BONG LJUNGDAHL AB

Interim report
January – September 2007

“Our price increases are now starting to show an effect, a trend that was especially evident in September when the Group returned to profitability after a series of weak months. I am also satisfied with our strong cash flow for the third quarter,” says Bong’s President and CEO Anders Davidsson.

- Net sales for the period January-September amounted to SEK 1,474 million (1,462) and third quarter sales reached SEK 461 million (431).

- Adjusted operating profit for the period January-September is reported at SEK 43 million (66). Including one-time items, operating profit was SEK 35 million (21) for January-September and SEK 16 million (22) for the third quarter. Profit after tax for January-September was SEK -4 million (-7).

- Earnings per share after dilution for the period January-September were SEK -0.26 (-0.57).

- Cash flow after investing activities for the third quarter SEK 34 million (5). For the period January-September, cash flow after investing activities was SEK -38 million (-40).

SEK M	**Q3 2007**	**Q3 2006**	**Q1- 3 2007**	**Q1- 3 2006**
Net sales	461	431	1,474	1,462
Operating profit	16	22	35	21
Adjusted operating profit	16	22	1) 43	2) 66
Profit/loss before tax	2	12	-2	-7
Adjusted profit/loss before tax	2	12	1) 6	2) 38
Cash flow after investing activities	34	5	-38	-40

1) Excluding net restructuring charges and capital gains, SEK -8 million
2) Excluding restructuring charges, SEK -45 million

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MARKET

For the third quarter of 2007, the assessment is that overall demand for envelopes in Europe was relatively stable compared to the same period of last year. Demand in Scandinavia improved somewhat and the same rising trend was seen in the Baltic countries and the Netherlands. Finland, Belgium and France, however, showed a weakly falling trend and demand fell further in the German market, although development in Russia remained positive and was characterised by sustained brisk growth.

The DM segment continued to grow at the same rate as earlier. Order volumes in all markets have decreased somewhat at the same time that the number of mail items has continued to rise, a situation that is creating higher demand for over printing.

Distance shopping, i.e. via the Internet and mail order, continued to increase in all markets and boosted demand for protective envelopes and packages designed specifically for these mail items. Bong's ProPac series, in particular, is benefiting from this market trend. In time, rising demand for these higher value added products is expected to offset the shrinking market for traditional administrative mail envelopes.

In January-September, Mayer of Germany announced plans to acquire Netherlands-based Enfa Group BV, with some 150 employees and annual revenue of around EUR 30 million. Furthermore, in the summer Mayer and Tompla announced the establishment of a strategic alliance. Together with the Polish envelope printer Liston No new structural transactions were announced in the third quarter.

SALES AND PROFIT, JANUARY-SEPTEMBER 2007

Consolidated sales for the period January-September are reported at SEK 1,474 million (1,462), of which acquired units contributed 1 per cent. Sales for comparable units were down by 4 per cent due to lower volumes and by 0.5 per cent as an effect of exchange rate movements, but increased by 4.5 per cent owing to changes in the price/product mix.

Adjusted operating profit was SEK 43 million (66). The first nine months of the year were marked by the Group's soon completed restructuring process, consisting of factory closures and production transfers in Germany, Finland, Ireland and Poland. In addition, the price of uncoated fine paper continued to climb upwards in all markets. In Germany, where paper prices have risen dramatically and competition in the envelope market is fierce, it has been difficult to pass on the price increases to customers in time. Particularly in the second quarter, this caused the Group's adjusted operating profit to fall sharply from the year-earlier level, although the situation improved in the third quarter as the effects of these price hikes began to emerge.

Second quarter earnings were burdened with additional restructuring charges for the integration of RCT in Germany, further cost-cutting measures in the German operations, the ongoing production transfer in Finland, the closure of the Warsaw factory and the change of management at Bong UK. At the same time, a capital gain was generated on the sale of property, plant and equipment. The net effect of these one-time items was a cost of SEK 8 million. A more detailed description is provided later in the report under "Restructurings". During the second quarter, the closure of the envelope factory in Ireland was completed as announced in November 2006.

