



2011

Annual Financial Report

Contents

| | |
|------|---|
| | MANAGEMENT REPORT |
| 2 | Positioning of the MM Group and the Divisions |
| 6 | Development in the Year 2011 |
| 18 | Human Resources |
| 21 | Research and Development |
| 23 | Risk Management |
| 29 | Environmental Protection |
| 34 | Outlook |
| | |
| 36 | CONSOLIDATED FINANCIAL STATEMENTS |
| | |
| 95 | MANAGEMENT REPORT AND ANNUAL FINANCIAL STATEMENTS OF MAYR-MELNHOF KARTON AG (GERMAN VERSION) |
| | |
| 123 | CORPORATE GOVERNANCE REPORT |
| | |
| 129 | STATEMENT OF THE MANAGEMENT BOARD |

Management Report

1. POSITIONING OF THE MAYR-MELNHOF GROUP AND THE DIVISIONS

GROUP

The core business activity of the Mayr-Melnhof Group comprises the production and sale of cartonboard and folding cartons. MM Karton is the world's largest producer of coated recycled cartonboard with a growing position in virgin fiber based cartonboard. MM Packaging is the leading European producer of folding cartons, increasingly extending its market exposure outside of Europe. Cartonboard is the most important raw material for folding carton production, and folding cartons are the most important packaging material for consumer goods. Both core business divisions are managed as individual profit centers within the Group. Transactions between the two divisions are carried out at arm's length conditions. The deployment of resources focuses on these two divisions.

The Mayr-Melnhof Group has a long-term orientation and pursues sustainable, profitable growth in the core business areas. By employing economies of scale with high-performance technologies and by establishing best practice in the entire Group and continuing investment in our human resources and plants, the objective is the sustainable protection of the Group's competitiveness on the basis of cost, competence and innovation leadership.

Based on our leading market position in Europe, we have expanded our growth trend globally. The focus is on the expansion in markets with attractive growth potential. Also, we aim for market leadership in the countries and regions in which the Group operates. Growth is effected according to the degree of maturity of the markets by acquisitions, new construction or enhanced market penetration.

MAYR-MELNHOF KARTON

MM Karton is the European market leader in cartonboard production with an annual capacity of more than 1.6 million tons. Approximately 85 % thereof are directed to the production of recycled cartonboard, the remaining part to an increasing volume of virgin fiber based cartonboard. Through continual further development of the cartonboard grades, the broad product program of MM Karton covers a large number of markets with different requirements.

Ongoing reduction of the unit costs and product optimization are decisive for long-term competitive strength. To this end, MM Karton focuses its production on high performance machines and invests in state-of-the-art technology.

As of year-end 2011, the division had nine cartonboard machines at seven sites in four European countries: Austria, Germany, the Netherlands and Slovenia. MM Karton's standard cartonboard products are characterized by high quality, reliability, application security and convincing environmental compatibility, complemented by a multitude of innovative, customized solutions and an attractive range of services.

Cartonboard is primarily used as raw material for the production of folding cartons for the consumer goods industry. MM Karton's customers are mainly printing companies in the highly fragmented folding carton industry.

Building on our competitive cost basis, we can sell our cartonboard products in more than hundred countries with our far reaching delivery radius. Our main sales market is Europe, where MM Karton has been the market leader for roughly two decades now. This position is owing to the acquisition of competitors and the consistent focus on production and investment in our high performance cartonboard machines. Low efficiency machines have been taken off the market and decommissioned permanently.

Our sales organization is active in all significant European sales regions and countries with its own distribution companies. The export outside of Europe is mostly effected via external vendors.

Cartonboard production is a raw material and energy intensive process. Strategically, for MM Karton, fibers, in particular recovered paper and groundwood pulp, are the most important input factors in addition to energy, chemicals and logistics. Recovered paper is offered and bought mostly on the spot market in a broad quality range. Furthermore, opportunities of long-term purchase agreements with municipalities and waste-management companies are used. Due to high and still increasing recycling quotas in Europe, we currently expect that the continuous supply of our cartonboard plants is secured in the future as well.

The most important competitive product for cartonboard is plastic, which is very dependent on the crude oil price and a considerably broader specialization range.

Unlike other products in the paper industry, cartonboard is distinguished by a very customer-specific production with a great variety of grades and individual formats as well as by high logistics requirements for delivery to the customer. That is why European folding carton producers are mainly supplied from Europe, and the trade between continents has played a rather secondary role so far.

According to our estimates, the worldwide cartonboard capacities of approximately 45 million tons per year comprise around 35 million tons of packaging cartonboard and approximately 10 million tons of other cartonboard products (e.g. liquid packaging board and plasterboard). The development of the cartonboard demand is in close correlation with private consumption and the development of the economy as a whole. As a result, markets in Asia and Latin America showed the most dynamic growth rates in consumption and new capacities.

The concentration of the cartonboard industry has progressed far, in particular in the USA and Europe. Approximately 70 % of the European cartonboard capacities are currently attributable to the five largest providers. Despite the fact that no new cartonboard machine has been installed for more than two decades, but due to ongoing technological capacity expansions ("creeping capacity increase"), there is intense competition among the market players.

MAYR-MELNHOF PACKAGING

Business operations of MM Packaging focus on packaging for consumer goods made of cartonboard for convenience goods. The division processes around 680,000 tons of recycled and virgin fiber based cartonboard as well as paper every year, making it the leading European folding carton producer and one of the largest ones worldwide. MM Packaging produces approximately 56 billion packaging units per year on four continents.

At the end of 2011, the division contained 32 production sites in 15 countries in Europe, the Middle East/North Africa, Latin America and the Far East. With such a comprehensive network, we are geographically close to both our multinational and regional customers.

The main focus of sales is on packaging for food, cigarettes, confectionery, detergents and sanitary products. In order to meet the respective product and market specifications, MM Packaging's production is based on a broad technological basis, including all conventional state-of-the-art preprint, printing and finishing technologies. The widely spread network of sites and the high degree of standardization offers supply safety to our customers by employing suitable back-up capacities.

The production process of folding carton manufacture is a multi-step process and, simply put, is divided into the following steps: cartonboard is printed, cut, glued, finished by a variety of processes and finally delivered to the customer's packaging system in order to be filled with consumer goods. The main raw material cartonboard is purchased at market conditions, both regarding recycled and virgin fiber based cartonboard, pursuant to the profit center principle via an independent procurement organization. Therefore, and due to the limited internal supply of virgin fiber based cartonboard, merely one third of the required cartonboard is purchased from the division MM Karton.

Similar to cartonboard production, a continuous reduction in unit costs and optimization of products and processes is decisive for long-term competitiveness in the folding carton business as well. Therefore, MM Packaging concentrates especially on the industrial volume business as well as on ambitious performance benchmarking among the sites, with the goal to maintain cost leadership in the long term. Processes are standardized to a high degree and best practice is implemented as quickly as possible via the network of sites. On this basis, acquisitions and capacity expansions can be integrated in the Group quickly with manageable risk.

Just like in the cartonboard industry, the dynamics of the folding carton demand are very dependent on the development of the economy as a whole, in particular of private consumption. For years, growth in Europe has been assured mostly through displacement. Outside of Europe, especially emerging markets and threshold countries with young and growing populations have a very attractive market potential and are therefore the focus of MM Packaging's expansion path. Unlike in the cartonboard business, the economic supply radius is normally restricted to the regional market, which is why we aim at being close to our customers as early as possible, offering high quality and modern, high-performance resources in the growth markets.

In comparison to the European cartonboard industry, the structure of Europe's folding carton sector is divided into clearly smaller sections. According to our estimates, the five largest European producers supply one third of the market, in which MM Packaging, by far, holds the leadership position. Most providers are still medium-sized trade enterprises. The fragmented provider side faces a very advanced concentration in both consumer goods producers and retailers on the sales side.

Since the Group's IPO in 1994, MM Packaging has adjusted to these market conditions at an early stage and has increased its business volume sevenfold. With consistent investments in modern high performance technology as well as continual improvement of efficiency and quality, we adapted production to the needs of our mainly multinational customers. With acquisitions and the construction of new sites as well as capacity expansions, we accompany them in their expansion in growth regions in the long run. We have a specialized key account management organization responsible for the industry-appropriate support and continual development of strategically important customer segments. With competitive production structures as well as services and innovations, we ensure a future-oriented, long-term, cooperative partnership.

2. DEVELOPMENT IN THE YEAR 2011

GENERAL ECONOMIC SITUATION

The overall economic development in the course of 2011 was marked by clearly decelerated dynamics. As a consequence of the debt crisis in the Eurozone, renewed loss of confidence in the banking system and a significant increase in oil prices, considerable uncertainties gradually slowed down economic activity. New impetuses failed to materialize as economic stimulus plans were phased out and new efforts were put into reducing new public debt. The slack monetary policy in previous years created a huge bubble in the form of significant increases in raw material prices, capacity investments, provisioning and a rise in consumption, a trend clearly countered in 2011, with the exception of raw material prices which only showed a slight decline. The heterogeneity in the economic development between the countries within the Eurozone saw another significant boost. While several countries, especially in Southern Europe, seemed to follow a rather recessive trend, the economy in other countries, e.g. Germany, remained stable. In 2011, as well, the positive drivers behind the global economy were emerging countries such as the BRIC and the Next 11 countries.

INDUSTRY DEVELOPMENT

In the first few months of 2011, the European cartonboard industry was able to mostly use the demand momentum from the previous year, but by mid-year at the latest, the order situation normalized as expected. Due to the deteriorating economic outlook and the well-stocked warehouses of customers, the second half of the year was marked by a distinctive decrease in orders and temporary machine downtime in all sales regions and for all cartonboard grades, due to stock reductions. A considerable direct challenge was the compensation of the raw material costs that drastically increased once again in the first half of the year, in particular recovered paper and chemicals, which continued with a high price resistance even as cartonboard demand slowed down. Sustained utilization below capacity materially raised pressure on cartonboard prices towards the end of the year. There were no remarkable shifts in the provider structure. Industry investments focused mostly on the modification and expansion of cartonboard machines for virgin fiber based cartonboard.

In contrast to the cartonboard industry, the European folding carton sector was characterized by a clearly more consistent demand development, especially for convenience goods, analogously to the generally still rather stable private consumption. The first two quarters of the year focused on passing on the most recent cartonboard price increases, a task which could be fulfilled to a large extent thanks to the solid order situation. However, in line with the continuously deteriorating economic outlook, competition in the folding carton industry intensified during the second half of the year. Although takeover activities continued with more investment of private equity capital, these had no great effect on the overall competitive structure within the European folding carton industry.

DEVELOPMENT OF BUSINESS 2011

Group

Against the backdrop of a weakening global economy, the Mayr-Melnhof Group was able to successfully assert itself and finish the business year 2011 with peak values both in terms of profits and sales. This growth is the result of cartonboard production and cartonboard processing, as in both segments a significant rise in input costs was compensated. While the folding carton business had a mostly stable development due to sustainable private consumption, the cartonboard business faced a decline in incoming orders and operating income in the second half of the year, as expected after the full capacity utilization in the first half of the year, since the customers were consuming their stock and planning more carefully. In accordance with our strategy, we expanded our presence to growth markets with new sites in Turkey and Malaysia. Due to the positive results, the dividend per share is intended to be increased from EUR 1.95 (2010) to EUR 2.10.

CONSOLIDATED INCOME STATEMENT

Consolidated income statements (condensed version)

| (in millions of EUR) | Year ended Dec. 31, 2011 | Year ended Dec. 31, 2010 | +/- |
|--|-------------------------------------|-----------------------------|---------------|
| Sales | 1,959.6 | 1,778.9 | +10.2 % |
| Operating profit | 170.9 | 162.3 | +5.3 % |
| Result from disposal of businesses | 0.0 | (6.9) | |
| Financial result and result from investments | (9.1) | (3.7) | |
| Income tax expense | (43.1) | (41.3) | |
| Profit for the year | 118.7 | 110.4 | +7.5 % |

The Group's consolidated sales improved from EUR 1,778.9 million to EUR 1,959.6 million and are 10.2 % above last year's level. This growth is mainly attributable to higher prices in both divisions, but also to the integration of the folding carton site Marinetti, Chile. The regional sales distribution remained unchanged with a focus on sales in Europe and a strengthening in markets outside of Europe. With a sales share of 64.9 % and 23.5 % respectively, Western Europe and Eastern Europe are the Group's main sales markets (2010: 67.1 % and 24.6 %), the share outside of Europe went up from 8.3 % to 11.6 %. The intra-group sales between the individual divisions amounted to EUR 112.5 million (2010: EUR 121.7 million) and consisted mainly of cartonboard deliveries from MM Karton to MM Packaging.

Group sales by destination

| (in %) | Year ended Dec. 31, 2011 | Year ended Dec. 31, 2010 |
|--------------------------------|-----------------------------|-----------------------------|
| Western Europe (excl. Austria) | 60.6 % | 62.5 % |
| Austria | 4.3 % | 4.6 % |
| Eastern Europe | 23.5 % | 24.6 % |
| Asia | 3.6 % | 3.5 % |
| Latin America | 3.8 % | 1.3 % |
| Other | 4.2 % | 3.5 % |
| Total | 100.0 % | 100.0 % |

Cost of sales

| (in millions of EUR) | Year ended Dec. 31, 2011 | Year ended Dec. 31, 2010 | +/- | Percentage of sales | |
|--|--------------------------------|--------------------------------|---------------|--------------------------------|--------------------------------|
| | | | | Year ended Dec. 31, 2011 | Year ended Dec. 31, 2010 |
| Cost of materials and purchased services | 1,144.8 | 1,042.7 | 9.8 % | 58.4 % | 58.6 % |
| Personnel expenses | 261.0 | 248.0 | 5.2 % | 13.3 % | 13.9 % |
| Depreciation and amortization | 75.6 | 75.0 | 0.8 % | 3.9 % | 4.2 % |
| Other expenses | 61.4 | 31.5 | 94.9 % | 3.1 % | 1.8 % |
| Cost of sales | 1,542.8 | 1,397.2 | 10.4 % | 78.7 % | 78.5 % |

Cost of sales for operating performance rose by EUR 145.6 million to EUR 1,542.8 million, mainly due to a significant step-up in cost of materials and purchased services. As a major part of these costs could be compensated with higher sales prices, the share of cost of sales in the company sales remained unchanged and represented 78.7 % (2010: 78.5 %).

Selling and distribution, administrative and other operating expenses

| (in millions of EUR) | Year ended Dec. 31, 2011 | Year ended Dec. 31, 2010 | +/- | Percentage of sales | |
|--|--------------------------------|--------------------------------|---------------|--------------------------------|--------------------------------|
| | | | | Year ended Dec. 31, 2011 | Year ended Dec. 31, 2010 |
| Personnel expenses | 98.4 | 92.2 | 6.7 % | 5.0 % | 5.2 % |
| Depreciation and amortization | 8.6 | 7.4 | 16.2 % | 0.4 % | 0.4 % |
| Other expenses | 148.3 | 131.4 | 12.9 % | 7.6 % | 7.4 % |
| Selling and distribution, administrative and other operating expenses | 255.3 | 231.0 | 10.5 % | 13.0 % | 13.0 % |

The share of selling and distribution, administrative and other operating expenses in sales rose from EUR 231.0 million to EUR 255.3 million especially as a consequence of higher transportation costs and the integration of the folding carton site Marinetti. However, the share in sales remained stable at 13.0 % (2010: 13.0 %).

Operating profit therefore improved by 5.3 % or EUR 8.6 million to EUR 170.9 million. This increase results from the growth in profit both in cartonboard and folding carton production. At 8.7 % the Group's operating margin was slightly below last year's level (2010: 9.1 %). The return on capital employed amounted to 18.6 % (2010: 18.9 %).

Net interest decreased slightly, in particular as a result of higher financial liabilities. Financial income of EUR 4.4 million (2010: EUR 2.5 million) was offset by financial expenses of EUR -6.4 million (2010: EUR -2.9 million).

Without non-recurring expenses from the disposal of participations, which incurred in the previous year, the profit before tax amounted to EUR 161.8 million, an improvement of 6.7 % compared to 2010 (EUR 151.7 million).

Income taxes were paid in 24 countries and amounted to EUR 43.1 million (2010: EUR 41.3 million), resulting in an effective Group tax rate of 26.6 % (2010: 27.2 %).

PROFIT FOR THE YEAR, EARNINGS PER SHARE

The Group's profit for the year rose by 7.5 % from EUR 110.4 million to EUR 118.7 million, whereas the net profit margin of 6.1 % reached again last year's level (2010: 6.2 %).

In the business year 2011, a basic weighted average of 19,984,740 shares was outstanding, with earnings per share of EUR 5.91 (2010: EUR 5.39).

VALUE ADDED

The Group's value added is the difference between total operating revenue and the services provided from third parties. In the statement of distribution, the share of all contributors to the value added is shown.

Value added

| (in millions of EUR) | Year ended Dec. 31, 2011 | Year ended Dec. 31, 2011 | Year ended Dec. 31, 2010 | Year ended Dec. 31, 2010 |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Origin: | | | | |
| Sales | 1,959.6 | | 1,778.9 | |
| Other operating income | 9.4 | | 11.0 | |
| Change in finished goods and own work capitalized | (3.5) | | 14.9 | |
| Result from disposal of businesses | 0.0 | | (6.9) | |
| Financial result and result from investments | (9.1) | | (3.7) | |
| Total operating revenue | 1,956.4 | | 1,794.2 | |
| (-) Expenditures on purchased goods and services | (1,345.9) | | (1,216.7) | |
| (-) Depreciation and amortization | (84.2) | | (81.8) | |
| Net value added | 526.3 | 100.0 % | 495.7 | 100.0 % |
| Distribution: | | | | |
| Employees | (213.4) | (40.5 %) | (199.7) | (40.2 %) |
| Social benefit costs | (99.3) | (18.9 %) | (95.0) | (19.2 %) |
| Public authorities | (94.9) | (18.0 %) | (90.6) | (18.3 %) |
| Non-controlling (minority) interests | (0.5) | (0.1 %) | (2.3) | (0.5 %) |
| Shareholders (proposed dividend 2011) | (42.0) | (8.0 %) | (39.0) | (7.9 %) |
| Company | 76.2 | 14.5 % | 69.1 | 13.9 % |

In 2011, the Group generated a total operating revenue of EUR 1,956.4 million (2010: EUR 1,794.2 million). After deduction of expenditures on purchased goods and services as well as depreciation and amortization, the net value added amounted to EUR 526.3 million, up EUR 30.6 million or 6.2 %.

In 2011 again, the major part of the net value added at 40.5 % or EUR 213.4 million went to the Group's employees (2010: 40.2 % or EUR 199.7 million). Upon recommendation of the Management Board, the shareholders of Mayr-Melnhof Karton AG will receive a dividend of EUR 42.0 million or 8.0 % of the net value added in the business year 2011 (2010: EUR 39.0 million or 7.9 %). A profit of EUR 76.2 million or 14.5 % of the net value added will be retained in the Group (2010: EUR 69.1 million or 13.9 %).

ASSETS, CAPITAL AND LIQUID FUNDS

Consolidated balance sheets (condensed version)

| (in millions of EUR) | Dec. 31, 2011 | Dec. 31, 2010 |
|-------------------------------------|----------------|----------------|
| Non-current assets | 695.1 | 664.2 |
| Current assets | 871.5 | 856.7 |
| Total assets | 1,566.6 | 1,520.9 |
| Total equity | 1,005.9 | 983.1 |
| Non-current liabilities | 157.1 | 163.3 |
| Current liabilities | 403.6 | 374.5 |
| Total equity and liabilities | 1,566.6 | 1,520.9 |

The Group's total assets at the end of 2011 amounted to EUR 1,566.6 million, which is EUR 45.7 million higher than in the previous year. Compared to year-end 2010 (December 31, 2010: EUR 983.1 million), total equity went up by EUR 22.8 million to EUR 1,005.9 million. This difference mainly results from the enhanced profit for the year, which is offset by the dividend payment for 2010 and the difference resulting from the acquisition and increase in majority interests as deductible items. Total equity to total assets therefore remained almost unchanged at 64.2 % (December 31, 2010: 64.6 %). The return on equity reached 11.9 % (December 31, 2010: 11.3 %).

Non-current assets rose by EUR 30.9 million to EUR 695.1 million, mainly attributable to higher investment activities (December 31, 2010: EUR 664.2 million). Current assets amounting to EUR 871.5 million were slightly above last year's value (December 31, 2010: EUR 856.7 million), in particular due to the increase in cash and cash equivalents.

The interest-bearing financial liabilities went up from EUR 129.7 million to EUR 140.9 million, mainly due to the raising of low-interest bank loans. Provisions for other non-current liabilities of EUR 72.4 million are related to accruals for employee benefits and were at last year's level (December 31, 2010: EUR 72.0 million).

Total funds available to the Group, mainly consisting of fixed deposits, changed from EUR 332.3 million to EUR 349.5 million. They exceed the interest-bearing liabilities by EUR 208.6 million (December 31, 2010: EUR 202.6 million), which means that the Group still shows a net liquidity. In addition, as of year-end 2011, credit facilities amounting to EUR 336.0 million (December 31, 2010: EUR 279.0 million) were available to the Group which can be utilized at any time.

CASH FLOW DEVELOPMENT

Consolidated cash flow statements (condensed version)

| (in millions of EUR) | Year ended Dec. 31, 2011 | Year ended Dec. 31, 2010 |
|---|-------------------------------------|-----------------------------|
| Net cash provided by operating activities | 197.6 | 144.6 |
| Net cash provided by/used in investing activities | (142.5) | (111.6) |
| Net cash used in financing activities | (37.9) | (56.7) |
| Effect of exchange rate changes | (0.4) | 2.4 |
| Net change in cash and cash equivalents (< 3 months) | 16.8 | (21.3) |
| Cash and cash equivalents (< 3 months) at the end of the year | 348.8 | 332.0 |
| Current and non-current available-for-sale financial assets | 0.7 | 0.3 |
| Total funds available to the Group | 349.5 | 332.3 |

Cash flow from operating activities was EUR 197.6 million, thus up EUR 53.0 million compared to the previous year (2010: EUR 144.6 million). This difference is mainly due to a higher profit for the year and the reduction in working capital.

Cash flow from investing activities went up from EUR -111.6 million to EUR -142.5 million. This rise is attributable both to higher payments for the acquisition of fixed assets and the increase in majority interests, but also the acquisition of the Malaysian subsidiaries. Net payments for the investments in tangible and intangible fixed assets amounted to EUR -123.3 million (2010: EUR -84.4 million). Net payments for the increase and acquisition of majority interests were EUR -24.2 million (2010: EUR -30.9 million).

The investment expenditures of MM Karton amounted to EUR -72.7 million (2010: EUR -31.4 million). Expenditures focused on refitting the larger of the two cartonboard machines in the Kolicvevo mill for the "swing production" of virgin fiber based and recycled cartonboard as well as additional technical modernization measures to improve efficiency and quality.

The investment expenditures of MM Packaging were EUR -52.5 million (2010: EUR -55.2 million) and particularly focused on the construction of a new folding carton plant in Karaman, Turkey, and the implementation of high performance technology.

The cash flow of financing activities went down from EUR -56.7 million to EUR -37.9 million. This difference results particularly from payments for the acquisition of own shares in the previous year and lower amounts of net financial funds raised.

FURTHER INFORMATION

In March 2011, the MM Packaging division acquired the remaining share of 39.99 % in the Turkish folding carton producer Superpak, Izmir, and thus now holds 100 %.

In June 2011, the MM Packaging division increased its majority interest in the Russian folding carton producer MM Polygrafoformlenie, St. Petersburg, from 50.025 % to 75.025 % of the shares and firmly agreed on the acquisition of the remaining 25 %.

At the beginning of November 2011, MM acquired 51 % in Firgos, a Malaysian cartonboard trader with its seat in Kuala Lumpur and the folding carton plant MMP Malaysia in the start-up process. It was included in the balance sheet as of December 31, 2011.

In November 2011, the MM Packaging division concluded an agreement for the acquisition of the interest of 25 % in the German folding carton producer C. P. Schmidt, Kaiserslautern, currently still third-party owned, pursuant to which this share may be acquired at any time but no later than December 31, 2014.

By the end of December 2011, the MM Packaging division increased its majority interest in the Jordanian folding carton producer Al-Ekbal, Amman, from 52.566 % to 75.226 %.

In December 2011, the MM Packaging division established the holding company MMP Colombia, located in Bogota, Colombia.

Due to the decreasing volumes in the folding carton business in Great Britain, capacity adjustment measures have been initiated within Mayr-Melnhof Packaging UK.

DEFINITION OF FINANCIAL INDICATORS

Cash earnings

Sum of profit for the year before depreciation and amortization and before deferred taxes.

Cash earnings margin

Cash earnings divided by sales.

Total equity to total assets

Total equity divided by total assets.

Net debt/net liquidity

The sum of interest-bearing current and non-current financial liabilities subtracted by cash and current and non-current available-for-sale financial assets. In case that the sum of cash and available-for-sale financial assets exceeds the financial liabilities, a net liquidity exists.

Net profit margin

Profit for the year divided by sales.

Operating margin

Operating profit divided by sales.

Return on capital employed (ROCE)

Profit before tax excluding net interest income/expenses and excluding the respective profit attributable to non-controlling (minority) shareholders according to IAS 32 divided by the sum of average total equity plus average current and non-current interest-bearing financial liabilities, average provisions for other non-current liabilities and charges and average obligations with regard to non-controlling (minority) shareholders according to IAS 32 subtracted by average cash and current and non-current available-for-sale financial assets.

Return on equity (ROE)

Profit for the year divided by average total equity.

All indicators were calculated exclusively on the basis of the information in the consolidated financial statements.

Business development in the divisions

MM KARTON

While the first half of the year 2011 experienced a gradual normalization of demand following the boom in the previous year, incoming orders in the second half slowed down due to the fact that customers were consuming their stocks and planning more carefully in view of the gloomy economic outlook. Therefore, following the full capacity utilization in the first half of the year, temporary machine downtime was unavoidable in the second half. Capacity utilization was reduced from 98 % in 2010 to 93 % in 2011, a major part of this reduction is attributable to the downtime of the larger of the two cartonboard machines in Kolicevo due to modernization measures. With approximately 90,000 tons, the average order backlog also showed a noticeable normalization compared to the previous year's level (2010: 169,000 tons).

Supported by the strong demand of the first few months of the year, prices on the procurement markets, especially for recovered paper and chemicals, continued the previous year's steep upwards trend and, during the slowdown, only experienced selective softening late in the second half of 2011. It took great discipline to maintain the higher average sales prices and stable market shares.

In line with the overall market dynamics, quantities produced at 1,491,000 tons were around 5.6 % below the previous year's level (2010: 1,579,000 tons). With reference to the average number of employees, 646 tons per employee were produced (2010: 674 tons). Due to the utilization of stocks, the difference of the quantity sold amounting to 3.4 % was slightly lower, with 1,511,000 tons compared to 1,564,000 tons in 2010.

Following clearly improved average prices, sales went up by 7.7 % to EUR 947.2 million (2010: EUR 879.7 million). 65 % thereof were generated in Western Europe, 20 % in Eastern Europe and 15 % in non-European markets (2010: 68 %; 20 %; 12 %). With a share of 186,000 tons delivered or 12 % (2010: 222,000 tons; 14 %), MM Packaging remained MM Karton's largest customer in 2011. Overall, more than 1,000 mostly mid-sized processing companies were supplied.

Operating profit went up by 5.1 % to EUR 68.4 million (2010: EUR 65.1 million). The operating margin reached 7.2 % and thus was only slightly below last year's level (2010: 7.4 %). The return on capital employed amounted to 21.9 % (2010: 19.9 %). Cash earnings increased to EUR 80.8 million (2010: EUR 77.5 million), whereby a cash earnings margin of 8.5 % (2010: 8.8 %) was achieved.

Modernization in the Kolicveo Karton mill in Slovenia

In the last few weeks of 2011, the larger of the two cartonboard machines of the Kolicveo Karton mill was modernized to meet future requirements and converted to a “swing production” of recycled and virgin fiber based cartonboard, aiming at developing new market potential with high flexibility. The machine started again with the production process at the end of December 2011.

MM PACKAGING

Despite an incipient economic slowdown, folding carton demand generally remained stable in 2011 due to strong private consumption, especially with short-term consumables. Against this background, the MM Packaging sites worked at high capacity utilization levels most of the year. Passing on the most recent cartonboard price increases to our customers remained a top priority which was implemented with the support of the good market situation in the first half of the year. In the second half of the year, the customers started to anticipate declining consumer confidence and to plan more carefully due to the well-stocked supply chain, which in turn intensified price competition and occasional temporary machine downtime was necessary.

While we were able to defend and even improve our market shares in Europe, our growing exposure in non-European markets supplied the expected growth impetuses.

Pursuant to our strategy, we continued expanding into future markets and upgraded our machine fleet in Europe to high performance power units. The largest projects included the construction of the new Turkish folding carton site in Karaman, Central Anatolia, the expansion of the folding carton production in St. Petersburg, Russia, with a gravure printing machine and the installation of a high performance printing machine within MMP Austria. A first step was made in the Far East by acquiring a folding carton site in Malaysia in the start-up process.

In pursuit of cost leadership, we focused our day-to-day business on measures to increase productivity and efficiency.

Sales increased by 10.2 % or EUR 104.2 million to EUR 1,124.9 million (2010: EUR 1,020.7 million), a development mainly attributable to the integration of the Chilean folding carton site Marinetti acquired in fall of 2010 as well as to higher prices. Accordingly, the non-European share in the regional distribution of sales went up from 4 % to 8 %, whereas Western and Eastern Europe remained largely constant at 66 % and 26 % (2010: 69 % and 27 %).

The slight increase in the tonnage processed from 675,000 tons to 680,000 tons is exclusively attributable to acquisitions - the result of our successful efforts to improve efficiency in the utilization of resources and a consequence of the trend toward lighter grammage. With reference to the average number of employees, the tonnage processed reached 106 tons and was thus below the previous year's level (2010: 116 tons).

MM Packaging supplies more than 2,000 customers in various consumer goods markets. Packaging means for food and cigarettes remained the strongest sales segment in 2011. Traditionally, three quarters of our business are generated with multinational consumer goods producers due to the high degree of producer concentration in these markets. The top five customers accounted for 41 % of sales in 2011, following 42 % in 2010.

Operating profit improved by 5.5 % to EUR 102.5 million (2010: EUR 97.2 million). However, the operating margin amounted to 9.1 % and thus was slightly below last year's level (2010: 9.5 %), due to the fact that the passing on of the cartonboard price increases significantly pushed the sales basis. The return on capital employed amounted to 16.8 % (2010: 18.3 %). Cash earnings reached EUR 114.3 million due to the most recent acquisitions (2010: EUR 110.1 million). Thus, the cash earnings margin was 10.2 % (2010: 10.8 %).

3. HUMAN RESOURCES

As of December 31, 2011, 8,882 staff members in 22 countries were employed with the Mayr-Melnhof Group. Their professional know-how, sense of responsibility and long-term commitment are essential pillars for the sustainable success of our Group.

MM's human resources activities focus on creating and maintaining framework conditions in which talents can develop to a maximum degree and thus provide the Group with the best possible professionals and executives in the long run.

