

Rottneros

Interim Report January–June 2010

	Quarter			Interim period	
	II 2010	I 2010	II 2009	Jan-Jun 2010	Jan-Jun 2009
Net turnover, SEK m	462	407	367	869	800
Income after net financial items, SEK m	50	11	3	61	-112
Earnings per share after net financial items, SEK ¹	0.32	0.07	0.15	0.40	-6.21
Profit/loss after tax, SEK m	50	11	3	61	-112
Earnings per share after tax, SEK ¹	0.32	0.07	0.15	0.40	-6.22
Cash flow per share, SEK ¹	0.28	0.26	0.58	0.55	1.51
	30-06-2010	31-03-2010	30-06-2009	31-12-2009	
Shareholders' equity per share, SEK ¹	7.59	7.26	35.48	7.14	
Equity/assets ratio, %	78	76	43	78	

¹ There was a reverse share split in April 2010, where ten existing shares were combined into one share. The comparison periods have been adjusted for this reverse split.

- Profit after net financial items amounted to SEK 61 (-112) million for the first half of 2010. Operating profit amounted to SEK 55 (-102) million for the first six months of the year. Profit after net financial items amounted to SEK 50 (3) million for the second quarter of 2010.
- Cash flow from operating activities amounted to SEK 134 (34) million during the first half of 2010.
- An interest-bearing net receivable of SEK 101 million was reported as at 30 June 2010, compared with SEK 10 million at the start of the year.
- The pulp market has been strong and demand has improved during the period. Pulp prices have gradually been increased throughout the first six months of the year.



Rottneros Mill produces groundwood pulp for the Group on the groundwood pulp line.

CEO's statement

Profit was SEK 50 million in the second quarter, representing a clear improvement on the first quarter (SEK 11 million). Return on capital employed for the quarter amounted to 17% and operating cash flow amounted to SEK 44 million. These are welcome figures after the major redeployment work we were obliged to implement in recent years. As previously reported, we were compelled to stop work at our sulphate factory in Vallvik late May/early June on account of the old part of the evaporation plant – which is being replaced in the autumn – getting clogged up. The cost of this amounted to almost SEK 15 million, primarily owing to production losses.

The strong improvement to our result is of course mainly attributable to the favourable pulp market. However, as is often the case, when the price of pulp increases the price of wood also drifts upwards, restricting the increase in profit. It has been possible to implement successive pulp price increases over the year and we are now at a historically high level. Demand has been strong up until now, both in North America and Europe, with increases of almost 15% compared to the weak start last year. On the other hand, the relatively firm trend in 2009 for supplies to China saw a strong reversal (down approximately 20%). Certain Chinese macro indicators are pointing downwards and importers' trade prices for pulp in China have fallen over the past few weeks.

We have low sales volumes in China and have not felt any adverse effects of this slowdown. We note that stock levels are low; that customers want to buy more than we can manufacture and all of our price increases during the year, including those for June, have been accepted. We remain optimistic, despite certain warning signals. Both the American and European paper mills have good order books. If the improvement of the business cycle continues, also the weakest part of the paper market, namely printing paper, continues to recover underpinned by the advertising market, in spite of the continual growth of the Internet.

We are in the midst of intensive improvement work at Vallvik Mill and decided investments in the evaporation plant and the recovery boiler will be carried out in conjunction with the October shutdown, which has been extended this year to almost three weeks to allow these investments. This will provide an initial increase in capacity of 10% and facilitates further increases.

Our South Africa Project, which involves a new factory being built together with local partners using some of the equipment from our former mill at Utansjö, has been affected by further delays owing to increased guarantee demands on the part of our cooperating partners. The demands now presented go beyond what we consider to be reasonable, for which reason it now appears less certain that the project will in fact be implemented. We have consequently intensified our work on alternatives to this project, calling for some other use for our equipment and skills to be found.

We also continued during the spring to study our capacity to increase production of bio products. We currently manufacture both tall oil and green electricity at Vallvik Mill in addition to various 'renewable' pulp products. The new areas that interest us most and which we believe might be suitable for our mill are the manufacture of, within the range of energy fuels, another more refined form of pellets or alternatively methanol and possibly the production of considerably more green electricity with the aid of new technological developments. This may entail substantial investment and our main approach will be to find suitable cooperating partners.

We see an exciting future ahead of us ...

Ole Terland
President and CEO

THE PULP MARKET

Market and products

Demand for all grades of pulp continued to be strong during the second quarter of 2010. The market has been characterised by a good balance, which has made it possible to increase pulp prices.

The price of pulp in USD increased throughout the first half of 2010. Statistics for bleached chemical market pulp for the total global market showed that deliveries during the period January to May 2010 amounted to 16.1 (15.8) million tonnes, 2.1% higher than the same period in 2009. Ninety-two per cent (89% for the same period in 2009) of the global supply capacity for bleached chemical pulp was used for the period January to May. An estimated 92% (84%) of production capacity was utilised for the same period.

Global producer stocks of bleached chemical pulp amounted to 2.8 million tonnes at the end of May. This had consequently not changed compared with the start of the year. However, stock was 0.8 million tonnes lower compared with the same period of the previous year.

