

The Rottneros Group Year-end Report January–December 2009

- Income after net financial items amounted to SEK 0 (-169) million for the fourth quarter of 2009
- Income after net financial items amounted to SEK -69 (-385) million for the full year 2009
- Cash flow from operating activities amounted to SEK 84 (-49) million for the full year 2009. Loans were repaid by SEK 407 million for the full year 2009
- Operations at Rottneros' pulp mill in Miranda, Spain ceased at the turn of the year 2008/2009
- Rockhammar Mill's fixed assets were sold to Korsnäs Rockhammar AB on 1 April
- During the fourth quarter, Rottneros implemented a new issue of shares, which added SEK 202 million to equity following a deduction for guarantee and issue expenses. The company also implemented a new issue aimed at Rottneros' bank syndicate, which involved offsetting loans equivalent to SEK 200 million
- Net loan debt, amounting to SEK 729 million as at 31 December 2008, has been transformed into an interest-bearing net loan receivable of SEK 10 million following amortisation and the new issues of shares implemented
- The pulp market remains strong and demand has increased. At the same time, global pulp stock levels are generally low, which has resulted in a positive price trend; also, further price increases have been announced for January and February 2010
- The company will not be providing a full-year forecast for 2010
- Following the end of the reporting period, Kjell Ormegard was appointed chair of the board up to and including the annual general meeting in April owing to Rune Ingvarsson having requested his immediate resignation from the board of Rottneros for personal reasons

		2009	2008
Net turnover, SEK m	Jan-Dec	1,508	2,663
	Oct-Dec	363	534
Income after net financial items, SEK m	Jan-Dec	-69	-385
	Oct-Dec	0	-169
Earnings per share after net financial items, SEK	Jan-Dec	-0.26	-2.13
	Oct-Dec	0.00	-0.93
Profit/loss after tax, SEK m	Jan-Dec	-69	-331
	Oct-Dec	0	-178
Earnings per share after tax, SEK	Jan-Dec	-0.26	-1.84
	Oct-Dec	0.00	-0.99
Cash flow per share, SEK	Jan-Dec	0.27	-1.33
	Oct-Dec	-0.01	-0.55
		31-12-2009	31-12-2008
Shareholders' equity per share, SEK		0.71	4.49
Equity/assets ratio, %		78	40



Rottneros in brief

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.

SIGNIFICANT EVENTS

New issue of shares implemented

During the fourth quarter, Rottneros implemented a new issue of shares amounting to SEK 225 million, with preferential rights for Rottneros' shareholders. An extraordinary general meeting held on 11 November resolved to entitle holders of each of the existing shares to subscribe for five new shares at SEK 0.25 per share. In addition, it was also resolved that for 100 newly subscribed shares, the holder will receive 27 options to acquire an additional share per option within two years at SEK 0.82 per share.

The subscription period ran from 23 November 2009 up to and including 7 December 2009. The new share issue resulted in 886 million shares, corresponding to 98.3 per cent of the shares offered, being subscribed for through the exercise of subscription rights. In addition to this, interest was notified in subscribing for an additional 461 million shares without subscription rights, which altogether meant that the new issue of shares was oversubscribed by 49.5 per cent.

The extraordinary general meeting held on 11 November also resolved to implement a new share issue aimed at Rottneros' bank syndicate, which involved offsetting loans equivalent to SEK 200 million. The subscription price per share was SEK 0.45. As the requirement for the new share issue to bring in more than SEK 200 million has been realised, Rottneros' lending banks have converted interest-bearing liabilities corresponding to SEK 200 million into 444,444,444 shares in Rottneros.

The new share issues have meant that Rottneros' equity has increased by SEK 402 million following guarantee and issue expenses, and SEK 182 million has been added to the cash balance. Interest-bearing liabilities decreased by SEK 280 million in December as a consequence of the banks' conversion, an additional amortisation

amounting to SEK 60 million and also Nemus Holding offsetting a loan receivable within the framework of the new share issue. The share capital increased by SEK 59,177,834.40 to 153,393,886.90 following the reduction of share capital as resolved by the extraordinary general meeting and due to the new share issue and conversion that were implemented.

The new share issue has increased the number of shares in Rottneros by 901,062,320, and the banks' conversion of interest-bearing liabilities into shares has further increased the number of shares by 444,444,444. This means that the total number of shares has increased by 1,345,506,764 to a total of 1,533,938,869 shares (including shares redeemed by the company).

The extraordinary general meeting resolved to issue a total of 30 million subscription warrants in two series that were offered to the senior management of the Group. They chose not to acquire any subscription warrants, which means that the anticipated dilution effect of two per cent was not realised.

Decisions concerning investments in Vallvik Mill

Rottneros has afforded the improvement projects at Vallvik Mill the highest priority. These projects aim to improve competitiveness by increasing the production of both pulp and green energy. As a first step in Vallvik's improvement projects, the Board of Rottneros has approved an investment of SEK 77 million in an evaporation plant at Vallvik Mill. By increasing evaporation capacity, more of the mill's internal process water can be evaporated, which in its turn enables more of the organic material to be recovered and incinerated, and also increases bioenergy production. It is expected that this installation work will be carried out during the fourth quarter of 2010 in conjunction with the annual maintenance shutdown.

