

THE ROTTNEROS GROUP
INTERIM REPORT JANUARY – SEPTEMBER 2008
QUARTERLY REPORT JULY - SEPTEMBER 2008

Amounts in SEK million except per-share data.

		2008	2007	
Net turnover, SEK m	Jan - Sept	2 129	2 206	
	July - Sept	601	687	
Income after net financial items, SEK m	Jan - Sept	-216	-63	
	July - Sept	-37	-82	
Earnings per share after net financial items, SEK	Jan - Sept	-1,20	-0,35	
	July - Sept	-0,21	-0,45	
Profit/loss after tax, SEK m	Jan - Sept	-153	-51	
	July - Sept	-24	-60	
Earnings per share after tax, SEK	Jan - Sept	-0,85	-0,28	
	July - Sept	-0,13	-0,33	
Cash flow per share, SEK	Jan - Sept	0,87	0,21	
	July - Sept	0,37	-0,05	
Shareholders' equity per share, SEK		5,24	5,83	(31.12.2007)
Equity/assets ratio		41 %	45 %	(31.12.2007)

- The income after net financial items for the third quarter of 2008 amounted to SEK -37 (-82) million, SEK 55 million up. The operating income for the third quarter were SEK 69 million up compared with the same period the previous year and amounted to SEK -13 (-82). This is an increase of SEK 35 million compared to the second quarter of 2008.
- The Group is posting a loss for the first nine months of 2008 of SEK -216 (-63) million, of which SEK 115 million can be attributed to the cost of closing down Utansjö Mill and the losses from operations until its closure.
- On 23 October Rottneros signed an agreement regarding a new credit facility of USD 83.3 million, equivalent to around SEK 620 million. This is part of the refinancing of Rottneros' existing syndicated loan from 2003 of USD 85.8 million, equivalent to around SEK 640 million, which is replaced by that. The transaction secures the Group's long-term financing and enables the company to make investments as needed.
- During the third quarter the US dollar exchange rate has strengthened significantly while the price of pulp has gone down. Overall, prices have improved in SEK.
- Higher costs for wood and electricity have reduced earnings in the January – September 2008 period by SEK 105 million compared with the same period the previous year.
- The company is not providing a forecast for the full year 2008.

ROTTNEROS IN BRIEF

Rottneros, with its origins in the 1600s, is a non-integrated, flexible supplier of customised, high-quality paper pulp. Through continuous product development, high delivery reliability, technical support and service, Rottneros is able to adapt to meet the high expectations of its customers.

Rottneros has a total production capacity of more than 600,000 tonnes of pulp per year produced at four mills in Sweden and Spain, making the Group one of the ten biggest suppliers of market pulp in the world. Increasingly intensive product development in line with customer demands will lead to higher and more stable profitability throughout an economic cycle. The Group has a comprehensive financial hedging policy to even out earnings over the economic cycles.

THE PULP MARKET

Market and products

The market for all grades of pulp came to a standstill during the quarter and prices have fallen in the third quarter. Deliveries in the first eight months of 2008 for the part of the total global bleached chemical pulp market that reports statistics (19 countries) were at 26.5 (25.6) million tonnes, an increase of 3.5 % or 915,000 tonnes compared with 2007. Delivery capacity utilisation for bleached chemical pulp globally in the January – August period was 90 % (93 % for the same period in 2007). Production capacity utilisation for the same period was 93 % (94 %).

The average price of bleached long-fibre chemical pulp in the January – September 2008 period amounted to USD 888 per tonne (USD 777 per tonne), an increase of 14 %. The price of long-fibre chemical pulp (NBSK) at the end of the third quarter was USD 859, which is lower than at the end of June when the price was USD 905.

The price of short-fibre chemical pulp increased from around USD 780 at the beginning of the year to USD 840 at the end of June and then fell again to USD 813 at the end of September.

Global producer stocks of bleached chemical pulp was 3.2 million tonnes at the beginning of the year, and 4.3 million tonnes at the end of August.

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

The price at the beginning of the year was USD 880 per tonne. The notified price was raised in the first half of the year and the PIX index reached USD 905 at the end of June before falling to USD 859 in September. The market for long-fibre chemical pulp has declined during the third quarter and this is expected to continue for the remaining months of the year because demand for paper and board in the global market is weak and lower paper production has reduced demand for input goods such as pulp.

Delivery capacity utilisation for the January – August period was 90 % (95 % for the same period in 2007), and production capacity utilisation for the same period was around 93 % (95 %). Delivery capacity utilisation for the July – August period was 88 % (96 % for July – August 2007), and production capacity utilisation was 96 % (100 %).