Long-fibre chemical pulp (NBSK) (produced at Vallvik)

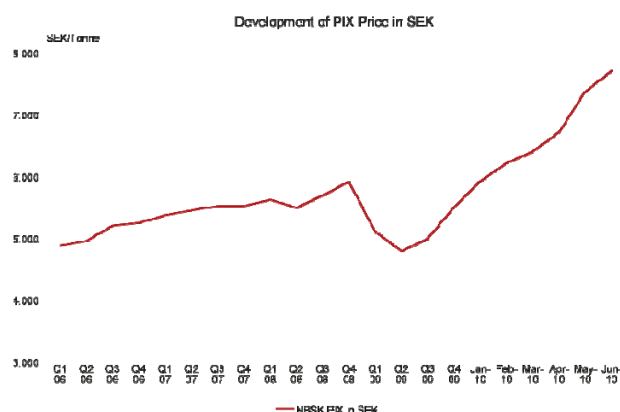
The price was USD 799 per tonne at the beginning of the year and USD 976 at the end of June. The market for long-fibre chemical pulp is strong. Producer pulp stock levels continue to be low.

Delivery capacity utilisation for the period January to May 2010 was 94% (89% for the same period in 2009) and production capacity utilisation was around 94% (84%).

Mechanical pulp and CTMP (produced at Rottneros)

The price of short-fibre CTMP was around USD 600 per tonne in the Western European market at the start of the year. At the start of the year the price and demand for CTMP did not develop as well as for chemical pulp. There has been a recovery since the end of the first quarter and the price was approximately USD 850 by the end of June.

Delivery capacity utilisation for the period January to May 2010 was 98% (80%) and production capacity utilisation was 99% (69%).



PRODUCTION AND DELIVERIES

The Group's pulp mills in Rottneros and Vallvik have a combined production capacity of almost 400,000 tonnes per year. Production during the period January to June 2010 reduced compared with the same period of the previous year, amounting to 165,400 (178,300) tonnes. The first half of 2009 included 11,100 tonnes relating to production at Rockhammar Mill, which has now been disposed of. The high price of electricity at Rottneros Mill during the first quarter of 2010 resulted in production disruptions and shutdowns corresponding to around 6,000 tonnes. During the second quarter of 2010, Vallvik Mill had a loss of production corresponding to approximately 6,000 tonnes as a consequence of unplanned stoppages owing to problems with the evaporation plant.

Deliveries during the first half of 2010 amounted to 174,100 (205,100) tonnes. Deliveries of in total 29,200 tonnes from the mill at Miranda and Rockhammar are included in the deliveries for the first half of 2009. These two mills have now been closed and sold respectively. The stock of finished products reduced by 8,755 tonnes during the first half of 2010.

PRODUCTION (TONNES)

	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009
Sulphate pulp	44,500	52,400	90,600	99,500
Groundwood pulp	19,800	19,500	39,200	38,800
CTMP	19,700	16,900	35,600	40,000
TOTAL	84,000	88,800	165,400	178,300

DELIVERIES (TONNES)

	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009
Sulphate pulp	46,300	61,200	97,700	121,600
Groundwood pulp	19,900	18,800	39,200	41,600
CTMP	20,600	19,400	37,200	41,900
TOTAL	86,800	99,400	174,100	205,100

Maintenance shutdowns and seasonal variations

Shutdowns for annual maintenance work will take place at Rottneros Mill during the third quarter and at

Vallvik Mill during the fourth quarter. All costs relating to maintenance shutdowns are recognised in the period during which the shutdown takes place. Otherwise, Rottneros is not affected by seasonal variations to any appreciable extent.

INVOICED SALES AND RESULTS

January to June 2010 compared with January to June 2009

Group net turnover amounted to SEK 869 (800) million during the period January to June 2010. The main factors explaining this increase in turnover are:

- higher pulp prices in USD – SEK 292 million,
- a weaker USD – SEK -91 million,
- lower delivery levels – SEK -121 million, and
- other changes – SEK -11 million.

The lower delivery levels are mainly attributable to the sale of Rockhammar Mill and the closure of Rottneros Miranda.

The average price in USD of long-fibre sulphate pulp (NBSK) increased by 51% – from USD 593 to USD 894 – while the average price of NBSK pulp converted into SEK increased from SEK 4,840 to SEK 6,615 per tonne, an increase of 37%. The price of pulp in USD increased throughout the first half of 2010.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.56 per kWh for the first half of 2010, compared to SEK 0.39 per kWh for the same period of the previous year. The average price of electricity amounted to SEK 0.73 per kWh for the first quarter of 2010. Sharp increases in energy costs resulting in forced production stoppages at Rottneros Mill had a negative effect on the half-yearly result of approximately SEK 30 million.

Production at Vallvik Mill shut down for approximately ten days in total during the second quarter of 2010 owing to problems with the evaporation plant. This shutdown was not planned. The negative impact of these shutdowns on the half-yearly result amounted to approximately SEK 15 million.

