

ROTTNEROS GROUP

YEAR-END RELEASE FOR JANUARY-DECEMBER 2007

INTERIM REPORT OCTOBER-DECEMBER 2007

SEK million except for per share data.

		2007	2006
Net turnover, SEK m	Jan - Dec	2 927	2 690
	Oct - Dec	721	713
Income after net financial items, SEK m	Jan - Dec	-384	-23
	Oct - Dec	-321	21
Earnings per share after net financial items, SEK	Jan - Dec	-2,13	-0,13
	Oct - Dec	-1,78	0,12
Profit/loss after tax, SEK m	Jan - Dec	-301	-8
	Oct - Dec	-250	24
Earnings per share after tax, SEK	Jan - Dec	-1,67	-0,05
	Oct - Dec	-1,39	0,13
Cash flow per share, SEK	Jan - Dec	-0,56	0,19
	Oct - Dec	-0,77	0,48
Shareholders' equity per share, SEK		5,83	7,78
Equity/assets ratio		45 %	57 %

- After writedown of the book value of fixed assets at Utansjö Mill of SEK 284 million the Group posts a loss after net financial items for 2007 of SEK -384 (-23) million.
- After writedown of the book value of fixed assets at Utansjö Mill of SEK 284 million the Group posts a loss after net financial items for the fourth quarter of 2007 of SEK -321 (21) million.
- Higher costs for wood have reduced earnings by SEK 182 million compared 2006.
- 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 sign necessary agreements, primarily partnership agreements. This will be followed by final negotiations on the funding of the project.

- On 31 January 2008 Rottneros' CEO, Lars Blecko, stepped down and was succeeded by Ole Terland.
- The company will not be providing a forecast for the full year 2008.
- On 9 January 2008 it was announced that Rottneros' Board of Directors has asked the Group's CEO to conclude negotiations with the relevant trade unions and implement the previously agreed closure of Utansjö Mill. The intention is for production to cease at the mill in the second quarter of 2008.
- The Board declared that no dividend will be distributed for the financial year 2007.

ROTTNEROS IN BRIEF

Rottneros, with origins dating back to 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 the changing requirements of discerning customers.

Rottneros has a total annual production capacity of some 700,000 tonnes of pulp, produced at five mills in Sweden and Spain, making the Group one of the ten largest suppliers of market pulp in the world. The company works to achieve a more stable and higher level of profitability over the course of the economic cycle through increasingly intensive product development in line with customer demands. The Group has introduced a comprehensive financial hedging policy to even out cyclical fluctuations in earnings.

EVENTS AFTER THE END OF THE YEAR

On 9 January it was announced that Rottneros' Board of Directors has asked the Group's CEO to conclude negotiations with the relevant trade unions and implement the previously agreed closure of Utansjö Mill. The intention is for production to cease at the mill in the second quarter of 2008. The decision to close Utansjö Mill, which will affect 140 employees, was taken already in August 2006, when co-determination negotiations with trade union representatives were initiated. In March 2007 the company announced that it intended to continue operations at Utansjö throughout 2008.

The cost of winding up operations at Utansjö is estimated at SEK 90 million, which will be charged to earnings in the first quarter of 2008 in the form of a provision. The winding up will have a positive effect on the cashflow for the Rottneros Group by the release of working capital. In March 2007 Rottneros and NCT, a South African forestry company, signed a letter of intent to explore the possibility of building a jointly-owned mill for production of CTMP mechanical pulp in South Africa. The value of the fixed assets at Utansjö, which include a newly invested pulp line for production of CTMP pulp, depends on the final implementation of the South African project, as the CTMP line in Utansjö is intended to be used as a basis for the new operation in South Africa.

After completing its main study, Rottneros has decided to go ahead with plans to establish a presence in South Africa, and the Board has asked the CEO to go into final negotiations and sign necessary agreements, primarily partnership agreements. This will be followed by final negotiations on the funding of the project.

Under the main structure of the agreement, Rottneros undertakes to complete the construction of a production plant with a capacity of 165,000 tonnes for the production of CTMP pulp from eucalyptus wood. The CTMP facility in Utansjö will be used as a basis for the new plant and the investment will be project-financed through the jointly owned company. It is hoped that the new plant can be taken into use at the end of 2009. The pulp will primarily be exported to Southeast Asia and Europe, and will be sold through Rottneros' marketing organisation. NCT will supply the wood. Rottneros will receive an associate company share in a company that is well placed to achieve good profitability and constitutes a strategic investment.

THE PULP MARKET

Markets and products

The market for all grades of pulp performed well in 2007 amid growing demand and mounting prices. For that part of the total global market for bleached chemical market pulp that reports statistics (19 countries), deliveries in 2007 were for the first eleven months 35.4 (34,1) million tonnes, an increase of 3.5 % or 1,200,000 tonnes on 2006. The global delivery capacity utilisation for bleached chemical pulp in January-November was 94 % (96 % for 2006). Production capacity utilisation for the same period was 95 % (96 %).