By an environmental judgment of the Environmental Court of Appeal, Vallvik Mill has been ordered to commission a biological treatment plant or corresponding treatment plant to meet the treatment requirements for water emissions from the mill. The Supreme Court denied the request made by Vallvik Mill concerning leave to appeal against this judgment and Vallvik Mill must commission a new treatment plant by 31 December 2011. By investing in the evaporation plant, special equipment can be used to separate the steam from the evaporation process into biogas that is burnt and water vapour that is condensed into pure water. Both of these are recycled while producing pulp, which reduces the need for oil and cuts down on the amount of wastewater. This reduces the impact on the external water environment, and the external water treatment plant that is planned can be of a much smaller scale, resulting in lower costs.

New chair of the board following the end of the reporting period

On 22 January 2010, the Board of Rottneros AB appointed board member Kjell Ormegard to chair the Board of Rottneros up to and including the annual meeting of shareholders in April 2010. The change was made on this date as a result of Rune Ingvarsson, the former Chair, asking to resign from the Board of Rottneros with immediate effect for personal reasons.

UNITS THAT HAVE BEEN DISCONTINUED AND SOLD

Rottneros Miranda

Operations at Rottneros' pulp mill in Miranda, Spain ceased at the turn of the year 2008/2009. The background is that the plant was affected by sharp cost increases in terms of pulpwood, natural gas and chemicals (see also Accounting Principles, side 6).

Rockhammar Mill

Rockhammar Mill's fixed assets were sold to Korsnäs Rockhammar AB on 1 April 2009 as a phase during Rottneros' strategic transformation toward long fibre based pulp manufacture in the northern hemisphere.

THE PULP MARKET

Market and products

Demand for all grades of pulp was low at the beginning of the year and global pulp deliveries dropped sharply at this time, but have since shown a recovery. Overall, global pulp deliveries were at slightly higher levels in 2009 compared with the previous year. The market has been characterised by

a better balance, which has enabled the price of pulp to increase. The main reasons for the improved balance are substantial reductions in pulp production and very strong demand from China.

The price of pulp in USD fell at the start of the year and bottomed out in March, but has since improved. Further price increases were announced at the start of 2010. Statistics for the total global market for bleached chemical market pulp showed that deliveries for eleven months of 2009 amounted to 36.1 (35.6) million tonnes, which was 1.4% more than the corresponding period of 2008. 91% (88% for the corresponding period in 2008) of the global supply capacity for bleached chemical pulp was utilised for the period January to November. It is estimated that 86% (92%) of production capacity was utilised for the same period.

The average price of bleached long-fibre chemical pulp amounted to USD 657 per tonne (USD 852 per tonne) for the period January to December 2009, which represented a reduction of 23%. The price of long-fibre chemical pulp (NBSK) at the end of December was USD 799, which was an increase of 24% from the beginning of the year when the price was USD 642.

The price of short-fibre chemical pulp increased from USD 585 at the beginning of the year to USD 700 by the end of December, which represents an increase of 20%.

Global producer stocks of bleached chemical pulp amounted to 4.6 million tonnes at the beginning of the year and were estimated at 2.7 million tonnes at the end of November.

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

The price was USD 642 per tonne at the beginning of the year and it reached its lowest level of around USD 577 in March, when it started to increase. The price at the end of December was USD 799. The long-fibre chemical pulp market was weak during the first part of the year owing to weak demand for paper and board on the global market. Both permanent and temporary production cuts resulted in producer pulp stocks reducing from very high levels at the beginning of the year to low levels at the end of the year.

Delivery capacity utilisation during the period January to November was 93% (89% for the same period in 2008), and production capacity utilisation was around 88% (92%). Delivery capacity utilisation was 93% for

the period October to November (84% for October to November 2008), and production capacity utilisation was 91% (87%).

Mechanical pulp and CTMP (produced in Rottneros)

The price of short-fibre CTMP on the Western European market at the beginning of the year was around USD 550 per tonne and over the year the price of CTMP developed in line with the price of chemical pulp, i.e. a gradual increase. Like the long-fibre pulp market, the CTMP market experienced weak demand during the first part of the year. This resulted in production restrictions mainly during the first quarter, which in its turn has balanced out the market.

Delivery capacity utilisation for the period January to November was 84% (87%) and production capacity utilisation was 78% (91%). Delivery capacity utilisation for the period October to November was 85% (62% for October to November 2008), and production capacity utilisation was 93% (73%).

PRODUCTION AND DELIVERIES

The Group's pulp mills in Rottneros and Vallvik have a combined production capacity of nearly 400,000 tonnes per year. In 2008, a production level of 602,700 was achieved for the full year. The reason for the reduced level of production is the sale of Rockhammar Mill (which produced 62,000 tonnes of CTMP pulp in 2008) and the fact that the operations at the Miranda Mill, which produced 134,000 tonnes in 2008, have been at a standstill since December 2008.

