sweden, hereby submit their annual report for the financial year 1 January 2015 – 31 December 2015 for the Parent Company and the Group ("Bong", "the Group" or "the Company").

Bong is one of the leading providers of specialty packaging and envelope products in Europe and offers solutions for distribution and packaging of information, advertising materials and lightweight goods. Important growth areas in the Group are packaging within retail and e-commerce and the envelope market within Eastern Europe. The Group has annual sales of approximately SEK 2.3 billion and about 1,600 employees in 16 countries. Bong is a public limited company and the share is listed on Nasdaq Stockholm (Small Cap).

MARKETS

During the fourth quarter of 2015, the European envelope market volume decreased by approximately 5 per cent compared to the same period previous year according to FEPE statistics. For the full year 2015 the market volumes declined by approximately 8 per cent compared to 2014. According to FEPE the south eastern European countries are more stable and do not show the same level of decline. Bongs assessment is that the decline in the market will continue in the same pace during 2016. Since the raw material prices have increased, due to decreased capacity, it has been necessary for Bong to increase sales prices to the market. Competitors on the European market are also increasing prices in order to cope with the raw material increases.

The restructuring process and the consolidation of the industry have been ongoing during 2015, but there is still a large overcapacity in the market. Deutsche Papier has applied for administration process and the UK government has sold Its remaining stake in Royal Mail. The Mail Solution Group has bought the plant and most of the machinery from Dobson and Crowther in UK, who went into administration in June. It is Bongs assessment that the consolidation and restructuring will continue during 2016.

The direct marketing segment, representing about one third of Bong sales, shows a strong recovery. The transactional segment, also representing about one third of Bong sales, still decreases due to the digitalisation.

The special packaging market, where Bong is present, is still growing and is a large and fragmented market.

SALES AND EARNINGS

Bong posted consolidated sales in the period of SEK 2,345 million (2,533). Exchange rate fluctuations had a positive impact on sales of SEK 76 million compared with 2014. The main reason for the drop in sales is the continued downturn in the envelope market, which resulted in lower volumes and pricing pressures which had a negative impact on gross earnings.

Bong's total packaging sales amounted to SEK 398 million (415). Currency fluctuations had a positive impact on packaging sales of SEK 13 million compared with the corresponding period in 2014.

Operating profit was SEK -5 million (-123) including costs for restructuring program, mainly related to the Nordic countries and France, of SEK -20 million (-105). Paper suppliers have raised their prices in several steps since the second quarter in 2015, which has had a temporarily negative impact on Bong's gross margin. Bong has so far been successful to compensate for increased paper prices after some delay. The lower sales volumes and the price pressure in the market has been more than offset by the lower cost base in the company resulting in improved result versus last year.

Net financial items for the period amounted to SEK -55 million (-55). Earnings before tax were SEK -60 million (-178) and reported earnings after tax were SEK -64 million (-150).

CASH FLOW

Cash flow after investing activities for the period was SEK 75 million (94). Payments for the ongoing restructuring program had a negative impact on cash flow for the year of SEK -79 million (-38).

FINANCIAL POSITION

Cash and cash equivalents at 31 December 2015 amounted to SEK 244 million (SEK 97 million at 31 December 2014), whereof SEK 180 million was held in an escrow account to be used to repay the banks according to the pending agreement which was decided at the extraordinary general meeting on January 25th 2016. The Group had unutilised credit facilities of SEK 28 million on the same date. Total available cash and cash equivalents thus amounted to SEK 92 million (158 million at 31 December 2014), net of the escrow account.

Consolidated equity at the end of December 2015 was SEK 317 million (377). Translation of the net asset value of foreign subsidiaries to Swedish krona and changes in the fair value of pension debt and derivative instruments decreased consolidated equity by SEK 3 million. The interest-bearing net loan debt increased during the period by SEK 47 million to SEK 837 million (790).

CAPITAL EXPENDITURE

Investing activities and acquisitions during the period had a net impact on cash flow of SEK 74 million (-3). The net investments include an investment in production equipment and a business system for the Group. Also included were the sale of machinery, other production equipment and real estate, which had a positive impact on cash flow of SEK 102 million.

EMPLOYEES

The average number of employees during the period was 1,763 (1,873). The Group had 1,653 (1,833) employees at the end of December 2015. Bong is intensively working on improving productivity and adjusting staff to meet current demand and the reduction is the result of the implemented restructuring measures. Many employees are currently under notice period. When implemented measures are fully in place Bong will have around 1,600 employees.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

On the 29th Janurary 2016 Bong announced that the company had completed the acquisition of its lending bank's claims since all prerequisites for the deal were fulfilled. Below is a summary of the various steps in the transaction which significantly reduces and changes the nature of Bong's indebtedness and the effects thereof.

ACQUISITION OF THE BANK FACILITIES

Bong has acquired the banks' claims on the company against a cash consideration of SEK 195 million. The banks have also received 27,272,727 shares in Bong through a set-off issue against part of the claims.

The banks have transferred 23,148,148 shares to the investors of the bonds that were issued on 21 December 2015.

The banks are also entitled to subscribe for a total of 10 million shares in Bong through a directed issue at a subscription price of SEK 1.00 per share. The subscription may be made up until 28 April 2016.

CONVERTIBLE BONDS

All convertible bonds in series 2013/2018 have been converted at a conversion price of SEK 2.75 per share, which provides the holders of convertible bonds with a total of 27,272,727 shares in Bong.

The holders of convertible bonds are also entitled to subscribe for a total of 9,999,975 shares in Bong through a directed issue at a subscription price of SEK 1.00 per share. The subscription may be made up until 28 April 2016.

BOND ISSUE

Senior secured bonds in an amount of SEK 200 million were issued by the company on 21 December 2015. The bonds have a three year tenor and a fixed annual interest rate of 10.0 per cent. Each bond has a nominal amount of SEK 250,000 and the bonds are intended to be listed on Nasdaq

Stockholm within six months from issuance. Bong has undertaken not to declare any dividends during the life of the bonds.

In accordance with the terms and conditions for the bonds, the bond investors have received 50,000 subscription warrants and 28,935 shares in Bong per bond. In total, 40 million subscription warrants (with a tenor of three years, which each entitles to subscribe for one share in Bong at a subscription price of SEK 1.15 per share) have been issued. The proceeds from the bond issue have been used to purchase the banks' claims.

EFFECTS OF THE TRANSACTION

The completion of the transaction has resulted in an increase of equity and a reduction of interest-bearing debt by approximately SEK 500 million, whereby a reasonable balance between indebtedness and operating profit is achieved. An additional positive effect of the measures is that the interest costs are decreased with approximately SEK 10 million per year as a result of the lower debt burden. If the directed share issues are subscribed for in full and full subscription of shares through exercise of the issued subscription warrants is made, an amount of approximately SEK 70 million will be added to the equity of the Company.

ENVIRONMENT

Bong's environmental work is aimed at minimising the environmental effects of both end products and processes. At present Bong is working actively to improve production methods so that polluting emissions are minimised, to eco-label as large a portion of the range as possible, and to boost knowledge and awareness of environmental issues among its employees. Besides imposing demands on its own operations, Bong is also trying to influence suppliers and customers to design their products so that ecocycle thinking and conservation of natural resources are prioritised.

In order to further rationalise environmental efforts, the Company is working according to a plan for environmental certification, with the objective that all plants in the Group will be ISO 14001 certified. The plants in Solingen in Germany and Kristianstad in Sweden, Tönsberg in Norway, as well as Milton Keynes and Derby in the UK, Sandweiler in Luxembourg, Evreux and Angoulème in France and Estonia are certified.

Environmental certification of the products is an important aspect, and labelling with the Nordic Ecolabel (the Swan) is therefore a natural part of Bong's Scandinavian range.

The plants in Kristianstad, Nybro (Sweden), Erlangen (Germany) Solingen and Milton Keynes are FSC® certified. FSC® is an organisation that promotes environmentally appropriate, socially beneficial and economically viable management of the world's forests. The paper and production process in the envelopes series FSC® by Bong is FSC® certified.

RESEARCH AND DEVELOPMENT

The Group conducts some research and development activities. In addition, active efforts are pursued to meet customer needs for different envelopes and packaging solutions.

PARENT COMPANY

The Parent Company's business extends to management of operating subsidiaries and certain Group management functions. Sales were SEK 0.9 million (0.7) and earnings before tax were SEK -72 million (-73). Investments for the period amounted to SEK 0 million (0). Credits granted but not utilised amounted to SEK 28 million (61).

BOARD'S PROPOSED 2016 GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The Board of Directors of Bong AB (publ) proposes that the 2016 AGM resolve on remuneration to the CEO and other senior executives as follows: "Senior executives" here refers to executives included in the management group, which currently consists of the Company's CEO and Business Area Manager Nordic Region, Chief Financial Officer (CFO), Business Area Manager Central Europe, Business Area Manager UK and Business Area Manager France and Spain.

Remuneration shall consist of fixed salary, variable remuneration, other benefits and pension. Total compensation must be at market rates and competitive to ensure that the Group can attract and retain competent senior management. In addition to the above variable compensation, from time to time a long-term incentive scheme may be approved.

The variable component of the salary shall have a predetermined ceiling, the basic principle being that the variable salary portion can amount to no more than 60 per cent of the fixed annual salary. The variable component is based on a vesting period of one year. The goals for senior executives are established by the Board of Directors.

Pension benefits shall primarily be defined-contribution, but also occur for legal reasons as defined-benefit, although not at the Group Management level. Variable remuneration is not pensionable. Group Management is entitled to pensions under the ITP plan or the equivalent. The retirement age is 65 years. In addition to the ITP plan, some members of Group Management are also entitled to an increased occupational pension premium of up to 30 per cent of their fixed salary.

Group Management's employment contracts include provisions governing remuneration and termination of employment. According to these agreements, employment can ordinarily terminate at the request of the employee with a period of notice of 4–12 months and at the Company's request with a period of notice of 6–18 months. In the event of termination by the Company, the period of notice and the period during which compensation is payable shall not together exceed 24 months.

Decisions regarding remuneration of the CEO and other senior executives are prepared by the Remuneration Committee and finalised by the Board based on the recommendation of the Remuneration Committee.

These guidelines apply to those persons who are included in the Group Management during the period the guidelines are in force. The guidelines apply to the employment contracts entered into after the AGM's resolution, and to any changes in existing contracts.

The Board of Directors is entitled to disregard the above guidelines if it finds that special reasons exist to justify this in a particular case.

SUPPLEMENTARY INFORMATION TO THE BOARD OF DIRECTOR'S PROPOSAL

The cost of Group Management's variable remuneration at maximum outcome, which assumes that all bonus-related goals are achieved, can be calculated to be about SEK 5 million (excluding social security contributions). The calculation is based on the current composition of the Group Management.

OWNERSHIP

Bong's principal owners, with holdings of more than ten per cent of the votes and capital, are Holdham S.A., with 33.7 per cent of the votes and capital. Nordea AB and FR & R Invest AB each own about 7.4 per cent and Paulsson Advisory AB with about 5.8 per cent of the votes and capital in the Company. The total number of ordinary shares was 156,659,604 on 31 December 2015. All shares carry the same rights.

There are no restrictions on the transferability of the shares due to legal regulations or rules in the Articles of Association. Bong is not aware of any agreements between direct shareholders in Bong that entail restrictions in the right to transfer shares.

In the event of a public offer, no agreements are triggered that would have a material effect on Bong's earnings or financial position.

APPOINTMENT OF BOARD AND AMENDMENT OF ARTICLES

The Company's Board of Directors shall consist of a minimum of four and a maximum of nine members. The members are elected at a General Meeting of Shareholders for the period until the end of the first Annual General Meeting (AGM) held after appointment of the member. The Articles of Association can be amended at the AGM or a General Meeting of Shareholders.

RISKS AND OPPORTUNITIES

Like all business operations, Bong's operations are associated with risks and opportunities. The specific factors judged to have the greatest impact on Bong's operations are presented below.

OPERATING RISKS AND OPPORTUNITIES

MARKET DEVELOPMENT

Historically, the envelope market has followed the general economic trend. In Eastern Europe a generally growing economy still drives envelope consumption. In Western Europe the connection between general economic growth and envelope consumption is no longer as strong as it has been, given IT developments and associated digitisation.

Demand for envelopes for direct mail varies with the economy. With the aid of more sophisticated databases with personal information a market is being created for highly sophisticated envelopes intended for personally addressed direct mail. Large promotional mailings in envelopes are declining in frequency and scope over time.

Administrative mailings as a whole has already declined with respect to account statements, order confirmations, etc. as part of digitisation and internet penetration. Other parts of transaction-related mailings, such as invoices, still hold their own in the competition with the newer technology.

The strong demand for packaging in both e-commerce and traditional retail creates great opportunities for Bong to create growth in their specialty packaging line. Packaging customers also present an opportunity for cross-selling of envelopes. Over time, growth in the packaging area is expected to compensate for the decline in envelopes. Bong is closely monitoring developments and is very active in specialty packaging to ensure sustained growth.

POSTAGE AND CHARGES

Changes in postage and charges can lead to changes in letter and mail volumes. Postage increases have a negative impact on volumes, while postage decreases have a positive impact. Postage is usually based on weight or size. Several large markets are using weight-based postage. A transition from weight to size-based postage could lead to changes in Bong's product mix and cause a shift towards small envelope sizes.

INDUSTRY STRUCTURE AND PRICE COMPETITION

The European envelope market has undergone accelerating consolidation since 2011 as a result of the financial crisis. The three largest envelope companies represent about 60 per cent of the total market. However, some of the major markets are still fairly fragmented. Bong believes that overcapacity in the industry has fallen slightly.

PAPER PRICES

Uncoated fine paper is the single most important input material for Bong. The cost of fine paper is about 50 per cent of the total cost. Under normal conditions, Bong can compensate for price increases, with some time lag.

DEPENDENCE ON INDIVIDUAL SUPPLIERS AND/OR CUSTOMERS

Uncoated fine paper is Bong's most important input material and is mainly purchased from three major suppliers. Delivery disruptions from any of the three suppliers could affect Bong negatively in the short term. In a longer term perspective, Bong does not have any suppliers that are critical to its operations.

The Group's dependence on individual customers is limited. The biggest customer accounts for four per cent of annual sales, and the 25 biggest customers account for 36 per cent of total sales.

CAPITAL NEEDS AND INVESTMENTS

All companies in the European envelope industry have roughly the same production equipment. The age of the machinery is of limited importance for production efficiency, but newer machines generally have higher capacity. Machine wear is low, and production control and automation are crucial for cost-effective production. In general, the long life of the machines inhibits scrapping and consolidation in the industry.

On the other hand, the low investment needs lead to very good cash-generating capacity. At year-end the Group's machinery consisted of about 150 envelope machines and 100 overprinting presses. The investment need in existing structure is judged to be limited during the next few years and clearly less than the Group's depreciation costs.

FINANCIAL RISK MANAGEMENT

Information regarding goals and applied principles for financial risk management, use of financial instruments and exposure to currency risks, interest rate risks and liquidity risks is provided in Note 1.

DISPUTES

Bong has no on-going or pending material legal disputes.

ENVIRONMENT

Bong complies with the environmental laws and rules that apply in each country to this type of industrial production. By means of measurements and regular inspections, Bong has ensured that emission limits are not exceeded. There are no indications that the laws in this area will change in such a way that Bong would be affected to any significant extent or that Bong would be unable to comply with these requirements in the future.

SENSITIVITY ANALYSIS

Important factors that affect Bong's earnings and financial position are the volume trend for envelope sales, the price trend for envelopes, paper prices, payroll costs, currency rate changes and interest rate levels. The table below shows how Bong's 2015 earnings would have been affected by a change in a number of business-critical parameters. Reported effects should be regarded merely as an indication of how profit after financial items would have been affected by an isolated change in the particular parameter.

Parameter	Change	Impact on earnings after financial items, SEK million
Price	+/- 1%	23 +/-
Volume	+/- 1%	11 +/-
Paper prices	+/- 1%	12 -/+
Payroll costs	+/- 1%	7 -/+
Interest level borrowing	+/- 1%-point	5 -/+

CORPORATE GOVERNANCE REPORT

Effective and clear corporate governance helps secure the confidence of Bong's stakeholder groups while also increasing focus on business benefits and shareholder value in the Company. Bong's Board of Directors and management strive, by means of great transparency, to make it easier for the individual shareholder to follow the Company's decision pathways and to clarify where in the organisation responsibilities and powers lie.

CORPORATE GOVERNANCE PRINCIPLES

Corporate governance within Bong AB (Bong) is based on applicable legislation, the regulatory framework for Nasdaq Stockholm and various internal guidelines. The most recent version of the Swedish Code of Corporate Governance ("the Code") was published in November 2015 and covers all listed companies as of 1 November 2015.

Bong applies the Code, and in those cases the Company has chosen to disregard the rules of the Code, a reason is given in the appropriate section of the Corporate Governance Report.

Bong is a Swedish public limited liability company whose shares are traded on Nasdaq Stockholm in the Small Cap segment. Bong has around 1,700 shareholders.

Responsibility for management and control of Bong is divided between the shareholders at the General Meeting of Shareholders, the Board of Directors, its elected committees and the CEO, according to the Swedish Companies Act, other acts and ordinances, the Code and other applicable rules governing listed companies, the Articles of Association and the Board's internal policy instruments. The purpose of corporate governance is to define a clear division of responsibilities and roles between owners, Board of Directors, executive management and appointed control bodies.

CORPORATE GOVERNANCE REPORT 2015

OWNER INFLUENCE

Governance of Bong is exercised via the General Meeting of Shareholders, the Board of Directors and the CEO. The highest decision-making body in Bong is the General Meeting of Shareholders.