Bong's ProPac product line is showing very positive development, with steady and strong organic growth of around 30 per cent, and accounted for approximately 10 per cent of total Group sales in the first nine months of the year. The Russian business also delivered powerful growth and doubled its sales to SEK 36 million (16) during the nine-month period.

Operating profit was reported at SEK 35 million (21) and net financial items at SEK -37 million (-28), resulting in a pre-tax profit of SEK -2 million (-7).

SALES AND PROFIT, JULY-SEPTEMBER 2007

Consolidated sales for the third quarter reached SEK 461 million (431). Sales for comparable units were down by 3.5 per cent due to lower volumes and by 0.5 per cent as an effect of exchange rate movements, but increased by 11 per cent owing to changes in the price/product mix.

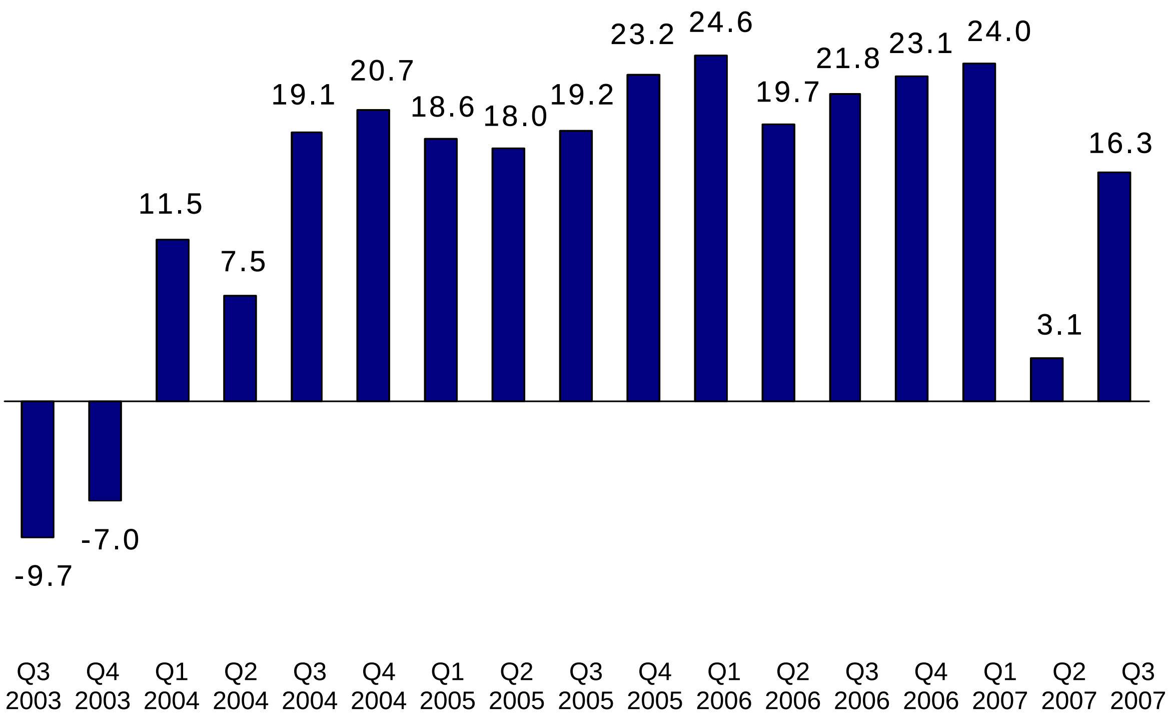
The third quarter saw the start of an earnings recovery following a temporary slump in the second quarter. Driven by price increases and improved profitability in Bong's German unit, and aided by intensive efforts to improve margins in all units, the Group returned to positive figures with an operating profit of SEK 16 million (22). The results of the previously announced action plan in the German unit began to emerge, mainly in the form of higher prices and gross margins. The plan calls for additional price increases, further downsizing of staff and other cost-cutting measures to quickly restore profitability in the German unit.

