

THE ROTTNEROS GROUP

QUARTERLY REPORT JANUARY – MARCH 2005

The new IFRS/IAS rules have been applied in this report. All information relating to profits at Group level for the previous year has been translated in accordance with the new IFRS/IAS rules.

* Turnover	Jan. – Mar.	SEK 585 m (615)
* Income after net financial items	Jan. – Mar.	SEK -24 m (-24)
* Earnings per share after net financial items	Jan. – Mar.	SEK -0.13 (-0.14)
* Profit/loss after tax	Jan. – Mar.	SEK -15 m (-21)
* Earnings per share after tax	Jan. – Mar.	SEK -0.8 (-0.12)
* Cash flow per share	Jan. – Mar.	SEK -0.22 (-0.47)
* Shareholders' equity per share	SEK 9.14	(31.12.04: 9.28)
* Equity/assets ratio	64%	(31.12.04: 65%)
* The pulp market strengthened in the first quarter 2005 but developed weaker than expected.		
* Adjustment of inventory values and market related early shut down of the magnefite production line at Utansjö mill had a negative impact of 35 MSEK on the result in the first quarter.		
* The company expects a slightly positive result after financial items for 2005.		

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 its products to satisfy its demanding customers.

Rottneros has a total production capacity of more than 700,000 tonnes of pulp per year produced at five 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 accordance with customers' demands should lead to more stable and higher profitability throughout an economic cycle. The Group has a financial hedging policy to even out earnings over the economic cycle.

THE PULP MARKET

Pulp prices decreased during the fourth quarter 2004, but turned around towards the end of the year. In the first quarter 2005 the pulp market strengthened, but from a low level. Prices for long-fibre sulphate pulp (NBSK) developed positively during the quarter, but the improvement was less than the company expected.

Global delivery capacity utilisation for bleached chemical pulp for the January – February period was 94% compared with 96% for the same period last year. Worldwide producer stocks of these grades amounted to 3,222,000 tonnes at the beginning of the year and a provisional figure of 3,305,000 tonnes at the end of February.

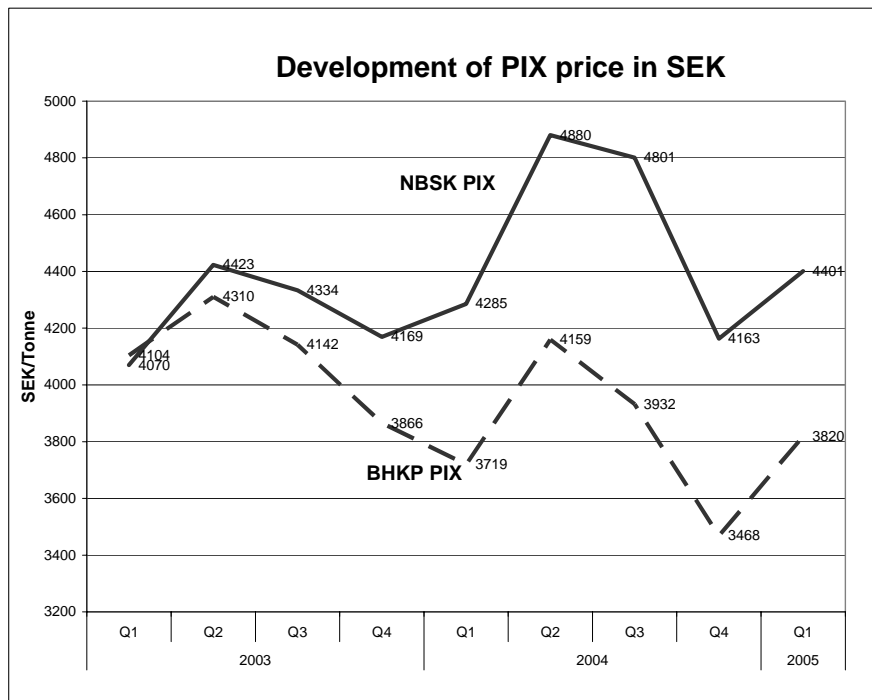
Production capacity utilisation for the same period was 95.3%, and 95.0% for the same period last year.

The two most important markets are Western Europe and North America. Development in the Western European market for paper products was weak during the quarter, particularly in respect of price levels. The North American market was strong, with good demand and rising prices. On the Asiatic market – and particularly in China, which often holds the balance of power between supply and demand – the volume trend was more subdued in the first quarter, which resulted in stagnation in pulp purchases.

Long-fibre chemical pulp (produced in Vallvik and Utansjö)

The price at the beginning of the year was USD 630 and had risen to USD 645 at the end of the quarter. The market for long-fibre pulp was affected by new production capacity added in Central Europe, which has now been streamlined and is supplying regular quantities of pulp in Europe. In addition, the storm in January meant increased production of softwood pulp due to a shortage of hardwood material and thus resulted in increased supply of long-fibre sulphate pulp. The announced price increases to USD 660 were therefore not fully realised.

Delivery capacity utilisation was 96.8% (95) and production capacity utilisation was 100.4% (95) for the January – February period.