The Annual General Meeting (AGM) elects the Company's Board of Directors. The duties of the AGM also include adopting the Company's financial statements, deciding how to distribute the earnings, and deciding whether or not to discharge the members of the Board and the CEO from liability. The AGM also elects Bong's auditors.

Twentynine shareholders, representing 60 per cent of the total number of shares and votes in the Company, participated in Bong's Annual General Meeting on 20 May 2015 in Kristianstad. All Board members and the Company's auditors were present or represented at the AGM. Bong's principal shareholders can be seen under the heading Shareholders, page 11.

BOARD OF DIRECTORS

Bong's Board of Directors decides on the Group's overall strategy and on the acquisition and disposal of business entities and real estate.

The work of the Board is regulated, e.g. by the Swedish Companies Act, the Articles of Association and the rules of procedure adopted by the Board for its work. According to the Articles of Association, the Board of Directors shall consist of at least four and at most nine members.

From the time of the statutory meeting of the Board of Directors on 20 May 2015 the Board consisted of five AGM-elected members, since Ulrika Eriksson resigned and was replaced with Helena Persson, without deputies and two employee members with two deputies. The chairman of the board is Eric Joan. The other Members of the Board are Mikael Ekdahl (vice chairman), Stéphane Hamelin and Christian Paulsson.

The Board of Directors has appointed from among their number two committees: the Audit Committee and Remuneration Committee.

REMUNERATION OF THE BOARD

Eric Joan received a fee of SEK 300,000 (90,000) as Chairman of the Board of Directors. The amount corresponds to the fee stipulated by the AGM. No other fees were paid. There is no agreement on pension, severance pay or other benefits. Information about remuneration of the Board of Directors, as resolved by the 2015 Annual General Meeting, can be found in Note 4.

BOARD MEMBERS ELECTED BY THE AGM

Eric Joan (b. 1964)
Chairman of the Board since 2014 and board member since 2010.
Education: Graduate from École Polytechnique Universitaire de Lille and Harvard Business School.
Other appointments/positions: CEO and President of Hamelin Group.
Terminated board appointments/partnerships over the past five years: –
Holding in Bong: -.

Mikael Ekdahl (b. 1951)
Board member since 2001. Chairman of the Audit Committee and member of the Remuneration committee.
Education and previous experience: LL.B and MSc Business and Economics, Lund University. Member of the Swedish Bar Association, former partner of, now in cooperation with Mannheimer Swartling Advokatbyrå AB.
Other directorships/positions: Vice chairman of Melker Schörling AB (publ), Chairman of the Board of Absolent Group AB and Mikael Ekdahl AB. Member in Mikael Ekdahl Advokat AB. Deputy member of the Board of Melker Schörling Tjänste AB.
Terminated board appointments/partnerships over the past five years: Chairman of the Board of Maltesholms Konsult och Förvaltnings Aktiebolag. Member of the Board of AAK AB, (publ.), Börje Jönsson Åkeri AB, KB Components AB och Torkelson Möbel AB.
Holding in Bong: 60,000 shares

Stéphane Hamelin (b. 1961)
Board member since 2010 and Chairman of the Board from May 2013 to September 2014. CEO and President since 2014. Member of the Remuneration Committee.
Education and previous experience: CEO of Bong AB. Active at Borloo law firm 1984-1989.
Other appointments/positions: Chairman of the Board of Holdham S.A.
Terminated board appointments/partnerships over the past five years: –
Holding in Bong: 52,850,282 shares through Holdham S.A.

Christian Paulsson (b. 1975)
Board member since 2014. Member of the Audit Committee and Chairman of the Remuneration Committee.
Education and previous experience: Bachelor of Business Administration, European University Bruxelles. CEO and deputy CEO of the business systems company IBS AB and CEO of the broker firm Lage Jonason AB. Corporate Finande experience from Mangold Fondkommission, Alfred Berg/ABN Amro Fondkommission and Booz & Co.
Other directorships/positions: Board member and MD of Vendator AB. Board member of Apper Systems AB, Huntway AB, Bra Röster Aktiebolag, Makalös AB, Paulsson Advisory AB and Rationell Finans AB.
Terminated board appointments/partnerships over the past five years: Chairman of the Board of Cross Sportswear International AB, Member of the Board of IBS AB and Caperio Holding AB.
Holding in Bong: 9,126,695 shares through Paulsson Advisory AB.

Helena Persson (b. 1970)
Board member since 2015.
Education and previous experience: B. Sc. in Human Resources Development and Labour Relations, Lund University. Holds a position in Human Resources at E.ON Sweden AB and has previous experience as HR-consultant, HR manager at Pergo Europe AB and at Clinical Data Care and as representative of Swedish Pharmaceutical Association and Akademikerförbundet SSR.
Other directorships: Deputy board member in Indus Consulting AB.
Terminated board appointments/partnerships over the past five years: Board member in Declam AB.
Holding in Bong: 0

EMPLOYEE REPRESENTATIVES

Peter Harrysson (b. 1958)
Employee representative on the Board of Bong AB since 1997. Representative of Grafiska Personalklubben.
Education and previous expericence: Factory worker at Bong Sverige AB.
Other directorships/positions: Member of the Board of Nybro Bostadsaktiebolag.
Terminated board appointments/partnerships over the past five years: –
Holding in Bong: 0

Christer Muth (b. 1954)
Employee representative on the Board of Bong AB since 2008. Representative of PTK.
Education and previous expericence: Sales and customer service, Bong Sverige AB.
Other positions/diectorships:–
Terminated board appointments/partnerships over the past five years: –
Holding in Bong: 0

RULES OF PROCEDURE FOR THE BOARD

The Board of Directors has adopted written rules of procedure and issued written instructions concerning the division of responsibilities between the Board and the CEO. There are instructions regarding information to be furnished regularly to the Board of Directors. During financial year 2015, the Board of Directors held seventeen meetings in addition to the statutory meeting. The CEO provided board members with information at all regular meetings about the financial position of the Group and significant events in the Company's operations. The Board meets at least four times a year in addition to the statutory meeting. One of the meetings can be held at one of the Group's units and be combined with an in-depth review of this unit.

Key issues that the Board of Directors addressed in 2015 included:

- 18 February Year-end report and progress report from auditors
- 2 April Financing
- 20 May Q1 2015 interim report and statutory board meeting after the 2015 AGM
- 15 July Q2 2015 interim report
- 16 September Visit to subsidiary
- 28 September Financing
- 2 October Financing
- 26 October Financing
- 28 October Financing
- 29 October Financing
- 11 November Financing
- 18 November Q3 2015 interim report
- 30 November Financing
- 2 December Financing
- 4 December Financing
- 6 December Financing
- 10 December Financing
- 12 December Budget 2016
- 20 December Financing

INDEPENDENT MEMBERS AND ATTENDANCE AT BOARD MEETINGS

Bong complies with the Stockholm Stock Exchange's listing agreement and the Code with regard to requirements for independent Board members.

COMPOSITION OF THE BOARD OF DIRECTORS AND NUMBER OF FORMAL MEETINGS IN 2015

	Independent of company[1]	Independent of major shareholders[1]	Attendance at board meetings
Eric Joan	Yes	No	16
Stéphane Hamelin	No	No	16
Mikael Ekdahl	Yes	Yes	17
Christian Paulsson	Yes	No	15
Helena Persson, from May 2015	Yes	Yes	15

[1] The assessment of the independence of the Board members has been made in accordance with Nasdaq Stockholm's Rules for Issuers and criteria of independence.

RESTRICTIONS ON VOTING RIGHTS

The Company's articles of association do not contain any limitations in respect to how many votes each shareholder may cast at an AGM.

NOMINATION COMMITTEE

The Annual General Meeting appoints a Nomination Committee whose task is to submit proposals to the AGM in consultation with the principal owners on the composition of the Board of Directors.

The Nomination Committe elected by the 2015 AGM consisted of three members: Stéphane Hamelin (Holdham S.A.), Ulf Hedlundh (Svolder AB) and Christian Paulsson (Paulsson Advisory AB). Stéphane Hamelin was appointed Chairman of the Nomination Committee.

Since Bong's principal shareholders (Holdham S.A.and Paulsson Advisory AB), represented about 45 per cent of votes, it was only natural that they were represented on the Nomination Committee. Furthermore, said shareholders considered it to be natural that a representative from one of the largest shareholders in terms of votes should serve as Chairman of the Nomination Committee. The Nomination Committee has dealt with the issues that follow from the Code. The Nomination Committee has had two formal meeting with regular contacts in between.

REMUNERATION COMMITTEE

The Board of Directors has appointed a Remuneration Committee consisting of Christian Paulsson, chairman, Mikael Ekdahl and Stéphane Hamelin.

The Committee's task is to review and give the Board recommendations regarding the principles for remuneration, including performance-based remuneration of the Company's senior executives. Issues concerning the CEO's terms of employment, remuneration and benefits are prepared by the Remuneration Committee and decided by the Board of Directors. The CEO's salary consists of a fixed portion and a variable portion. The variable component, which is re-examined annually, is dependent on the achievement of results for the Company and the CEO.

The Remuneration Committee met on one occasion in 2015, at which all members participated.

AUDIT COMMITTEE

The Board of Directors has appointed an Audit Committee consisting of Mikael Ekdahl, chairman, and Christian Paulsson. Bong deviates from the Code by only having two board members in the Audit Committee. Since Christian Paulsson is one of Bong's principal shareholders it is only natural that he is represented on the Audit Committee along with an additional independent board member.

Since other members of the Board cover other activities within the Group, this has been deemed sufficient. The Audit Committee shall oversee that the Company's accounts are prepared with full integrity for the protection of the interests of shareholders and other parties. The Audit Committee met three times in 2015, at which all members participated.

EXTERNAL AUDITORS

Bong's auditors are elected by the AGM for a term of one year. The 2015 AGM elected accounting firm PricewaterhouseCoopers AB, with authorised auditor Mathias Carlsson, who was replaced during the period by Lars Nilsson, as principal auditor, and authorised auditor Christer Olausson as co-auditor, for a one-year mandate period.

The auditors review the Board's and the CEO's administration of the Company and the quality of the Company's audit documents. The auditors report the results of their review to the shareholders via the Audit Report, which is presented at the AGM. In addition, the auditors submit detailed accounts to the Board of Directors at least once a year and report to the Audit Committee at each of its meetings.

THE CEO AND GROUP MANAGEMENT

The CEO leads the day-to-day management of the Company in accordance with the Board's guidelines and directions. The CEO is responsible for keeping the Board of Directors informed and ensuring that the Board has all the factual material needed to make informed decisions. The CEO is a member of the Board of Directors. The CEO also keeps the Chairman of the Board informed, by continuous dialogue, of the development of the Group. The CEO and others in the Group Management hold formal meetings about every quarter, as well as a number of informal meetings, to go through the results of the previous month and discuss strategy questions.

In 2015, Bong's Group Management consisted of five persons, including one woman. The Group consists of the Parent Company Bong AB and a number of subsidiaries, as reported in Note 19. Reporting by subsidiaries takes place on a monthly basis.

The boards of the subsidiaries mainly consist of members of Bong's corporate management.

REMUNERATION FOR GROUP MANAGEMENT

The 2015 AGM decided that the Group Management's salaries should consist of a fixed basic salary plus variable performance-based remuneration. The variable remuneration can be paid for performance that exceeds what is normally expected of a member of the Group Management after an evaluation has been made of individual performances and the Company's reported profit.

The extent to which pre-established goals for the Company and the senior executive have been achieved is taken into account when establishing the variable remuneration. The total remuneration for members of the Group Management should be at a competitive level.

INTERNAL CONTROL

The Board of Directors is responsible for ensuring that there is a good system for internal control and risk management.

Responsibility for creating good conditions for working with these matters is delegated to the CEO. Both Group Management and managers at different levels in the Company bear this responsibility in their respective areas. Powers and responsibilities are defined in policies, guidelines and instructions for authorisation rights.

THE BOARD'S STATEMENT REGARDING INTERNAL CONTROL

According to the Code, the Board of Directors shall annually submit a description of the Company's system for internal control and risk management regarding financial reporting. This report is prepared in accordance with the Code.

ORGANISATION FOR INTERNAL CONTROL

Internal control regarding financial reporting is a process designed to provide reasonable assurance regarding the reliability of the external and financial reporting and whether the financial statements are prepared in accordance with generally accepted accounting principles, applicable acts and ordinances and other requirements for listed companies. The internal control activities are included in Bong's administrative procedures. Internal control regarding financial reporting in Bong can be described in accordance with the following framework.

CONTROL ENVIRONMENT

Internal control in Bong is based on a control environment that includes values and management culture, follow-up, a clear and transparent organisational structure, division of duties, the duality principle, quality and efficiency of internal communications.

The basis of the internal control regarding financial reporting consists of a control environment with organisation, decision-making channels, powers and responsibilities that have been documented and communicated in governing documents, such as internal policies, guidelines and instructions, as well as job descriptions for controlling functions. Examples are rules of procedure for the Board of Directorts and CEO, instructions for financial reporting, information policy and authorisation instructions.

CONTROL ACTIVITIES

The control activities include both general and more detailed controls intended to prevent, detect and correct errors and non-conformance. The control activities are devised and documented at the corporate and departmental level. The internal regulatory framework with policies, guidelines and instructions comprises the most important tool for furnishing information and instructions for the purpose of securing the financial reporting. In addition, a standardised reporting package is used by all subsidiaries in order to ensure consistent application of Bong's principles and coordinated financial reporting.

Bong also has a self-assessment process relating to internal controls.

RISK ASSESSMENT

Bong continuously evaluates the risks surrounding reporting that may arise. Furthermore, the Board of Directors is responsible for ensuring compliance with insider laws and standards for furnishing information. The overall financial risks are defined and taken into consideration in establishing the Group's financial goals.

The Group has an established, but changeable, system for management of business risks that is integrated in the Group's control process for business planning and performance. In addition, seminars are routinely held on business risks and risk assessment within the Group. There are procedures for ensuring that significant risks and control deficiencies are, when necessary, detected by the Group Management and the Board of Directors on a periodic basis.

INFORMATION AND COMMUNICATIONS

In order to ensure effective and correct information, both internally and externally, good communications are required. Within the Group there are guidelines for ensuring that relevant and essential information is communicated within the Group, within each unit and between the management and the Board of Directors. Policies, manuals and work descriptions are available on the Company's intranet and/or in printed form. In order to ensure that external information is correct and complete, Bong applies an information policy adopted by the Board of Directors.

FOLLOW-UP

The CEO is responsible for ensuring that internal control is organised and followed up in accordance with the guidelines established by the Board of Directors. Financial governance and control are exercised by the Group accounting function. The financial reporting is analysed monthly at a detailed level. The Board of Directors has regular access to financial reports, and the Company's financial situation is dealt with at every Board meeting. Every quarterly report is gone through by the Board of Directors. The CEO is responsible for ensuring that independent objective reviews are performed for the purpose of systematically evaluating and proposing improvements in the Group's processes for governance, internal control and risk management. In view of this, and how the financial reporting has otherwise been organised, the Board of Directors finds no need for a special internal auditing function.

PROPOSED DISTRIBUTION OF EARNINGS

The Board of Directors proposes that the earnings available for distribution, SEK 591,715,701, be carried forward. Note 37.

BOARD'S OPINION CONCERNING PROPOSED DIVIDEND

Bong's current priority is to reduce debt and improve profitability. Therefore, the Board proposes that no dividend be paid for 2015. No dividend was paid for 2014.