Bong's Nordic units continued performing according to plan, at the same time that the Russian operations showed positive development. The ProPac venture is continuing through ongoing expansion of the product range, the launch of a new catalogue and recruitment of several key positions mainly in the sales organisation.

Net financial items totalled SEK -14 million (-10) and profit before tax was SEK 2 million (12).

The quarterly profit trend since the second quarter of 2003 is shown in Diagram 1 below.

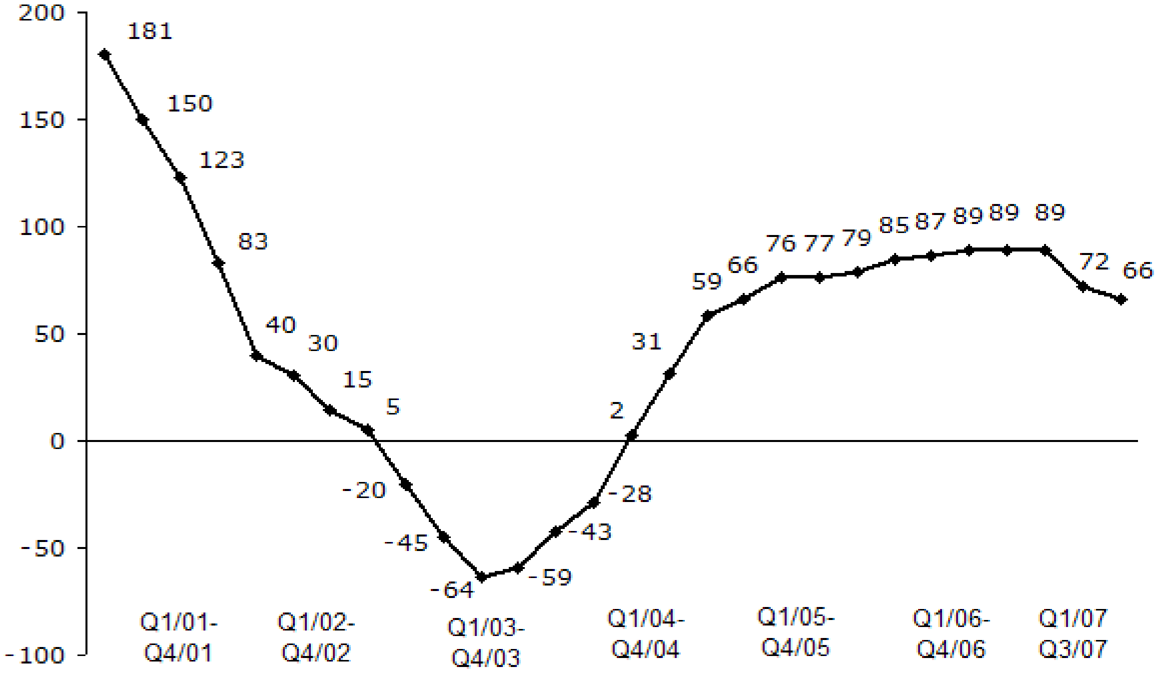
Diagram 1: Operating profit by quarter
SEK M, excluding one-time items



* According to the earlier accounting rules, profit for 2003 was charged with goodwill amortisation of around SEK 5 million per quarter. Following the transition to IFRS on 1 January 2004, goodwill is no longer amortised.

Rolling 4-quarter adjusted operating profit is shown in Diagram 2 below.

Diagram 2: Adjusted operating profit, rolling 4 quarters
SEK M, excluding one-time items



* According to the earlier accounting rules, profit for periods prior to 2004 was charged with goodwill amortisation of around SEK 5 million per quarter. Following the transition to IFRS on 1 January 2004, goodwill is no longer amortised.

CASH FLOW

Third quarter cash flow after investing activities was strong at SEK 34 million (5). Determined efforts to reduce the Group's working capital began to pay off in the third quarter and working capital fell by SEK 17 million.

Cash flow after investing activities for the period January-September was SEK -38 million (-40). So far in 2007, cash flow has been burdened with capital expenditure of SEK 25 million in Finland and Germany related to ongoing restructuring of production (enlargement of the factory in Kaavi and investments in the Wuppertal factory), and payment of restructuring charges amounting to SEK 18 million. Furthermore, cash flow was affected by acquisitions of SEK 25 million.