Short-fibre chemical pulp (produced in Miranda)

The price at the beginning of the year was USD 530, rising to USD 580 at the end of the quarter. Announced price increases were implemented and have continued into the second quarter, when the price increased further to USD 600 per tonne.

Delivery capacity utilisation was 90.7% (95 in the same period in 2004) and production capacity utilisation was 89.5% (98) for the January – March period.

Mechanical pulp (produced in Rottneros, Rockhammar and Utansjö)

The first quarter has been characterised by relatively good demand, particularly for CTMP grades. Delivery capacity utilisation for CTMP was 99% (100), while production capacity utilisation was 98% (98) accumulated for January – March. Prices for both CTMP and groundwood pulp developed positively in the period, but starting from a low price level in the fourth quarter 2004.

PRODUCTION AND DELIVERIES

Production in the first quarter amounted to 151,100 tonnes (167,400), which is a decrease of 16,300 tonnes or 10 % on the same period last year. The reduction is primarily attributable to the winding up of the magnefite line in Utansjö. Production ceased on 12 January, since when all deliveries have been from stock. For the purposes of the technical transition from production of magnefite to production of CTMP, the company decided to interrupt production of groundwood pulp at Utansjö for two weeks. Deliveries amounted to 162,300 tonnes (169,500), which is a reduction of 7,200 tonnes or just over 4 %. Deliveries in the first quarter 2004 were unusually high, while deliveries this year may be regarded as normal.

Production (tonnes)	Jan. – Mar. 2005	Jan. – Mar. 2004
Sulphate pulp	88,800	85,700
Magnefite pulp	1,400	13,200
Groundwood pulp	29,800	36,800
CTMP	<u>31,100</u>	<u>31,700</u>
TOTAL	151,100	167,400

Deliveries (tonnes)	Jan. – Mar. 2005	Jan. – Mar. 2004
Sulphate pulp	85,800	91,600
Magnefite pulp	9,700	13,500
Groundwood pulp	33,400	31,500
CTMP	<u>33,400</u>	<u>32,900</u>
TOTAL	162,300	169,500

Average capacity utilisation in the mills during the period was 96 % (96), which breaks down as sulphate pulp 103 % (100), groundwood pulp 79 % (99) and CTMP 92 % (94).

In the first quarter 2005 production was interrupted in Utansjö while the magnefite line was switched off and the new CTMP line started up. In addition, Rockhammar had a scheduled four-day maintenance shutdown in the first quarter. The mill in Rottneros will have its annual maintenance shutdown in the second quarter. In the third quarter Vallvik plans to have its annual maintenance shutdown and Rockhammar will have a brief maintenance shutdown, while Miranda's maintenance shutdown will be in the fourth quarter.

Operations at Rockhammar Timber sawmill were wound up during the first quarter and over 90% of the workers left the company at the end of March.

INVOICED SALES AND RESULTS

January – March 2005 compared with January – March 2004

The Group's net turnover was SEK 585 million (615). Pulp accounted for SEK 569 million (593) of net turnover and sawn timber for SEK 16 million (22).

There were *three main elements* to the SEK 30 million reduction in turnover in the period: *a weaker dollar* (SEK -40 million) and *lower deliveries* (SEK -28 million), while *improved pulp prices in USD* increased turnover by SEK 38 million. The average price of long-fibre sulphate pulp expressed in USD increased from USD 581 to USD 636, an increase of 9%. The equivalent prices translated into SEK increased by 3 % from SEK 4,269 per tonne to SEK 4,401 per tonne. For several years Rottneros has had long-term customer contracts with a price equalisation profile, which is entirely in line with the company's niche strategy. In addition, the Group has a significant proportion of mechanical pulp products, which delays the impact of prices on the company in periods of rapid price change.

The consolidated operating result was SEK -21 million (-22). The operating result for the pulp-producing units amounted to SEK -24 million (-20) and for the sawmill in Rockhammar SEK 3 million (-2). Costs of SEK 35 million were charged to the operating result as a result of adjustments in magnetite stocks and the closure of the magnetite production line, which was brought forward. The operating result was also affected by a lower result realised from hedging activities, which had an overall result of SEK 23 million (48), broken down into 38 (39) from currency hedging, -18 (1) from pulp hedging and 3 (8) from electricity hedging. Green Electricity income amounted to SEK 7 million (7). The translation to IFRS had a positive effect on the operating result of SEK 12 million (-40), which is explained by the change in the fair value of unrealised gains and losses for hedges not identified as hedge accounting.

The consolidated result after net financial items was SEK -24 million (-24) and includes net financial items of SEK -3 million (-2) for the reporting period. Earnings per share after tax amounted to SEK -0.08 (-0.12). Cash flow per share was SEK -0.22 (-0.47).

The result after net financial items for the parent company was SEK 16 million (45). The result includes extensive realised hedging activities on behalf of the whole Group, which affected the result by SEK 23 million (48).

January – March 2005 compared with October – December 2004

Turnover in the first quarter 2005 increased by SEK 50 million compared with the fourth quarter 2004. The increase is mainly due to *higher delivery volumes* (SEK 40 million) and *increases in dollar pulp prices* (SEK 12 million). However, the *falling dollar rate* continued to have a negative effect on turnover of SEK -2 million. Deliveries increased by nearly 9 % compared with the fourth quarter last year. Market pulp prices for long-fibre sulphate pulp translated into SEK increased by 6 %, from SEK 4,163 per tonne to SEK 4,401.