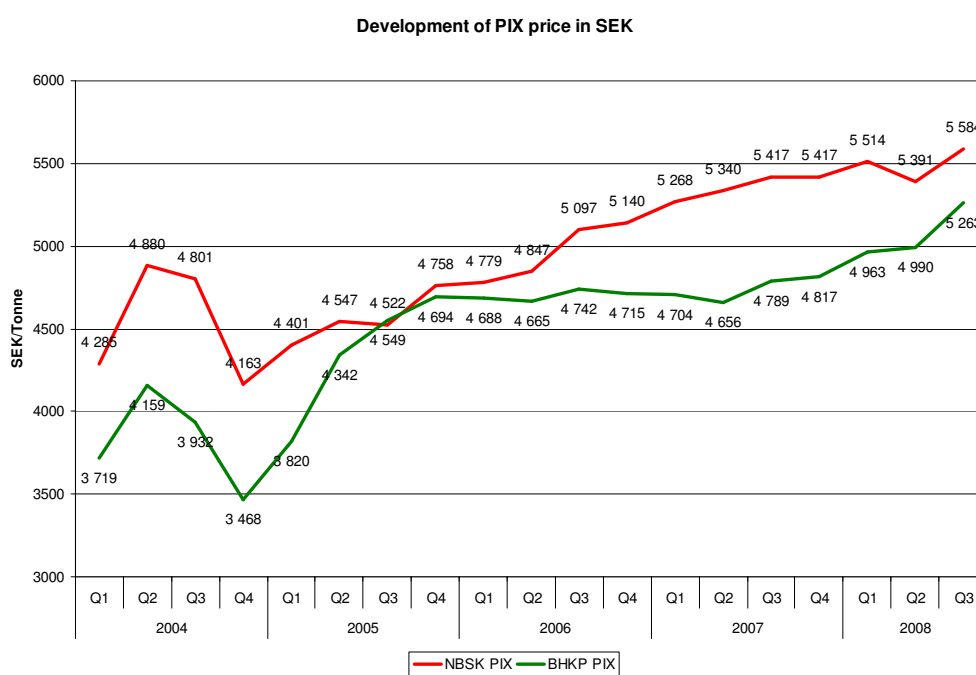
Short-fibre chemical pulp (produced in Miranda)

The price of eucalyptus pulp (BEK) fell during the period from USD 840 per tonne to USD 813 per tonne.

Delivery capacity utilisation for the January – August period was 89 % (92 % for the same period in 2007), and production capacity utilisation in the same period was around 93 % (92 %). Delivery capacity utilisation for the July – August period was 83 % (92 % for July – August 2007), and production capacity utilisation was 95 % (94 %).

Mechanical pulp and CTMP (produced in Rottneros, Rockhammar and Utansjö)

The price of short-fibre CTMP on the Western European market at the beginning of the year was USD 740 per tonne. During the period up to September the price of short-fibre CTMP increased at the same rate as the price of short-fibre chemical pulp. The long-fibre CTMP price trend was somewhat better. Then the price of CTMP grades fell at the same rate as the price of the chemical pulps. The first three quarters of the year (January – September) were characterised by both strong demand and high production. Delivery capacity utilisation for the January – August period was 94 % (96 %) and production capacity utilisation was 96 % (93 %).



PRODUCTION AND DELIVERIES

The Group's mills in Rottneros, Rockhammar and Vallvik in Sweden and Miranda in Spain have a combined production capacity of just under 600,000 tonnes per year. Total production in 2007 was 730,100 tonnes. Operations at Utansjö Mill ceased at the end of May/beginning of June, which reduced production for January – September 2008 by 11 %, compared with the same period the previous year. Production amounted to 483,200 (540,100) tonnes. The closure of Utansjö Mill reduces the Group's annual production capacity to the new level of just under 600,000 tonnes. Annual maintenance shutdowns were implemented at the mills in Vallvik and Rottneros in the third quarter and will be implemented in Miranda in the fourth quarter. All costs relating to maintenance shutdowns are recognised in the period in which the shutdown takes place. Deliveries in the January – September 2008 period totalled 499,500 (540,600) tonnes, a reduction of 8 %.

PRODUCTION (TONNES)	July - Sept 2008	July - Sept 2007	Jan - Sept 2008	Jan - Sept 2007
Sulphate pulp	81 700	84 200	255 800	259 000
Groundwood pulp	17 400	35 900	87 900	113 400
CTMP	37 200	57 800	139 500	167 700
TOTAL	136 300	177 900	483 200	540 100
DELIVERIES (TONNES)	July - Sept 2008	July - Sept 2007	Jan - Sept 2008	Jan - Sept 2007
Sulphate pulp	74 600	79 600	248 600	257 900
Groundwood pulp	22 300	29 400	101 400	109 100
CTMP	40 200	55 500	149 500	173 600
TOTAL	137 100	164 500	499 500	540 600

INVOICED SALES AND RESULTS

January – September 2008 compared with January – September 2007

The Group generated a net turnover for the period of SEK 2,129 (2,206) million. As Rottneros Packaging with its SilviPak brand is in the build-up phase, results for this business area are not reported separately.

Sales in the first nine months of 2008 were SEK 77 million lower than the same period the previous year, mainly due to: *lower delivery levels, SEK -168 million; a weaker USD, SEK -237 million; higher USD pulp prices, SEK 266 million; and other changes, SEK 62 million.* The average price in USD of long-fibre sulphate pulp (NBSK) increased by 14 % from USD 777 to USD 888, while the average price of NBSK pulp converted into SEK increased from SEK 5,344 to 5,497 per tonne, an increase of 3 %. The average price in USD of eucalyptus pulp (BEK) increased from USD 686 to USD 819 per tonne or by 19 %, while the equivalent average price converted into SEK increased from SEK 4,718 to SEK 5,070 per tonne, an increase of 7 %.

The earnings were charged with a provision for the cost of closing down Utansjö Mill of SEK 90 million. Production at the mill ceased at the end of May/beginning of June. Operations at Utansjö Mill have caused significant losses for the Rottneros Group for a number of years. In total the closure affects around 140 employees. The closure will have a substantial net positive effect on the Rottneros Group's cash flow as a result of working capital being freed up.

A large portion of the loss during the first nine months of 2008 can be attributed to the loss-making operations at Utansjö mill. The mill's operating loss after financial items including closure costs up to the time of closure in June amounted to SEK -115 million.

