

THE ROTTNEROS GROUP

INTERIM REPORT JANUARY – JUNE 2004

QUARTERLY REPORT APRIL – JUNE 2004

* Turnover	Jan. – Jun. Apr. – Jun.	SEK 1,238 m (1,222) SEK 623m (582)
* Income after net financial items	Jan. – Jun. Apr. – Jun.	SEK 79 m (38) SEK 64 m (23)
* Earnings per share after net financial items	Jan. – Jun. Apr. – Jun.	SEK 0.44 (0.21) SEK 0.36 (0.12)
* Profit after tax	Jan. – Jun. Apr. – Jun.	SEK 52 m (26) SEK 45 m (18)
* Earnings per share after tax	Jan. – Jun. Apr. – Jun.	SEK 0.29 (0.14) SEK 0.25 (0.10)
* Cash flow per share	Jan. – Jun. Apr. – Jun.	SEK -0.30 (-0.13) SEK 0.17 (0.02)
* Shareholders' equity per share		SEK 9.51 (31.12.03: 9.50)
* Equity/assets ratio		72 % (31.12.03: 73%)
* The pulp market for long-fibre chemical pulp has had a continued positive development as to prices and deliveries, whereas the development for short-fibre chemical pulp and mechanical pulp has been weaker.		
* Earlier published forecast remains meaning that the result for the whole of 2004 is expected to improve compared to 2003.		

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 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 comprehensive financial hedging policy to even out earnings over the economic cycle.

THE PULP MARKET

Demand in the second quarter 2004 continued to be strong, particularly for long-fibre chemical pulp, and as a result prices continued to rise. The market for short-fibre chemical pulp also developed positively, with a high level of delivery capacity utilisation over the quarter. Prices in USD for this grade of pulp increased, although the increase was not as great as for long-fibre chemical pulp. The average prices for short-fibre chemical pulp converted into SEK has been lower than during the first six months compared to last year. The price of CTMP generally follows the price of short-fibre chemical pulp. The primary reason for this link is that pulps such as aspen CTMP and chemical pulp made from eucalyptus in particular are interchangeable as regards certain aspects.

Norscan statistics were presented in previous years' reports. With effect from 2004 only global statistics for paper pulp are being reported, but with a substantial delay. The latest statistics available relate to the period January – May, in which period total global capacity utilisation stood at 96.1% and capacity utilisation for deliveries 96.4%. Global producer stocks of bleached chemical pulp amounted to 3,201,000 tonnes at the beginning of the year and 3,188,000 tonnes at the end of May.

The import to China remained at a very high level and 3,288,000 tonnes of pulp were imported in the January – May period. This corresponds to an annual figure of around 7,900,000 tonnes, as compared with 6,000,000 tonnes in 2003. A downturn in imports to China was noted in May compared with previous months in 2004, but the volume of imports in May was still around 19% up on the average for 2003.

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

Prices increased from USD 560 in January to USD 660 in June. Demand was strong during the January – May period, with delivery capacity utilisation at 97.3%. Production capacity utilisation for the same period was 97.8%.

Short-fibre chemical pulp (produced in Miranda)

The price of eucalyptus pulp, which started the period at USD 500 per tonne, was USD 550 per tonne at the end of June. There has been relatively significant expansion of capacity for short-fibre pulp compared with the increase in capacity for long-fibre pulp and this has resulted in supply exceeding demand for short-fibre pulp. Delivery capacity utilisation during the January – May period stood at 95.6 % and production capacity utilisation was 94.6%.

Mechanical pulp (produced in Rottneros, Rockhammar and Utansjö)

The first half has been characterised by relatively good demand. In the second quarter demand for CTMP was good, while demand for groundwood pulp was weaker. In addition, wood-containing grades of paper have experienced poorer market development than wood-free grades, which had a negative effect on groundwood pulp. Global utilisation of both delivery and production capacity for CTMP was 98%.