The level of production during the period January to December 2009 was lower than the same period of the previous year, amounting to 335,900 (602,700) tonnes. In 2009, weak demand in the first part of the year resulted in production restrictions of around 65,000 tonnes. In 2008, Utansjö Mill, Rockhammar Mill and Rottneros Miranda produced 257,800 tonnes. There were annual maintenance shutdowns at the mills in Vallvik and Rottneros during the third quarter. All costs relating to maintenance shutdowns are recognised in the period during which the shutdowns take place.

Deliveries in 2009 amounted to 376,700 (617,900) tonnes, representing a reduction of 39%.

PRODUCTION (TONNES)

	Oct-Dec 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Sulphate pulp	49,800	79,100	193,400	334,900
Groundwood pulp	18,400	18,200	71,700	106,100
CTMP	18,500	22,200	70,800	161,700
TOTAL	86,700	119,500	335,900	602,700

DELIVERIES (TONNES)

	Oct-Dec 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Sulphate pulp	49,100	69,900	229,800	318,500
Groundwood pulp	18,800	18,600	77,100	120,000
CTMP	14,000	29,900	69,800	179,400
TOTAL	81,900	118,400	376,700	617,900

INVOICED SALES AND RESULTS

January to December 2009 compared with January to December 2008

The Group generated a net turnover of SEK 1,508 (2,663) million in 2009. As Rottneros Packaging with its SilviPak brand is in the build-up phase, results for this business area are not reported separately. The main focus with respect to SilviPak is to find a suitable partner for further development of the product.

The turnover for 2009 was SEK 1,155 million lower than for the same period of the previous year. The main factors that affected the turnover include: reduced delivery levels, SEK -1,039 million; a stronger USD, SEK 209 million; lower pulp prices in USD, SEK -448 million; and other changes, SEK 123 million. The lower delivery levels are mainly the result of the sale of Rockhammar Mill and discontinued operations at Rottneros Miranda.

The average price of long fibre sulphate pulp (NBSK) expressed in USD fell by 23% from USD 852 to USD 657, while the average price of NBSK pulp converted into SEK fell from SEK 5,617 to SEK 4,989 per tonne, a reduction of 11%. The average price in USD of eucalyptus pulp (BEK) fell from USD 789 to USD 561 per tonne, or by 29%, while the corresponding average prices converted into SEK fell from SEK 5,165 to SEK 4,262 per tonne, a reduction of 17%.

Due to the weak economy, the Group's mills limited production during the year, which negatively affected the results. The price of pulp in USD fell at the beginning of the year and then improved during the second quarter and continued to increase throughout the second half of the year. The price of pulp expressed in SEK bottomed out in May with a price level of just over SEK 4,500 per tonne and then increased to nearly SEK 5,700 per tonne in December. The strong increase in the price of pulp in

USD was countered by the strengthening of the Swedish krona. Demand for pulp was weak at the beginning of the year, but a recovery and increased demand materialised in the second half of the year. The stronger market and improved prices have created the necessary conditions for profitability at the Group's pulp mills.

A large portion of the losses during the period January to December 2009 is attributable to the Miranda operation in Spain, which has been at a complete standstill since the beginning of the year and which is included in the Group's results for the first quarter (see under 'Accounting principles', page 6). Rottneros' other pulp mills reported an operating loss for the full year 2009 owing to the weak market and restricted production. The sale of Rockhammar's fixed assets is included in the result for the period at an amount of SEK 50 million. A debt write-off of SEK 110 million is also included in the result.

The cash flow is being maintained by limiting purchasing and investment and through active efforts to free up working capital. The operating structure has changed drastically over the past few years and this has paved the way for improved profitability. The new share issue that was implemented and the conversion of liabilities into equity have strengthened the financial structure.

The average price of electricity on the Nord Pool exchange amounted to SEK 0.39 per kWh for the period January to December 2009, compared to SEK 0.49 per kWh for the same period of the previous year. For 2010 and beyond, electricity is currently being traded on Nord Pool at around SEK 0.40 - 0.45 per kWh.

The wood supply functioned efficiently during the period. The cost of pulpwood declined for the full year owing to price reductions implemented at the beginning of the year. The Group posted an operating loss of SEK 166 (-306) million for the period January to December 2009.

Hedging activities in 2009 yielded SEK 4 (-49) million.

The Group posted a loss after net financial items of SEK 69 (-385) million, including net financial items of SEK 97 (-79) million. Besides SEK 110 million for a debt write-off, net financial items also include financial exchange gains amounting to SEK 15 (-35) million. These amounts were largely countered by operating exchange losses on accounts receivable. The result after tax was SEK -69 (-331) million. Earnings after tax

per share amounted to SEK -0.26 (-1.84). The cash flow per share was SEK 0.27 (-1.33).