During the first two quarters the price of pulp rose before falling again in the third quarter. The higher pulp price in 2008 in USD has been countered by the weak US dollar rate and, overall, the price increase converted into EUR and SEK is not sufficient to compensate for the higher raw material costs. In the third quarter the USD dollar rate strengthened significantly at the same time as the price of pulp fell. Overall, we have seen a price improvement in SEK.

The average price of electricity in the first nine months of 2008 on the Nord Pool exchange was SEK 0.48 per kWh, compared with SEK 0.24 per kWh in the same period the previous year. For 2009 and beyond, electricity is currently being traded on Nord Pool at around SEK 0.50 per kWh.

The wood supply during the period has functioned well, although the price level for pulpwood remains high. Overall, wood costs increased by SEK 95 million compared with the same period the previous year. The price is expected to fall towards the end of 2008.

The Group is posting an operating loss for the January – September 2008 period of SEK -171 (-49) million, which includes a provision for the cost of closing down Utansjö Mill of SEK 90 million.

The closure costs of SEK 90 million for Utansjö Mill and increased wood costs of SEK 95 million are the costs that have had the biggest impact on the 2008 earnings compared with the previous year. Electricity costs, including the effect of electricity hedges, increased by SEK 10 million during the January – September 2008 period compared with the same period in 2007. Fuel oil costs have increased by SEK 20 million on the previous year. Depreciation of fixed assets is SEK 31 million lower than the previous year. Hedging transactions during the first nine months of 2008 resulted in a loss of SEK -53 (-84) million.

The Group is posting a loss after net financial items of SEK -216 (-63) million, including a net financial expense of SEK -45 (-14) million. The loss after tax amounts to SEK -153 (-51) million. The earnings per share after tax was SEK -0.85 (-0.28). Cash flow per share was SEK 0.87 (0.21).

July – September 2008 compared with July – September 2007

The Group generated a net turnover of SEK 601 (687) million for the July – September period.

Sales for the third quarter were SEK 86 million lower than the same period the previous year, mainly due to: *lower delivery levels, SEK -114 million; a weaker USD, SEK -42 million; higher USD pulp prices, SEK 56 million; and other changes, SEK 14 million.* The average price in USD of long-fibre sulphate pulp (NBSK) increased by 10 % from USD 803 to USD 885, while the average price of NBSK pulp converted into SEK increased by 3 % from SEK 5,417 to SEK 5,584 per tonne. The average price in USD of eucalyptus pulp (BEK) increased from USD 710 to USD 834 per tonne or by 17 %, while the equivalent average price converted into SEK increased from SEK 4,789 to SEK 5,263 per tonne, an increase of 10 %.

The Group is posting an operating loss in the third quarter of 2008 of SEK -13 (-82) million. Compared with the same period the previous year, the result has been negatively affected by higher wood costs of SEK 21 million and electricity (taking into account realised hedging transactions) of SEK 1 million. Fuel oil costs increased by SEK 10 million compared with the same quarter the previous year. Depreciation is SEK 11 million lower than the previous year. Overall, the price increase converted into SEK and EUR is not sufficiently large to compensate for the high raw material costs. Hedging transactions during the quarter resulted in a loss of SEK -17 (-32) million.

The Group is posting a loss after net financial items of SEK -37 (-82) million, including a net financial expense of SEK -24 (0) million. The loss after tax was SEK -24 (-60) million. Earnings per share after tax were SEK -0.13 (-0.33). Cash flow per share was SEK 0.37 (-0.05).

	2008			2007				Full year
	III	II	I	IV	III	II	I	
Profit/loss after financial items	-37	-57	-122	-321	-82	5	14	-384
<u>Whereof:</u>								
Currency hedges	-	-1	6	25	6	2	6	39
Pulp price hedges	-24	-24	-22	-20	-16	-15	-12	-63
Electricity hedges	7	3	2	10	-22	-19	-14	-45
Total hedges	-17	-22	-14	15	-32	-32	-20	-69
IAS 39	2	2	-12	-3	-	15	-2	10
Green electricity	11	13	11	6	4	6	6	22

July – September 2008 compared with April – June 2008

The Group's net turnover decreased during the third quarter of 2008 to SEK 601 million compared with SEK 780 million in the second quarter, mainly due to: *lower delivery levels, SEK -206 million; a stronger USD, SEK 30 million; lower USD pulp prices, SEK -10 million; and other changes SEK 7 million.* The average price in USD of long-fibre sulphate pulp (NBSK) fell from USD 900 to USD 885, while the average price of NBSK pulp converted into SEK increased from SEK 5,391 to SEK 5,584 per tonne, an increase of 4 %. The average price in USD of eucalyptus pulp (BEK) remained largely unchanged increasing from USD 833 to USD 834 per tonne, while the corresponding average price converted into SEK increased from SEK 4,990 to SEK 5,263 per tonne, an increase of 5 %.

The Group is posting an operating loss for the third quarter of SEK -13 million compared with the second quarter loss of SEK -48 million. In the third quarter two significant, planned maintenance shutdowns were implemented in Vallvik and Rottneros. The costs, excluding the costs relating to the maintenance shutdowns, that have increased in relation to the second quarter of 2008 are mainly wood costs, up SEK 8 million, and electricity costs, up SEK 9 million. Hedging transactions during the quarter resulted in a loss of SEK -17 (-22) million. The Group is posting a loss after net financial items for the third quarter of 2008 of SEK -37 million compared with SEK -57 million for the second quarter of 2008.