For this purpose we continually intensify and professionalize the Group's human resources program: from recruiting to staff and performance management, from human resources development to further training and systematic knowledge transfer. The management of these processes is effected centrally by the function Corporate Human Resources and implemented via our local structures.

Responsibility, sustainability, integrity and performance are the fundamental values of the MM Group, which we use as orientation for our activities within a corporate culture characterized by a high degree of loyalty and mutual trust.

Open-mindedness and subsidiarity are the essential principles of our organization, where a high degree of individual responsibility is decisive. This enables us to secure the required efficiency, flexibility and swiftness in order to maintain significant competitive strength in the long term.

MM means continuity as well as reliable change in due time, which is also expressed in the development of our human resources.

As practiced already over generations, we are committed to filling vacant existing and new positions with our own staff members to the extent possible. This way, we create attractive career opportunities and at the same time ensure that know-how remains within our Group. The prerequisite is the systematic further development and qualification of our staff members, whom we actively support on all levels.

Within our "Young Professional Program", we established a training program for young people in our Group to get them started in their professional life, which by far exceeds the boundaries of a conventional apprenticeship. Upon specific selection, we support our young junior staff members in the acquisition of outstanding expertise, personality development and proving themselves in an international environment. As of the end of 2011, the Group had 188 apprentices (2010: 187).

In our “Ranger Program”, we prepare our “high potentials” to take over executive tasks and key positions within the Group. The basic requirements therefore are special professional qualifications, foreign language skills, willingness for mobility and dedication.

The MM-Academy is the central training and advanced training institution for employees on all levels. It basically offers further education of expert know-how and foreign languages as well as further development of social and leadership competence. In 2011, we focused on management and intercultural training sessions, controller and apprentice academies and foreign language skills. In 2011, approximately 1,700 staff members were trained on 733 training days.

With great foresight, we are ready to face the expected deficit in specialists due to the demographic change in Europe. For this purpose, we promote proactive apprentice training and projects for long-term retention of the expert knowledge of older staff members, and we take measures to continually expand the maintenance of attractive jobs within the MM Group. In this context, we believe that the health and vitality of our employees are of utmost importance, and we offer regular preventive medical examinations, professional care by company physicians as well as training sessions on occupational safety and health.

The Mayr-Melnhof Group is growing and becoming more and more international. We consider our staff member’s cultural variety and diversity a gain for our Group, in order to meet our own requirements for market and competence leadership in an increasingly global environment. It is decisive for our employees to be able to employ up-to-date know-how according to market conditions and to be prepared for new tasks. For this purpose, we use ambitious benchmarking between our different sites, regular international employee exchanges and an innovative idea management system, which systematically introduces new potentials to implementation within the site network.

The high identification with the Company’s success is an important element within our corporate culture. Therefore, performance-dependent remuneration systems in the form of individual agreements and location-specific bonus programs have been a tradition within our Group for long. That way we can make sure that every individual can participate in the Company’s success with high performance and commitment.

DEVELOPMENT OF THE NUMBER OF EMPLOYEES

The solid economic development in the business year is also reflected in the development of the number of employees. As of December 31, 2011, 8,882 staff members were employed with the Mayr-Melnhof Group, that is 203 more than at the end of last year (December 31, 2010: 8,679). Thereof, 2,359 were employed with the division MM Karton (December 31, 2010: 2,283) and 6,523 with the division MM Packaging (December 31, 2010: 6,396). The share of employees outside of Austria was 81.2 % (December 31, 2010: 81.0 %). Eastern Europe, Asia, Middle East/North Africa and Latin America accounted for 37.7 % of the employees in 2011 (December 31, 2010: 36.8 %).

Employees Group

| (in %) | Dec. 31, 2011 | Dec. 31, 2010 |
|--------------------------------|----------------------|----------------|
| Western Europe (excl. Austria) | 43.5 % | 44.2 % |
| Austria | 18.8 % | 19.0 % |
| Eastern Europe | 26.2 % | 25.6 % |
| Asia | 2.8 % | 1.8 % |
| Latin America | 6.7 % | 7.5 % |
| Other | 2.0 % | 1.9 % |
| Total | 100.0 % | 100.0 % |

The Management Board would like to thank all staff members for their excellent performance and their dedication, which enabled us to turn the business year 2011 into another great success. We would like to thank the employee representatives for their trustful and constructive cooperation.

4. RESEARCH AND DEVELOPMENT

In line with our cost and technology leadership objectives, we continue to further develop and optimize our products and processes. The focus of the Group's research and development activities is on the continued improvement of the customers' benefit as well as on safeguarding and increasing competitiveness in the long run.

Research and development plays a significant strategic role and is therefore centralized and effected in close cooperation between experts from different areas.

In pursuance of our objective of enhancing and accelerating MM's innovative strength for the future, we renewed the structure and management of our innovation processes and expanded them significantly in the past few years.

We placed the generation of innovations on a broad basis in order to be able to use existing potentials and new findings as soon as possible and to the greatest extent possible. For this purpose, we set up an internal process, in which our staff's innovations, suggestions and ideas can be systematically tracked and channeled towards implementation by using state-of-the-art information technology. We believe that long-term continuous innovation and renewal can only be effected and secured from within. Moreover, we place emphasis on fundamental research and new business development, in order to be able to seize opportunities as they arise.

INNOVATION HIGHLIGHTS 2011 IN THE MM KARTON DIVISION

With the internal development of FOODBOARD™, we managed to generate effective protection of food against mineral oil migration and other undesired substances via a functional barrier coating on the side of the packaging carton which is in contact with food.

MM Digikarton™ is the worldwide first chromo board (GC2 quality), homologated for use with HP digital printing.

Supra Extra™ is a new, high-quality recycled cartonboard quality (GT2), characterized by a special degree of whiteness both on the front and the reverse side.

Through optimized coating, the product features of some grades for inkjet and laser coding as well as 2D matrix codes were considerably improved, resulting in new application fields, in particular in the pharmaceutical industry.

The resources of the R&D Center of Competence in the Austrian parent mill Frohnleiten were comprehensively expanded in the past year and were again enlarged in 2011. The focus was on R&D laboratory, wet lab and analytics.

As a consequence of the great technological success after the worldwide first integration of a curtain coater in a cartonboard machine in the Frohnleiten mill, this technology was also installed in the cartonboard mill Gernsbach in 2011.

INNOVATION ACTIVITY 2011 IN THE MM PACKAGING DIVISION

The division MM Packaging pursues innovation within a division-wide network, where interdisciplinary expert teams formed of specialists from the areas market, engineering and design cooperate. The organization is essentially based on three pillars: PacProject, the MM Packaging's innovation center headquartered in Hamburg, accompanies customers through all phases from the very first product idea to market launch, Technical Account Managers, who support particularly multinational customers in the packaging development processes and the efficient technical implementation nationwide as well as the Packaging Development Centers of the individual locations which provide site-specific know-how.

MM Packaging's innovative approach is comprehensive and covers the traditional printing and finishing processes as well as packaging production and upstream and downstream areas associated within the supply chain. Our goal is to provide our customers with competitive advantages and differentiation opportunities on the market by way of innovations in packaging methods and design as well as development of innovative processes and individual comprehensive solutions.

In 2011, projects ranged from rationalization and process optimization to the development of new folding carton solutions and complete packaging systems to the improvement of packaging systems.

We continually analyze the most recent developments in the packaging industry in order to be able to offer adequate solutions at an early stage. Currently, the trend goes towards new applications of the folding carton in the digital world and the internet business. The personalization of products is also gaining in importance and poses the challenge of realizing low order quantities efficiently. Furthermore, smaller consumption units are to consider the desire of the consumers for more variety and fresh products, whereas each new packaging development must comply with the requirement of proven sustainability.

Cartonboard packaging manages to maintain its status as one of the most popular packaging forms also with regard to the new requirements due to its recyclability of 100 % and its almost unlimited graphic and haptic adaptability of the surface as well as various possibilities of individualization, coding and application. We continue to focus on the technical realization, taking into account the best possible cost efficiency in production.

Excellent packaging solutions are awarded internationally on a regular basis. For the highly creative new design of a gift package for the automotive industry, MM Packaging is a prize winner in the Pro Carton/ECMA Award 2011.

5. RISK MANAGEMENT

Mayr-Melnhof is a globally operating group and its business activities are exposed to various general and industry-specific risks. The systematic handling of risk is anchored in a continually updated risk management process, pursuing the long-term protection of company assets and our capability of value creation. It is comprised of identification, evaluation, management and reporting of material occurrences and risks which potentially endanger the assets of the Group or impede their development.

Generally, we interpret the term “risk” to mean the possibility of a negative deviation from the business goals of our Group, caused by an event which will occur in future with a certain probability.

In order to detect and control risks at an early time, there is a Group-wide risk management in place, integrated in the existing organization and processes of the Group. The objective of our risk management is the systematic identification and evaluation of material risks and, by employing adequate measures, the limitation of such risks to such an extent that they do not exceed an acceptable range.

For every identified risk deemed to be material for the Group, individual control, steering and safeguarding measures for risk control are determined, taking into account the Group-wide risk management policy. These measures are evaluated and improved on an ongoing basis or, in case new risks are identified, amended. They aim to limit the Group’s risk situation, however, without forgoing opportunities as a whole.

The Management Board is responsible for the Group’s risk management and determines the risk policy and the framework conditions for the Group-wide risk management. The Group’s risk policy is generally conservative. Risk prevention and risk reduction are our top priority and - to the extent economically justifiable - they are complemented by suitable management instruments as well as by the Group’s insurance program. The staff position “Risk Management Compliance” reports directly to the Management Board and ensures the implementation and operation of risk management according to its specifications. A risk officer with expertise is assigned to each risk field deemed to be material; the risk officer is then responsible for the analysis, evaluation, control and monitoring of the respective risk. The evaluation and analysis of identified risks is effected in a matrix regarding the possible damage potential and the probability of occurrence.

The Group's auditor regularly assesses the functionality of the risk management system and reports to the Supervisory Board and the Management Board.

The Group has a solid basis for detecting potential risks early and to adequately assess possible consequences due to its dedicated focus on the core business enduring over decades.

Taking into account the already implemented hedging and management instruments as well as the early-detection indicators, currently there are no material risks likely to endanger the assets or to impede the development of the Group. The classification of the specific risks remained unchanged compared to the previous year's classification.

Hereinafter, please find the description of the material risks and uncertainties the Group faces as well as the relevant countermeasures taken by the Group.

SALES

The demand for cartonboard and folding cartons significantly correlates with the overall economic demand, in particular with the private consumption sector. Therefore, market risks may specifically result from the cyclical development and the political framework conditions applicable to the individual sales markets of the Group.

Due to sufficient capacities, the competition on both the cartonboard and the folding carton markets remains fierce.

Taking into account both divisions, the Group supplies several thousand customers. The division MM Karton generates approximately 30 % of the Division's sales with the 20 top customers. In MM Packaging's folding carton business, approximately 75 % of the Division's sales are attributable to multi-national customers in the consumer goods industry. However, the dependency on individual customers is classified as manageable.

Regular and close customer contact, development cooperation, continual monitoring, sustainable quality and cost management as well as the regular participation in tenders and the permanent development of our customer base are the essential elements in our effort to secure and increase market shares. Price fluctuations of material input factors are taken into consideration by including appropriate provisions in long-term agreements.

Cartonboard and folding cartons are industrial mass products in a very competitive market and are thus subject to permanent pressure on prices. The Mayr-Melnhof Group follows the strategy of securing its leading market position in both divisions based on cost, competence and innovation leadership with its high competitive strength in the long term and of seizing new market opportunities as best possible. We continue to pursue our objective of supporting our customers in their expansion efforts in an increasingly global dimension and of ensuring a leading position in growth markets at an early stage.

PRODUCTION

The production plants and processes in the Mayr-Melnhof Group aim at responsible, sustainable economic activity, taking into account economic, ecological and social aspects with the goal of creating long-term benefits for our customers, shareholders and employees. This means above all the economical use of resources (in particular primary and secondary fibers, cartonboard, energy, water, chemicals, transport and logistics) in the production of market-driven products, while at the same time adhering to environmental protection standards and pursuing a solid financial performance and orientation towards the permanent development of our employees.

A high degree of technical availability (operational readiness) is decisive both in cartonboard and in folding carton production. The most significant measures to secure continuous operations include the continual systematic electronic monitoring of the individual machines and machine sections, revisions, maintenance work and certifications as well as the continuous risk engineering in close cooperation with insurance companies and division-wide back-up concepts regulating the relocation of capacities between individual sites in case of long-term production stoppages.

Compliance with product standards and meeting the highest possible quality standards is essential for the long-term attractiveness and competitiveness of our products. Systematic quality assurance measures along the value creation chain document compliance with high standards and guarantee the traceability of the products. Through permanent R&D activities as well as long-standing involvement in national and international lobbies and standardization bodies, we pursue the goal of being able to quickly assess and factor in new developments, findings and interpretations. In order to guarantee the safety of our products, in particular in the sensitive food packaging sector, we have recently considerably expanded our R&D capacities to be able to offer reliable state-of-the-art solutions in time even with constantly increasing challenges. Emphasis is currently placed on an analysis of interactions between packaging and filling, continuous optimizations in this context as well as the development of cartonboard varieties for special applications. In order to sustainably secure and protect our know-how against loss, the processes are systematically documented.

The focus on the core business and Group-wide know-how exchange keeps the risks in investments, technical innovations and integration of acquisitions at bay. The implementation of investment plans is filtered through a multi-phase approval process and a clearly defined tendering procedure with the involvement of the respective specialist departments. As a rule, for each investment, a project is set up with an ongoing controlling function in order to monitor qualitative and quantitative aspects. Product and process innovations go through thorough test phases and are normally implemented in a pilot project before roll out.

Energy (gas and electricity) is of particular significance as a strategic input factor especially for the division MM Karton. The relevant factors for risk assessment are in particular purchase prices as well as basic availability and purchase opportunities. Mostly, we face the related risks by concluding long-term framework purchase contracts, by continuously monitoring price development and existing hedging contracts as well as by maintaining a close link between production and sales planning and energy acquisition. Furthermore, the medium-term purchasing policy is managed based on regular coordination between the management and an energy procurement team responsible for the entire Group. On a project basis, further measures are implemented to reduce specific energy needs.

Our mills within the EU were awarded CO₂ certificates free of charge for the business years 2008 to and including 2012; the quantity is expected to be sufficient until the end of 2012. However, the award of CO₂ certificates is likely to decrease after 2013; consequently, the factor energy costs are likely to go up.

PROCUREMENT

Fibers, especially recovered paper and groundwood pulp, energy, chemicals and logistics services are the most essential input factors in cartonboard production. In folding carton production, those are above all cartonboard and paper as well as inks and varnishes.

We proactively face the availability risk and safeguard price transparency in procurement mostly by regular demand and market monitoring as well as by keeping regular contact with an expanded supplier base. We purchase recovered paper chiefly from the spot market via our purchasing organization. We also maintain strategic inventories and purchase a part of our required quantities via long-term supply contracts, thus setting off short-term peaks in prices. Due to the high recycling rates within Europe and manageable exports outside of Europe, there should be sufficient recovered paper available. In close cooperation between production and engineering, we take targeted measures to manage consumption and optimize the utilization of raw materials. Adjustments of formulations and opportunities of substitution are evaluated on a regular basis. To the extent reasonable and possible, tenders are effected for existing purchasing quantities.

FINANCIAL RISKS

Corporate planning is based on professional estimates, assumptions and forecasts concerning future economic and financial development of the Group and its subsidiaries. The risk of false estimations is minimized through the close cooperation of the mills with the specialist departments of the Group and the divisions within a clearly defined planning process.

A centrally managed cash and credit management, diligent selection of banking partners and sufficient availability of credit lines ensures contained risks in liquidity and financing for the Group and its subsidiaries.

Interest and foreign exchange risks are systematically limited and eliminated by suitable hedging instruments. Here, we mainly focus on natural risk adjustment by creating a balance between accounts receivable and accounts payable at subsidiary level and within the Group, with forward exchange transactions and interest swap agreements. The most important currencies with exchange fluctuations to be hedged are the British pound, the US dollar and the Polish zloty. In Eastern and South Eastern Europe as well as in Latin America, we minimize the foreign exchange risk to the extent possible by ensuring currency congruence during business transactions and by including price adjustment mechanisms into long-term agreements. The utilization of a central foreign exchange trading platform is mandatory for any currency hedging transactions. Derivative financial instruments are neither used for trading nor for speculation purposes.

A centralized management system optimizes the working capital and minimizes value risks for the inventories and losses in customer receivables. The risk of default in connection with outstanding payments from customers is kept at a low level by customer credit insurances and an ongoing credit assessment.

ACCOUNTING

The internal control system (ICS) for the accounting process and financial reporting guarantees the accuracy, reliability and traceability of financial information. Moreover, the usefulness and efficiency of the processes as well as compliance with statutory, contractual and internal provisions are guaranteed.

The accounting process comprises all material steps guaranteeing that the accounting-relevant information is recorded and processed completely, accurately and in due time, and that the financial reporting is presented in accordance with the applicable accounting standards.

The structural and operational organizations stipulate clear and unambiguous responsibilities regarding the subsidiaries and the Group. The central functions “Corporate Accounting” and “Planning and Reporting” are responsible for designing uniform Group-wide guidelines as well as the organization and the control of financial reporting within the Group. Reporting to the Supervisory Board and the Management Board is effected on a regular basis, comprehensively and in due time. Compliance with Group guidelines and procedures for the recording, recognition and accounting of transactions is controlled on an ongoing basis. Material

predefined control measures must be documented and reported immediately. The data processing systems used are specifically developed and optimized on an ongoing basis. The accounting process and financial reporting are systematically reviewed as to all types of risks and evaluated by the Group's risk management on a regular basis. Improvement measures are introduced expeditiously and implemented accordingly. Key areas are reviewed by auditors together with the internal revision.

OTHER RISKS

The compliance risk arising from a possible non-conformity with standards, laws and ethic behavioral rules is covered particularly by regular systematic compliance monitoring, the use of a central "Tax and Legal Compliance Software-Tool", an internal control system, guidelines (such as the Code of Conduct) and process instructions as well as ongoing training and communication by the compliance officer.

The failure risk of central data processing is reduced by a geographically separated back-up computer center as well as a comprehensive range of preventive and review measures. We contain the risk of unauthorized access to our IT systems with periodic intrusion tests among other measures.

The Group and its subsidiaries might face other risks in addition to those mentioned herein. At this time, we are not aware of any such risks or consider them to be negligible.

6. ENVIRONMENTAL PROTECTION

A sustainably responsible production of environmentally friendly cartonboard products and folding carton solutions by using resources in an ecologically compatible manner has always been the focus of our business activities. The major part of the cartonboard we produce is made from renewable and recyclable raw materials. Cartonboard is used to produce folding carton products to protect and sell consumer goods, which are almost fully recyclable after use. The usage of cartonboard as packaging material offers product-related technical and economic advantages and is an ecological solution featuring utmost sustainability.

Our orientation is a long-term one, focusing on our core business. Our goal of establishing the best possible standards throughout the Group as market, cost and technology leader is comprehensive. Consequently we use state-of-the-art technology and continual improvement processes in order to guarantee the best possible quality and efficiency in the production of our products as well as a high degree of competitiveness on our markets. A Group-wide benchmarking between the individual sites is aimed to make sure that best practice is implemented in all plants. This is also beneficial for the protection of the environment, which we are optimizing in the course of a comprehensive approach.

Although we have been ranking among the top performers in Europe for several years now regarding a number of specific consumption and emission values, it is our approach to continually use new potentials. Thus, further improvements are often hardly possible and are subject to technical innovations.

Therefore we continuously monitor the impacts of our activities on the environment and review and evaluate the potential effects new products and processes may have. Hence we comply with the required environmental provisions and create the potential for new improvements. Our activities include the entire supply chain and therefore encompass production downstream and upstream areas, such as purchasing, transport/logistics and consumption.

Our current optimization work is part of the long-term environmental strategy which focuses on pursuing a continuous reduction in specific raw materials and energy consumption. The implementation thereof is systematically supported in division-wide campaigns and environmental management systems which are in place at many sites.

For three cartonboard mills and seven folding carton production sites environmental management systems were certified according to ISO 14001 as of the end of 2011. The Company's quality management and related improvements are regularly audited in accordance with ISO 9001 throughout the entire Group. In addition, all cartonboard mills and folding carton production sites serving the food industry are certified in accordance with the hygiene management standard HACCP and at the same time comply with the European standard EN 15593.

For several years now, we have been documenting the transparent use of virgin fibers from sustainably managed forest through the certification of all MM cartonboard mills in accordance with FSC and PEFC. In line with the Chain-of-Custody certification (traceability within the entire value added chain), twelve MM Packaging production sites are also FSC and/or PEFC certified.

Periodic recertifications documented continuity on a high level also in 2011.

The mills within the EU received the carbon dioxide emission certificates with regard to the use of fossil energy valid until 2012. Like in the previous years, there was no shortage as of December 31, 2011.

FOCUS OF THE ENVIRONMENTAL PROTECTION MEASURES IN 2011

MM KARTON

Energy

Similar to previous years, in 2011 we initiated a number of projects in which the energy efficiency of the individual systems and processes could be improved even further. Here, the main focus was on the employment of new, more efficient power units, in particular in coating equipment, and on the implementation of new concepts such as machine drives.

Water

The development of our new cartonboard grades was realized with a minimization of total water consumption. The mills Gernsbach and Hirschwang were particularly affected by the innovations in the purification systems.

Waste

By considerably reducing rejects and getters, the Hirschwang mill was able to significantly improve its fiber utilization. Furthermore, we looked into the possible application of sludge treatment in the fertilizer sector.

Radiation protection

In the rather sensitive field of radiation protection, we have appointed radiation protection officers.

MM PACKAGING

In 2011 again, the optimization measures of MM Packaging centered above all on increases in productivity and improvements in material efficiency. Improvements from an environmental protection point of view focused on reduced consumption of raw materials and energy as well as the prevention, reduction and recycling of residues. Special attention was paid to the utilization of odorless, tasteless and low migration inks.

7. DISCLOSURES ACCORDING TO SECTION 243A PARA. 1 OF THE AUSTRIAN COMMERCIAL CODE

Composition of capital, stock categories

Please refer to the information provided in the consolidated financial statements under note 12 A).

Restrictions concerning the voting rights and the transfer of shares

Approximately 59 % of the shares are held by the core shareholder families in a syndicate. A syndicate agreement exists, which regulates the transferability of shares within the syndicate and to outside parties. Issues that concern the Annual General Meeting are decided by the syndicate with 65 % of voting rights. Modifications of the syndicate agreement require 90 % of voting rights.

Direct or indirect participation in capital of at least 10 %

According to the information provided by the Company, minimum participations of 10 % in the capital at year-end 2011 were as follows:

MMS Mayr-Melnhof-Saurau Beteiligungsverwaltung KG
CAMA Privatstiftung

The owners of shares with special control rights and a description of these rights

There are no shares with special control rights.

The type of voting rights control for capital participation by employees, if they do not directly exercise the right to vote

There is no such capital participation model for employees.

The provisions for appointment and revocation of members of the Management Board and the Supervisory Board and regarding alteration of the Articles of Association of the Company that do not arise directly from the Act

There are no provisions of this type.

The authorizations of the members of the Management Board that do not arise directly from the Act, in particular with regard to the option of issuing or repurchasing shares

Please refer to the information provided in the consolidated financial statements under note 12 A).

All significant agreements to which the Company is party and that take effect are modified or terminated in the event of a change of control of the Company as a result of a takeover offer as well as their effects; excepted are agreements which would significantly damage the Company if made public, unless the Company is obligated to make such information public as a result of other statutory provisions

The protective clause with regard to the disclosure of this information is invoked. The scope of the business in question is considered reasonable.

Existence and significant contents of compensation agreements between the Company and the members of its Management and Supervisory Boards or employees in the event of a public takeover offer

There are no agreements of this type.

8. SUBSEQUENT EVENTS

There have been no subsequent events after the balance sheet date with any material effect on the consolidated financial statements of the Group.

FURTHER INFORMATION

In February 2012, the division MM Packaging contractually agreed upon the disposal of the branch of activity “Gravure printing for flexible packaging” and thus focuses entirely on its core business folding carton.

9. OUTLOOK ON THE FINANCIAL YEAR 2012

This forecast reflects the opinions of the Management Board as of February 29, 2012 and does not take into consideration the effect of any acquisitions, disposals or any other structural changes that may take place during 2012. By their prospective nature, the preceding and subsequent statements are subject to both known and unknown risks and uncertainties, which could imply that the actual results achieved could vary from the opinions expressed within this document.

The economic forecast for our main market Europe remains gloomy and diffuse. Except for Germany, consumers started adjusting their expenses due to increased job insecurity and expected cuts in the social budget. Analogously to the consumer goods industry, the cartonboard and folding carton markets went into a very intense price competition in the wake of a constriction or stagnation of quantities.

The maintenance of our high market shares requires a continuously more selective price policy, the defense of existing profit levels increasing volumes. The positive prospect is that the destocking of the supply chain that has been going on for months seems to be coming to an end.

However, this caused a significant rise in recovered paper prices after the drop at the end of 2011, which, together with the considerable price boost for all input factors depending on the crude oil price, tightened the margin pressure on procurement.

In order to maintain the Group's competitiveness, we focus on efficiency improvement by using state-of-the-art technology and implementing best practice as well as by effecting necessary rationalization measures. We will continue our investment activities and pursue our strategy of focusing on projects with convincing savings and growth potentials.

Overall, we expect a higher weight on the margins due to more intense challenges on the procurement and sales markets. Resulting from the short-term nature of the business, we cannot provide an earnings forecast for the current year at this time.

The expansion continues with a focus on the development of new business in Europe and on risk-sensitive acquisition and construction of new sites in non-European markets with interesting future potential.

Vienna, February 29, 2012

The Management Board

Wilhelm Hörmanseder m.p.

Andreas Blaschke m.p.

Franz Rappold m.p.

Oliver Schumy m.p.

Consolidated Financial Statements

| | |
|----|---|
| 37 | CONSOLIDATED BALANCE SHEETS |
| 38 | CONSOLIDATED INCOME STATEMENTS |
| 39 | CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS |
| 39 | CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY |
| 40 | CONSOLIDATED CASH FLOW STATEMENTS |
| | NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS |
| 41 | (1) Summary of significant accounting policies |
| 54 | (2) Key assumptions entailing a considerable risk of a change in value |
| 55 | (3) Financial risk management |
| 58 | (4) Significant changes in the consolidated companies |
| 61 | (5) Development of fixed assets |
| 63 | (6) Securities and other financial assets |
| 64 | (7) Financial instruments |
| 65 | (8) Income taxes |
| 67 | (9) Inventories |
| 68 | (10) Trade receivables |
| 68 | (11) Prepaid expenses and other current assets |
| 69 | (12) Equity |
| 72 | (13) Financial liabilities |
| 75 | (14) Provisions for other non-current liabilities and charges |
| 79 | (15) Liabilities and provisions for income taxes |
| 79 | (16) Trade liabilities |
| 80 | (17) Deferred income and other current liabilities |
| 80 | (18) Provisions for other current liabilities and charges |
| 81 | (19) Other operating income |
| 81 | (20) Other income (expenses) - net |
| 82 | (21) Commitments and contingent liabilities |
| 83 | (22) Subsequent events |
| 84 | (23) Segment reporting information |
| 86 | (24) Disclosure on transactions with related parties |
| 87 | (25) Supplementary disclosures to the notes in accordance with section 245a of the Austrian Commercial Code |
| 93 | AUDITOR'S REPORT |

Consolidated Balance Sheets

| (all amounts in thousands of EUR) | Notes | Dec. 31, 2011 | Dec. 31, 2010 |
|---|-------|------------------|------------------|
| ASSETS | | | |
| Property, plant and equipment | 5 | 594,585 | 564,039 |
| Intangible assets including goodwill | 5 | 86,027 | 85,415 |
| Securities and other financial assets | 6 | 5,397 | 5,447 |
| Deferred income taxes | 8 | 9,126 | 9,284 |
| Non-current assets | | 695,135 | 664,185 |
| Inventories | 9 | 244,503 | 257,792 |
| Trade receivables | 10 | 235,859 | 227,700 |
| Income tax receivables | | 11,225 | 9,098 |
| Prepaid expenses and other current assets | 11 | 31,105 | 30,167 |
| Cash and cash equivalents | | 348,755 | 332,004 |
| Current assets | | 871,447 | 856,761 |
| TOTAL ASSETS | | 1,566,582 | 1,520,946 |
| EQUITY AND LIABILITIES | | | |
| Share capital | 12 | 80,000 | 80,000 |
| Additional paid-in capital | 12 | 172,658 | 176,453 |
| Treasury shares | 12 | (904) | (904) |
| Retained earnings | 12 | 773,160 | 721,873 |
| Other reserves | 12 | (30,768) | (19,659) |
| Equity attributable to shareholders of the Company | | 994,146 | 957,763 |
| Non-controlling (minority) interests | | 11,795 | 25,356 |
| Total equity | | 1,005,941 | 983,119 |
| Interest-bearing financial liabilities | 13 | 65,591 | 62,973 |
| Financial lease liabilities | 13 | 2,541 | 4,314 |
| Provisions for other non-current liabilities and charges | 14 | 72,442 | 72,030 |
| Deferred income taxes | 8 | 16,526 | 24,009 |
| Non-current liabilities | | 157,100 | 163,326 |
| Interest-bearing financial liabilities | 13 | 72,160 | 61,257 |
| Financial lease liabilities | 13 | 638 | 1,178 |
| Liabilities and provisions for income tax | 15 | 13,234 | 9,052 |
| Trade liabilities | 16 | 146,865 | 168,115 |
| Deferred income and other current liabilities | 17 | 88,101 | 59,289 |
| Provisions for other current liabilities and charges | 18 | 82,543 | 75,610 |
| Current liabilities | | 403,541 | 374,501 |
| Total liabilities | | 560,641 | 537,827 |
| TOTAL EQUITY AND LIABILITIES | | 1,566,582 | 1,520,946 |

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Income Statements

| (all amounts in thousands of EUR except share and per share data) | Notes | Year ended Dec. 31, 2011 | Year ended Dec. 31, 2010 |
|---|-------|-------------------------------------|-----------------------------|
| Sales | | 1,959,577 | 1,778,889 |
| Cost of sales | | (1,542,782) | (1,397,213) |
| Gross margin | | 416,795 | 381,676 |
| Other operating income | 19 | 9,441 | 11,591 |
| Selling and distribution expenses | | (172,347) | (155,386) |
| Administrative expenses | | (82,432) | (75,240) |
| Other operating expenses | | (567) | (367) |
| Operating profit | | 170,890 | 162,274 |
| Result from disposal of businesses | 4 | 0 | (6,876) |
| Financial income | | 4,367 | 2,499 |
| Financial expenses | | (6,423) | (2,877) |
| Other income (expenses) – net | 20 | (7,019) | (3,337) |
| Profit before tax | | 161,815 | 151,683 |
| Income tax expense | 8 | (43,142) | (41,254) |
| Profit for the year | | 118,673 | 110,429 |
| Attributable to: | | | |
| Shareholders of the Company | | 118,180 | 108,101 |
| Non-controlling (minority) interests | | 493 | 2,328 |
| Profit for the year | | 118,673 | 110,429 |
| Earnings per share for profit attributable to the shareholders of the Company during the year: | | | |
| Basic and diluted average number of shares outstanding | | 19,984,740 | 20,067,589 |
| Basic and diluted earnings per share | | 5.91 | 5.39 |

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Comprehensive Income Statements

| (all amounts in thousands of EUR) | Year ended Dec. 31, 2011 | Year ended Dec. 31, 2010 |
|---|-----------------------------|-----------------------------|
| Profit for the year¹⁾ | 118,673 | 110,429 |
| Profit (loss) directly recognized in equity: | | |
| Valuation of securities | 0 | (12) |
| Foreign currency translations | (11,160) | 10,190 |
| Total profit (loss) directly recognized in equity (net)¹⁾ | (11,160) | 10,178 |
| Total profit for the year | 107,513 | 120,607 |
| Attributable to: | | |
| Shareholders of the Company | 107,071 | 116,470 |
| Non-controlling (minority) interests | 442 | 4,137 |
| Total profit for the year | 107,513 | 120,607 |

The accompanying notes are an integral part of these consolidated financial statements.