Consolidated income statements

TSEK	Note	2015	2014
INCOME STATEMENT			
Revenue	2	2,345,094	2,532,898
Cost of goods sold	3–4, 6, 8	–1,938,844	–2,066,329
Gross profit		406,250	466,569
Selling expenses	3–4, 6, 8	–217,870	–251,524
Administrative expenses	3–6, 8	–172,611	–202,185
Other operating income	7, 12	44,921	23,825
Other operating expenses	7, 12	–65,726	–158,901
Share in profit in associated companies	19	-	–554
Operating profit/loss		–5,036	–122,770
Financial income	9, 12	1,007	2,046
Financial expenses	10, 12	–55,956	–57,536
Total financial income and expenses		–54,949	–55,490
Result before tax		–59,985	–178,260
Income tax	11	–4,322	28,374
NET RESULT FOR THE YEAR		**–64,307**	**–149,886**
Attributable to:			
Parent Company's shareholders		–64,634	–149,886
Earnings per share attributable to Parent Company's shareholders			
– basic, SEK	13	–0.41	–0.96
– diluted, SEK	13	–0.41	–0.96

TSEK	2015	2014
STATEMENT OF COMPREHENSIVE INCOME		
Net result for the year	–64,307	–149,886
Other comprehensive income		
Items not to be recognised in the income statement		
Actuarial profit on post-employment benefit obligations	13,909	–38,988
	13,909	–38,988
Items that may subsequently be recognised in the income statement		
Cash flow hedges	2,754	–166
Hedging of net investments	11,626	–61,339
Exchange rate differences	–19,242	86,594
Income tax relating to components of other comprehensive income	–6,109	22,451
Other comprehensive income after tax	2,938	8,552
TOTAL COMPREHENSIVE INCOME	**–61,369**	**–141,334**
Attributable to:		
Parent Company's shareholders	–61,696	–141,334

Consolidated balance sheet

TSEK	Note	31 Dec. 2015	31 Dec. 2014
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	14	557,146	567,029
Other intangible assets	15	47,125	37,169
Total		604,271	604,198
Tangible assets			
Property, plant and equipment	16	71,880	170,506
Plant and machinery	16–17	125,230	154,832
Equipment, tools, fixtures, and fittings	16	32,871	39,019
Construction in progress	18	4,905	21,196
Total		234,886	385,553
Financial assets			
Interests in other companies	21	3,501	3,398
Deferred tax assets	22	234,483	229,384
Other non-current receivables		2,515	3,440
Total		240,499	236,222
Total non-current assets		1,079,656	1,225,973
Current assets			
Inventories etc.			
Raw materials and consumables		89,932	99,396
Products in progress		6,060	6,769
Finished products and merchandise		115,836	147,661
Total	23	211,828	253,826
Current receivables			
Trade receivables	24	295,545	328,229
Current tax assets		17,461	13,157
Other current receivables	25	11,595	6,898
Deferred expenses and accrued income		68,990	39,282
Total		393,591	387,566
Cash and cash equivalents		244,309	96,744
Total current assets		849,728	738,136
TOTAL ASSETS		**1,929,384**	**1,964,109**

TSEK	Note	31 Dec. 2015	31 Dec. 2014
EQUITY AND LIABILITIES			
Equity			
Share capital	33	234,989	234,989
Other contributed capital		699,320	701,843
Reserves	32	–25,818	–18,091
Retained earnings including net result for the year		–595,113	–541,471
Equity attributable to equity holders of the Parent		313,378	377,270
Non-controlling interests		3,708	–
Total equity		317,086	377,270
Non-current liabilities			
Borrowings	26	656,696	483,216
Deferred tax liabilities	22	33,284	23,279
Pension obligations	28	201,295	227,845
Other provisions	27	11,335	6,584
Other non-current liabilities		4,968	5,843
Total non-current liabilities		907,578	746,767
Current liabilities			
Borrowings	26	220,015	171,375
Trade payables		210,309	288,414
Current tax liability		10,209	5,883
Other current liabilities	25	52,148	60,865
Other provisions	27	32,834	96,960
Accrued expenses and deferred income	29	179,205	216,575
Total current liabilities		704,720	840,072
TOTAL EQUITY AND LIABILITIES		**1,929,384**	**1,964,109**

Statement of changes in consolidated equity

TSEK	Note	Share capital	Share premium	Reserves	Retained earnings incl. net result for the year	Non-controlling interests	Total equity
		Attributable to Parent Company shareholders					
Opening balance on 1 January 2014		234,989	705,039	−55,030	−349,428	−13,770	521,800
Comprehensive income							
Net result for the year					−149,886		−149,886
Other comprehensive income							
Items not to be recognised in the income statement							
Actuarial loss on post-employment benefit obligations, after tax					−28,387		−28,387
					−28,387		−28,387
Items that may subsequently be recognised in the income statement							
Cash flow hedges, after tax				−129			−129
Hedging of net investments, after tax				−49,526			−49,526
Exchange rate differences, after tax				86,594			86,594
Total other comprehensive income	32			36,939	−28,387		8,552
Total comprehensive income				36,939	−178,273		-141,334
Transactions with shareholders							
Convertible debenture			−3,196				−3,196
Acquisition from non-controlling interests					−13,770	13,770	0
Total transactions with shareholders			−3,196		−13,770	13,770	−3,196
CLOSING BALANCE ON 31 DECEMBER 2014	32,33	**234,989**	**701,843**	**−18,091**	**−541,471**	**0**	**377,270**
Opening balance on 1 January 2015		234,989	701,843	−18,091	−541,471		377,270
Comprehensive income							
Net result for the year					−64,307		−64,307
Other comprehensive income							
Items not to be recognised in the income statement							
Actuarial profit on post-employment benefit obligations, after tax					10,665		10,665
					10,665		10,665
Items that may subsequenlty be rcognised in the income statement							
Cash flow hedges, after tax				2,148			2,148
Hedging of net investments, after tax				9,367			9,367
Exchange rate differences, after tax				−19,242			−19,242
Total other comprehensive income	32			−7,727	10,665		2,938
Total comprehensive income				−7,727	−53,642		−61,369
Transactions with shareholders							
Convertible debenture			−2,523				−2,523
Acquisition from non-controlling interests						3,708	3,708
Total transactions with shareholders			−2,523			3,708	1,185
CLOSING BALANCE ON 31 DECEMBER 2015	32,33	**234,989**	**699,320**	**−25,818**	**−595,113**	**3,708**	**317,086**

Consolidated statement of cash flow

TSEK	Note	2015	2014
OPERATING ACTIVITIES			
Operating profit/loss		–5,036	–122,770
Depreciation, amortisation, and impairment losses		75,426	100,649
Financial income received		1,007	1,037
Financial expenses paid		–55,956	–56,527
Tax paid		–6,101	909
Other items not affecting liquidity	34	–79,441	52,821
Cash flow from operating activities before changes in working capital		–70,101	–23,881
Changes in working capital			
Inventories		37,279	24,698
Current receivables		2,131	111,121
Current operating liabilities		–118,526	–15,082
Cash flow from operating activities		–149,217	96,856
INVESTING ACTIVITIES			
Acquisition of intangible and tangible assets incl.advance payments to suppliers		–28,396	–35,963
Disposal of intangible and tangible assets		102,278	33,922
Acquisition of subsidiaries, net of cash required		0	–641
Cash flow from investing activities		73,882	–2,682
Cash flow after investing activities		–75,335	94,174
FINANCING ACTIVITIES			
Proceeds from borrowings		224,411	–42,640
Amortisation of loans		0	–39,319
Cash flow from financing activities		224,411	–81,959
Cash flow for the year		149,076	12,215
Cash and cash equivalents at start of year		96,744	81,648
Exchange rate difference in cash and cash equivalents		–1,511	2,881
CASH AND CASH EQUIVALENTS AT YEAR-END		**244,309**	**96,744**

Accounting policies

Bong is a leading European provider of specialised packaging and envelope products, offering solutions for distribution and packaging of information, advertising materials and lightweight goods. The Group has operations in Sweden, Norway, Denmark, Finland , Estonia, Latvia, the United Kingdom, the Netherlands, Belgium, Luxemburg, Germany, France, Poland, Spain, Switzerland, Russia and Romania. Bong holds strong market positions, particularly in northern Europe, Germany, France and the United Kingdom. This annual report was approved by the Board for publication on 8 April 2016.

The most important accounting policies applied in preparing these consolidated financial statements are stated below. These policies have been applied consistently for all the years presented, unless otherwise stated. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU, RFR 1 Supplementary Accounting Rules for Groups and the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the cost method, except with regard to financial assets and liabilities (including derivative instruments) measured at fair value through profit and loss.

Preparing reports in accordance with IFRS necessitates making a number of important accounting estimates. It is further required that the management makes certain assessments in applying the company's accounting policies. The areas containing a high degree of assessment, which are complex or where assumptions and estimates are of material significance to the consolidated financial statements are stated in Notes 14 and 28..

CONSOLIDATED FINANCIAL STATEMENTS

SUBSIDIARIES

Subsidiaries are all companies (including structured companies) over which the Group has controlling interest. The Group controls a company when exposed to or has the right to variable returns from its holdings in the company and has the ability to affect earnings through their influence in the company. The consolidated accounts include companies acquired during the year from the date when control passes to the Group. Companies disposed of are included in the consolidated accounts until the date when the control no longer exists.

The acquisition accounting method is used to account for the Group's business combinations. The purchase price for acquisition of a subsidiary consists of the fair value of transferred assets, liabilities and the shares issued by the Group. The purchase price also includes the fair value of all assets and liabilities which are a consequence of an agreement on contingent consideration. Acquisition-related expenses are recognised as an expense when they arise. Identifiable acquired assets and liabilities and liabilities assumed in a business combination are initially measured at fair value on the acquisition date. The Group determines for each acquisition whether all holdings without controlling interest in the acquired company are recognised at fair value or at the non-controlling interest's proportionate share of the acquired company's net assets. The amount by which purchase price, any non-controlling interest and fair value on the date of acquisition of previous shareholdings exceed the fair value of the Group's proportionate share of identifiable acquired net assets is recognised as goodwill. If the amount is less than the fair value of the assets of the acquired subsidiary, in the event of a "bargain purchase", the difference is recognised directly in the statement of comprehensive income.

If the business combination is carried out in several steps, the previous proportionate shares of equity in the acquired company are remeasured to their fair value at the time of acquisition. Any profit or loss arising is recognised in profit or loss.

Each contingent consideration to be transferred by the Group is recognised at fair value at the time of acquisition. Subsequent changes in the fair value of a contingent consideration which has been classified as an asset or liability are recognised in accordance with IAS 39 either in profit or loss or in other comprehensive income. A contingent consideration classified as equity is not remeasured, and subsequent settlement is recognised in equity.

Inter-company transactions, balance-sheet items and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies for subsidiaries have been changed where appropriate to guarantee consistent application of the Group's policies.

TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The Group treats transactions with non-controlling interests as transactions with the Group's shareholders. In acquisitions from non-controlling interests the difference between purchase price paid and the actual acquired proportionate share of the fair value of the subsidiary's net assets is recognised in equity. Gains and losses on disposals to non-controlling interests are also recognised in equity. When the Group no longer has a controlling or significant interest, each remaining holding is remeasured at fair value and the change in carrying amount is recognised in profit and loss. Fair value is used as the initial carrying amount and provides the basis for the continued recognition of the remaining holding as an associate, joint venture or financial asset. All amounts pertaining to the divested unit previously recognised through other comprehensive income are recognised as if the Group had directly disposed of the related assets or liabilities. This may lead to amounts previously recognised in other comprehensive income being reclassified to profit and loss.

If the participating interest in an associate decreases but a significant interest nevertheless remains, in applicable cases only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit and loss.

ASSOCIATES

Associates are all companies in which the Group has a significant, but not controlling interest, which as a rule applies to shareholdings representing between 20 per cent and 50 per cent of the votes. Holdings in associates are recognised according to the equity method and measured initially at cost. The Group's carrying amounts for holdings in associates include goodwill identified at the time of acquisition, net after any impairment losses. The Group's share of profit or loss which has arisen in the associate after the acquisition is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. Cumulative changes after the acquisition are recognised as change in the carrying amount of the holding. When the Group's share in the losses of an associate amount to or exceed its holding in the associate, including any unsecured receivables, the Group does not recognise further losses, unless the Group has incurred obligations or has made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated in proportion to the Group's holding in the associate. Unrealised losses are also eliminated, unless the transaction provides evidence of the existence of a need for impairment loss for the transferred asset. Accounting policies applied to associates have been changed where appropriate to guarantee consistent application of the Group's policies. Dilution gains and losses in participating interests in associates are recognised in the income statement.

SEGMENT REPORTING

External financial information has to reflect the information and the measures applied internally in the company to control the business and make decisions on resource allocation. The company has to identify the level at which the company's most senior executive decision-maker makes regular reviews of sales and operating income. These levels are defined as segments. Bong's most senior executive decision-maker is the company's CEO. The regular internal reporting of income to the CEO which fulfils the criteria to constitute a segment, is done for the Group as a whole, and Bong therefore reports the total Group as the company's only segment.

TRANSLATION OF FOREIGN CURRENCIES

FUNCTIONAL CURRENCY AND REPORTING CURRENCY

Items included in the financial statements for the different units in the Group are measured in the currency used in the financial environment in which the company concerned is mainly active (functional currency). The Swedish krona (SEK), which is the functional and reporting currency of the Parent Company, is used in the consolidated financial statements.

TRANSACTIONS AND BALANCE-SHEET ITEMS

Transactions in foreign currencies are translated to the functional currency at the exchange rate applicable on the transaction date. Exchange gains and losses arising in the payment of such transactions and in the translation of monetary assets and liabilities in foreign currencies at the rate prevailing on the reporting date are recognised in profit or loss. An exception is when the transactions constitute hedges that meet conditions for hedge accounting of cash flows or of the net investment, when gains/losses are recognised in other comprehensive income.

GROUP COMPANIES

The earnings and financial position of all Group companies with different functional currency than the reporting currency are translated as follows. Assets and liabilities are translated at the closing rate and all items in the income statement at the average rate. Exchange-rate differences arising are recognised in other comprehensive income. Goodwill and adjustments of fair value arising on acquisition of a foreign operation are treated as assets and liabilities in that operation and translate at the closing rate.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent expenditure is added to the carrying amount of the asset or recognised as a separate asset, depending on which is appropriate, only when it is likely that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other types of repairs and maintenance are recognised as expenses in the income statement during the period when they arise. Land is not subject to depreciation. Depreciation of other assets, to allocate their cost down to the calculated residual value, is based on the estimated useful life of the assets and is calculated on a straight-line basis from the time when the asset is taken into service.

THE FOLLOWING DEPRECIATION SCHEDULES HAVE BEEN APPLIED:

Buildings	25–33 years
Land improvements	20 years
Plant and machinery	10–15 years
Equipment, tools, fixtures and fittings, vehicles and computer equipment	5–10 years
Other intangible assets	3–8 years

The residual values and useful lives of the assets are tested, and adjusted if necessary, at each balance-sheet date. An impairment loss is recognised if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing sales revenue and carrying amount and are recognised in profit or loss.

INTANGIBLE ASSETS

GOODWILL

Goodwill consists of the amount by which cost exceeds the fair value of the Group's share of the identifiable net assess of the acquired subsidiary/associate on the acquisition date. Goodwill on acquisition of subsidiaries is recognised as intangible assets. Goodwill is tested annually to identify any impairment loss and is recognised at cost less cumulative amortisation. Profit or loss on disposal of a unit includes remaining carrying amount of the goodwill pertaining to the divested unit. In impairment testing, the Group is treated as a cash-generating unit.

SOFTWARE

Software of a standard character is recognised as an expense. Expenditure on software that has been developed or extensively adapted on behalf of the Group is capitalised as an intangible asset if the software is likely to have economic benefits that exceed the cost after one year. Capitalised expenditure on acquired software is depreciated on a straight-line basis, but no longer than over eight years. The amortisation is included in the income statement item 'Administrative expenses'.

CUSTOMER RELATIONSHIPS

Customer relationships which have been acquired through a business combination are recognised at fair value at the acquisition date. The customer relationships have a finite useful life and are recognised at cost less cumulative amortisation. Amortisation is calculated on a straight-line basis over the expected life of the customer relationship.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets which have an indefinite useful life are not amortised and are tested annually for possible impairment. Assets subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable value. The recoverable value is the higher of the fair value of the asset less selling expenses and value in use.

FINANCIAL ASSETS AND LIABILITIES

The Group classifies its financial assets and liabilities in the following categories: Financial assets valued at fair value through profit and loss, loan receivables and trade receivables, as well as loans and other financial liabilities. The classification depends on the purpose for which the financial asset was acquired. The management establishes the classification of the financial on the first recognition occasion.

FINANCIAL ASSETS VALUED AT FAIR VALUE THROUGH THE INCOME STATEMENT

Financial assets valued at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of being sold within a short time. Derivatives are classified as being held for trading unless they are identified as hedges. Assets in this category are classified as current assets if they are expected to be settled within twelve months, otherwise they are classified as non-current assets.

LOAN RECEIVABLES AND TRADE RECEIVABLES

Loan receivables and trade receivables are financial assets which are not derivatives, which have determined or determinable payments and which are not listed on an active market. These assets are measured at accrued cost. Accrued cost is determined on the basis of the effective interested rate calculated at the time of acquisition. Trade receivables are recognised in the amount expected to be received, i.e. after deduction of doubtful debts.

LOANS AND OTHER FINANCIAL LIABILITIES

Loans and other financial liabilities, such as trade payables, are included in this category. The liabilities are measured at accrued cost.

DERIVATIVES AND HEDGE ACCOUNTING

The Group's derivative instruments have been acquired to financially hedge risks of interest-rate and currency exposures for the Group. An embedded derivative is disclosed if it is not closely related to the value contract. Derivative instruments are initially recognised at fair value, meaning that transaction expenses are charged against earnings for the period. After the initial recognition, derivatives are measured at fair value and changes in value are recognised in ways as described below.

Meeting the requirements of hedge accounting in accordance with IAS 39 requires that there is a definite link to the hedged item. It is also required that the hedge effectively protects the hedged item, that the hedging documents have been prepared and that effectiveness can be measured. Gains and losses pertaining to hedging are recognised in the income statement at the same time as gains and losses are recognised for the items which are hedged. In hedge accounting, changes in value are booked in the hedge reserve in equity.

CLASSIFICATION AND MEASUREMENT

Financial instruments which are not derivatives are recognised initially at cost equivalent to the fair value of the instrument plus transaction expenses for all financial instruments except pertaining to those which belong to the category of financial asset, which are recognised at fair value through profit and loss, which have been recognised at fair value excluding transaction expenses. A financial instrument is classified on first recognition on the basis of the purpose for which the instrument was acquired. The classification determines how the financial instrument is measured on initial recognition.

RECEIVABLES AND PAYABLES IN FOREIGN CURRENCY - HEDGING OF FAIR VALUE

Currency forwards are used to hedge a receivable or liability against currency risk. When a hedging instrument is used to hedge a fair value, the derivative is booked at fair value on the balance sheet and the hedged asset/liability is also booked at fair value pertaining to the risk hedged. The change in value of the derivative is recognised in profit and loss together with the change in value of the hedged item. Changes in value pertaining to operating receivables and payables are recognised in operating income, while changes in value pertaining to financial receivables and payables are recognised in net financial items.