PARENT COMPANY

The parent company's loss after net financial items for the first nine months of 2008 was SEK -90 (-108) million. All pulp invoicing in the Group has been centralised to the parent company which acts as 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 a loss of SEK -53 (-84) million relating to hedging transactions for the entire Group.

The parent company's loss after net financial items for the third quarter of 2008 was SEK -22 million compared with SEK -44 million for the same period the previous year and SEK -34 million in the second quarter of 2008.

The parent company's operations include Rottneros Packaging, which entails a cost burden as the business area is in a start-up phase. Costs relating to the South Africa project are also included in the parent company's results.

The parent company's balance sheet and income statement are found on page 15.

ROTTNEROS PACKAGING

In 2006 Rottneros started producing packaging made from paper pulp for chilled and frozen ready meals under the SilviPak brand. This venture, which is run as a new business area called Rottneros Packaging, is expected to account for around 15 % of Group sales within a five-year period and to capture around 5 % of the European market. As the venture is in a build-up phase, results for this business area are not reported separately.

The Board of Directors has decided to increase SilviPak's production capacity by investing in a new factory for the production of packaging adjacent to the pulp mill in Miranda, Spain. This is an investment of just over SEK 50 million and the factory is in the process of being put into operation.

THE SOUTH AFRICA PROJECT

In March 2007 Rottneros and the South African forestry company NCT signed a declaration of intent to look into the possibility of building a jointly-owned mill to produce mechanical paper pulp of the CTMP grade in South Africa. The idea is to use the fixed assets from Utansjö, which include a new pulp line for the production of CTMP pulp, as the basis for the new venture in South Africa.

After completing its main study, Rottneros has decided to go ahead with plans to establish a presence in South Africa. The Board has asked the CEO to conclude negotiations and sign the necessary agreements, mainly concerning the electricity supply and financing. Rottneros and its partner NCT have been informed by the South African state electricity company Eskom that the venture will be allocated the required supply of electricity for the planned CTMP mill in Richards Bay, South Africa.

Essentially, the way the agreements are structured means that Rottneros will undertake to build and equip a mill with a production capacity of 165,000 tonnes of CTMP pulp based on eucalyptus as the raw material. The CTMP facility in Utansjö will be the basis for the new factory. The investment will be project-financed via the jointly-owned company. A new mill could be operational in 2010. The pulp, which is initially intended for export to South East Asia and Europe, will be sold through Rottneros' marketing organisation. NCT will be responsible for wood deliveries to the mill. Rottneros will acquire an associate company share in a company that is well placed to achieve good profitability and that represents a strategic investment.

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, and RFR 2.1, Accounting for Legal Entities, are applied with respect to the parent company. The accounting principles, definitions of ratios and calculation methods are otherwise the same as those used in the most recent annual report. No new standards have entered into force which impact Rottneros' financial position or results.

RISK MANAGEMENT

With respect to its operations, the company works with a number of measures and strategies, such as focusing on niches and various specialised customer segments, in an attempt to reduce the Group's dependency on market pulp list prices and to reduce fluctuation in profitability over an economic cycle. The establishment of the Rottneros Packaging business area and expansion into a new stage in the value chain is another step in the process of reducing the Group's one-sided dependence on fluctuation in the pulp market. As a complement to the operational strategy, the Group also has a strategy for dealing with financial risk. Through more advanced management of this risk, Rottneros is striving to stabilise the Group's volatile earnings trend. The risks that have the greatest impact on the Group's earnings are associated with exchange rates, pulp prices, wood and electricity.

USD

Although Rottneros invoices in different currencies, the underlying currency for pulp prices is largely USD. This means that the underlying exposure to USD is very high, while the direct inflow of USD (the real flow) only corresponds to around 40 % of sales. The portion of sales contracted in EUR, around 10 %, has been hedged for 2008.

The average USD exchange rate was 10 % lower in the first nine months of 2008 than the same period the previous year, amounting to an average for the period of SEK 6.19/USD compared with SEK 6.88/USD the previous year. The lower average USD rate against SEK during the first nine months of 2008 had a negative impact on turnover of SEK -237 million compared with the same period in 2007.

At the end of September, currency hedging in the form of forward contracts for USD 4 million was in place at an average rate of SEK 6.60 per USD. These contracts relate to 2008. At the end of the quarter, hedging contracts for EUR 13 million at a rate of SEK 9.5/EUR were also in place for deliveries in 2008.

Pulp prices

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 have been signed for an original total volume of 168,000 tonnes, maturing from the beginning of the fourth quarter of 2006 and onwards. The hedges represent 5,000 tonnes per month in 2008 and 4,000 tonnes per month in 2009 and expire in September 2009. The level of hedging is on average USD 632 per tonne.

Electricity

For 2008 around 26 % has been hedged at SEK 0.27 per kWh and for 2009, 13 % has been hedged at SEK 0.25 per kWh. The average price of electricity for 2007 on the Nord Pool exchange was around SEK 0.25 per kWh and for January – September 2008 it was around SEK 0.48 per kWh.

For further information on risk, see the 2007 Annual Report, pages 33 – 36.

The table below shows the market value of all hedging contracts. The amounts are assessed by independent parties and represent the liquidation value, i.e. the value according to forward contracts as of 30 September 2008. The reference value is the spot rate on 30 September and is provided as supplementary information. The hedge contracts have a term of one to two years. 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.