The average price of bleached long-fibre chemical pulp in 2007 was USD 794 per tonne (USD 675 per tonne), an increase of 18%. Price increases were implemented gradually during the year, resulting in an increase in the price of long-fibre chemical pulp (NBSK) from USD 730/tonne to USD 880/tonne. The price of short-fibre chemical pulp increased from around USD 670 at the start of the year to USD 780 at year-end. During the fourth quarter the price of short-fibre chemical pulp increased from USD 720 to USD 780.

Global producer stocks of bleached chemical pulp were at 2,945,000 tonnes at the beginning of the year and, according to preliminary data, 3,112,000 tonnes at year-end.

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

The price at the beginning of the year was USD 730 per tonne. The price was raised on several occasions during the year, and in the fourth quarter further price increases were implemented, bringing the price to USD 880 per tonne from USD 830 per tonne. The robust growth in the long-fibre chemical pulp market continued during the quarter and there is currently a balance between supply and demand.

Delivery capacity utilisation for the January–November period was 95 % (97 % for 2006), and production capacity utilisation for the same period 96 % (95 %). Delivery capacity utilisation for the October-December period was 96 % (95 % for October-November 2006), and production capacity utilisation 97 % (96 %).

Short-fibre chemical pulp (produced in Miranda)

The price of eucalyptus pulp (BEK) was raised during the year from USD 670 per tonne to USD 780 per tonne. Prices continue up in the beginning of 2008 with an announced price increase to USD 800 per tonne as of February.

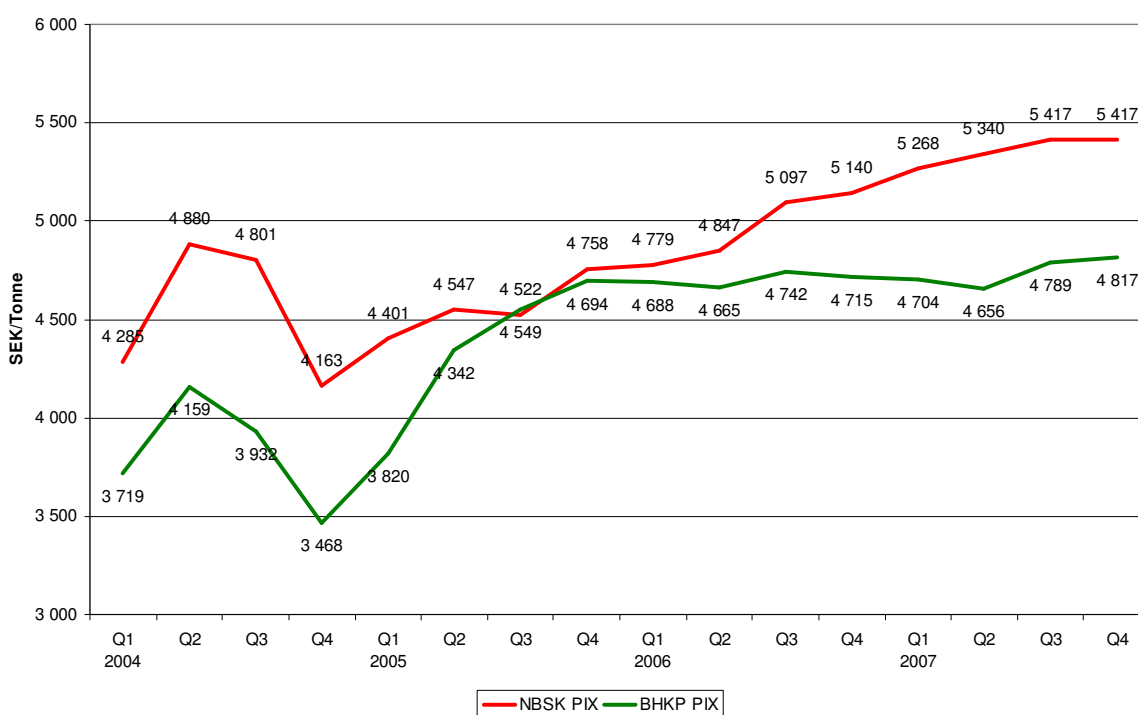
Delivery capacity utilisation for the January–November period was 93 % (96 % for 2006), and production capacity utilisation for the same period was 94 % (96 %). Delivery capacity utilisation for the October–November period was 95 % (94 %), and production capacity utilisation was 96 % (95 %).

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

In the fourth quarter prices of short-fibre CTMP increased at the same rate as the price of short-fibre chemical pulp, i.e. by USD 50. The period saw strong demand as well as high levels of production. Delivery capacity utilisation for the January–November period was 99 % (97 % for 2006), and production capacity utilisation was 97 % (95 %).