FINANCIAL POSITION

Cash and cash equivalents at 30 September 2007 totalled SEK 23 million (31 Dec. 2006: SEK 38 million) excluding granted but unutilised bank overdraft facilities of SEK 72 million (31 Dec. 2006: SEK 133 million). New loans were raised to finance investments and restructurings.

Consolidated equity at 30 September 2007 amounted to SEK 542 million (31 Dec. 2006: SEK 538 million). Translation of the net assets of foreign subsidiaries to Swedish kronor increased consolidated equity by SEK 1 million.

In the first nine months of 2007, the net loan debt rose by SEK 50 million to SEK 857 million (31 Dec. 2006: SEK 807 million). Of the increase, SEK 38 million was attributable to the negative cash flow and around SEK 12 million to exchange rate movements. In the third quarter, however, the Group's net loan debt decreased from SEK 901 million to SEK 857 million mainly as a result of the improved cash flow.

The net debt/equity ratio was 1.58 (31 Dec. 2006: 1.50).

The equity/assets ratio at 30 September 2007 was 30 per cent (31 Dec. 2006: 31 per cent). The Group's target is an equity ratio of at least 30 per cent over time.

CAPITAL EXPENDITURE

Net expenditure on property plant and equipment during the first nine months of the year amounted to SEK 61 million (51), of which acquisitions accounted for a total of SEK 25 million, restructuring investments in Finland and Germany for SEK 25 million and ongoing net expenditure for SEK 12 million.

PERSONNEL

The average number of employees during nine-month period was 1,348 (1,382). At the end of September 2007, the number of employees was 1,334 (1,390).

PARENT COMPANY

The activities of the Parent Company include administration of operating subsidiaries and Group management functions. Net sales are reported at SEK 0 million (0) and the period's profit before tax at SEK -32 million (104). Net expenditure on property plant and equipment was insignificant. Cash and cash equivalents in the Parent Company's totalled SEK 0 million (31 Dec. 2006: 0).

OPPORTUNITIES AND RISKS

The risks arising in Bong's operations are related primarily to the market and the Group's financing arrangements.

The envelope market is still in the midst of a transitional phase characterised by growth in Eastern Europe but stagnation in Western Europe due to a shrinking volume of administrative mail. At the same time, there are opportunities for growth in the ProPac segment and DM/custom printing.

Uncoated fine paper is the single most important input material for Bong and accounts for over half of the total cost mass. The paper market is cyclical and the paper price has risen rapidly over the past 18 months. Although Bong can normally compensate for higher paper prices by raising its customer prices, the competitive situation in the market can lead to delays in passing on price increases to the customers.

Through its operations, the Group is exposed to a number of financial risks such as foreign exchange risk, interest rate risk and credit risk. The Group's overall risk management policy focuses on unpredictability in the financial markets and strives to minimise potentially undesirable effects on the Group's results. The Group uses derivatives to hedge certain risk exposure. Risk management is handled by central finance function that identifies, assesses and hedges financial risks in close cooperation with the Group's operating units.

For more information about the Group's opportunities, see Bong's annual report which can be viewed at www.bongljungdahl.se.

RESTRUCTURINGS

Bong's newly established joint venture in Poland together with Liston, one of Poland's foremost envelope printers, started operations in the third quarter. As a result of the merger, Bong has closed its factory in Warsaw, all of the employees have been made redundant and manufacturing has been moved to Liston's facility in Poznan.

In Finland Bong is continuing the transfer of envelope production from Tampere to Kaavi and concentration of over printing in Tampere. The transfer is proceeding according to plan and production is being successively moved to the enlarged factory in Kaavi. The project is expected to be completed in the summer of 2008.

In Germany, the integration of RCT Kuvert is continuing and additional staff reductions were announced in August.