Realised hedging activities made a profit of SEK 23 million; the equivalent amount in the fourth quarter 2004 was SEK 51 million. During the first quarter Green Electricity certificates contributed income of SEK 7 million (7). The translation to IFRS had a positive effect on the operating result of SEK 12 million (-13), which is explained by the change in the fair value of unrealised gains and losses for hedges not identified as hedge accounting. The result after net financial items for the first quarter 2005 was SEK -24 million (-66).

RESTRUCTURING AT UTANSJÖ

As announced in a separate press release, the new CTMP facility in Utansjö was started up as scheduled and is now in continuous operation. Production on the magnetite line was discontinued as planned. In consequence of the public announcement of the closure of the magnetite production line there was a rapid reduction in demand for this grade. The situation was made worse by a weaker market for long-fibre pulp than had previously been expected. As a result of this market situation, production on the magnetite line was stopped earlier than scheduled and stock levels were adjusted. Profit was negatively affected by around SEK 35 million during the first quarter 2005 for these reasons. No substantial costs are expected to arise in the rest of the year in respect of the discontinuation of magnetite production.

During the second quarter the running-in and streamlining of the new CTMP line will mean that prices will be lower than list prices. The Group's income in the second quarter will therefore be reduced by around SEK 20 million in respect of the CTMP line in Utansjö compared with business as normal.

DISCONTINUED OPERATIONS

On 16 September the Board of Directors decided to wind up operations at Rockhammar Timber sawmill. The winding-up costs have been estimated at SEK 7 million plus book value write-downs of SEK 29 million.

In recent years the sawmill has reported operating losses in the order of SEK 10-15 million per year and this source of loss has now been eliminated. Sawmill operations at Rockhammar Timber ceased in January and since then deliveries have been made from stock. The majority of the staff left the company at the end of the first quarter. Final deliveries from stock and other operations will be wound up during the second quarter. The reservations made on 16 September 2004 for winding-up costs have been entirely sufficient to date and a small positive reversal of SEK 3 million has been able to be made as stocks were phased out and the reserve was no longer required. The remaining winding-up operations are not expected to generate any losses.

As the table on page 14 shows, the sawmill's operations have been of only marginal significance for the Group's results and position.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with International Financial Reporting Standards. Comparison figures for 2004 have been translated in accordance with the new accounting principles. Under the transitional rules in IFRS 1, the comparison year need not be adjusted in respect of IAS 39, Financial Instruments. For the Rottneros Group, IAS 39 is the accounting principle that has the greatest effect. Rottneros has therefore chosen to adjust the comparison year with respect to IAS 39 as well.

In brief, the significance of the new rules that are applicable to Rottneros is as follows:

IAS 39 Financial Instruments

According to IAS 39, *financial instruments* are to be reported at fair value. Changes in fair value are to be reported in the company's income statement and balance sheet. The recommendation allows the application in exceptional cases of so-called hedge accounting, provided that the company's forecasts, systems and routines meet strict requirements of precision and documentation. This hedge accounting means that ongoing changes in fair value are posted directly to shareholders' equity and do not affect the income statement.

Rottneros implements extensive hedging and hence the consequence of not applying so-called hedge accounting would be sharply increased volatility in reported earnings. Rottneros is applying hedge accounting to the majority of its financial contracts.

It is important to point out that cash flow from the hedging is not affected by the introduction of IAS 39. The Group's objective of generating a positive cash flow from current operations even during downturns remains.

IAS 17 Leases

Rottneros already complied with the substance of this recommendation. Rottneros has no leases the reclassification of which has given rise to any significant effects at Group level.

IAS 19 Employee Benefits

Rottneros already complied with the rules concerning *employee benefits* (IAS 19). Rottneros' transition to IFRS has had no tangible effect on the Group's income statement and balance sheet.

IAS 41 Agriculture

In respect of the reporting of *agriculture and forestry* (IAS 41), biological assets are to be reported at the real value on each closing day. Rottneros owns only a small forest property which has no material effect on the Group's profits and position.

IAS 20 Accounting for Government Grants and Disclosure of Government Assistance

In respect of the reporting of electricity certificates under this accounting principle (IFRIC 3 Emission Rights), the assets are to be reported at the real value on each closing day. Revaluation of Rottneros' assets related to electricity certificates had an insignificant effect on Group equity.

RISK MANAGEMENT

USD

The average USD exchange rate in the first quarter 2005 was 6 % lower than in the corresponding period in 2004. The net effect, despite a weaker USD relative to SEK but including the effect of realised hedging, amounted to SEK +21 million (-66) in the first quarter.

In the main, all pulp is priced in USD. For a number of years the Group has taken out long-term hedging contracts for its currency exposure in USD. At the end of the first quarter 2005 a total of USD 47 million remained of this long-term currency hedging, at an average rate of SEK 9.57 per USD. These contracts relate to the coming 16 months. Of the sum hedged, USD 30 million relates to the current year at an average rate of 9.70, which means that around 15% of the Group's exposure in 2005 has been hedged through long-term currency contracts.