The supply of wood functioned efficiently during the period. The cost of pulpwood increased during the first half of 2010.

- Group operating profit for the period January to June 2010 amounted to SEK 55 (-102) million.

Hedging activities realised during the first half of 2010 amounted to SEK 3 (7) million.

- Group profit after net financial items amounted to SEK 61 (-112) million, including net financial items of SEK 6 (-10) million. Net financial items include financial exchange gains of SEK 8 (10) million. These amounts were largely countered by operating exchange losses on accounts receivable.
- Profit after tax amounted to SEK 61 (-112) million.
- Earnings per share after tax were SEK 0.40 (-6.22).
- Cash flow per share was SEK 0.55 (1.51).

April to June 2010 compared with April to June 2009

Group net turnover amounted to SEK 462 (367) million for the period April to June 2010. The main factors explaining this increase in turnover are:

- higher pulp prices in USD – SEK 172 million,
- a weaker USD – SEK -21 million,
- lower delivery levels – SEK -47 million, and
- other changes – SEK -9 million.

The lower delivery levels are primarily attributable to Vallvik Mill, largely owing to unusually high delivery levels during the second quarter of 2009.

The average price in USD of long-fibre sulphate pulp (NBSK) increased from USD 591 to USD 943, while the average price of NBSK pulp converted into SEK increased from SEK 4,685 to SEK 7,156 per tonne, an increase of 53%.

- Group operating profit amounted to SEK 48 (8) million for the second quarter of 2010. Hedging activities realised during the quarter amounted to SEK 0 (4) million.
- Group profit after net financial items amounted to SEK 50 (3) million, including net financial items of SEK 2 (-5) million. The profit for the second quarter of 2009 included a capital gain from the sale of the operation at Rockhammar Mill (SEK 50 million) and the net effect for the Group of the deconsolidation of Rottneros Miranda (SEK 9 million). Net financial items for the second quarter of 2010 include financial exchange gains of SEK 2 (2) million. These amounts were largely countered by operating exchange losses on accounts receivable.

- Profit after tax amounted to SEK 50 (3) million.
- Earnings per share after tax was SEK 0.32 (0.15).
- Cash flow per share amounted to SEK 0.28 (0.58).

April to June 2010 compared with January to March 2010

Group net turnover increased to SEK 462 million during the second quarter of 2010 compared to SEK 407 million in the first quarter. The main factors explaining this increase in turnover are:

- higher pulp prices in USD – SEK 48 million,
- a stronger USD – SEK 24 million,
- lower delivery levels – SEK -2 million, and
- other changes – SEK -15 million.

The average price of long fibre sulphate pulp (NBSK) expressed in USD increased from USD 844 to USD 943 and the average price for NBSK pulp converted into SEK increased from SEK 6,073 to SEK 7,156 per tonne, an increase of 18%.

- Group operating profit amounted to SEK 48 million in the second quarter of 2010, which can be compared to the first quarter of 2010 when operating profit amounted to SEK 7 million. Hedging activities realised during the quarter amounted to SEK 0 (3) million.
- Group profit after net financial items amounted to SEK 50 million during the second quarter of 2010, compared to SEK 11 million in the first quarter of 2010.

INVESTMENTS AND FINANCIAL POSITION

- Group investments in fixed assets amounted to SEK 50 (7) million for the first half of 2010.
- Group liquid funds amounted to SEK 163 million at the end of the second quarter, compared to SEK 111 million at the end of 2009.
- On 30 June 2010, the Group had interest-bearing liabilities amounting to SEK 62 million (SEK 101 million on 31 December 2009) and an interest-bearing net receivable of SEK 101 million, compared with an interest-bearing net receivable of SEK 10 million on December 2009.
- Approved but unutilised lines of credit totalled SEK 124 million on 30 June 2010.
- The equity/assets ratio was 78% on 30 June 2010, the same as on 31 December 2009.

- Equity per share amounted to SEK 7.59 (SEK 7.14 on 31 December 2009).

CASH FLOW

- Cash flow from operating activities before investments amounted to SEK 134 (34) million for the first half of 2010 and included cash flow of SEK 4 (6) million from financial hedging.
- Cash flow after investing activities amounted to SEK 84 (145) million. Cash flow for the first half of 2009 includes an amount of SEK 118 million for the sale of fixed assets, primarily at Rockhammar Mill.

AVERAGE NUMBER OF EMPLOYEES

The average number of employees was 316 (498) during the period January to June 2010.

TAX

Tax expenses are not reported for the first half of 2010 despite a positive result during this period. This is due to a carry forward of unutilised tax losses for which no deferred tax assets have been recorded. On 30 June 2010, there was a carry forward of unutilised tax losses of approximately SEK 369 million (for which deferred tax assets have been recorded) and approximately SEK 30 million (for which deferred tax assets have not been recorded).

PARENT COMPANY

Profit after net financial items amounted to SEK 7 (-66) million for the first half of 2010. All pulp invoicing within the Group has been centralised at the parent company, which serves as a distributor for all of the mills and receives sales commission for this at normal rates. The notes relating to Group sales therefore also apply to the parent company's sales. The result includes hedging activities realised for the entire Group, which affected the result by SEK 3 (7) million.