In the second quarter, Bong sold a property purchase option in Norway to the current property owner for approximately SEK 9 million. Furthermore, the sale of machinery in Germany generated a capital gain of around SEK 4 million. These one-time effects improved reported profit for the second quarter.

The above projects and the management change at Bong UK gave rise to a net one-time cost of SEK 8 million. As previously announced, this gain was included in profit for the second quarter.

ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The applied accounting policies correspond to those used in the most recently published annual report.

FUTURE OUTLOOK

Bong anticipates a clearly positive pre-tax profit for the full year 2007 and predicts that the second half of the year will be significantly stronger than the first.

Kristianstad, 2 November 2007

BONG LJUNGDAHL AB

Anders Davidsson
President and CEO

This interim report has not been subject to special review by the company's auditors.

The interim report will be presented in a teleconference starting at 10:00 a.m. on 2 November. The number to the teleconference is +46 (0)8 5052 0110. By 9:00 p.m., at the latest, pictures for the teleconference will be available on our website www.bongljungdahl.se

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Financial calendar:

Year-end report 2007	*25 February 2008*
Interim report January – March 2008	*15 May 2008*
Interim report January – June 2008	*21 August 2008*
Interim report January – September 2008	*12 November 2008*

Bong is one of Europe's leading envelope companies. The Group has annual sales of approximately SEK 2 billion, some 1,400 employees and an annual manufacturing capacity of around 15 billion envelopes at its factories in Sweden, Norway, Denmark, Finland, Poland, Germany, Belgium, the UK, Russia, Estonia and Lithuania.
Bong has a very strong market position, particularly in Northern Europe, and conducts sales and marketing in thirteen European countries through its own sales organisations. Bong is expanding rapidly in its ProPac line of packaging solutions. The Group sees attractive opportunities for further expansion and development. Bong is a publicly listed company and its shares are quoted on the OMX Nordic Stock Exchange in Stockholm.

CONSOLIDATED PROFIT AND LOSS ACCOUNTS IN SUMMARY (SEK M)	July-Sept 2007 3 mths	July-Sept 2006 3 mths	Jan-Sept 2007 9 mths	Jan-Sept 2006 9 mths	Oct 2006 - Sept 2007 12 mths	Jan-Dec 2006 12 mths
Net sales	461,0	431,1	1 473,8	1 462,0	1 996,3	1 984,5
Cost of goods sold	-365,1	-334,5	-1 198,2	-1 178,6	-1 630,3	-1 610,7
Gross profit	95,9	96,6	275,6	283,4	366,0	373,8
Selling expenses	-46,5	-44,3	-157,7	-155,7	-214,3	-212,3
Administrative expenses	-32,7	-30,6	-109,2	-113,8	-147,9	-152,5
Other operating income and expenses	-0,4	0,1	26,3	7,2	49,6	30,5
Operating profit	16,3	21,8	35,1	21,1	53,5	39,5
Net financial items	-14,6	-9,6	-37,6	-28,3	-46,9	-37,6
Profit before tax	1,7	12,2	-2,5	-7,2	6,6	1,9
Income tax	-1,6	-6,0	-1,1	-0,2	-3,4	-2,5
Profit after tax	0,1	6,2	-3,6	-7,4	3,2	-0,6
Profit for the period attributable to minority interest	-0,1	-	-0,3	-	-0,5	-0,2
Earnings per share before dilution	**0,01**	**0,48**	**-0,27**	**-0,57**	**0,26**	**-0,04**
Earnings per share after dilution	**0,01**	**0,46**	**-0,26**	**-0,53**	**0,26**	**-0,04**

CONSOLIDATED BALANCE SHEETS IN SUMMARY (SEK M)		30 Sept 2007	30 Sept 2006	31 Dec 2006
Assets				
Intangible assets	1)	350,5	337,2	346,6
Tangible assets		627,5	685,4	645,7
Financial assets		90,9	56,8	62,0
Inventories		298,9	284,4	284,5
Current receivables		385,6	365,3	354,5
Cash and cash equivalents		23,2	26,3	38,4
Total assets		**1 776,6**	**1 755,4**	**1 731,7**
Equity and liabilities				
Equity	2)	542,0	545,2	537,8
Long-term liabilities	3)	370,5	472,7	396,5
Current liabilities	3)	864,0	737,5	797,4
Total equity and liabilities		**1 776,5**	**1 755,4**	**1 731,7**
1) Of which, goodwill		347,2	333,0	342,9
2) Of which, minority interest		0,6	0,4	0,3
3) Of which, interest-bearing		880,9	881,9	847,7