In the first quarter the USD exchange rate fluctuated widely (ranging from 6.72 to 7.14) and it was difficult to estimate the dollar's future behaviour. In the first quarter 2005, therefore, the company took out currency hedging to shield the company from a falling USD rate. Contracts within the range SEK 6.80 to SEK 7.19 per USD are evenly distributed over the three quarters. The hedging covers USD 50 million in total. After the quarter had ended a further USD 20 million was hedged within a corridor of SEK 7.05 to SEK 7.19. Overall, the Group has short-term currency hedging utilising what are known as "corridors" for USD 70 million in respect of the remaining three quarters of the year, with an average floor of SEK 6.94 and a ceiling of SEK 7.10. No costs have been charged to the Group for this hedging. This additional currency hedging has reduced the company's currency risk since the total level of hedging (long-term and short-term currency hedging) amounts to around 30% of exposure. This level of hedging is in line with previous hedging and means that 70% of turnover is not subject to currency hedging for 2005.

No hedging has been carried out for currencies other than USD.

Pulp prices

No new pulp price contracts were taken out in the first quarter 2005. In 2003 the company took out supplementary hedging in the form of one- and two-year contracts to cushion the company against any reductions in pulp prices. In total, pulp contracts have been taken out for 165,600 tonnes with varying remaining terms over two years. Only 24,800 tonnes of this amount remains, mainly for settlement in the second quarter. In the first quarter pulp price hedging contracts affected the company's profits negatively by SEK -18million (1) in total. In addition to pulp price hedging, the Group has for several years had long-term customer contracts with a price equalisation profile, which is entirely in line with the company's niche strategy.

Electricity

The company hedges electricity prices in Sweden, as a result of which the variations in electricity prices have essentially been evened out. Before the dramatic increases in electricity prices at the end of 2002 the Board resolved to hedge nearly 100% of the coming three years' (2003, 2004 and 2005) external purchases of electricity. For 2005 the price is hedged at SEK 0.22 per kWh. Substantially more electricity will be consumed with the conversion of Utansjö to CTMP production. For 2005, this additional consumption has been hedged at levels of around SEK 0.24 per kWh. For the coming four years, 25% of the expected additional consumption relating to the CTMP line in Utansjö has been hedged at SEK 0.25 per kWh.

The table below shows the market value of all hedging. The values are assessed by independent parties and refer to the liquidation value, i.e. valuation in accordance with forward contracts as of 31 March 2005. The reference value is the spot rate on 31 March and is given as supplementary information. The hedging has a term of two to three years. As a result of the application of IFRS/IAS, these market values are now reflected in the balance sheet and in certain cases in the income statement, but are nonetheless shown here as supplementary information.

Market value (SEK million) March 2005:

Hedging	Hedged volume	Hedge price	Market value	Reference – spot rate 31 March 2005
Currency, USD, forward	USD 47 m	9.57 SEK/USD	120	7.04 SEK/USD
Currency, USD, interval	USD 50 m	6.80– 7.19 SEK/USD	0	7.04 SEK/USD ¹⁾
Pulp price, in SEK	24,800 tonnes	USD 548 (PIX) USD 546 (RISI)	-15	USD 647/7.04 SEK/USD
Electricity	884,600 kWh	SEK 0.22– 0.26/kWh	39	SEK 0.25/kWh
Total market value			144	

- 1) The market value of the interval (known as the corridor) will be practically zero so long as the spot rate lies within the interval

Market value (SEK million) March 2004:

Hedging	Hedged volume	Hedge price	Market value	Reference – spot rate 31 March 2004
Currency, USD, forward	USD 124 m	9.59 SEK/USD	240	7.54 SEK/USD
Currency, USD, interval	USD 100 m	7.33 – 7.73 SEK/USD	0	7.54 SEK/USD ²⁾
Currency, EUR	EUR 10 m	9.35 SEK/EUR	-1	9.27 SEK/EUR
Pulp price, in SEK	184,000 tonnes	SEK 5,158/tonne USD 552 (PIX) USD 548 (RISI)	-98	USD 619/7.54 SEK/USD
Electricity	95 - 97% ¹⁾	SEK 0.22– 0.23/kWh	57	SEK 0.30/kWh
Total market value			198	

1) % of annual consumption in Sweden

COST CUTTING PROGRAMME

The cost-cutting and efficiency programme introduced in 2003 has resulted in radical measures at Utansjö and Rockhammar Timber, as communicated previously. In addition, a further 15 jobs have been cut at the other mills, while at the same time capital rationalisation measures have resulted in a 30% reduction in wood raw materials.

This action plan has improved results by around SEK 100 million annually compared with the 2003 result. Its full impact will be seen from and including the second half 2005. The cost cutting programme will then have been fully implemented and will form part of ongoing operations.

BUY-BACK OF OWN SHARES

The 2003 AGM resolved to renew the buy-back programme. A maximum of 10% of the shares may be bought back, i.e. 18.8 million shares. The aim of the buy-back is partly to optimise the company's capital structure and partly to create opportunities to use its own shares as liquidity in any future acquisitions.