Profit/loss after financial items										
Group	2009					2008				
	IV	III	II	I	Full year	IV	III	II	I	Full year
Profit/loss after financial items	0	43	3	-115	-69	-169	-37	-57	-122	-385
Whereof:										
Currency hedges	-1	-1	-1	-2	-5	12	-	-1	6	17
Pulp price hedges	-	-4	4	3	3	-13	-24	-24	-22	-83
Electricity hedges	2	1	1	2	6	5	7	3	2	17
Total hedges	1	-4	4	3	4	4	-17	-22	-14	-49
IAS 39	-	-	-	-	-	-4	2	2	-12	-12
Green electricity	10	9	10	7	36	10	11	13	11	45

October to December 2009 compared with October to December 2008

The Group generated a net turnover of SEK 363 (534) million for the period October to December 2009. In the fourth quarter of 2009, the turnover reduced by SEK 171 million compared with the fourth quarter of 2008. This reduction in turnover is mainly due to: lower delivery levels, SEK -165 million; a weaker USD, SEK -40 million; higher pulp prices in USD, SEK 11 million; and other changes, SEK 23 million. The lower delivery levels are mainly the result of the sale of Rockhammar Mill and discontinued operations at Rottneros Miranda.

The average price of long fibre sulphate pulp (NBSK) expressed in USD increased from USD 746 to USD 770, while the average price of NBSK pulp converted into SEK fell from SEK 5,808 to SEK 5,396 per tonne, a reduction of 7%. The average price in USD for eucalyptus pulp (BEK) fell from USD 699 to USD 667 per tonne, while the corresponding average prices converted into SEK fell from SEK 5,446 to SEK 4,675 per tonne, a reduction of 14%.

The Group posted an operating result of SEK 6 (-135) million in the fourth quarter of 2009. The results for the quarter were affected by non-operational costs in connection with the refinancing by the amount of SEK 7 million. The fourth quarter of 2008 includes a write-down of fixed assets at Miranda amounting to SEK 106 million.

Hedging activities during the quarter yielded SEK 1 (4) million.

The Group posted a result after net financial items of SEK 0 (-169) million, including net financial items of SEK -6 (-34) million. The net financial items include financial exchange losses of SEK 2 (-23) million. These were countered by operating exchange gains on accounts receivable. The result after tax was SEK 0 (-178) million. Earnings after tax per share

amounted to SEK 0.00 (-0.99). The cash flow per share was SEK -0.01 (-0.55).

October to December 2009 compared to July to September 2009

The Group's net turnover increased to SEK 363 million in the fourth quarter of 2009 compared to SEK 345 million in the third quarter. This increase in turnover is mainly due to: lower delivery levels, SEK -30 million; a weaker USD, SEK -15 million; higher pulp prices in USD, SEK 47 million; and other changes, SEK 16 million.

The average price of long fibre sulphate pulp (NBSK) expressed in USD increased from USD 670 to USD 770 and the average price for NBSK pulp converted into SEK increased from SEK 4,880 to SEK 5,396 per tonne, an increase of 11%. The average price in USD for eucalyptus pulp (BEK) increased from USD 547 to USD 667 per tonne, while the corresponding average prices converted into SEK increased from SEK 3,984 to SEK 4,675 per tonne, an increase of 17%.

The Group posted an operating profit of SEK 6 million for the fourth quarter of 2009, which can be compared to the third quarter of 2009 when there was an operating loss of SEK 70 million. The results for the quarter were affected by non-operational costs in connection with the refinancing by the amount of SEK 7 million. Hedging activities during the quarter yielded SEK 1 (-4) million. The Group posted a result after net financial items of SEK 0 million for the fourth quarter of 2009, compared to a profit of SEK 43 million for the third quarter of 2009. Financial income from a write-off of loans of SEK 110 million is included in the result for the third quarter of 2009.

PARENT COMPANY

The parent company's profit after net financial items for the period January to December 2009 amounted to SEK 33 (-230) million. All pulp invoicing within the Group has been centralised to the parent company, which serves as a distributor for all of the mills and receives sales commissions 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 for the entire Group which yielded SEK 4 (-49) million.

The parent company's profit for the fourth quarter of 2009 after net financial items was SEK 7 million, compared to a loss of SEK 140 million for the same period of the previous year and a profit of SEK 92 million in the third quarter of 2009.

The parent company's operations also include the operations of the Rottneros Packaging business area, which entails a cost burden.

The parent company's balance sheet and income statement are found on pages 13 and 14.

THE SOUTH AFRICA PROJECT

The intention is for Rottneros to be the largest shareholder in Pulp United, the company in South Africa that is planning to build a CTMP mill based on eucalyptus wood as a raw material. The project is now in its final phase. Financing and contracts primarily with the project partners NCT Forestry Products, Swedfund and the South African development bank IDC are the main issues remaining.

If the project comes to fruition according to the current plans, it will provide a significant capital gain and substantial additional liquidity for Rottneros AB right from the outset.

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 1.1, Supplementary Accounting Rules for Groups, as well as RFR 2.1, Accounting for Legal Entities, which is applied with respect to the parent company.