During the summer it is expected that the demand for pulp will go down slightly. After this period the demand for pulp is expected to rise again with price increases as a probable consequence since all great regions in the world (Asia, North America and Europe) are expected to increase their demand for pulp.

PRODUCTION AND DELIVERIES

The Group's five pulp mills in Rottneros, Rockhammar, Utansjö, Vallvik and Miranda in Spain have a combined capacity of some 700,000 tonnes per year. Production in the first half of 2004 increased by 22,000 tonnes or 7 % compared with 2003. Deliveries increased by 3,600 tonnes or 1%.

Production (tonnes)	Apr. – Jun. 2004	Apr. – Jun. 2003	Jan. – Jun. 2004	Jan. – Jun. 2003
Sulphate pulp	89,300	84,800	175,000	166,600
Magnefite pulp	15,100	13,900	28,300	30,100
Groundwood pulp	35,900	32,900	72,700	60,400
CTMP	<u>31,100</u>	<u>31,900</u>	<u>62,800</u>	<u>59,700</u>
TOTAL	171,400	163,500	338,800	316,800

Deliveries (tonnes)	Apr. – Jun. 2004	Apr. – Jun. 2003	Jan. – Jun. 2004	Jan. – Jun. 2003
Sulphate pulp	83,700	74,000	175,400	163,500
Magnefite pulp	12,900	15,300	26,300	35,700
Groundwood pulp	29,700	32,300	61,200	64,400
CTMP	<u>30,900</u>	<u>27,800</u>	<u>63,800</u>	<u>59,500</u>
TOTAL	157,200	149,400	326,700	323,100

Average capacity utilisation at the mills during the first half was relatively high. Capacity utilisation amounted to 97 % (91), which breaks down as sulphate pulp 102 % (98), magnefite pulp 78 % (83), groundwood pulp 98 % (82) and CTMP 93 % (89). The Group had no scheduled maintenance shutdowns in the first quarter of 2004. In the second quarter the Group had a maintenance shutdown in Utansjö, while Rottneros and Rockhammar split their maintenance shutdowns into shorter shutdowns in the second, third and fourth quarters. Vallvik will have its shutdown in the third quarter and Miranda in the fourth. All the costs of maintenance shutdowns are reported in the period in which the shutdown takes place.

Following restructuring measures and a focus on coarser raw materials, annual capacity at the sawmill in Rockhammar amounts to 65,000 m³. In the first half of 2004 production amounted to 27,400 m³ (22,800) and deliveries to 23,800 m³ (21,900).

INVOICED SALES AND RESULTS

January – June 2004

The Group's net turnover was SEK 1,238 million (1,222). Pulp accounted for SEK 1,194 million (1,178) of total net turnover and sawn timber for SEK 44 million (44).

There were three main elements to the SEK 16 million increase in turnover in the period: *an improved pulp price in USD (SEK 140 million), higher deliveries (SEK 15 million) and a weaker dollar (SEK -139 million)*. The average price of long-fibre sulphate pulp (NBSK) expressed in USD increased from USD 511 to USD 612, an increase of 20 %. The average price of NBSK pulp converted into SEK increased by 8 %, from SEK 4,245 to SEK 4,570. The reason why Rottneros has had a less favourable average price impact than that of NBSK is due to the fact that prices for short-fibre chemical pulp converted into SEK have been lower during the first half of 2004 than during the same period 2003. For several years Rottneros has had some 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 experienced weaker demand and prices during the period than long-fibre sulphate pulp.

The consolidated operating result was SEK 83 million (46). The operating result for the pulp-producing units amounted to SEK 88 million (50) and for the sawmill in Rockhammar SEK -5 million (-4). The improved operating result is mainly attributable to higher deliveries as well as income from Green Electricity. The overall result of hedging activities made a positive contribution of SEK 96 million (126), broken down into 101 (70) from currency hedging, -20 (24) from pulp hedging and 15 (33) from electricity hedging. Green Electricity income amounted to SEK 14 million (0). A cost of SEK 3 million was incurred in the quarter in respect of retrospective electricity tax for the period August 2003 – June 2004 inclusive.