In 2002 the company bought back 5,418,790 of its own shares at an average price of SEK 8.74 per share, making a total of SEK 47.4 million. In addition, the company bought back 2,257,641 shares in 2003 at an average price of SEK 7.31 per share. In 2004 the company bought back a further 510,000 shares at an average price of SEK 9.99. The number of outstanding shares at the end of the year was 180,722,464. No shares were bought back in the first quarter 2005. As of 31 March 2005, the company held 8,219,641 of its own shares bought at an average price of SEK 8.43 per share, making a total of SEK 69.3 million.

CAPITAL INVESTMENTS AND FINANCIAL POSITION

Group net investments in fixed assets in the reporting period amounted to SEK 62 million (24). The largest single investment is the CTMP line in Utansjö. The line is now in continuous operation.

Liquid funds amounted to SEK 127 million at the end of the period, compared to SEK 157 million at the end of 2004. At the end of the first quarter the company had interest-bearing liabilities totalling SEK 276 million and net borrowing of SEK 149 million. Unutilised lines of credit totalled SEK 764 million. The equity/assets ratio was 64 %. Shareholders' equity per share amounted to SEK 9.14 (31.12.04: 9.28).). The translation to IFRS increased shareholders' equity per share by SEK 0.52 per share (0.55), which is explained by the change in the fair value of unrealised gains and losses on all hedging.

CASH FLOW

Cash flow from current operations amounted to SEK -20 million (-61) and included cash flow from hedging activities of SEK 23 million (55). Working capital increased primarily as a result of an increase in accounts receivable. Cash flow after capital investments was SEK -81 million (-84).

AVERAGE NUMBER OF EMPLOYEES

The average number of employees in the reporting period was 823 (859).

OUTLOOK FOR 2005

The first quarter 2005 has seen a strengthening of the pulp market compared with the fourth quarter last year but not as strong as expected.

The company expects the positive market situation with price increases in USD to continue during 2005. There is considerable uncertainty surrounding the development of the USD however the company expects a slightly positive result after financial items for 2005.

In conjunction with the year-end release 2004 of 4 February 2005 it was stated:

2005 started with a strong pulp market, which is expected to continue during the year. Pulp prices expressed in USD are expected to increase over the year. However, there is great uncertainty surrounding the development of the USD.

The company expects to achieve a positive result after net financial items in 2005.

UPCOMING FINANCIAL INFORMATION

26 July 2005 - Interim report (6 months) 2005

26 October 2005 - Interim report (9 months) 2005

February 2006 - Year-end release 2005

For more information please visit the Rottneros website at www.rottneros.com.

Sunne, Sweden, 26 April 2005

Lars Blecko
President and CEO

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

Lars Blecko and Anders Byström will be available to answer questions on the phone between 8 and 9 a.m. on 26 April on +46 (0)565-16643.

An analysts' conference will be held at Hallvarsson & Halvarsson, 8th floor, Birger Jarlsgatan 6 B, Stockholm at 10 a.m. on 27 April. Register with Kristina Vogt on tel. +46 (0)8 -587 11223, by fax on +46 (0)8-587 11240 or by e-mail: kristina.vogt@halvarsson.se.

CONSOLIDATED PROFIT/LOSS ACCOUNTS (SEK million)

	<u>Jan-Mar 2005</u>	<u>Jan-Mars 2004</u>	<u>12 months 2004</u>
Net turnover	585	615	2 356
Change in inventories, finished goods	-30	-6	85
Other operating income	60	19	218
TOTAL INCOME	615	628	2 659
Raw materials and consumables	-337	-359	-1 445
Other external costs	-160	-147	-643
Personnel costs	-104	-105	-439
Depreciation	-33	-34	-223
Other operating costs	-2	-5	-23
TOTAL COSTS	-636	-650	-2 773
OPERATING PROFIT/LOSS	-21	-22	-114
Financial items	-3	-2	-7
PROFIT/LOSS AFTER FINANCIAL ITEMS	-24	-24	-121
Taxes	9	3	30
PROFIT/LOSS AFTER TAX	-15	-21	-91
No. of shares at beginning of period ¹⁾	180 212	180 722	180 722
No. of company's own shares bought back ¹⁾	-	-	510
No. of shares at end of period ¹⁾	180 212	180 722	180 212
Average no. of shares ¹⁾	180 212	180 722	180 392
Earnings after tax/share (SEK) ²⁾	-0,08	-0,12	-0,50

1) The number of shares is given in thousands

2) There are no programs that lead to dilution.