¹⁾ In the financial year 2011 an amount of thous. EUR -3,471 (2010: thous. EUR 898) was reclassified from total profit (loss) directly recognized in equity to the profit for the year.

Consolidated Statements of Changes in Equity

Equity attributable to shareholders of the Company

| (all amounts in thousands of EUR) | Notes | Share capital | Additional paid-in capital | Treasury shares | Retained earnings | Profit (loss) directly recognized in equity | | | Total | Non-controlling (minority) interests | Total equity |
|--|-------|---------------|----------------------------|-----------------|-------------------|---|-------------------------------|-----------------|----------------|--------------------------------------|------------------|
| | | | | | | Valuation of securities | Foreign currency translations | Other reserves | | | |
| Balance at Jan. 1, 2010 | | 88,000 | 168,453 | (53,042) | 766,221 | 12 | (28,040) | (28,028) | 941,604 | 22,741 | 964,345 |
| Total profit for the year | | | | | 108,101 | (12) | 8,381 | 8,369 | 116,470 | 4,137 | 120,607 |
| Dividends paid | | | | | (33,973) | | | 0 | (33,973) | (841) | (34,814) |
| Disposal of businesses | | | | | | | | 0 | 0 | (681) | (681) |
| Purchase of treasury shares at cost | | | | (66,338) | | | | 0 | (66,338) | | (66,338) |
| Cancellation of treasury shares | | (8,000) | 8,000 | 118,476 | (118,476) | | | 0 | 0 | | 0 |
| Balance at Dec. 31, 2010 | | 80,000 | 176,453 | (904) | 721,873 | 0 | (19,659) | (19,659) | 957,763 | 25,356 | 983,119 |
| Total profit for the year | | | | | 118,180 | | (11,109) | (11,109) | 107,071 | 442 | 107,513 |
| Dividends paid | 12 | | | | (38,970) | | | 0 | (38,970) | (550) | (39,520) |
| Reclassifications | 12 | | (3,795) | | 3,795 | | | 0 | 0 | | 0 |
| Acquisition and increase of majority interests | 12 | | | | (31,718) | | | 0 | (31,718) | (13,453) | (45,171) |
| Balance at Dec. 31, 2011 | | 80,000 | 172,658 | (904) | 773,160 | 0 | (30,768) | (30,768) | 994,146 | 11,795 | 1,005,941 |

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statements

| (all amounts in thousands of EUR) | Notes | Year ended Dec. 31, 2011 | Year ended Dec. 31, 2010 |
|--|-------|-----------------------------|-----------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES: | | | |
| Profit for the year | | 118,673 | 110,429 |
| Adjustments to reconcile profit for the year to net cash provided by operating activities: | | | |
| Income tax expense | 8 | 43,142 | 41,254 |
| Depreciation and amortization of property, plant and equipment, and intangible assets ¹⁾ | 5 | 84,234 | 81,796 |
| Gains (losses) from disposals of property, plant and equipment, and intangible assets | 19 | (674) | (527) |
| Result from disposal of businesses | 4 | 0 | 6,876 |
| Interest income | | (4,362) | (2,499) |
| Interest expense | | 6,423 | 2,877 |
| Share of profit (loss) of associated companies | | (341) | (294) |
| Other | | 190 | (765) |
| Net cash provided by profit | | 247,285 | 239,147 |
| Changes in working capital: | | | |
| Inventories | | 12,633 | (47,141) |
| Trade receivables | | (8,977) | (31,968) |
| Prepaid expenses and other current assets | | 8,500 | (6,993) |
| Trade liabilities | | (21,215) | 31,985 |
| Deferred income and other short-term liabilities | | 1,042 | 5,544 |
| Provisions for other short-term liabilities and charges | | 7,210 | (42) |
| Changes in working capital | | (807) | (48,615) |
| Cash flow provided by operating activities excluding interest and taxes paid | | 246,478 | 190,532 |
| Income taxes paid | | (48,889) | (45,923) |
| Net cash provided by operating activities | | 197,589 | 144,609 |
| CASH FLOW FROM INVESTING ACTIVITIES: | | | |
| Proceeds from disposals of property, plant and equipment, and intangible assets | | 1,932 | 2,221 |
| Purchases of property, plant and equipment, and intangible assets | | (125,231) | (86,637) |
| Acquisitions of companies or businesses, net of cash and cash equivalents acquired (2011: thous. EUR 2,036; 2010: thous. EUR 1,925) | 4 | (24,185) | (30,914) |
| Proceeds from disposal of companies or businesses, net of cash and cash equivalents disposed (2010: thous. EUR 3,755) | 4 | 0 | 850 |
| Disposals and purchases of securities and other financial assets | | 165 | 259 |
| Dividends received | | 341 | 294 |
| Interest received | | 4,443 | 2,362 |
| Net cash provided by/used in investing activities | | (142,535) | (111,565) |
| CASH FLOW FROM FINANCING ACTIVITIES: | | | |
| Interest paid | | (5,869) | (3,778) |
| Issuances of interest-bearing financial liabilities | | 19,074 | 98,170 |
| Repayments of interest-bearing financial and financial lease liabilities | | (11,543) | (49,945) |
| Treasury shares | 12 | 0 | (66,338) |
| Dividends paid to the shareholders of the Company | 12 | (38,970) | (33,973) |
| Dividends paid to non-controlling (minority) shareholders | | (550) | (841) |
| Net cash used in financing activities | | (37,858) | (56,705) |
| Effect of exchange rate changes on cash and cash equivalents | | (445) | 2,413 |
| Net increase in cash and cash equivalents | | 16,751 | (21,248) |
| Cash and cash equivalents at the beginning of the year | | 332,004 | 353,252 |
| Cash and cash equivalents at the end of the year | | 348,755 | 332,004 |

The accompanying notes are an integral part of these consolidated financial statements.

¹⁾ The figure for 2010 includes thous. EUR 2,518 of impairment expenses.

Notes to the Consolidated Financial Statements

(1) Summary of significant accounting policies

A) GENERAL EXPLANATIONS

The Mayr-Melnhof Group

Mayr-Melnhof Karton AG and its subsidiaries (“the Group”) are primarily engaged in manufacturing and selling cartonboard and folding cartons within Europe. The Group is divided into two operating segments (see note 23): Mayr-Melnhof Cartonboard (“MM Karton”) and Mayr-Melnhof Packaging (“MM Packaging”). MM Karton manufactures and markets numerous grades of cartonboard, concentrating on coated cartonboard produced predominantly from recovered paper. MM Packaging converts cartonboard into industrial-printed folding cartons mainly for food (e.g. cereals, dried foods, sugar, confectionary and baked products), other consumer goods (e.g. cosmetics and toiletries, detergents, household articles and toys), and into cigarette packaging as well as high-grade confectionary packaging.

The parent company of the Group is Mayr-Melnhof Karton AG, located at Brahmplatz 6, 1041 Vienna, Austria.

Basic accounting principles

The consolidated financial statements and notes thereto of Mayr-Melnhof Karton AG and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (“IFRS” and “IAS”) as adopted by the International Accounting Standards Board (“IASB”) and the respective interpretations as adopted by the Standing Interpretations Committee (“SIC”) and by the International Financial Reporting Interpretations Committee (“IFRIC”) as to be applied within the European Union. The present consolidated financial statements have been prepared by the Management Board as of February 29, 2012 and will be presented to the Supervisory Board for review and approval.

There are no further liabilities or claims with regard to third parties other than those which have been recorded in the consolidated financial statements and notes thereto.

The preparation of the consolidated financial statements and the notes thereto in accordance with generally accepted accounting and recognition standards of IFRS is performed by making estimates and assumptions for certain items, which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual amounts may differ from those estimates and assumptions.

All amounts herein, except share data and per share amounts, are specified in thousands of Euro unless otherwise stated.

B) CONSOLIDATION PRINCIPLES AND CONSOLIDATION METHODS

The consolidated financial statements and notes thereto include the accounts of Mayr-Melnhof Karton AG (“the Company”) and all controlled, wholly and majority-owned subsidiaries, except where control is temporary or does not reside within the Group. Control exists in cases where the Company has the ability to fully govern the operating and financial policy of a subsidiary. Non-controlling (minority) interest represents the non-controlling (minority) shareholders’ proportionate share of the equity and profit in several majority-owned subsidiaries of the Company.

According to IFRS 3 “Business Combinations”, all acquisitions of companies and businesses shall be accounted for using the purchase method. Thereby, the cost of the acquired interest is offset against the acquirer’s interest in equity at the acquisition date. The acquired identifiable assets and liabilities assumed are recognized with their fair values effective at the acquisition date. Accordingly, the non-controlling (minority) interest of the remaining shareholders shall also be recognized at fair value of their interest in equity. A remaining excess of the purchase price over the fair value of the equity interest acquired shall be capitalized as goodwill. Negative goodwill as well as the acquisition-related costs shall be recognized immediately in the income statement. In case of an increase of majority interests the difference between the costs of acquisition or the contractually fixed obligation and the carrying amount of the additionally purchased non-controlling (minority) interests is recognized directly in equity.

All effects of intercompany transactions have been eliminated.

C) ACCOUNTING AND RECOGNITION PRINCIPLES

During the preparation of the consolidated financial statements and notes, relevant amendments to existing IAS, IFRS and interpretations as well as newly enacted IFRS and IFRIC interpretations, as published in the Official Journal of the European Union and with the effective date no later than December 31, 2011, were taken into consideration.

In this context amendments to IAS 24 “Related Party Disclosures” and IAS 32 “Financial Instruments: Presentation” were concerned. IAS 24 contains a more detailed definition of the term “related party” and reliefs for companies which are associated with public authorities. According to IAS 32, warrants in a foreign currency can under certain circumstances meet the requirements to be accounted as equity instruments. Additionally, changes in IFRIC 14 “Prepayments of a Minimum Funding Requirement” and the interpretation IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” have become effective. In the course of the annual improvement project “Improvements to IFRSs (2010)” mainly editorial and minor adjustments of the content were made in several standards. These above-mentioned regulations, as far as applicable, were implemented in the financial statements and notes.

In November 2011, the standard IFRS 7 “Financial Instruments: Disclosures” was changed. It is compulsory to apply this standard in the modified version starting from the financial year 2012. The modified IFRS 7 contains further disclosure requirements for the transfer of financial assets. These disclosures shall lead to more transparency regarding those transactions, where the transferring party retains risks from the financial asset. The mentioned change is not expected to have significant impact on the presentation of the Group’s financial statements and financial position. The possibility of earlier application of the mentioned regulations was not used.

Foreign currency translation

The assets and liabilities of foreign subsidiaries, where the functional currency is other than the Euro, are translated into Euro using exchange rates in effect at the balance sheet date. Revenues and expenses are translated using average exchange rates for the year. Differences arising from the translation of assets and liabilities in comparison with the previous periods are recognized as a separate component of equity. Gains and losses resulting from foreign currency transactions are recognized in the income statement as incurred.

Exchange differences arising on monetary items that form part of a net investment in a foreign operation are recognized initially in accordance with IAS 21.32 as a separate component of equity and recognized in profit or loss upon repayment or disposal of the net investment.

The exchange rates of the relevant currencies of non-Euro participating countries used in preparing the consolidated financial statements and notes thereto were as follows:

| Currency: | | Exchange rate at Dec. 31, 2011 | Exchange rate at Dec. 31, 2010 | Annual average exchange rate 2011 | Annual average exchange rate 2010 |
|----------------|-----|---|--------------------------------------|--|---|
| | | 1 EUR = | 1 EUR = | 1 EUR = | 1 EUR = |
| Bulgaria | BGN | 1.96 | 1.96 | 1.96 | 1.96 |
| Chile | CLP | 675 | 628 | 672 | 678 |
| Czech Republic | CZK | 25.79 | 25.06 | 24.63 | 25.34 |
| Denmark | DKK | 7.43 | 7.45 | 7.45 | 7.45 |
| Great Britain | GBP | 0.84 | 0.86 | 0.87 | 0.86 |
| Iran | IRR | 14,465 | 13,701 | 14,702 | 13,481 |
| Jordan | JOD | 0.92 | 0.94 | 0.99 | 0.94 |
| Malaysia | MYR | 4.25 | - | - | - |
| Poland | PLN | 4.42 | 3.96 | 4.12 | 4.01 |
| Romania | RON | 4.32 | 4.28 | 4.24 | 4.22 |
| Russia | RUB | 41.67 | 40.33 | 40.97 | 40.35 |
| Switzerland | CHF | 1.22 | 1.25 | 1.23 | 1.37 |
| Tunisia | TND | 1.94 | 1.92 | 1.96 | 1.90 |
| Turkey | TRY | 2.44 | 2.06 | 2.32 | 2.00 |
| Ukraine | UAH | 10.30 | 10.57 | 11.08 | 10.52 |

Revenue recognition

The Group recognizes revenue when convincing evidence of an arrangement exists, products are shipped to customers, the price of the transaction is fixed and determinable, and payment is reasonably assured. Revenues are recorded net of discounts, such as sales incentives, customer bonuses and rebates granted. Provisions for estimated costs related to product warranty and returns are made at the time the related sale is recorded. Shipping and handling costs are recorded as selling expenses.

Earnings per share

Earnings per share is calculated in accordance with IAS 33 “Earnings per Share”. The standard requires the calculation and disclosure of two key figures, basic and diluted earnings per share. Basic earnings per share is calculated by dividing profit or loss attributable to the shareholders of the Company by the weighted average number of shares outstanding during the financial year. Diluted earnings per share is calculated by adjusting outstanding shares, assuming conversion of all potentially dilutive stock options. Neither as of December 31, 2011, nor as of December 31, 2010, existed these kind of options.

Research and development costs

Research costs are recognized as expense as incurred. Development costs are capitalized only after the following criteria can be verified and are met cumulatively: it has to be possible among other criteria to use or sell internally generated intangible assets and, additionally, future economic benefits for the Group have to be achieved. Neither as of December 31, 2011, nor as of December 31, 2010, have development costs been capitalized.

Intangible assets including goodwill

Acquired intangible assets which are determined to have a finite useful life including licenses, patents, concessions, trademarks and assets regarding customer relationships are capitalized at cost and amortized on a straight-line basis over their estimated useful lives ranging from five to ten years. Acquired intangible assets which are determined to have an indefinite useful life are not amortized but tested for impairment on an annual basis.

According to IFRS 3 “Business Combinations”, goodwill is not amortized but tested for impairment on an annual basis. The recoverability evaluation of goodwill is performed at least annually or when it is evident that an impairment exists. Such impairment test is conducted on the operating segment level. In this context, the value in use of the segment is compared to the carrying amounts of non-current assets, comprising property, plant and equipment and intangible assets including goodwill. A segment’s value in use is determined by the present value of the estimated future cash flows before tax in accordance with a discounted cash flow calculation (DCF). The discount rate used is based on weighted average cost of capital (WACC) before tax. If the fair value of the operating segment is less than these carrying amounts, the difference is recognized as an impairment loss.

Neither in 2011 nor in 2010 was goodwill amortized as a result of an impairment.

Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation. Therefore, depreciation expense is recognized using the straight-line method over the following estimated useful lives:

| | |
|--|-------------|
| Buildings | 10–50 years |
| Technical equipment and machines | 8–15 years |
| Other equipment, fixtures and fittings | 4–10 years |

It is the policy of the Group to capitalize renewal investments and leasehold improvements. Generally, costs resulting in a prolongation of utilization or in an increase in future utilization of assets are capitalized. Current cost of maintenance and repairs is recognized as expense as incurred.

The cost of internally generated assets includes the respective direct costs as well as directly attributable material and manufacturing overhead costs including depreciation.

Leases

The Group is exclusively lessee in lease transactions. As far as the Group substantially bears all the risks and rewards incidental to the ownership of the asset, thereby being considered as beneficial owner (“Financial lease”), the asset is recognized under non-current assets at the present value of the non-cancelable minimum lease payments, recording a corresponding lease obligation as liability. For all remaining lease transactions (“Operating lease”), the lease-related payments are recognized as expense as incurred.

Impairment of non-current-assets

A recoverability evaluation of non-current assets is performed as soon as events that have occurred and circumstances that have changed indicate that the carrying amount of an asset or a group of assets exceeds its recoverable amount. In such a case, the carrying amount of the asset or the group of assets is compared with the higher of the fair value less costs to sell or its present value of estimated future cash flows. In case that the reasons for an impairment no longer exist, a revaluation has to be conducted.

Investments in associated companies and other investments

Investments in companies in which the Company has the ability to exercise significant influence over its operating and financial policy, are accounted for under the equity method, which is generally in case of a voting interest between 20 % and 50 %. All other investments are accounted for at cost or fair value as appropriate.

Securities

Securities are classified as financial assets. The fair value is calculated in reference to an active market. The corresponding unrealized profit and loss, if it does not represent a permanent loss, is directly recognized as other income (expenses) in the consolidated comprehensive income statement, net of deferred income taxes. Premiums and accretion of discount of debt securities are allocated over the maturity and are included in “Financial income” or “Financial expenses”. Realized profit and loss from the sale of securities that are determined using the specific identification method and declines in value classified to be other than temporary are included in “Financial income” or “Financial expenses”.

Other financial assets

Other financial assets comprise investments in associated companies and other investments, loans to third parties and other financial investments. Investments in associated companies and other investments are held as available-for-sale, but in general these investments are recognized at cost, as no active market exists for these investments and the respective fair values cannot be reliably measured within an economically justifiable period of time. In case of an indicated lower fair value, this value is recorded. Loans to third parties are classified under measurement category “Financial assets” measured at cost less accumulated depreciation, whereas non-interest and low-interest-bearing loans are recognized at present value. All remaining other investments are impaired in case of a permanent reduction in value. In case that the reasons for impairment no longer exist, a revaluation has to be conducted.

Deferred taxes

Deferred tax assets and liabilities are accounted for in accordance with IAS 12 “Income Taxes” for all temporary differences between the tax bases of existing assets and liabilities and their value in the financial statements. In this context, those enacted statutory tax rates have to be applied which are applicable in future periods in which these differences will be reversed. Permanent differences are not included in the calculation of deferred taxes. Furthermore, deferred tax assets are recorded for those tax loss carryforwards which can be utilized. If the realization of deferred tax assets becomes improbable, a valuation allowance will be recorded. Deferred tax assets will be offset with deferred tax liabilities if they relate to income taxes levied by the same tax jurisdiction, the same tax period and if there is the right to set off tax assets against tax liabilities. The effect of tax rate changes on deferred tax assets and liabilities is recognized in income tax expense in the period of a tax rate change. In case of a distribution of retained earnings of certain subsidiaries an increase of the tax burden can occur under current tax jurisdictions within the Group and existing tax treaties, for which a deferred tax liability will be formed.

Inventories

Inventories are valued at the lower of cost or market price, based on average prices and taking into consideration remaining costs to completion if applicable. In order to determine purchase costs of raw materials, manufacturing and operation supplies and goods for resale, a weighted average price method taking into consideration the sales market is applied. Work in process and finished goods are recorded including material, labor and manufacturing overhead costs. Allowances for slow moving and obsolete inventories are recognized considering the storage period and sales situation. Operating supplies and spare parts for technical equipment and machines are valued at cost and adjusted for time-based discounts.

Receivables and other assets

Receivables and other assets are accounted for at par value less bonuses, discounts and allowances and are classified under the measurement category “Financial assets”.

Emission rights

In the course of the implementation of the Kyoto Protocol, Directive 2003/87/EC came into force within the European Union as of January 1, 2005. Based on this Directive, the Group is obliged to redeem specified emission rights for carbon dioxide emissions incurred during cartonboard production. These emission rights have been allocated free of charge to the Group’s respective production sites for the period from January 1, 2008 to December 31, 2012.

As IFRIC 3 “Emission Rights” has been withdrawn by the IASB, definite regulations concerning the accounting treatment of emission rights are missing. Therefore these emission rights are recognized in accordance with IAS 38 “Intangible Assets” as intangible assets in “Prepaid expenses and other current assets”, measured at cost amounting to zero as the rights have been allocated free of charge. If effective carbon dioxide emissions exceed the number of existing emission rights during the reporting period at the balance sheet date, a provision for these missing emission rights in the amount of their market value has to be accounted for. As of December 31, 2011 and 2010, the Group had sufficient emission rights available.

Accordingly, only expenses from the utilization of acquired emission rights and income from the sale of redundant emission rights are recorded in the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash, checks and short-term deposits at financial institutions. Cash and cash equivalents denominated in foreign currencies are translated into Euro using the exchange rate in effect at the balance sheet date. The cash and cash equivalents defined in this way are the basis for the Group's cash flow statement.

Financial instruments

On the debit side, the Group's financial instruments consist of derivative financial instruments, financial assets comprising cash and cash equivalents, loans, trade receivables including allowances, the position "Prepaid expenses and other current assets" less tax receivables and prepaid expenses (see note 11) as well as securities. On the credit side, financial instruments include derivative financial instruments, financial liabilities, comprising interest-bearing financial liabilities, trade liabilities less advances from customers and the position "Deferred income and other current liabilities" less deferred income, tax liabilities and obligations for personnel and social costs (see note 17).

Derivative financial instruments

Derivative financial instruments are recognized in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" whereby all derivative financial instruments are recognized at market value as assets or liabilities. The market value corresponds to prices which are determined in active markets for identical assets or liabilities. Profit and loss resulting from changes in the fair value of derivative instruments is either recognized in profit or loss in the income statement or in profit or loss directly recognized in equity, depending on the intended use of the derivative and compliance with certain requirements. In case of a Fair Value Hedge, the change in fair value is recognized in profit or loss as incurred by compensating the effect on profit or loss with a corresponding measurement of the underlying transaction. In case of a Cash Flow Hedge, the effective portion of the change in fair value is recognized directly in equity. Inefficiencies, classified as a non-complete hedge of the underlying instrument by the derivative instrument, were of insignificant importance to derivative instruments classified as Fair Value Hedge both in 2011 and 2010.

Concentration of financial risks

Financial instruments, which may cause a concentration of financial risks in certain cases, comprise primarily cash and cash equivalents, securities and trade receivables. The Group's trade receivables derive from a broad and diversified group of customers. The financial risk arising from customer bad debt is monitored by ongoing credit rating assessments. Additionally, the Group concludes credit insurance contracts in order to cover certain potentially uncollectible receivables. Furthermore, the Group makes allowances for losses based upon the expected collectible trade receivables.

Other non-current provisions

Defined benefit pension obligations and other benefits related to severance obligations are valued actuarially in accordance with IAS 19 "Employee benefits" using the projected unit credit method. The present value of defined benefit obligations is calculated based on the years of service, the anticipated development of the employee's compensation as well as the enacted contractual and statutory pension revaluation requirements. Actuarial gains and losses are recognized in profit or loss in accordance with IAS 19 using the corridor approach.

Provisions for anniversary bonuses are accrued for non-current obligations against employees related to the number of years of their service based on collective or plant bargaining agreements.

Provisions for pre-retirement programs are accrued upon conclusion of individual contractual as well as for probable pre-retirement agreements in the future if employees have the right to participate in pre-retirement programs based on plant bargaining agreements or collective agreements. Statutory deposits of securities for covering pre-retirement programs are netted with the provisions for pre-retirement programs.

Other provisions

Other provisions are accounted for in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” and IAS 19 “Employee Benefits”. A provision is recognized when the Group has a present legal or factual obligation as a result of a past event and its settlement is expected to result in an outflow of resources embodying economic benefits.

For the calculation of other provisions, particularly for warranty costs and losses from uncompleted contracts, the Group accounts for all cost components which are used for the calculation of inventories.

Provisions for restructuring costs are recognized when a detailed formal plan for the restructuring process has been approved and the management has either started its implementation or its public announcement.

Liabilities

Non-current liabilities including financial liabilities are classified under measurement category “Financial liabilities” and measured at amortized cost unless they are designated as the underlying item in a Fair Value Hedge. Current liabilities are stated at cost, which is the consideration to be paid.

Non-controlling (minority) interests

Non-controlling (minority) interests represent non-controlling (minority) shareholders’ investments in Group companies or business units other than Mayr-Melnhof Karton AG. At the date of first-time consolidation, these interests are generally recorded as proportionate share of net assets (equity) in the respective company or business unit and are carried forward considering the share of profit or loss, paid dividends as well as contributions to and returns of capital.

If the non-controlling (minority) shareholder has been provided with a put option, this right has to be accounted for as an option liability – if reliably measurable – and has to be revalued until exercise (or expiry) annually according to IAS 32. This is also applicable for interests in partnerships with non-controlling (minority) shareholders who are entitled to resign.

In case that the opportunities and risks relating to the amount of the put option price are within the scope of the non-controlling (minority) shareholder as well as within the scope of the Group, a non-controlling (minority) interest is still recognized in the balance sheet and a possible goodwill resulting from the purchase of the majority interest is capitalized proportionally to the acquired majority share (“Proportional Goodwill Method”). This is particularly applicable if the put option price is calculated as a multiple of the actually generated earnings and thereby changes in the valuation in favor / at the expense of the non-controlling (minority) shareholder as well as the Group are possible.

In case that the opportunities and risks relating to the amount of the put option price are exclusively within the scope of the Group, no non-controlling (minority) interest is recognized and a possible goodwill resulting from the purchase is capitalized in its full amount (“Full Goodwill Method”). This is particularly applicable if a minimum amount for the put option price has been agreed upon and therefore (positive) changes in the valuation are only possible at the expense of the Group.

The option liability is presented in short term or long term liabilities, depending on the first-time exercise date agreed upon. Provided that in individual cases the stipulation permits an exercise before maturity, the option is certainly shown as a short term liability.

The results of annual valuations of the option liability and profit distribution to the non-controlling (minority) shareholder are reported under “Other financial income – net”.

(2) Key assumptions entailing a considerable risk of a change in value

The consolidated financial statements and notes thereto include the following material items for which the determination of their carrying amounts is highly dependent on the underlying assumptions and estimations:

Provisions for pensions and severance payments

The actuarial calculation of pension and severance obligations is based on assumptions about discount rates used, expected return on plan assets, future increases in salaries and life expectancies. Actual outcomes can be different from these assumptions due to changes in the economic environment and market conditions.

Impairment of non-current assets

Goodwill is reviewed for impairment annually. In the course of these impairment reviews, the evaluation of non-current assets is also based on budget assessments of market or company-specific discount rates, expected annual growth rates and foreign exchange rates. The assumptions involved in these calculations may change and cause an impairment loss in future periods.

Provisions for litigations

The outcome of litigations in progress cannot be anticipated with certainty. The Group recognizes adequate provisions if reasonable assessments can be made. The actual outcomes of litigations may differ from these assessments.

Provisions for restructuring costs

The calculation of provisions for restructuring costs is based on assumptions about the termination of contracts, staff redundancies or pension payments. The actual amounts to be considered may deviate from these assumptions.

Realization of deferred tax assets

Deferred taxes are calculated by applying enacted statutory tax rates applicable for future years to temporary differences as well as by evaluating the capacity of future taxable income. Potential tax rate changes or future taxable income which differs from the assumptions may result in the fact that the realization of deferred tax assets becomes improbable and consequently a valuation allowance of the respective assets has to be recorded.

Useful life of non-current assets

Property, plant and equipment, and acquired intangible assets are stated at cost and are amortized on a straight-line basis over their estimated useful lives. The estimation of the useful lives is based on assumptions about wear and tear, aging, technical standards, contract periods and changes in demand. Changes in these factors may cause a reduction of the useful life of the asset. Hence, the carrying amount would be depreciated/amortized over the remaining shorter useful life, resulting in higher annual depreciation/amortization expenses.

(3) Financial risk management

The Group is subject to various financial risks arising from its operating activities and the structure of its financing. These financial risks primarily comprise the credit risk, liquidity risk, currency risk and the risk of interest rate changes. These risks are mitigated using a centralized risk management, which is applied throughout the Group. The identification, analysis and evaluation of the financial risks as well as the decisions concerning the application of financial instruments in order to manage these risks are taken by the Group's headquarters.

Credit risk

The credit risk represents the risk arising from non-fulfillment of contractual obligations by business partners which may result in losses. The immanent risk of default of business partners resulting from the underlying transaction is widely hedged by credit risk insurance as well as by bank guarantees and letters of credit. The definition criteria to be applied for credit ratings are based on contractual agreements with credit insurance institutions and are stipulated by internal guidelines.

The credit and default risks are continuously monitored, incidental and identifiable risks are provided for by recording appropriate allowances or provisions. For the assessment of the overall risk, existing insurance coverage, possible guarantees and letters of credit are taken into consideration. As a result of the broad and diversified customer base, a concentrated risk of default does not exist.

Liquidity risk

The liquidity risk is referred to as the risk to raise the required funds at any time in order to settle the amounts payable in due course. Based on well-timed liquidity management, sufficient cash and cash equivalents as well as credit lines are available to the Group's subsidiaries. Consequently, liquidity risk is categorized as low.

Currency risk

The currency risk represents the risk arising from changes in the value of financial instruments due to fluctuations in exchange rates. This risk especially exists if business transactions are denominated and settled in currencies other than the Euro and these currencies do not correspond with the functional (local) currency of the company. This is particularly the case for business relations to customers and suppliers in British Pound, US Dollar, Polish Zloty, Russian Rouble, Turkish Lira and Ukrainian Hryvnia. The respective currency risks are as far as possible reduced by matching business transactions in similar currencies and by price adjustment mechanisms in longer-term agreements as well as foreign exchange forward contracts (see note 7).

At December 31, 2011, if the exchange rate of the Euro had strengthened (weakened) 1 % against these currencies, the foreign currency exchange result including the performance of foreign exchange forward contracts would have been thous. EUR 109 higher (lower).

As of the balance sheet date, the interest-bearing financial liabilities are predominantly denominated in Euro. Therefore, no significant currency risk concerning these liabilities exists.

Interest rate risk

The interest rate risk is referred to as the risk arising from changes in the value of financial instruments due to fluctuations of market interest rates. It comprises the interest-rate related price risk for fixed interest-bearing financial instruments and the settlement risk of variable interest-bearing financial instruments. At December 31, 2011 the Group was predominately financed by variable interest-bearing financial liabilities.

At December 31, 2011 and December 31, 2010, the Group showed a net liquidity. Therefore, a change in the market interest rate does not represent an interest expense risk.