CASH FLOW HEDGING

The currency forwards used to hedge future cash flows and forecast sale in foreign currency are recognised in the balance sheet at fair value. The changes in value are recognised other comprehensive income until the hedged flow reaches the income statement, at which time the cumulative changes in value of the hedging instrument are transferred to the income statement to meet and match the effects on profit and loss of the hedged transaction.

HEDGING OF FIXED INTEREST

Interest-rate swaps are used to hedge against the uncertainty in future interest-rate flows pertaining to loans at variable interest rate. The interest-rate swaps are measured at fair value in the balance sheet. The interest coupon part is recognised continuously in profit and loss as interest income or interest expense. Other change in value of interest-rate swap is recognised in other comprehensive income until the hedged item affects the income statement and provided the criteria for hedge accounting and effectiveness are met. The gain or loss attributable to the ineffective part is recognised in profit and loss.

NET INVESTMENT HEDGING

Investments in foreign subsidiaries (net assets including goodwill) have been to some extent hedged by raising currency loans which on the balance-sheet date have been translated at the rate prevailing at the balance-sheet date. Exchange differences on financial instruments used as hedging instruments in hedging of net investment in a Group company are recognised to the extent that the hedging is effective in other comprehensive income. This is done to neutralise the exchange differences which affect equity when the Group companies are consolidated.

RECOGNITION AND DERECOGNITION

A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the instrument pursuant to the instrument's contractual terms and conditions. Trade receivables are recognised on the balance sheet when an invoice has been issued. A liability is recognised when the counterparty has performed under the agreement and the company is contractually obliged to pay, even if no invoice has been received. Trade payables are recognised when an invoice has been received. A financial asset is removed from the balance sheet when the rights in the agreement are realised or expire or the company loses control over them. This also applies to part of a financial asset. A financial liability is removed from the balance sheet when the obligation in the agreement is fulfilled or otherwise expires. This also applies to part of a financial liability.

A financial asset and a financial liability are offset and recognised as a net amount in the balance sheet only when there is a legal right to offset amounts and there is the intention to settle the items as a net amount or simultaneously realise the asset and settle the liability. The acquisition and sale of financial assets are recognised on the trade date, which is the date on which the company pledges to acquire or sell the asset.

INVENTORIES

Inventories are measured with application of the "first in first out" principle, at the lower of cost and net selling price on the balance-sheet date. The cost of finished goods and work in progress consists of raw materials, direct salaries, other direct expenses and attributable indirect manufacturing expenses (based on normal manufacturing capacity). Salary expenses are not included. Net selling price is the estimated selling price in operating activities less applicable variable selling expenses.

TRADE RECEIVABLES AND OTHER RECEIVABLES

Trade receivables are non-derivative financial assets with determined or determinable payments which are not listed on an active market. A distinguishing feature is that they arise when the Group provides goods directly to a customer without intending to trade with the receivable arising. They are included in current assets with the exception of items with a due date more than 12 months after the balance-sheet date, which are classified as non-current assets. Trade receivables are recognised initially at fair value and then at accrued cost with application of the effective interest rate method, less any reservation for depreciation. Reservation for depreciation of trade receivables is made when there is objective evidence that the Group will not be able to receive all sums due according to the original terms of the receivables. The size of the reservation consists of the difference between the carrying amount of the asset and the current value of estimated future cash flows, discounted with effective interest rate. The reserved amount is recognised in the income statement.

CASH AND CASH EQUIVALENTS

Classified as cash and cash equivalents, in addition cash and bank balances, are other current financial investments with a due date within three months from time of acquisition.

SHARE CAPITAL

Ordinary shares are classified as equity. Transaction expenses which can be directly attributed to issue of new shares or bonds are recognised, net after tax, in equity as a deduction from the issue proceeds.

TRADE PAYABLES

Trade payables are obligations to pay for goods or services which have been acquired on operating activities from suppliers. Trade payables are classified as current liabilities if they fall due within one year or earlier. if not, they are treated as non-current liabilities. Trade payables are recognised initially at fair value and then at accrued cost with application of the effective interest-rate method.

BORROWING

Liabilities to credit institutions and, in the parent company, liabilities to subsidiaries, are recognised initially at fair value, net after transaction expenses. Borrowing is then recognised directly at accrued cost and any difference between amount received (net after transaction expenses) and the amount of repayment is recognised in profit and loss distributed over the loan period, with application of the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer payment of the liability for least 12 months after the balance-sheet date.

Overdraft facilities are recognised as borrowing among current liabilities in the balance sheet.

INCOME TAXES

Tax expense for the period comprises current tax and deferred tax. Current tax is calculated on the basis of the tax rules decided on the balance-sheet date or in practice decided in those countries where the Group companies operate and generate taxable revenue.

Deferred tax is calculated in its entirety according to the balance-sheet method based on all temporary differences arising between the tax value of assets and liabilities and their recognised values. The principal temporary differences arise from untaxed reserves, provisions for pensions and other pension benefits, property, plant and equipment and carry-forwards of unused tax losses. Deferred tax is calculated with application of tax rates and tax laws which have been decided upon or notified at the balance-sheet date and which are expected to apply when the accrued tax receivable is realised or the deferred tax liability is settled.

A deferred tax asset pertaining to carry-forward of unused tax losses and other future deductions for tax is recognised to the extent that it is probable that the deduction can be offset against surplus in future taxation. Deferred tax liability pertaining to temporary differences attributable to investments in subsidiaries is not recognised in the Bong consolidated financial statements the parent in all cases liable to control the time of reversal of the temporary differences and it is not judged likely that a reversal will take place within the foreseeable future.

Deferred tax assets and tax liabilities are offset when there is a legal right to offset current tax assets and tax liabilities and hen the deferred tax assets and the tax liabilities relate to taxes charged by the same tax authority and pertain to either the same taxpayer or a different taxpayer, where there is an intention to settle the balances through net payments.

In the case of items recognised in the income statement, associated tax effects are also recognised in the income statement. The tax effects of items recognised in other comprehensive income or directly against equity are recognised in other comprehensive income and equity respectively.

EMPLOYEE BENEFITS

PENSIONS

There are both defined-contribution and defined-benefit pension plans in the Group. The largest defined-benefit pension plans are in Sweden, Germany, France and Norway. In defined-contribution plans, the company pays set contributions to a separate legal entity and does not have any obligation to pay further contributions. Expenses are charged against Group profits as the benefits are earned. In defined-benefit plans, payments are made to employees and former employees based on final salary and number of years of service. The Group bears the risk for payment of pledged benefits. In cases where the plans are funded, assets have been set aside in pension funds or equivalent. The net sum of the calculated present value of the obligations and the fair value of plan assets is recognised as a provision in the balance sheet. Regarding defined-benefit plans, the pension expense and the pension obligation are calculated using the "Projected Unit Credit Method", in a way which allocates the cost over the working life of the employee. The calculation is performed regularly by independent actuaries. The company's commitments are valued at the current value of expected future payments using a discount rate which is equivalent to the interest on first-class corporate bonds or treasury bonds with a maturity equivalent to the obligations in question. The most important actuarial assumptions are shown in Note 28.

Actuarial gains and losses may arise when the present value of the obligation and the fair value of plan assets are determined. Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recognised in other comprehensive income during the period in which they arise. Expenses pertaining to service during previous periods are recognised directly in the income statement.

If the pension expense and pension provision established for Swedish plans in accordance with IAS 19 deviate from equivalent amounts in accordance with FAR 4, an expense for special payroll tax on the difference is also recognised. The accounting policy for defined-benefit pension plans described above is only applied to the consolidated financial statements. The Parent Company recognises defined-benefit pension plans in accordance with FAR recommendation No 4, Accounting of Pension Liability and Pension Expense.

TERMINATION BENEFITS

Termination benefits are payable when an employee's employment has been terminated by the Group before the normal retirement date or when an employee accepts voluntary redundancy in exchange for such benefits. The Group recognises severance pay when it is demonstrably obliged by a detailed formal plan to either terminate an employee without a possibility of withdrawal, or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

BONUS PLANS

The Group recognises a liability and an expense for bonuses when there is a legal obligation or an informal obligation based on previous practice.

OTHER EMPLOYEE BENEFITS

Other employee benefits are recognised as expenses as they become vested.

PROVISIONS

Provisions are recognised when the Group has a legal or informal obligation as a result of previous events and it is probable that an outflow of resources will be required to settle the obligation, and where the amount can be measured reliably. In cases where the Group can expect that a provision will be repaid, for example under an insurance contract, the repayment is to be recognised as a separate asset, but only when repayment is as good as certain. Provisions are measured at the best estimate of the amount which is expected to be settled. Provisions for restructuring include expenses for cancellation of lease agreements and severance benefits. No provisions are made for future operating losses.

REVENUE RECOGNITION

Revenue recognition of goods takes place on delivery to the customer and after acceptance by the customer. The sales revenue includes the fair value of goods sold and is recognised less value-added tax and discounts and after elimination of intra-Group sales.

FINANCIAL INCOME AND EXPENSES

Financial income consists of interest income on invested funds, dividend income, gains on changes in value of financial assets measured at fair value through profit or loss, and gains on hedging instruments which are recognised in the income statement. Interest income on financial instruments is recognised according to the effective interest method (see below). Dividend income is recognised when the right to receive a dividend has been established. The gain or loss from sale of a financial instrument is recognised when the economic risks and rewards incidental to ownership have been transferred to the purchaser and the Group no longer has control over the instrument.

Financial expenses consist of interest expenses on loans, the effect of dissolution of present-value calculation of provisions, loss on change in value of financial assets measured at fair value through profit or loss, impairment of financial assets and losses on hedging instruments which are recognised in the income statement. All borrowing costs are recognised in the income statement by applying the effective interest method, regardless of how the borrowed funds have been used. Exchange gains and losses are recognised net. The effective interest rate is the rate which discounts the estimated future receipts and payments through the expected life of a financial instrument to the net carrying amount of the financial asset or liability. The calculation includes all fees paid or received by the contracting parties which are a part of the effective interest rate, transaction costs and all other premiums or discounts.

BORROWING COSTS

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are recognised as a part of the cost of those assets. Capitalisation ceases when all activities necessary to get the asset ready for its intended use or sale have been substantially completed.

Financial income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

LEASES

The Group leases certain non-current assets. A lease under which the risks and rewards incidental to ownership of a non-current asset are substantially transferred to the Group is classified as a finance lease. At the commencement of the lease period, financial leases are recognised in the balance sheet at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between amortisation of liability and financial expenses in order to achieve a fixed interest rate for the recognised liability. Equivalent payment obligations, less financial expenses, are included in the balance sheet items.

Other current liabilities and other non-current liabilities. The interest element of the financial expenses is recognised in the income statement allocated over the lease period so that each lease period is charged with an amount that corresponds to a fixed interest rate for the liability recognised during the period in question. Non-current assets held under finance leases are depreciated over the useful life of the asset or the lease period, whichever is shorter.

RESEARCH AND DEVELOPMENT

Expenditure on research work is recognised as an expense when it occurs. Expenditure on development work is normally recognised as an expense when it occurs. The development work done is of great importance to the Group, but has the character of maintenance development, which means that all criteria according to IAS 38 are not met, in particular the requirement of future cash flow as a result of the investment.

CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method. The recognised cash flow only comprises transactions that entail cash receipts or cash payments.

DIVIDEND

Dividend to the Parent Company's shareholders is recognised as a liability in the consolidated financial statements in the period when the dividend is determined by the Parent Company's shareholders.

Group notes

All values are in thousand SEK unless stated otherwise.

NOTE 1 – FINANCIAL RISK MANAGEMENT

Business operations are conducted on the basis of a finance policy adopted by the Board of Directors that provides rules and guidelines for how the different financial risks are to be managed. This policy governs both overall risk management and specific areas, such as foreign exchange risk, interest rate risk, the use of hedging instruments and investment of excess liquidity. The finance policy identifies three significant risks; market risk, credit risk and liquidity risk, to which the Group is exposed in its day-to-day operations. The Group's financial policy focuses on minimising possible unfavourable effects on the Group's financial results due to the unpredictability of the financial markets.

Financial risk management is the responsibility of a central finance function, which identifies, evaluates and manages financial risks in close collaboration with the subsidiaries. The hedging instruments used are loans, as well as currency and interest rate derivatives, according to the guidelines established in the finance policy.

MARKET RISK

Market risk refers to the currency risk that arises when future purchase and sales agreements or commercial invoices in a currency that is not the unit's functional currency affect a future operating profit (transaction exposure), and when the value of foreign investments is affected by currency rate fluctuations (translation exposure), as well as the interest rate risk that can adversely affect the Group's net interest income when market rates change.

(A) CURRENCY RISK

In 2015 Bong's sales to countries outside of Sweden accounted for 91 (91) per cent of total sales. Of the Group's total sales, approximately 58 (60) per cent were denominated in EUR, 21 (18) per cent in GBP, 9 (9) per cent in SEK, 4 (5) per cent in NOK and 8 (8) per cent in other currencies. There is also local management of foreign currencies in the subsidiaries (please refer to the section on Transaction exposure below).

(i) Transaction exposure

Transaction exposure arises in the Group's operational flows (sales and purchasing) as well as in the financial flows (interest payments and amortisation) in currencies other than the functional currency of the company. This currency risk consists of the risk of fluctuations in the value of accounts receivable, accounts payable and other current receivables and liabilities, as well as the risk of changes in expected and contracted future invoiced currency flows.

Bong has manufacturing in virtually all of its main markets, which limits transaction exposure. Currency risk is primarily due to purchases or sales in foreign currencies between the Group's subsidiaries, external purchases and sales and from the parent company's borrowing in EUR and GBP.

The Group's financial policy requires the subsidiaries to report their currency risk to the central finance function. This risk is then aggregated centrally and hedged with forward exchange contracts. Bong's risk management policy is to hedge between 50 per cent and 100 per cent of expected net cash flow in foreign currency for the next twelve months, depending on maturity dates.

If the EUR had appreciated/depreciated by 10 per cent against other currencies the Group's result on an annual basis, given the same flows as in 2015, would have changed by SEK -2.2/+2.2 million (+3.0/-3.0) as a consequence of transaction exposure. This worsening is due to higher interest costs on the part of the parent company's debt, which is denominated in EUR, and due to increased import costs from countries outside EU, and is stated net after hedging. A similar strengthening of the GBP against other currencies resulted in an improvement of SEK 5.5 million (+3.8), mainly due to lower import costs for the Group's UK companies.

From January 2016, the Group's loan portfolio almost exclusively consist of SEK, which means that gains of EUR and/or GBP will have a more positive impact on earnings due to lower interest expenses in these currencies. The difference in sensitivity is expected to be SEK +1.6 million for EUR and SEK +0.4 million for GBP. A weakening of the currencies will have the reverse effect.

If the EUR had appreciated/depreciated by 10 per cent against the SEK on the balance sheet date, with all other variables constant, transaction exposure would result in a worsening/improvement of earnings by SEK 0.7 million (1.0) due to losses/gains in the translation of trade receivables, trade payables and accrued interest costs denominated in EUR. An equivalent strengthening/weakening would have changed consolidated equity by SEK +1.6 million (-0.8) and SEK -1.6 million (+0.8), respectively, due to changes in assessment of forward currency exchange and interest swaps, the results of which are reported under equity.

In the sensitivity calculations in EUR, DKK is also included because this currency during the reporting period had a fixed exchange rate against the euro.

(ii) Translation exposure

Currency risks also exist in the translation of the assets, liabilities and profits of foreign subsidiaries to the Parent Company's functional currency, known as translation exposure.

Bong's policy is for the subsidiaries to primarily take out loans in their local currency to limit translation exposure. The loan portfolio is handled by the central finance function and lending and equity in foreign convertible currencies should be hedged to a certain extent, mainly through external borrowing in corresponding currencies. Operating earnings of foreign subsidiaries are not hedged.

Translation exposure in the Group mainly comprises EUR and GBP. If the EUR had appreciated/depreciated by 10 per cent compared with the closing day rate on 31 December 2015, with all other variables constant, earnings would have changed by SEK +1.5/-1.5 million (-6.7/+6.7), as a result of valuation of currency swaps not in hedge accounting and revaluation of subsidiaries' loans and deposits in Bong International AB. An equivalent change would have increased/decreased consolidated equity by SEK +41.6/-41.6 million (+103.1/-103.1) as a result of gains/losses from translation of net investments in the subsidiaries. The analysis also includes items in DKK, since this currency during the reporting period had a fixed exchange rate against the euro. For GBP the effect on earnings would be an improvement/worsening of SEK -0.8/+0.8 million (+0.8/-0.8) and equity would increase/decrease by SEK +10.7/-10.7 million (+1.4/-1.4).

The effect on equity includes external loans denominated in EUR and GBP raised to hedge foreign net investments. From January 2016 Bong's loans almost exclusively consist of SEK, which mean that a gain in EUR by 10 percent against other currencies would increase equity by a further SEK 36.0 million compared with the above analysis, due to lower net investment hedges. The corresponding strengthening of the GBP would lead to an increase in equity by a further SEK 8.5 million.

(B) INTEREST RATE RISK

Interest rate risk is the risk that the Group's net interest income declines due to rising market interest levels. The Group's goal in managing interest rate risk is to achieve a balance between short and long maturities to reduce the volatility in interest costs. Bong's borrowings via credit facilities provided by the banks normally have maturities of between one and six months.

Interest rate risk is continuously analysed using simulations of the impact that an interest rate increase would have on the Group's results. The interest hedging is then managed by means of interest rate swaps, where variable interest rates are converted into fixed rates. Given the same loan debt, short-term investments, cash and cash equivalents and fixed interest rate periods as at the end of the year, an increase in the market rate of 100 basis points (1 percentage point) would worsen the Group's net interest income on an annual basis by about SEK 5.4 million (6.9).