KEY INDICATORS THAT EFFECT TURNOVER

<i>Pulp price NBSK, USD</i> ³⁾	636	581	617
<i>USD/SEK</i> ⁴⁾	6,92	7,34	7,35
<i>Pulp price NBSK, SEK</i>	4 407	4 269	4 532
<i>Rottneros' deliveries, tonnes</i>	162 300	169 500	625 000

3) Source: PIX/Market Pulse

4) Source: Swedish central bank yearly average

CONSOLIDATED BALANCE SHEET (SEK million)

	<u>March 2005</u>	<u>March 2004</u>	<u>Dec 2004</u>
Fixed assets	1 368	1 342	1 351
Inventories	464	384	485
Current receivables	602	707	575
Liquid funds	<u>127</u>	<u>183</u>	<u>157</u>
TOTAL ASSETS	2 561	2 616	2 568
Shareholders' equity	1 647	1 857	1 673
Longterm liabilities			
Interest-bearing	184	38	186
Non interest-bearing	150	215	174
Current liabilities			
Interest-bearing	133	9	56
Non interest-bearing	<u>447</u>	<u>497</u>	<u>479</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2 561	2 616	2 568

CASH-FLOW ANALYSIS (SEK million)

	<u>Jan-Mar 2005</u>	<u>Jan-Mar 2004</u>	<u>12 months 2004</u>
Operating income	-21	17	-101
Adjustment for non cash-flow items			
Depreciation	33	34	223
Profit/loss from disposal of fixed assets	-	4	7
Other non cash flow items	<u>-</u>	<u>-1</u>	<u>-</u>
	12	54	129
Paid financial items	-1	-	-5
Paid taxes	<u>-3</u>	<u>-5</u>	<u>-11</u>
Cash-flow from current operations before change in working capital	8	49	113
Change in working capital	<u>-27</u>	<u>-93</u>	<u>-59</u>
Cash-flow from current operations	-19	-44	54
Acquisition of fixed assets	-62	-24	-283
Change in long-term receivables	<u>1</u>	<u>1</u>	<u>-</u>
Cash-flow from capital investments	-61	-23	-283
New loans	50	-	200
Repayment of loans	-	-4	-6
Dividend paid	-	-	-54
Buy-back of own shares	<u>-</u>	<u>-</u>	<u>-5</u>
Cash-flow from financing	50	-4	135
Cash-flow for the period/year	-30	-71	-94
Liquid funds at beginning of year	157	252	252
Cash-flow for the period/year	-30	-71	-94
Translation difference in liquid funds	-	2	-1
Liquid funds at end of period/year	127	183	157

SHARE DATA ¹⁾

		Jan-Mar 2005	Jan-Mar 2004	2004	2003	2002	2001	2000
No. of shares at beginning of period ³⁾	No.	180 212	180 722	180 722	182 980	188 399	209 332	209 332
No. of company's own shares bought back ³⁾	No.	-	-	510	2 258	5 419	20 933	-
No. of shares at end of period ³⁾	No.	180 212	180 722	180 212	180 722	182 980	188 399	209 332
Average number of shares ³⁾	No.	180 212	180 722	180 392	181 422	187 709	204 099	209 332
Operating profit or loss/share	SEK	-0,12	-0,13	-0,64	0,67	0,31	1,00	4,34
Earnings after net financial items/share	SEK	-0,13	-0,14	-0,67	0,64	0,46	1,15	4,26
Earnings after tax/share	SEK	-0,08	-0,12	-0,50	0,47	0,29	0,76	3,12
Operating cash-flow/share ⁴⁾	SEK	-0,22	-0,47	-0,43	-0,23	-0,13	0,50	4,28
Equity/share	SEK	9,14	10,28	9,28	9,50	9,33	9,40	9,07
Dividend	SEK	-	-	0,20	0,30	0,30	0,35	0,50
Dividend/equity per share	%	-	-	2,2	3,2	3,2	3,7	5,5
Share price at end of period	SEK	7,50	10,10	7,55	8,55	7,45	9,85	7,70
Share price/equity per share	Times	0,82	1,0	0,8	0,9	0,8	1,0	0,8
P/E ratio	Times	-	-	Neg	18,3	25,3	13,0	2,5
Direct yield ⁵⁾	%	-	-	2,6	3,5	4,0	3,6	6,5

1) There are no programs that lead to dilution.

2) Number of shares 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) The years from 2000 and including 2003 have not been recalculated in respect of the IFRS transition. Adjustment should be made for IAS 39.

CHANGE IN SHAREHOLDERS' EQUITY (SEK million)

	Jan-Mar 2005	Jan-Mar 2004	12 months 2004
Opening shareholders' equity according to local GAAP	1 574	1 717	1 717
Adjustment of opening shareholders' equity in respect of the IFRS transition (for specification see enclosure)	99	270	270
Opening shareholders' equity according to IFRS	1 673	1 987	1 987
Dividend	-	-	-54
Buy-back of company's own shares	-	-	-5
Profit/loss for the year	-15	-21	-91
Periodens/årets förändring av säkringsreserv som redovisas direkt över eget kapital	-20	-114	-161
Translation difference	9	5	-3
Closing shareholders' equity	1 647	1 857	1 673

QUARTERLY DATA, ROTTNEROS GROUP (SEK million)