Rottneros AB owns 100 per cent of the shares in the Spanish company Rottneros Miranda S.A. Up to 31 March 2009, this company was included in the consolidated accounts for Rottneros and was consolidated according to the acquisition method in IFRS 3, Business Combinations and IAS 27, Consolidated and Separate Financial Statements. In April 2009, Rottneros Miranda S.A. became the subject of proceedings for restructuring in accordance with insolvency legislation in Spain. In conjunction with this, Rottneros AB no longer controls Rottneros Miranda S.A., as the parent company has lost the right to govern the subsidiary's financial and operating policies so as to obtain benefits from its activities. As of this point in time, the shares in Rottneros Miranda S.A. are reported as a financial asset instead that can be sold in accordance with IAS 39, Financial Instruments: Recognition and Measurement. This means that the shares are valued at fair value and any change in value is recognised in comprehensive income. The accounting principles, definitions of key ratios and calculation methods are otherwise the same as those used in the previous annual report.

As of 1 January 2009, Rottneros will apply the revised IAS 1, Presentation of Financial Reports. The amendments have affected Rottneros' accounting in that certain income and expense items, which were previously reported in equity, are now reported as comprehensive income in a separate statement following the consolidated income statement. These changes apply retroactively from 31 December 2007. Rottneros shall apply IFRS 8 'Operating Segments' as of 1 January 2009, which requires segment information to be presented in the same way as it is presented in internal reporting. Rottneros does not present any segments in its internal reporting and this standard therefore does not affect the accounting records. No other standards or revised standards have entered into force that would affect Rottneros' financial position or results.

RISK MANAGEMENT

With respect to its operations, the company's work involves a number of measures and strategies, such as focusing on niches and various specific customer segments, in an attempt to reduce the Group's dependency on market pulp list prices and to reduce fluctuations in profitability over a business cycle. As a complement to the operational strategy, the Group also has a strategy for dealing with financial risk. Rottneros is striving to stabilise the Group's volatile earnings trend by managing this risk in a more focused way. The factors that have the greatest impact on the Group's earnings are associated with exchange rates and the price of pulp, wood and electricity.

USD

The real flow in USD, which is estimated at around 40% of the total inflow, can be hedged. Although Rottneros issues invoices in different currencies, the underlying currency for pulp prices is largely USD. Around 20% of sales are contracted in EUR. Some of these sales have been hedged for 2009. This means that the underlying exposure to USD is very high, while the direct inflow of USD (the real flow) only corresponds to just over 40% of sales. However, the impact of exchange rate differences on the indirect exposure has been delayed as the normal duration of a contract is one to three months. Lower or higher pulp prices in local currencies as a result of changes to the USD rate do not have an immediate effect on earnings.

The average USD exchange rate was 16% higher in 2009 than in the previous year, amounting to an average for the period of 7.65 compared to 6.58 in the previous year. The impact on sales from a higher

average USD exchange rate compared to SEK in 2009 amounted to SEK 209 million compared to the same period in 2008.

At the end of December 2009, currency hedging was in place in the form of forward contracts for EUR 34 million at a rate of SEK/EUR 10.42, and USD 7 million at a rate of SEK/USD 7.22 for deliveries in 2010.

MARKET VALUE (SEK million) DECEMBER 2009				
Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 31 December 2009
Currency USD, forward	USD 7 m	7.22 SEK/USD	6	7.21 SEK/USD
Currency EUR, forward	EUR 34 m	10.42 SEK/EUR	1	10.35 SEK/EUR
Total market value			7	

MARKET VALUE (SEK million) DECEMBER 2008				
Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 31 December 2008
Currency EUR, forward	USD 8 m	9.99 SEK/EUR	-7	10.94 SEK/EUR
Pulp price	36,000 tonnes	628 USD (PIX)	1	USD 625/7.75 SEK/USD
Electricity	43,800 MWh	SEK 0.251/kWh	10	SEK 0.458/kWh
Total market value			4	

Pulp price

The price of pulp (NBSK) is set in USD, while production costs are largely incurred in local currencies. Pulp price forward contracts for two and three year periods were concluded. The hedging represented 4,000 tonnes per month in 2009 and expired in September 2009.

Electricity

For 2009, 18% of the electricity consumption was hedged at SEK 0.25 per kWh. The average price of electricity on the Nord Pool exchange was around SEK 0.39 per kWh during the period January to December 2009.

For further information on risk, see pages 28 to 30 of the 2008 Annual Report.

The table above shows the market value of all the hedging contracts. The amounts are assessed by independent parties and represent the liquidation value, i.e. an assessment made in accordance with the forward contract as at 31 December 2009. The reference value is the spot rate on 31 December and is provided as supplementary information. The hedging expires in 2010. 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.

SALE OF TREASURY SHARES

The Annual General Meeting held in 2009 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 took place during the year.

INVESTMENTS AND FINANCIAL POSITION

The Group's investments in fixed assets amounted to SEK 10 (191) million for the period January to December 2009.