Delivery capacity utilisation for the October–November period was 100 % (85 % for the same period in 2006), and production capacity utilisation was 99 % (95 %).

Development of PIX price in SEK



PRODUCTION AND DELIVERIES

The Group's five mills in Rottneros, Rockhammar, Utansjö, Vallvik and Miranda in Spain have a combined production capacity of just over 700,000 tonnes per year. Total production in 2007 was 730,100 (698,900) tonnes, an increase of 4 %. In the fourth quarter production was 190,000 (181,100) tonnes, an increase of 5 %. The total production figure is an all-time high, and several of Rottneros' mills beat their production records in 2007. However, production was affected by a shortage of wood, primarily in the first quarter. Annual maintenance shutdowns were implemented in Vallvik and Rottneros in the third quarter and in Miranda and Utansjö in the fourth quarter. All costs relating to maintenance shutdowns are recognised in the periods in which the shutdowns took place.

Deliveries from the mills in 2007 totalled 714,800 (699,500) tonnes, up 15,300 tonnes from 2006. In the fourth quarter outgoing deliveries were 174,200 (178,900) tonnes.

PRODUCTION (TONNES)	Oct - Dec 2007	Oct - Dec 2006	Jan - Dec 2007	Jan - Dec 2006
Sulphate pulp	88 200	87 700	347 200	337 700
Groundwood pulp	41 400	36 000	154 800	142 800
CTMP	60 400	57 400	228 100	218 400
TOTAL	190 000	181 100	730 100	698 900
DELIVERIES (TONNES)	Oct - Dec 2007	Oct - Dec 2006	Jan - Dec 2007	Jan - Dec 2006
Sulphate pulp	79 600	88 200	337 500	340 000
Groundwood pulp	34 600	37 300	143 700	142 800
CTMP	60 000	53 400	233 600	216 700
TOTAL	174 200	178 900	714 800	699 500

INVOICED SALES AND RESULTS

January-December 2007

The Group generated a net turnover of SEK 2,927 million (2,690). As Rottneros Packaging is still in a build-up phase, results for this business area are not reported separately.

Sales for the period were SEK 237 million higher than the previous year, mainly due to: *increased delivery levels, SEK 59 million; a weaker US dollar, SEK -264 million; higher USD pulp prices, SEK 439 million; and other changes, SEK 3 million.* The average price of long-fibre sulphate pulp (NBSK) in USD increased from USD 675 to USD 794, while the average price of NBSK pulp converted into SEK increased from SEK 4,977 to SEK 5,368 per tonne, an increase of 8%. The average price in USD of eucalyptus pulp (BEK) increased from USD 640 to USD 702 per tonne, or by 10%, while the corresponding average price converted into SEK increased from SEK 4,711 to SEK 4,743 per tonne, a marginal increase of just under 1%.

The result includes a writedown of the book value of fixed assets at Utansjö Mill of SEK 284 million. The book value of the fixed assets at Utansjö after the writedown is SEK 100 million.

The largest share of the loss for the year is attributable to the Group's operations in Utansjö. The operating loss after financial items in 2007 for Utansjö Mill was SEK -75 million, not including the writedown of fixed assets.

Rottneros is also running a number of important projects for the future, including the plans to establish a production facility in South Africa and the new food packaging venture under the SilviPak brand in Rottneros Packaging. The overall charge for these projects in the 2007 income statement is SEK 28 million. The projects constitute important steps in Rottneros' long-term efforts to turn around its negative earnings trend and build a profitable company. The new ventures are expected to start generating profits in 2009.

The ongoing cost-cutting programme has resulted in cost reductions of SEK 100 million, as envisioned, and has thus achieved its target.

The price of electricity on the Nord Pool exchange, which increased dramatically in 2006, averaged SEK 0.28 per kWh in 2007. For 2008 and future periods, electricity is currently trading at prices around SEK 0.45 per kWh on Nord Pool.

The supply of wood was disrupted during the year by a number of factors, pushing the price of wood sharply higher. The poor supply of wood also resulted in an increase in transportation costs due to the longer distances covered. Overall, wood costs were SEK 182 million higher than in the same period last year.

The Group posts an operating loss including the write down of fixed assets of SEK -360 million (-7).

The costs having the biggest impact on annual earnings in 2008, as compared with previous years, were the SEK 284 million write down of fixed assets, costs relating to Rottneros' development projects and increased costs for wood of SEK 182 million. Electricity costs, including the effect of electricity hedges, fell by SEK 20 million compared with 2006. The result for 2006 included a provision for restructuring costs of SEK 27 million. The 2007 third quarter result includes a provision of SEK 10 million for restructuring measures at Rottneros Mill. These included cutting around 30 jobs. Hedging transactions in 2007 produced a result that was SEK 170 million lower than the previous year, SEK -69 million (101).