	2005	2004				2003			
	I	IV	III	II	I	IV	III	II	I
Net turnover	585	530	615	630	576	571	587	582	640
Operating profit/loss before depreciation	12	-31	19	110	11	94	43	57	45
Depreciation	-33	-30	-126	-33	-34	-34	-27	-27	-29
Operating profit/loss	-21	-61	-107	77	-23	60	16	30	16
Net financial items	<u>-3</u>	<u>-3</u>	<u>-</u>	<u>-2</u>	<u>-2</u>	<u>1</u>	<u>-</u>	<u>-7</u>	<u>-1</u>
Profit/loss after financial items	-24	-64	-107	75	-25	61	16	23	15
Tax	9	15	34	-22	3	-13	-5	-5	-7
Profit/loss after tax	-15	-49	-73	53	-22	48	11	18	8
Pulp production, 1,000 tonnes	151,1	163,0	155,0	171,4	167,4	166,7	155,6	163,5	153,3
Pulp deliveries, 1,000 tonnes	162,3	149,3	149,0	157,2	169,5	157,3	160,7	149,4	173,7
Sawn timber production, 1,000 m ³	1,3	6,8	7,2	13,9	13,5	12,4	10,7	12,3	10,5
Sawn timber deliveries, 1,000 m ³	10,3	9,5	13,4	12,5	11,3	10,2	10,5	11,6	10,3

	2005	2004				2004
	I	IV	III	II	I	Full year
Net turnover by segment						
Pulp	569	514	591	608	554	2 267
Sawn timber	<u>16</u>	<u>16</u>	<u>24</u>	<u>22</u>	<u>22</u>	<u>84</u>
Total net turnover	585	530	615	630	576	2 351
Operating profit/loss by segment						
Pulp	-24	-28	-64	80	-21	-33
Sawn timber	<u>3</u>	<u>-33</u>	<u>-43</u>	<u>-3</u>	<u>-2</u>	<u>-81</u>
Total operating profit/loss	-21	-61	-107	77	-23	-114
Operating margin by segment						
Pulp	-4,3	-3,2	-16,3	11,5	3,2	-1,0
Sawn timber	<u>21,4</u>	<u>-219</u>	<u>-178</u>	<u>-12,0</u>	<u>-11,2</u>	<u>-97,4</u>
Total operating margin	-3,6	-9,4	-23,0	10,6	2,7	-4,9

Discontinued operations	March 2005	Timber	March 2005 Proforma
Fixed assets	1 341	2	1 339
Current assets	1 220	8	1 212
TOTAL ASSETS	2 561	10	2 551
Shareholders' equity	1 647	10	1 637
Liabilities	914	-	914
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2 561	10	2 551

SIX-YEAR REVIEW ³⁾

	Jan- Mar 2005	Jan- Mar 2004	2004	2003	2002	2001	2000	
KEY INDICATORS THAT EFFECT TURNOVER								
Pulp price NBSK, USD ²⁾	636	581	617	524	463	540	681	
USD/SEK ³⁾	6,92	7,34	7,35	8,09	9,72	10,33	9,17	
Pulp price NBSK, SEK	4 407	4 269	4 532	4 235	4 500	5 581	6 245	
Rottneros' deliveries, tonnes	162 300	169 500	625 000	641 108	630 500	592 800	656 500	
TURNOVER AND INCOEM, SEK million								
Net turnover	585	576	2 351	2 380	2 494	2 741	3 385	
Profit/loss before depreciation	12	12	109	239	170	292	1 020	
Depreciation	-33	-34	-223	-117	-113	-87	-112	
Operating profit/loss after depreciation	-21	-22	-114	122	57	205	908	
Net financial items	-3	-2	-7	-7	29	30	-16	
Profit/loss after net financial items	-24	-24	-121	115	86	135	892	
Profit/loss after tax	-15	-21	-91	85	55	155	653	
BALANCE SHEET ITEMS, SEK million								
Fixed assets	1 368	1 342	1 351	1 249	1 197	1 093	994	
Inventories	464	384	485	388	401	398	363	
Current receivables	602	707	575	443	425	440	575	
Short-term investments	-	-	-	-	-	60	-	
Liquid funds	127	183	157	252	350	420	693	
Shareholders' equity	1 647	1 857	1 673	1 717	1 706	1 771	1 899	
Long-term interest-bearing liabilities	184	38	186	42	6	-	-	
Long-term non interest-bearing liabilities	150	215	174	158	143	153	125	
Current interest-bearing liabilities	133	9	56	6	2	-	-	
Current non interest-bearing liabilities	447	497	479	414	516	487	601	
Balance sheet total	2 561	2 616	2 568	2 332	2 373	2 411	2 625	
FINANCIAL RATIOS								
Operating margin	%	-3,6	-4,0	-4,9	5,1	2,3	7,5	26,8
Profit margin	%	-4,1	-4,4	-5,2	4,8	3,5	8,6	26,4
Return on capital employed	%	Neg	4	Neg	7	5	12	52
Return on equity after full tax	%	Neg	3	Neg	5	3	8	40
Equity/assets ratio	%	64	71	65	73	72	73	72
Debt/equity ratio	Times	0,2	0,0	0,2	0,0	0,0	0,0	0,0
Interest cover	Times	Neg	Neg	Neg	18,2	29,4	79,3	100,1
OTHER								
Capital expenditure	SEK m	62	24	283	193	244	183	85
Average no. of employees		823	859	835	857	860	878	890

1) Source: PIX/Market Pulse

2) Source: Swedish central bank yearly average

3) The years from 2000 and including 2003 have not been recalculated in respect of IFRS. Adjustment should be made for IAS 39