The parent company's profit after net financial items amounted to SEK 12 million for the second quarter of 2010, compared to a loss of SEK 61 million for the same period of the previous year, and a loss of SEK 5 million for the first quarter of 2010. An amount of SEK 17 million included in the second quarter of 2010 relates to dividends from subsidiaries.

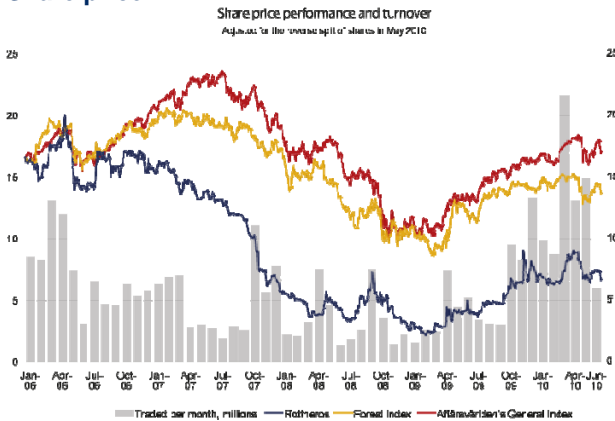
The parent company's balance sheet and income statement are provided on page 14.

SHARE INFORMATION

NUMBER OF SHARES

	30 June 2010
Registered number of shares	153,393,890
- of which treasury shares	821,965

Share price



LARGEST SHAREHOLDERS AT 30 JUNE 2010

Shareholder	Number of shares (=votes)	Percentage of capital
Nemus Holding AB	30,857,435	20.1
Danske Bank A/S	6,471,015	4.2
DNB NOR Bank ASA Sverige	6,471,015	4.2
HSH Nordbank AG	5,616,997	3.7
Skagen Verktst Verdipapirfond	5,103,437	3.3
Case Asset Management AB	5,025,091	3.3
Robur Försäkring	4,692,351	3.1
Tanglin Asset Management AB	3,590,715	2.3
Nordea Bank AB	3,511,328	2.3
Prior & Nilsson Fond- och kapitalförvaltning AB	2,655,081	1.7
Total holdings of 10 largest shareholders	73,994,465	48.2
Rottneros AB (treasury stock from buy-back)	821,965	0.5
Other shareholders	78,577,460	51.2
TOTAL	153,393,890	100.0

Reverse share split

The Annual General Meeting in 2010 resolved to carry out a reverse share split, where ten existing shares were to be combined as one share. A directed new issue of 31 shares, as resolved at the Annual General Meeting, was implemented in April with a view to achieving a number of shares that was evenly divisible by ten. The record day for the reverse split was 7 May 2010 and the number of shares in Rottneros subsequently amounted to 153,393,890.

Evening out the holdings of minor shareholders

Minor shareholders, who owned less than 1,000 shares prior to the reverse split, were offered the opportunity to even out their holdings through commission-free trade. The total number of shareholders to which this offer applied was 5,300 shareholders, and 416 shareholders had sold on average 32 shares and 515 shareholders had purchased on average 30 shares when the offer

expired on 28 May 2010. This yielded a net purchase of 5,313 shares at a price of 7.20.

Incentive programme

The AGM of Rottneros held on 22 April 2010 resolved to issue no more than 30 million subscription warrants to be used for an incentive programme for eight senior executives. In total, 12 million of these subscription warrants were transferred to those entitled to subscribe. The price per warrant amounted to SEK 0.10, and ten subscription warrants are required to subscribe for one new ordinary share. The issue price amounted to SEK 9.75 per share and shares can be subscribed for during the period 17 May 2011 to 16 May 2013. In the event that these rights are exercised in full, the dilution effect would amount to 0.8 per cent. Rottneros will cancel subscription warrants that are not transferred.

Sale of treasury shares

The AGM held in 2010 authorised the Board to take decisions regarding the transfer of shares in the company for the period up until the next AGM. No such transfer has taken place during the first six months of the year. Rottneros' holding of treasury shares amounted to 821,965 after the reverse split in May.

Transactions with closely related parties

No transactions have taken place between Rottneros and closely related parties that materially affect the company's financial position and performance.

RISK MANAGEMENT

The company's operational work involves a number of measures and strategies – for example, focusing on niches and various specific customer segments – aimed at reducing the Group's dependency on market pulp list prices and to moderate fluctuations in profitability over a business cycle. The factors that have the greatest impact on the Group's results are associated with exchange rates and the price of pulp, wood and electricity.