The consolidated result after net financial items was SEK 79 million (38) and includes net financial items of SEK -4 million (-8) for the reporting period. Earnings per share after tax amounted to SEK 0.29 (0.14). Cash flow per share amounted to SEK -0.30 (-0.13).

The parent company reported a result after net financial items of SEK 88 million (120). The result includes extensive hedging activities on behalf of the whole Group, which affected the result by SEK 96 million (126).

April – June 2004 compared with April – June 2003

Turnover in the second quarter 2004 increased by SEK 41 million compared with the second quarter 2003. The increase is mainly due to *higher pulp prices (SEK 51 million) and higher delivery volumes (SEK 30 million), partly offset by a weaker dollar (SEK -40 million)*.

Hedging activities made a profit of SEK 48 million in the quarter (broken down into currency 62, pulp prices -21 and electricity 7); the equivalent amount in the second quarter 2003 was also SEK 48 million (currency 38, pulp prices 9 and electricity 1). In the second quarter Green Electricity certificates contributed income of SEK 7 million; there was no corresponding item in 2003. Earnings after financial items for the second quarter 2004 amounted to SEK 64 million compared with SEK 23 million in the previous year.

This is the twentieth consecutive quarter in which the company has reported a positive result after financial items.

April – June 2004 compared with January – March 2004

Turnover in the second quarter 2004 increased by SEK 8 million compared with the first quarter 2004. The increase is mainly due to *increases in dollar pulp prices (SEK 38 million) as well as changes in the USD exchange rate (SEK 17 million)*. *Lower delivery volumes had a negative effect of SEK 47 million*. Delivery volumes fell by 7 % compared with the first quarter.

The operating result excluding hedging in the second quarter 2004 was SEK 16 million, making it the first quarter with a positive operating result excluding hedging since the third quarter 2002.

Hedging activities made a profit of SEK 48 million; the equivalent amount in the first quarter 2004 was SEK 48 million (breakdown: currency 39, pulp prices 1 and electricity 8). During the second quarter Green Electricity certificates contributed income of SEK 7 million, the same figure as in the first quarter. The result after net financial items for the second quarter 2004 was SEK 64 million, while the figure for the first quarter was SEK 15 million.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with Recommendation no. 20 of the Swedish Financial Accounting Standards Council on Interim Reports.

With effect from 1 January 2004, Recommendation no. 29 from the Swedish Financial Accounting Standards Council relating to Employee Benefits is applied. The application of RR 29 involves reporting defined benefit pension plans within all the Group's subsidiaries according to common principles. In the company's financial reporting up to and including 2003 such plans were reported in accordance with local rules and regulations in each country. The company's only defined benefit pension plan is the Alecta plan, in which the company's pension commitments to Swedish employees are insured. Alecta is a plan covering a number of employers and since Alecta is unable at present to provide the information required to allow the company to report it as a defined benefit plan, it is reported as if it were a defined contribution plan in accordance with RR 29 section 30. Alecta has stated that it will provide information allowing the company to report it as a defined benefit plan before year-end 2004.

All other accounting principles and methods of calculation are unchanged from those applied in the last annual report.

Work on the introduction of new accounting principles (IAS/IFRS) with effect from 2005 is progressing according to plan.

RISK MANAGEMENT

USD

The average USD exchange rate in the first half of 2004 was 10 % lower than in the corresponding period in 2003. The effect on turnover of the weaker USD relative to SEK in the first half of 2004 amounted to SEK -139 million.

In the main, all pulp is priced in USD. Around 30% of Group turnover has been hedged during the year. This means that 70 % of turnover is not covered by currency hedging arrangements.