From January 2016, Bong's loan portfolio consists almost exclusively of fixed rate loans, which means that the interest rate sensitivity decreases from about SEK 5.4 million to SEK 1.5 million.

The effective interest rate for the loan portfolio based on average borrowings for the year amounted to approximately 4.3 per cent (4.7). Interest-bearing net debt on 1 January amounted to SEK 837.4 million (790) and average time to interest rate fixing on these liabilities was about 1.1 years (0.7) including interest swaps and about 1.1 years (0.6) excluding interest swaps. Short-term investments, cash and cash equivalents amounted to SEK 244 million (97), of which SEK 180 million (0) is placed in an escrow account in order to pay the banks under the contract that was decided at the Extraordinary General Meeting in January 25, 2016.

The fixed interest rate period on these assets was about 0 months (0). In 2015 the Group's borrowing consisted almost exclusively of SEK, EUR and GBP and from January 2016 it almost exclusivly consists of SEK.

As of the balance sheet date, the company had interest rate swaps with a nominal value of SEK -0.3 million (-1.1), and these have been measured against equity. Fair value of derivative instruments is recognised under other current liabilities.

NOTE 1 CONT.

If interest rates on the Group's loans as of 31 December had been 100 basis points higher/lower with all other variables constant, the Group's earnings would have been SEK 0.7 million (1.1) lower or 0.1 million (0.4) higher, respectively, mainly as an effect of higher accrued interest expense for loans with floating rates. For other components of equity a higher interest rate would have had no material impact.

CREDIT RISK

Credit risk consists of operational and financial credit risk.

The operational risk can be found in the Group's trade receivables. The goal of Bong's credit process is to achieve competitive credit sales, minimise credit losses and improve the Group's cash flow and profit.

Depending on national practice, the credit periods vary from country to country, but can in some countries be long, about 90 days, so that outstanding credits to individual companies can in some cases reach considerable amounts. If such companies should become insolvent or encounter other payment difficulties, Bong could incur severe financial loss.

This risk is limited because trade receivables are distributed among a large number of customers and geographic markets. The Group's ten largest customers and the top three account for 24 per cent (24) and 10 per cent (11) of total sales, respectively. Credit risk is also reduced because to a large extent Bong has long-term stable relationships with its large suppliers and customers.

In several countries subsidiaries have ongoing credit insurance policies to cover outstanding trade receivables, especially in the Group's German, Polish, French and British companies.

To further improve the credit process, a credit report is obtained for credit sales. This procedure varies locally, but is based on data from external credit agencies combined with intragroup information about historical payment behaviour.

In 2015 credit losses as a percentage of net sales amounted to about 0.3 per cent (0.1 per cent).

More information about outstanding claims can be found in Note 24.

Financial credit risk refers to the risk that the Group's financial counterparties cannot meet their obligations with respect to cash and cash equivalents, short-term bank deposits or financial instruments with positive market value. Since the Group is a net borrower, excess liquidity is primarily used to repay external debts, which reduces the financial credit risk. On January 1 financial credit exposure was SEK 245.9 million (98.8), attributable to cash and cash equivalents of SEK 244.3 million (96.7) and derivative instruments with positive market value of SEK 1.6 million (2.0).

Financial counterparties must have a high credit rating, short rating P-1/A-1, and the counterparties with which the Group holds derivatives and makes short-term bank deposits also participate in the Group's long-term financing.

LIQUIDITY RISK

Liquidity risk refers to the risk that the Group cannot meet its short-term payment obligations due to insufficient or illiquid cash reserves. Bong minimises this risk by having sufficient cash on hand and committed credit facilities to cover its payment obligations. The finance function obtains rolling forecasts of the Group's liquidity reserve from the subsidiaries.

Surplus cash in the subsidiaries, in excess of the portion required to manage working capital requirements, is transferred to the finance function and is used almost exclusively to reduce the Group's current liabilities.

The Group's financing consisted until January 2016 to the largest part of credit facilities with Nordea and Swedbank, which were raised in 2013 for a renewed contract. In January 2016, Bong acquired the banks' claims and issued senior secured bonds for SEK 200 million. The bonds have a three-year maturity and a fixed annual interest rate of 10 per cent. Bong is obligated to comply with financial covenants in the loan agreement. These covenants specify certain limits for net debt in relation to EBITDA and the interest coverage the Group must achieve.

Other credit facilities consist of the subsidiaries' local overdraft facilities in foreign banks. At year-end, total credit facilities amounted to SEK 626 million (636) and approved unused credit to SEK 28 million (61).

The Parent Company's external borrowing largely covers the borrowing needs of the subsidiaries.

The table below presents the Group's non-derivative financial liabilities and net settled derivative financial instruments that comprise financial liabilities, broken down by the time remaining on the balance sheet date until the contractual maturity date and assuming an unchanged financing structure and amortisation rate over time for the Group's non-derivative liabilities. Derivatives that are financial liabilities are included in the analysis if their contractual maturities are essential for understanding the timing of future cash flows. The amounts shown in the table are the contractual undiscounted cash flows estimated at the closing market rate and the period's expected interest margin.

Net regulated derivatives are exclusively interest rate swaps, which the Group uses to manage interest rate risk.

Consolidated gross settled derivatives consist of forward exchange contracts to hedge the subsidiaries' inflows and outflows and the Parent Company's flows in foreign currencies, as well as currency swaps to hedge the Parent Company's borrowing and lending to the subsidiaries in currencies other than SEK. Maturity is a maximum of 12 months and all forward exchange contracts are included in a hedging relationship. Forward exchange contracts require contractual undiscounted inflows equivalent to SEK 44.4 million (49.2) and contractual undiscounted outflows equivalent to SEK 43.7 million (50.0). Currency swaps hedge lending in the Parent Company for a nominal amount of SEK 120.6 million (167.4).

As of 31 December 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Borrowings (excluding finance lease liabilities)*	156,384	91,070	506,954	164,437
Bank credit lines	108,015			
Finance lease liabilities	2,041	1,469	471	
Derivative instruments	314			
Trade payables and other payables	412,180			

As of December 31 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Borrowings (excluding finance lease liabilities)	114,373	75,876	227,192	308,650
Bank credit lines	84,375			
Finance lease liabilities	2,034	1,481	876	
Derivative instruments	817	298		
Trade payables and other payables	532,222			

* After the refinancing in January 2016, cash flow regarding borrowings are expected to be as follows: Less than one year: SEK 215,000. Between one and two years: SEK 20,000. Between two and five years: SEK 220,000. More than five years: SEK 0. For the bank credit lines cash flow in less than one year is SEK 8,795.

MANAGEMENT OF CAPITAL

Bong's goal regarding capital structure is to safeguard the Group's ability to continue its operations, so that it can continue to generate returns to shareholders and benefit for other stakeholders and maintain a capital structure that minimises the cost of capital.

In order to maintain or adjust the capital structure, the Group can change the dividends paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce debt.

The Group assesses its capital based on the following ratios:

Key figures	2015	2014
Equity ratio, %	16.4	19.2
Net loan debt, SEKm	837	790
Net debt/equity ratio, times	2.64	2.09
Net debt/EBITDA, times	11.9	neg

CALCULATION OF FAIR VALUE

The table below shows the financial derivatives at fair value, based on how the classification in the fair value hierarchy has been made. The different levels are defined as follows:

- Listed prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Input data other than listed prices included in Level 1, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).
- Input data for the asset or liability not based on observable market data (i.e. unobservable data) (Level 3).

All hedge instruments in the table below are measured according to Level 2.

NOTE 1 CONT.

As of 31 December 2015	Assets	Liabilities
Interest rate swaps - cash flow hedging	–	314
Currency forwards - cash flow hedging	1,266	70
Currency forwards - held for trading	343	471
Total	1,609	855

As of 31 December 2014	Assets	Liabilities
Interest rate swaps - cash flow hedging	–	1,052
Currency forwards - cash flow hedging	1	811
Currency forwards - held for trading	2,011	669
Total	2,012	2,532

Of the above contracts, the following amounts remain in the hedging reserve: interest swaps - cash flow hedges SEK -0.3 million (-1.1), currency forwards - cash flow hedging SEK -1.2 million (-0.8).

Exchange gains and losses on forward exchange contracts as cash flow hedges as of 31 December, reported in Other comprehensive income, are recognised in the Income Statement in the period during which the hedged transaction affects the Income Statement. Gains and losses on interest rate swaps have also been recognised in Other comprehensive income and will be continuously transferred to financial expenses until the interest rate swaps expire. All cash flow hedging was assessed to be fully effective on 1 January.

Gains and losses on the hedging instruments held for trading are recognised in the Income Statement as financial income and expenses.

The Group does not offset financial assets and liabilities.

NOTE 2 – NET SALES BY GEOGRAPHIC AREA

	2015	2014
Sweden	214,040	239,912
Other Nordic and Baltic	295,510	340,879
Central Europe	731,697	827,754
France and Spain	526,424	584,961
United Kingdom	455,388	416,501
Russia/Eastern Europe	52,031	55,951
Other	70,004	66,940
Total	2,345,094	2,532,898

NOTE 3 – EXPENSES CLASSIFIED BY NATURE OF EXPENSE

	2015	2014
Depreciation, amortisation and impairment (Note 6)	75,426	100,649
Costs for remuneration to employees (Note 4)	652,222	711,652
Changes in inventories of finished goods and work in progress	45,939	38,783
Raw materials	1,064,813	1,146,623
Transport costs	121,521	122,574
Other expenses	378,088	399,757
Total cost of goods sold, selling and administrative expenses	2,338,009	2,520,038

NOTE 4 – EMPLOYEES AND WAGES, SALARIES AND OTHER REMUNERATION

Average number of employees

	2015		2014	
	Number of employees	men	Number of employees	men
Sweden	198	133	201	129
Norway	42	24	57	35
Denmark	23	15	35	23
Finland	73	32	80	35
Germany	421	186	477	231
UK	224	173	221	190
Netherlands	6	4	11	6
Belgium	10	2	14	5
Russia	108	64	95	51
Estonia	91	45	79	35
Luxemburg	28	18	30	19
France	359	238	407	279
Poland	172	97	154	89
Spain	8	6	10	7
Total	1,763	1,037	1,873	1,134

Board of Directors and senior executives

	2015		2014	
	Total	men	Total	men
Board members	47	40	52	46
President and other senior executives	37	34	44	42

Salaries, remuneration, and social security contributions

	2015		2014	
	Salaries and remun.	Social contrib.	Salaries and remun.	Social contrib.
Parent Company	2,215	589	2,399	735
Pension costs		0	–	116
Subsidiaries	512,907	136,511	568,530	139,988
Pension costs		32,046	–	34,042
Group	515,122	137,100	570,929	140,723
Pension costs		32,046	–	34,158

AGM DECISION ON 2015 GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The Annual General Meeting 2015 resolved on guidelines for remuneration to the CEO and other senior executives as follows: "Senior executives" here refers to executives included in the management group, which currently consists of the Company's CEO and Business Area Manager Nordic Region, Chief Financial Officer (CFO), Business Area Manager Central Europe, Business Area Manager UK and Business Area Manager France and Spain.

NOTE 4 CONT.

Remuneration shall consist of fixed salary, variable remuneration, other benefits and pension. Total compensation must be at market rates and competitive to ensure that the Bong Group can attract and retain competent senior management. In addition to the above variable compensation, from time to time a long-term incentive scheme may be approved.

The variable component of the salary shall have a predetermined ceiling, the basic principle being that the variable salary portion can amount to no more than 60 per cent of the fixed annual salary. The variable component is based on a vesting period of one year. The goals for senior executives are established by the Board of Directors.

Pension benefits shall primarily be defined-contribution, but also occur for legal reasons as defined-benefit, although not at the Group Management level. Variable remuneration is not pensionable. Group Management is entitled to pensions under the ITP plan or the equivalent. The retirement age is 65 years. In addition to the ITP plan, some members of Group Management are also entitled to an increased occupational pension premium of up to 30 per cent of their fixed salary.

Group Management's employment contracts include provisions governing remuneration and termination of employment. According to these agreements, employment can ordinarily terminate at the request of the employee with a period of notice of 4–12 months and at the Company's request with a period of notice of 6–18 months. In the event of termination by the Company, the period of notice and the period during which compensation is payable shall not together exceed 24 months.

Remuneration of the CEO and other senior executives is prepared by the Remuneration Committee and finalised by the Board based on the recommendation of the Remuneration Committee.

These guidelines apply to those persons who are included in the Group Management during the period the guidelines are in force. The guidelines apply to the employment contracts entered into after the AGM's resolution, and to any changes in existing contracts.

The Board of Directors is entitled to disregard the above guidelines if it finds that special reasons exist to justify this in a particular case.

Salaries and other remuneration broken down between board members etc. and other employees

	2015		2014	
	Board and CEO	Other employees	Board and CEO	Other employees
Total remuneration	25,195	489,927	38,583	532,346
including incentives, etc	0	483	0	243

TERMS OF EMPLOYMENT OF SENIOR EXECUTIVES

CHAIRMAN

The Chairman of the Board of Directors Eric Joan received a fee of SEK 300 thousand. The amounts represent part of the total Board fees set by the AGM. No other fee was paid. There is no agreement on pension, severance pay or other benefits.

NOTE 4 CONT.

OTHER BOARD MEMBERS

The total fee paid to other Board members for 2015 was SEK 600 thousand (630). Board member Mikael Ekdahl recieved SEK 250 thousand (225). This amount consists of the directors' fee SEK 150 thousand (135) and compensation for serving as Chairman of the Audit Committee of SEK 100 thousand (90). Board member Christian Paulsson received SEK 200 thousand (120). This amount consists of the directors' fee SEK 150 thousand (90) and compensation for serving as member of the Audit Committee of SEK 50 thousand (30). Board member Helena Persson received SEK 100 thousand (0) and board member Ulrika Eriksson received SEK 50 thousand (135).

No other fee was paid. There is no agreement on pension, severance pay or other benefits. No directors' fee was paid to the Managing Director, nor to the employee representatives.

CHIEF EXECUTIVE OFFICER

For the year 2015 Stéphane Hamelin was paid a fixed salary including remuneration for paid leave of SEK 1,237 thousand (304). No benefits were paid. In addition to a fixed salary, a variable remuneration may be paid, based on the Group's fulfilment of certain financial goals after a decision by the Board of Directors. No variable remuneration was paid in 2015. Pension premium shall be paid in accordance with French law. No other pension premiums were paid during 2015. In the event of termination by the company, the CEO is entitled to salary and benefits for 6 months. In the event of termination by the CEO, the period of notice is 6 months.

OTHER SENIOR EXECUTIVES IN THE MANAGEMENT GROUP

The management team, consisting of five people, have during 2015 received total fixed salaries of SEK 7,743 thousand (8,266), plus benefits mainly comprising car benefits valued at SEK 336 thousand (329). In addition to a fixed salary, a variable remuneration of no more than 40-60 per cent of the fixed salary may be paid, based on the Group's fulfilment of certain financial goals. Variable remuneration of SEK 300 thousand (0) was paid for 2015. No variable remuneration was paid during the year for 2014. Pension benefits are payable for the Swedish executives under terms equivalent to those of the general pension plan. Pension benefits are payable for the foreign executives in accordance with individual agreements that give the company a cost not exceeding 10 per cent of the annual salary. A pension premium of SEK 596 thousand (1,288) was paid for 2015. In the event of termination by the company, unchanged salary is payable for 6–18 months. In the event of termination by the employee, the period of notice is 4–12 months.

PREPARATION AND DECISION-MAKING PROCESS

The Board of Directors has a Remuneration Committee consisting of two Board members. The Committee deals with matters relating to terms of employment and remuneration to the CEO and other senior executives in the Group.

NOTE 5 – REMUNERATION TO AUDITORS

PwC	2015	2014
Auditing assignments	3,807	4,276
Audit-related activities	8	95
Tax services	633	135
Other services	186	417
Total	4,634	4,923

KPMG	2015	2014
Auditing assignments	215	309
Audit-related activities	56	27
Tax services	163	172
Other services	0	56
Total	434	564

Other	2015	2014
Auditing assignments	107	178
Audit-related activities	0	202
Other services	224	238
Total	331	618

NOTE 6 – DEPRECIATION AND AMORTISATION

Broken down by non-current assets	2015	2014
Other intangible assets	10,994	12,972
Land and buildings	16,599	22,421
Plant and machinery	39,850	55,809
Equipment, tools fixtures and fittings	7,983	9,447
Total	75,426	100,649

Broken down by function	2015	2014
Cost of goods sold	51,941	80,471
Selling expenses	3,300	5,219
Administrative expenses	20,185	14,959
Total	75,426	100,649

NOTE 7 – OTHER OPERATING INCOME AND EXPENSES

Operating income	2015	2014
Exchange gains on operating receivables and liabilities	18,092	4,699
Capital gain on sale of non-current assets	26,829	19,126
Total	44,921	23,825

Operating expenses	2015	2014
Restructuring and transaction costs	–19,660	–143,889
Exchange losses on operating receivables and liabilities	–18,145	–8,005
Loss on sale of non-current assets	–27,921	–7,007
Total	–65,726	–158,901

NOTE 8 – OPERATING LEASES/RENTAL AGREEMENTS

The Group's most important operating leases relate to rental of premises. The Group has operating leases for machinery, cars and office equipment on a smaller scale. There are no restrictions in the lease agreements.

