

Press Release

KLIPPAN is a leading producer of speciality paper for the graphic industry with a total capacity of 200,000 tons per year. Production is carried out at the three mills in Klippan, Lessebo and Mölndal.



Klippan, 3 October 2005

KLIPPAN AB – Composition proposal to KLIPPAN group creditors

In an earlier press release dated 29 August 2005, the KLIPPAN group informed about the composition proposal to be made to the creditors of KLIPPAN AB and Klippan Mölndal AB.

The enclosed composition proposal differs from the previously communicated composition proposal dated 29 August 2005 in that the payment of the composition amount will be made earlier. KLIPPAN AB and Klippan Mölndal AB will pay as full compensation 37 percent of the capital amount of the claims covered by the composition. Payment of 25 percent of the capital amount will be made on 31 March 2006 on condition that the composition is approved, and payment of the remaining 12 percent of the capital amount will be made on 31 July 2007 provided that the composition is approved.

Once the composition proposal of 37 percent has been approved by the District Court, KLIPPAN AB and Klippan Mölndal AB offer all creditors covered by the composition, if they so wish, to receive payment of 32 percent of the capital amount of their claims, with the entire amount being paid on 31 March 2006. Creditors who accept this offer will waive with binding effect the difference in amounts between 32 percent and 37 percent of the capital amount. The reconstructor's report is enclosed with this press release.

The composition proposal is supported by Södra Skogsägarna, ABB, Öresundskraft and several of the larger creditors.

The financial information relating to the period after 30 June 2005 in this press release has not been the subject of review by the company's auditors.

The Board

KLIPPAN AB

For further information, please contact:

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To KLIPPAN AB's creditors

Klippan, 30 September 2005

Re: KLIPPAN AB, 556360-1821, during company reconstruction

More than three months have now passed since the application for a company reconstruction was filed and the District Court in a ruling decided to allow a company reconstruction. Because of this, KLIPPAN AB ("KLIPPAN") applied for an extension of the period for company reconstruction, and on 14 September 2005 Helsingborg District Court decided to grant an extension until 2 December 2005.

KLIPPAN is proposing to carry out a composition on the conditions and in the manner shown in the enclosed composition proposal, and will thus make an application of composition negotiation to the Helsingborg District Court.

Ahead of this application for composition negotiations, and in accordance with the Company Reorganisation Act, KLIPPAN hereby encloses a composition proposal, Appendix 1, a "reconstructor's report" showing summary assets and liabilities, Appendix 2, and a comment from the company reconstructor regarding whether the proposed composition should be accepted, Appendix 3.

A power of attorney for the reconstructor to vote for the composition proposal is also enclosed as Appendix 4. If you accept the composition proposal, you can give the reconstructor power of attorney to vote for the composition proposal. You will then not have to be present at the composition negotiation to vote for the composition proposal. The power of attorney can be sent to the reconstructor by mail in the enclosed reply envelope as soon as possible. Finally, an offer regarding the timing of the payment of the composition amount is enclosed as Appendix 5. The timing of the composition negotiation is determined by the Court once the application for a composition negotiation has been made.

Klippan, as above.

KLIPPAN AB

Thomas Billing



COMPOSITION PROPOSAL FOR KLIPPAN AB

After the claims arising since the suspension of payments have been deducted, necessary provision made and payment has been made to the company's priority creditors, KLIPPAN AB can offer its non-priority creditors covered by the composition the following composition proposal.

1. KLIPPAN will pay as full composition 37 percent of the capital amount of the claims covered by the composition. No interest is paid on the amount.
2. Payment of 25 percent of the capital amount will be made on 31 March 2006 provided the composition is accepted.
3. Payment of the remaining 12 percent of the capital amount will be made on 31 July 2007 provided the composition is accepted.
4. No security is offered for the composition.
5. Payment will be made to the bank or plus giro accounts notified by the creditors.

Klippan, 30 September 2005

KLIPPAN AB

KLIPPAN AB, 556360-1821

RECONSTRUCTOR'S REPORT

Report in accordance with Chapter 3, Clause 11 of the Company Reorganisation Act

In accordance with Chapter 3, Clause 11 of the Company Reorganisation Act, I, as the company reconstructor appointed by Helsingborg District Court, hereby present my report relating to KLIPPAN AB.

1. OVERVIEW OF ASSETS AND LIABILITIES

Please see the enclosed summary of assets and liabilities, which is included with this report, regarding KLIPPAN AB's assets and liabilities.

2. THE REASONS FOR KLIPPAN AB'S INSOLVENCY

In the notice to the creditors dated 8 June 2005, the reasons for KLIPPAN AB's insolvency were reviewed. Reference is made to a notice published on KLIPPAN AB's website.