Derivative financial instruments

The Group mainly applies derivative financial instruments to mitigate the risks from exchange rate and interest rate changes. In this context, the Group uses foreign exchange forward contracts in order to mitigate the effects of current exchange rate fluctuations and possibly interest rate swap agreements in order to mitigate the current market interest rate risk. All counterparties in these transactions are reputable financial institutions with whom the Group conducts business on a regular basis. Accordingly, the Group considers the corresponding risk of default and related losses as being remote.

Hedge of a net investment

As of December 31, 2011, an option liability of thous. EUR 17,303 (December 31, 2010: thous. EUR 16,356) quoted in Chilean Peso existed, which has been designated as the hedge of a net investment in the Chilean subsidiary Marinetti S.A. as well as an option liability of thous. EUR 4,156 quoted in Malaysian Ringgit, which is designated as the hedge of a net investment in the Malaysian subsidiaries Firgos (Malaysia) SDN BHD and MM Packaging Malaysia SDN BHD. Both option liabilities are being used to hedge the Group's exposure to foreign exchange risk on these net investments. Gains or losses on the translation of this option liability are transferred to equity to offset any gains or losses on translation of the net investments in the subsidiaries. There is no ineffectiveness regarding these hedges in the year ending December 31, 2011.

Fair values

In the consolidated balance sheet, the amounts recorded for trade and other receivables, current liabilities as well as cash and cash equivalents approximate substantially their fair values due to the short-term nature of these items. The amounts recorded for interest-bearing financial liabilities basically correspond to their present values.

(4) Significant changes in the consolidated companies

A) ACQUISITIONS, FORMATIONS AND LIQUIDATIONS IN 2011

Acquisitions

In early November 2011, the division MM Karton acquired an interest of 51 % in Firgos (Malaysia) SDN BHD, a Malaysian cartonboard trader located in Kuala Lumpur, Malaysia, and the division MM Packaging acquired an interest of 51 % in Hallbert SDN BHD (renamed MM Packaging Malaysia SDN BHD) with a folding carton site in the start-up process, also located in Kuala Lumpur, Malaysia. Acquisition costs for both participations amounted to thous. EUR 5,669.

Inclusion into the Group and division was effected on December 31, 2011. Fair values of assets and liabilities according to IFRS at this date were presented as follows:

| (in thousands of EUR) | Dec. 31, 2011 |
|---|----------------------|
| Property, plant and equipment | 3,149 |
| Intangible assets and financial assets | 2,024 |
| Other current assets | 5,941 |
| Cash and cash equivalents | 2,037 |
| Non-current liabilities | (2,822) |
| Current liabilities | (4,099) |
| Deferred income taxes | (665) |
| Option liability | (4,156) |
| Goodwill | 2,831 |
| Residual amount directly recognized in equity | 1,429 |
| Net assets | 5,669 |

The remaining goodwill reflects the market position of both companies on the Malaysian packaging and cartonboard market. Concerning the acquisition of the remaining non-controlling (minority) interest of 49 % in both companies, the division MM Packaging and the division MM Karton as well as the non-controlling (minority) shareholder have an irrevocable option generally exercisable in January 2016 at the earliest. The option right of MM Packaging can be exercised ahead of time under certain circumstances.

In March 2011, the division MM Packaging acquired the remaining shares of 39.99 % in the Turkish folding carton producer Superpak, located in Izmir, for thous. EUR 3,535 and thereby holds a participation of 100 % of the company.

In June 2011, the division MM Packaging increased its majority interest in the Russian folding carton producer MM Polygrafoformlenie Packaging LLC, located in St. Petersburg, to 75.025 % for a purchase price of thous. EUR 14,650. The acquisition of the remaining shares of 24.975 % is possible at any time until June 30, 2020 at the latest and is contractually fixed. In this context a purchase price liability of thous. EUR 19,210 has been included in the position "Deferred income and other current liabilities".

In November 2011, the division MM Packaging agreed upon the acquisition of the remaining interest of 25 % in the German folding carton producer C.P. Schmidt Verpackungs-Werk GmbH & Co. KG, located in Kaiserslautern, whereupon these interests can be purchased at any time until December 31, 2014 at the latest. In this context a purchase price liability of thous. EUR 12,875 has been included in the position "Deferred income and other current liabilities".

By the end of December 2011, the division MM Packaging increased its majority interest in the Jordanian folding carton producer Al-Ekbal Printing & Packaging Co., located in Amman, for a purchase price of thous. EUR 1,367 to 75.226 %.

Formations

In December 2011, the division MM Packaging founded the holding company MM Packaging Colombia S.A.S. located in Bogota, Colombia.

Liquidations

In 2011, the companies Mayr-Melnhof UK Limited, MM Holding UK Limited and MM Packaging St. Petersburg LLC were liquidated.

B) ACQUISITIONS, DISPOSALS AND FORMATIONS IN 2010

Acquisitions

In September 2010, the division MM Packaging acquired an interest of 70 % in Marinetti S.A., located in Santiago de Chile, Chile. The company produces folding cartons for the Chilean consumer goods packaging market. Acquisition costs amounted to thous. EUR 32,839. Sales and profit before tax for the period since inclusion into the Group and the division in the financial year 2010 amounted to thous. EUR 14,041 and thous. EUR 791. Inclusion into the Group and division was effected on September 30, 2010. Fair values of assets and liabilities according to IFRS at this date were presented as follows:

Fair values according to IFRS

| (in thousands of EUR) | Sep. 30, 2010 |
|--|---------------|
| Property, plant and equipment | 33,302 |
| Intangible assets and financial assets | 14,215 |
| Other current assets | 21,327 |
| Cash and cash equivalents | 1,925 |
| Non-current liabilities | (9,739) |
| Current liabilities | (18,689) |
| Deferred income taxes | (3,709) |
| Option liability | (15,597) |
| Goodwill | 9,804 |
| Net assets | 32,839 |

The remaining goodwill reflects the company's market position on the Chilean packaging market. Concerning the acquisition of the remaining non-controlling (minority) interest of 30 %, both the division MM Packaging and the non-controlling (minority) shareholder have an irrevocable option generally exercisable in January 2015 at the earliest. The option right of MM Packaging can be exercised ahead of time under certain circumstances.

Disposals

In May 2010, the division MM Karton sold its 100 % stake in Karton Deisswil AG, Switzerland. The production of cartonboard remains discontinued. Furthermore, the majority interest of 66.67 % in WÜRO Papierverwertung GmbH & Co KG, Germany, a company in the business of recovered paper collection, was sold. These disposals of businesses result in total expenses before tax amounting to thous. EUR 6,876.

Formations

In June 2010, the division MM Karton formed the sales company Mayr-Melnhof Karton Schweiz GmbH, located in Worb, Switzerland.

In July 2010, the division MM Packaging formed the holding company Mayr-Melnhof Packaging Chile Limitada, located in Santiago de Chile, Chile.

(5) Development of fixed assets

A) PROPERTY, PLANT AND EQUIPMENT

| (in thousands of EUR) | Lands, similar land rights and buildings | Technical equipment and machines | Other equipment, fixtures and fittings | Payments on account and construction in progress | Property, plant and equipment |
|--|--|--|---|---|--|
| ACQUISITION OR MANUFACTURING COSTS: | | | | | |
| Balance at Jan. 1, 2011 | 422,972 | 1,278,631 | 128,197 | 28,053 | 1,857,853 |
| Effect of exchange rate changes | (4,652) | (8,772) | (485) | (200) | (14,109) |
| Changes in consolidated companies | 1,766 | 1,236 | 147 | 0 | 3,149 |
| Additions | 11,735 | 60,757 | 9,228 | 40,597 | 122,317 |
| Disposals | (3,322) | (44,588) | (4,607) | (29) | (52,546) |
| Reclassifications | 6,954 | 26,999 | 3,986 | (43,173) | (5,234) |
| Balance at Dec. 31, 2011 | 435,453 | 1,314,263 | 136,466 | 25,248 | 1,911,430 |
| DEPRECIATION/AMORTIZATION: | | | | | |
| Balance at Jan. 1, 2011 | 190,680 | 1,006,833 | 96,252 | 49 | 1,293,814 |
| Effect of exchange rate changes | (224) | (3,695) | (136) | (2) | (4,057) |
| Changes in consolidated companies | 0 | 0 | 0 | 0 | 0 |
| Disposals | (3,107) | (43,720) | (4,432) | (29) | (51,288) |
| Depreciation/amortization expense for the year | 12,186 | 58,837 | 8,903 | 0 | 79,926 |
| Reclassifications | (1,380) | 42 | (212) | 0 | (1,550) |
| Balance at Dec. 31, 2011 | 198,155 | 1,018,297 | 100,375 | 18 | 1,316,845 |
| NET BOOK VALUE: | | | | | |
| Net book value at Dec. 31, 2011 | 237,298 | 295,966 | 36,091 | 25,230 | 594,585 |
| Net book value at Dec. 31, 2010 | 232,292 | 271,798 | 31,945 | 28,004 | 564,039 |

B) INTANGIBLE ASSETS INCLUDING GOODWILL

| (in thousands of EUR) | Concessions, licenses and similar rights, and payments on account | Goodwill | Other intangible assets | Intangible assets including goodwill |
|--|---|---------------|----------------------------|---|
| ACQUISITION OR MANUFACTURING COSTS: | | | | |
| Balance at Jan. 1, 2011 | 44,230 | 72,598 | 21,621 | 138,449 |
| Effect of exchange rate changes | (156) | (1,721) | (1,307) | (3,184) |
| Changes in consolidated companies | 0 | 2,831 | 2,024 | 4,855 |
| Additions | 2,914 | 0 | 0 | 2,914 |
| Disposals | (383) | 0 | 0 | (383) |
| Reclassifications | 21 | 0 | 0 | 21 |
| Balance at Dec. 31, 2011 | 46,626 | 73,708 | 22,338 | 142,672 |
| DEPRECIATION/AMORTIZATION: | | | | |
| Balance at Jan. 1, 2011 | 40,811 | 9,052 | 3,171 | 53,034 |
| Effect of exchange rate changes | (98) | (10) | (206) | (314) |
| Changes in consolidated companies | 0 | 0 | 0 | 0 |
| Disposals | (383) | 0 | 0 | (383) |
| Depreciation/amortization expense for the year | 1,836 | 0 | 2,472 | 4,308 |
| Reclassifications | 0 | 0 | 0 | 0 |
| Balance at Dec. 31, 2011 | 42,166 | 9,042 | 5,437 | 56,645 |
| NET BOOK VALUE: | | | | |
| Net book value at Dec. 31, 2011 | 4,460 | 64,666 | 16,901 | 86,027 |
| Net book value at Dec. 31, 2010 | 3,419 | 63,546 | 18,450 | 85,415 |

In 2011, the depreciation and amortization expense recorded in “Property, plant and equipment” and “Intangible assets including goodwill” amounted to thous. EUR 84,234 (2010: thous. EUR 81,796).

The depreciation of the previous year included thous. EUR 2,518 of impairment expenses concerning the property, plant and equipment of the Tunisian folding carton producer TEC MMP SARL.

(6) Securities and other financial assets

The carrying amounts of securities and other financial assets consist of:

| (in thousands of EUR) | Dec. 31, 2011 | Dec. 31, 2010 |
|---|----------------------|---------------|
| Liability insurance not pledged to beneficiaries | 2,318 | 2,364 |
| Investments in associated companies and other investments | 1,927 | 2,208 |
| Securities | 759 | 337 |
| Other loans receivable | 393 | 538 |
| Securities and other financial assets | 5,397 | 5,447 |

Detailed information concerning the Group's investments with an ownership percentage of more than 20 % is contained in the table of affiliated and associated companies (see note 25).

At December 31, 2011 and December 31, 2010, the Group exclusively held securities, which are carried at fair values based on quoted market prices. Securities of the Group comprise of debt securities and debt-based funds with a book value of thous. EUR 759 (December 31, 2010: thous. EUR 337). In 2011, proceeds from sales of securities amounted to thous. EUR 256 (2010: thous. EUR 39). The resulting realized profit in 2011 amounted to thous. EUR 5.

At December 31, 2011, other loans receivable included loans to affiliated companies amounting to thous. EUR 30 (December 31, 2010: thous. EUR 124).

(7) Financial instruments

A) FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments in accordance with measurement categories consist of:

| (in thousands of EUR) | Dec. 31, 2011 | Dec. 31, 2010 |
|----------------------------------|----------------------|---------------|
| Derivative financial instruments | (208) | 209 |
| Financial receivables | 591,232 | 567,488 |
| Securities | 759 | 337 |
| Financial liabilities | 350,238 | 332,223 |

The amounts on financial instruments presented in the Group's income statement by measurement categories are as follows:

| (in thousands of EUR) | Year ended Dec. 31, 2011 | | Year ended Dec. 31, 2010 | |
|----------------------------------|---------------------------------|-----------------|--------------------------|----------|
| | Profit/loss | Interest | Profit/loss | Interest |
| Derivative financial instruments | (417) | | 776 | |
| Financial receivables | 494 | 4,362 | (159) | 2,393 |
| Securities | 5 | 0 | 0 | 0 |
| Financial liabilities | (3,366) | (6,423) | (2,694) | (2,877) |

B) DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are valued at the amounts by which the respective contracts could be settled. The fair value of foreign exchange forward contracts is based on the spot foreign currency rates as of the balance sheet date, adjusted for time-related charges or discounts for the respective remaining term of the contract and compared with the contracted forward rate.

Foreign exchange forward contracts

Foreign exchange forward contracts are principally used to protect the Group against exchange rate changes of the British Pound, the US Dollar and the Polish Zloty. The changes in fair values of these derivatives are recognized in "Foreign currency exchange rate gains (losses) - net" (see note 20).

At December 31, 2011 the Group closed foreign exchange forward contracts with a nominal value of thous. EUR 51,561 (December 31, 2010: 52,302) and a negative market value of thous. EUR 208 (December 31, 2010: positive market value of thous. EUR 209).

The derivative financial instruments are recorded in the consolidated balance sheet under "Pre-paid expenses and other current assets" in the amount of thous. EUR 178 (2010: thous. EUR 452) and under "Deferred income and other current liabilities" in the amount of thous. EUR 386 (2010: thous. EUR 243).

(8) Income taxes

Group tax rate

A reconciliation from the applicable tax rate, which results from the geographical allocation of income and the current nominal tax rates of the respective tax jurisdictions, to the effective tax rate, which burdens the profit before tax, is as follows:

| (in %) | Year ended Dec. 31, 2011 | Year ended Dec. 31, 2010 |
|--|-------------------------------------|-----------------------------|
| Applicable tax rate | 28.25 % | 28.49 % |
| Non-taxable expenses (income) – net | (0.25 %) | (0.11 %) |
| Valuation allowance and restructurings | (1.34 %) | (1.18 %) |
| Effective tax rate | 26.66 % | 27.20 % |

The item “Non-taxable expenses (income) – net” includes certain, due to country-specific regulations, non-taxable expenses and income. The item “Valuation allowance and restructurings” includes improvements in the Group's tax structure, restructurings and the valuation of tax loss carryforwards.

Income tax expense recognized in income statement

The position “Income tax expense” is comprised as follows:

| (in thousands of EUR) | Year ended Dec. 31, 2011 | Year ended Dec. 31, 2010 |
|---------------------------------|-------------------------------------|-----------------------------|
| Current taxes: | | |
| for the actual period | 48,661 | 45,823 |
| for prior periods | 2,218 | (11) |
| Deferred taxes: | | |
| due to temporary differences | (8,857) | (6,217) |
| of operating loss carryforwards | 1,094 | 1,547 |
| due to tax rate changes | 26 | 112 |
| Income tax expense | 43,142 | 41,254 |

Deferred taxes recognized in the balance sheet

Deferred taxes due to temporary differences and tax loss carryforwards recognized in the balance sheet as at the balance sheet dates are as follows:

| (in thousands of EUR) | Dec. 31, 2011 | Dec. 31, 2010 |
|--|-----------------|-----------------|
| Inventories | 3,623 | 3,497 |
| Benefit plans and other liabilities and charges | 8,153 | 7,454 |
| Operating loss carryforwards | 1,745 | 2,873 |
| Other | 332 | 444 |
| Gross deferred tax assets | 13,853 | 14,268 |
| Valuation allowance | (1,739) | (1,762) |
| Net deferred tax assets | 12,114 | 12,506 |
| Offset | (2,988) | (3,222) |
| Deferred tax assets in the balance sheet | 9,126 | 9,284 |
| Intangible assets | (2,911) | (2,347) |
| Property, plant and equipment | (8,369) | (11,217) |
| Loans receivable, investments and financial assets | (4,851) | (11,582) |
| Other | (3,383) | (2,085) |
| Net deferred tax liabilities | (19,514) | (27,231) |
| Offset | 2,988 | 3,222 |
| Deferred tax liabilities in the balance sheet | (16,526) | (24,009) |

Tax loss carryforwards

An overview of the Group's tax loss carryforwards as at the respective balance sheet dates is as follows:

| (in thousands of EUR) | Dec. 31, 2011 | Dec. 31, 2010 |
|---|---------------|---------------|
| Operating loss carryforwards with expiration | 6,464 | 9,797 |
| Operating loss carryforwards with no expiration | 926 | 3,803 |
| Operating loss carryforwards | 7,390 | 13,600 |

In case that the limited operating loss carryforwards cannot be utilized between 2012 and 2021, they will expire. In 2011, the Group consumed tax losses amounting to thous. EUR 1,222 (2010: thous. EUR 4,756) for which a valuation allowance for the deferred tax assets relating to these tax loss carryforwards was recorded in previous periods.

At December 31, 2011, the Group believed that certain corporate and trade tax loss carryforwards will be utilized and hence recorded a deferred tax asset of thous. EUR 35 (December 31, 2010: thous. EUR 1,131). Valuation allowances on tax loss carryforwards amounting to thous. EUR 1,712 were provided at December 31, 2011 (December 31, 2010: thous. EUR 1,742). Tax loss carryforwards underlying these allowances amounted to thous. EUR 7,222 (December 31, 2010: thous. EUR 8,390).

(9) Inventories

| (in thousands of EUR) | Dec. 31, 2011 | Dec. 31, 2010 |
|---|----------------|----------------|
| Raw materials, manufacturing and operating supplies | 131,496 | 139,850 |
| Work in process | 19,368 | 19,616 |
| Finished goods and goods for resale | 110,370 | 113,970 |
| Total | 261,234 | 273,436 |
| Allowances | (16,731) | (15,644) |
| Inventories – net | 244,503 | 257,792 |

As of December 31, 2011 and December 31, 2010, the allowances recorded on inventories were caused by the methodology of recording usage concerning operating supplies and spare parts for technical equipment and machines in terms of time-based discounts.

In 2011, write-downs of inventories recognized as an expense amounted to thous. EUR 7,952 (2010: thous. EUR 7,250). The reversal of write-downs of inventories recognized as income amounted to thous. EUR 375 (2010: thous. EUR 419). The carrying amount of inventories carried at fair value less cost to sell amounted to thous. EUR 12,119 (2010: thous. EUR 18,218).

A breakdown of cost of materials and purchased services is as follows:

| (in thousands of EUR) | Year ended Dec. 31, 2011 | Year ended Dec. 31, 2010 |
|----------------------------|-----------------------------|-----------------------------|
| Cost of materials | 1,127,861 | 1,026,437 |
| Cost of purchased services | 16,859 | 16,324 |
| Total | 1,144,720 | 1,042,761 |

(10) Trade receivables

| (in thousands of EUR) | Dec. 31, 2011 | Dec. 31, 2010 |
|---|----------------------|----------------|
| Trade receivables | 237,541 | 229,512 |
| Trade receivables from affiliated companies | 0 | 327 |
| Allowances | (1,682) | (2,139) |
| Trade receivables – net | 235,859 | 227,700 |

At December 31, 2011, trade receivables in the amount of thous. EUR 2,681 (December 31, 2010: thous. EUR 4,399) were overdue more than 60 days, thereof thous. EUR 1,400 (December 31, 2010: thous. EUR 2,251) have been impaired.

Allowances for trade receivables developed as follows:

| (in thousands of EUR) | 2011 | 2010 |
|--|--------------|--------------|
| Allowances at the beginning of the year | 2,139 | 1,535 |
| Effect of exchange rate changes | 37 | 38 |
| Changes in consolidated companies | 0 | 407 |
| Utilization | (200) | (230) |
| Reversal | (931) | (148) |
| Increase | 637 | 537 |
| Allowances at the end of the year | 1,682 | 2,139 |

(11) Prepaid expenses and other current assets

Prepaid expenses and other current assets are as follows:

| (in thousands of EUR) | Dec. 31, 2011 | Dec. 31, 2010 |
|--|----------------------|---------------|
| Value-added tax receivables | 9,649 | 11,405 |
| Other tax receivables | 6,782 | 7,173 |
| Other receivables and other assets | 9,892 | 7,698 |
| Prepaid expenses | 4,782 | 3,891 |
| Prepaid expenses and other current assets | 31,105 | 30,167 |

(12) Equity

A) SHARE CAPITAL/ADDITIONAL PAID-IN CAPITAL/TREASURY SHARES

The share capital of the Company amounts to thous. EUR 80,000 and comprises 20 million approved and issued no-par value shares.

Additional paid-in capital derives from the share premium raised at the capital increase in the course of the initial public offer in 1994 and the cancelation of treasury shares, less the increase of the share capital by conversion of additional paid-in capital in 2008 and 2010, representing the amount of the tied capital reserve. Other free capital reserves of thous. EUR 3,795 were reclassified towards revenue reserves.

The 14th Ordinary Shareholders' Meeting of May 7, 2008 authorized the Management Board to repurchase treasury shares on and outside the stock exchange up to and including November 7, 2010. This share repurchase program was terminated according to schedule.

In 2010 the Company repurchased 1,120,000 treasury shares for thous. EUR 66,338 including fees. Therefore, the Group held 2,015,260 treasury shares before cancellation which was equivalent to 9.16 % of the capital stock. The 16th Ordinary Shareholders' Meeting of Mayr-Melnhof Karton AG held on April 28, 2010 resolved on a simplified reduction of the Company's share capital from thous. EUR 88,000 to thous. EUR 80,000 by cancellation of 2,000,000 treasury shares in the pro rata amount of thous. EUR 8,000 of the share capital. On June 10, 2010 the entry into the company register at the commercial court in Vienna has been affected. On June 17, 2010 the cancellation of 2,000,000 treasury shares took place.

At December 31, 2011, the details of the Group's treasury shares were as follows:

| Number of shares acquired | Share of share capital (in thousands of EUR) | Share of share capital (in %) |
|---------------------------|--|-------------------------------|
| 15,260 | 904 | 0.0763 % |

Treasury shares are accounted for under the cost method and reported as a deduction from total equity (see "Consolidated Statements of Changes in Equity").

B) RETAINED EARNINGS/DIVIDEND

Retained earnings comprise accumulated results from prior years.

Due to the acquisition and the increase of majority interests a residual amount of thous. EUR 31,718 was recognized directly in equity in 2011, which was deducted from revenue reserves.

Under Austrian Corporate Law the amount of dividend available for distribution to shareholders is based upon the unappropriated retained earnings of Mayr-Melnhof Karton AG, determined in accordance with the Austrian Commercial Code. At December 31, 2011, the distributable unappropriated retained earnings amounted to thous. EUR 50,000 (December 31, 2010: thous. EUR 50,000).

| (in thousands of EUR) | 2011 | 2010 |
|--|---------------|---------------|
| Unappropriated retained earnings at Jan. 1 | 50,000 | 50,000 |
| Net profit of the Company for the year ended Dec. 31 | 95,220 | 89,423 |
| Changes in reserves | (56,250) | (55,450) |
| Dividend paid | (38,970) | (33,973) |
| Unappropriated retained earnings at Dec. 31 | 50,000 | 50,000 |

For the year ended December 31, 2011, the Management Board of the Company has proposed a dividend of EUR 2.10 (December 31, 2010: EUR 1.95) per voting share, as of the balance sheet date amounting to thous. EUR 41,968 (December 31, 2010: thous. EUR 38,970).

C) PROFIT AND LOSS DIRECTLY RECOGNIZED IN EQUITY, NET OF TAX

The other reserves comprise the following changes directly recognized in equity. There are differences from foreign currency translation and unrealized profit and loss from fair value changes of securities, after considering deferred income taxes.

In 2011 profit and loss directly recognized in equity consisted of the fair value changes of securities of thous. EUR 0 (2010: negative amount of thous. EUR 12) and foreign currency translations with a negative amount of thous. EUR 11,109 (2010: positive amount of thous. EUR 8,381).

D) CAPITAL MANAGEMENT

The capital invested comprises the Group's total equity and interest-bearing financial liabilities less liquid assets. At December 31, 2011 and 2010 the Group held a net liquidity.

Capital management is designed to ensure a sound equity ratio that is adequate for the long-term economic development of the Group considering a continued dividend policy and shareholders' capital activities.

As of December 31, 2011 and 2010, total equity and total assets were as follows:

| (in thousands of EUR) | Dec. 31, 2011 | Dec. 31, 2010 |
|------------------------------|----------------------|---------------|
| Total equity | 1,005,941 | 983,119 |
| Total assets | 1,566,582 | 1,520,946 |
| Total equity to total assets | 64.2 % | 64.6 % |

Capital management's aims are unchanged in comparison to last year. The Company meets the legal and statutory minimum capital requirements.

(13) Financial liabilities

A) INTEREST-BEARING FINANCIAL LIABILITIES

At December 31, 2011, the Group had current interest-bearing credit lines available in the amount of thous. EUR 36,185 (December 31, 2010: thous. EUR 28,763), of which thous. EUR 20,832 (December 31, 2010: thous. EUR 13,475) were outstanding as of the balance sheet date. At December 31, 2011, the weighted average interest rate of these current credit lines, used by subsidiaries outside the Euro participating countries, was at 7.461 % (December 31, 2010: 5.738 %). These credit line facilities are subject to normal banking terms and conditions.

At December 31, 2011 and December 31, 2010, non-current interest-bearing financial liabilities exclusively comprised bank liabilities. A summary of these non-current financial liabilities at current interest rates is as follows:

| (in thousands of EUR) | Dec. 31, 2011 | Dec. 31, 2010 |
|--|----------------------|----------------|
| 2.764 % EUR bank loan due 2015 | 52,660 | 52,660 |
| 2.000 % EUR bank loan due 2012 | 36,000 | 29,700 |
| 3.044 % EUR bank loan due 2016 | 10,000 | 0 |
| 2.887 % EUR bank loan due 2012 | 6,000 | 15,000 |
| 2.075 % EUR bank loan due 2012 | 5,451 | 5,451 |
| 5.750 % EUR bank loan due 2016 | 3,527 | 0 |
| 1.475 % EUR bank loan due 2012 | 2,900 | 2,900 |
| Other | 381 | 5,044 |
| Non-current financial liabilities | 116,919 | 110,755 |

At December 31, 2011, the weighted average interest rate for these non-current financial liabilities was 2.591 % (December 31, 2010: 2.068 %).

The maturity of current and non-current interest-bearing financial liabilities, beginning from the balance sheet dates December 31, 2011 and December 31, 2010, is as follows:

| (in thousands of EUR) | Dec. 31, 2011 | | |
|-----------------------|--|----------------|----------------|
| | Interest-bearing financial liabilities | | |
| | Current | Non-current | Total |
| Maturity: | | | |
| 2012 | 20,832 | 51,328 | 72,160 |
| 2013 | | 815 | 815 |
| 2014 | | 2,993 | 2,993 |
| 2015 | | 51,078 | 51,078 |
| 2016 | | 10,705 | 10,705 |
| Total | 20,832 | 116,919 | 137,751 |

| (in thousands of EUR) | Dec. 31, 2010 | | |
|-----------------------|--|----------------|----------------|
| | Interest-bearing financial liabilities | | |
| | Current | Non-current | Total |
| Maturity: | | | |
| 2011 | 13,475 | 47,782 | 61,257 |
| 2012 | | 9,812 | 9,812 |
| 2013 | | 501 | 501 |
| 2014 | | 2,287 | 2,287 |
| 2015 | | 50,373 | 50,373 |
| Total | 13,475 | 110,755 | 124,230 |

At December 31, 2011, the Group had current revolving bank liabilities available amounting to thous. EUR 44,351. These liabilities are classified as non-current liabilities as the Group has the intent and ability to use this funding on a non-current basis. Correspondingly, these liabilities were included in non-current interest-bearing financial liabilities under "Maturity 2012".

At December 31, 2011, the Group had unused financing arrangements available in the amount of thous. EUR 300,000.

B) OPERATING LEASE

At the balance sheet dates, the future minimum lease payments under operating non-redeemable lease obligations were as follows, due in the following years ending December 31:

| (in thousands of EUR) | Dec. 31, 2011 | Dec. 31, 2010 |
|-------------------------------------|----------------------|---------------|
| 2012 (2011) | 9,784 | 9,864 |
| 2013 (2012) | 9,050 | 8,970 |
| 2014 (2013) | 8,675 | 8,385 |
| 2015 (2014) | 7,709 | 6,962 |
| 2016 (2015) | 7,480 | 6,790 |
| Thereafter | 20,017 | 17,463 |
| Total minimum lease payments | 62,715 | 58,434 |

Expenses relating to operating lease agreements amounted to thous. EUR 10,251 and thous. EUR 10,742 for the years ended December 31, 2011 and 2010, respectively.

C) FINANCIAL LEASE

At the balance sheet dates, the future minimum lease payments under financial non-redeemable lease obligations were as follows, due in the following years ending December 31:

| (in thousands of EUR) | Dec. 31, 2011 | Dec. 31, 2010 |
|--|----------------------|---------------|
| 2012 (2011) | 757 | 1,178 |
| 2013 (2012) | 757 | 1,066 |
| 2014 (2013) | 757 | 1,095 |
| 2015 (2014) | 441 | 1,017 |
| 2016 (2015) | 410 | 569 |
| Thereafter | 410 | 991 |
| Total minimum lease payments | 3,532 | 5,916 |
| Less amount representing interest | 353 | 424 |
| Present value of minimum lease payments | 3,179 | 5,492 |
| Less current maturities of financial lease liabilities | 638 | 1,178 |
| Non-current financial lease liabilities | 2,541 | 4,314 |

At December 31, 2011, the Group had financial lease agreements capitalized in tangible assets with a book value of thous. EUR 4,507 and acquisition costs of thous. EUR 4,962. These tangible assets and mentioned financial lease liabilities were taken over in the course of the acquisition of the Chilean folding carton producer Marinetti S. A. (see note 4).

(14) Provisions for other non-current liabilities and charges

A) DEVELOPMENT OF PROVISIONS FOR OTHER NON-CURRENT LIABILITIES AND CHARGES

In 2011, the provisions for other non-current liabilities and charges developed as follows:

| (in thousands of EUR) | Pensions | Severance | Anniversary bonuses | Pre-retirement programs | Other | Total |
|---------------------------------|---------------|---------------|---------------------|-------------------------|------------|---------------|
| Balance at Jan. 1, 2011 | 45,394 | 16,605 | 6,563 | 2,626 | 842 | 72,030 |
| Effect of exchange rate changes | 33 | (105) | 3 | (1) | 0 | (70) |
| Utilization | (4,549) | (1,511) | (510) | (1,062) | (33) | (7,665) |
| Reversal | 0 | 0 | (12) | (83) | (2) | (97) |
| Increase | 4,585 | 2,214 | 731 | 637 | 77 | 8,244 |
| Balance at Dec. 31, 2011 | 45,463 | 17,203 | 6,775 | 2,117 | 884 | 72,442 |

As of December 31, 2011, securities with an estimated fair value of thous. EUR 3,290 (December 31, 2010: thous. EUR 3,018) had been given as security for provisions for pre-retirement programs within the scope of the respective legal commitments. At December 31, 2011 and 2010, those securities were deducted from the underlying obligation.