KEY RATIOS		Jan-Sept 2007	Jan-Sept 2006	Oct 2006 - Sept 2007	Jan-Dec 2006
Earnings per share after dilution, SEK	1)	-0,26	-0,53	0,26	-0,04
Ditto calculated on adjusted profit, SEK	1)	0,09	1,78	0,72	2,40
Earnings per share before dilution, SEK		-0,27	-0,57	0,26	-0,04
Ditto calculated on adjusted profit, SEK		0,09	1,86	0,73	2,50
Equity per share after dilution, SEK		41,80	42,90	41,80	42,30
Ditto before dilution, SEK		41,29	41,92	41,29	41,31
Operating margin, %	2)	2,9	4,5	3,30	4,5
Profit margin, %	2)	0,3	2,6	0,90	2,6
Return on equity, %	2)	-	-	1,9	5,9
Return on capital employed, %	2)	-	-	5,0	6,5
Equity/assets ratio, %		29,7	31,1	29,70	31,1
Net debt/equity ratio, times		1,58	1,57	1,58	1,50
Interest coverage ratio, times	2)	1,1	2,3	1,4	2,3
Capital employed, SEK M		1422,9	1 427,1	1422,90	1 385,6
Interest-bearing net loan debt, SEK M		857,3	853,4	857,30	807,3
No. of shares outstanding at end of period before dilution		13 128 227	13 004 986	13 128 227	13 017 298
No. of shares outstanding at end of period after dilution		13 428 227	13 651 180	13 428 277	13 651 180
Average number of shares before dilution		13 030 622	13 004 986	13 018 974	13 006 000
Average number of shares after dilution		13 428 227	13 651 180	13 428 227	13 651 180

1) The dilution effect is not taken into account when it leads to a higher profit.
2) Calculated on profit as stated below.

Adjusted profit:	Jan-Sept 2007	Jan-Sept 2006	Oct 2006 - Sept 2007	Jan-Dec 2006
Operating profit according to the consolidated profit and loss account	**35,1**	**21,1**	**53,5**	**39,5**
Capital gain on the sale of PPE	-12,7	-	-28,6	-15,9
Restructuring charges	21	45,0	41,5	65,5
Adjusted operating profit	**43,4**	**66,1**	**66,4**	**89,1**

CHANGES IN CONSOLIDATED EQUITY (SEK M)	Jan-Sept 2007	Jan-Sept 2006	Jan-Dec 2006
Opening balance for the period	537,8	561,4	561,4
Payment for warrants	-	-	-
Conversion of convertible debentures	6,8	-	0,8
Increase in minority interest in connection with company start-up	-	0,5	0,5
Translation differences	0,7	-9,3	-24,3
Profit for the period	-3,3	-7,4	-0,6
Closing balance for the period	542,0	**545,2**	**537,8**