The Group posts a loss after net financial items of SEK -384 million (-23), which includes a net financial expense of SEK -24 million (-16). The loss after tax was SEK -301 million (-8). Earnings per share after tax were SEK -1.67 (-0.05) and cash flow per share was SEK -0.56 (0.19).

October-December 2007 compared with October-December 2006

The Group generated a net turnover of SEK 721 million (713).

Sales for 2007 were SEK 8 million higher than the previous year, mainly due to: *lower delivery levels, SEK -19 million; a weaker US dollar, SEK -73 million; and higher USD pulp prices, SEK 100 million.* The average price of long-fibre sulphate pulp (NBSK) in USD increased from USD 725 to USD 844, while the average price of NBSK pulp converted into SEK increased from SEK 5,141 to SEK 5,417 per tonne, an improvement of 5%. The average price in USD of eucalyptus pulp (BEK) increased from USD 663 to USD 751 per tonne, or by 13%, while the corresponding average price converted into SEK increased marginally from SEK 4,696 to SEK 4,819 per tonne, a minor increase of 3%.

The Group posts an operating loss of SEK -311 million (27), including a SEK 284 million write down of fixed assets at Utansjö.

The costs that had the biggest impact on quarterly earnings compared with the same period the previous year are mainly the increased wood costs of SEK 49 million. Electricity costs, including the cost of hedging, increased by SEK 6 million year-on-year. Hedging transactions during the quarter resulted in a net gain of SEK 15 million (20).

The Group posts a loss after net financial items of SEK -321 million (21), including a net financial expense of SEK -10 million (-6). The loss after tax was SEK -250 million (24). Earnings per share after tax were SEK -1.39 (0.13) and cash flow per share was SEK -0.77 (0.48).

	2007					2006				
	IV	III	II	I	Full year	IV	III	II	I	Full year
Profit/loss after financial items	-321	-82	5	14	-384	21	1	-2	-43	-23
<i>Whereof:</i>										
Currency hedges	25	6	2	6	39	14	7	9	6	36
Pulp price hedges	-20	-16	-15	-12	-63	-8	-	-	-	-8
Electricity hedges	10	-22	-19	-14	-45	14	29	15	15	73
Total hedges	15	-32	-32	-20	-69	20	36	24	21	101
IAS 39	-3	-	15	-2	10	-10	9	6	2	7
Green electricity	6	4	6	6	22	6	3	1	5	15

October-December 2007 compared with July-September 2007

Sales during the quarter were SEK 34 million lower than the third quarter of 2007. The increase is mainly due to: *higher delivery levels, SEK 41 million; a weaker US dollar, SEK -37 million; higher USD pulp prices, SEK 35 million; and other changes, SEK -5 million.* The continued increases in the price of pulp did not affect earnings for the quarter due to the lower USD exchange rate.

Apart from the write down of fixed assets, the main reason for the big difference in earnings between the quarters relates to the implemented maintenance shutdowns, which reduced third-quarter earnings by around SEK 30 million. The shutdowns also resulted in production losses estimated at around SEK 11 million. In the fourth quarter maintenance shutdowns were carried out at the Miranda and Utansjö mills. Although not as extensive as the shutdown in Vallvik, these incurred costs of about SEK 15 million. In addition, a provision of SEK 10 million was made for restructuring at Rottneros Mill and this affected the third quarter. The cost of wood fell slightly in the fourth quarter, and the overall cost was down SEK 9 million on the third quarter. The cost of electricity, including price hedges, was largely the same as in the third quarter. Hedging transactions resulted in a gain in the fourth quarter of SEK 15 million, against a loss of SEK -32 million for the third quarter of 2007. The loss after financial items for the fourth quarter of 2007 was SEK -321 million, against SEK -82 million for the third quarter of 2007.

PARENT COMPANY

The loss after financial items for 2007 in the parent company was SEK -377 million (122). All pulp invoicing in the Group has been centralised to the parent company. The parent company acts as a distributor for all the mills, for which it is paid sales commissions at normal rates. The notes relating to the Group sales therefore also apply to sales in the parent company. The result includes a loss of SEK -69 million (101) relating to hedging transactions for the entire Group. The parent company's operations include Rottneros Packaging, resulting in a higher cost burden, as the business area is still in a start-up phase. Costs relating to the South African project are also included in the parent company income statement, along with a write down of shares in subsidiaries of SEK 265 million.

For the fourth quarter, the parent company posts a loss after net financial items of SEK -269 million (62). This includes a loss of SEK 15 million (20) relating to hedging transactions for the entire Group.

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 capture about 5% of the European market. As the business is still 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 SEK 50 million and the factory is expected to go into operation in the second quarter of 2008.

