Rottneros

Interim Report January-September 2011

	Quarter			Interim period	
	III 2011	**II 2011**	**III 2010**	**Jan-Sep 2011**	**Jan-Sep 2010**
Net turnover, SEK m	367	400	413	1,176	1,282
Income after net financial items, SEK m[1]	16	37	64	72	125
including items affecting comparability	*-132*	*37*	*64*	*-76*	*125*
Earnings per share after net financial items, SEK[1]	0.11	0.24	0.42	0.47	0.82
including items affecting comparability	*-0.86*	*0.24*	*0.42*	*-0.50*	*0.82*
Profit/loss after tax, SEK m[1]	12	26	56	52	117
including items affecting comparability	*-136*	*26*	*56*	*-96*	*117*
Earnings per share after tax, SEK[1]	0.08	0.17	0.37	0.34	0.76
including items affecting comparability	*-0.89*	*0.17*	*0.37*	*-0.63*	*0.76*
Cash flow before investments per share, SEK	0.18	0.36	0.19	0.38	1.07
Cash flow per share, SEK	0.00	0.22	0.07	-0.05	0.62
	30-09-2011	**30-06-2011**	**30-09-2010**	**31-12-2010**	
Shareholders' equity per share, SEK	7.03	8.00	8.03	8.05	
Equity/assets ratio, %	78	83	81	82	

[1] Excluding total write-downs and one-off costs of SEK 148 million, which are described in more detail under 'Significant events', page 4

- Profit after net financial items amounted to SEK 72 (125) million for the period January to September 2011 before write-downs and one-off costs. Operating profit amounted to SEK 74 (123) million for January to September 2011.

- The result for the third quarter of 2011 has been charged with write-downs of SEK -118 million and one-off costs of SEK -30 million: SEK -148 million in total. Loss after net financial items amounted to SEK -76 million for January to September 2011 after these write-downs and one-off costs.

- As a consequence of the weak market for mechanical pulp, Rottneros Mill initiated an improvement programme that entails not only staff reductions and cutting other production costs but also changes to the product range.

Work at the operations centre at Rottneros Mill.

Rottneros

CEO's statement

The earnings after financial items of SEK 19 million and SEK 37 million generated in Quarters 1 and 2 respectively fell to SEK 16 million in Quarter 3. In addition to this, accounting write-downs and restructuring costs of SEK 148 million were charged to the result for this quarter. This drop in operating profit is not only due to the normal three-week holiday shutdown at Rottneros Mill, but also weaker demand for our products. Particular mention can be made of the mechanical pulp produced at Rottneros Mill, which is used primarily to manufacture printing paper. The consumption of printing paper has reduced significantly in Western Europe, which has already been seen in North America. The price level for mechanical pulp is relatively low but stable; the problem is the volume of demand, which is why we have restricted production at Rottneros Mill and are continuing to do so. The mill has problems in respect of profitability, for which reason we are conducting negotiations concerning a reduction of the workforce and writing down our book value for the mill's fixed assets by SEK 65 million. We are also reserving SEK 11 million in one-off costs for early retirements and redundancy costs.

The chemical pulp market had a strong start to the year and new record price levels in USD/tonne were noted during the second quarter. At the same time, a low valuation was given for the US dollar, which meant that the price of pulp in SEK never attained the highest level for 2010. During the summer prices fell, demand became weaker and the manufacturers' stocks of pulp rose which resulted in the downward price trend continuing even after the traditionally weak European holiday period. This downward trend was held back in SEK by the simultaneous strengthening of the US dollar.

We are now approaching our annual maintenance shutdown at Vallvik Mill. Our previously notified investments in the bleaching and water treatment plants will be linked up during this two-week shutdown. The pace of investments in the Group will thereafter reduce.