Group	2010				2009		Full year
	II	I	IV	III	II	I	
Profit/loss after financial items	50	11	0	43	3	-115	-69
Whereof:							
Currency hedges	0	3	-1	-1	-1	-2	-5
Pulp price hedges	-	-	-	-4	4	3	3
Electricity hedges	-	-	2	1	1	2	6
Total hedges	0	3	1	-4	-22	3	4
Green electricity	6	8	10	9	10	7	36

Currency exposure, USD and EUR

It is possible to hedge the real flow in USD, which is estimated at just over 40% of total inflow. Although Rottneros issues invoices in different currencies, the underlying currency for pulp prices is mainly USD. Around 20% of turnover is contracted in EUR. Some of these sales have been hedged for 2010 and 2011. This means that the underlying exposure to USD is very high, while the direct inflow of USD (the real flow) corresponds to just over 40%. However, the impact of exchange rate fluctuations on indirect exposure is delayed, as the normal duration of a contract is between one and three months. Lower or higher pulp prices in local currencies owing to changes in the USD rate do not have an immediate impact on earnings.

The average USD exchange rate was 9% lower during the first half of 2010 compared with the same period of the previous year, amounting to an average of 7.39 for the period compared to 8.16 in the previous year. The impact on turnover of a lower average exchange rate for USD in relation to SEK during the first half of 2010 amounted to SEK -91 million compared to the same period in 2009.

At the end of June 2010, currencies were hedged in the form of forward contracts concluded for EUR 28 million at an average rate of SEK 10.11/EUR, and USD 19 million at an average rate of SEK 7.81/USD for deliveries made in 2010 and 2011.

Pulp price

The price of pulp (NBSK) is set in USD, while production costs are largely incurred in local currencies. Pulp prices had not been hedged at the end of June.

Electricity

Electricity prices have not been hedged for 2010. The average price level for electricity on the Nord Pool exchange was SEK 0.56 per kWh during the period January to June 2010.

For further information on risk, see pages 29 to 32 of the 2009 Annual Report.

MARKET VALUE (SEK million) JUNE 2010				
Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 30 June 2010
Currency USD, forward	USD 19 m	7.81 SEK/USD	1	7.79 SEK/USD
Currency EUR, forward	EUR 28 m	10.11 SEK/EUR	16	9.54 SEK/EUR
Total market value			17	

MARKET VALUE (SEK million) JUNE 2009				
Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 30 June 2009
Currency EUR, forward	USD 6 m	10.26 SEK/EUR	-3	10.95 SEK/EUR
Pulp price	12,000 tonnes	628 USD (PIX)	-2 USD	621/7.81 SEK/USD
Electricity	22,085 MWh	SEK 0.251/kWh	4	SEK 0.448/kWh
Total market value			-1	

The table above shows the market value of all hedging contracts. The valuation refers to the liquidation value; i.e. a valuation is made in accordance with the forward contracts on 30 June 2010. The reference value refers to the spot rate on 30 June and is provided as supplementary information. Hedging expires in 2010 and 2011. As a result of the application of IFRS/IAS, these market values are reflected in the balance sheet and, in some cases, in the income statement, but are also shown here as supplementary information.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, which complies with Swedish law through the application of the Swedish Financial Reporting Board's Recommendation RFR 1.3, Supplementary Accounting Rules for Groups, as well as RFR 2.3, Accounting for Legal Entities, which are applied in respect of the parent company.

The accounting principles, definitions of key ratios and calculation methods are the same as those used in the last annual report, except for with respect to a number of amendments to existing standards and new interpretations that took effect on 1 January 2010. Revised IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements result in changes regarding consolidated financial statements and accounting for acquisitions. Rottneros have applied the revised standards with effect from 1 January 2010, but the changed accounting principles have not yet had any effect on recognised amounts.

FORECAST

The company is not providing an earnings forecast for 2010.

FORTHCOMING FINANCIAL INFORMATION

22 October 2010 Interim Report Jan - Sep 2010
26 January 2011 Year-end Report for 2010

The Board of Rottneros resolved to bring forward the company's Year-end Release for 2010 in relation to

the date previously notified. The above-mentioned date is the new date applicable for the publication of the Year-end Release.

For more information, please visit Rottneros' updated website, www.rottneros.com.

The Board of Directors and Chief Executive Officer declare that the half-year interim report gives a true and fair overview of the operations, financial position and results of the Parent Company and Group, and describes material risks and uncertainties faced by the Parent Company and companies that form part of the Group.

Stockholm, 23 July 2010

Kjell Ormegard
Chairman of the Board

Bengt-Åke Andersson
Board Member

Roger Asserståhl
Board Member

Mikael Lilja
Board Member

Bengt Unander-Scharin
Board Member

Ingrid Westin Wallinder
Board Member

Ole Terland
Chief Executive Officer

This report has not been reviewed by the company's auditors.

Ole Terland (President and CEO) and Tomas Hedström (CFO) will be available on 23 July on tel. +46 8 590 010 70 between 08.00 and 08.45 CET.

Analyst and press conference

Analysts and journalists are invited to an analyst and press conference on 23 July at 10.00.

Location: Rottneros Head Office, World Trade Center, Kungsbron 1, C6, Sweden

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Rottneros discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 23 July 2010 at 07.30 CET. This report has been prepared in both a Swedish and an English version. In the event of variations between the two, the Swedish version shall take precedence.