ACCOUNTING PRINCIPLES

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, while the parent company's accounts have been prepared in accordance with Recommendation RR 32 of the Swedish Financial Accounting Standards Council. The accounting principles are the same as those used in preparing the most recent annual accounts. A detailed description of the Group's accounting principles is given in Rottneros' 2006 Annual Report on pages 46-48.

RISK MANAGEMENT

Operationally, the company employs a number of measures and strategies, such as focusing on certain niches and specific customer segments, in order to reduce the Group's dependency on the list price of market pulp and minimise fluctuations in profitability over the course of an economic cycle. The establishment of a new business area, Rottneros Packaging, and the company's expansion into a new stage in the value chain is another step in the process of reducing the Group's one-sided dependence on fluctuations in the pulp market. As a complement to its operational strategy, the Group also has a strategy for dealing with financial risk. By employing advanced methods of managing financial risks, Rottneros seeks to stabilise the Group's volatile earnings trend and, above all, create a stable foundation to prevent loss-making periods. The risks that have the greatest impact on consolidated earnings are associated with exchange rates, pulp prices and electricity. The price of wood is another significant factor affecting Rottneros' earnings.

USD

The largest portion of direct flows in USD, which is estimated at 40 % of the total inflow, is hedged. 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, but the direct inflow of USD only corresponds to around 40 % of sales. The portion of sales which is contractually denominated in EUR, about 10 %, has been hedged for 2008.

The average USD exchange rate in 2007 was 8 % lower than in 2006, averaging 6.76, against 7.37 in 2006. The lower average USD rate against SEK during the period had a negative impact on turnover of SEK -264 million, compared with 2006. Meanwhile, the price of NBSK pulp continued to rise, averaging USD 794 in 2007, against USD 675 the previous year. Overall, this resulted in an average improvement in the NBSK price in SEK of about 8 % compared with 2006.

At the end of December currency hedging in the form of forward contracts for USD 15 million had been concluded, at an average exchange rate of SEK 6.57 per USD. The contracts refer to January and February 2008. Hedging contracts for EUR 25 million had been concluded at an average rate of EUR 9.28/SEK 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 have been signed for two-year and three-year periods for an original total volume of 168,000 tonnes maturing from the beginning of the fourth quarter of 2006 and thereafter. 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 USD 633 per tonne.

Electricity

Rottneros was one of the first forestry companies to start employing long-term contracts to fix electricity prices at attractive levels. In 2002 Rottneros hedged its entire electricity consumption up to 2005 and thereafter continued to do so at progressively lower levels until 2009. For 2007 around 90 % of the Group's electricity consumption had been hedged at an average price of around SEK 0.32. For 2008 about 20 % 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 0.28 per kWh, against SEK 0.45 per kWh for the full year 2006.

For more information on risk, see the 2006 Annual Report.

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 at 31 December 2007. The reference value is the spot rate on 31 December and is given as supplementary information. Hedge contracts have a term of one to three 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) DECEMBER 2007:					
<i>Hedging</i>	<i>Hedged volume</i>	<i>Hedge price</i>		<i>Market value</i>	<i>Reference - spot rate</i>
					<i>31 December 2007</i>
Currency, USD, forward	USD 15 m	6,57 SEK/USD		2	6,43 SEK/USD
Currency, EUR	EUR 25 m	9,28 SEK/EUR		-4	9,46 SEK/EUR
Pulp price	96 000 tonnes	637 USD (PIX)		-126	USD 869/6,43 SEK/USD
Electricity	140 400 MWh	SEK 0.264 /kWh		31	SEK 0.398/kWh
Total market value				-97	
MARKET VALUE (SEK million) DECEMBER 2006:					
<i>Hedging</i>	<i>Hedged volume</i>	<i>Hedge price</i>		<i>Market value</i>	<i>Reference - spot rate</i>
					<i>31 December 2006</i>
Currency, USD, forward	USD 22 m	7,31 SEK/USD		11	6,87 SEK/USD
Currency, EUR, forward	EUR 44 m	9,22 USD/EUR		9	9,04 SEK/EUR
Pulp price, in SEK	156 000 tonnes	634 USD (PIX)		-79	USD 730/6,87 SEK/USD
Electricity	753 700 MWh	SEK 0.313 /kWh		22	SEK 0.217/kWh
Total market value				-37	

COST-CUTTING PROGRAMME

At the beginning of February 2006 the company announced its decision to implement a cost-cutting programme to save SEK 100 million. The programme specifically targets variable costs and involves further staff cuts. The goal is to reduce the head count by about 70. The programme was drawn up in the first quarter of 2006. During that year savings of around SEK 40 million were achieved. In 2007 savings of SEK 100 million were achieved, in line with the defined target.