The Group's cash and cash equivalents amounted to SEK 111 million at the end of the year, compared with SEK 45 million at the end of 2008. On 31 December 2009, the Group had interest-bearing liabilities totalling SEK 101 million (SEK 774 million as at 31 December 2008), and an interest-bearing net loan receivable of SEK 10 million, to be compared with net borrowing of SEK 729 million as at 31 December 2008. Approved but unutilised lines of credit totalled SEK 114 million on 31 December 2009. In the fourth quarter, interest-bearing liabilities reduced by SEK 280 million as a consequence of the banks' conversion of liabilities into equity, an additional amortisation amounting to SEK 60 million and Nemus Holding offsetting a loan receivable within the framework of the new share issue (see also 'Significant events'). In 2009, a total of approx. SEK 670 million of the company's interest-bearing liabilities was amortised. On 31 December 2009, the equity/assets ratio was 78% compared to 40% on 31 December 2008. The equity per share amounted to SEK 0.71 (SEK 4.49 on 31 December 2008). The number of shares increased by 1,345,506,764 during the year.

CASH FLOW

Cash flow from operations before investments made in 2009 amounted to SEK 84 (-49) million and included cash flow from financial hedging of SEK 3 (-56) million. The cash flow after investment activity was SEK 199 (-219) million.

AVERAGE NUMBER OF EMPLOYEES

The average number of employees was 387 (667) in 2009.

OUTLOOK FOR 2010

The pulp market was weak at the beginning of 2009, with falling prices and lower delivery levels compared with the previous year. The balance between supply and demand has since improved in pace with the large stocks of pulp among producers having been reduced through both permanent closures and production restrictions. This has enabled pulp prices to increase. From the lowest levels in March and April of USD 580/tonne, the price index rose to around USD 799/tonne in December. However, the price increases in USD for part of the year were countered by a falling US dollar rate and consequently the pulp price in SEK did not improve to the same extent. Despite this, pulp

prices in Swedish kronor also reached profitable levels at the end of the year. The pulp market is expected to continue to show good growth and the current balance between supply and demand will allow further pulp price increases to be implemented at the beginning of 2010.

The company is not providing a result forecast for the full year 2010.

DIVIDEND FOR 2009

The Board of Directors will propose to the Annual General Meeting of 22 April 2010 that no dividend be distributed.

UPCOMING FINANCIAL INFORMATION

22 April 2010	Interim Report January - March 2010
23 July 2010	Interim Report January - June 2010
22 October 2010	Interim Report January - September 2010
1 February 2011	Year-end Report for 2010

The Annual General Meeting for Rottneros AB will be held on Thursday 22 April 2010 in Stockholm.

The 2009 Annual Report will be available on the company's website from week 9 (the first week of March).

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

Upplands Väsby, 2 February 2010

Ole Terland
President and Chief Executive Officer

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

President and CEO Ole Terland and CFO Karl Ove Grönqvist will be available on 2 February at tel. +46 8 407 21 03 between 08.00 and 08.45.

Meeting for analysts and the press

Analysts and journalists are invited to a meeting for analysts to be held on 2 February at 10.00 at Hallvarsson & Halvarsson, Sveavägen 20, tel. +46 8-407 20 00.

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CONSOLIDATED PROFIT/LOSS ACCOUNTS (SEK MILLION)				
	Oct-Dec 2009	Oct-Dec 2008	Full year 2009	Full year 2008
Net turnover	363	534	1,508	2,663
Change in inventories, finished goods	17	10	-179	-33
Other income	21	53	138	91
TOTAL INCOME	401	597	1,467	2,721
Raw materials and consumables	-222	-381	-881	-1,747
Other costs	-95	-131	-413	-630
Personnel costs	-52	-81	-235	-426
Depreciation/amortisation and write-downs	-26	-139	-104	-224
TOTAL OPERATING COSTS	-395	-732	-1,633	-3,027
OPERATING INCOME	6	-135	-166	-306
Financial income	-3	1	124	4
Financial expenses	-3	-35	-27	-83
Net financial items	-6	-34	97	-79
INCOME AFTER NET FINANCIAL ITEMS	0	-169	-69	-385
Tax on income for the year	0	-9	0	54
NET PROFIT/LOSS AFTER TAX	0	-178	-69	-331
No. of shares at beginning of period ¹	180,212	180,212	180,212	180,212
No. of new shares issued ¹	1,345,507	-	1,345,507	-
No. of company's own shares bought back ¹	-	-	-	-
No. of shares at end of period ¹	1,525,719	180,212	1,525,719	180,212
Average no. of shares ¹	531,827	180,212	268,839	180,212
Earnings after tax/share (SEK) ²	0.00	-0.99	-0.26	-1.84

¹ The number of shares is given in thousands.