In particular, the position "Other" includes the part of provisions for benefits due to the termination of employment which will be due after one year.

B) PROVISIONS FOR PENSIONS AND SEVERANCE PAYMENTS

The majority of the Group's employees is covered by government-sponsored pension and welfare programs whereas the Group makes periodic payments to various government agencies, which are expensed as incurred. In addition, the Group provides certain employees with additional retirement benefits through the sponsorship of defined contribution and defined benefit plans. The benefits provided by the Group depend on the legal, fiscal and economic circumstances of each particular country and are primarily based on the length of service and the employee's compensation. Furthermore, the Group holds a pension benefit plan in the United Kingdom.

Under the defined contribution plans, the Group makes fixed payments to external pension funds. Once the contributions are made, the Group does not incur any further payment obligations towards the employees. These periodical contribution payments are recognized as part of the annual pension costs and amounted to thous. EUR 3,378 in 2011 (2010: thous. EUR 3,294).

Furthermore, in some countries the Group is obligated to make severance payments upon retirement and partly also in case of termination due to legal or contractual regulations. These obligations are dependent on the length of service and the compensation of the employee.

Defined benefit pension and other benefit plans are assessed and recognized according to the internationally common projected unit credit method by applying IAS 19. Under this method, the actuarial calculation of the future obligations is based on the proportionate obligations as of the balance sheet date.

Actuarial gains and losses, which result from changes in the number of plan participants and from differences between actual trends and estimates that are the basis for calculation, are recognized in profit or loss using the corridor method in accordance with IAS 19. Thus, actuarial gains and losses are recognized as income or expense over the expected remaining working life of the employee only if the amount exceeds either 10 % of the defined benefit obligation or 10 % of the plan assets as of the valuation date.

The calculation of pension and other benefit obligations is based on the following actuarial assumptions:

| (in %) | Dec. 31, 2011 | | Dec. 31, 2010 | |
|--------------------------------|---------------|-----------|---------------|-----------|
| | Pensions | Severance | Pensions | Severance |
| Discount rate | 4.5 % | 4.4 % | 4.5 % | 4.5 % |
| Expected return on plan assets | 3.9 % | - | 4.0 % | - |
| Rate of compensation increase | 2.5 % | 2.7 % | 2.5 % | 2.7 % |

Assumptions regarding the expected rate of return are based upon both actually realized non-current portfolio returns and forecasts on the development of all categories of securities included in these portfolios.

The components of net periodic benefit costs are as follows:

| (in thousands of EUR) | 2011 | | 2010 | |
|----------------------------------|--------------|--------------|--------------|--------------|
| | Pensions | Severance | Pensions | Severance |
| Service cost | 1,110 | 1,128 | 915 | 961 |
| Interest cost | 3,739 | 900 | 3,891 | 928 |
| Expected return on plan assets | (1,201) | 0 | (1,264) | 0 |
| Actuarial gains and losses - net | 750 | 136 | (37) | 21 |
| Past service costs | 187 | 0 | 0 | (195) |
| Effects due to plan changes | 0 | 50 | 0 | 14 |
| Net periodic benefit cost | 4,585 | 2,214 | 3,505 | 1,729 |

The defined benefit obligation and plan assets have developed as follows:

| (in thousands of EUR) | 2011 | | 2010 | |
|--|---------------|---------------|----------------|---------------|
| | Pensions | Severance | Pensions | Severance |
| Defined benefit obligation at the beginning of the year | 85,479 | 20,679 | 136,564 | 17,357 |
| Effect of exchange rate changes | 794 | (138) | 699 | 15 |
| Changes in consolidated companies | 0 | 0 | (62,743) | 176 |
| Service cost | 1,110 | 1,128 | 915 | 961 |
| Interest cost | 3,739 | 900 | 3,891 | 928 |
| Past service costs | 187 | 0 | 0 | (195) |
| Actuarial gains and losses - net | (303) | 269 | 9,741 | 2,934 |
| Benefit payments | (3,644) | (1,511) | (3,588) | (1,508) |
| Effects due to plan changes | 0 | 37 | 0 | 11 |
| Defined benefit obligation at the end of the year | 87,362 | 21,364 | 85,479 | 20,679 |

| (in thousands of EUR) | 2011 | | 2010 | |
|---|---------------|-----------|----------------|-----------|
| | Pensions | Severance | Pensions | Severance |
| Fair value of plan assets at the beginning of the year | 30,353 | 0 | 101,469 | 0 |
| Effect of exchange rate changes | 578 | 0 | 580 | 0 |
| Changes in consolidated companies | 0 | 0 | (73,364) | 0 |
| Expected return on plan assets | 1,201 | 0 | 1,264 | 0 |
| Actuarial gains and losses - net | (811) | 0 | (127) | 0 |
| Employer contributions | 2,016 | 0 | 1,642 | 0 |
| Benefit payments | (1,111) | 0 | (1,111) | 0 |
| Fair value of plan assets at the end of the year | 32,226 | 0 | 30,353 | 0 |

In the previous year the Swiss defined benefit pension plan was eliminated from the Group in the course of the disposal of all shares of Karton Deisswil AG, Switzerland (see note 4). The impacts of this change are recognized in the development of the defined benefit obligation and the fair value of plan assets under "Changes in consolidated companies".

The structure of plan assets as at the balance sheet dates December 31, 2011 and December 31, 2010, is as follows:

| (in %) | Dec. 31, 2011 | Dec. 31, 2010 |
|--|----------------|----------------|
| Debt securities | 45.0 % | 46.0 % |
| Liability insurance pledged to beneficiaries | 39.0 % | 36.0 % |
| Equity securities | 15.0 % | 17.0 % |
| Money market investments, bank deposits | 1.0 % | 1.0 % |
| Total | 100.0 % | 100.0 % |

The employers' contributions to plan assets for the year 2012 are expected to amount to thous. EUR 2,165.

The net liability from pension and severance obligations, and the reconciliation to the net liability recognized are as follows:

| (in thousands of EUR) | Dec. 31, 2011 | | Dec. 31, 2010 | |
|--|-----------------|---------------|-----------------|---------------|
| | Pensions | Severance | Pensions | Severance |
| Defined benefit obligation | 87,362 | 21,364 | 85,479 | 20,679 |
| Thereof obligations not covered by funds | 44,822 | 21,364 | 29,619 | 20,679 |
| Thereof obligations covered by funds | 42,540 | 0 | 55,860 | 0 |
| Minus fair value of plan assets | (32,226) | 0 | (30,353) | 0 |
| Net liability | 55,136 | 21,364 | 55,126 | 20,679 |
| Unrecognized actuarial gains and losses - net | (9,673) | (4,161) | (9,732) | (4,074) |
| Net liability recognized as provision for non-current liabilities and charges | 45,463 | 17,203 | 45,394 | 16,605 |

In the years 2007 to 2011, defined benefit obligations, fair value of plan assets, net liability and actuarial gains and losses, based upon deviations between the underlying assumptions and actual trends, were as follows:

| (in thousands of EUR) | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|--------|--------|---------|----------|---------|
| Pensions: | | | | | |
| Defined benefit obligation | 87,362 | 85,479 | 136,564 | 127,238 | 171,680 |
| Adjustment in defined benefit obligation ¹⁾ | 674 | (36) | 1,231 | 1,805 | (18) |
| Fair value of plan assets | 32,226 | 30,353 | 101,469 | 98,492 | 134,781 |
| Adjustment in fair value of plan assets ¹⁾ | (811) | (127) | (205) | (11,431) | (4,866) |
| Net liability | 55,136 | 55,126 | 35,095 | 28,745 | 36,899 |

¹⁾ Gain/(loss)

| (in thousands of EUR) | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|--------|--------|--------|--------|--------|
| Severance: | | | | | |
| Defined benefit obligation | 21,364 | 20,679 | 17,357 | 17,020 | 18,686 |
| Adjustment in defined benefit obligation ¹⁾ | (167) | (695) | 640 | (296) | 23 |
| Net liability | 21,364 | 20,679 | 17,357 | 17,020 | 18,686 |

¹⁾ Gain/(loss)

(15) Liabilities and provisions for income taxes

| (in thousands of EUR) | Dec. 31, 2011 | Dec. 31, 2010 |
|--|---------------|---------------|
| Provisions for income taxes | 9,497 | 6,668 |
| Income tax liabilities | 3,737 | 2,384 |
| Liabilities and provisions for income taxes | 13,234 | 9,052 |

(16) Trade liabilities

| (in thousands of EUR) | Dec. 31, 2011 | Dec. 31, 2010 |
|--------------------------|----------------|----------------|
| Trade liabilities | 145,673 | 166,460 |
| Advances from customers | 1,192 | 1,655 |
| Trade liabilities | 146,865 | 168,115 |

(17) Deferred income and other current liabilities

| (in thousands of EUR) | Dec. 31, 2011 | Dec. 31, 2010 |
|--|---------------|---------------|
| Share purchase price and option liabilities | 53,762 | 19,891 |
| Obligations for personnel and social costs | 12,537 | 12,714 |
| Other tax liabilities | 10,563 | 8,759 |
| Deferred income | 980 | 1,532 |
| Other liabilities | 10,259 | 16,393 |
| Deferred income and other current liabilities | 88,101 | 59,289 |

(18) Provisions for other current liabilities and charges

In 2011, the provisions for other current liabilities and charges developed as follows:

| (in thousands of EUR) | Personnel | Procurement | Customer rebates and bonuses | Sales | Other | Total |
|-----------------------------------|---------------|---------------|------------------------------|--------------|--------------|---------------|
| Balance at Jan. 1, 2011 | 32,830 | 21,531 | 10,367 | 2,683 | 8,199 | 75,610 |
| Effect of exchange rate changes | (53) | (11) | (21) | (28) | 8 | (105) |
| Changes in consolidated companies | 0 | 49 | 0 | 0 | 68 | 117 |
| Utilization | (21,709) | (19,757) | (7,166) | (1,305) | (5,141) | (55,078) |
| Reversal | (2,641) | (272) | (1,103) | (431) | (640) | (5,087) |
| Increase | 30,144 | 20,498 | 9,684 | 1,615 | 5,145 | 67,086 |
| Balance at Dec. 31, 2011 | 38,571 | 22,038 | 11,761 | 2,534 | 7,639 | 82,543 |

In particular, provisions for personnel comprise payroll obligations, social security charges, premiums and bonuses, provisions for unused vacations as well as the part of provisions for benefits due to the termination of employment which will be due within one year.

Provisions for procurement are related to obligations for the delivery of products or services already supplied or rendered, but not yet invoiced.

Provisions for premiums and bonuses to customers include premium and bonus claims of customers calculated on the basis of the underlying customer arrangements.

Sales-related provisions concern product guarantee agreements and warranty costs, re-consignments, losses from uncompleted contracts and provisions related to sales staff commissions.

The position "Other" primarily contains provisions for litigation, legal advice, audit and consulting as well as obligations for other taxes and environmental matters.

(19) Other operating income

| (in thousands of EUR) | Year ended Dec. 31, 2011 | Year ended Dec. 31, 2010 |
|--|-------------------------------------|-----------------------------|
| Gains and losses from disposal of property, plant and equipment, and intangible assets - net | 674 | 527 |
| Insurance claims | 1,258 | 2,841 |
| Rental income | 954 | 754 |
| Other income - net | 6,555 | 7,469 |
| Other operating income | 9,441 | 11,591 |

(20) Other income (expenses) - net

| (in thousands of EUR) | Year ended Dec. 31, 2011 | Year ended Dec. 31, 2010 |
|--|-------------------------------------|-----------------------------|
| Foreign currency exchange rate gains (losses) - net | (3,994) | (942) |
| Valuation of share purchase price and option liabilities | (3,723) | (2,605) |
| Other financial income - net | 698 | 210 |
| Other income (expenses) - net | (7,019) | (3,337) |

(21) Commitments and contingent liabilities

Commitments from legal proceedings and similar claims

The Group is subject to various claims and legal proceedings that arise in the ordinary course of business. Based on all of the facts available to the Management, the Group believes that the ultimate resolution of these claims and legal proceedings will not likely have a material adverse effect on the financial position or the results of its operations, although no assurances can be given with respect to the outcome of such claims or litigation.

Commitments from environmental matters

The Group is also subject to various environmental legislations and regulations in the countries in which it operates. Expenditures for environmental matters which relate to existing conditions caused by past operations and have no significant future benefit are expensed as incurred. The Group records an accrual for environmental matters when an expense is probable and can be reasonably estimated. Costs of assessment and remediation of environmental matters to be accrued are based on estimates by the Management. It is possible that the final assessment of some of these matters may require the Group to make expenditures in excess of the amounts currently provided. However, the Management believes that such additional amounts will not have a material effect on the Group's financial position or results of operations.

Expenses related to environmental matters were not material for the years ended December 31, 2011 and 2010.

Other contingent liabilities

At December 31, 2011, purchase obligations for fixed assets regarding planned capital expenditures maturing within one year amounted to thous. EUR 30,753 (December 31, 2010: thous. EUR 21,536).

In September 2009, the non-controlling (minority) shareholder of the Tunisian folding carton producer TEC MMP SARL based in Sfax exercised the put option concerning the 49 %-interest. The correspondent arbitration was closed on July, 7 2011. The subsequent transaction price is below the carrying amount of the currently recognized non-controlling (minority) interest. The execution is expected to be carried out in 2012 after implementation of the local legal approval process.

(22) Subsequent events

There have been no subsequent events after the balance sheet date with any material effect to the consolidated financial statements of the Group.

Further information

In February 2012, the division MM Packaging contractually agreed upon the disposal of the branch of activity “Gravure printing for flexible packaging” and thus focuses entirely on its core business folding carton.

(23) Segment reporting information

Mayr-Melnhof Karton AG and its subsidiaries operate in two operating areas (production of cartonboard and production of folding cartons). The Group is organized in line with these two operating areas and is controlled by financial information generated thereon. Hence, the segments reported are congruent with these two operating areas:

This division manufactures and markets numerous grades of cartonboard, concentrating particularly on coated cartonboard primarily from recycled fiber.

This division converts cartonboard into printed folding cartons purchased by customers in a variety of industries including food and other consumer goods (e.g. cereals, dried foods, sugar, confectionary and baked goods, cosmetics and toiletries, detergents, domestic appliances, toys, cigarette packaging and high-grade confectionary packaging).

Data of the management information system, on which the segment reporting is based, are in accordance with the accounting and recognition principles applied to the consolidated financial statements. Therefore reconciliation is not necessary. The Group measures the performance of its operating segments through the assessment of "Operating profit".

Intersegment sales are carried out on an arm's length basis.

Revenues are allocated based on the shipment destination countries of finished goods, whereas long-lived assets are allocated according to the location of the respective units.

Capital expenditures and depreciation/amortization relate to property, plant and equipment, and intangible assets including goodwill (see note 5).

The "Result of disposal of businesses" of the previous year (see note 4) related to MM Karton. The "Impairment expenses" (see note 5) of the previous year related to MM Packaging.

The segment reporting information concerning the Group's operating segments can be illustrated as follows:

| (in thousands of EUR) | 2011 | | | |
|---|----------------|------------------|------------------|------------------|
| | MM Karton | MM Packaging | Eliminations | Consolidated |
| Sales to external customers | 836,406 | 1,123,171 | 0 | 1,959,577 |
| Intersegment sales | 110,805 | 1,737 | (112,542) | 0 |
| Total sales | 947,211 | 1,124,908 | (112,542) | 1,959,577 |
| Operating profit | 68,409 | 102,481 | 0 | 170,890 |
| Financial income | 4,541 | 1,158 | (1,332) | 4,367 |
| Financial expenses | (2,714) | (5,041) | 1,332 | (6,423) |
| Profit before tax | 71,132 | 90,683 | 0 | 161,815 |
| Income tax expense | (14,468) | (28,674) | 0 | (43,142) |
| Profit for the year | 56,664 | 62,009 | 0 | 118,673 |
| Capital expenditures | 72,735 | 52,496 | 0 | 125,231 |
| Depreciation and amortization | (34,556) | (49,678) | 0 | (84,234) |
| Segment assets | 867,008 | 761,568 | (61,994) | 1,566,582 |
| Segment liabilities | 256,413 | 366,222 | (61,994) | 560,641 |
| Employees per segment as of December 31 | 2,359 | 6,523 | | 8,882 |

| (in thousands of EUR) | 2010 | | | |
|---|----------------|------------------|------------------|------------------|
| | MM Karton | MM Packaging | Eliminations | Consolidated |
| Sales to external customers | 759,169 | 1,019,720 | 0 | 1,778,889 |
| Intersegment sales | 120,515 | 1,189 | (121,704) | 0 |
| Total sales | 879,684 | 1,020,909 | (121,704) | 1,778,889 |
| Operating profit | 65,098 | 97,176 | 0 | 162,274 |
| Financial income | 2,663 | 541 | (705) | 2,499 |
| Financial expenses | (1,288) | (2,294) | 705 | (2,877) |
| Profit before tax | 60,262 | 91,421 | 0 | 151,683 |
| Income tax expense | (13,812) | (27,442) | 0 | (41,254) |
| Profit for the year | 46,450 | 63,979 | 0 | 110,429 |
| Capital expenditures | 31,449 | 55,189 | 0 | 86,638 |
| Depreciation and amortization | (35,130) | (46,666) | 0 | (81,796) |
| Segment assets | 821,029 | 766,528 | (66,611) | 1,520,946 |
| Segment liabilities | 248,213 | 356,225 | (66,611) | 537,827 |
| Employees per segment as of December 31 | 2,283 | 6,396 | | 8,679 |

The following is a country-by-country breakdown of net sales based upon shipment destination as well as a summary of non-current assets and capital expenditures based upon location:

| (in thousands of EUR) | 2011 | | | 2010 | | |
|----------------------------------|------------------|--------------------|----------------------|------------------|--------------------|----------------------|
| | Net sales | Non-current assets | Capital expenditures | Net sales | Non-current assets | Capital expenditures |
| Austria | 85,170 | 89,843 | 18,397 | 82,071 | 89,218 | 20,811 |
| Germany | 450,834 | 249,257 | 43,099 | 434,002 | 240,674 | 32,145 |
| United Kingdom | 212,389 | 8,624 | 812 | 205,227 | 9,839 | 1,860 |
| France | 160,173 | 13,974 | 355 | 140,803 | 15,443 | 4,321 |
| Other Western European countries | 362,186 | 35,914 | 4,999 | 330,765 | 37,039 | 1,687 |
| Eastern Europe | 460,840 | 203,098 | 51,597 | 438,093 | 180,190 | 16,677 |
| Asia | 70,314 | 21,799 | 969 | 62,842 | 14,246 | 7,617 |
| Latin America | 74,802 | 52,842 | 4,177 | 22,531 | 57,308 | 641 |
| Other | 82,869 | 5,261 | 826 | 62,555 | 5,497 | 879 |
| Consolidated total | 1,959,577 | 680,612 | 125,231 | 1,778,889 | 649,454 | 86,638 |

Non-current assets and capital expenditures comprise property, plant and equipment, and intangible assets including goodwill (see note 5).

(24) Disclosure on transactions with related parties

In the financial year 2011, sales with related companies in terms of transportation services of thous. EUR 577 (2010: thous. EUR 430) were achieved. Raw materials for the production of cartonboard amounting to thous. EUR 7,572 were purchased from related companies in 2011 (2010: thous. EUR 5,586).

At December 31, 2011, trade accounts receivable from related companies amounted to thous. EUR 67 (December 31, 2010: thous. EUR 86), and trade liabilities from related companies amounted to thous. EUR 697 (December 31, 2010: thous. EUR 699).

Transactions with these companies are carried out on an arm's length basis.

(25) Supplementary disclosures to the notes in accordance with section 245a of the Austrian Commercial Code

A) ADDITIONAL DISCLOSURES TO THE NOTES

Additional disclosures related to the application of the costs-of-goods-sold method

A breakdown of personnel expenses is as follows:

| (in thousands of EUR) | Year ended Dec. 31, 2011 | Year ended Dec. 31, 2010 |
|---|-------------------------------------|-----------------------------|
| Gross wages | 165,893 | 166,896 |
| Gross salaries | 113,172 | 103,455 |
| Severance expenses | 8,997 | 2,920 |
| Pension expenses | 7,536 | 6,742 |
| Expenses for statutory social security as well as payroll-related taxes and other contributions | 57,264 | 54,488 |
| Other welfare expenses | 6,539 | 5,655 |
| Total | 359,401 | 340,156 |

Other information

The average number of employees is as follows:

| (Number of persons) | Year ended Dec. 31, 2011 | Year ended Dec. 31, 2010 |
|---------------------|-------------------------------------|-----------------------------|
| Factory workers | 6,710 | 6,218 |
| Office staff | 2,036 | 1,950 |
| Total | 8,746 | 8,168 |

The remuneration of the members of the Management Board is as follows:

| (in thousands of EUR) | Year ended Dec. 31, 2011 | Year ended Dec. 31, 2010 |
|-----------------------|-------------------------------------|-----------------------------|
| Base salary | 1,545 | 1,527 |
| Variable compensation | 2,248 | 2,174 |
| Total | 3,793 | 3,701 |

The remuneration of the members of the Supervisory Board for the financial year 2011 amounted to thous. EUR 219 (2010: thous. EUR 195).

Concerning the remuneration of former members of the Management and Supervisory Boards, the clause on non-disclosure of these remunerations by referring to section 241 paragraph 4 in conjunction with section 266 figure 7 last sentence of the Austrian Commercial Code was applied.

The 17th Ordinary Shareholders' Meeting on April 27, 2011 appointed Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft as the auditor of the consolidated and individual financial statements of Mayr-Melnhof Karton AG. Furthermore, they audit the individual financial statements of the Austrian subsidiaries. In 2011, expenses for services rendered by Grant Thornton Unitreu amounted to thous. EUR 333, of which thous. EUR 330 related to audit and other assurance services and thous. EUR 3 to other services.

B) TABLE OF AFFILIATED AND ASSOCIATED COMPANIES

| Company name | Registered office | Country | Primary activities | Currency | Nominal capital in thousand currency units | Shareholding in % | Type of consolidation |
|--|-------------------|---------|--------------------------|----------|--|-------------------|-----------------------|
| Mayr-Melnhof Karton Aktiengesellschaft | Vienna | AUT | Holding/Consulting | EUR | 80,000 | - | FC ¹⁾ |
| MM KARTON | | | | | | | |
| Baiersbronn Frischfaser Karton GmbH | Baiersbronn | DEU | Cartonboard production | EUR | 2,050 | 100.00 % | FC ¹⁾ |
| CartPrint Insurance AG | Vaduz | LIE | Insurance company | EUR | 3,000 | 100.00 % | FC ¹⁾ |
| CP (CartPrint) International Trading AG | Worb | CHE | Sourcing | CHF | 50 | 100.00 % | FC ¹⁾ |
| FS-Karton GmbH | Baiersbronn | DEU | Cartonboard production | EUR | 51,641 | 100.00 % | FC ¹⁾ |
| Industriewater Eerbeek B.V. | Eerbeek | NLD | Waste water purification | EUR | 143 | 37.50 % | EC ²⁾ |
| Kolicevo Karton Proizvodnja kartona, d.o.o. | Domzale | SVN | Cartonboard production | EUR | 12,828 | 100.00 % | FC ¹⁾ |
| Lokalbahn Payerbach-Hirschwang Gesellschaft m.b.H. | Reichenau/Rax | AUT | Railway transport | ATS | 2,500 | 100.00 % | NC ³⁾ |
| Management Transport & Logistik GmbH | Frohnleiten | AUT | Logistics company | EUR | 37 | 70.00 % | FC ¹⁾ |
| Mayr-Melnhof Cartonboard International GmbH | Vienna | AUT | Holding company | EUR | 450 | 100.00 % | FC ¹⁾ |
| Mayr-Melnhof Eerbeek B.V. | Eerbeek | NLD | Cartonboard production | EUR | 7,300 | 100.00 % | FC ¹⁾ |
| Mayr-Melnhof Gernsbach GmbH | Gernsbach | DEU | Cartonboard production | EUR | 9,205 | 100.00 % | FC ¹⁾ |
| Mayr-Melnhof Holdings B.V. | Eerbeek | NLD | Holding/Consulting | EUR | 67,254 | 100.00 % | FC ¹⁾ |
| Mayr-Melnhof Karton Gesellschaft m.b.H. | Frohnleiten | AUT | Cartonboard production | ATS | 100,000 | 100.00 % | FC ¹⁾ |
| MM Holding UK Limited i.l. | Lincolnshire | GBR | Holding company | GBP | 5,170 | 100.00 % | FC ¹⁾ |
| Stort Doonweg B.V. | Eerbeek | NLD | Waste dumping | EUR | 18 | 50.00 % | NC ³⁾ |

| Company name | Registered office | Country | Primary activities | Currency | Nominal capital in thousand currency units | Shareholding in % | Type of consolidation |
|---|-------------------|---------|---------------------|----------|--|-------------------|-----------------------|
| Trading companies & sales offices of MM Karton | | | | | | | |
| Austria Carton SA | Barcelona | ESP | Sales office | EUR | 60 | 75.00 % | FC ⁽¹⁾ |
| Firgos (Malaysia) SDN BHD | Kuala Lumpur | MYS | Cartonboard trading | MYR | 500 | 51.00 % | FC ⁽¹⁾ |
| Keminer Remmers Spiëhs Kartonhandels GmbH | Gernsbach | DEU | Cartonboard trading | DEM | 2,500 | 100.00 % | FC ⁽¹⁾ |
| Mayr-Melnhof Belgium N.V. | Zaventem | BEL | Sales office | EUR | 62 | 100.00 % | FC ⁽¹⁾ |
| Mayr-Melnhof Cartonboard UK Limited | Lincolnshire | GBR | Sales office | GBP | 1,000 | 100.00 % | FC ⁽¹⁾ |
| Mayr-Melnhof France SARL | Paris | FRA | Sales office | EUR | 8 | 100.00 % | FC ⁽¹⁾ |
| Mayr-Melnhof Italia SRL | Milano | ITA | Sales office | EUR | 51 | 75.00 % | FC ⁽¹⁾ |
| Mayr-Melnhof Karton Polska Sp. z o.o. | Poznan | POL | Sales office | PLN | 50 | 100.00 % | FC ⁽¹⁾ |
| Mayr-Melnhof Karton Schweiz GmbH | Worb | CHE | Sales office | CHF | 20 | 100.00 % | FC ⁽¹⁾ |
| Mayr-Melnhof Mediterra SARL | Tunis | TUN | Sales office | TND | 80 | 100.00 % | FC ⁽¹⁾ |
| Mayr-Melnhof Nederland B.V. | Amstelveen | NLD | Sales office | EUR | 91 | 100.00 % | FC ⁽¹⁾ |
| Mayr-Melnhof UK Limited i.l. | Lincolnshire | GBR | Sales office | GBP | 100 | 100.00 % | FC ⁽¹⁾ |
| Mayr-Melnhof & Wilfried Heinzel Tehran Co. | Tehran | IRN | Sales office | IRR | 100,000 | 36.00 % | NC ⁽³⁾ |
| MM Karton Bulgaria EOOD | Sofia | BGR | Sales office | BGN | 5 | 100.00 % | FC ⁽¹⁾ |
| MM Karton Praha s.r.o. | Prague | CZE | Sales office | CZK | 820 | 100.00 % | FC ⁽¹⁾ |
| MM Karton Russia LLC | Moscow | RUS | Sales office | RUB | 14,290 | 100.00 % | FC ⁽¹⁾ |
| MM Kartonvertrieb GmbH | Neuss | DEU | Sales office | DEM | 50 | 100.00 % | FC ⁽¹⁾ |
| MM Prodaja Kartona d.o.o. | Domzale | SVN | Sales office | EUR | 30 | 75.00 % | FC ⁽¹⁾ |
| Varsity Packaging Limited | Lincolnshire | GBR | Cartonboard trading | GBP | 300 | 100.00 % | FC ⁽¹⁾ |

| Company name | Registered office | Country | Primary activities | Currency | Nominal capital in thousand currency units | Shareholding in % | Type of consolidation |
|--|-------------------|---------|-------------------------|----------|--|-------------------|-----------------------|
| MM PACKAGING | | | | | | | |
| Al-Ekbal Printing & Packaging Co. | Amman | JOR | Production of packaging | JOD | 5,000 | 75.23 % | FC ¹⁾ |
| Al-Ekbal Paper Trading & Logistic Services Ltd. Co. | Amman | JOR | Trading | JOD | 30 | 75.23 % | NC ³⁾ |
| C.P. Schmidt Verpackungs-Werk Beteiligungsgesellschaft mbH | Kaiserslautern | DEU | General partner | EUR | 180 | 75.00 % | FC ¹⁾ |
| C.P. Schmidt Verpackungs-Werk GmbH & Co. KG ⁴⁾ | Kaiserslautern | DEU | Production of packaging | EUR | 4,000 | 75.00 % | FC ¹⁾ |
| Ernst Schausberger & Co. Gesellschaft m.b.H. | Gunskirchen | AUT | Production of packaging | EUR | 2,910 | 100.00 % | FC ¹⁾ |
| Graphia Gundlach Beteiligungsgesellschaft mbH | Bielefeld | DEU | Holding company | DEM | 100 | 100.00 % | NC ³⁾ |
| Kolomyagy LLC | St. Petersburg | RUS | Real estate company | RUB | 246,747 | 75.03 % | NC ³⁾ |
| Marinetti S.A. | Santiago de Chile | CHL | Production of packaging | CLP | 17,715,009 | 70.00 % | FC ¹⁾ |
| Mayr-Melnhof Graphia Izmir Karton sanayi ve ticaret anonim sirketi | Izmir | TUR | Production of packaging | TRY | 24,613 | 100.00 % | FC ¹⁾ |
| Mayr-Melnhof Gravure GmbH | Trier | DEU | Production of packaging | EUR | 7,000 | 100.00 % | FC ¹⁾ |
| Mayr-Melnhof Packaging Austria GmbH | Vienna | AUT | Production of packaging | EUR | 3,050 | 100.00 % | FC ¹⁾ |
| Mayr-Melnhof Packaging Chile Limitada | Santiago de Chile | CHL | Holding company | CLP | 5,000 | 100.00 % | NC ³⁾ |
| Mayr-Melnhof Packaging GmbH | Kaiserslautern | DEU | Holding/Consulting | DEM | 8,000 | 100.00 % | FC ¹⁾ |
| Mayr-Melnhof Packaging Iberica SL | Valencia | ESP | Production of packaging | EUR | 7,500 | 100.00 % | FC ¹⁾ |
| Mayr-Melnhof Packaging International GmbH | Vienna | AUT | Holding/Consulting | EUR | 3,500 | 100.00 % | FC ¹⁾ |
| Mayr-Melnhof Packaging Romania S.R.L. | Blejo | ROU | Production of packaging | RON | 5,504 | 100.00 % | FC ¹⁾ |
| Mayr-Melnhof Packaging UK Limited | Lincolnshire | GBR | Production of packaging | GBP | 9,700 | 100.00 % | FC ¹⁾ |
| MM Graphia Beteiligungs- und Verwaltungs GmbH | Baiersbronn | DEU | Holding/Consulting | EUR | 5,538 | 100.00 % | FC ¹⁾ |
| MM Graphia Bielefeld GmbH | Bielefeld | DEU | Production of packaging | EUR | 526 | 100.00 % | FC ¹⁾ |
| MM Graphia Dortmund GmbH | Dortmund | DEU | Production of packaging | EUR | 100 | 100.00 % | FC ¹⁾ |
| MM Graphia Innovaprint GmbH & Co. KG ⁴⁾ | Bielefeld | DEU | Production of packaging | EUR | 500 | 100.00 % | FC ¹⁾ |
| MM Graphia Trier GmbH | Trier | DEU | Production of packaging | EUR | 3,500 | 100.00 % | FC ¹⁾ |
| MM Innovaprint Verwaltungs GmbH | Bielefeld | DEU | Limited partner | DEM | 50 | 100.00 % | FC ¹⁾ |
| MM Packaging Behrens GmbH & Co KG ⁴⁾ | Alfeld (Leine) | DEU | Production of packaging | EUR | 1,790 | 100.00 % | FC ¹⁾ |
| MM Packaging Behrens Verwaltungs GmbH | Alfeld (Leine) | DEU | General partner | EUR | 26 | 100.00 % | FC ¹⁾ |
| MM Packaging Caesar GmbH & Co KG ⁴⁾ | Traben-Trarbach | DEU | Production of packaging | EUR | 5,120 | 100.00 % | FC ¹⁾ |