3. PAYMENT TO BE EXPECTED IN CASE OF LIQUIDATION

Winding up during liquidation normally entails a considerable loss of value. This is to a large extent due to the property being sold faster than would otherwise be the case. This normally means that the assets are sold at less than their value, in particular assets used in the day-to-day operation, such as raw materials, spare parts, etc. In the event of a liquidation, the new share issue decided upon will of course not be carried through. Large staff expenses will also probably be charged to the liquidated estate without any corresponding production taking place. In summary, the consequences will in all probability mean that non-priority creditors will not receive more than some 8 percent in payment, compared to the 37 percent that KLIPPAN AB offers its creditors in composition.

4. INVESTIGATION REGARDING RECOVERY, CRIMES AGAINST CREDITORS AND FULFILLMENT OF LIABILITY OF KEEPING ACCOUNTS, ETC

During a company reconstruction and a following composition, an assessment is made whether there have been any transactions in which property has been removed from the debtor under such circumstances that it might become subject to recovery, whether there are reasonable grounds for assuming that the debtor has been guilty of committing a crime against its creditors and whether the debtor has fulfilled its liability to keep accounts. The rules for recovery contained in the Bankruptcy Act are applicable. The time limit for company reconstructions is the day of the application for company reconstruction, in this case 2 June 2005.

In order to investigate whether any transactions have been made that might become the subject of recovery and other issues, Ernst & Young AB has reviewed the company accounts, have visited the company on site and also reviewed the company's books in computer media.

Ernst & Young's investigation has also covered KLIPPAN AB's transactions with Inveresk Plc. This investigation has not been completed yet, as some views have been stated regarding the investigation and its results which will be considered as soon as possible.

Recovery

In order to investigate whether any recoverable transactions exist, Ernst & Young AB's investigation has included all payments in excess of SEK 50,000. Furthermore, items in excess of SEK 40,000 from the annual result for 2003 have been checked. The company's debts and payments to suppliers have also been reviewed to check whether anything abnormal was included. Finally, approved payments and invoices have also been checked to see whether any transactions that may be recoverable have been made.

Ernst & Young AB's report shows that nothing has been found to indicate that any transactions in KLIPPAN AB that may be subject to recovery have occurred. However, one deal involving off-setting should be checked further. The investigation into this off-setting is in progress, and can hopefully be solved in due course. According to my assessment, it is still unclear whether the off-setting is unassailable, but in any case it does not affect the composition dividend.

Crimes against creditors

In the investigation described under the previous heading, no circumstances were found that would give reasonable cause to assume that the company has been guilty of any crime against creditors.

Fulfillment of the liability to keep accounts

As partially shown above, the investigation has covered payments of larger amounts, reviewing the annual result for 2003 in relation to some larger items, reviewing whether any abnormal transaction has taken place and also examining the debts to suppliers. Furthermore, the tax account has been reviewed and the company's routines investigated.

The scrutiny has shown that KLIPPAN AB's accounts are in good order and that the provisions of the Accounting Act have been fulfilled.

Stockholm, 30 September 2005



Guy Lofalk

ASSETS**Fixed assets****Intangible assets**

Trademarks	30,800
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Total intangible assets	30,800
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Tangible assets

Buildings and land	14,046
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Machines and other technical plant	172,317
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Fixtures and fittings, tools and installations	11,030
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Construction in progress and advance payments relating to tangible assets	19,113
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Total tangible assets	216,506
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Financial assets

Shares and participations in group companies	73,993
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Emission rights	7,051
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Deferred tax receivables	54,159
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Total financial assets	135,203
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Total fixed assets	382,509
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Current assets**Inventory**

Raw materials and consumables	36,867
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Finished goods and goods for resale, work in progress	66,719
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Total inventory	103,586
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Current receivables

Accounts receivable	77,194
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Receivables from group companies, Mölndal	21,514
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Receivables from subsidiaries, sales companies	7,165
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Other receivables (VAT)	7,724
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Prepaid expenses and accrued income (suppliers 23183)(sales 6,9)(new issue 2,0)	32,645
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Total current receivables	146,242
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Cash and bank balances	9,033
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Total current assets	258,862
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TOTAL ASSETS	641,371
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EQUITY AND LIABILITIES**Equity****Restricted equity**

Share capital (8,266,666 shares at nominal SEK 5)	41,333
Share premium reserve	31,000
Statutory reserve	101,341

Total restricted equity **173,675**

Non-restricted equity

Result brought forward	-54,910
Result for the year	-56,794

Total non-restricted equity **-111,704**

Total equity **61,970**

Provisions

Provision for pensions and similar obligations	85,664
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Total provisions **85,664**