² There are no programs that lead to dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK MILLION)				
	Oct-Dec 2009	Oct-Dec 2008	Full year 2009	Full year 2008
NET PROFIT/LOSS AFTER TAX	0	-178	-69	-331
Other comprehensive income				
Cash-flow hedging, income before tax	5	49	2	100
Cash-flow hedging, tax effect	-2	-14	-1	-28
Effect on deferred tax of change in Swedish tax rate	-	3	-	3
Exchange rate differences	-	6	-1	16
Reclassification adjustment Miranda ³	-	-	-54	-
TOTAL OTHER COMPREHENSIVE INCOME	3	44	-54	91
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3	-134	-123	-240

KEY INDICATORS THAT AFFECT TURNOVER

Pulp price NBSK, USD ¹	770	746	657	852
USD/SEK ²	7.00	7.79	7.65	6.58
Pulp price NBSK, SEK	5,396	5,808	4,989	5,617
Rottneros' deliveries, tonnes	81,900	118,400	376,700	617,900

¹ Source: PIX.

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)

	Dec 2009	Dec 2008
Intangible fixed assets	8	24
Tangible fixed assets	677	1,002
Financial fixed assets	164	123
Total fixed assets	849	1,149
Inventories	215	447
Current receivables	230	391
Liquid funds	111	45
Total current assets	556	883
TOTAL ASSETS	1,405	2,032
Shareholders' equity	1,089	810
Longterm liabilities		
Interest-bearing	57	692
Non interest-bearing	1	14
Total longterm liabilities	58	706
Current liabilities		
Interest-bearing	44	82
Non interest-bearing	214	434
Total current liabilities	258	516
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,405	2,032

CASH-FLOW ANALYSIS (SEK MILLION)			
		Full year 2009	Full year 2008
Operating income		-166	-306
Adjustment for non cash-flow items			
Depreciation/amortisation and write-downs		104	224
Profit/loss from disposal of fixed assets		-59	-18
Profit from disposal of CO ₂ allowances		-3	-19
Other non cash-flow items		37	29
		-87	-90
Paid financial items		-28	-49
Received/paid taxes		5	-5
Cash-flow from current operations before change in working capital		-110	-144
Change in working capital		194	95
Cash-flow from current operations		84	-49
Acquisition of fixed assets		-10	-191
Sale of fixed assets		120	21
Change in long-term receivables		5	-
Cash-flow from investing activities		115	-170
Proceeds from the issue of shares		182	-
New loans		92	561
Repayment of loans		-407	-426
Cash-flow from financing activities		-133	135
Cash-flow for the year		66	-84
Liquid funds at beginning of year		45	121
Cash-flow for the year		66	-84
Translation difference in liquid funds		0	8
Liquid funds at end of year		111	45

SHARE DATA¹								
		2009	2008	2007	2006	2005	2004	
No. of shares at beginning of period ²	No.	180,212	180,212	180,212	180,212	180,212	180,722	
No. of company's own shares bought back ²	No.	1,345,507	-	-	-	-	-	
No. of company's own shares bought back ²	No.	-	-	-	-	-	-510	
No. of shares at end of period ²	No.	1,525,719	180,212	180,212	180,212	180,212	180,212	
Average no. of shares ²	No.	268,839	180,212	180,212	180,212	180,212	180,392	
Operating profit or loss/share	SEK	-0.62	-1.69	-2.00	-0.04	-0.50	-0.64	
Earnings after net financial items/share	SEK	-0.26	-2.13	-2.13	-0.13	-0.57	-0.67	
Earnings after tax/share	SEK	-0.26	-1.84	-1.67	-0.05	-0.35	-0.50	
Operating cash-flow/share ³	SEK	0.27	-1.33	-0.56	0.19	-2.28	-0.41	
Equity/share	SEK	0.71	4.49	5.83	7.78	8.45	9.28	
Dividend	SEK	-	-	-	0.10	0.10	0.20	
Dividend/equity per share	%	-	-	-	1.3	1.2	2.2	
Share price at end of period	SEK	0.69	1.05	2.31	6.55	6.80	7.55	
Share price/equity per share	Times	1.0	0.2	0.4	0.8	0.8	0.8	
P/E ratio	Times	Neg	Neg	Neg	Neg	Neg	Neg	
Direct yield ⁴	%	-	-	-	1.5	1.4	2.6	

¹ There are no programs that lead to dilution.

² The number of shares is given in thousands.

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

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

CHANGE IN SHAREHOLDERS' EQUITY (SEK MILLION)

	Full year 2009	Full year 2008
Opening shareholders' equity	810	1,050
Total comprehensive income for the period ¹	-123	-240
Issue of new shares	402	-
Closing shareholders' equity	1,089	810

QUARTERLY DATA (SEK MILLION)

	2009				2008				2007			
	IV	III	II	I	IV	III	II	I	IV	III	II	I
Net turnover	363	345	367	433	534	601	780	748	721	687	779	740
Operating profit/loss before depreciation	32	-45	31	-80	4	14	-19	-81	9	-44	51	60
Depreciation/amortisation and write-downs	-26	-25	-23	-30	-139	-27	-29	-29	-320	-38	-40	-38
Operating profit/loss	6	-70	8	-110	-135	-13	-48	-110	-311	-82	11	22
Net financial items	-6	113	-5	-5	-34	-24	-9	-12	-10	-	-6	-8
Profit/loss after financial items	0	43	3	-115	-169	-37	-57	-122	-321	-82	5	14
Tax	0	0	0	0	-9	13	17	33	71	22	-1	-9
Profit/loss after tax	0	43	3	-115	-178	-24	-40	-89	-250	-60	4	5
Pulp production, 1,000 tonnes	86.7	70.9	88.8	89.5	119.5	136.3	162.6	184.3	190.0	177.9	186.1	176.1
Pulp deliveries, 1,000 tonnes	81.9	89.7	99.4	105.7	118.4	137.1	186.3	176.1	174.2	164.5	193.2	182.9