CONSOLIDATED CASH FLOW STATEMENTS (SEK M)	July-Sept 2007 3 mths	July-Sept 2006 3 mths	Jan-Sept 2007 9 mths	Jan-Sept 2006 9 mths	Oct 2006-Sept 2007 12 mths	Jan-Dec 2006 12 mths
Operating activities						
Operating profit	16,3	21,9	35,1	21,1	53,5	39,5
Depreciation, amortisation and impairment	26,0	25,1	71,4	77,9	95,9	102,4
Financial items	-14,6	-9,6	-37,3	-28,3	-46,6	-37,6
Paid tax	-3,7	-0,1	-9,3	-4,3	-10,6	-5,6
Other non-cash items	4,2	-7,1	-6,5	-10,4	-25,7	-29,6
Cash flow from operating activities before changes in working capital	28,2	30,2	53,4	56,0	66,5	69,1
Changes in working capital	17,4	-23,4	-29,9	-45,1	-20,5	-35,7
Cash flow from operating activities	**45,6**	**6,8**	**23,5**	**10,9**	**46,0**	**33,4**
Cash flow from investing activities	**-11,8**	**-1,4**	**-61,8**	**-50,6**	**-51,4**	**-40,2**
Cash flow after investing activities	**33,8**	**5,4**	**-38,3**	**-39,7**	**-5,4**	**-6,8**
Cash flow from financing activities	**-42,6**	**-21,2**	**22,4**	**-2,3**	**2,7**	**-22,0**
Cash flow for the period	**-8,8**	**-15,8**	**-15,9**	**-42,0**	**-2,7**	**-28,8**
Cash and cash equivalents at beginning of period	32,2	42,0	38,4	69,2	38,4	69,2
Exchange rate difference in cash and cash equivalents	-0,2	0,1	0,7	-0,9	-0,4	-2,0
Cash and cash equivalents at end of period	**23,2**	**26,3**	**23,2**	**26,3**	**35,3**	**38,4**

QUARTERLY DATA GROUP (SEK M)	3/2007	2/2007	1/2007	4/2006	3/2006	2/2006	1/2006	4/2005	3/2005	2/2005	1/2005
Net sales	461	472,4	540,4	522,5	431,1	474,5	556,4	470,1	411,8	446,6	453,7
Operating expenses	-444,7	-477,6	-516,4	-504,0	-409,3	-499,8	-531,8	-446,9	-401,0	-428,6	-435,1
Operating profit	**16,3**	**-5,2**	**24,0**	**18,5**	**21,8**	**-25,3**	**24,6**	**23,2**	**10,8**	**18,0**	**18,6**
Net financial items	-14,6	-11,5	-11,5	-9,4	-9,6	-9,1	-9,6	-8,8	-8,5	-9,5	-10,1
Profit before tax	**1,7**	**-16,7**	**12,5**	**9,1**	**12,2**	**-34,4**	**15,0**	**14,4**	**2,3**	**8,5**	**8,5**
Capital gain, sale of PPE.		12,7		15,9					16,0		
Impairment losses											
Restructuring charges		***-21,0***		-20,5		-45,0			-24,4		
Final settlement, Bauwens dispute											
		-8,3		-4,6		-45,0			-8,4		
Adjusted operating profit	**16,3**	**3,1**	**24,0**	**23,1**	**21,8**	**19,7**	**24,6**	**23,2**	**19,2**	**18,0**	**18,6**
Adjusted profit before tax	**1,7**	**-8,4**	**12,5**	**13,7**	**12,2**	**10,6**	**15,0**	**14,4**	**10,7**	**8,5**	**8,5**

PARENT COMPANY PROFIT AND LOSS ACCOUNTS IN SUMMARY (SEK M)	Jan -Sept 2007 9 mths	Jan-Sept 2006 9 mths
Net sales	0,0	0,0
Cost of goods sold	0,0	0,0
Gross profit	0,0	0,0
Selling expenses	0,0	0,0
Administrative expenses	-18,3	-16,6
Other operating income and expenses	0,0	0,0
Operating profit	-18,3	-16,6
Financial income and expenses	-12,9	119,9
Profit before tax	-31,2	103,3
Income tax	-0,3	1,0
Profit after tax	-31,5	104,3

PARENT COMPANY BALANCE SHEETS IN SUMMARY (SEK M)	30 Sept 2007	31 Dec 2006
Assets		
Intangible assets		
Tangible assets	3,6	2,7
Financial assets	926,2	926,2
Inventories	0,0	0,0
Current receivables	14,7	29,7
Cash and cash equivalents	0,1	0,0
Total assets	**944,6**	**958,6**
Equity and liabilities		
Equity	517,7	555,5
Untaxed reserves	1,5	1,5
Provisions	12,5	12,8
Long-term liabilities	123,4	126,1
Current liabilities	289,4	262,7
Total equity and liabilities	**944,6**	**958,6**