As part of the cost-cutting programme, the Board has decided to implement staff cuts at Rottneros Mill to reduce the head count by about 30. To make this staff reduction possible, an investment of around SEK 20 million in a new control room and shipment line will be required.

SALE OF OWN SHARES

The 2007 Annual General Meeting authorised the Board, for 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.

CAPITAL INVESTMENTS AND FINANCIAL POSITION

The Group's investments in fixed assets in 2007 were SEK 163 million (113).

The largest single investment, costing some SEK 90 million, related to a turbine at Vallvik Mill. The new turbine, which will raise the level of self-sufficiency in electricity at Vallvik Mill from around 70% to almost 100%, was installed in connection with the maintenance shutdown in September 2007. As a result, the amount of electricity purchased externally will be reduced by almost 50 GWh per year.

The Group's liquid funds at year-end were SEK 121 million, against SEK 122 million at the end of 2006. As at 31 December 2007, the company had interest-bearing liabilities totalling SEK 625 million (481) and net borrowing of SEK 504 million (359). Approved but unutilised lines of credit totalled SEK 196 million. The equity/assets ratio was 45 %, compared with 57 % the previous year. Shareholders' equity per share was SEK 5.83 (7.78).

CASH FLOW

Cash flow from operations before investments was SEK 63 million (149). The figure includes cash flow from financial hedging of SEK -64 million (105). The cash flow after investments was SEK -100 million (38). Investments were financed by cash flow from operations.

AVERAGE NUMBER OF EMPLOYEES

The average number of employees during the reporting period was 718 (754).

OUTLOOK FOR 2008

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 counts on the balance in the pulp market to remain 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.

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

DIVIDEND FOR 2007

The Board of Directors will propose to the Annual General Meeting on 24 April 2008 that no dividend be paid.

PROPOSAL FOR MANAGEMENT OF OWN SHAREHOLDINGS

The Board of Directors proposes that the Annual General Meeting grant a continued mandate to the Board, valid until the 2009 AGM, to decide on the transfer of own shares for the funding of strategic investments or acquisitions. A detailed description of the proposal will be released once it has been approved by the Board.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 24 April 2008 at 14:00 at the Hotel Selma Lagerlöf in Sunne. The record date for the right to vote at the AGM is 18 April 2008.

UPCOMING FINANCIAL INFORMATION

- 24 April 2008 - Interim report (3 months) 2008 and Annual General Meeting
25 July 2008 - Interim report (6 months) 2008
24 October 2008 - Interim report (9 months) 2008
3 February 2009 - Year-end release for 2008

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

Upplands Väsby, 1 February 2008

Ole Terland
President and Chief Executive Officer

This reported has been reviewed by the company's auditors.

Ola Terland and Karl Ove Grönqvist can be contacted by telephone on +46 407 21 03 on Friday 1 February from 8 a.m. to 9 a.m.

Analyst and journalist meeting

Analysts and journalists are invited to an analyst meeting to be held at 10 a.m. on 1 February at Hallvarsson & Halvarsson, Birger Jarlsgatan 6B, phone +46 8 407 20 00. Those wishing to attend are requested to contact Camilla Nilsson on +46 8 407 22 22, e-mail: camilla.nilsson@halvarsson.se

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CONSOLIDATED PROFIT/LOSS ACCOUNTS (SEK million)

	Oct - Dec 2007	Oct - Dec 2006	Full year 2007	Full year 2006
Net turnover	721	713	2 927	2 690
Change in inventories, finished goods	60	6	84	-4
Other income	18	18	57	97
Total income	799	737	3 068	2 783
Raw materials and consumables	-501	-418	-1 859	-1 573
Other costs	-179	-160	-718	-643
Personnel costs	-110	-90	-415	-419
Depreciation	-320	-42	-436	-155
Total operating costs	-1 110	-710	-3 428	-2 790
Operating income	-311	27	-360	-7
Financial income	-1	1	9	7
Financial expenses	-9	-7	-33	-23
Net financial items	-10	-6	-24	-16
Income after net financial items	-321	21	-384	-23
Tax on income for the year	71	3	83	15
Net profit/loss after tax	-250	24	-301	-8
No. of shares at beginning of period ¹⁾	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
Average no. of shares ¹⁾	180 212	180 212	180 212	180 212
Earnings after tax/share (SEK) ²⁾	-1,39	0,13	-1,67	-0,05
Key indicators that affect turnover				
Pulp price NBSK, USD ³⁾	844	725	794	675
USD/SEK ⁴⁾	6,42	7,08	6,76	7,37
Pulp price NBSK, SEK	5 417	5 141	5 368	4 977
Rottneros' deliveries, tonnes	174 100	178 900	714 700	699 500

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)