We are actively working on several interesting projects involving CTMP installations based on our assets from Utansjö where the book value is utilised. However we no longer consider the South Africa project to be the most likely option and are therefore writing down the value of the project-related costs by SEK 19 million to SEK 0 million. There is no longer any chance of maintaining the book value for the Miranda receivable of SEK 53 million, for which reason we are writing the value down to zero.

The above-mentioned write-downs will have a significant adverse effect on the booked result for the quarter and year. On the other hand they will not affect the cash flow and nor do these write-downs affect the company's capacity to pay dividends.

Ole Terland
President and CEO

THE PULP MARKET

Markets and products

The chemical pulp market developed well throughout the first six months of 2011, with rising prices in USD, while demand has also been good. However, prices gradually fell during the third quarter of 2011 as a consequence of lower paper production in Europe and the United States during August and September, which also led to lower demand for pulp. At the end of the third quarter, the price of chemical pulp had reverted to early March 2011 levels.

The price gap between mechanical pulp, and in particular CTMP, compared with chemical pulp was at a historically wide level throughout 2011. The price of CTMP in USD was significantly lower than the price of chemical pulp and demand was also weaker during the latter part of the year.

Statistics for bleached chemical market pulp for the total global market showed that deliveries for January to August 2011 amounted to 27.0 (25.9) million tonnes, which was 4.2% higher than the same period in 2010. Eighty-nine per cent (90% for the same period in 2010) of the global supply capacity for bleached chemical pulp was utilised for the period January to August. An estimated 93% (93%) of production capacity was utilised for the same period.

Global producer stocks of bleached chemical pulp amounted to 4.5 million tonnes at the end of August. Stock levels have consequently risen by 0.7 million tonnes compared with the beginning of the year. Stock levels were 0.9 million tonnes higher compared with the corresponding point of the previous year.

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

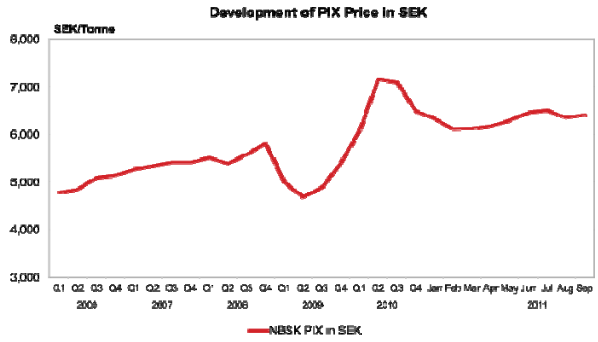
The price was USD 949 per tonne at the beginning of the year and USD 958 per tonne at the end of September. There is a good market for long-fibre chemical pulp. Producer stock levels for long-fibre chemical pulp are normal and correspond to 34 days' production.

Supplies of bleached long-fibre chemical pulp increased between January and August 2011 and were 6.3% higher than the same period in 2010. Delivery capacity utilisation during the period January to August 2011 amounted to 92% (92% for the same period in 2010) and production capacity utilisation was approximately 95% (94%).

Mechanical pulp and CTMP (produced at Rottneros)

The price of short-fibre CTMP was approximately USD 600-650 per tonne in the Western European market at the beginning of the year. The price level was lower in Asia and the several attempts made to raise this price level were unsuccessful. However, the price of short-fibre CTMP in Asia rose by USD 30 per tonne to USD 580 per tonne during the summer of 2011. This increase has largely been accepted. Demand for CTMP increased more rapidly than demand for chemical pulp at the beginning of 2011, though primarily in Europe and Asia. However, demand abated during the summer months. Supplies rose by 5% between January and August compared with the same period in 2010.

Delivery capacity utilisation was 97% (92%) and production capacity utilisation was 95% (98%) for the period January to August 2011.



PRODUCTION AND DELIVERIES

The Group's pulp mills at Rottneros and Vallvik have a combined annual production capacity of almost 400,000 tonnes. Production amounted to 253,700 (248,000) tonnes for January to September 2011. This increase is attributable to Vallvik Mill and can be explained by higher capacity as a consequence of the investments made. Production at Rottneros Mill has reduced compared with the previous year. This was largely due to the fire in June, but also resulted from the holiday shutdown and certain market-related production restrictions.

