

PROPOSED ALLOCATION OF EARNINGS AND THE BOARD OF DIRECTORS' STATEMENT IN RELATION TO THE PROPOSAL

Proposal of allocation of earnings:

The Board of Directors and the Managing Director propose that

retained earnings	SEK 3,576,364,979
<u>and net profit of the year</u>	<u>SEK 108,282,498</u>
Total	SEK 3,684,647,477

are allocated as follows;

dividend of SEK 4.75 per share	SEK 194,266,398
<u>to be carried forward</u>	<u>SEK 3,490,381,079</u>
Total	SEK 3,684,647,477

The Group's and the Parent Company's earnings statements and balance sheets will be subject to approval at the Annual General Meeting on 15 May 2012.

Statement on the proposed dividend

The Board of Directors has proposed that the Annual General Meeting 2012 resolves on a profit distribution to the effect that a dividend of SEK 4.75 shall be distributed to the shareholders. The profit distribution totals MSEK 194. The aim is that profit distribution in the long term should equal 30 – 50 per cent of the Group's earnings after taxes, however always taking into account AarhusKarlshamn's long term financing requirements. The Parent Company holds no financial instruments valued in accordance with Chapter 4, Section 14a of the Swedish Annual Accounts Act (1995:1554). The Board of Directors hereby makes the following statement regarding the proposed dividend, in accordance with Chapter 18, Section 4 of the Swedish Companies Act (2005:551).

Retained earnings from previous years total MSEK 3,576 and the earnings of the financial year 2011 amount to MSEK 108 (MSEK 604 for the Group). Provided that the Annual General Meeting 2012 resolves in accordance with the Board of Director's proposal on profit distribution, MSEK 3,490 will be carried forward to new accounts. The Company's restricted reserves will be fully covered after distribution of the dividend.

According to the Board's assessment, the Company's and the Group's equity will, following the proposed dividend, be sufficient in relation to the nature, scope and risks of the operations. The Board has hereby taken into consideration the Company's and the Group's historical development, budgeted development and situation in the business cycle.

The Board has considered the Company's and the Group's position as well as the Company's and the Group's ability to comply with their obligations in a short as well as in a long term perspective. The proposed dividend equals in total to 4.7 per cent of the Company's equity and 5.4 per cent of the Group's equity attributable to the Parent Company's shareholders.

Following the distribution of profits, the Company's and the Group's equity/assets ratio will amount to 55 per cent and 34 per cent respectively.

The Company's and the Group's equity/assets ratio is thereby good in relation to the industry. The Board considers that the Company and the Group are in a position to meet future business risks and withstand possible losses. Distribution of the dividend will not negatively affect the ability of the Company or the Group to make further investments as planned by the Board of Directors

The proposed profit distribution will temporarily have a certain negative effect on the Company's and the Groups ability to meet current payment liabilities. However, the Company and the Group have good access to short as well as long term credit facilities, which can be utilized with short notice. Hence, the Board's assessment is that the Company and the Group are well prepared to manage changes in liquidity as well as unforeseen events.

In addition to the above, the Board has taken into account other known circumstances that might affect the financial position of the Company and the Group. No circumstance have come up which would have the proposed profit distribution deemed not legitimate.

Proposed record day for the dividend is 21 May 2012 and the dividend is expected to be available to the shareholders on 24 May 2012.

Malmö in April 2012
The Board of Directors

AarhusKarlshamn AB (publ)