	Dec 2007	Dec 2006
Intangible fixed assets	22	36
Tangible fixed assets	1 015	1 284
Financial fixed assets	86	43
Total fixed assets	1 123	1 363
Inventories	493	397
Current receivables	572	570
Liquid funds	121	122
Total current assets	1 186	1 089
Total assets	2 309	2 452
Shareholders' equity	1 050	1 403
Longterm liabilities		
Interest-bearing	173	177
Non interest-bearing	49	85
Total longterm liabilities	222	262
Current liabilities		
Interest-bearing	452	304
Non interest-bearing	585	483
Total current liabilities	1 037	787
Total shareholders' equity and liabilities	2 309	2 452

CASH-FLOW ANALYSIS (SEK million)

	Jan - Dec 2007	Jan - Dec 2006
Operating income	-360	-7
Adjustment for non cash-flow items		
Depreciation	436	155
Profit/loss from disposal of fixed assets	16	3
Other non cash-flow items	-	-
	92	151
Paid financial items	-28	-18
Paid taxes	-5	-3
Cash-flow from current operations before change in working capital	59	130
Change in working capital	4	19
Cash-flow from current operations	63	149
Acquisition of fixed assets	-163	-113
Change in long-term receivables	-	2
Cash-flow from capital investments	-163	-111
New loans	119	-
Repayment of loans	-4	-18
Dividend paid	-18	-18
Cash-flow from financing	97	-36
Cash-flow for the period/year	-3	2
Liquid funds at beginning of year	122	125
Cash-flow for the period/year	-3	2
Translation difference in liquid funds	2	-5
Liquid funds at end of period/year	121	122

SHAREDATA ^{1), 6)}

		2007	2006	2005	2004	2003	2002
No. of shares at beginning of period ²⁾	No.	180 212	180 212	180 212	180 722	182 980	188 399
No. of company's own shares bought back ²⁾	No.	-	-	-	-510	-2 258	5 418
No. of shares at end of period ²⁾	No.	180 212	180 212	180 212	180 212	180 722	182 980
Average number of shares ²⁾	No.	180 212	180 212	180 212	180 392	181 422	187 709
Operating profit or loss/share	SEK	-2,00	-0,04	-0,50	-0,64	0,67	0,31
Earnings after net financial items/share	SEK	-2,13	-0,13	-0,57	-0,67	0,64	0,46
Earnings after tax/share	SEK	-1,67	-0,05	-0,35	-0,50	0,47	0,29
Operating cash-flow/share ³⁾	SEK	-0,56	0,19	-2,28	-0,41	-0,23	-0,13
Equity/share	SEK	5,83	7,78	8,45	9,28	9,50	9,33
Dividend ⁴⁾	SEK	0,00	0,10	0,10	0,20	0,30	0,30
Dividend/equity per share	%	-	1,3	1,2	2,2	3,2	3,2
Share price at end of period	SEK	2,31	6,55	6,80	7,55	8,55	7,45
Share price/equity per share	Times	0,4	0,8	0,8	0,8	0,9	0,8
P/E ratio	Times	Neg	Neg	Neg	Neg	18,3	25,3
Direct yield ⁵⁾	%	-	1,5	1,4	2,6	3,5	4,0

CHANGE IN SHAREHOLDERS' EQUITY (SEK million)

	Full year 2007	Full year 2006
Opening shareholders' equity	1 403	1 523
Adjustment of opening shareholders' equity in respect of the IFRS transition (for specification see enclosure)	-34	-94
Profit/loss for the year	-301	-8
Dividend	-18	-18
Closing shareholders' equity	1 050	1 403

QUARTERLY DATA (SEK million)

	2007				2006				2005			
	IV	III	II	I	IV	III	II	I	IV	III	II	I
Net turnover	721	687	779	740	713	662	615	700	607	641	596	585
Operating profit/loss before depreciation	9	-44	51	60	69	47	36	-4	17	-24	43	12
Depreciation	-320	-38	-40	-38	-42	-36	-38	-39	-34	-37	-34	-33
Operating profit/loss	-311	-82	11	22	27	11	-2	-43	-17	-61	9	-21
Net financial items	-10	-	-6	-8	-6	-10	-	-	-4	-4	-2	-3
Profit/loss after financial items	-321	-82	5	14	21	1	-2	-43	-21	-65	7	-24
Tax	71	22	-1	-9	3	-2	4	10	17	20	-6	9
Profit/loss after tax	-250	-60	4	5	24	-1	2	-33	-4	-45	1	-15
Pulp production, 1 000 tonnes	190,0	177,9	186,1	176,1	181,1	167,8	175,4	174,6	176,9	163,3	157,1	151,1
Pulp deliveries, 1 000 tonnes	-174,2	-164,5	-193,2	-182,9	-178,9	-168,7	-164,2	-187,7	-165,8	-175,7	-162,9	-162,3
Sawn timber production, 1 000 m ³	-	-	-	-	-	-	-	-	-	-	-	1,3
Sawn timber deliveries, 1 000 m ³	-	-	-	-	-	-	-	-	-	-	-	-10,3