Deliveries amounted to 238,700 (249,900) tonnes for January to September 2011. The reduction compared with the previous year is entirely related to Rottneros Mill.

PRODUCTION (TONNES)	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010
Sulphate pulp	55,400	54,900	161,000	145,500
Groundwood pulp	9,100	14,400	44,500	53,600
CTMP	12,700	13,300	48,200	48,900
TOTAL	**77,200**	**82,600**	**253,700**	**248,000**

DELIVERIES (TONNES)	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010
Sulphate pulp	51,700	47,800	148,200	145,500
Groundwood pulp	10,200	14,400	43,900	53,600
CTMP	12,400	13,600	46,600	50,800
TOTAL	**74,300**	**75,800**	**238,700**	**249,900**

Maintenance shutdowns and seasonal variations

There was a holiday shutdown at Rottneros Mill during July and August, which was combined with repair work resulting from the fire at the mill in June 2011. The annual maintenance shutdown at Vallvik Mill will take place in November 2011. This shutdown will result in a loss of production and higher maintenance costs, and it is considered that the result for the fourth quarter of 2011 will be adversely affected by approximately SEK 15-20 million. Costs relating to maintenance shutdowns are recognised in the period during which the shutdown takes place. The Rottneros Group is not otherwise affected by seasonal variations to any appreciable extent.

SIGNIFICANT EVENTS

Write-downs and one-off costs

The result for the third quarter has been charged with write-downs of SEK -118 SEK million and one-off costs of SEK -30 million (SEK -148 million in total).

The fact that Rottneros does not have any access to or control over the liquidation process for Rottneros Miranda SA together with the protracted crisis in the Spanish property market and uncertainty as to when the situation can be stabilised means that Rottneros is now writing down the entire net receivable at Rottneros Miranda SA, which has a book value of SEK 53 million. The total receivable in relation to Rottneros Miranda SA amounts to the equivalent of SEK 91 million. The receivable has a book value of SEK 0 million as of the write-down in 2009 and the write-down of SEK 53 million in the third quarter of 2011. Any future repayment of the entire or part of the receivable will thus have a positive effect on Rottneros' result at the time of repayment.

Work is continuing as regards finding a new use for the CTMP line from Utansjö. One alternative is still to locate it in South Africa, which was the original plan. However, the likelihood of this project actually being realised at the present time is considered to be so low that the capitalised project costs, primarily from the period 2007 to 2009, have now been written off. These amount to SEK 19 million and have been charged to the third quarter of 2011.

Profitability at Rottneros Mill is unsatisfactory and an improvement programme has started. These improvements relate not only customer structure but also product portfolio and measures to reduce costs. As part of the measures to reduce costs, the number of employees at the mill will be cut by approximately 25 people, corresponding to around 20 per cent. These measures will be carried out during the spring of 2012. As a consequence of the profitability situation and the uncertain prospects for the groundwood pulp market, the mill's fixed assets were written down by SEK 65 million during the third quarter of 2011. This write-down will result in the annual rate of the depreciations according to plan reducing by approximately SEK 9 million from and including the fourth quarter of 2011.

As of the planned and notified staff reductions at Rottneros Mill, provision was made for a restructuring reserve as of 30 September 2011. This provision amounts to SEK 11 million and has been charged in its entirety to the result for the third quarter of 2011.

