

*This is a non official translation of the Swedish original wording.
In case of differences between the English translation and the
Swedish original, the Swedish text shall prevail.*

Report by the Board of Directors of AarhusKarlshamn AB (publ) according to Chapter 14 Section 8 of the Swedish Companies Act

The Board of Directors of AarhusKarlshamn AB (publ), corp. reg. no. 556669-2850, has proposed that the Extraordinary General Meeting to be held on 8 November 2010 resolve on an incentive programme for senior management and key employees in the AarhusKarlshamn Group by issuing a maximum of 1,500,000 subscription warrants. The Board of Directors hereby issues the following report pursuant to Chapter 14 Section 8 of the Swedish Companies Act.

Since the presentation of the annual report for the period 1 January – 31 December 2009, no events of material significance to the company's position have occurred other than those evident from the enclosed interim reports for January – March 2010 and January – June 2010, and the enclosed press releases issued on 18 August, 23 August, 3 September, 6 September, 8 September, 20 September, 11 October and 22 October 2010 respectively.

Malmö 25 October 2010

The Board of Directors of AarhusKarlshamn AB (publ)