MARKET VALUE (SEK million) SEPTEMBER 2008:					
<i>Hedging</i>	<i>Hedged volume</i>	<i>Hedge price</i>		<i>Market value</i>	<i>Reference - spot rate</i>
					<i>30 September 2008</i>
Currency, USD, forward	USD 4 m	6,60	SEK/USD	0	6,77 SEK/USD
Currency, EUR, forward	EUR 13 m	9,50	SEK/EUR	-3	9,71 SEK/EUR
Pulp price	51 000 tonnes	632	USD (PIX)	-68	USD 859/6,77 SEK/USD
Electricity	68 100 MWh	SEK 0.258	/kWh	24	SEK 0.749/kWh
Total market value				-47	

MARKET VALUE (SEK million) SEPTEMBER 2007:					
<i>Hedging</i>	<i>Hedged volume</i>	<i>Hedge price</i>		<i>Market value</i>	<i>Reference - spot rate</i>
					<i>30 September 2007</i>
Currency, USD, forward	USD 41 m	6,96	SEK/USD	21	6,52 SEK/USD
Currency, EUR, forward	EUR 31 m	9,28	SEK/EUR	3	9,23 SEK/EUR
Pulp price, in SEK	111 000 tonnes	633	USD (PIX)	-79	USD 820/6,52 SEK/USD
Electricity	301 700 MWh	SEK 0.299	/kWh	26	SEK 0.251/kWh
Total market value				-29	

SALE OF TREASURY SHARES

The 2008 Annual General Meeting authorised the Board, in the period until the next AGM, to take decisions regarding the transfer of shares in the company. No such transfer has taken place during the period.

INVESTMENTS AND FINANCIAL POSITION

The Group's investments in fixed assets in the first nine months of 2008 totalled SEK 148 (116) million. The majority of the investments relate to an environmental investment in Miranda, Spain and a new packaging factory there. Rottneros is currently investing in a joint operations centre.

The Group's liquid funds at the end of the third quarter amounted to SEK 103 million, compared with SEK 121 million at the end of 2007. As of 30 September 2008 the company had interest-bearing liabilities totalling SEK 713 million (SEK 625 million on 31 December 2007) and net borrowing for SEK 610 million (SEK 504 million on 31 December 2007). Approved but unutilised lines of credit totalled SEK 66 million as of 30 September 2008. See the "Subsequent events" section below. The equity/assets ratio was 41 % as of 30 September 2008, compared with 52 % on 30 September 2007. Shareholders' equity per share was SEK 5.24 (5.83 on 31 December 2007).

CASH FLOW

Cash flow from operations before investments in the first nine months of 2008 was SEK 8 (154) million. This figure includes cash flow from financial hedging of SEK -53 (-81) million. The cash flow after investments was SEK -141 (38) million. Investments have been financed by borrowing. The closure of Utansjö Mill has had a significant positive impact on the Rottneros Group's cash flow as a result of working capital being freed up. The mill's fixed assets are currently being sold.

AVERAGE NUMBER OF EMPLOYEES

The average number of employees during the reporting period was 698 (733).

SUBSEQUENT EVENTS

On 23 October Rottneros signed an agreement regarding a new credit facility of USD 83.3 million, equivalent to around SEK 620 million. This is part of the refinancing of Rottneros' existing syndicated loan from 2003 of USD 85.8 million, equivalent to around SEK 640 million, which is replaced by that. The transaction secures the Group's long-term financing and enables the company to make investments as needed.

The credit is arranged as a secured loan of USD 53.3 million and a credit facility up to USD 30 million. It is a three-year loan with the option to extend for one year and will be paid back in instalments of USD 0.5 million per quarter in 2008 and 2009, and USD 1 million per quarter thereafter. If the cash flow situation improves the repayment rate may increase.

The credit facility is linked to a number of financial conditions and key ratios, and certain operations-related conditions. The credit facility also includes a condition under which, among other things, the level of investment is limited to the current long-term investment plan and certain limitations apply to the Group's ability to sell assets and implement acquisitions. There is also a change of control clause. Furthermore, the Board of Directors undertakes to refrain from proposing dividends until the company's financial position is significantly improved.

OUTLOOK FOR 2008

Pulp price increases were implemented during the first part of the year. The pulp market weakened in the third quarter, which has caused prices and delivery levels to fall. At this time there is an excess supply of pulp. The negative USD price trend has, however, so far been compensated for by the significant strengthening of the US dollar rate. In terms of inputs, the price of wood remains high despite the fact that the downturn in the sawmill and pulp industries is forcing down the price of sawmill timber and pulpwood. The price of electricity has also remained high. The price of oil fell sharply in the third quarter and it is likely that downward pressure on the price of raw materials will continue while the economy is weak.

The company is not providing a forecast for the full year 2008.

The quarterly report published on 24 July 2008 contained the following statements:

Price increases were implemented during the first half of 2008, resulting in the price of short-fibre chemical pulp (BHKP) rising from USD 780 to USD 840 per tonne and the price of long-fibre chemical pulp (NBSK) rising to around USD 900 per tonne. The price trend in USD has, however, had a smaller effect on the price of pulp in SEK as a result of the falling US dollar and, overall, the price increases have not been sufficient to compensate for higher raw material costs. In terms of inputs, the price of wood remains high, despite the fact that the downturn in the sawmill industry is forcing down the price of sawmill timber. The price of electricity in the first half was just over SEK 0.15 per kWh higher than in the equivalent period of 2007.

The company expects the equilibrium in the pulp market to remain favourable. Additional short-fibre pulp will become available in 2008 thanks to new production capacity, primarily in South America. However, the closures announced in 2007 and at the beginning of 2008 must also be taken into account.