INVOICING AND RESULTS

January to September 2011 compared with January to September 2010

DEVIATION ANALYSIS	Jan-Sep 2011	Jan-Sep 2010
NBSK PIX	985	921
SEK/USD	6.41	7.35
NBSK SEK	6,310	6,776
OPERATING INCOME	**-74**	**123**
Price		84
Currency		-138
Volume		0
Variable costs		-34
Total write-downs and one-off costs		-148
Other		39
TOTAL		**-197**

Group net turnover amounted to SEK 1,176 (1,282) million during the period January to September 2011. The average price of long-fibre sulphate pulp (NBSK) in USD increased by 7% (from USD 921 to USD 985), while the average price of NBSK pulp converted into SEK fell from SEK 6,776 to SEK 6,310 per tonne, a reduction of 7%.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.47 per kWh for January to September 2011, compared with SEK 0.52 per kWh for the same period of the previous year.

- Group operating profit amounted to SEK -74 (123) million for January to September 2011. The result for January to September 2011 has incurred SEK -148 million as a consequence of write-downs and one-off costs during the third quarter of 2011. Hedging activities realised during the period January to September 2011 amounted to SEK 13 (16) million.
- Group profit after net financial items amounted to SEK -76 (125) million and includes net financial items of SEK -2 (2) million. Net financial items include financial exchange gains of SEK 0 (5) million.
- Loss/profit after tax amounted to SEK -96 (117) million.
- Earnings per share after tax were SEK -0.63 (0.76).
- Cash flow per share amounted to SEK -0.05 (0.62).
- Profit after net financial items amounted to SEK 72 (125) million adjusted for write-downs and one-off costs. This corresponds to earnings per share after tax of SEK 0.34 (0.76).

July to September 2011 compared with July to September 2010

DEVIATION ANALYSIS		
	Jul-Sep 2011	Jul-Sep 2010
NBSK PIX	992	976
SEK/USD	6.48	7.27
NBSK SEK	6,425	7,098
OPERATING INCOME	**-131**	**68**
Price		3
Currency		-39
Volume		2
Variable costs		-20
Total write-downs and one-off costs		-148
Other		3
TOTAL		**-199**

Group net turnover amounted to SEK 367 (413) million for July to September 2011. The average price of long-fibre sulphate pulp (NBSK) in USD increased by 2% (from USD 976 to USD 992), while the average price of NBSK pulp converted into SEK fell from SEK 7,098 to SEK 6,425 per tonne, a reduction of 9%.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.35 per kWh for July to September 2011, compared with SEK 0.44 per kWh for the same period of the previous year.

- Group operating profit amounted to SEK -131 (68) million for the third quarter of 2011. The result for the third quarter of 2011 incurred SEK -148 million as a consequence of write-downs and one-off costs. Hedging activities realised for the third quarter of 2011 amounted to SEK -6 (13) million.
- Group profit after net financial items amounted to SEK -132 (64) million and includes net financial items of SEK -1 (-4) million. Net financial items include financial exchange gains of SEK 0 (-3) million.
- Profit after tax amounted to SEK -136 (56) million.
- Earnings per share after tax were SEK -0.89 (0.37).
- Cash flow per share amounted to SEK 0.00 (0.07).
- Profit after net financial items amounted to SEK 16 (64) million adjusted for write-downs and one-off costs. This corresponds to earnings per share after tax of SEK 0.08 (0.37).

July to September 2011 compared with April to June 2011

DEVIATION ANALYSIS		
	Jul-Sep 2011	Apr-Jun 2011
NBSK PIX	992	1 008
SEK/USD	6.48	6.26
NBSK SEK	6,425	6,312
OPERATING INCOME	**-131**	**36**
Price		-13
Currency		11
Volume		-5
Variable costs		-1
Total write-downs and one-off costs		-148
Other		-11
TOTAL		**-167**

Group net turnover amounted to SEK 367 million for the third quarter of 2011 compared with SEK 409 million for the second quarter of 2011. The average price of long-fibre sulphate pulp (NBSK) in USD fell from USD 1,008 to USD 992, while the average price of NBSK pulp converted into SEK increased from SEK 6,312 to 6,425 per tonne, an increase of 2%.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.35 per kWh for the third quarter of 2011, compared with SEK 0.47 per kWh for the second quarter of 2011.