ENCLOSURE 1 – RECONCILIATION OF EQUITY AS AT 1 JANUARY 2004 (SEK million)

	<u>1 Jan 2004</u> <u>Acc to local</u> <u>GAAP</u>	<u>IFRS transition</u>	<u>1 Jan 2004</u> <u>Acc to IFRS</u>
Fixed assets	1 249	158	1 407
Inventories	388	-	388
Current receivables	443	236	679
Liquid funds	<u>252</u>	<u>-</u>	<u>252</u>
TOTAL ASSETS	2 332	394	2 726
Shareholders' equity	1 717	270	1 987
Longterm liabilities			
Interest-bearing	42	-	42
Non interest-bearing	158	112	270
Current liabilities			
Interest-bearing	6	-	6
Non interest-bearing	<u>409</u>	<u>12</u>	<u>421</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2 332	394	2 726

**ENCLOSURE 2 – RECONCILIATION OF PROFIT/LOSS AND EQUITY AS AT 31
DECEMBER 2004 (SEK million)**

	<u>Jan-Dec 2004</u> <u>Acc to local</u> <u>GAAP</u>	<u>IFRS transition</u>	<u>Jan-Dec 2004</u> <u>Acc to IFRS</u>
Net turnover	2 356	-	2 356
Change in inventories, finished goods	85	-	85
Other operating income	225	-7	218
TOTAL INCOME	2 666	-7	2 659
Raw materials and consumables	-1 439	-6	-1 445
Other external costs	-643	-	-643
Personnel costs	-439	-	-439
Depreciation	-223	-	-223
Other operating costs	-23	-	-23
TOTAL COSTS	-2 767	-6	-2 773
OPERATING PROFIT/LOSS	-101	-13	-114
Financial items	-7	-	-7
PROFIT/LOSS AFTER FINANCIAL ITEMS	-108	-13	-121
Taxes	27	3	30
PROFIT/LOSS AFTER TAX	-81	-10	-91
No. of shares at beginning of period ¹⁾	180 722		180 722
No. of company's own shares bought back ¹⁾	510		510
No. of shares at end of period ¹⁾	180 212		180 212
Average no. of shares ¹⁾	180 392		180 392
Earnings after tax/share (SEK) ²⁾	-0,45	-0,05	-0,50

	<u>31 Dec 2004</u> <u>acc to local</u> <u>GAAP</u>	<u>IFRS transition</u>	<u>31 Dec 2004</u> <u>acc to IFRS</u>
Fixed assets	1 307	44	1 351
Inventories	485	-	485
Current receivables	440	135	575
Liquid funds	<u>157</u>	<u>-</u>	<u>157</u>
TOTAL ASSETS	2 389	179	2 568
Shareholders' equity	1 574	99	1 673
Longterm liabilities			
Interest-bearing	186	-	186
Non interest-bearing	133	41	174
Current liabilities			
Interest-bearing	56	-	56
Non interest-bearing	<u>440</u>	<u>39</u>	<u>479</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2 389	179	2 568

ENCLOSURE 3 – RECONCILIATION OF PROFIT/LOSS AND EQUITY AS AT 31 MARCH 2004

	<u>Jan-Mar 2004</u> <u>acc to local</u> <u>GAAP</u>	<u>IFRS transition</u>	<u>Jan-Mar 2004</u> <u>acc to IFRS</u>
Net turnover	615	-	615
Change in inventories, finished goods	-7	-	-7
Other operating income	62	-42	20
TOTAL INCOME	670	-42	628
Raw materials and consumables	-362	3	-359
Other external costs	-147	-	-147
Personnel costs	-105	-	-105
Depreciation	-34	-	-34
Other operating costs	-5	-	-5
TOTAL COSTS	-653	3	-650
OPERATING PROFIT/LOSS	17	-39	-22
Financial items	-2	-	-2
PROFIT/LOSS AFTER FINANCIAL ITEMS	15	-39	-24
Taxes	-8	11	3
PROFIT/LOSS AFTER TAX	7	-28	-21
No. of shares at beginning of period ¹⁾	180 722		180 722
No. of company's own shares bought back ¹⁾	-		-
No. of shares at end of period ¹⁾	180 722		180 722
Average no. of shares ¹⁾	180 722		180 722
Earnings after tax/share (SEK) ²⁾	0,04	-0,16	-0,12

	<u>31 Mar 2004</u> <u>acc to local</u> <u>GAAP</u>	<u>IFRS transition</u>	<u>31 Mar 2004</u> <u>acc to IFRS</u>
Fixed assets	1 236	-	1 236
Inventories	384	-	384
Current receivables	526	-17	509
Liquid funds	<u>183</u>	<u>-</u>	<u>183</u>
TOTAL ASSETS	2 329	287	2 616
Shareholders' equity	1 729	128	1 857
Longterm liabilities			
Interest-bearing	38	-	38
Non interest-bearing	151	64	215
Current liabilities			
Interest-bearing	9	-	9
Non interest-bearing	<u>402</u>	<u>95</u>	<u>497</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2 329	287	2 616