The nominal value of future lease payments is broken down as follows on the balance sheet date:

	2015	2014
Payment due within one year	60,731	65,369
Payment due later than one year but within five years	173,604	192,820
Payment due after five years	86,324	118,756
Total	320,659	376,945
Lease payments for operating leases were paid in the following amounts:	68,041	70,524

NOTE 9 – FINANCIAL INCOME

	2015	2014
Interest income	893	1,037
Exchange gains on financial items	114	1,009
Total	1,007	2,046

NOTE 10 – FINANCIAL EXPENSES

	2015	2014
Interest portion in this year's pension costs	–5,436	–7,065
Interest expenses, other	–32,611	–36,816
Exchange losses on financial items	–1,771	–768
Other financial expenses	–16,138	–12,887
Total	–55,956	–57,536

NOTE 11 – TAX

	2015	2014
Current tax	–6,009	1,237
Deferred tax	1,687	27,137
Total	–4,322	28,374

The tax on the Group's profit before tax differs from the theoretical amount that would result from application of the tax rates for the profits in the consolidated companies as follows.

	2015	2014
Profit before tax	–59,985	–178,260
Income tax calculated according to national tax rates for each country	14,841	49,913
Tax on:		
– adjustment of previous years' tax	917	454
– non-taxable revenue/ other non-deductible expenses	–4,897	–23,907
Recognition of previously unrecognised tax loss	–15,183	1,914
Tax according to Income Statement	–4,322	28,374

NOTE 12 – EXCHANGE GAINS/LOSSES – NET

Exchange gains/losses are recognised in the income statement as follows	2015	2014
Other operating income	18,092	4,699
Other operating expenses	–18,145	–8,005
Financial income	114	1,009
Financial expenses	–1,771	–768
Total	–1,710	–3,065

NOTE 13 – BASIC AND DILUTED EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

In calculating basic earnings per share, profit attributable to the Parent Company's shareholders is divided by the weighted average number of ordinary shares outstanding during the period.

	2015	2014
Profit attributable to the Parent Company's shareholders	–64,634	–149,886
Ordinary shares outstanding (thousands)	156,660	156,660
Basic earnings per share, SEK	–0.41	–0.96

DILUTED EARNINGS PER SHARE

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Parent Company has potential ordinary shares in the form of convertible debentures. The convertible debt is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense minus the tax effect.

	2015	2014
Profit attributable to the Parent Company's shareholders	–64,634	–149,886
Weighted average number of ordinary shares outstanding (thousand)	156,660	156,660
– convertible bonds (thousand)	27,272	27,272
Weighted average number of ordinary shares for calculation of diluted earnings per share (thousand)	183,932	183,932
Diluted earnings per share, SEK	–0.41	–0.96

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

NOTE 14 – GOODWILL

	31 Dec. 2015	31 Dec. 2014
Opening costs	567,029	533,215
Exchange rate differences	–9,883	33,814
Closing costs	557,146	567,029

IMPAIRMENT TESTING OF GOODWILL

For impairment testing purposes the Group is regarded as a cash-generating unit (CGU), since the whole Group's operation is regarded as a single segment. The recoverable amount for a CGU is determined based on a calculation of value in use.

NOTE 14 CONT.

That calculation uses cash flow projections that are based on financial budgets for the business that are approved by management and cover a five-year period. Cash flows beyond the five-year period are extrapolated based on the assumption that the envelope market in Europe as a whole will have a limited growth. The cash flows are based on previous years' outcomes and management projections of the market trend. Management has established the budgeted cash flows based on previous years' results, planned and completed efficiency-improving measures and projections of the market trend.

In calculating value in use, a discount rate of 10.3 per cent after tax (13.2 per cent before tax) has been assumed, along with a negative growth rate during the first three years of on average -4.3 per cent. The last two years have been assumed to result in a weak growth rate. A sustained growth rate of 0.5 per cent has been adopted. Previous year, a discount rate of 10.3 per cent (13.2 per cent before tax) and a development adjacent to this year's calculation was adopted but with a growth rate of 1 per cent at the end of the five year period.

The discount rate used is given after tax and reflects the market interest rates, risks and tax rates that apply to the different units. The average growth rate used is based on industry forecasts. Positive sales growth is expected above all in the packaging sector and in Eastern Europe. The impairment test shows that a write-down of goodwill is not necessary.

SENSITIVITY ANALYSIS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are regarded as reasonable under the current circumstances. The Group subjects goodwill to impairment testing every year, in accordance with the accounting policy described among the accounting policies above. The recoverable amount has been determined by calculation of the value in use. Certain estimates must be made for these calculations. Management has determined the forecast based on previous earnings and their expectations of the future market trend, as well as external information about market trends. A sustainable growth rate of 0.5 per cent has been used to extrapolate cash flows beyond the budget period. This growth rate is judged to be a conservative estimate. Furthermore, an average discount rate after tax of 10.3 per cent has been used (13.2 per cent before tax), which is the same as the previous year. A sensitivity analysis has been performed for the Group as a cash-generating unit. The results of the analysis are summarised below.

- If the growth assumption beyond the budget period had been 1.52 percentage point lower than the assumption used, the recoverable amount would be the same as the book value of the cash-generating unit. If the assumption of growth after the budget period had been 0.5 percentage point lower, it would mean a write-down of SEK 35 million.
- If the growth assumption for the forecast period had been 0.37 percentage point lower than the assumption used, the recoverable amount would be the same as the book value of the cash-generating unit. Furthermore, if the assumption regarding growth during the forecast period had been 0.5 percentage point lower, it would mean a write-down of SEK 164 million. If the assumption regarding growth during the forecast period had been 1 percentage point lower, it would mean a write-down of SEK 324 million.
- If the assumption regarding fixed costs had been 0.42 percentage point higher than the assumption used, the recoverable amount would be the same as the book value of the cash-generating unit.

NOTE 14 CONT.

Furthermore, if the assumption regarding fixed costs had been 1 percentage point higher, it would mean a write-down of SEK 292 million.

- If the assumption regarding gross margin had been 0.7 percentage point lower than the assumption used, the recoverable amount would be the same as the book value of the cash-generating unit. Furthermore, if the assumption regarding gross margin had been 1 percentage point lower, it would mean a write-down of SEK 172 million
- If the assumption regarding the estimated weighted cost of capital had been 1.3 percentage point higher than the assumption used, the recoverable amount would be the same as the book value of the cash-generating unit. Furthermore, if the assumption regarding the estimated weighted cost of capital had been 0.5 percentage point higher, it would mean a write-down of SEK 51 million.

These calculations are hypothetical and should not be regarded as an indication that these factors are more or less likely to change. The sensitivity analysis should therefore be interpreted with caution. The estimated recoverable amount exceeds the book value by SEK 121 million.

NOTE 15 – OTHER INTANGIBLE ASSETS

	31 Dec. 2015	31 Dec. 2014
Opening costs	82,088	74,202
Purchase	664	484
Sale/retirement	–10,747	–2,633
Reclassifications	20,714	4,776
Exchange rate differences	–1,374	5,259
Closing costs	91,345	82,088

	31 Dec. 2015	31 Dec. 2014
Opening accumulated depreciation	–44,919	–30,998
Sale/retirement	9,503	2,689
Exchange rate differences	2,190	–3,638
Depreciation for the year	–10,994	–12,972
Closing accumulated depreciation	–44,220	–44,919
Closing residual value according to plan	47,125	37,169

NOTE 16 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	31 Dec. 2015	31 Dec. 2014
Opening costs	230,458	217,917
Purchase	1,188	1,692
Sale/retirement	–82,493	–2,501
Reclassifications	99	0
Exchange rate differences	10,943	13,350
Closing costs	160,195	230,458

	31 Dec. 2015	31 Dec. 2014
Opening accumulated depreciation and impairment losses	–59,952	–28,016
Sale/retirement	4,240	163
Exchange rate differences	–16,004	–9,678
Depreciation and impairment losses for the year	–16,599	–22,421
Closing accumulated depreciation	–88,315	–59,952
Closing residual value according to plan	71,880	170,506
Of which land	8,522	20,032

NOTE 16 CONT.

Plant and machinery	31 Dec. 2015	31 Dec. 2014
Opening costs	1,153,118	1,128,791
Purchase	19,497	18,378
Sale/retirement	–465,004	–97,816
Reclassifications	751	1,305
Exchange rate differences	–38,571	102,460
Closing costs	**669,791**	**1,153,118**
Opening accumulated depreciation	–998,286	–934,311
Sales/retirements	458,092	84,360
Exchange rate differences	35,608	–92,526
Reclassifications	–125	0
Depreciation for the year	–39,850	–55,809
Closing accumulated depreciation	**–544,561**	**–998,286**
Closing residual value according to plan	**125,230**	**154,832**

Equipments, tools, fixtures and fittings	31 Dec. 2015	31 Dec. 2014
Opening costs	241,469	225,379
Purchase	4,727	9,223
Sale/retirement	–65,017	–6,437
Reclassifications	–404	1,241
Exchange rate differences	–6,583	12,063
Closing costs	**174,192**	**241,469**

NOTE 16 CONT.

Equipments, tools, fixtures and fittings	31 Dec. 2015	31 Dec. 2014
Opening accumulated depreciation	–202,450	–185,783
Sales/retirements	63,202	4,232
Exchange rate differences	5,910	–11,452
Depreciation for the year	–7,983	–9,447
Closing accumulated depreciation	**–141,321**	**–202,450**
Closing residual value according to plan	**32,871**	**39,019**

NOTE 17 – FINANCE LEASES IN THE GROUP

	31 Dec. 2015	31 Dec. 2014
Opening costs	6,573	6,903
Sales/Disposals	0	–737
Exchange rate differences	0	407
Closing costs	**6,573**	**6,573**
Opening accumulated depreciation	–6,573	–5,476
Sales/Disposals	0	409
Exchange rate differences	0	–372
Depreciation for the year	0	–1,134
Closing accumulated depreciation	**–6,573**	**–6,573**
Closing residual value according to plan	**0**	**0**

NOTE 17 CONT.

DUE DATE OF FUTURE MINIMUM LEASE PAYMENTS

	Nominal values 31 Dec. 2015	Present values 31 Dec. 2015
Within one year	2,041	1,959
After one year but within five years	1,940	1,766
Total	**3,981**	**3,725**

DUE DATE OF FUTURE MINIMUM LEASE PAYMENTS

	Nominal values 31 Dec. 2014	Present values 31 Dec. 2014
Within one year	2,034	1,953
After one year but within five years	2,357	2,142
Total	**4,391**	**4,095**

NOTE 18 – CONSTRUCTION IN PROGRESS AND ADVANCE PAYMENT RELATING TO PROPERTY, PLANT AND EQUIPMENT

	31 Dec. 2015	31 Dec. 2014
Opening costs	21,196	21,454
Accrued expenses	5,762	6,186
Reclassifications	–21,561	–7,322
Exchange rate differences	–492	878
Closing balance	**4,905**	**21,196**

NOTE 19 – THE PARENT COMPANY AND GROUP HOLDINGS OF SHARES IN GROUP COMPANIES

Company	Corporate identity number	Location	Number of shares	Ownership(%)
Bong International AB*	556044-3573	Kristianstad, Sweden	1,501,200	100
Bong GmbH*	HRB 1646	Solingen, Germany	1	100
Bong Sverige AB	556016-5606	Kristianstad, Sweden	804,000	100
Bong UK Ltd	3895897	Milton Keynes, Great Britain	7,000,000	100
IPC SAS	327 956 199	Angoulème, France	15,000	100
Manuparis SAS	775 695 299	Saint Sebastien de Morsent, France	100,000	100
Pflüger Kuvert GmbH	HRB 9534	Erlangen, Germany	1	100
Surrey Envelopes Ltd	2592120	Spondon, Great Britain	100,000	100

* Subsidiaries to Bong AB.

The compilation includes directly owned subsidiaries and indirectly owned companies with sales exceeding SEK 150 million. All subsidiaries are consolidated in the Group.

The purpose of IFRS 10 is to establish principles for preparation and presentation of consolidated financial statements when an entity controls one or more other companies. The standard defines the concept of control and establishes control as the basis for consolidation. The standard provides guidance for determining whether an entity controls another and thus will consolidate into this company in the consolidated financial statements. The standard also specifies how the consolidated financial statements should be prepared.

The standard has not had any significant effect because all companies are wholly owned.

NOTE 20 – INTERESTS IN ASSOCIATED COMPANIES

	2015	2014
Opening balance	0	354
Reclassification to subsidiary	0	–391
Share in profits	0	0
Exchange rate differences	0	37
Closing balance	**0**	**0**

No acquisitions were made during the year.

NOTE 21 – INTERESTS IN OTHER COMPANIES

Company	Corporate identity number	Location	Invested capital	Book value
Bong Fastigheter KB	969655-5763	Stockholm, Sweden	TSEK 1,000	1,000
Mail Inside	492 969 787 RCS	Paris, France	TSEK 2,501	2,501
Total				**3,501**

NOTE 22 – DEFERRED TAX

Deferred tax assets and liabilities are offset when a legal right to do so exists for the tax assets and liabilities in question and when the deferred taxes are payable to the same tax authority. The offset amounts are as follows:

Deferred tax per temporary difference	31 Dec. 2015	31 Dec. 2014
Deferred tax asset		
Loss carryforward	205,429	207,679
Property, plant and equipment	6,417	8,019
Pensions	20,310	11,656
Other temporary differences	2,327	2,030
Total	234,483	229,384

Deferred tax per temporary difference	31 Dec. 2015	31 Dec. 2014
Deferred tax liability		
Loss carryforward	0	4,282
Intangible assets	16,105	12,724
Property, plant and equipment	13,266	3,292
Pensions	0	1,314
Other temporary differences	3,913	1,667
Total	33,284	23,279

Deferred tax assets are recognised for tax-loss carryforwards to the extent it is likely they can be utilised to offset future taxable profits.

The Group's loss carryforwards mainly relate to operations in Germany and Sweden. In recent years a number of steps have been taken to reduce costs and streamline operations. The chances of being able to utilise remaining loss carryforwards are deemed good. Undisclosed tax assets amount to 96,425 TSEK (61,625), the majority of which are not time-limited.

The gross change with regard to deferred taxes is as follows	2015	2014
At start of year	206,105	155,593
Exchange rate differences	–484	961
Recognised in the Income Statement	1,687	27,137
Actuarial loss on retirement benefits	–3,244	–
Tax relating to components of other comprehensive	–2,865	22,414
At year-end	201,199	206,105

NOTE 23 – INVENTORIES

The expenditure for the inventory that was recognised is included in the item "Cost of goods sold" and amounted to SEK 1,064,813 thousand (1,146,623). Of the inventory value, SEK 2,573 thousand (3,326) has been measured at net realisable value. The inventory depreciated during the year by SEK 905 thousand (448).

NOTE 24 – TRADE RECEIVABLES AND OTHER RECEIVABLES

	31 Dec. 2015	31 Dec. 2014
Trade receivables	303,148	342,137
Minus provision for impairment of receivables	–7,603	–13,908
Trade receivables–net	295,545	328,229

NOTE 24 CONT.

Stated amounts, per currency for the Group's trade receivables are as follows:	31 Dec. 2015	31 Dec. 2014
SEK	26,252	30,523
GBP	109,454	94,298
EUR	131,104	178,561
Other currencies	36,338	38,755
Total	303,148	342,137

Geographic distribution of receivables	31 Dec. 2015	31 Dec. 2014
Sweden	32,984	30,472
Other Nordic and Baltic	35,692	37,176
Central Europe	72,463	89,911
France and Spain	42,668	72,453
United Kingdom	103,032	94,722
Russia / Eastern Europe	16,309	17,403
Total	303,148	342,137

Changes in the reserve for doubtful trade receivables are as follows:	2015	2014
At 1 January	13,908	13,106
Provision for doubtful debts	3,997	4,863
Receivables that have been written off during the year as uncollectable (–)	–7,829	–2,790
Reversal of unutilised amounts	–1,192	–2,141
Exchange rate difference	–1,281	870
At 31 December	7,603	13,908

The credit quality of trade receivables that have neither fallen due for payment nor are impaired can be assessed by reference to an external credit rating (if available) or to the counterparty's payment history:

Collection pattern: counterparties	31 Dec. 2015	31 Dec. 2014
Group 1 new customers	4,396	18,305
Group 2 existing customers without previous defaults	291,825	310,715
Group 3 existing customers with some previous non-payments where all non-payments have been fully recovered	6,927	13,117
Total trade receivables	303,148	342,137

On 31 December 2015 trade receivables totalling SEK 39,223 thousand (38,005) were overdue but were not considered to be impaired. The overdue receivables relate to a number of customers who have not previously had any difficulties paying.

Below is an age analysis of these trade receivables:	31 Dec. 2015	31 Dec. 2014
Less than 3 months	31,620	24,097
3 to 6 months	2,344	1,018
More than 6 months	5,259	12,890
Total	39,223	38,005

For trade receivables and other receivables, fair value is in line with book value.

NOTE 25 – OTHER CURRENT RECEIVABLES AND LIABILITIES

Other current receivables	31 Dec. 2015	31 Dec. 2014
Currency and interest rate derivatives	1,196	1,342
Other current receivables	11,595	5,556
Total	12,791	6,898

Other current liabilities	31 Dec. 2015	31 Dec. 2014
Currency and interest rate derivatives	442	1,863
Other current liabilities	52,148	59,002
Total	52,590	60,865

NOTE 26 – BORROWINGS

Long-term	31 Dec. 2015	31 Dec. 2014
Bank loans	389,788	418,832
Convertible loans	266,908	64,384
Total	656,696	483,216

The new bond loan has an interest rate of 10 per cent with maturity dates 0630 and 1230 until 2018-12-21.