- Group operating profit amounted to SEK -131 million for the third quarter of 2011 compared with the second quarter of 2011 when operating profit amounted to SEK 36 million. The result for the third quarter of 2011 incurred SEK -148 million as a consequence of write-downs and one-off costs. Hedging activities realised during the quarter amounted to SEK -6 (6) million.
- Group profit after net financial items amounted to SEK -132 million for the third quarter of 2011, compared with SEK 37 million for the second quarter of 2011.
- Profit after net financial items amounted to SEK 16 (37) million adjusted for write-downs and one-off costs. This corresponds to earnings per share after tax of SEK 0.08 (0.17).

INVESTMENTS AND FINANCIAL POSITION

- Group investments in fixed assets amounted to SEK 69 (69) million for January to September 2011.
- Rottneros Biorefinery AB was established in September 2011 and Rottneros AB owns 50 per cent of its shares. Rottneros Biorefinery AB is reported as an associated company of Rottneros AB and has a book value of SEK 0 million for both Rottneros AB and the consolidated accounts.
- The Group had liquid funds amounting to SEK 89 million at the end of September 2011, compared with SEK 155 million at the end of December 2010.
- The Group had total interest-bearing liabilities of SEK 11 million on 30 September 2011 (SEK 39 million on 31 December 2010). Interest-bearing net receivables amounted to SEK 78 million compared with interest-bearing net receivables of SEK 116 million on 31 December 2010.
- Approved but unutilised credit facilities amounted in total to SEK 100 million on 30 September 2011.
- The equity/assets ratio amounted to 78% as at 30 September 2011, which is four percentage units lower than on 31 December 2010.
- Equity per share amounted to SEK 7.03 (SEK 8.05 on 31 December 2010).

CASH FLOW

- Cash flow from operating activities before investments amounted to SEK 57 (163) million for January to September 2011 and included cash flow of SEK 13 (18) million from financial hedging.
- Cash flow after investing activities amounted to SEK -8 (95) million for January to September 2011.

AVERAGE NUMBER OF EMPLOYEES

The average number of employees was 302 (311) for January to September 2011.

TAX

Deferred tax assets amounted to SEK 73 million on 30 September 2011, which is a reduction of SEK 9 million compared with 31 December 2010. Recorded deferred tax assets correspond to a carry forward of deductions for unutilised losses of SEK 277 million. Deferred tax assets have not been booked for the tax effects of the write-downs and one-off costs of in total SEK -148 million that have been charged to the result for the third quarter of 2011.

PARENT COMPANY

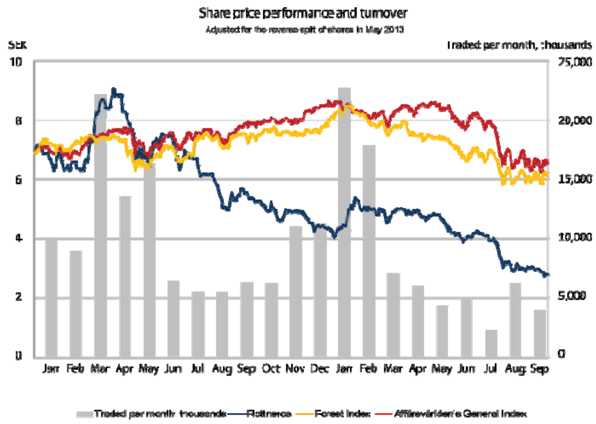
The parent company's profit after net financial items amounted to SEK -84 (5) million for January to September 2011. This result has incurred write-downs of receivables of SEK -72 million in total. All pulp invoicing within the Group was centralised at the parent company up until 30 November 2010, which had served as a distributor for all of the mills and had been receiving sales commission for this service at normal rates. The respective mills have been responsible for invoicing and distribution from 1 December 2010. Profit after net financial items includes hedging activities realised for the entire Group, which affected the result by SEK 13 (16) million.