| Company name | Registered office | Country | Primary activities | Currency | Nominal capital in thousand currency units | Shareholding in % | Type of consolidation |
|---|-------------------|---------|----------------------------|----------|--|-------------------|-----------------------|
| MM Packaging Caesar Verwaltungs GmbH | Traben-Trarbach | DEU | General partner | EUR | 26 | 100.00 % | FC ¹⁾ |
| MM Packaging Colombia S A S | Bogota | COL | Holding company | COP | 400,000 | 100.00 % | NC ³⁾ |
| MM PACKAGING France S.A.S. | Moneteanu | FRA | Production of packaging | EUR | 7,289 | 100.00 % | FC ¹⁾ |
| MM Packaging Malaysia SDN BHD | Kuala Lumpur | MYS | Production of packaging | MYR | 6,000 | 51.00 % | FC ¹⁾ |
| MMP Neupack Polska Sp. z o.o. | Bydgoszcz | POL | Production of packaging | PLN | 28,700 | 100.00 % | FC ¹⁾ |
| MM Packaging Schilling GmbH | Heilbronn | DEU | Production of packaging | EUR | 2,500 | 100.00 % | FC ¹⁾ |
| MM Packaging Ukraine LLC | Cherkassy | UKR | Production of packaging | UAH | 56,896 | 100.00 % | FC ¹⁾ |
| MM Polygrafoformlenie Limited | Nicosia | CYP | Holding company | EUR | 7 | 75.03 % | FC ¹⁾ |
| MM Polygrafoformlenie Packaging LLC | St. Petersburg | RUS | Production of packaging | RUB | 565,851 | 75.03 % | FC ¹⁾ |
| MM Polygrafoformlenie Rotogravure LLC | St. Petersburg | RUS | Production of packaging | RUB | 33,000 | 75.03 % | FC ¹⁾ |
| MM Printing and Packaging Tehran Company, Private Joint Stock | Tehran | IRN | Production of packaging | IRR | 65,366,000 | 86.51 % | FC ¹⁾ |
| Neupack Gesellschaft m.b.H. | Reichenau/Rax | AUT | Production of packaging | ATS | 25,000 | 100.00 % | FC ¹⁾ |
| PacProject GmbH | Hamburg | DEU | Development of packaging | EUR | 26 | 69.77 % | FC ¹⁾ |
| R + S Stanzformen GmbH | Frankfurt/Main | DEU | Production of cutting dies | DEM | 500 | 100.00 % | FC ¹⁾ |
| Superpak Ambalaj sanayi ve ticaret anonim sirketi | Izmir | TUR | Production of packaging | TRY | 3,150 | 100.00 % | FC ¹⁾ |
| TEC MMP SARL | Sfax | TUN | Production of packaging | TND | 21,400 | 51.00 % | FC ¹⁾ |
| Public Joint Stock Company "Graphia Ukraina" | Cherkassy | UKR | Production of packaging | UAH | 5,880 | 94.78 % | FC ¹⁾ |
| VTV Verpackungstechnische Verfahren GmbH | Kaiserslautern | DEU | Development of packaging | EUR | 200 | 75.00 % | FC ¹⁾ |
| OTHER | | | | | | | |
| free-com internet services GmbH | Vienna | AUT | IT services | EUR | 35 | 36.00 % | FC ¹⁾ |
| Syn-Group Unternehmensberatung GmbH | Vienna | AUT | Consulting | EUR | 37 | 38.00 % | FC ¹⁾ |

¹⁾FC ... fully consolidated

²⁾EC ... consolidated at equity

³⁾NC ... non-consolidated

⁴⁾These consolidated financial statements represent an exemption for these partnerships according to section 264b of the German Commercial Code.

During the financial year 2011, the Board Members were as follows:

Management Board

Wilhelm HÖRMANSEDER, Purkersdorf (Chairman)
Andreas BLASCHKE, Perchtoldsdorf (Member of the Management Board)
Franz RAPPOLD, Laab im Walde (Member of the Management Board)
Oliver SCHUMY, Vienna (Member of the Management Board)

Supervisory Board

Michael GRÖLLER, Vienna (Chairman)
Romuald BERTL, Graz (Deputy Chairman)
Johannes GOESS-SAURAU, Neumarkt/Raab (Deputy Chairman)
Guido HELD, Graz
Alexander LEEB, Frohnleiten
Georg MAYR-MELNHOF, Wals/Viehhäuser
Michael SCHWARZKOPF, Reutte
Nikolaus ANKERSHOFEN, Vienna
Hubert ESSER, Neuss (Staff Council Representative, MM Karton)
Andreas HEMMER, Frohnleiten (Staff Council Representative, MM Karton)
Gerhard NOVOTNY, Vienna (Staff Council Representative, MM Packaging)

Vienna, February 29, 2012

The Management Board

Wilhelm Hörmanseder m.p.

Andreas Blaschke m.p.

Franz Rappold m.p.

Oliver Schumy m.p.

Auditor's Report

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Mayr-Melnhof Karton AG, Vienna, for the fiscal year from January 1, 2011 to December 31, 2011. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2011, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2011, and the notes.

Management's responsibility for the consolidated financial statements and for the accounting system

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and description of type and scope of the statutory audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with the International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements 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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and

fair view of the financial position of the Group as of December 31, 2011 and of its financial performance and its cash flows for the fiscal year from January 1, 2011 to December 31, 2011 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments on the management report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, February 29, 2012

Grant Thornton Unitreu GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Christian PAJER

Werner LEITER

Austrian Chartered Accountants

Lagebericht

gem. § 243 UGB der
Mayr-Melnhof Karton Aktiengesellschaft
über das Geschäftsjahr
1. Januar 2011 bis 31. Dezember 2011

Die Mayr-Melnhof Karton Aktiengesellschaft ist die geschäftsleitende Holdinggesellschaft des Mayr-Melnhof Konzerns, der in zwei operativen Segmenten geführt wird: Mayr-Melnhof Karton („MM Karton“) und Mayr-Melnhof Packaging („MM Packaging“). MM Karton produziert und vermarktet eine vielfältige Palette an Kartonsorten, hauptsächlich gestrichenen Faltschachtelkarton auf Basis von Recycling- und Frischfasern. MM Packaging verarbeitet Karton zu Faltschachteln hauptsächlich für die Nahrungsmittel-, Zigaretten- und sonstige Konsumgüterindustrie. Die von der Gesellschaft wahrgenommenen Führungs- und Steuerungsaufgaben umfassen die Bereiche Strategie, Investitionen, Rechnungswesen, Controlling, Steuern, Finanz- und Risikomanagement, Investor Relations, Qualitätswesen, Einkauf, Informationstechnologie und Human Resources.

1. Entwicklung im Jahr 2011

ALLGEMEINE WIRTSCHAFTSLAGE

Deutlich abflachende Dynamik prägte die gesamtwirtschaftliche Entwicklung im Verlauf des Jahres 2011. Infolge der Schuldenkrise im Euroraum, eines neuerlichen Vertrauensschwunds gegenüber dem Bankensystem und des kräftigen Ölpreisanstiegs konzentrierten sich erhebliche Unsicherheiten, welche die Konjunktur sukzessive einbremsen. Zudem blieben neue Impulse aufgrund auslaufender Konjunkturprogramme und starker Bestrebungen zur Reduktion der öffentlichen Neuverschuldung aus. Die lockere Geldpolitik der Vorjahre hat eine große Blase in Form signifikanter Rohstoffpreissteigerungen, Kapazitätsinvestitionen, Bevorratung und Konsumsteigerungen hervorgerufen, die in 2011 eine deutliche Gegenbewegung erfuhr - mit Ausnahme der Rohstoffpreise, welche teilweise nur einen recht verhaltenen Rückgang verzeichneten. Die Heterogenität in der konjunkturellen Entwicklung zwischen den Ländern im Euroraum hat sich dabei weiter deutlich verstärkt. Während mehrere Länder vor allem im Süden Europas eine Tendenz zur Rezession zeigten, erwies sich die Konjunktur in anderen Ländern wie z. B. Deutschland noch robust. Positive Treiber der Weltwirtschaft blieben auch 2011 die Schwellenländer wie z. B. die BRIC- und Next 11-Staaten.

BRANCHENENTWICKLUNG

Die europäische Kartonindustrie konnte den Nachfrageschwung aus dem Vorjahr großteils in die ersten Monate des Jahres 2011 mitnehmen, wobei sich bis spätestens zur Jahresmitte die erwartete Normalisierung im Auftragseingang einstellte. Im Zuge der Eintrübung der konjunkturellen Aussichten und der zuletzt stark aufgefüllten Lager war die zweite Jahreshälfte über alle Absatzregionen und Kartonsorten hinweg infolge des Bestandabbaus bei den Kunden durch einen markanten Auftragsrückgang und temporäre Maschinenstillstände gekennzeichnet.

Große unmittelbare Herausforderung blieb die Kompensation der in der ersten Jahreshälfte nochmals drastisch angestiegenen Rohstoffkosten, insbesondere für Altpapier und Chemikalien, welche auch in der Phase der Kartonnachfrageabkühlung lange noch hohe Preisresistenz aufwiesen. Mit anhaltender Minderauslastung hat der Druck auf die Kartonpreise gegen Jahresende deutlich zugenommen. In der Anbieterstruktur kam es zu keinen bedeutenden Verschiebungen. Brancheninvestitionen konzentrierten sich insbesondere auf den Um- und Ausbau von Kartonmaschinen im Frischfaserkartonbereich.

Im Gegensatz zur Kartonindustrie war das europäische Faltschachtelgeschäft analog zum insgesamt noch recht stabilen Privatkonsum vor allem bei Gütern des täglichen Bedarfs durch einen deutlich gleichmäßigeren Nachfrageverlauf gekennzeichnet. Hauptaugenmerk in den ersten beiden Quartalen lag auf der Weitergabe der letzten Kartonpreiserhöhungen, welche infolge der soliden Auftragslage auch weitgehend umgesetzt werden konnte. Mit zunehmender Eintrübung im Konjunkturausblick hat sich aber auch im Faltschachtelgeschäft die Wettbewerbsintensität im Verlauf der zweiten Jahreshälfte deutlich erhöht. Unternehmensübernahmen setzten sich unter verstärktem Einsatz von Private Equity Capital fort, wobei es jedoch auch hier zu keiner maßgeblichen Veränderung in der Wettbewerbsstruktur innerhalb der europäischen Faltschachtelbranche kam.

2. Geschäftsverlauf im Jahr 2011

A) VERMÖGENSLAGE

| (in EUR) | 31. Dez. 2011 | 31. Dez. 2010 | Veränderung | |
|--|-----------------------|-----------------------|----------------------|--------------|
| | | | in EUR | in % |
| Immaterielle Vermögensgegenstände und Sachanlagen | 2.292.526,80 | 2.338.790,46 | (46.263,66) | (2,0 %) |
| Finanzanlagen | 265.966.913,91 | 251.301.716,70 | 14.665.197,21 | 5,8 % |
| Sonstiges Umlaufvermögen und Rechnungsabgrenzungsposten | 302.226.219,27 | 271.941.077,45 | 30.285.141,82 | 11,1 % |
| Gesamtvermögen | 570.485.659,98 | 525.581.584,61 | 44.904.075,37 | 8,5 % |
| Eigenkapital, ungesteuerte Rücklagen und Investitionszuschüsse | 466.475.796,61 | 410.225.640,30 | 56.250.156,31 | 13,7 % |
| Rückstellungen | 26.218.882,94 | 16.922.160,82 | 9.296.722,12 | 54,9 % |
| Verbindlichkeiten und Rechnungsabgrenzungsposten | 77.790.980,43 | 98.433.783,49 | (20.642.803,06) | (21,0 %) |
| Gesamtkapital | 570.485.659,98 | 525.581.584,61 | 44.904.075,37 | 8,5 % |

In der Position Verbindlichkeiten und Rechnungsabgrenzungsposten ist im Wesentlichen eine Verbindlichkeit aus der konzerninternen Cashpool-Verrechnung in Höhe von TEUR 80.079 (Vorjahr: TEUR 99.223) und eine Forderung aus Steuerumlagen von TEUR 2.892 (Vorjahr: TEUR 1.105) enthalten.

| | | | | | |
|--------------------------------|---|---------------|---|----------------|---------------|
| | | | | 2011 | 2010 |
| Eigenkapitalausstattung | = | Eigenkapital | = | 466.475.796,61 | |
| | | Gesamtkapital | = | 570.485.659,98 | |
| | | | | 81,8 % | <u>78,1 %</u> |

B) FINANZLAGE

| Geldflussrechnung | 2011 TEUR | 2010 TEUR |
|--|-----------------|------------------|
| 1. Netto-Geldfluss aus laufender Geschäftstätigkeit | | |
| Ergebnis der gewöhnlichen Geschäftstätigkeit | 95.243 | 88.773 |
| +/+ Zu-/Abschreibungen auf Vermögensgegenstände des Investitionsbereiches | 58 | 60 |
| -/- Gewinn aus dem Abgang von Vermögensgegenständen | 0 | (775) |
| Geldfluss aus dem Ergebnis | 95.301 | 88.058 |
| +/- Abnahme der Vorräte, der Forderungen aus Lieferungen und Leistungen sowie anderer Aktiva | 127 | (192) |
| -/- Abnahme von Rückstellungen | (121) | (1.271) |
| +/- Zunahme der Verbindlichkeiten aus anderer Passiva | 111 | (421) |
| Netto-Geldzufluss aus der gewöhnlichen Geschäftstätigkeit | 95.418 | 86.174 |
| -/- Auszahlungen für Ertragsteuern | (1.615) | (1.117) |
| Netto-Geldzufluss aus laufender Geschäftstätigkeit | 93.803 | 85.057 |
| 2. Netto-Geldfluss aus der Investitionstätigkeit | | |
| +/+ Einzahlungen aus Finanzanlagenabgang und sonstige Finanzinvestitionen | 76 | 804 |
| -/- Auszahlungen für Anlagenzugang (ohne Finanzanlagen) | (11) | (8) |
| -/- Auszahlungen für Finanzanlagenzugang und sonstige Finanzinvestitionen | (14.741) | 0 |
| Netto-Geldabfluss aus der Investitionstätigkeit | (14.676) | 796 |
| 3. Netto-Geldfluss aus der Finanzierungstätigkeit | | |
| -/- Auszahlungen für Dividenden | (38.970) | (33.974) |
| -/- Auszahlungen für die Tilgung von Finanzkrediten | 0 | (18.200) |
| +/- Ein-/Auszahlungen aus konzerninternen Cashpooling | (19.144) | 7.726 |
| -/- Auszahlungen aus dem Rückkauf von eigenen Aktien | 0 | (66.338) |
| Netto-Geldabfluss aus der Finanzierungstätigkeit | (58.114) | (110.786) |
| Zahlungswirksame Veränderung des Finanzmittelbestandes | 21.013 | (24.933) |
| +/+ Finanzmittelbestand am Beginn der Periode | 253.317 | 278.250 |
| 4. Finanzmittelbestand am Ende der Periode | 274.330 | 253.317 |

Im Juni 2011 hat die Gesellschaft ihre Mehrheitsbeteiligung am russischen Faltschachtelerzeuger MM Polygrafoformlenie Packaging LLC mit Sitz in St. Petersburg um einen Kaufpreis von Tsd. EUR 14.741 auf 75,025 % der Anteile aufgestockt.

C) ERTRAGSLAGE

| | 2011 | | 2010 | | Veränderung | |
|--|----------------|-----------------------|----------------|-----------------------|--------------|----------|
| | in EUR | in % der Umsatzerlöse | in EUR | in % der Umsatzerlöse | in EUR | in % |
| Finanzerfolg | 96.817.216,58 | 100,00 % | 91.332.735,00 | 100,00 % | 5.484.481,58 | 6,0 % |
| Sonstige betriebliche Erträge | 7.980.679,80 | 8,24 % | 6.688.998,99 | 7,32 % | 1.291.680,81 | 19,3 % |
| Verwaltungskosten | (9.554.764,80) | (9,87 %) | (9.248.519,59) | (10,13 %) | (306.245,21) | 3,3 % |
| Betriebsergebnis | (1.574.085,00) | (1,63 %) | (2.559.520,60) | (2,80 %) | 985.435,60 | (38,5 %) |
| Ergebnis der gewöhnlichen Geschäftstätigkeit | 95.243.131,58 | 98,37 % | 88.773.214,40 | 97,20 % | 6.469.917,18 | 7,3 % |
| Jahresüberschuss | 95.220.208,12 | 98,35 % | 89.422.627,20 | 97,91 % | 5.797.580,92 | 6,5 % |

| | | | | | |
|--|--------------------------------|--|--|------------------------|----------------------|
| | | | | 2011 | 2010 |
| | Jahresüberschuss | | 95.220.208,12 | | |
| | + Abschreibungen (auf | | | | |
| Cash Earnings | = Sachanlagen und immaterielle | = | | = 95.277.852,80 | <u>89.482.555,68</u> |
| | Vermögensgegenstände) | | 57.644,68 | | |
| | + latente Steuern | | 0,00 | | |
| | | | | 2011 | 2010 |
| Eigenkapitalrentabilität nach Steuern | = | $\frac{\text{Jahresüberschuss}}{\text{Durchschnittl. Eigenkapital}}$ | = $\frac{95.220.208,12}{438.350.718,46}$ | = <u>21,7 %</u> | <u>20,2 %</u> |

Im Jahr 2011 erhöhten sich die Beteiligungserträge auf 95,1 Mio. EUR (2010: 90,3 Mio. EUR). Diese resultieren aus der Dividende der Mayr-Melnhof Holdings B.V. in Höhe von 50,0 Mio. EUR (2010: 30,0 Mio. EUR), der Dividende der Mayr-Melnhof Karton Gesellschaft m.b.H., Frohnleiten, in Höhe von 30,0 Mio. EUR (2010: 20,0 Mio. EUR), der Dividende der MM Graphia Beteiligungs- und Verwaltungsgesellschaft mbH, Baiersbrunn, in Höhe von 12,1 Mio. EUR (2010: 18,1 Mio. EUR) und der Mayr-Melnhof Cartonboard International GmbH in Höhe von 3,0 Mio (2010: 0).

Die Zinserträge aus Festgeldern betragen 3,1 Mio. EUR (2010: 1,5 Mio. EUR).

3. Geschäftsverlauf 2011 in den Segmenten

MM KARTON

War die erste Jahreshälfte 2011 im Anschluss an die Hausse des Vorjahres noch durch eine sukzessive Normalisierung der Nachfrage gekennzeichnet, hat sich der Auftragseingang in der zweiten Jahreshälfte sowohl infolge verstärkten Lagerabbaus bei den Kunden als auch erhöhter Vorsicht im Zuge eingetrübter Konjunkturerwartungen deutlich verlangsamt. Demzufolge wurden nach Vollaustattung im ersten Halbjahr ab Jahresmitte temporäre Maschinenstillstände unvermeidbar. Die Kapazitätsauslastung reduzierte sich im Jahresvergleich von 98 % auf 93 %, wobei ein wesentlicher Teil dieses Rückgangs auf den modernisierungsbedingten Stillstand an der größeren der beiden Kartonmaschinen in Kolicovo zurückzuführen ist. Mit rund 90.000 Tonnen dokumentierte auch der durchschnittliche Auftragsstand die deutliche Normalisierung gegenüber dem Vorjahr (2010: 169.000 Tonnen).

Gestützt durch die starke Nachfrage in den ersten Monaten des Jahres setzten aber auch die Preise auf den Beschaffungsmärkten, insbesondere für Altpapier und Chemikalien, den steilen Preistrend des vorangegangenen Jahres weiter fort und zeigten auch während des Abschwungs in der zweiten Jahreshälfte 2011 erst spät selektive Aufweichungen. Mit großer Disziplin ist es aber gelungen, die im Vergleich zum Vorjahr erhöhten Durchschnittsverkaufspreise zu behaupten und Marktanteile stabil zu halten.

Der Gesamtmarktdynamik entsprechend lag die produzierte Menge mit 1.491.000 Tonnen rund 5,6 % unter dem Vorjahr (2010: 1.579.000 Tonnen). Bezogen auf den durchschnittlichen Mitarbeiterstand wurden 646 Tonnen (2010: 674 Tonnen) pro Mitarbeiter erzeugt. Aufgrund von Lagerabbau fiel die Differenz in der verkauften Menge mit 3,4 % auf 1.511.000 Tonnen (2010: 1.564.000 Tonnen) etwas niedriger aus.

Infolge deutlich verbesserter Durchschnittspreise stiegen die Umsatzerlöse um 7,7 % auf 947,2 Mio. EUR (2010: 879,7 Mio. EUR). Hiervon wurden rund 65 % in Westeuropa, 20 % in Osteuropa und 15 % im außereuropäischen Geschäft erzielt. (2010: 68 % ; 20 %; 12 %). Mit einem Lieferanteil von 186.000 Tonnen bzw. 12 % am Absatzvolumen (2010: 222.000 Tonnen; 14 %) war MM Packaging auch 2011 größter Kunde von MM Karton. Insgesamt werden mehr als 1.000 Kunden, vorwiegend mittelständische Verarbeitungsbetriebe, beliefert.

Beim betrieblichen Ergebnis wurde ein Anstieg um 5,1 % auf 68,4 Mio. EUR (2010: 65,1 Mio. EUR) erzielt. Die Operating Margin lag demzufolge mit 7,2 % nur leicht unter dem Vorjahresniveau (2010: 7,4 %). Der Return on Capital Employed betrug 21,9 % (2010: 19,9 %). Die Cash Earnings stiegen auf 80,8 Mio. EUR (2010: 77,5 Mio. EUR), womit die Cash Earnings Margin 8,5 % (2010: 8,8 %) erreichte.

MODERNISIERUNG IM SLOWENISCHEN WERK KOLICEVO KARTON

In den letzten Wochen des Jahres 2011 wurde die größere der beiden Kartonmaschinen im Werk Kolicevo Karton zukunftsweisend modernisiert und auf eine „Swing-Produktion“ von Frischfaser- und Recyclingkarton ausgerichtet. Ziel ist es, mit hoher Flexibilität neues Marktpotential zu erschließen. Die Maschine konnte bereits Ende Dezember 2011 wieder die Produktion aufnehmen.

MM PACKAGING

Trotz einsetzender konjunktureller Abkühlung zeigte der Faltschachtelbedarf 2011 ein insgesamt solides Bild infolge nachhaltigen Privatkonsums, insbesondere bei kurzfristigen Verbrauchsgütern. Vor diesem Hintergrund konnten die Standorte von MM Packaging in hohem Maße ausgelastet werden. Besondere Priorität lag auf der Weitergabe der letzten Kartonpreiserhöhungen, die unterstützt durch die gute Marktsituation im ersten Halbjahr auch umgesetzt werden konnte. Erst im Verlauf der zweiten Jahreshälfte begannen die Kunden ein abnehmendes Konsumentenvertrauen zu antizipieren und aufgrund der gut gefüllten Supply Chain zunehmend vorsichtiger zu disponieren, wodurch der Preiswettbewerb deutlich an Intensität gewann und vereinzelt temporäre Abstellungen notwendig waren.

Während es in Europa gelang, unsere Marktanteile erfolgreich zu verteidigen bzw. zu verbessern, lieferte das steigende Engagement im außereuropäischen Raum die erwarteten Wachstumsimpulse.

Strategiegemäß haben wir unseren Expansionskurs in Zukunftsmärkte fortgesetzt und den Maschinenpark in Europa weiter auf Hochleistungsaggregate ausgerichtet. Größte Projekte waren der Aufbau eines neuen türkischen Faltschachtelstandortes in Karaman, Zentralanatolien, die Erweiterung der Faltschachtelproduktion in St. Petersburg, Russland, um eine Tiefdrucklinie sowie die Aufstellung einer Hochleistungsdruckmaschine bei MMP Austria. Mit dem Erwerb eines im Aufbau befindlichen Faltschachtelstandortes in Malaysia wurde zudem ein erster Schritt nach Fernost gesetzt.

Unserem Anspruch nach Kostenführerschaft entsprechend haben wir im laufenden Geschäft den Fokus auf Maßnahmen zur Steigerung von Produktivität und Effizienz beibehalten.

Die Umsatzerlöse stiegen um 10,2 % bzw. 104,2 Mio. EUR auf 1.124,9 Mio. EUR (2010: 1.020,7 Mio. EUR), wobei dieser Zuwachs im Wesentlichen auf die Integration des im Herbst 2010 erworbenen chilenischen Faltschachtelstandortes Marinetti sowie auf höhere Preise zurückzuführen ist. Dementsprechend erhöhte sich der außereuropäische Anteil in der regionalen Umsatzverteilung von 4 % auf 8 %, wobei West- und Osteuropa mit 66 % und 26 % weiterhin ein hohes Maß an Kontinuität aufwiesen (2010: 69 % und 27 %).

Die leichte Erhöhung der verarbeiteten Tonnage von 675.000 Tonnen auf 680.000 Tonnen ist ausschließlich akquisitionsbedingt - ein Erfolg unserer Bemühungen um mehr Effizienz im Ressourceneinsatz sowie eine Folge des Trends zu leichteren Flächengewichten. Bezogen auf den durchschnittlichen Mitarbeiterstand lag die verarbeitete Tonnage pro Mitarbeiter mit 106 Tonnen unter dem Vorjahresniveau (2010: 116 Tonnen).

MM Packaging beliefert eine hohe Kundenanzahl von mehr als 2.000 Abnehmern aus verschiedenen Segmenten der Konsumgüterindustrie. Absatzschwerpunkt waren auch 2011 Verpackungen für Lebensmittel und Zigaretten. Infolge der starken Erzeugerkonzentration in diesen Produktmärkten werden traditionell drei Viertel unseres Geschäftes mit multinationalen Konsumgüterproduzenten erzielt. Auf die fünf größten Kunden entfielen 2011 41 % der Umsatzerlöse nach 42 % im Vorjahr.

Beim betrieblichen Ergebnis gelang eine Verbesserung um 5,5 % auf 102,5 Mio EUR (2010: 97,2 Mio. EUR). Mit 9,1 % lag die Operating Margin dennoch leicht unter dem Vorjahr (2010: 9,5 %), insbesondere da sich mit Weitergabe der Kartonpreiserhöhungen die Umsatzbasis deutlich erhöht hat. Der Return on Capital Employed erreichte 16,8 % (2010: 18,3 %). Aufgrund der zuletzt getätigten Akquisitionen erhöhten sich die Cash Earnings auf 114,3 Mio. EUR (2010: 110,1 Mio. EUR). Die Cash Earnings Margin belief sich auf 10,2 % (2010: 10,8 %).

4. Finanzinstrumente und Risikoberichterstattung

Finanzinstrumente sind auf Vertrag basierende wirtschaftliche Vorgänge, die einen Anspruch auf Zahlungsmittel beinhalten. Dabei unterscheidet man einerseits originäre Finanzinstrumente wie Liquide Mittel, Wertpapiere, Forderungen und Verbindlichkeiten aus Lieferungen und Leistungen oder auch Finanzforderungen und Finanzverbindlichkeiten. Andererseits gehören hierzu auch die derivativen Finanzinstrumente, die als Sicherungsgeschäfte zur Absicherung gegen Risiken aus Änderungen von Währungskursen eingesetzt werden.

Die Gesellschaft ist als geschäftsleitende Holding mit einer Anzahl von Risiken konfrontiert, die ein systematisches und kontinuierliches Risikomanagement erforderlich machen. Zu den Finanzinstrumenten, die in der Gesellschaft in bestimmten Fällen eine Konzentration des Finanzrisikos verursachen können, zählen vor allem Liquide Mittel, Wertpapiere und Forderungen aus Beteiligungserträgen. Die Risiken und ihre potenziellen Auswirkungen werden im Rahmen des Risikomanagements erhoben, analysiert und auf Basis der definierten Risikopolitik bewältigt. Ziel ist es, die im Rahmen unserer Tätigkeit entstehenden potenziellen Risiken frühzeitig zu identifizieren, zu bewerten, ihre Folgen abzuschätzen und geeignete Vorsorge- und Sicherungsmaßnahmen einzuleiten.

Ein aktives Cash und Credit Management stellt sicher, dass ausreichend Liquidität (eigene Mittel bzw. jederzeit ausnutzbare Kreditlinien) verfügbar ist, um eingegangene Verbindlichkeiten zu begleichen.

Die Forderungen aus Lieferungen und Leistungen bestehen überwiegend gegenüber verbundenen Unternehmen. Für diese wurden daher keine Kundenkreditversicherungen abgeschlossen.

Fremdwährungsrisiken und Zinsänderungsrisiken werden, sofern wirtschaftlich vertretbar, durch den Einsatz geeigneter Sicherungsgeschäfte in Form von Devisentermingeschäften bzw. Zinsswap Vereinbarungen minimiert. Es werden keine Derivate zu Handels- oder Spekulationszwecken verwendet.

Das Risiko eines Verlustes aufgrund der Nichterfüllung eines Vertragspartners aus den derivativen Finanzinstrumenten ist überschaubar. Einerseits besteht die Möglichkeit der Aufrechnung von Forderungen und Verbindlichkeiten aus einem Finanzinstrument, andererseits sind alle Vertragspartner namhafte internationale Finanzinstitute, mit denen die Gesellschaft in laufenden Geschäftsbeziehungen steht. Die Gesellschaft betrachtet das Risiko der Nichterfüllung durch einen Vertragspartner als gering.