At the beginning of the year the USD exchange rate fluctuated widely and it was difficult to estimate how it would develop in the subsequent periods. In the first quarter 2004 the company therefore concluded a hedging contract for the current year with an interval of SEK 7.33 to 7.73 per USD in respect of the third and fourth quarters 2004. The hedging covers USD 100 million in total. No costs have been charged to the Group for this hedging. This additional currency hedging has substantially reduced the company's currency risk since the level of hedging in the third and fourth quarters amounts to 70 % of exposure.

At the end of the second quarter 2004 exchange rate guarantees in the form of forward contracts had been taken out for a total of USD 91 million, at an average rate of SEK 9.63 per USD. These contracts relate to the coming 36 months. Of the sum hedged, USD 26 million relates to the current year at an average rate of 10.11. EUR 10 million has been hedged at an average rate of SEK 9.18 per euro. No hedging has been carried out for other currencies.

Pulp prices

No new pulp price contracts were concluded in the first half of 2004. In 2002 the Group concluded 2-year pulp price hedging contracts for 100,000 tonnes at an average level of SEK 5,177 per tonne. Only 5,750 tonnes of this now remain, relating to the third quarter of 2004. In 2003 the company took out supplementary hedging in the form of 1- and 2-year contracts to cushion the company against any reductions in pulp prices. A total of 127,400 tonnes of this supplementary hedging remain, with varying remaining terms over the coming 12 months. In the first half pulp price hedging contracts affected the company's profits by SEK -20 million (24) due to NBSK price increases in USD. 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 2003 the price was hedged at SEK 0.27 per kWh. For 2004 the electricity price was hedged at SEK 0.23 and for 2005 SEK 0.22 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 30 June 2004. The reference value is the spot rate on 30 June and is given as supplementary information. The hedging has a term of two to three years.

Market value (SEK million) 30 June 2004:

Hedging	Volume hedged	Hedge price	Market value	Reference – spot rate 30 June 2004
Currency, USD, forward	USD 91 million	9.63 SEK/USD	189	7.53 SEK/USD
Currency, USD, interval	USD 100 million	7.33– 7.73 SEK/USD	0	7.53 SEK/USD ²⁾
Currency, EUR	EUR 10 million	9.18 SEK/EUR	0	9.16 SEK/EUR
Pulp price, in SEK	133 150 tonnes	SEK 5,117/tonne USD 551 (PIX) USD 547 (RISI)	-52	USD 660/7.53 SEK/USD
Electricity	95 - 97% ¹⁾	SEK 0.22– 0.23/kWh	89	SEK 0.30/kWh
Total market value			226	

1) % of annual consumption in Sweden

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

Market value (SEK million) 30 June 2003:

Hedging	Volume hedged	Hedge price	Market value	Reference – spot rate 30 June 2003
Currency, USD	USD 171 million	9.62 SEK/USD	257	8.01 SEK/USD
Currency, EUR	EUR 15 million	9.21 SEK/EUR	0	9.21 SEK/EUR
Pulp price, in SEK	135,000 tonnes	SEK 5,177/tonne USD 535 (PIX)	53	USD 533/8.01 SEK/USD
Electricity	97% ¹⁾	SEK 0.22– 0.27/kWh	42	SEK 0.30/kWh
Total market value			352	

¹⁾ % of annual consumption in Sweden

COST CUTTING PROGRAMME

The Group cost cutting and efficiency programme introduced in 2003 is continuing according to plan. In 2003 the workforce in Utansjö was gradually reduced by 25. This saving will have its full economic impact in 2004. In addition, the workforce in Vallvik was cut by 10 in the first quarter and 5 job cuts are being made at Miranda. The company has been working intensively for a year on coordinating major/strategic Group purchases of input materials, logistics, freight and IT services. The action plan also includes capital rationalisation measures which have resulted in a 30% reduction in raw material timber stocks, partly thanks to efficient IT support.

BUY-BACK OF THE COMPANY'S OWN SHARES

The 2004 AGM resolved to continue 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 planned 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.