DEFINITIONS OF KEY RATIOS

Equity/assets ratio:

Shareholders' equity as a percentage of the balance sheet total

Debt/equity ratio:

Interest-bearing liabilities divided by shareholders' equity

Operating margin:

Operating profit after depreciation as a percentage of the net turnover for the period

Profit margin:

Profit after net financial items as a percentage of the net turnover for the period

Net profit/loss:

Net profit/loss is the profit/loss after tax.

Earnings per share:

Net profit/loss divided by the average number of shares

Return on capital employed:

Profit after net financial items plus interest expense for the past twelve-month period divided by the average capital employed for the period in question

Capital employed:

Balance sheet total less non-interest-bearing operating liabilities including deferred tax liabilities

Return on equity:

Net profit for the past twelve-month period as a percentage of average shareholders' equity for the period in question

Interest coverage ratio:

Profit after net financial items plus interest expense divided by interest expense

P/E ratio:

Share price at the end of the period in relation to earnings per share after tax

Direct yield:

Dividend as a percentage of the share price at the end of the period

Operating cash flow/share:

Cash flow from operations and normal investments divided by the number of shares

CONSOLIDATED PROFIT/LOSS ACCOUNTS (SEK MILLION)

	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Full year 2009
Net turnover	462	367	869	800	1,508
Change in inventories, finished goods	-22	-55	-32	-137	-179
Other income	12	84	50	102	138
TOTAL INCOME	452	396	887	765	1,467
Raw materials and consumables	-240	-223	-492	-480	-881
Other costs	-94	-86	-185	-197	-413
Personnel costs	-57	-56	-109	-137	-235
Depreciation/amortisation and write-downs	-13	-23	-46	-53	-104
TOTAL OPERATING COSTS	-404	-388	-832	-867	-1,633
OPERATING INCOME	48	8	55	-102	-166
Financial income	3	0	9	0	124
Financial expenses	-1	-5	-3	-10	-27
Net financial items	2	-5	6	-10	97
INCOME AFTER NET FINANCIAL ITEMS	50	3	61	-112	-69
Tax on income for the year	0	0	0	0	0
NET PROFIT/LOSS AFTER TAX	50	3	61	-112	-69
Earnings after tax/share (SEK) ²	0.32	0.15	0.40	-6.22	-2.59

¹ Profit after tax per share, after dilution, is the same as the profit after tax per share. The comparative figures have been adjusted for the reverse split of shares implemented during April 2010.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK MILLION)

	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Full year 2009
NET PROFIT/LOSS AFTER TAX	50	3	61	-112	-69
Other comprehensive income					
Cash-flow hedging, income before tax	1	-8	11	-3	2
Cash-flow hedging, tax effect	-	1	-3	-	-1
Exchange rate differences	-	-2	-	-2	-1
Reclassification adjustment Miranda ¹	-	-54	-	-54	-54
TOTAL OTHER COMPREHENSIVE INCOME	1	-63	8	-59	-54
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	51	-60	69	-171	-123

KEY INDICATORS THAT AFFECT TURNOVER

Pulp price NBSK, USD ¹	943	591	894	593	657
USD/SEK ²	7.58	7.92	7.39	8.16	7.65
Pulp price NBSK, SEK	7,156	4,685	6,615	4,840	4,989
Rottneros' deliveries, tonnes	86,800	99,400	174,100	205,100	376,700

¹ Source: PIX/Market Pulse.

² Source: Swedish central bank yearly average.

³ Cumulative amount of exchange rate differences reclassified from equity to profit or loss according to IAS 21.

CONSOLIDATED BALANCE SHEET (SEK MILLION)

	Jun 2010	Jun 2009	Dec 2009
Intangible fixed assets	2	10	8
Tangible fixed assets	687	724	677
Financial fixed assets	164	169	164
Total fixed assets	853	903	849
Inventories	206	282	215
Current receivables	265	274	230
Liquid funds	163	22	111
Total current assets	634	578	556
TOTAL ASSETS	1,487	1,481	1,405
Shareholders' equity	1,158	639	1,089
Longterm liabilities			
Interest-bearing	13	558	57
Non interest-bearing	1	-	1
Total longterm liabilities	14	558	58
Current liabilities			
Interest-bearing	49	40	44
Non interest-bearing	266	244	214
Total current liabilities	315	284	258
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,487	1,481	1,405

CASH-FLOW ANALYSIS (SEK MILLION)

	Jan-Jun 2010	Jan-Jun 2009	Full year 2009
Operating income	55	-102	-166
Adjustment for non cash-flow items			
Depreciation/amortisation and write-downs	46	55	104
Profit/loss from disposal of fixed assets	-10	-55	-59
Profit from disposal of CO ₂ allowances	-	-	-3
Other non cash-flow items	4	36	37
	95	-66	-87
Paid financial items	-2	-18	-28
Received/paid taxes	0	0	5
Cash-flow from current operations before change in working capital	93	-84	-110
Change in working capital	41	118	194
Cash-flow from current operations	134	34	84
Acquisition of fixed assets	-50	-7	-10
Sale of fixed assets	10	118	120
Change in long-term receivables	-10	-	5
Cash-flow from investing activities	-50	111	115
Proceeds from the issue of shares	1	-	182
New loans	-	1	92
Repayment of loans	-33	-170	-407
Cash-flow from financing activities	-32	-169	-133
Cash-flow for the year	52	-24	66
Liquid funds at beginning of year	111	45	45
Cash-flow for the year	52	-24	66
Translation difference in liquid funds	0	1	0
Liquid funds at end of year	163	22	111