Long-term liabilities

Liabilities to credit institutions	89,853
Liability to AMFK	4,755
Liabilities to group companies, dormant companies	6,742

Total long-term liabilities **101,350**

Current liabilities

Bank overdraft	94,157
Liabilities to credit institutions, factoring	30,698
Accounts payable	151,023
Other liabilities (taxes)	13,442
Accrued expenses and prepaid income	103,067
(Spec: Holiday pay 25.6, Tax 1.9, Salary guarantee 21.6, Emission rights 9.2, Commission 13.0, Emission rights recurring 3.8 Marketing 3.0, Reconstruction 3.0); (Electricity consumption 6.5, Salary liability 5.5)	

Total current liabilities **392,387**

TOTAL EQUITY AND LIABILITIES **641,371**

PLEDGED ASSETS **399,270**

CONTINGENT LIABILITIES **177,418**



To Klippan Mölndal AB's creditors

Klippan, 30 September 2005

Re: Klippan Mölndal AB, 556036-7137, during company reconstruction

More than three months have now passed since the application for a company reconstruction was filed and the District Court in a ruling decided to allow a company reconstruction. Because of this, Klippan Mölndal AB ("Klippan Mölndal") applied for an extension of the period for company reconstruction, and on 22 September 2005 Mölndal District Court decided to grant an extension until 2 December 2005.

Klippan Mölndal is proposing to carry out a composition on the conditions and in the manner shown in the enclosed composition proposal, and will thus make an application of composition negotiation to Mölndal District Court.

Ahead of this application for composition negotiations, and in accordance with the Company Reorganisation Act, Klippan Mölndal hereby encloses a composition proposal, Appendix 1, a "reconstructor's report" showing summary assets and liabilities, Appendix 2, and a comment from the company reconstructor regarding whether the proposed composition should be accepted, Appendix 3.

A power of attorney for the reconstructor to vote for the composition proposal is also enclosed as Appendix 4. If you accept the composition proposal, you can give the reconstructor power of attorney to vote for the composition proposal. You will then not have to be present at the composition negotiation to vote for the composition proposal. The power of attorney can be sent to the reconstructor by mail in the enclosed reply envelope as soon as possible. Finally, an offer regarding the timing of the payment of the composition amount is enclosed as Appendix 5. The timing of the composition negotiation is determined by the Court once the application for a composition negotiation has been made.

Klippan, as above.

KLIPPAN AB

Thomas Billing



COMPOSITION PROPOSAL FOR KLIPPAN MÖLNDAL AB

After the claims arising since the suspension of payments have been deducted, necessary provision made and payment has been made to the company's priority creditors, Klippan Mölndal AB can offer its non-priority creditors covered by the composition the following composition proposal.

1. Klippan Mölndal AB will pay as full composition 37 percent of the capital amount of the claims covered by the composition. No interest is paid on the amount.
2. Payment of 25 percent of the capital amount will be made on 31 March 2006 provided the composition is accepted.
3. Payment of the remaining 12 percent of the capital amount will be made on 31 July 2007 provided the composition is accepted.
4. No security is offered for the composition.
5. Payment will be made to the bank or plus giro accounts notified by the creditors.

Mölndal 30 September 2005

Klippan Mölndal AB

KLIPPAN MÖLNDAL AB, 556036-7137

RECONSTRUCTOR'S REPORT

Report in accordance with Chapter 3, Clause 11 of the Company Reorganisation Act

In accordance with Chapter 3, Clause 11 of the Company Reorganisation Act, I, as the company reconstructor appointed by Mölndal District Court, hereby present my report relating to Klippan Mölndal AB.

1. OVERVIEW OF ASSETS AND LIABILITIES

Please see the enclosed summary of assets and liabilities, which is included with this report, regarding Klippan Mölndal AB's assets and liabilities.

2. THE REASONS FOR KLIPPAN MÖLNDAL AB's INSOLVENCY

In the notice to the creditors dated 8 June 2005, the issue of the reasons for Klippan Mölndal AB's insolvency were reviewed. Reference is made to a notice published on KLIPPAN AB's website.

3. PAYMENT TO BE EXPECTED IN CASE OF LIQUIDATION

Winding up during liquidation normally entails a considerable loss of value. This is to a large extent due to the property being sold faster than would otherwise be the case. This normally means that the assets are sold at less than their value, in particular assets used in the day-to-day operation, such as raw materials, spare parts, etc. Large staff expenses will also probably be charged to the liquidated estate without any corresponding production taking place. In summary, the consequence will in all probability be that non-priority creditors will receive no dividend at all. Priority creditors will receive some dividend.