At the end of 2003 the company had bought back 7,709,641 of its own shares at an average price of SEK 8.32 per share, making a total of SEK 64 million. No shares were bought back in the first quarter 2004, while in the second quarter the company bought back 510,000 shares at an average price of SEK 9.99 per share. The number of outstanding shares at the end of the first half was 180,212,464.

CAPITAL INVESTMENTS AND FINANCIAL POSITION

Group net investments in fixed assets during the first half amounted to SEK 76 million (61). Major investments in progress include a gas combustion system in Miranda, evaporation and internal process measures in Vallvik as well as the design of a possible CTMP line in Utansjö.

Liquid funds amounted to SEK 150 million at the end of the period, compared to SEK 252 million at the end of 2003. Lines of credit totalling SEK 935 million were available to the company, of which SEK 24 million was utilised. The equity/assets ratio was 72 %. Shareholders' equity per share amounted to SEK 9.51 (31.12.03: 9.50).

CASH FLOW

Cash flow from current operations amounted to SEK 22 million (38) and included cash flow from hedging activities of SEK 111 million (135). A dividend of SEK 54 million was distributed in May. Working capital increased primarily as a result of an increase in accounts receivable and stocks. Cash flow after capital investments was SEK -53 million (-22).

AVERAGE NUMBER OF EMPLOYEES

The average number of employees in the reporting period was 849 (872).

OUTLOOK FOR 2004

The company's earlier prognosis remains unchanged, i.e. the result for the whole year 2004 is expected to exceed that of 2003.

The first half of 2004 has shown an improvement of the pulp market with several price increases.

The company expects the positive market situation to remain during the rest of 2004. Considerable uncertainty regarding the development of the USD is prevailing. Income after net financial items for the whole of 2004 is expected to improve compared to 2003.

Forecasts made previously:

- In conjunction with the quarterly report of 27 April 2004 it was stated:

The market has gradually strengthened in the first quarter of 2004 and several price increases have been implemented.

The company expects the market to remain positive throughout 2004. The uncertainty concerning the USD is considerable. Income after net financial items for the whole of 2004 is expected to improve compared to 2003.

- In conjunction with the year-end release 2003 of 5 February 2004 it was stated:

Currently price increases are announced for all pulp qualities. The USD and pulp market development of the year 2004 is difficult to estimate. Improved trade conditions with a stronger pulp market are expected towards the end of this year.

The result for the whole of 2004 is expected to be positive.

UPCOMING FINANCIAL INFORMATION

26 October 2004 - Interim report (9 months) 2004

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

Upplands Väsby, Sweden, 26 July 2004

Lars Blecko
President and CEO

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

An analysts' conference will be held at Hallvarsson & Halvarsson, 8th floor, Birger Jarlsgatan 6 B at 9 a.m. on 27 July. Register with Elina Nilsson on tel. +46 (0)8 -587 112 26, by fax on +46 (0)8-587 112 40 or by e-mail: elina.nilsson@halvarsson.se.

CONSOLIDATED PROFIT/LOSS ACCOUNTS (SEK million)