PARENT COMPANY PROFIT/LOSS ACCOUNTS (SEK MILLION)

	Oct-Dec 2009	Oct-Dec 2008	Full year 2009	Full year 2008
Net turnover	362	539	1,516	2,674
Change in inventories, finished goods	0	-1	0	-2
Other income	14	37	50	57
TOTAL INCOME	376	575	1,566	2,729
Raw materials and consumables	-350	-535	-1,487	-2,627
Other costs	-26	-36	-142	-138
Personnel costs	-10	-15	-32	-50
Depreciation	0	-1	-3	-6
TOTAL OPERATING COSTS	-386	-587	-1,664	-2,821
OPERATING INCOME	-10	-12	-98	-92
Financial income	38	61	175	87
Financial expenses	-21	-189	-44	-225
Net financial items	17	-128	131	-138
INCOME AFTER NET FINANCIAL ITEMS	7	-140	33	-230
Tax on income for the year	-27	-1	-27	25
NET PROFIT/LOSS AFTER TAX	-20	-141	6	-205

PARENT COMPANY BALANCE SHEET (SEK MILLION)

	Dec 2009	Dec 2008
Intangible fixed assets	1	5
Tangible fixed assets	1	2
Financial fixed assets	386	359
Total fixed assets	388	366
Inventories	-	3
Current receivables	820	1,165
Liquid funds	23	5
Total current assets	843	1,173
TOTAL ASSETS	1,231	1,539
Shareholders' equity	934	550
Longterm liabilities		
Interest-bearing	42	673
Total longterm liabilities	42	673
Current liabilities		
Interest-bearing	38	68
Non interest-bearing	217	248
Total current liabilities	255	316
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,231	1,539

SIX YEAR REVIEW

	2009	2008	2007	2006	2005	2004		
					Remaining operations	Total	Remaining operations	Total
KEY INDICATORS THAT AFFECT TURNOVER								
Pulp price NBSK, USD ¹	657	852	794	675	611		617	
USD/SEK ²	7.65	6.58	6.76	7.37	7.48		7.35	
Pulp price NBSK, SEK	4,989	5,617	5,368	4,977	4,565		4,532	
Rottneros' deliveries, tonnes	376,700	617,900	714,700	699,500	666,700		625,000	
Turnover and income, SEK million								
Net turnover	1,508	2,663	2,927	2,690	2,411	2,429	2,272	2,356
Profit/loss before depreciation	-62	-82	75	148	9	48	129	109
Depreciation	-104	-224	-435	-155	-138	-138	-162	-223
Operating profit/loss after depreciation	-166	-306	-360	-7	-129	-90	-33	-114
Net financial items	97	-79	-24	-16	-12	-13	-5	-7
Profit/loss after net financial items	-69	-385	-384	-23	-141	-103	-38	-121
Profit/loss after tax	-69	-331	-301	-8	-91	-63	-31	-91
Balance sheet items, SEK million								
Fixed assets	849	1,149	1,123	1,363	1,435		1,349	
Inventories	215	447	493	397	430		474	
Current receivables	230	391	572	570	595		572	
Liquid funds	111	45	121	122	125		157	
Non-current Assets Held for Sale	-	-	-	-	26		16	
Shareholders' equity	1,089	810	1,050	1,403	1,523		1,673	
Long-term interest-bearing liabilities	57	692	173	177	180		186	
Long-term non interest-bearing liabilities	1	14	49	85	118		174	
Current interest-bearing liabilities	44	82	452	304	375		56	
Current non interest-bearing liabilities	214	434	585	483	405		472	
Liabilities from discontinued operations	-	-	-	-	10		7	
Balance sheet total	1,405	2,032	2,309	2,452	2,611		2,568	
Financial ratios								
Operating margin, %	-11.0	-11.5	-12.3	-0.3	-5.3	-3.7	-1.5	-4.9
Profit margin, %	-4.6	-14.4	-13.1	-0.9	-5.8	-4.2	-1.7	-5.2
Return on capital employed, %	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Return on equity after full tax, %	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Equity/assets ratio, %	78	40	45	57	58	58	65	65
Debt/equity ratio, Times	0.1	1.0	0.6	0.3	0.4	0.4	0.2	0.2
Interest cover, Times	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Other								
Capital expenditure, SEK m	10	191	163	113	234	234	283	283
Average no. of employees	387	667	718	754	804	804	835	835

¹ Source: PIX/Market Pulse.² Source: Swedish central bank yearly average.