4. INVESTIGATION REGARDING RECOVERY, CRIMES AGAINST CREDITORS AND FULFILLMENT OF LIABILITY OF KEEPING ACCOUNTS, ETC

During a company reconstruction and a following composition, an assessment is made whether there have been any transactions in which property has been removed from the debtor under such circumstances that it might become subject to recovery, whether there are reasonable grounds for assuming that the debtor has been guilty of committing a crime against its creditors and whether the debtor has fulfilled its liability to keep accounts. The rules for recovery contained in the Bankruptcy Act are applicable. The time limit for company reconstructions is the day of the application for company reconstruction, in this case 2 June 2005.

In order to investigate whether any transactions have been made that might become the subject of recovery and other issues, Ernst & Young AB has reviewed the company accounts, have visited the company on site and also reviewed the company's books in computer media.

Recovery

In order to investigate whether any recoverable transactions exist, Ernst & Young AB's investigation has included all payments in excess of SEK 50,000. Furthermore, items in excess of SEK40,000 from the annual result for 2003 have been checked. The company's debts and payments to suppliers have also been reviewed to check whether anything abnormal was included. Finally, approved payments and invoices have also been checked to see whether any transactions that may be recoverable have been made.

Ernst & Young AB's report shows that nothing has been found to indicate that any transactions in Klippan Mölndal AB that may be subject to recovery have occurred.

Crimes against creditors

In the investigation described under the previous heading, no circumstances were found that would give reasonable cause to assume that the company has been guilty of any crime against creditors.

Fulfillment of the liability to keep accounts

As partially shown above, the investigation has covered payments of larger amounts, reviewing the annual result for 2003 in relation to some larger items, reviewing whether any abnormal transaction has taken place and also examining the debts to suppliers. Furthermore, the tax account has been reviewed and the company's routines investigated.

The scrutiny has shown that Klippan Mölndal AB's accounts are in good order and that the provisions of the Accounting Act have been fulfilled.

Stockholm, 30 September 2005



Guy Lofalk

KLIPPAN MÖLNDAL AB Org No 56036-7137**Balance sheet****Amounts in KSEK****2005-08-31****ASSETS****Fixed assets*****Intangible assets***

Emission allowances	8,344
	8,344

Tangible assets

Buildings and land	0
Machines and other technical plant	72,289
Fixtures and fittings, tools and installations	531
New construction in progress	0
Total tangible assets	72,820

Financial assets

Participations in group companies	500
Long-term tax receivables (deferred tax)	29,985
Total financial assets	30,485

Total fixed assets **111,648**

Current assets***Inventory etc.***

Raw materials and consumables	27,086
Work in progress	16,682
Finished goods and goods for resale	38,391
Total inventory etc.	82,159

Current receivables

Accounts receivable	48,925
Receivables from group companies, real estate	150,000
Tax receivables	3,079
Other receivables (VAT 4.8, PRI 1.5)	6,660
Prepaid expenses and accrued income (Insurance 4.8)	5,270
Total current receivables	213,933

Cash and bank balances **5,280**

Total current assets **301,373**

TOTAL ASSETS **413,021**

KLIPPAN MÖLNDAL AB, Org No 556036-7137**Balance sheet****Amounts in KSEK****2005-08-31****EQUITY AND LIABILITIES****Equity*****Restricted equity***

Share capital (750,000 shares at nominal SEK 100)	75,000
Statutory reserve	0
Write-up reserve	0
Total restricted equity	75,000

Non-restricted equity

Result brought forward	-23,268
Result for the year	-74,839
Total non-restricted equity	-98,107

Total equity **-23,107**

Untaxed reserves

Accumulated depreciation in excess of plan	0
Total untaxed reserves	0

Provisions

Provision for pensions	47,431
Provision for tax	0
Total provisions	47,431

Long-term liabilities

Liabilities to credit institutions	93,000
Liabilities to group companies	0
Total long-term liabilities	93,000

Current liabilities

Bank overdraft facility (KSEK 50,000 limit)	47,288
Advances from customers	0
Accounts payable	63,153
Liabilities to group companies (of which rent liability 3.4.)	25,391
Deduction for factoring	13,880
Other liabilities (VAT)	3,041
Accrued expenses and prepaid income	142,944
(Structural 97.3, Salary guarantee 16.2, Bonus 8.0, Holiday pay liability 12.8, Tax 5.3, Reconstruction 3.0)	

Total current liabilities **295,697**

TOTAL EQUITY AND LIABILITIES **413,021**