	April-June <u>2004</u>	April-June <u>2003</u>	Jan-June <u>2004</u>	Jan-June <u>2003</u>	Full year <u>2003</u>
Net turnover	623	582	1 238	1 222	2 380
Change in inventories, finished goods	49	34	42	-8	7
Other operating income (incl. hedging)	<u>60</u>	<u>54</u>	<u>122</u>	<u>106</u>	<u>271</u>
TOTAL INCOME	732	670	1 402	1 320	2 658
Raw materials and consumables	-358	-348	-720	-699	-1 372
Other external costs	-154	-152	-301	-299	-609
Personnel costs	-119	-104	-224	-208	-407
Depreciation	-33	-27	-67	-56	-117
Other operating costs (incl. hedging)	<u>-2</u>	<u>-9</u>	<u>-7</u>	<u>-12</u>	<u>-31</u>
TOTAL COSTS	-666	-640	-1 319	-1 274	-2 536
OPERATING PROFIT/LOSS	66	30	83	46	122
Financial items	<u>-2</u>	<u>-7</u>	<u>-4</u>	<u>-8</u>	<u>-7</u>
PROFIT/LOSS AFTER FINANCIAL ITEMS	64	23	79	38	115
Taxes	<u>-19</u>	<u>-5</u>	<u>-27</u>	<u>-12</u>	<u>-30</u>
PROFIT/LOSS AFTER TAX	45	18	52	26	85
No. of shares at beginning of period ¹⁾	180 722	181 743	180 722	182 980	182 980
No. of company's own shares bought back ¹⁾	510	736	510	1 973	2 258
No. of shares at end of period ¹⁾	180 212	181 007	180 212	181 007	180 722
Average no. of shares ¹⁾	180 420	181 594	180 571	182 065	181 422
Earnings after tax/share (SEK) ²⁾	0.25	0.10	0.29	0.14	0.47

1) The number of shares is given in thousands

2) There are no programs that lead to dilution.

**KEY INDICATORS THAT AFFECT
TURNOVER**

<i>Pulp price NBSK, USD</i> ³⁾	642	550	612	511	524
<i>USD/SEK</i> ⁴⁾	7.60	8.04	7.47	8.31	8.08
<i>Pulp price NBSK, SEK</i>	4 880	4 420	4 570	4 240	4 235
<i>Rottneros' deliveries, tonnes</i>	157 200	149 400	326 700	323 100	641 100

3) Source: PIX/Market Pulse

4) Source: Swedish central bank yearly average

CONSOLIDATED BALANCE SHEET (SEK million)

	<u>June 2004</u>	<u>June 2003</u>	<u>Dec 2003</u>
Fixed assets	1 254	1 197	1 249
Inventories	460	398	388
Current receivables	516	451	443
Liquid funds	<u>150</u>	<u>255</u>	<u>252</u>
TOTAL ASSETS	2 380	2 301	2 332
Shareholders' equity	1 713	1 662	1 717
Provisions	197	197	175
Longterm liabilities			
Interest-bearing	35	6	42
Current liabilities			
Interest-bearing	11	2	6
Non interest-bearing	<u>424</u>	<u>434</u>	<u>392</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2 380	2 301	2 332

CASH-FLOW ANALYSIS (SEK million)

	<u>Jan-June 2004</u>	<u>Jan-June 2003</u>	<u>Full year 2003</u>
Operating income	83	46	122
Adjustment for non cash-flow items			
Depreciation	67	56	117
Profit/loss from disposal of fixed assets	3	-	2
Change in provisions	<u>-3</u>	<u>-6</u>	<u>-19</u>
Paid financial items	-	-4	-3
Paid taxes	<u>-8</u>	<u>-</u>	<u>4</u>
Cash-flow from current operations before change in working capital	142	92	223
Change in working capital	<u>-120</u>	<u>-54</u>	<u>-72</u>
Cash-flow from current operations	22	38	151
Acquisition of fixed assets	-76	-61	-193
Change in long-term receivables	<u>1</u>	<u>1</u>	<u>2</u>
Cash-flow from capital investments	-75	-60	-191
Change in provisions excl. deferred tax	16	-1	-22
Change in loans/financial leasing	-7	-	38
Dividend paid	-54	-55	-55
Buy-back of own shares	<u>-5</u>	<u>-14</u>	<u>-16</u>
Cash-flow from financing	-50	-70	-55
Cash-flow for the period/year	-103	-92	-95
Liquid funds at beginning of year	252	350	350
Cash-flow for the period/year	-103	-92	-95
Translation difference in liquid funds	<u>1</u>	<u>-3</u>	<u>-3</u>
Liquid funds at end of period/year	150	255	252