Das interne Kontrollsystem im Hinblick auf den Rechnungslegungsprozess und die Finanzberichterstattung gewährleistet die Vollständigkeit, Zuverlässigkeit und Nachvollziehbarkeit der Finanzinformationen und Datenverarbeitungssysteme. Darüber hinaus werden die Zweckmäßigkeit und Wirtschaftlichkeit der Prozesse sowie die Einhaltung der gesetzlichen, vertraglichen und internen Regelungen sichergestellt.

Der Rechnungslegungsprozess umfasst dabei alle wesentlichen Arbeitsschritte, die gewährleisten, dass die rechnungslegungsrelevanten Informationen vollständig erfasst werden und die Abbildung in der Finanzberichterstattung den Vorschriften des UGB entspricht.

Die Aufbau- und Ablauforganisation ist vorgegeben.

Die Finanzberichterstattung an Aufsichtsrat und Vorstand erfolgt regelmäßig, umfassend und zeitnah.

Die Einhaltung der gesellschaftsinternen Richtlinien und Verfahren für die Erfassung, Verbuchung und Bilanzierung von Geschäftsfällen wird regelmäßig kontrolliert. Wesentliche vordefinierte Kontrollaktivitäten müssen nachweislich erbracht und umgehend berichtet werden. Die verwendeten Datenverarbeitungssysteme werden gezielt weiterentwickelt und laufend optimiert.

Der Rechnungslegungsprozess und die Finanzberichterstattung werden systematisch auf mögliche Risiken geprüft und regelmäßig evaluiert. Optimierungsmaßnahmen werden rasch eingeleitet und zügig umgesetzt.

Für unser Geschäft können zusätzlich zu den aufgeführten Risiken weitere Risiken bestehen. Zum gegenwärtigen Zeitpunkt sind solche Risiken nicht bekannt oder werden diese von uns für vernachlässigbar gehalten.

Die Gesamteinschätzung der Risikosituation der Gesellschaft weist keine bestandsgefährdenden Elemente auf. Derartige Risiken sind auch im kommenden Geschäftsjahr nicht zu erwarten.

5. Forschung und Entwicklung

Unserer Zielsetzung nach Kosten- und Technologieführerschaft entsprechend, stehen unsere Produkte und Prozesse in stetiger Weiterentwicklung und Optimierung. Hauptaugenmerk der Forschungs- und Entwicklungstätigkeiten des Konzerns liegt auf der Erhöhung des Kundennutzens sowie der langfristigen Absicherung und Steigerung unserer Wettbewerbsfähigkeit.

Im Hinblick auf die strategische Bedeutung werden Forschung und Entwicklung zentral gesteuert und in enger Zusammenarbeit der Experten aus den einzelnen Bereichen umgesetzt.

Mit dem Ziel, die Innovationskraft von MM zukunftsweisend zu stärken und zu beschleunigen, haben wir Innovationsprozesse und -management in den letzten Jahren strukturell erneuert und deutlich ausgeweitet.

Die Generierung von Innovationsleistungen wurde auf eine breite Basis gestellt, um vorhandene Potentiale sowie neue Erkenntnisse zeitnah größtmöglich nutzen zu können. Dazu ist ein interner Prozess eingerichtet, in welchem Innovationen, Vorschläge und Ideen unserer Beschäftigten unter Einsatz modernster Informationstechnologie systematisch weiterverfolgt und kanalisiert einer Umsetzung zugeführt werden. Denn wir sind davon überzeugt, dass kontinuierliche Erneuerung und Innovation langfristig nur von innen heraus getragen werden kann. Darüber hinaus setzen wir auf Grundlagenforschung und New-Business-Entwicklung mit dem Ziel, sich bietende Chancen frühzeitig ergreifen zu können.

INNOVATIONSSCHWERPUNKTE 2011 IM SEGMENT MM KARTON

Mit der internen Entwicklung von **FOODBOARD™** gelang ein wirkungsvoller Schutz von Lebensmitteln gegen Mineralölmigration sowie andere unerwünschte Substanzen über eine funktionale Barrierschicht auf der Lebensmittelkontaktseite von Verpackungskarton.

Mit **MM Digikarton™** wurde der weltweit erste Chromokarton (GC2-Qualität) entwickelt, der für die Verwendung mit HP-Digitaldruck homologisiert wurde.

Supra Extra™ ist eine neue, hochwertige Recyclingkarton-Qualität (GT2), welche sich durch einen besonderen Weißegrad auf der Vorder- und Rückseite auszeichnet.

Durch optimiertes Coating konnten die Produkteigenschaften ausgewählter Sorten für Inkjet- und Lasercodierungen sowie 2D-Matrix-Codes entschieden verbessert werden, woraus sich neue Anwendungsbereiche insbesondere in der pharmazeutischen Industrie eröffnen.

Die Ressourcen des bereits in 2010 umfassend erweiterten F&E-Kompetenzzentrums im österreichischen Stammwerk Frohnleiten wurden 2011 neuerlich ausgebaut. Der Fokus lag auf den Bereichen F&E-Labor, Nasslabor und Analytik.

Infolge des großen technologischen Erfolgs nach dem weltweit erstmaligen Einbau eines neuartigen Streichaggregats (Curtain Coater) in eine Kartonmaschine im Werk Frohnleiten wurde diese Technologie in 2011 auch im Werk Gernsbach installiert.

INNOVATIONSTÄTIGKEIT 2011 IM SEGMENT MM PACKAGING

Im Verpackungssegment MM Packaging verfolgen wir Innovation innerhalb eines divisionsweiten Netzwerks, in welchem interdisziplinäre Expertenteams aus Spezialisten der Bereiche Markt, Technik und Design zusammenwirken. Die Organisation stützt sich dabei im Wesentlichen auf drei Träger: PacProject, das Kreativzentrum von MM Packaging in Hamburg, welches Kunden von der ersten Produktidee über alle Phasen bis zur Markteinführung umfassend betreut, Technical Account Manager, die insbesondere multinationale Kunden überregional in der Verpackungsentwicklung und effizienten technischen Umsetzung begleiten, sowie die Packaging Development Centers einzelner Standorte, welche vor allem werksspezifisches Know-how zur Verfügung stellen.

Die Innovationstätigkeit von MM Packaging ist breit aufgestellt und beinhaltet neben den geläufigen Druck- und Veredelungsverfahren auch die der Verpackungsproduktion vor- und nachgelagerten Bereiche innerhalb der Supply Chain. Ziel ist es, unseren Kunden durch Innovationen in Verpackungstechnik und -gestaltung sowie durch die Entwicklung effizienter individueller Gesamtlösungen Wettbewerbsvorteile und Differenzierungsmöglichkeiten auf dem Markt zu verschaffen.

Projekte erstreckten sich in 2011 von Rationalisierungen und Prozessoptimierungen über die Neuentwicklung von Faltschachtellösungen und vollständigen Verpackungssystemen bis hin zur Verbesserung von Abpackanlagen.

Laufend analysieren wir die jüngsten Entwicklungen in der Verpackungsindustrie, um frühzeitig adäquate Lösungen anbieten zu können. Trends bestehen aktuell insbesondere hinsichtlich der Möglichkeiten, die sich für die Faltschachtel in der digitalen Welt und im Internetgeschäft ergeben. Ferner gewinnt die Personalisierung von Produkten zunehmend an Bedeutung und damit die Herausforderung, auch niedrigere Auflagenvolumina mit hoher Effizienz umzusetzen. Darüber hinaus sollen kleinere Verbrauchseinheiten dem Konsumentenverlangen nach mehr Abwechslung und frischen Produkten Rechnung tragen, wobei jegliche Verpackungsentwicklung einem hohen Anspruch bewiesener Nachhaltigkeit genügen muss.

Durch 100 %-ige Recyclierbarkeit, fast unbegrenzte grafische und haptische Effekte sowie vielfältigste Möglichkeiten der Individualisierung, Codierung bzw. Applikationen wird die Kartonverpackung auch unter den neu aufkommenden Anforderungen zu den attraktivsten Verpackungsformen zählen. Unser Augenmerk bleibt wie bisher auf eine technische Realisierung unter höchstmöglicher Kosteneffizienz in der Fertigung gerichtet.

Herausragende Verpackungslösungen werden regelmäßig international prämiert. Für die hoch kreative Neugestaltung einer Geschenkverpackung im Automotivbereich ist MM Packaging Preisträger des "Pro Carton / ECMA Award" 2011.

6. Personal

Die Gesellschaft beschäftigt keine Arbeitnehmer.

7. Umweltschutz

Eine nachhaltig verantwortungsvolle Produktion umweltfreundlicher Kartonprodukte und Faltschachtellösungen unter schonendem Einsatz von Ressourcen steht seit jeher im Fokus unserer Geschäftstätigkeit. Karton erzeugen wir überwiegend aus nachwachsenden und wiederverwertbaren Rohstoffen. Aus Karton fertigen wir Faltschachtelverpackungen zum Schutz und Verkauf von Konsumgütern, die nach Gebrauch nahezu vollständig wiederverwertet werden können. Der Einsatz von Karton als Verpackungsmaterial zeichnet sich damit neben den produkttechnischen und ökonomischen Vorteilen auch hinsichtlich des Schutzes der Umwelt durch hohe Nachhaltigkeit aus.

Mit dem Fokus auf unser Kerngeschäft sind wir langfristig ausgerichtet. Zielsetzung ist es dabei, als Markt-, Kosten- und Technologieführer konzernweit in allen Unternehmensbereichen kontinuierlich bestmögliche Standards zu etablieren. Daher setzen wir auf den Einsatz modernster Technologien sowie auf laufende Verbesserungsmaßnahmen, um größtmögliche Qualität und Effizienz in der Herstellung unserer Produkte sowie hohe Wettbewerbsfähigkeit auf unseren Märkten sicherzustellen. Ein konzernweites Benchmarking unter den Standorten zielt darauf ab, dass „Best Practice“ in allen Werken Platz greifen kann. Hiervon profitiert regelmäßig auch der Schutz der Umwelt, den wir innerhalb eines umfassenden Ansatzes nachhaltig optimieren.

Obgleich wir bereits seit Jahren bei einer Vielzahl von spezifischen Verbrauchs- und Emissionswerten im europäischen Spitzenfeld liegen, haben wir den Anspruch, kontinuierlich neue Potentiale zu nutzen, wobei weitere Verbesserungen teilweise nur im Grenzbereich möglich sind oder technologische Innovationen voraussetzen.

Deswegen überprüfen und bewerten wir regelmäßig unsere Tätigkeit wie auch neue Produkte und Prozesse auf Umweltauswirkungen, um einerseits die geforderten Umweltvorschriften zu erfüllen und andererseits Möglichkeiten für neue Optimierungen zu schaffen. Unser Aktionsradius erstreckt sich auf die gesamte Supply-Chain und umfasst damit auch die der Produktion vor- und nachgelagerten Bereiche wie Einkauf, Transport/Logistik und den Verbrauch beim Konsumenten.

Unsere aktuellen Verbesserungsmaßnahmen sind Teil der langfristigen Umweltstrategie, die insbesondere eine kontinuierliche Reduktion im spezifischen Rohstoff- und Energieverbrauch verfolgt. Diese wird sowohl durch divisionsweite Kampagnen umgesetzt als auch über Umweltmanagementsysteme, die in einer Vielzahl der Standorte eingerichtet sind.

8. Angaben nach § 243a Abs. 1 UGB

Zusammensetzung des Kapitals, Aktiengattungen

Es wird auf die Angaben im Anhang unter Punkt III. E verwiesen.

Beschränkungen hinsichtlich der Stimmrechte bzw. der Übertragung von Aktien

Rund 59 % der Aktien werden von den Kernaktionärsfamilien in einem Syndikat gehalten. Es besteht ein Syndikatsvertrag, welcher die Übertragbarkeit der Aktien innerhalb des Syndikates und nach außen regelt. Angelegenheiten, die die Hauptversammlung betreffen, beschließt das Syndikat mit 65% der Stimmen. Änderungen des Syndikatsvertrages bedürfen 90% der Stimmen.

Direkte oder indirekte Beteiligungen am Kapital, die zumindest 10 vom Hundert betragen

Nach den der Gesellschaft bekannt gegebenen Informationen bestanden per Jahresende 2011 folgende Beteiligungen von mindestens 10 Prozent am Kapital:

MMS Mayr-Melnhof-Saurau Beteiligungsverwaltung KG
CAMA Privatstiftung

Die Inhaber von Aktien mit besonderen Kontrollrechten und eine Beschreibung dieser Rechte

Es bestehen keine Aktien mit besonderen Kontrollrechten.

Die Art der Stimmrechtskontrolle bei einer Kapitalbeteiligung der Arbeitnehmer, wenn sie das Stimmrecht nicht unmittelbar ausüben

Es besteht kein derartiges Kapitalbeteiligungsmodell für Mitarbeiter.

Die sich nicht unmittelbar aus dem Gesetz ergebenden Bestimmungen über die Ernennung und Abberufung der Mitglieder des Vorstands und des Aufsichtsrats und über die Änderung der Satzung der Gesellschaft

Es bestehen keine Bestimmungen dieser Art.

Die sich nicht unmittelbar aus dem Gesetz ergebenden Befugnisse der Mitglieder des Vorstands, insbesondere hinsichtlich der Möglichkeit, Aktien auszugeben oder zurückzukaufen

Die 14. Ordentliche Hauptversammlung der Gesellschaft vom 7. Mai 2008 hat den Vorstand zum Rückkauf eigener Aktien über die Börse oder außerhalb davon bis 7. November 2010 ermächtigt. Dieses Aktienrückkaufprogramm wurde laufzeitkonform beendet.

Alle bedeutenden Vereinbarungen, an denen die Gesellschaft beteiligt ist und die bei einem Kontrollwechsel in der Gesellschaft infolge eines Übernahmeangebots wirksam werden, sich ändern oder enden, sowie ihre Wirkungen; ausgenommen hiervon sind Vereinbarungen, deren Bekanntmachung der Gesellschaft erheblich schaden würde, es sei denn, die Gesellschaft ist zur Bekanntgabe derartiger Informationen aufgrund anderer Rechtsvorschriften ausdrücklich verpflichtet

Es wird von der Schutzklausel hinsichtlich der Bekanntgabe Gebrauch gemacht. Die Größenordnung des betroffenen Geschäftes ist als überschaubar einzustufen.

Bestand und wesentlicher Inhalt von Entschädigungsvereinbarungen zwischen der Gesellschaft und ihren Vorstands- und Aufsichtsratsmitgliedern oder Arbeitnehmern für den Fall eines öffentlichen Übernahmeangebots

Es bestehen keine Vereinbarungen dieser Art.

9. Ereignisse nach dem Bilanzstichtag

Nach dem Bilanzstichtag sind keine Ereignisse eingetreten, die wesentliche Auswirkungen auf die Vermögens-, Finanz- und Ertragslage der Gesellschaft haben.

10. Ausblick auf das Geschäftsjahr 2012

Dieser Ausblick entspricht den Einschätzungen des Vorstandes zum 29. Februar 2012 und berücksichtigt keine Auswirkungen von möglichen Akquisitionen, Veräußerungen oder anderen strukturellen Änderungen innerhalb des Jahres 2012. Die vorangegangenen und nachfolgenden vorausblickenden Aussagen unterliegen sowohl bekannten als auch unbekanntem Risiken und Unsicherheiten, die dazu führen können, dass die tatsächlichen Ereignisse von den hier getroffenen Aussagen abweichen können.

Die Konjunkturprognosen für unseren Hauptmarkt Europa bleiben getrübt bzw. diffus. Mit Ausnahme von Deutschland beginnen die Konsumenten ihre Ausgaben aufgrund verstärkter Arbeitsplatzunsicherheit und erwarteter Kürzung der Sozialbudgets zusehends anzupassen. Analog zur Konsumgüterindustrie haben sich die Karton- und Faltschachtelmärkte bereits mit äußerst intensivem Preiswettbewerb auf eine Kontraktion bzw. Stagnation der Volumina eingestellt.

Unsere hohen Marktanteile zu halten, erfordert demnach eine zunehmend selektivere Preispolitik, bestehende Ergebnisniveaus zu verteidigen zunehmend mehr Menge. Lichtblick scheint, dass der über Monate andauernde Abbau der Supply-Chain nun zu Ende geht.

Damit sind jedoch auch die Altpapierpreise nach dem Rückgang zum Ende des Vorjahres wieder deutlich angestiegen, wodurch sich, verbunden mit dem signifikanten Preisauftrieb bei allen rohölpreisabhängigen Inputfaktoren, auch der Margendruck über die Beschaffungsseite deutlich verschärft hat.

Effizienzsteigerungen durch Einsatz modernster Technologie sowie Umsetzung von Best Practice und notwendigen Rationalisierungen bleiben daher im Fokus zur Absicherung der Wettbewerbsfähigkeit des Konzerns. Unsere Investitionstätigkeit werden wir ungebrochen fortsetzen und wie bisher auf Projekte mit überzeugendem Einsparungs- bzw. Wachstumspotential konzentrieren.

Insgesamt ist davon auszugehen, dass der Druck auf die Margen infolge der zunehmenden Herausforderungen auf den Absatz- und Beschaffungsmärkten weiter steigen wird. Entsprechend der Kurzfristigkeit des Geschäftes ist zum aktuellen Zeitpunkt allerdings noch keine Ergebnisabschätzung für das laufende Jahr möglich.

Der Expansionskurs ist aufrecht und richtet sich in Europa insbesondere auf die Entwicklung von Neugeschäft und im außereuropäischen Raum auf den risikobewussten Erwerb bzw. Aufbau neuer Standorte in Märkten mit interessantem Zukunftspotential.

Wien, am 29. Februar 2012

Der Vorstand

Dr. Wilhelm HÖRMANSEDER e.h.

Dr. Andreas BLASCHKE e.h.

Ing. Franz RAPPOLD e.h.

Dr. Oliver SCHUMY e.h.

Bilanz der Mayr-Melnhof Karton AG

| AKTIVA (in EUR) | Stand 31. Dez. 2011 | Stand 31. Dez. 2010 | PASSIVA (in EUR) | Stand 31. Dez. 2011 | Stand 31. Dez. 2010 |
|---|------------------------|------------------------|--|------------------------|------------------------|
| A. ANLAGEVERMÖGEN | | | A. EIGENKAPITAL | | |
| I. Sachanlagen | | | I. Grundkapital | 80.000.000,00 | 80.000.000,00 |
| 1. Grundstücke und Bauten | 2.269.543,34 | 2.313.921,90 | II. Kapitalrücklagen | | |
| davon Grundwert: EUR 577.352,82 (Vorjahr: TEUR 577) | | | 1. Gebundene | 172.658.448,08 | 172.658.448,08 |
| 2. Andere Anlagen, Betriebs- und Geschäftsausstattung | 22.983,46 | 24.868,56 | | 172.658.448,08 | 172.658.448,08 |
| | 2.292.526,80 | 2.338.790,46 | III. Gewinnrücklagen | | |
| II. Finanzanlagen | | | 1. Andere freie Rücklagen | 162.913.498,73 | 106.663.342,42 |
| 1. Anteile an verbundenen Unternehmen | 263.482.776,62 | 248.788.072,40 | | 162.913.498,73 | 106.663.342,42 |
| 2. Beteiligungen | 494.917,78 | 494.917,78 | | | |
| 3. Eigene Anteile | 903.849,80 | 903.849,80 | IV. Rücklage für eigene Anteile | 903.849,80 | 903.849,80 |
| 4. Wertpapiere (Wertrechte) des Anlagevermögens | 1.085.369,71 | 1.114.876,72 | | | |
| | 265.966.913,91 | 251.301.716,70 | V. Bilanzgewinn | 50.000.000,00 | 50.000.000,00 |
| | | | davon Gewinnvortrag: EUR 11.029.757,00 (Vorjahr: TEUR 16.026) | | |
| | 268.259.440,71 | 253.640.507,16 | | 466.475.796,61 | 410.225.640,30 |
| B. UMLAUFVERMÖGEN | | | B. RÜCKSTELLUNGEN | | |
| I. Forderungen und sonstige Vermögensgegenstände | | | 1. Rückstellungen für Abfertigungen | 531.338,00 | 497.655,00 |
| 1. Forderungen gegenüber verbundenen Unternehmen | 1.001.293,57 | 616.939,22 | 2. Rückstellungen für Pensionen | 1.605.359,00 | 1.665.391,19 |
| 2. Sonstige Forderungen und Vermögensgegenstände | 26.820.427,36 | 17.961.083,19 | 3. Steuerrückstellungen | 23.141.004,28 | 13.722.472,49 |
| | 27.821.720,93 | 18.578.022,41 | 4. Sonstige Rückstellungen | 941.181,66 | 1.036.642,14 |
| | | | | 26.218.882,94 | 16.922.160,82 |
| II. Guthaben bei Kreditinstituten | 274.330.499,49 | 253.317.035,81 | C. VERBINDLICHKEITEN | | |
| | 302.152.220,42 | 271.895.058,22 | 1. Verbindlichkeiten aus Leistungen | 117.818,64 | 93.109,74 |
| C. RECHNUNGSABGRENZUNGSPOSTEN | 73.998,85 | 46.019,23 | 2. Verbindlichkeiten gegenüber verbundenen Unternehmen | 77.639.911,81 | 98.276.729,53 |
| | | | 3. Sonstige Verbindlichkeiten | | |
| | | | a) Steuern | 4.823,07 | 6.377,59 |
| | | | b) soziale Sicherheit | 6.545,96 | 6.681,00 |
| | | | c) übrige | 21.880,95 | 50.885,63 |
| | | | | 33.249,98 | 63.944,22 |
| | | | | 77.790.980,43 | 98.433.783,49 |
| | 570.485.659,98 | 525.581.584,61 | | 570.485.659,98 | 525.581.584,61 |

Gewinn- und Verlustrechnung der Mayr-Melnhof Karton AG

| (in EUR) | 2011 | 2010 |
|--|-----------------------|-----------------------|
| 1. Erträge aus Beteiligungen | | |
| a) verbundene Unternehmen | 95.080.000,00 | 90.239.950,00 |
| b) übrige | 70.000,00 | 70.000,00 |
| | 95.150.000,00 | 90.309.950,00 |
| 2. sonstige Zinsen und ähnliche Erträge | | |
| a) übrige | 3.149.219,75 | 1.594.835,72 |
| | 3.149.219,75 | 1.594.835,72 |
| 3. Erträge aus dem Abgang von und der Zuschreibung zu Finanzanlagen und Wertpapieren des Umlaufvermögens | 0,00 | 775.397,94 |
| 4. Zinsen und ähnliche Aufwendungen | | |
| a) verbundene Unternehmen | (871.810,31) | (634.214,30) |
| b) übrige | (610.192,86) | (713.234,36) |
| | (1.482.003,17) | (1.347.448,66) |
| 5. Zwischensumme aus Z 1 bis 4 (Finanzerfolg) | 96.817.216,58 | 91.332.735,00 |
| 6. sonstige betriebliche Erträge | | |
| a) Erträge aus der Auflösung von Rückstellungen | 0,00 | 5.000,00 |
| b) übrige | 7.980.679,80 | 6.683.998,99 |
| | 7.980.679,80 | 6.688.998,99 |
| 7. Personalaufwand | | |
| a) Gehälter | (1.874.079,90) | (2.350.114,27) |
| b) Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen | (39.197,11) | 136.104,03 |
| c) Aufwendungen für Altersversorgung | (130.852,94) | (93.889,00) |
| d) Aufwendungen für gesetzlich vorgeschriebene Sozialabgaben sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge | (195.692,14) | (233.975,96) |
| | (2.239.822,09) | (2.541.875,20) |
| 8. Abschreibungen | | |
| a) auf Sachanlagen | (57.644,68) | (59.928,48) |
| | (57.644,68) | (59.928,48) |
| 9. Sonstige betriebliche Aufwendungen | | |
| a) Steuern, soweit sie nicht unter Steuern vom Einkommen und vom Ertrag fallen | (1.714,35) | (1.714,35) |
| b) übrige | (7.255.583,68) | (6.645.001,56) |
| | (7.257.298,03) | (6.646.715,91) |
| 10. Zwischensumme aus Z 6 bis 9 (Betriebserfolg) | (1.574.085,00) | (2.559.520,60) |
| 11. Ergebnis der gewöhnlichen Geschäftstätigkeit | 95.243.131,58 | 88.773.214,40 |
| 12. Steuern vom Einkommen und vom Ertrag | (22.923,46) | 649.412,80 |
| 13. Jahresüberschuss | 95.220.208,12 | 89.422.627,20 |
| 14. Auflösung Gewinnrücklagen | 191,19 | 0,00 |
| 15. Zuweisung zu Gewinnrücklagen | (56.250.156,31) | (55.448.569,20) |
| 16. Jahresgewinn | 38.970.243,00 | 33.974.058,00 |
| 17. Gewinnvortrag aus dem Vorjahr | 11.029.757,00 | 16.025.942,00 |
| 18. Bilanzgewinn | 50.000.000,00 | 50.000.000,00 |

Anhang

I. Allgemeine Erläuterungen

Der vorliegende Jahresabschluss wurde unter Beachtung der Grundsätze ordnungsmäßiger Buchführung und der Generalnorm, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln, aufgestellt. Die Bestimmungen des Unternehmensgesetzbuches stellen die Grundlage dieses Jahresabschlusses dar.

Die auf den vorjährigen Jahresabschluss angewandten Bewertungsmethoden wurden beibehalten.

Der Grundsatz der Vollständigkeit wurde bei der Erstellung des Jahresabschlusses eingehalten.

Bei der Bewertung der einzelnen Vermögensgegenstände und Schulden wurde der Grundsatz der Einzelbewertung beachtet und eine Fortführung des Unternehmens unterstellt.

Dem Vorsichtsprinzip wurde dadurch Rechnung getragen, dass nur die am Abschlussstichtag verwirklichten Gewinne ausgewiesen wurden. Alle erkennbaren Risiken und drohenden Verluste wurden berücksichtigt.

Die Gliederung der Gewinn- und Verlustrechnung wird, der Holdingfunktion der Mayr-Melnhof Karton Aktiengesellschaft entsprechend, so dargestellt, dass der Finanzerfolg an den Anfang der Gewinn- und Verlustrechnung gestellt wird.

II. Bilanzierungs- und Bewertungsmethoden

1. ANLAGEVERMÖGEN

a) Sachanlagen

Das Sachanlagevermögen ist mit Anschaffungs- zuzüglich Anschaffungsnebenkosten bewertet.

Die Ermittlung der planmäßigen Abschreibung erfolgt, von vernachlässigbaren Ausnahmen für gebrauchte Vermögensgegenstände abgesehen, linear unter Anwendung folgender Nutzungsdauern:

| | |
|--|---------------|
| Gebäude | 10 - 50 Jahre |
| Andere Anlagen, Betriebs- und Geschäftsausstattung | 4 - 5 Jahre |

Geringwertige Wirtschaftsgüter werden im Jahr der Anschaffung voll abgeschrieben und als Aufwand verbucht.

b) Finanzanlagen

Die Anteile an verbundenen Unternehmen und Beteiligungen sind zu Anschaffungskosten bewertet, wobei wesentliche Wertminderungen durch außerplanmäßige Abschreibungen berücksichtigt werden.

Als verbundene Unternehmen werden alle Gesellschaften bezeichnet, die unmittelbar oder mittelbar im Mehrheitsbesitz der Gesellschaft stehen, unter einheitlicher Leitung der Gesellschaft stehen (§ 244 Absatz 1 UGB) oder auf die im Sinne des Kontrollkonzeptes (§ 244 Absatz 2 UGB) ein beherrschender Einfluss ausgeübt wird.

2. UMLAUFVERMÖGEN

Forderungen und sonstige Vermögensgegenstände sind mit dem Nennwert angesetzt. Erkennbare Einzelrisiken werden durch Wertberichtigungen berücksichtigt.

Die sonstigen Forderungen sind mit einem Betrag von EUR 138.216,12 erst nach dem Bilanzstichtag zahlungswirksam.

3. RÜCKSTELLUNGEN

Rückstellungen werden nach dem Grundsatz der kaufmännischen Vorsicht in Höhe des voraussichtlichen Anfalls gebildet.

Gemäß Fachgutachten KFS-RL 2 und 3 vom 5. Mai 2004 werden die Pensions- und Abfertigungsverpflichtungen gemäß den internationalen Rechnungslegungsstandards IFRS/IAS ermittelt.

4. VERBINDLICHKEITEN

Die Verbindlichkeiten sind mit ihrem Rückzahlungsbetrag erfasst.

Die sonstigen Verbindlichkeiten sind zur Gänze erst nach dem Bilanzstichtag zahlungswirksam.

5. WÄHRUNGSUMRECHNUNG

Fremdwährungsforderungen sowie die liquiden Mittel in Fremdwährungen sind mit dem Anschaffungskurs bzw. dem niedrigeren Devisenmittelkurs zum Bilanzstichtag bewertet.

Die Fremdwährungsverbindlichkeiten sind mit dem Anschaffungskurs bzw. dem höheren Devisenmittelkurs zum Bilanzstichtag bewertet.

III. Erläuterungen zu einzelnen Posten der Bilanz und Gewinn- und Verlustrechnung

1. BILANZ

A) ANLAGENSPIEGEL GEMÄSS § 226 UGB

| (in EUR) | Anschaffungs- oder Herstellungskosten | | | | kumulierte | Buchwert | | Ab- bzw |
|--|---------------------------------------|----------------------|------------------|------------------------|---------------------------------|-----------------------|-----------------------|---|
| | Stand 31. Dez. 2010 | Zugänge 2011 | Abgänge 2011 | Stand 31. Dez. 2011 | Abschreibungen 31. Dez. 2011 | 31. Dez. 2011 | 31. Dez. 2010 | Zuschreibungen des Geschäftsjahres 2011 |
| I. Sachanlagen | | | | | | | | |
| 1. Grundstücke und Bauten | | | | | | | | |
| Grundwert | 577.352,82 | 0,00 | 0,00 | 577.352,82 | 0,00 | 577.352,82 | 577.352,82 | 0,00 |
| Gebäudewert | 2.686.470,75 | 11.381,02 | 0,00 | 2.697.851,77 | 1.005.661,25 | 1.692.190,52 | 1.736.569,08 | 55.759,58 |
| | 3.263.823,57 | 11.381,02 | 0,00 | 3.275.204,59 | 1.005.661,25 | 2.269.543,34 | 2.313.921,90 | 55.759,58 |
| 2. Andere Anlagen, Betriebs- und Geschäftsausstattung | 138.631,29 | 0,00 | 0,00 | 138.631,29 | 115.647,83 | 22.983,46 | 24.868,56 | 1.885,10 |
| Summe I | 3.402.454,86 | 11.381,02 | 0,00 | 3.413.835,88 | 1.121.309,08 | 2.292.526,80 | 2.338.790,46 | 57.644,68 |
| II. Finanzanlagen | | | | | | | | |
| 1. Anteile an verbundenen Unternehmen | 248.788.072,40 | 14.694.704,22 | 0,00 | 263.482.776,62 | 0,00 | 263.482.776,62 | 248.788.072,40 | 0,00 |
| 2. Beteiligungen | 494.917,78 | 0,00 | 0,00 | 494.917,78 | 0,00 | 494.917,78 | 494.917,78 | 0,00 |
| 3. Eigene Aktien | 903.849,80 | 0,00 | 0,00 | 903.849,80 | 0,00 | 903.849,80 | 903.849,80 | 0,00 |
| 4. Wertpapiere (Wertrechte) des Anlagevermögens | 1.114.876,72 | 46.215,81 | 75.722,82 | 1.085.369,71 | 0,00 | 1.085.369,71 | 1.114.876,72 | 0,00 |
| Summe II | 251.301.716,70 | 14.740.920,03 | 75.722,82 | 265.966.913,91 | 0,00 | 265.966.913,91 | 251.301.716,70 | 0,00 |
| GESAMT | 254.704.171,56 | 14.752.301,05 | 75.722,82 | 269.380.749,79 | 1.121.309,08 | 268.259.440,71 | 253.640.507,16 | 57.644,68 |

B) AUFGLIEDERUNG DER ANTEILE AN VERBUNDENEN UNTERNEHMEN

| | Anteil am Nennkapital (in %) 31. Dez. 2011 | Eigenkapital (in TEUR) 31. Dez. 2010 | Jahresüberschuss (in TEUR) 2010 |
|--|---|--|---------------------------------------|
| Mayr-Melnhof Holdings B.V., Eerbeek | 100,00 | 257.370,00 | 46.967,00 |
| Mayr-Melnhof Karton Gesellschaft m.b.H., Frohnleiten ¹⁾ | 100,00 | 131.236,40 | k.A. |
| Mayr-Melnhof Cartonboard International GmbH, Wien | 100,00 | 3.738,27 | 2.326,31 |
| Mayr-Melnhof Packaging International GmbH, Wien | 100,00 | 56.089,75 | 9.752,86 |
| FS-Karton GmbH, Baiersbronn ¹⁾ | 60,40 | 92.158,07 | k.A. |
| MM Graphia Beteiligungs- und Verwaltungs GmbH, Baiersbronn | 60,40 | 202.324,15 | 48.299,51 |
| MM Polygrafoformlenie Ltd., Nikosia | 75,03 | 29.228,10 | -14.379,00 |
| Syn-Group Unternehmensberatung GmbH, Wien | 38,00 | 696,96 | 28,61 |

¹⁾ Hinsichtlich der Angaben bezüglich des Jahresüberschusses wird von der Schutzklausel gemäß § 241 Abs. 2 UGB Gebrauch gemacht.