The quarterly report published on 24 April 2008 contained the following statements:

Price increases were implemented during the first quarter of 2008 raising the price for short-fibre chemical pulp (BHKP) from USD 780 to USD 800 per tonne. Further price increases of USD 40 per tonne for all grades of pulp have been announced with effect from 1 April. The price trend in USD has, however, had a smaller effect on the price of pulp in SEK as a result of the falling US dollar and, overall, the price increases have not been sufficient to compensate for higher raw material costs. In terms of inputs, the high price of wood is expected to continue. The price of electricity in the first quarter was slightly lower than the fourth quarter of 2007 but just over SEK 0.10 higher than the equivalent period of 2007.

The company expects the equilibrium in the pulp market to remain favourable. Additional short-fibre pulp will become available in 2008 thanks to new production capacity, primarily in South America. However, the closures announced in 2007 and at the beginning of 2008 must also be taken into account.

The year-end release published on 1 February 2008 contained the following statements:

During the fourth quarter of 2007 price increases were implemented. The price of long-fibre chemical pulp (NBSK) has been raised to USD 880/tonne and the price of short-fibre chemical pulp to USD 780/tonne. The effect of the USD price trend on the SEK pulp price has, however, been offset by the weakening USD rate, and overall the price increases in 2007 have not been sufficient to compensate for the increased raw material costs. In respect of input goods, the price of wood is expected to remain at a high level while the price of electricity has increased at the start of 2008.

The company is counting on the balance in the pulp market remaining favourable. Additional short-fibre pulp will be added in 2008 through new production capacity, primarily in South America. At the same time, closures announced in 2007 and the start of 2008 will be implemented.

UPCOMING FINANCIAL INFORMATION

3 February, 2009	- Year-end release for 2008
23 April, 2009	- Interim report January-March 2009
24 July, 2009	- Interim report January-June 2009
23 October, 2009	- Interim report January-September 2009
2 February, 2010	- Year-end release for 2009

ANNUAL GENERAL MEETING

The annual general meeting for Rottneros AB will be held on Thursday the 23 April, 2009.

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

Upplands Väsby, 24 October 2008

Ole Terland

President and Chief Executive Officer

REVIEW REPORT

We have reviewed the financial report for Rottneros AB (publ) for the period 1 January – 30 September 2008. It is the responsibility of the Board of Directors and the CEO to prepare and present these interim financial statements in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on the interim financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by FAR. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially limited in scope compared to the focus and scope of an audit conducted in accordance with the Standards on Auditing in Sweden (RS) and the generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant circumstances that might be identified in an audit. Therefore, the opinion expressed based on a review does not give the same level of assurance as an opinion expressed on the basis of an audit.

On the basis of our review, nothing has come to our attention that causes us to believe that the interim report was not, in all material aspects, prepared in accordance with IAS 34 and the Annual Accounts Act.

Stockholm, 24 October 2008

Öhrlings PricewaterhouseCoopers AB

Magnus Brändström

Authorised Public Accountant

Ole Terland and Karl Ove Grönqvist will be available on 24 October at tel. +46 8 407 21 01 between 8 and 9 a.m. CET.

Analyst and press conference

Analysts and the press are invited to an analyst and press conference on 24 October at 9 a.m. at the offices of Hallvarsson & Halvarsson, Birger Jarlsgatan 6B, Stockholm, Sweden, tel. +46 8 407 20 00. Please register with Sara Höglund, e-mail: sara.hoglund@halvarsson.se, tel. +46 8 407 22 59,

Rottneros AB (publ), corp. reg. no. 556013-5872, Box 600, 194 26 Upplands Väsby. Tel. +46 8 590 010 00, fax +46 8 590 010 01. www.rottneros.com

This is information that Rottneros AB is obliged to publish under the Securities Market Act and/or the Financial Instruments Act. The information was made available to the media for publication on 24 October 2008 at 7.30 a.m. CET.

CONSOLIDATED PROFIT/LOSS ACCOUNTS (SEK million)

	July - Sept 2008	July - Sept 2007	Jan - Sept 2008	Jan - Sept 2007	Full year 2007
Net turnover	601	687	2 129	2 206	2 927
Change in inventories, finished goods	9	45	-43	24	84
Other income	24	4	38	39	57
Total income	634	736	2 124	2 269	3 068
Raw materials and consumables	-406	-470	-1 366	-1 358	-1 859
Other costs	-128	-205	-499	-539	-718
Personnel costs	-86	-105	-345	-305	-415
Depreciation	-27	-38	-85	-116	-436
Total operating costs	-647	-818	-2 295	-2 318	-3 428
Operating income	-13	-82	-171	-49	-360
Financial income	1	8	3	10	9
Financial expenses	-25	-8	-48	-24	-33
Net financial items	-24	0	-45	-14	-24
Income after net financial items	-37	-82	-216	-63	-384
Tax on income for the year	13	22	63	12	83
Net profit/loss after tax	-24	-60	-153	-51	-301
No. of shares at beginning of period ¹⁾	180 212	180 212	180 212	180 212	180 212
No. of company's own shares bought back ¹⁾	-	-	-	-	-
No. of shares at end of period ¹⁾	180 212	180 212	180 212	180 212	180 212
Average no. of shares ¹⁾	180 212	180 212	180 212	180 212	180 212
Earnings after tax/share (SEK) ²⁾	-0,13	0,33	-0,85	-0,28	-1,67
Key indicators that affect turnover					
Pulp price NBSK, USD ³⁾	885	803	888	777	794
USD/SEK ⁴⁾	6,31	6,75	6,19	6,88	6,76
Pulp price NBSK, SEK	5 584	5 417	5 497	5 344	5 368
Rottneros' deliveries, tonnes	137 100	164 500	499 500	540 600	714 700

¹⁾ The number of shares is given in thousands.