Short-term	31 Dec. 2015	31 Dec. 2014
Bank credit lines	108,015	84,375
Bank loans	112,000	87,000
Total	220,015	171,375
Total borrowings	876,711	654,591

Maturity dates of long-term borrowings are as follows:	31 Dec. 2015	31 Dec. 2014
Between 1 and 2 years	50,588	52,984
Between 2 and 5 years	441,908	175,000
More than 5 years	164,200	255,232
Total	656,696	483,216

The effective interest rate on the balance sheet date was as follows:	31 Dec. 2015	31 Dec. 2014
Bank credit lines	2.02%	2.35%
Other borrowings	6.11%	4.83%

The effective interest rate on borrowings, which expire in 2016-01-29 was 4.66 per cent and the effective interest rate on the Group's new borrowing is 10.23 per cent. The interest rate level is dependent on the current market rate, loan currency fixed interest rate period and financial key ratios agreed with the Group's main bank that relate to the Group's net debt/EBITDA ratio.

Recognised amounts, per currency, are as follows:	31 Dec. 2015	31 Dec. 2014
SEK	381,019	151,171
EUR	410,580	420,011
GBP	85,112	82,329
Other currencies	0	1,080
Total	876,711	654,591

NOTE 26 CONT.

The Group has the following unutilised credit facilities:	31 Dec. 2015	31 Dec. 2014
Variable interest rate:		
– expires after more than one year	27,978	60,900

NOTE 27 – OTHER PROVISIONS

Restructuring	2015	2014
At 1 January	103,544	34,461
Recognised in the income statement:		
Restructuring		
– additional provisions	19,660	115,934
Utilised during the year	–82,214	–50,358
Other		
– additional provisions	5,638	–700
Exchange rate difference	–2,459	4,207
At 31 December	44,169	103,544

	2015	2014
Non-current portion	11,335	6,584
Current component	32,834	96,960
	44,169	103,544

In order to maintain long-term competitiveness and restore profitability to a satisfactory level, SEK 20 million was allocated in restructuring costs during the year. The restructuring programme relates primarily to measures to adjust to lower demand and covers essentially the entire Group.

NOTE 28 – PENSION OBLIGATIONS

The Group has defined-benefit pension plans in a number of countries. The most extensive defined-benefit pension plans are in Sweden, Germany, and Norway, where they cover virtually all salaried employees and certain other personnel. The pension plans provide benefits based on the average remuneration and length of employment of the employees at or near retirement.

The Group is exposed to a number of risks through the defined-benefit pension plans and healthcare plans following termination of employment. Almost half of Bong's pension liabilities are in pension plans that were closed to new commitments long ago, so they will gradually be phased out. A reduction in the interest rate for corporate bonds will mean an increase in plan liabilities. Some of the plan's pension liabilities are linked to inflation; higher inflation leads to higher debt. Under the majority of the pension obligations, the employees covered by the plan will receive benefits for life, which means that increased life expectancy will result in higher pension liabilities.

Pension liabilities in the balance sheet	2015-12-31	2014-12-31
Present value of funded obligations	70,028	85,186
Fair value of plan assets	–46,536	–50,462
Deficit in funded plans	23,492	34,724
Present value of unfunded obligations	177,803	193,121
Closing balance pension liability	201,295	227,845

NOTE 28 CONT.

The defined-benefit obligation and the composition of plan assets by country are listed below:

2015	Sweden	Germany	Norway	Other	Total
Present value of obligation	85,292	89,492	32,945	21,213	228,942
Fair value of plan assets	0	0	–39,090	–7,444	–46,535
Total	85,292	89,492	–6,145	13,769	182,408

2014	Sweden	Germany	Norway	Other	Total
Present value of obligation	89,774	100,074	41,536	23,737	255,121
Fair value of plan assets	0	0	–42,272	–8,188	–50,462
Total	89,774	100,074	–737	15,548	204,660

Significant actuarial assumptions

2015	Sweden	Germany	Norway	Other
Discount rate (%)	3.00	2.00	2.70	2.00
Inflation (%)	1.30	1.50	1.50	1.50
Salary increases (%)	1.10	0.00	0.00	1.50
Life expectancy at 65, men	21	19	–	23
Life expectancy at 65, women	23	23	–	–

2014	Sweden	Germany	Norway	Other
Discount rate (%)	2.30	1.75	2.34	1.75
Inflation (%)	1.10	1.50	1.50	1.50
Salary increases (%)	1.10	0.00	0.00	1.50
Life expectancy at 65, men	20	19	21	21
Life expectancy at 65, women	23	23	24	25

The change in the defined-benefit obligation over the year is as follows	Present value of obligation	Fair value of plan assets	Total
At 1 January 2014	232,414	46,512	185,902
Service costs during current year	1,983		1,983
Interest expense/(revenue)	7,861	1,236	6,624
Service costs during previous year	0		0
Revaluations:			
- Return on plan assets excl. amounts included in interest expense/(revenue)	–	2,343	–2,343
- (Profit)/loss as a result of changed demographic assumptions	221	–	221
- (Profit)/loss as a result of changed financial assumptions	36,668	–	36,668
- Experience-based (profits)/losses	6,126	–	6,126
Exchange rate differences	7,087	85	7,003
Fees:			
- Employer	–	14,340	–14,340
- Employees covered by the plan	26	26	0
Payments from the plan			
- Benefits paid	–14,080	–14,080	0
At 31 December 2014	278,306	50,462	227,845
At 1 January 2015	278,306	50,462	227,845
Service costs during current year	2,204		2,204
Interest expense/(revenue)	5,033	762	4,270
Revaluations:			
- Return on plan assets excl. amounts included in interest expense/(revenue)	–	925	–925
- (Profit)/loss as a result of changed demographic assumptions	3,424	–	3,424
- (Profit)/loss as a result of changed financial assumptions	–16,065	–	–16,065
- Experience-based (profits)/losses	-3,833	–	–3,833
Exchange rate differences	-6,745	-2,676	–4,070
Fees:			
- Employer	–	11,557	–11,557
- Employees covered by the plan	15	15	0
Payments from the plan			
- Benefits paid	–14,510	-14,510	0
At 31 December 2015	247,831	46,536	201,295

NOTE 28 CONT.

Compilation of managed assets:	2015	2014
Insurance policy (unlisted)	46,536	48,487
Other	0	1,975
Total	46,536	50,462

Fees for plans for benefits after terminated employment are expected to be SEK 12.4 million for financial year 2016.

Weighted average term of the pension obligation is 12 years.

PENSION INSURANCE IN ALECTA

Obligations for old-age pension and family pension for salaried employees in Sweden are secured by insurance in Alecta. According to a statement by the Swedish Financial Reporting Board, UFR 3, this is a multi-employer defined-benefit plan. For financial year 2015, the Group has not had access to information to be able to account for its proportionate share of the plan's obligations, plan assets and costs, for which reason it has not been possible to account for the plan as a defined-benefit plan. The ITP pension plan that is secured via insurance in Alecta is therefore accounted for as a defined contribution plan. The premium for the defined-benefit portion of the old-age pension is individual and is dependent on the age, salary and previously earned pension of the insured. Expected pension contributions during the year for pension insurance in Alecta amount to SEK 0.2 million. The Group accounts for an insignificant portion of the plan.

The collective funding ratio is the market value of Alecta's assets as a percentage of their insurance obligations calculated according to Alecta's actuarial assumptions, which do not agree with IAS 19. Collective consolidation, in the form of collective consolidation level, is usually allowed to vary between 125 and 155 per cent. If Alecta's collective consolidation level is less than 125 per cent or greater than 155 per cent, measures shall be taken in order to create conditions for the consolidation level to return to the normal range. Alecta's surplus can be distributed to the policyholders and/or to the insured if the collective consolidation level is greater than 155 per cent. However, Alecta applies premium reductions to avoid any surplus. At year-end 2015, Alecta's surplus in the form of the collective funding ratio amounted to 153 per cent (143).

PENSION OBLIGATIONS SENSITIVITY ANALYSIS

Accounting estimates and judgments are evaluated continuously and are based on historical experience and other factors, including expectations of future events that are considered reasonable under prevailing circumstances.

The present value of the pension obligations is established on an actuarial basis, based on a number of assumptions. The assumptions used in establishing the net cost (income) for pensions includes the long-term rate of return on the planned assets in question and the discount rate. Every change in these assumptions, as in other actuarial assumptions, will affect the carrying amount of the pension obligations. The assumption of expected return on planned assets is in line with the discount rate in accordance with revised IAS rules. The Group determines a suitable discount rate at the end of each year. This is the interest rate that is used to determine the present value of estimated future payments expected to be required to settle the pension obligations. In determining a suitable discount rate, the Group takes into account the interest rates on first-class corporate bonds or treasury bonds denominated in the currency in which the payments will be made and with maturities equivalent to the estimates for the pension obligations in question. In Sweden, the Group also takes into account interest rates on mortgage bonds.

NOTE 28 CONT.

If the actual return on the planned assets were to deviate by 1 per cent from the management estimate, the carrying amount of the pension obligations would be SEK 0.3 million higher or SEK 0.3 million lower. If the discount rate deviated by +/–1 per cent from the management estimate, the carrying amount of the pension obligations would be estimated at SEK 13 million lower or SEK 14 million higher than the actual carrying amount.

NOTE 29 – ACCRUED EXPENSES AND DEFERRED INCOME

	31 Dec. 2015	31 Dec. 2014
Pay-related accrued expenses	76,348	88,400
Accrued interest payable	3,951	6,876
Accrued customer bonus	58,134	56,643
Other accrued expenses	40,772	64,656
Total	179,205	216,575

NOTE 30 – PLEDGED ASSETS

	31 Dec. 2015	31 Dec. 2014
Relating to pension obligations		
Floating charges	40,000	40,000
Restricted bank deposits	180,000	–
Relating to liabilities to credit institutions		
Shares in subsidiaries	892,542	1,017,708
Property mortgages	107,366	107,774
Current assets	193,731	180,566
Total	1,413,639	1,346,048

NOTE 31 – CONTINGENT LIABILITIES

	31 Dec. 2015	31 Dec. 2014
Liability FPG	1,182	1,182
Bank Guarantee	20,000	20,000
Other contingent liabilities	661	661
Total	21,843	21,843

NOTE 32 – RESERVES

	Hedged reserve	Translation reserve	Revaluation of assets	Total reserves
Opening balance 1 January 2014	–5,859	–54,532	5,361	–55,030
Cash flow hedges	–166			–166
Hedging of net investments		–61,339		–61,339
Exchange rate difference		86,594		86,594
Tax effect	37	11,813		11,850
Closing balance 31 December 2014	–5,988	–17,464	5,361	–18,091
Opening balance 1 January 2015	–5,988	–17,464	5,361	–18,091
Cash flow hedges	2,754			2,754
Hedging of net investments		11,626		11,626
Exchange rate difference		–19,242		–19,242
Tax effect	–606	–2,259		–2,865
Closing balance 31 December 2015	–3,840	–27,339	5,361	–25,818

NOTE 33 – SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

SHARES

The number of shares at year-end 2015 was 156,659,604 (2014: 156,659,604) with a quotient value of SEK 1.50 per share (2014: SEK 1.50 per share). All issued shares are fully paid. The Extraordinary General Meeting, held 17 July 2013, decided on the issuance of convertible bond subordinated loans. On conversion to shares the number of shares will increase by 27,272,727 and share capital by SEK 40,909,090.

	Number of shares (thousand)	Share capital	Share premium	Total
1 January 2014	156,660	234,989	705,039	940,028
Convertible loan	–	–	–3,196	–3,196
On 31 December 2014	156,660	234,989	701,843	936,832
1 January 2015	156,660	234,989	701,843	936,832
Convertible loan			–2,523	–2,523
On 31 December 2015	156,660	234,989	699,320	934,309

NOTE 34 – OTHER ITEMS NOT AFFECTING LIQUIDITY IN THE CONSOLIDATED CASH FLOW STATEMENTS

	2015	2014
Gains on disposal of intangible assets and property, plant and equipment	–14,587	–16,023
Change in provisions	–64,914	62,135
Exchange rate differences and other	60	6,709
Total	–79,441	52,821

NOTE 35 – BUSINESS COMBINATIONS

During the year no material acquisitions occurred.

NOTE 36 – HEDGE ACCOUNTING

The Parent Company and its subsidiary Bong International AB's borrowings in EUR and GBP are identified as hedging of net investments in subsidiaries in Germany, Estonia, France and the UK. The fair value of the borrowings on 31 December 2015 was SEK 445,057 thousand (453,441). The exchange difference amounting to SEK 8,384 thousand (-34,411) on translation of the borrowings to SEK on the balance sheet date, is recognised in the 'Reserves' in equity.

NOTE 37 – DIVIDEND

A dividend for 2014 of SEK 0 per share was approved at the AGM on 20 May 2015. A dividend for 2016 of SEK 0 per share will be proposed at the AGM on 18 May 2016.

NOTE 38 – INFORMATION ABOUT BONG AB

Bong AB is a public limited liability company registered in Kristianstad, Sweden, Uddevägen 3, Box 516, 291 25 Kristianstad, Sweden. Bong AB is listed on Nasdaq Stockholm (Small Cap).

NOTE 39 – RELATED PARTY TRANSACTIONS

Transactions with subsidiary to Holdham S.A.are counted as related-party transactions since Holdham.S.A. is the largest shareholder in Bong AB.

	2015	2014
Sales during the year	76,055	77,942
Purchases during the year	17,657	8,597
Current receivables balance sheet date	19,859	11,787

The company's assessment is that there is no uncertainty in the receivables.

NOTE 40 – ADOPTION OF NEW ACCOUNTING POLICIES

(A) NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

None of the standards, amendments and interpretations that came Into effect for the financial year starting January 1, 2015 have had any material impact on the Group's financial statements.

(B) NEW AND REVISED STANDARDS AND INTEPRETATIONS OF EXISTING STANDARDS NOT APPLIED PROSPECTIVELY BY THE GROUP

A number of new standards and interpretations come into force for financial years after 1 January 2015 and have not been applied at the time of preparation of these financial statements. None of these are expected to have a material impact on the consolidated financial statements with the exception of those identified below:

IFRS 15 Revenue from contracts with customers and associated amendments to various other standards

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. A new five-step process must be applied before revenue can be recognised:

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) – minimum amounts must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures.

Entities will have a choice of full retrospective application, or prospective application with additional disclosures. The standard is effective for annual periods beginning on or after 1 January 2018. EU has not yet adopted the standard. The group has not yet assessed the impact of IFRS 15.

IFRS 16 Leases

In January 2016, IASB issued a new lease standard that will replace IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities arising from all leases, with some exceptions, to be recognised on the balance sheet. The accounting for lessors will in all material aspects be unchanged. The standard is effective for annual periods beginning on or after 1 January 2019. EU has not yet adopted the standard. The group has not yet assessed the impact of IFRS 16.

No other IFRS standards or IFRIC interpretations which have not yet come into force are expected to have a material impact on the Group.

Income statements for parent company

TSEK	Note	2015	2014
INCOME STATEMENT			
Net sales	6	918	749
Administrative expenses	2–3,7	–121,146	–87,912
Other operating income	4	1,135	27
Other operating expenses	5	–107	–29,551
Operating profit/loss	6	–119,200	–116,687
Profit from interests in subsidiaries	7	55,963	36,783
Other interest income and similar line items	8	33,073	74,011
Interest expenses and similar line items	9	–41,823	–66,731
Total financial income and expenses		47,213	44,063
Result before tax		–71,987	–72,624
Tax on profit/loss for the year	10	0	0
NET RESULT FOR THE YEAR		**–71,987**	**–72,624**

TSEK	2015	2014
STATEMENT OF COMPREHENSIVE INCOME		
Net profit for the year	–71,987	–72,624
Other comprehensive income		
Cash flow hedges	0	0
Income tax relating to components of other comprehensive income	0	0
Other comprehensive income after tax	0	0
TOTAL COMPREHENSIVE INCOME	**–71,987**	**–72,624**

Balance sheet for parent company

TSEK	Note	31 Dec. 2015	31 Dec. 2014
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development expenditure		0	0
Investments in progress		0	0
Total		0	0
Property, plant and equipment			
Equipment, tools, fixtures, and fittings		0	0
Total		0	0
Financial assets			
Interests in subsidiaries	11	771,884	827,999
Interests in other companies	12	1,000	1,000
Deferred tax assets	13	47,263	47,263
Receivables from subsidiaries		503,883	538,514
Total		1,324,030	1,414,776
Total non-current assets		1,324,030	1,414,776
Current assets			
Current receivables			
Current tax asset		0	24
Other current receivables	14	790	357
Deferred expenses and accrued income	16	19,640	7,716
Total		20,430	8,097
Cash and cash equivalents		180,268	157
Total current assets		200,698	8,254
TOTAL ASSETS		**1,524,728**	**1,423,030**

TSEK	Note	31 Dec. 2015	31 Dec. 2014
EQUITY AND LIABILITIES			
Equity	21		
Restricted equity			
Share capital		234,989	234,989
Non-restricted equity			
Share premium reserve		297,710	300,233
Retained earnings		363,470	436,094
Net profit for the year		−71,987	−72,624
Total non-restricted equity		589,193	663,703
Total equity		824,182	898,692
Non-current liabilities			
Borrowings		286,951	318,067
Other liabilities		266,908	64,384
Total non-current liabilities	15	553,859	382,451
Current liabilities			
Borrowings	15	112,000	87,000
Trade payables		1,411	928
Liabilities to subsidiary		26,988	17,049
Other current liabilities	14	324	243
Accrued expenses and deferred income	16	5,964	36,667
Total current liabilities		146,687	141,887
TOTAL EQUITY AND LIABILITIES		**1,524,728**	**1,423,030**
Pledged assets	17	771,884	827,999
Contingent liabilities	18	20,000	20,000

Changes in equity for parent company

		Restricted equity	Non-restricted equity			
TSEK	Note	Share capital	Fair value reserve	Share premium reserve	Retained earnings incl. net profit for the year	Total
Opening balance on 1 January 2014		234,989	0	303,429	436,094	974,512
Comprehensive income						
Net profit for the year					–72,624	–72,624
Total comprehensive income					–72,624	–72,624
Transactions with shareholders						
Convertible loan				–3,196		–3,196
Total transactions with shareholders				–3,196		–3,196
CLOSING BALANCE ON 31 DECEMBER 2014	21	**234,989**	**0**	**300,233**	**363,470**	**898,692**
Opening balance on 1 January 2015		234,989	0	300,233	363,470	898,692
Comprehensive income						
Net profit for the year					–71,987	–71,987
Total comprehensive income					–71,987	–71,987
Transactions with shareholders						
Convertible loan				–2,523		–2,523
Total transactions with shareholders				–2,523		–2,523
CLOSING BALANCE ON 31 DECEMBER 2015	21	**234,989**	**0**	**297,710**	**291,483**	**824,182**

Cash flow statement for parent company

TSEK	Note	2015	2014
OPERATING ACTIVITIES			
Operating profit/loss		–119,200	–116,687
Write-downs		115,861	76,783
Financial income received		28,207	34,278
Financial expenses paid		–52,222	–26,987
Tax paid		24	868
Other items not affecting liquidity	22	49,852	36,783
Cash flow from operating activities before change in working capital		22,522	5,038
Change in working capital			
Current receivables		–56,396	–29,942
Current operating liabilities		–20,490	–2,313
Cash flow from operating activities		–54,364	–27,217
INVESTING ACTIVITIES			
Change in long-term receivables		34,631	13,729
Cash flow from investing activities		34,631	13,729
Cash flow after investing activities		–19,733	–13,488
FINANCING ACTIVITIES			
Loans raised		200,000	2,004
Amortisation of loans		0	–9,208
Cash flow from financing activities		200,000	–7,204
Cash flow for the year		180,110	–20,692
Cash and cash equivalents at start of year		157	20,859
Exchange rate difference in cash and cash equivalents		1	–10
CASH AND CASH EQUIVALENTS AT YEAR-END		**180,268**	**157**

Parent company notes

All values are in SEK thousand unless stated otherwise.