SHARE DATA¹

		Jun 2010	Jun 2009	2009	2008	2007	2006	2005
Shares, opening ²	No.	1,525,719	180,212	180,212	180,212	180,212	180,212	180,212
Shares issued ²	No.	-	-	1,345,507	-	-	-	-
No. of company's own shares bought back ²	No.	-1,373,147	-	-	-	-	-	-
Repurchased treasury shares ²	No.	-	-	-	-	-	-	-
Shares closing ²	No.	152,572	180,212	1,525,719	180,212	180,212	180,212	180,212
Average number of shares ²	No.	152,572	18,021	26,884	18,021	18,021	18,021	18,021
Operating profit or loss/share ^{2,5}	SEK	0.36	-5.64	-6.18	-16.95	-19.99	-0.43	-4.95
Earnings after net financial items/share ⁵	SEK	0.40	-6.21	-2.58	-21.33	-21.30	-1.29	-5.70
Earnings after tax/share ⁵	SEK	0.40	-6.22	-2.59	-18.35	-16.69	-0.45	-3.49
Operating cash flow/share ^{3,5}	SEK	0.55	1.51	2.74	-13.34	-5.59	1.93	-22.80
Equity/share ⁵	SEK	7.59	35.48	7.14	44.96	58.29	77.83	84.53
Dividend ⁵	SEK	-	-	-	-	-	1.00	1.00
Dividend/equity/share	%	-	-	-	-	-	1.3	1.2
Share price at end of period ⁵	SEK	6.80	16.70	6.90	10.50	23.10	65.50	68.00
Share price/equity/share	Times	0.9	0.5	1.0	0.2	0.4	0.8	0.8
P/E ratio/share	Times	8.5	Neg	Neg	Neg	Neg	Neg	Neg
Direct yield ⁴	%	-	-	-	-	-	1.5	1.4

¹ No key ratios were influenced by any dilution effect.

² The number of shares is stated in thousands, excluding treasury shares held by Rottneros.

³ Cash-flow after normal investments but excluding strategic investments.

⁴ Direct yield is calculated in relation to the closing listed price.

⁵ There was a reverse share split in April 2010, where ten existing shares were combined into one share. The comparison periods have been adjusted for this reverse split.

KEY RATIOS EIGHT QUARTERS

	2010				2009			2008
	II	I	IV	III	II	I	IV	III
Net turnover, SEK m	462	407	363	345	367	433	534	601
Return on equity after full tax, %	9.2	5.2	Neg	Neg	Neg	Neg	Neg	Neg
Return on capital employed, %	9.5	6.1	Neg	Neg	Neg	Neg	Neg	Neg
Equity/assets ratio, %	78	76	78	50	43	38	40	41
Equity/share, SEK ¹	7.59	7.26	7.14	37.97	35.48	38.78	44.96	52.37
Earnings after tax/share, SEK ¹	0.32	0.07	-0.01	2.38	0.15	-6.37	-9.83	-1.37
Operating cash flow/share, SEK ¹	0.28	0.26	-0.08	2.80	0.58	0.93	-5.46	3.63
Operating margin, %	10.32	1.68	1.50	-20.27	2.29	-25.44	-25.10	-2.18

¹ There was a reverse share split in April 2010, where ten existing shares were combined into one share. The comparison periods have been adjusted for this reverse split.

CHANGE IN SHAREHOLDERS' EQUITY (SEK MILLION)

	Jan-Jun 2010	Jan-Jun 2009	Full year 2009
Opening shareholders' equity	1,089	810	810
Total comprehensive income for the period	69	-171	-123
Issue of new shares	0	-	402
Closing shareholders' equity	1,158	639	1,089

QUARTERLY DATA (SEK MILLION)

	2010				2009				2008	
	II	I	IV	III	II	I	IV	III	II	I
Net turnover	462	407	363	345	367	433	534	601	780	748
Operating profit/loss before depreciation	61	40	32	-45	31	-80	4	14	-19	-81
Depreciation/amortisation and write-downs	-13	-33	-26	-25	-23	-30	-139	-27	-29	-29
Operating profit/loss	48	7	6	-70	8	-110	-135	-13	-48	-110
Net financial items	2	4	-6	113	-5	-5	-34	-24	-9	-12
Profit/loss after financial items	50	11	0	43	3	-115	-169	-37	-57	-122
Tax	0	0	0	0	0	0	-9	13	17	33
Profit/loss after tax	50	11	0	43	3	-115	-178	-24	-40	-89
Pulp production, 1,000 tonnes	84.0	81.4	86.7	70.9	88.8	89.5	119.5	136.3	162.6	184.3
Pulp deliveries, 1,000 tonnes	86.8	87.3	81.9	89.7	99.4	105.7	118.4	137.1	186.3	176.1