²⁾ There are no programs that lead to dilution.

³⁾ Source: PIX/Market Pulse.

⁴⁾ Source: Swedich central bank yearly average.

CONSOLIDATED BALANCE SHEET (SEK million)

	Sept 2008	Sept 2007	Dec 2007
Intangible fixed assets	28	24	22
Tangible fixed assets	1 074	1 287	1 015
Financial fixed assets	168	41	86
Total fixed assets	1 270	1 352	1 123
Inventories	481	475	493
Current receivables	463	589	572
Liquid funds	103	94	121
Total current assets	1 047	1 158	1 186
Total assets	2 317	2 510	2 309
Shareholders' equity	944	1 296	1 050
Longterm liabilities			
Interest-bearing	170	174	173
Non interest-bearing	27	82	49
Total longterm liabilities	197	256	222
Current liabilities			
Interest-bearing	543	294	452
Non interest-bearing	633	664	585
Total current liabilities	1 176	958	1 037
Total shareholders' equity and liabilities	2 317	2 510	2 309

CASH-FLOW ANALYSIS (SEK million)

	Jan - Sept 2008	Jan - Sept 2007	Jan - Dec 2007
Operating income	-171	-50	-360
Adjustment for non cash-flow items			
Depreciation	85	116	436
Profit/loss from disposal of fixed assets	5	11	16
Profit from disposal of CO2 allowances	-19	-	-
Other non cash-flow items	71	-	-
	-29	77	92
Paid financial items	-31	-22	-28
Paid taxes	-12	-18	-5
Cash-flow from current operations before change in working capital	-72	37	59
Change in working capital	80	117	4
Cash-flow from current operations	8	154	63
Acquisition of fixed assets	-149	-116	-163
Cash-flow from capital investments	-149	-116	-163
New loans	124	5	119
Repayment of loans	-2	-53	-4
Dividend paid	-	-18	-18
Cash-flow from financing	122	-66	97
Cash-flow for the period/year	-19	-28	-3
Liquid funds at beginning of year	121	122	122
Cash-flow for the period/year	-19	-28	-3
Translation difference in liquid funds	1	-	2
Liquid funds at end of period/year	103	94	121

SHARE DATA ^{1),5)}

		Sept 2008	Sept 2007	2007	2006	2005	2004	2003
No. of shares at beginning of period ²⁾	No.	180 212	180 212	180 212	180 212	180 212	180 722	182 980
No. of company's own shares bought back ²⁾	No.	-	-	-	-	-	510	2 258
No. of shares at end of period ²⁾	No.	180 212	180 212	180 212	180 212	180 212	180 212	180 722
Average number of shares ²⁾	No.	180 212	180 212	180 212	180 212	180 212	180 392	181 422
Operating profit or loss/share	SEK	-0,95	-0,27	-2,00	-0,04	-0,50	-0,64	0,67
Earnings after net financial items/share	SEK	-1,20	-0,35	-2,13	-0,13	-0,57	-0,67	0,64
Earnings after tax/share	SEK	-0,85	-0,28	-1,67	-0,05	-0,35	-0,50	0,47
Operating cash-flow/share ³⁾	SEK	0,87	0,21	-0,56	0,19	-2,28	-0,41	-0,23
Equity/share	SEK	5,24	7,19	5,83	7,78	8,45	9,28	9,50
Dividend	SEK	-	-	0,00	0,10	0,10	0,20	0,30
Dividend/equity per share	%	-	-	-	1,3	1,2	2,2	3,2
Share price at end of period	SEK	2,04	4,27	2,31	6,55	6,80	7,55	8,55
Share price/equity per share	Times	0,4	0,6	0,4	0,8	0,8	0,8	0,9
P/E ratio	Times	Neg	Neg	Neg	Neg	Neg	Neg	18,3
Direct yield ⁴⁾	%	-	-	-	1,5	1,4	2,6	3,5

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.

⁵⁾ Year 2003 has not been recalculated in respect of the IFRS transition. Adjustment should be made for IAS 39.

CHANGE IN SHAREHOLDERS' EQUITY (SEK million)

	Jan - Sept 2008	Jan - Sept 2007	Full year 2007
Opening shareholders' equity	1 050	1 403	1 403
Adjustment of opening shareholders' equity in respect of the IFRS transition (for specification see enclosure)	47	-38	-34
Profit/loss for the year	-153	-51	-301
Dividend	-	-18	-18
Closing shareholders' equity	944	1 296	1 050

QUARTERLY DATA (SEK million)

	2008			2007				2006			
	III	II	I	IV	III	II	I	IV	III	II	I
Net turnover	601	780	748	721	687	779	740	713	662	615	700
Operating profit/loss before depreciation	14	-19	-81	9	-44	51	60	69	47	36	-4
Depreciation	-27	-29	-29	-320	-38	-40	-38	-42	-36	-38	-39
Operating profit/loss	-13	-48	-110	-311	-82	11	22	27	11	-2	-43
Net financial items	-24	-9	-12	-10	-	-6	-8	-6	-10	-	-
Profit/loss after financial items	-37	-57	-122	-321	-82	5	14	21	1	-2	-43
Tax	13	17	33	71	22	-1	-9	3	-2	4	10
Profit/loss after tax	-24	-40	-89	-250	-60	4	5	24	-1	2	-33
Pulp production, 1 000 tonnes	136,3	162,6	184,3	190,0	177,9	186,1	176,1	181,1	167,8	175,4	174,6
Pulp deliveries, 1 000 tonnes	-137,1	-186,3	-176,1	-174,2	-164,5	-193,2	-182,9	-178,9	-168,7	-164,2	-187,7