NOTE 1 – ACCOUNTING POLICIES

The Parent Company has prepared its annual report in accordance with the Swedish Annual Reports Act and RFR 2 Accounting for Legal Entities. The rules in RFR 2 state that the Parent Company shall, in preparing the annual report for the legal entity, apply all IFRSs and statements approved by the EU as far as possible while complying with the Swedish Annual Reports Act and the Act on Safeguarding of Pension Obligations and taking into account the relationship between accounting and taxation. This recommendation defines the exceptions and additional disclosures compared with IFRS.

Consequently, the Parent Company applies the principles presented in the consolidated accounts, with the exceptions indicated below. These principles have been applied consistently for all years presented, unless otherwise stated.

FORMAT

The Income Statement and Balance Sheet follow the format in the Swedish Annual Reports Act. This entails differences compared with the consolidated accounts, mainly with regard to untaxed reserves and provisions.

SHARES AND INTERESTS IN SUBSIDIARIES

Shares and interests in subsidiaries are recognised at cost minus impairment losses. Dividends received are recognised as financial income.

FINANCIAL INSTRUMENTS

The Parent Company applies measurement at fair value according to Chapter 4 Section 14 a-d of Annual Reports Act, which means that the description of the Group's accounting policies applies to the Parent Company as well, except with regard to recognition of the profit or loss effects of hedging. The Parent Company accounts differ from the consolidated accounts in the following cases:

Changes in value of hedging instruments for hedging of highly probable cash flows are recognised in the Income Statement.

Changes in value of hedging instruments held for hedging of current and non-current receivables and liabilities are recognised in the Income Statement.

GROUP CONTRIBUTIONS AND SHAREHOLDER CONTRIBUTIONS

Shareholder contributions paid and group contributions paid are recognised as an increase in the value of shares and interests. A judgement is thereby made of whether the value of shares and interests is impaired.

NOTE 2 – EMPLOYEES AND WAGES, SALARIES AND OTHER REMUNERATION

Average number of employees

	2015		2014	
	Total employees	Of whom men	Total employees	Of whom men
Sweden	1	1	1	1

Distribution of senior executives on the balance sheet date

	2015		2014	
	Total employees	Of whom men	Total employees	Of whom men
Board members	7	6	7	6
The CEO and other senior executive officers	1	1	1	1

Salaries and other remuneration

	2015		2014	
	Salaries and remun.	Social contrib.	Salaries and remun.	Social contrib.
Total	2,215	589	2,399	735
Of which pension costs		0		116

Salaries and other remuneration broken down between board members etc. and other employees

	2015		2014	
	Board and CEO	Other employees	Board and CEO	Other employees
Total	2,215	0	2,399	0
Including incentive, etc.	0	0	0	0

More information about remuneration to the Board and CEO is provided in Group Note 4.

NOTE 3 – REMUNERATION TO AUDITORS

	2015	2014
PwC		
Auditing assignments	434	400
Audit-related activities	8	0
Other services	298	194
Total	740	594

NOTE 4 – OTHER OPERATING INCOME

	2015	2014
Exchange gains	1,135	27
Rental and payroll costs	0	0
Total	1,135	27

NOTE 5 – OTHER OPERATING EXPENSES

	2015	2014
EU Commission fine	–	29,542
Exchange loss	107	9
Total	107	29,551

NOTE 6 – PURCHASES AND SALES BETWEEN GROUP COMPANIES

The Parent Company's business consists of management of operating subsidiaries and Group management functions. In 2015 the Parent Company charged the subsidiary management fees amounting to SEK 918 thousand (749). The Parent Company's purchases from subsidiaries amounted to SEK 197 thousand (213). Pricing between Parent and subsidiary is on a commercial basis and at market prices.

NOTE 7 – PROFIT FROM INTERESTS IN SUBSIDIARIES

	2015	2014
Dividend	55,963	36,783
Impairment of shares in subsidiaries	–56,115	0
Group contributions paid	–59,746	–76,783
Total	–59,898	–40,000

NOTE 8 – OTHER INTEREST INCOME AND SIMILAR LINE ITEMS

	2015	2014
Financial income, Group companies	26,948	34,210
Interest income, Other	9	68
Exchange rate differences on financial items	6,116	39,733
Total	33,073	74,011

NOTE 9 – INTEREST EXPENSES AND SIMILAR LINE ITEMS

	2015	2014
Interest expenses, other	–25,441	–26,695
Exchange rate differences on financial items	–4,631	–30,502
Other financial expenses	–11,751	–9,534
Total	–41,823	–66,731

NOTE 10 – TAX

	2015	2014
Deferred tax	0	0
Total	0	0

Profit before tax	–71,987	–72 624
Tax calculated according to applicable tax rate:	15,837	15,977
Tax on:		
– dividend from subsidiary	12,312	8,092
– previously unrecognised tax loss		
– other non-taxable revenue	0	1
– other non-deductible expenses	–12,395	–6,512
– Tax effect from non-booked deficits	–15,754	–17,558
Tax according to Income Statement	0	0

NOTE 11 – INTEREST IN SUBSIDIARIES

Information is provided in Group note 19.

NOTE 13 – DEFERRED TAX

Deferred tax assets refer to the value of loss carryforwards.

NOTE 14 – OTHER CURRENT RECEIVABLES AND LIABILITIES

Other current receivables	31 Dec. 2015	31 Dec. 2014
Other current receivables	790	357
Total	790	357

Other current liabilities	31 Dec. 2015	31 Dec. 2014
Other current liabilities	324	243
Total	324	243

NOTE 15 – BORROWINGS

	31 Dec. 2015	31 Dec. 2014
Bank loans	286,951	318,067
Convertible loans	266,908	64,384
Total	553,859	382,451
Current		
Bank loans	112,000	87,000
Total	112,000	87,000
Total borrowings	665,859	469,451

NOTE 12 – INTERESTS IN OTHER COMPANIES

Company	Corporate identity number	Location	Invested capital	Book value
Bong Fastigheter KB	969655-5763	Stockholm, Sweden	SEK 1,000 thousand	1,000
Total				1,000

NOTE 15 CONT.

CONVERTIBLE LOAN

The loan consists of 75 convertible bonds with a nominal value of SEK 1,000,000, ISIN SE0005281821, and is listed on Nasdaq Stockholm. The convertible loan carries an annual interest rate of 10 per cent from 27 June 2013 through to the final maturity date 27 June 2018. The convertible bonds shall become due for redemption on 27 December 2018 to the extent that conversion has not occurred before then. The convertible bonds may be converted into new shares in Bong AB at the latest 30 days prior to the final date when the convertible bonds are due for redemption. The rate at which conversion may be made shall be SEK 2.75 per share.

NOTE 16 – DEFERRED/ACCRUED INCOME/EXPENSES

Deferred expenses and accrued income	31 Dec. 2015	31 Dec. 2014
Internal and external interest income	123	1,373
Deferred transaction costs	19,132	–
Other accrued expenses	385	6,343
Total	19,640	7,716

Accrued expenses and deferred income	31 Dec. 2015	31 Dec. 2014
Pay-related accrued expenses	110	715
Internal and external interest expenses	2,390	4,246
EU Commission fine	–	29,542
Other items	3,464	2,164
Total	5,964	36,667

NOTE 17 – PLEDGED ASSETS

For liabilities to credit institutions	31 Dec. 2015	31 Dec. 2014
Restricted bank deposit	180,000	–
Shares in subsidiaries	771,884	827,999
Total	951,884	827,999

NOTE 18 – CONTINGENT LIABILITIES

	31 Dec. 2015	31 Dec. 2014
Bank guarantee	20,000	20,000
Total	20,000	20,000

NOTE 19 – DIVIDEND

A dividend for 2015 of SEK 0 per share will be proposed at the AGM on 18 May 2016. A dividend for 2014 of SEK 0 per share was approved at the AGM on 20 May 2015.

NOTE 20 – INFORMATION ABOUT BONG AB

Bong AB is a public limited liability company registered in Kristianstad, Sweden, Uddevägen 3, Box 516, 291 25 Kristianstad, Sweden. Bong AB is listed on Nasdaq Stockholm (Small Cap).

NOTE 21 – SHARE CAPITAL

The number of shares at year-end 2015 was 156,659,604 (156,659,604) with a quotient value of SEK 1.50 per share (SEK 1.50 per share). Detailed information about the Parent Company's shares, share capital and convertible bonds can be found in Group note 33.

NOTE 22 – OTHER ITEMS NOT AFFECTING LIQUIDITY IN THE CONSOLIDATED CASH FLOW STATEMENTS

	31 Dec. 2015	31 Dec. 2014
Non-cash affecting dividend	55,963	36,783
Exchange rate differences and other	–6,111	0
Total	49,852	36,783

The consolidated financial statements will be submitted to the Annual General Meeting on 18 May 2016 for adoption. The Board of Directors and the CEO ensure that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and give a true and fair view of the Group's results of operations and financial position.

The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting policies in Sweden and give a true and fair view of the Parent Company's financial position and results of operations. The statutory Administration Report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Kristianstad 8 April 2016

Eric Joan
Chairman of the Board

Mikael Ekdahl
Member of the Board

Christian Paulsson
Member of the Board

Helena Persson
Member of the Board

Christer Muth
Member of the Board

Peter Harrysson
Member of the Board

Stéphane Hamelin
Chief Executive Officer and
Member of the Board

Our Audit Report was submitted 8 April 2016

PricewaterhouseCoopers AB

Lars Nilsson
Authorised Public Accountant
Auditor in charge

Christer Olausson
Authorised Public Accountant

Auditor's report

To the annual meeting of the shareholders of Bong AB (publ), corporate identity number 556034-1579

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Bong AB (publ), for the year 2015 except for the corporate governance statement on pages 12-14. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 10-39.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINIONS

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 12-14. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Bong AB (publ) for the year 2015. We have also conducted a statutory examination of the corporate governance statement

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement on pages 12-14 has been prepared in accordance with the Annual Accounts Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act. As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions. Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

OPINIONS

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year. A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Kristianstad 8 April 2016

PricewaterhouseCoopers AB

Lars Nilsson Authorised Public Accountant Auditor in charge	Christer Olausson Authorised Public Accountant

Leadership Team

STÉPHANE HAMELIN

Born 1961.

Chief Executive Officer (CEO) and Business Manager Nordic.

Employed since 2014.

Member of the Board of Bong AB since 2010.

Other assignments: Chairman of the Board of Hamelin since 1989.

Previous positions: Chairman of the Board of Bong AB May 2013-September 2014. Active at Borloo Law Firm 1984-1989.

Shareholding in Bong (via private and company) 52,850,282 shares.

SYLVIE BATAILLE

Born 1960.

Business Area Manager UK.

Employed since 1998.
In current position since 2012.

Education: Graduate from the University of Rennes.

Previous positions: CEO of Hamelin Paperbrands Limited, as well as CEO of Industrie Papeterie Charentaise.

Shareholding in Bong: 7,000 shares.

KAI STEIGLEDER

Born 1963.

Business Area Manager Central Europe.

Employed since 2007.
In current position since 2014.

Education: Master in International Business (MIBS).

Previous positions: Sales Manager Jefferson Smurfit and Tesa.

Shareholding in Bong: 42,000 shares.

HÅKAN GUNNARSSON

Born 1969.

Chief Financial Officer (CFO).

Employed since 1999.
In current position since 2012.

Education: Bachelor Degree in business administration (B Sc).

Previous positions: Business Controller at Tarkett Sommer.

Shareholding in Bong: 100,000 shares.

PASCAL GRAVOUILLE

Born 1962.

Business Area Manager France and Spain.

Employed since 2008.
In current position since 2010.

Education: Chemical engineer.

Previous positions: Business Manager Europe, Ferro Corporation.

Shareholding in Bong: 83,500 shares.

OTHER KEY PERSONNEL

PETER ANDERSSON

Born 1964.

Director of purchasing and logistics.

Employed since 2006.

SIMON BENNETT

Born 1965.

Head of sales and marketing, pan-European distributors.

Employed since 2007.

Board of Directors

ERIC JOAN
Chairman of the Board

STÉPHANE HAMELIN
Member of the Board

MIKAEL EKDAHL
Member of the Board

CHRISTIAN PAULSSON
Member of the Board

HELENA PERSSON
Member of the Board

PETER HARRYSSON
Member of the Board
(Employee Representative)

CHRISTER MUTH
Member of the Board
(Employee Representative)

PEDER ROSQVIST
Alternate Director
(Employee representative)

MATS PERSSON
Alternate Director
(Employee representative)

Definitions

CAPITAL TURNOVER RATE
Net sales divided by total assets.

DILUTED EARNINGS PER SHARE
Profit after tax divided by the average number of shares before dilution.

EARNINGS PER SHARE
Profit after tax divided by the average number of shares before dilution.

EBITDA
Earnings before interest, taxes, depreciation and amortisation.

EQUITY/ASSETS RATIO
Equity divided by balance sheet total (total assets).

NET DEBT
Interest-bearing liabilities and provisions less cash on hand, bank deposits and interest-bearing receivables.

NET DEBT/EQUITY RATIO
Net debt in relation to equity.

OPERATING MARGIN
Operating profit divided by net sales.

P/E RATIO
Share price at balance sheet date divided by earnings per share.

PROFIT MARGIN
Profit after tax divided by net sales.

RETURN ON CAPITAL EMPLOYED
Earnings after financial revenues, divided by assets less current liabilities.

RETURN ON EQUITY
Earnings after interest and tax, divided by average equity.

SHARE PRICE/EQUITY
Price per share divided by equity per share.

Annual General Meeting 2016

The Annual General Meeting will be held at 4:00 pm 18 May 2016, at Clarion Malmö Live, Dag Hammarskjölds torg 2 in Malmö, Sweden.

PARTICIPATION AT THE AGM

Shareholders registered in the share register kept by Euroclear Sweden AB on 12 May 2016 are entitled to participate in the meeting. To be eligible to participate in the Annual General Meeting, shareholders with nominee-registered holdings must therefore temporarily re-register their shares in their own names through the agency of their nominees so that they are recorded in the share register in due time before 12 May 2016.

Shareholders who wish to participate in the meeting must notify the company no later than 12 May 2016, by one of the following methods:

By post to Bong AB (publ), Attn: Mattias Östberg
Box 516
SE-291 25 Kristianstad.
Sweden

By telephone +46 (0)44-20 70 45
By e-mail to anmalan.arsstamma@bong.se.
Online www.bong.com.

DIVIDEND

The Board of Directors and the CEO propose that the AGM resolve that no dividend be paid for 2015.

AGENDA

The AGM will consider items of business which are required by law and the Articles of Association to be dealt with at the meeting, as well as other items of business mentioned in the notice convening the meeting.

Financial calendar

Annual General Meeting	18 May 2016
Interim report January – March	18 May 2016
Interim report January – June	18 July 2016
Interim Report January – September	17 November 2016
Year-end Report 2016	February 2017

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Form and production: Bong and Kanton. Printing: TMG Stockholm 2016.

Bong has the broadest envelope range on the European market and is one of the leaders in speciality packaging for e-commerce and the retail trade.

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