SHARE DATA ¹⁾

		Jan-June 2004	Jan-June 2003	2003	2002	2001	2000	1999 ²⁾
No. of shares at beginning of period ³⁾	No.	180 722	182 980	182 980	188 399	209 332	209 332	209 332
No. of company's own shares bought back ³⁾	No.	510	1 973	2 258	5 419	20 933	-	-
No. of shares at end of period ³⁾	No.	180 212	181 007	180 722	182 980	188 399	209 332	209 332
Average number of shares ³⁾	No.	180 571	182 065	181 422	187 709	204 099	209 332	209 332
Operating profit or loss/share	SEK	0.46	0.25	0.67	0.31	1.00	4.34	0.59
Earnings after net financial items/share	SEK	0.44	0.21	0.64	0.46	1.15	4.26	0.53
Earnings after tax/share	SEK	0.29	0.14	0.47	0.29	0.76	3.12	0.43
Operating cash-flow/share ⁴⁾	SEK	-0.30	-0.13	-0.23	-0.13	0.50	4.28	-0.01
Equity/share	SEK	9.51	9.18	9.50	9.33	9.40	9.07	6.13
Dividend	SEK	-	-	0.30	0.30	0.35	0.50	0.25
Dividend/equity per share	%	-	-	3.2	3.2	3.7	5.5	4.1
Share price at end of period	SEK	9.95	7.00	8.55	7.45	9.85	7.70	11.10
Share price/equity per share	Times	1.1	0.8	0.9	0.8	1.0	0.8	1.8
P/E ratio	Times	-	-	18.3	25.3	13.0	2.5	25.5
Direct yield ⁵⁾	%	-	-	3.5	4.0	3.6	6.5	2.3

1) There are no programs that lead to dilution.

2) On 1 June 1999 Rottneros acquired the Miranda sulphate pulp mill from Kimberly-Clark.

3) Number of shares in thousands.

4) Cash-flow after normal investments but excluding strategic investments.

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

CHANGE IN SHAREHOLDERS' EQUITY (SEK million)

	Jan-June 2004	Jan-June 2003	Full year 2003
Opening shareholders' equity	1 717	1 706	1 706
Dividend	-54	-55	-55
Buy-back of company's own shares	-5	-14	-16
Profit/loss for the year	52	26	85
Translation difference	3	-1	-3
Closing shareholders' equity	1 713	1 662	1 717

QUARTERLY DATA, ROTTNEROS GROUP (SEK million)

	2004		2003				2002			
	II	I	IV	III	II	I	IV	III	II	I
Net turnover	623	615	571	587	582	640	560	633	646	655
Operating profit/loss before depreciation	99	51	94	43	57	45	60	74	11	25
Depreciation	-33	-34	-34	-27	-27	-29	-40	-24	-25	-24
Operating profit/loss	66	17	60	16	30	16	20	50	-14	1
Net financial items	<u>-2</u>	<u>-2</u>	<u>1</u>	<u>-</u>	<u>-7</u>	<u>-1</u>	<u>1</u>	<u>5</u>	<u>20</u>	<u>3</u>
Profit/loss after financial items	64	15	61	16	23	15	21	55	6	4
Tax	-19	-8	-13	-5	-5	-7	-1	-24	-3	-3
Profit/loss after tax	45	7	48	11	18	8	20	31	3	1
Pulp production massa, 1,000 tonnes	171.4	167.4	166.7	155.6	163.5	153.3	155.5	163.9	157.8	158.9
Pulp deliveries, 1,000 tonnes	157.2	169.5	157.3	160.7	149.4	173.7	150.3	153.7	162.8	163.7
Sawn timber production, 1,000 m ³	13.9	13.5	12.4	10.7	12.3	10.5	10.1	7.3	12.4	12.6
Sawn timber deliveries, 1,000 m ³	12.5	11.3	10.2	10.5	11.6	10.3	9.7	9.1	10.6	13.5