PARENT COMPANY PROFIT/LOSS ACCOUNTS (SEK million)

	Oct - Dec 2007	Oct - Dec 2006	Full year 2007	Full year 2006
Net turnover	712	698	2 905	2 689
Change in inventories, finished goods	-	-	-	-
Other income	42	39	104	140
Total income	754	737	3 009	2 829
Raw materials and consumables	-697	-686	-2 922	-2 596
Other costs	-49	-40	-169	-139
Personnel costs	-11	-10	-36	-30
Depreciation	-2	-1	-6	-5
Total operating costs	-759	-737	-3 133	-2 770
Operating income	-5	-	-124	59
Financial income	10	103	45	125
Financial expenses	-274	-41	-298	-62
Net financial items	-264	62	-253	63
Income after net financial items	-269	62	-377	122
Tax on income for the year	-	9	22	-9
Net profit/loss after tax	-269	71	-355	113

PARENT COMPANY BALANCE SHEET (SEK million)

	Dec 2007	Dec 2006
Intangible fixed assets	13	15
Tangible fixed assets	19	15
Financial fixed assets	520	510
Total fixed assets	552	540
Inventories	2	1
Current receivables	1 345	1 135
Liquid funds	21	35
Total current assets	1 368	1 171
Total assets	1 920	1 711
Shareholders' equity	755	1 094
Longterm liabilities		
Interest-bearing	150	150
Non interest-bearing	-	-
Total longterm liabilities	150	150
Current liabilities		
Interest-bearing	432	308
Non interest-bearing	583	159
Total current liabilities	1 015	467
Total shareholders' equity and liabilities	1 920	1 711

SIX YEAR REVIEW

	2007	2006	2005	2004		2003	2002		
			Remaining operations	Total	Remaining operations	Total			
Key indicators that effect turnover									
Pulp price NBSK, USD ¹⁾	794	675	611		617		463		
USD/SEK ²⁾	6,76	7,37	7,48		7,35		9,72		
Pulp price NBSK, SEK	5 368	4 977	4 565		4 532		4 500		
Rottneros' deliveries, tonnes	714 700	699 500	666 700		625 000		630 500		
Turnover and income, SEK million									
Net turnover	2 927	2 690	2 411	2 429	2 272	2 356	2 494		
Profit/loss before depreciation	75	148	9	48	129	109	171		
Depreciation	-435	-155	-138	-138	-162	-223	-114		
Operating profit/loss after depreciation	-360	-7	-129	-90	-33	-114	57		
Net financial items	-24	-16	-12	-13	-5	-7	29		
Profit/loss after net financial items	-384	-23	-141	-103	-38	-121	86		
Profit/loss after tax	-301	-8	-91	-63	-31	-91	55		
Balance sheet items, SEK million									
Fixed assets	1 123	1 363	1 435		1 349		1 197		
Inventories	493	397	430		474		401		
Current receivables	572	570	595		572		425		
Liquid funds	121	122	125		157		350		
Assets from discontinued operations	-	-	26		16		-		
Shareholders' equity	1 050	1 403	1 523		1 673		1 706		
Long-term interest-bearing liabilities	173	177	180		186		6		
Long-term non interest-bearing liabilities	49	85	118		174		143		
Current interest-bearing liabilities	452	304	375		56		2		
Current non interest-bearing liabilities	585	483	405		472		516		
Liabilities from discontinued operations	-	-	10		7		-		
Balance sheet total	2 309	2 452	2 611		2 568		2 373		
Financial ratios									
Operating margin	%	-12,3	-0,3	-5,3	-3,7	-1,5	-4,9	5,1	2,3
Profit margin	%	-13,1	-0,9	-5,8	-4,2	-1,7	-5,2	4,8	3,5
Return on capital employed	%	Neg	Neg	Neg	Neg	Neg	Neg	7	5
Return on equity after full tax	%	Neg	Neg	Neg	Neg	Neg	Neg	5	3
Equity/assets ratio	%	45	57	58	58	65	65	73	72
Debt/equity ratio	Times	0,6	0,3	0,4	0,4	0,2	0,2	0,0	-
Interest cover	Times	Neg	Neg	Neg	Neg	Neg	Neg	18,2	29,4
Other									
Capital expenditure	SEK m	163	113	234	234	283	283	193	244
Average no. of employees		718	754	804	804	835	835	857	860

¹⁾ Source: PIX/Market Pulse

²⁾ Source: Swedish central bank yearly average

³⁾ The years 2002 and 2003 have not been recalculated in respect of IFRS. Adjustment should be made for IAS 39.