C) EIGENE ANTEILE

Die Gesellschaft hält 15.260 Stück eigene Aktien mit einem Buchwert von EUR 903.849,80.

Gemäß § 254 Abs 4 UGB sind die eigenen Anteile nach ihrer Zweckbestimmung im Anlagevermögen gesondert ausgewiesen. Die eigenen Anteile sind zu Anschaffungskosten inklusive Anschaffungsnebenkosten bewertet, eine dementsprechende Rücklage für eigene Anteile wurde gebildet.

Der Bestand an eigenen Anteilen zum 31. Dezember 2011 stellt sich wie folgt dar:

| Rückgekaufte Stückanzahl | Anteil am Grundkapital % | Anteil am Grundkapital EUR | Gewichteter Erwerbspreis je Stk EUR | Gesamte Anschaffungs- kosten EUR |
|-----------------------------|--------------------------------|----------------------------------|--|---|
| 15.260 | 0,0763% | 61.040,00 | 59,23 | 903.849,80 |

D) FORDERUNGSSPIEGEL

| (in EUR) | GESAMT- BETRAG | davon mit Restlaufzeit unter 1 Jahr |
|--|---------------------------|---|
| 1. Forderungen gegenüber verbundenen Unternehmen | 1.001.293,57 | 1.001.293,57 |
| davon aus sonstigen Forderungen | 511.450,38 | 511.450,38 |
| davon aus Lieferungen und Leistungen | 489.843,19 | 489.843,19 |
| 2. Sonstige Forderungen und Vermögensgegenstände | 26.820.427,36 | 26.820.427,36 |
| Forderungen insgesamt | 27.821.720,93 | 27.821.720,93 |

E) EIGENKAPITAL

Grundkapital

Das Grundkapital in der Höhe von EUR 80.000.000,- ist in 20.000.000 Stück nennbetragslose Stückaktien eingeteilt, von denen jede am Grundkapital in gleichem Umfang beteiligt ist.

Rücklage für eigene Anteile

Zum Bilanzstichtag werden von der Gesellschaft 15.260 Stück eigene Aktien gehalten, für die gemäß § 225 Abs 5 UGB eine Rücklage für eigene Anteile in Höhe von EUR 903.849,80 gebildet wurde.

G) RÜCKSTELLUNGEN

Rückstellungen werden nach dem Grundsatz der kaufmännischen Vorsicht in Höhe des voraussichtlichen Anfalls gebildet.

Pensions- und Abfertigungsverpflichtungen

Die Pensions- und Abfertigungsverpflichtungen werden zum 31. Dezember gemäß den internationalen Rechnungslegungsstandards IFRS/IAS analog den Vorschriften von IAS 19 bilanziert. Bei der Berechnung, die nach dem Anwartschaftsbarwertverfahren ("Projected Unit Credit Method") erfolgt, werden die zukünftigen Lohn- und Gehaltssteigerungen in Form einer langfristigen Prognose berücksichtigt. Der Zinssatz wird nach dem aktuellen langfristigen Zinssatz am Kapitalmarkt zum Bilanzstichtag bemessen.

| (in %) | 31. Dez. 2011 | | 31. Dez. 2010 | |
|--------------------------------------|---------------|---------------|---------------|---------------|
| | Pensionen | Abfertigungen | Pensionen | Abfertigungen |
| Abzinsungsfaktor | 4,25 % | 4,25 % | 4,25 % | 4,25 % |
| Langfristige Gehaltssteigerungsraten | 2,50 % | 2,50 % | 2,50 % | 2,50 % |
| Langfristige Rentensteigerungsraten | 2,00 % | n.a. | 2,00 % | n.a. |

Versicherungsmathematische Gewinne bzw. Verluste, die sich aufgrund von Änderungen im Bestand der Versorgungsberechtigten und Abweichungen der tatsächlichen Entwicklung gegenüber den der Berechnung zugrunde gelegten Annahmen ergeben, werden nach der Korridormethode erfolgswirksam erfasst. Demnach werden die versicherungsmathematischen Gewinne bzw. Verluste erst dann über die erwartete Restdienstzeit der Arbeitnehmer amortisiert, wenn dieser Betrag 10 % der Verpflichtung in Form des Anwartschaftsbarwerts zum Bewertungsstichtag überschreitet. Der Berechnung wurde zudem das frühest mögliche Anfallsalter für die (vorzeitige) Alterspension gemäß Pensionsreform 2004 (Budgetbegleitgesetz 2003) unter Berücksichtigung der Übergangsregelungen zugrunde gelegt. Für die Vorstandsmitglieder wurde das Ende des Vorstandsmandats als Abfertigungsdatum angenommen.

Die Pensionsrückstellungen wurden aufgrund des Saldierungsverbots nicht, wie nach IAS 19 vorgesehen, mit den zu ihrer Deckung bestimmten Vermögenswerten saldiert.

Die Anwartschaftsbarwerte betreffend Abfertigungs- und Pensionsverpflichtungen sowie die Überleitung zum bilanzierten Rückstellungsbetrag stellen sich wie folgt dar:

| (in EUR) | 31. Dez. 2011 | |
|---|-------------------|---------------------|
| | Abfertigungen | Pensionen |
| Anwartschaftsbarwert | 426.675,0 | 1.972.455,0 |
| Noch nicht berücksichtigte versicherungsmathematische Gewinne bzw. Verluste | 104.663,0 | (367.096,0) |
| Bilanzierte langfristige Rückstellung | 531.338,00 | 1.605.359,00 |

Sonstige Rückstellungen

Sonstige Rückstellungen umfassen im Wesentlichen Rückstellungen für Rechts- und Beratungsaufwand und die Vergütung für die Aufsichtsratsstätigkeit.

H) VERBINDLICHKEITENSPIEGEL

| (in EUR) | GESAMT-BETRAG | davon Restlaufzeit unter 1 Jahr |
|--|----------------------|---------------------------------|
| 1. Verbindlichkeiten aus Lieferungen und Leistungen | 117.818,64 | 117.818,64 |
| 2. Verbindlichkeiten gegenüber verbundenen Unternehmen | 77.639.911,81 | 77.639.911,81 |
| davon aus sonstigen Verbindlichkeiten | 77.639.911,81 | 77.639.911,81 |
| 3. Sonstige Verbindlichkeiten | 33.249,98 | 33.249,98 |
| a) Steuern | 4.823,07 | 4.823,07 |
| b) Soziale Sicherheit | 6.545,96 | 6.545,96 |
| c) Übrige | 21.880,95 | 21.880,95 |
| Verbindlichkeiten insgesamt | 77.790.980,43 | 77.790.980,43 |

Sonstige finanzielle Verpflichtungen

Im Juni 2011 wurde der Erwerb der restlichen Anteile von 24,975 % an der MM Polygrafoformlenie Limited, mit Sitz in Nikosia, Zypern, vertraglich fixiert. Der Erwerb ist bis spätestens 30. Juni 2020 jederzeit möglich. Bewertet zum 31. Dezember 2011 beträgt der vorläufige Kaufpreis rund Tsd. EUR 19.210,-.

Gegen die Gesellschaft sind verschiedene Verfahren sowie andere Ansprüche anhängig, die sich aus der gewöhnlichen Geschäftstätigkeit ergeben. Unter Berücksichtigung aller verfügbaren Informationen geht die Gesellschaft davon aus, dass alle Verfahren bzw. Ansprüche keinen wesentlichen Einfluss auf die Finanzlage oder das Ergebnis haben werden, obwohl der Ausgang einzelner Verfahren nicht mit Sicherheit vorausgesagt werden kann.

2. GEWINN- UND VERLUSTRECHNUNG

A) SONSTIGE BETRIEBLICHE ERTRÄGE

Diese stammen zum wesentlichen Teil aus Erlösen für Dienstleistungen an verbundene Unternehmen.

B) PERSONALAUFWAND

Der Gesamtbetrag der Aufwendungen für Abfertigungen und Altersversorgung für den Vorstand gliedert sich wie folgt:

| (in EUR) | 2011 | 2010 |
|---|-----------|--------------|
| Anpassung der Abfertigungsrückstellung (2011 Aufwand; 2010: Ertrag) | 33.683,00 | (143.673,00) |

C) SONSTIGE BETRIEBLICHE AUFWENDUNGEN

Zu den Aufwendungen, die im Geschäftsjahr auf die Tätigkeit des Abschlussprüfers entfallen, wird auf die Angaben im Konzernabschluss zum 31. Dezember 2011 der Mayr-Melnhof Karton AG verwiesen.

D) STEUERN VOM EINKOMMEN

Im Dezember 2005 hat die Gesellschaft als Gruppenträger einen Antrag auf Feststellung einer Unternehmensgruppe gemäß § 9 Abs 8 KStG 1988 mit nachfolgend angeführten verbundenen Unternehmen als Gruppenmitglieder zum Zwecke der Gruppenbesteuerung ab dem Veranlagungsjahr 2005 eingebracht. Es wurde ein Steuerumlagevertrag abgeschlossen, der die Belastungsmethode vorsieht.

Die aktuellen Gruppenmitglieder sind:

Mayr-Melnhof Karton Gesellschaft m.b.H., Frohnleiten
 Mayr-Melnhof Cartonboard International GmbH, Wien
 Mayr-Melnhof Packaging International GmbH, Wien
 Ernst Schausberger & Co. GmbH, Gunskirchen
 Neupack GmbH, Reichenau an der Rax
 Mayr-Melnhof Packaging Austria GmbH, Wien

Aufgrund des Umlagevertrages zwischen den inländischen Gesellschaften wurden im Geschäftsjahr 2011 EUR 9.395.608,33 (Vorjahr EUR 6.667.240,14) an die Gruppenmitglieder weiterverrechnet.

Die Steuern vom Einkommen in Höhe betragen EUR 22.923,46.

Die aktivierbaren latenten Ertragsteuern, die in Ausübung des Wahlrechtes gemäß § 198 Abs 10 UGB in der Bilanz nicht angesetzt sind, betragen zum 31. Dezember 2011 EUR 89.954,51 (Vorjahr EUR 106.196,04).

IV. Sonstige Angaben

A) ANGABEN ÜBER ORGANE UND MITGLIEDER

Die Gesellschaft beschäftigt keine Arbeitnehmer.

Die Organbezüge gliedern sich wie folgt:

| (in EUR) | 2011 | 2010 |
|--------------------------------|---------------------|---------------------|
| Bezüge des Vorstandes | | |
| a) von der Gesellschaft | 2.248.306,94 | 2.173.560,81 |
| b) von verbundenen Unternehmen | 1.545.081,36 | 1.527.187,33 |
| Gesamt | 3.793.388,30 | 3.700.748,14 |
| davon | | |
| Fixe Bezüge | 1.545.081,40 | 1.527.187,33 |
| Variable Bezüge | 2.248.306,90 | 2.173.560,81 |
| Gesamt | 3.793.388,30 | 3.700.748,14 |
| (in EUR) | 2011 | 2010 |
| Bezüge des Aufsichtsrates | | |
| a) von der Gesellschaft | 219.000,00 | 195.000,00 |
| b) von verbundenen Unternehmen | 0,00 | 0,00 |
| Gesamt | 219.000,00 | 195.000,00 |

Hinsichtlich der Bezüge an ehemalige Organmitglieder wird von der Schutzklausel des § 241 Abs 4 UGB Gebrauch gemacht.

Die Organe der Gesellschaft setzten sich im abgelaufenen Geschäftsjahr wie folgt zusammen:

Vorstand

Dr. Wilhelm HÖRMANSEDER, Purkersdorf (Vorsitzender)
Dr. Andreas BLASCHKE, Perchtoldsdorf (Mitglied des Vorstandes)
Ing. Franz RAPPOLD, Laab im Walde (Mitglied des Vorstandes)
Dr. Oliver SCHUMY, Wien (Mitglied des Vorstandes)

Aufsichtsrat

Dkfm. Michael GRÖLLER, Wien (Vorsitzender)
o. Univ.-Prof. Dr. Romuald BERTL, Graz (Stellvertretender Vorsitzender)
Mag. Johannes GOESS-SAURAU, Neumarkt/Raab (Stellvertretender Vorsitzender)
Dr. Guido HELD, Graz
Dr. Alexander LEEB, Frohnleiten
MMM Mag. Georg MAYR-MELNHOF, Wals/Viehhausen
Dipl.-Ing. Dr. Michael SCHWARZKOPF, Reutte
Dr. Nikolaus ANKERSHOFEN, Wien
Hubert ESSER, Neuss (Delegierter des Europäischen Betriebsrates von MM Karton)
Andreas HEMMER, Frohnleiten (Delegierter des Europäischen Betriebsrates von MM Karton)
Gerhard NOVOTNY, Wien (Delegierter der Divisionsvertretung von MM Packaging)

B) GEWINNVERWENDUNG

Der Vorstand schlägt vor, aus dem Bilanzgewinn für das Geschäftsjahr 2011 eine Dividende von EUR 2,10 je Aktie auszuschütten.

Wien, am 29. Februar 2012

Der Vorstand

Dr. Wilhelm HÖRMANSEDER e.h.

Dr. Andreas BLASCHKE e.h.

Ing. Franz RAPPOLD e.h.

Dr. Oliver SCHUMY e.h.

Bestätigungsvermerk

Bericht zum Jahresabschluss

Wir haben den beigefügten Jahresabschluss der

Mayr-Melnhof Karton Aktiengesellschaft,
Wien,

für das Geschäftsjahr vom 1. Jänner 2011 bis zum 31. Dezember 2011 unter Einbeziehung der Buchführung geprüft. Dieser Jahresabschluss umfasst die Bilanz zum 31. Dezember 2011, die Gewinn- und Verlustrechnung für das am 31. Dezember 2011 endende Geschäftsjahr sowie den Anhang.

Verantwortung der gesetzlichen Vertreter für den Jahresabschluss und für die Buchführung

Die gesetzlichen Vertreter der Gesellschaft sind für die Buchführung sowie für die Aufstellung und den Inhalt eines Jahresabschlusses verantwortlich, der ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften vermittelt. Diese Verantwortung beinhaltet die Gestaltung, Umsetzung und Aufrechterhaltung eines internen Kontrollsystems, soweit dieses für die Aufstellung des Jahresabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage der Gesellschaft von Bedeutung ist, damit dieser frei von wesentlichen Fehldarstellungen ist, sei es auf Grund von beabsichtigten oder unbeabsichtigten Fehlern; die Auswahl und Anwendung geeigneter Bilanzierungs- und Bewertungsmethoden sowie die Vornahme von Einschätzungen, die unter Berücksichtigung der gegebenen Rahmenbedingungen angemessen erscheinen.

Verantwortung des Abschlussprüfers und Beschreibung von Art und Umfang der gesetzlichen Abschlussprüfung

Unsere Verantwortung besteht in der Abgabe eines Prüfungsurteils zu diesem Jahresabschluss auf der Grundlage unserer Prüfung. Wir haben unsere Prüfung unter Beachtung der in Österreich geltenden gesetzlichen Vorschriften und Grundsätze ordnungsgemäßer Abschlussprüfung durchgeführt. Diese Grundsätze erfordern, dass wir die Standesregeln einhalten und die Prüfung so planen und durchführen, dass wir uns mit hinreichender Sicherheit ein Urteil darüber bilden können, ob der Jahresabschluss frei von wesentlichen Fehldarstellungen ist.

Eine Prüfung beinhaltet die Durchführung von Prüfungshandlungen zur Erlangung von Prüfungsnachweisen hinsichtlich der Beträge und sonstigen Angaben im Jahresabschluss. Die Auswahl der Prüfungshandlungen liegt im pflichtgemäßen Ermessen des Abschlussprüfers unter Berücksichtigung seiner Einschätzung des Risikos eines Auftretens wesentlicher Fehldarstellungen, sei es auf Grund von beabsichtigten oder unbeabsichtigten Fehlern. Bei der Vornahme dieser Risikoeinschätzung berücksichtigt der Abschlussprüfer das interne Kontrollsystem, soweit es für die Aufstellung des Jahresabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage der Gesellschaft von Bedeutung ist, um unter Berücksichtigung der Rahmenbedingungen geeignete Prüfungshandlungen festzulegen, nicht jedoch um ein Prüfungsurteil über die Wirksamkeit der internen

Kontrollen der Gesellschaft abzugeben. Die Prüfung umfasst ferner die Beurteilung der Angemessenheit der angewandten Bilanzierungs- und Bewertungsmethoden und der von den gesetzlichen Vertretern vorgenommenen wesentlichen Einschätzungen sowie eine Würdigung der Gesamtaussage des Jahresabschlusses.

Wir sind der Auffassung, dass wir ausreichende und geeignete Prüfungsnachweise erlangt haben, sodass unsere Prüfung eine hinreichend sichere Grundlage für unser Prüfungsurteil darstellt.

Prüfungsurteil

Unsere Prüfung hat zu keinen Einwendungen geführt. Auf Grund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Jahresabschluss der Mayr-Melnhof Karton Aktiengesellschaft nach unserer Beurteilung den gesetzlichen Vorschriften sowie den ergänzenden Bestimmungen in der Satzung und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage der Gesellschaft zum 31. Dezember 2011 sowie der Ertragslage der Gesellschaft für das Geschäftsjahr vom 1. Jänner 2011 bis zum 31. Dezember 2011 in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Buchführung.

Aussagen zum Lagebericht

Der Lagebericht ist auf Grund der gesetzlichen Vorschriften darauf zu prüfen, ob er mit dem Jahresabschluss in Einklang steht und ob die sonstigen Angaben im Lagebericht nicht eine unzutreffende Vorstellung von der Lage der Gesellschaft erwecken. Der Bestätigungsvermerk hat auch eine Aussage darüber zu enthalten, ob der Lagebericht mit dem Jahresabschluss in Einklang steht und ob die Angaben nach § 243a UGB zutreffen.

Der Lagebericht steht nach unserer Beurteilung in Einklang mit dem Jahresabschluss. Die Angaben gemäß § 243a UGB sind zutreffend.

Wien, am 29. Februar 2012

Grant Thornton Unitreu GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Christian PAJER
Wirtschaftsprüfer

Mag. Werner LEITER
Wirtschaftsprüfer

Corporate Governance Report

In the core competence areas cartonboard and folding carton production, the Mayr-Melnhof Group pursues responsible business activities geared to sustainable profitability. Therefore, we have always insisted on consistent compliance with the principles of diligent Corporate Governance in order to be transparent for shareholders and other stakeholders, thus generating management and control of the Company for long-term value added. The equal treatment of all our shareholders is a top priority. We only have common shares, fully adhering to the principle of “one share - one vote”.

With the goal of always fulfilling up-to-date international standards of responsible, transparent Corporate Governance, Mayr-Melnhof Karton AG has voluntarily committed itself to compliance with the Austrian Corporate Governance Code (ÖCGK) ever since it became effective.

The Code is based on the provisions of Austrian stock corporation, stock exchange and capital market laws, EU recommendations as well as the guidelines contained in the OECD Principles of Corporate Governance. The Code is regularly reviewed in accordance with national and international developments and adjusted accordingly. The applicable version of the Code can be found online on the website of the Austrian Working Group for Corporate Governance at www.corporate-governance.at or on the website of the Mayr-Melnhof Group at <http://www.mayr-melnhof.com/unternehmen/governance.html>.

Adherence to Corporate Governance in the business year 2011 was evaluated on the basis of the relevant amendment of the Code of January 2010. Just as has been the case so far, Mayr Melnhof Karton AG continues to comply with all legal provisions without any restrictions. Additional C Rules (Comply or Explain) and R Rules (Recommendations) contained in the Code, which do not require any explanation in case of deviations, have been implemented almost entirely.

The Company gives the following explanations to deviations from C Rules:

- | | |
|------------|--|
| Rule 27 | Non-financial criteria are not taken into account for the variable compensation of the members of the Management Board. Explanation: Contents of current contracts with the members of the Management Board. |
| Rule 27a | In case of an early termination of a member of the Management Board without good cause, such member shall be compensated for no more than the remaining term of contract. The economic situation of the company shall not be taken into account. Explanation: Contents of current contracts with the members of the Management Board. |
| Rule 30 | The upper limits currently applicable to variable compensation shall not be stated. Explanation: We do not believe this information is material or relevant for any decisions. A cap is designated by all means. |
| Rule 31/51 | No disclosure of the compensation of each individual member of the Management Board / Supervisory Board Explanation: We do not believe this information is material or relevant for any decisions. |

BOARD MEMBERS

THE MANAGEMENT BOARD

Wilhelm HÖRMANSEDER

Chairman

Member of the Management Board

since March 9, 1994

appointed until December 31, 2014

born 1954

Andreas BLASCHKE

Member of the Management Board

since May 14, 2002

appointed until May 14, 2015

born 1961

Franz RAPPOLD

Member of the Management Board

since May 14, 2002

appointed until May 14, 2015

born 1952

Oliver SCHUMY

Member of the Management Board

since June 1, 2008

appointed until May 14, 2015

born 1971

The members of the Management Board do not hold any mandates in Group-external supervisory boards.

THE SUPERVISORY BOARD

Michael GRÖLLER

Chairman since June 8, 2002

born 1941

Romuald BERTL

Deputy Chairman since March 2, 1994

born 1953

Johannes GOESS-SAURAU

Deputy Chairman since May 7, 2008

Member of the Board since May 18, 2005

born 1955

Nikolaus ANKERSHOFEN

Member of the Board since April 28, 2010

born 1969

Guido HELD

Member of the Board since May 7, 2008

born 1944

Alexander LEEB

Member of the Board since May 7, 2008

born 1959

Georg MAYR-MELNHOF

Member of the Board since May 7, 2008

born 1968

Michael SCHWARZKOPF

Member of the Board since April 29, 2009

born 1961

Hubert ESSER

Member of the Board since May 10, 1995

born 1959

Delegate of the European Staff Council of
MM Karton

Andreas HEMMER

Member of the Board since October 20, 2009

born 1968

Delegate of the European Staff Council of
MM Karton

Gerhard NOVOTNY

Member of the Board since May 10, 1995

born 1963

Divisional representative of MM Packaging

The current mandate of all members of the Supervisory Board elected by the shareholders will expire upon the 21st Ordinary Shareholders' Meeting in 2015 on the financial year 2014.

All mandates of the Supervisory Board members delegated by the employee representation bodies are for an indefinite period of time.

Members in the committees of the Supervisory Board

Committee for Management Board Issues

Michael GRÖLLER, Chairman
Romuald BERTL
Johannes GOESS-SAURAU

Audit Committee

Romuald BERTL, Chairman
Johannes GOESS-SAURAU
Michael GRÖLLER
Gerhard NOVOTNY

Members of the Supervisory Board with additional supervisory board mandates within publicly listed companies

Michael GRÖLLER
Deputy Chairman of the Supervisory Board, RHI AG, Vienna, Austria

Michael SCHWARZKOPF
Member of the Supervisory Board, voestalpine AG, Linz, Austria
Member of the Supervisory Board, Molibdenos y Metales S.A., Santiago, Chile

Independence of the members of the Supervisory Board

The members of the Supervisory Board orientated themselves towards the guidelines of the Austrian Corporate Governance Code for determining the criteria of their independence. The criteria are published on the Company's website at <http://www.mayr-melnhof.com/en/about-mm/governance/independence-supervisory-board.html>.

In accordance with these criteria all members of the Supervisory Board declared their independence. Consequently this also holds for any committees of the Supervisory Board.

Contracts between members of the Supervisory Board and the Company subject to approval

There are no such contracts.

Share owners or representation of interests of a share > 10 % in Mayr-Melnhof Karton AG

In the Supervisory Board there is one member holding a share in Mayr-Melnhof Karton AG that exceeds 10 % or representing a legal entity with a shareholding beyond 10 %.

Nikolaus ANKERSHOFEN

INFORMATION ON THE PROCEDURES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Allocation of rights and duties within the Management Board

| | |
|---------------------|-------------------------------|
| Wilhelm HÖRMANSEDER | CEO |
| Oliver SCHUMY | CFO |
| Andreas BLASCHKE | Sales, Marketing MM Packaging |
| Franz RAPPOLD | Sales, Marketing MM Karton |

The Management Board of Mayr-Melnhof Karton AG holds regular meetings on material Group-relevant and division-relevant topics. The bylaws of the Management Board include a catalogue of business cases which require the prior consent of the Supervisory Board.

Type and decision-making power of the committees of the Supervisory Board

Committee for Management Board Issues

This committee decides on issues concerning the Management Board in accordance with statutory provisions and also fulfills the appointment and compensation committees' functions. The quality of the committee's work is guaranteed by its long time experience and know-how in compensation policy.

Audit Committee

The decision-making power derives from statutory provisions. The quality of the committee's work is guaranteed by its long time experience and know-how in finance and accounting as well as reporting.

It is guaranteed that the Supervisory Board and the Committees can take decisions quickly in urgent cases.

Focuses of the Supervisory Board

The Supervisory Board held six meetings in the business year 2011, with the participation of the Management Board, and fulfilled its tasks and obligations in accordance with the law and the Articles of Association. Each member attended the meetings at least four times. In addition to the current business development, the key aspects were above all the implementation of the strategy within the individual segments, acquisition projects, planned investments and financing activities and the medium term planning: The efficiency of the activities of the Supervisory Board was ensured by its organization and regular exchange of information.

Focuses of the committees of the Supervisory Board

The Committee for Management Board Issues met twice in 2011. Matters concerning the Management Board were addressed and Supervisory Board meetings were prepared. The implementation of the regulations applicable to the compensation of the members of the Management Board as well as the review of the underlying compensation policy has been taken care of.

In 2011, the Audit Committee held two meetings and fulfilled its statutory duties. The central points were related to the financial statements of the Group and the individual financial statements 2010 as well as the preparation of the respective financial statements 2011.

Advancement of women as members of the Management Board or Supervisory Board and in leading positions

All positions in the Management Board, the Supervisory Board as well as all leading positions are exclusively staffed in accordance with professional and personal qualifications. Diversity is supported on a broad basis.

COMPENSATION OF THE MANAGEMENT BOARD

The compensation of the members of the Management Board is orientated towards the responsibility, personal performance and the tasks covered by each member of the Management Board as well as the achievement of the Company's objectives and the economic situation of the Company. The compensation contains fixed and variable components. The variable compensation depends above all on sustainable, long-term and multi-year performance criteria without giving cause for taking unreasonable risks. Non-financial criteria are not being taken into account at this time.

The variable component of the compensation of the members of the Management Board, which is proportionally high in comparison to the fixed compensation, is subject to an upper limit and depends on the annual result, cash earnings and the return on capital employed. The variable compensation of the members of the Management Board is paid on the basis of the data audited by the auditor in the year following the year of their economic reference base.

In the business year 2011, the total amount of compensation of the members of the Management Board was thous. EUR 3,793. Thereof, thous. EUR 1,545 were allocable to fixed compensation and thous. EUR 2,248 to variable compensation.

Regarding the company pension scheme there is an entitlement to receive a portion of the fixed pension amount upon retirement depending on the qualifying period.

In case the function is terminated, statutory rights on the basis of the employment contract shall apply. Severance payments in case of early termination shall not exceed the compensation of the member of the Management Board for the remaining term of the member's contract and take into account the circumstances of such termination of the respective member of the Management Board.

The Company took out a D&O (Directors-and-Officers) insurance.

COMPENSATION OF THE SUPERVISORY BOARD

The compensation of the Supervisory Board for the current business year will be determined by the Shareholders' Meeting in the following year and is paid subsequently (Supervisory Board's compensation in 2010 amounted to thous. EUR 219). The allocation of the total compensation among the members shall be the Supervisory Board's responsibility. The members of the Supervisory Board were not granted any additional compensation.

Information on Corporate Governance is regularly provided on the Group's website at <http://www.mayr-melnhof.com/en/about-mm/governance.html>.

AUDIT

Upon the Supervisory Board's recommendation, Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft was appointed Group and Company auditor of Mayr-Melnhof Karton AG by the 17th General Meeting of April 27, 2011 and will also audit the individual financial statements of the Austrian subsidiaries. In the business year 2011, of the expenses for the services rendered by Grant Thornton Unitreu, thous. EUR 330 were attributable to auditing and other certification services and thous. EUR 3 to other services.

COMPLIANCE

In order to prevent insider transactions, all persons concerned are subject to a mandatory internal compliance policy, incorporating the provisions of the Issuer Compliance Regulations of the Financial Market Supervisory Authority.

Any director's dealings are regularly published on the Company's website at <http://www.mayr-melnhof.com/unternehmen/governance/directors-dealings.html> immediately upon information of the Company.

CODE OF CONDUCT

The Code of Conduct of the Mayr-Melnhof Group, containing the principles of legally and ethically impeccable conduct of all employees of the Group was implemented in the entire Group in 2011. The Code is based on international standards and the principles of the UN Global Compact and is available at <http://www.mayr-melnhof.com/en/corporate-responsibility/code-of-conduct.html>.

Statement of the Management Board

according to section 82 (4) of the Austrian Stock Exchange Act

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Vienna, February 29, 2012

The Management Board

Wilhelm Hörmanseder m.p.
Chairman of the Management Board

Andreas Blaschke m.p.
Member of the
Management Board

Franz Rappold m.p.
Member of the
Management Board

Oliver Schumy m.p.
Member of the
Management Board