	2004		2003				2003
	II	I	IV	III	II	I	Full year
Net turnover by segment							
Pulp	601	593	552	567	559	619	2 297
Sawn timber	<u>22</u>	<u>22</u>	<u>19</u>	<u>20</u>	<u>22</u>	<u>22</u>	<u>83</u>
Total net turnover	623	615	571	587	582	640	2 380
Operating profit/loss by segment							
Pulp	69	19	62	18	32	18	129
Sawn timber	<u>-3</u>	<u>-2</u>	<u>-2</u>	<u>-2</u>	<u>-2</u>	<u>-2</u>	<u>-7</u>
Total operating profit/loss	66	17	60	16	30	16	122
Operating margin by segment							
Pulp	11.5	3.2	11.2	3.2	5.6	2.9	5.6
Sawn timber	-12.0	-11.2	-11.1	-7.9	-9.0	-7.7	-8.9
Total operating margin	10.6	2.7	10.5	2.8	5.0	2.8	5.1

SIX-YEAR REVIEW

	Jan-Jun 2004	Jan-Jun 2003	2003	2002	2001	2000	1999 ¹⁾	
KEY INDICATORS THAT EFFECT								
TURNOVER								
Pulp price NBSK, USD ²⁾	612	511	524	463	540	681	520	
USD/SEK ³⁾	7.47	8.31	8.09	9.72	10.33	9.17	8.27	
Pulp price NBSK, SEK	4 570	4 240	4 235	4 500	5 581	6 245	4 299	
Rottneros' deliveries, tonnes	338 800	316 800	641 108	630 500	592 800	656 500	563 600	
TURNOVER AND INCOEM, SEK million								
Net turnover	1 238	1 222	2 380	2 494	2 741	3 385	2 101	
Profit/loss before depreciation	150	102	239	170	292	1 020	217	
Depreciation	-67	-56	-117	-113	-87	-112	-94	
Operating profit/loss after depreciation	83	46	122	57	205	908	123	
Net financial items	-4	-8	-7	29	30	-16	-12	
Profit/loss after net financial items	79	38	115	86	135	892	111	
Profit/loss after tax	52	26	85	55	155	653	91	
BALANCE SHEET ITEMS, SEK million								
Fixed assets	1 254	1 197	1 249	1 197	1 093	994	1 130	
Inventories	460	398	388	401	398	363	335	
Current receivables	516	451	443	425	440	575	452	
Short-term investments	-	-	-	-	60	-	-	
Liquid funds	150	255	252	350	420	693	147	
Shareholders' equity	1 713	1 662	1 717	1 706	1 771	1 899	1 284	
Provisions	197	197	175	203	220	210	115	
Long-term interest-bearing liabilities	35	6	42	6	-	-	2	
Long-term non interest-bearing liabilities	-	-	-	-	-	-	26	
Current interest-bearing liabilities	11	2	6	2	-	-	259	
Current non interest-bearing liabilities	424	434	397	456	420	516	378	
Balance sheet total	2 380	2 301	2 332	2 373	2 411	2 625	2 064	
FINANCIAL RATIOS								
Operating margin	%	6.7	3.7	5.1	2.3	7.5	26.8	5.9
Profit margin	%	6.4	3.1	4.8	3.5	8.6	26.4	5.3
Return on capital employed	%	9	7	7	5	12	52	9
Return on equity after full tax	%	6	5	5	3	8	40	7
Equity/assets ratio	%	72	72	73	72	73	72	62
Debt/equity ratio	Times	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Interest cover	Times	19.7	28.8	18.2	29.4	79.3	100.1	10.3
OTHER								
Capital expenditure	SEK m	76	61	193	244	183	85	276
Average no. of employees		849	872	857	860	878	890	884

1) Per 1 juni 1999 förvärvades sulfatmassafabriken Miranda från Kimberly-Clark.

2) Source: PIX/Market Pulse

3) Source: Swedish central bank yearly average