PARENT COMPANY PROFIT/LOSS ACCOUNTS (SEK million)

	July - Sept 2008	July - Sept 2007	Jan - Sept 2008	Jan - Sept 2007	Full year 2007
Net turnover	605	677	2 135	2 193	2 905
Change in inventories, finished goods	-	-1	-1	-	-
Other income	9	14	20	62	104
Total income	614	690	2 154	2 255	3 009
Raw materials and consumables	-585	-691	-2 092	-2 225	-2 922
Other costs	-25	-42	-102	-120	-169
Personnel costs	-11	-8	-35	-25	-36
Depreciation	-2	-1	-5	-4	-6
Total operating costs	-623	-742	-2 234	-2 374	-3 133
Operating income	-9	-52	-80	-119	-124
Financial income	1	15	26	35	45
Financial expenses	-14	-7	-36	-24	-298
Net financial items	-13	8	-10	11	-253
Income after net financial items	-22	-44	-90	-108	-377
Tax on income for the year	6	14	26	22	22
Net profit/loss after tax	-16	-30	-64	-86	-355

PARENT COMPANY BALANCE SHEET (SEK million)

	Sept 2008	Sept 2007	Dec 2007
Intangible fixed assets	10	14	13
Tangible fixed assets	23	17	19
Financial fixed assets	546	526	520
Total fixed assets	579	557	552
Inventories	2	2	2
Current receivables	1 039	882	1 345
Liquid funds	63	19	21
Total current assets	1 104	903	1 368
Total assets	1 683	1 460	1 920
Shareholders' equity	691	991	755
Longterm liabilities			
Interest-bearing	150	150	150
Non interest-bearing	-	-	-
Total longterm liabilities	150	150	150
Current liabilities			
Interest-bearing	596	265	432
Non interest-bearing	246	54	583
Total current liabilities	842	319	1 015
Total shareholders' equity and liabilities	1 683	1 460	1 920

SIX YEAR REVIEW

	Jan - Sept 2008	Jan - Sept 2007	2007	2006	2005	2004		2003		
					Remaining operations	Total	Remaining operations	Total		
Key indicators that effect turnover										
Pulp price NBSK, USD ¹⁾	888	777	794	675	611		617		524	
USD/SEK ²⁾	6,19	6,88	6,76	7,37	7,48		7,35		8,09	
Pulp price NBSK, SEK	5 497	5 344	5 368	5 581	4 565		4 532		4 235	
Rottneros' deliveries, tonnes	499 500	540 600	714 700	699 500	666 700		625 000		641 100	
Turnover and income, SEK million										
Net turnover	2 129	2 206	2 927	2 690	2 411	2 429	2 272	2 356	2 380	
Profit/loss before depreciation	-86	67	75	148	9	48	129	109	239	
Depreciation	-85	-116	-435	-155	-138	-138	-162	-223	-117	
Operating profit/loss after depreciation	-171	-50	-360	-7	-129	-90	-33	-114	122	
Net financial items	-45	-13	-24	-16	-12	-13	-5	-7	-7	
Profit/loss after net financial items	-216	-63	-384	-23	-141	-103	-38	-121	115	
Profit/loss after tax	-153	-51	-301	-8	-91	-63	-31	-91	85	
Balance sheet items, SEK million										
Fixed assets	1 270	1 352	1 123	1 363	1 435		1 349		1 249	
Inventories	481	475	493	397	430		474		388	
Current receivables	463	589	572	570	595		572		443	
Liquid funds	103	94	121	122	125		157		252	
Assets from discontinued operations	-	-	-	-	26		16		-	
Shareholders' equity	944	1 296	1 050	1 403	1 523		1 673		1 717	
Long-term interest-bearing liabilities	170	174	173	177	180		186		42	
Long-term non interest-bearing liabilities	27	82	49	85	118		174		158	
Current interest-bearing liabilities	543	294	452	304	375		56		6	
Current non interest-bearing liabilities	633	663	585	483	405		472		414	
Liabilities from discontinued operations	-	-	-	-	10		7		-	
Balance sheet total	2 317	2 510	2 309	2 452	2 611		2 568		2 332	
Financial ratios										
Operating margin	%	-8,1	-2,2	-12,3	-0,3	-5,3	-3,7	-1,5	-4,9	5,1
Profit margin	%	-10,2	-2,9	-13,1	-0,9	-5,8	-4,2	-1,7	-5,2	4,8
Return on capital employed	%	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	7
Return on equity after full tax	%	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	5
Equity/assets ratio	%	41	52	45	57	58	58	65	65	73
Debt/equity ratio	Times	0,8	0,4	0,6	0,3	0,4	0,4	0,2	0,2	0,0
Interest cover	Times	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	18,2
Other										
Capital expenditure	SEK m	148	116	163	113	234	234	283	283	193
Average no. of employees		698	733	718	754	804	804	835	835	857

¹⁾ Source: PIX/Market Pulse

²⁾ Source: Swedish central bank yearly average

³⁾ Year 2003 has not been recalculated in respect of IFRS. Adjustment should be made for IAS 39.