PARENT COMPANY PROFIT/LOSS ACCOUNTS (SEK MILLION)

	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009	Full year 2009
Net turnover	452	369	857	808	1,516
Other income	12	20	22	35	50
TOTAL INCOME	464	389	879	843	1,566
Raw materials and consumables	-448	-368	-848	-795	-1,487
Other costs	-17	-69	-35	-93	-142
Personnel costs	-7	-9	-15	-17	-32
Depreciation	0	-1	-1	-2	-3
TOTAL OPERATING COSTS	-472	-447	-899	-907	-1,664
OPERATING INCOME	-8	-58	-20	-64	-98
Financial income	22	4	30	17	175
Financial expenses	-2	-7	-3	-19	-44
Net financial items	20	-3	27	-2	131
INCOME AFTER NET FINANCIAL ITEMS	12	-61	7	-66	33
Tax on income for the year	-	-	-	-	-27
NET PROFIT/LOSS AFTER TAX	12	-61	7	-66	6

PARENT COMPANY BALANCE SHEET (SEK MILLION)

	Jun 2010	Jun 2009	Dec 2009
Intangible fixed assets	-	3	1
Tangible fixed assets	1	0	1
Financial fixed assets	391	409	386
Total fixed assets	392	412	388
Current receivables	760	903	820
Liquid funds	7	4	23
Total current assets	767	907	843
TOTAL ASSETS	1,159	1,319	1,231
Shareholders' equity	941	484	934
Longterm liabilities			
Interest-bearing	-	541	42
Total longterm liabilities	-	541	42
Current liabilities			
Interest-bearing	44	35	38
Non interest-bearing	174	259	217
Total current liabilities	218	294	255
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,159	1,319	1,231

SIX YEAR REVIEW

	Jan-Jun 2010	Jan-Jun 2009	2009	2008	2007	2006	2005	
								Remaining operations
								Total
KEY INDICATORS THAT AFFECT TURNOVER								
Pulp price NBSK, USD ¹	894	593	657	852	794	675	611	
USD/SEK ²	7.39	8.16	7.65	6.58	6.76	7.37	7.48	
Pulp price NBSK, SEK	6,615	4,840	4,989	5,617	5,368	4,977	4,565	
Rottneros' deliveries, tonnes	174,100	205,100	376,700	617,900	714,700	699,500	666,700	
Turnover and income, SEK million								
Net turnover	869	800	1,508	2,663	2,927	2,690	2,411	2,429
Profit/loss before depreciation	101	-49	-62	-82	75	148	9	48
Depreciation	-46	-53	-104	-224	-435	-155	-138	-138
Operating profit/loss after depreciation	55	-102	-166	-306	-360	-7	-129	-90
Net financial items	6	-10	97	-79	-24	-16	-12	-13
Profit/loss after net financial items	61	-112	-69	-385	-384	-23	-141	-103
Profit/loss after tax	61	-112	-69	-331	-301	-8	-91	-63
Balance sheet items, SEK million								
Fixed assets	853	903	849	1,149	1,123	1,363	1,435	
Inventories	206	282	215	447	493	397	430	
Current receivables	265	274	230	391	572	570	595	
Liquid funds	163	22	111	45	121	122	125	
Assets from discontinued operations	-	-	-	-	-	-	26	
Shareholders' equity	1,158	639	1,089	810	1,050	1,403	1,523	
Long-term interest-bearing liabilities	13	558	57	692	173	177	180	
Long-term non interest-bearing liabilities	1	0	1	14	49	85	118	
Current interest-bearing liabilities	49	40	44	82	452	304	375	
Current non interest-bearing liabilities	266	244	214	434	585	483	405	
Liabilities from discontinued operations	-	-	-	-	-	-	10	
Balance sheet total	1,487	1,481	1,405	2,032	2,309	2,452	2,611	
Financial ratios								
Operating margin, %	6.3	-12.7	-11.0	-11.5	-12.3	-0.3	-5.3	-3.7
Profit margin, %	7.0	-14.0	-4.6	-14.4	-13.1	-0.9	-5.8	-4.2
Return on capital employed, %	9.5	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Return on equity after full tax, %	9.2	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Equity/assets ratio, %	78	43	78	40	45	57	58	58
Debt/equity ratio, Times	-0.1	0.9	0.1	1.0	0.6	0.3	0.4	0.4
Interest cover, Times	22.7	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Other								
Capital expenditure, SEK m	50	7	10	191	163	113	234	234
Average no. of employees	316	498	387	667	718	754	804	804

¹ Source: PIX/Market Pulse.

² Source: Swedish central bank yearly average.

Rottneros, a company that was originally established in the 1600s, is an independent and flexible supplier of customised paper pulp of high quality. Rottneros has been able to adapt in order to meet high customer expectations by continually developing its products and maintaining high levels of delivery reliability, technical support and service.

Rottneros has an annual production capacity of almost 400,000 tonnes of pulp at two mills in Sweden. Increasingly intensive product development in line with the requirements of customers will result in profitability that is higher and more stable throughout the business cycle.

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