The parent company's balance sheet and income statement can be found on page 14.

SHARE INFORMATION

NUMBER OF SHARES	
	30 September 2011
Registered number of shares	153,393,890
- of which treasury shares	821,965

Share price



LARGEST SHAREHOLDERS AT 30 SEPTEMBER 2011		
Shareholder	Number of shares (=votes)	Percentage of capital
Nemus Holding AB	30,857,435	20.1
Skagen Verkst Verdipapirfond	12,204,585	8.0
Danske Bank A/S	6,451,273	4.2
DNB NOR Bank ASA Sverige	6,451,273	4.2
HSH Nordbank AG	5,599,860	3.6
Aliz Invest AB	4,884,704	3.2
Robur Försäkring	4,756,514	3.1
Nordea Bank AB	3,500,521	2.3
BBVA Ireland P.L.C	2,323,139	1.5
NTC GIC Govt of Singapore Inv Corp	2,169,279	1.4
Total holdings of 10 largest shareholders	**79,198,583**	**51.6**
Rottneros AB (treasury stock from buy-back)	821,965	0.5
Other shareholders	73,373,342	47.9
TOTAL	**153,393,890**	**100.0**

Sale of treasury shares

The number of shares in Rottneros amounts to 153,393,890. Rottneros' holding of treasury shares amounts to 821,965 shares. The AGM held in 2011 authorised the Board to make decisions regarding the transfer of shares in the company for the period up until the next AGM. There has not been any such transfer as yet.

Transactions with closely related parties

There have been no transactions between Rottneros and related parties that materially affect the company's position and performance.

Dividend for 2010

A resolution was made at the AGM on 19 April 2011 to issue a dividend of SEK 0.20 per share, which corresponds in total to SEK 31 million. This dividend was paid out in April 2011.

RISK MANAGEMENT

The company's operational work involves a number of measures and strategies – for example, focusing on niches and various specific customer segments – aimed at reducing the Group's dependence on market pulp list prices and moderating fluctuations in profitability over a business cycle. The factors that have the greatest impact on the Group's results are linked with exchange rates and the prices of pulp, timber and electricity.

Profit/loss after financial items								
	2011			2010				
Group	III	II	I	IV	III	II	I	Full year
Profit/loss after financial items	**-132**	**37**	**19**	**13**	**64**	**50**	**11**	**138**
Whereof:								
Currency hedges	-1	5	7	24	13	0	3	40
Pulp price hedges	-	-	-	-	-	-	-	-
Electricity hedges	-5	1	6	3	-	-	-	3
Total hedges	**-6**	**6**	**13**	**27**	**13**	**0**	**3**	**43**
Green electricity	**5**	**6**	**6**	**5**	**8**	**6**	**8**	**27**

Currency exposure, USD and EUR

Although Rottneros issues invoices in different currencies, the main underlying currency for pulp prices is predominantly USD. Around 20% of invoicing is contracted in SEK, with EUR as the invoicing currency. The underlying exposure to USD is thus very high, while the direct inflow of USD (the real flow) corresponds to just over 40%. However, the impact of exchange rate fluctuations on indirect exposure is delayed, as the normal duration of a contract is between one and three months.

The average USD exchange rate was 13% lower for January to September 2011 compared with the same period of the previous year, amounting to an average of SEK 6.41/USD compared with SEK 7.35/USD for the same period of the previous year. The impact on turnover of a lower average exchange rate for USD in relation to SEK for January to September 2011 amounted to SEK -138 million compared with the same period in 2010.

At the end of September 2011, currencies were hedged in the form of forward contracts concluded for USD 24 million at an average rate of SEK 6.60/USD for deliveries in 2011 and 2012. In addition to this, currencies were hedged in the form of forward contracts concluded for EUR 9 million at an average rate of SEK 9.10/EUR for electricity purchases for 2011 to 2015.

Pulp price

The price of pulp (NBSK) is set in USD, while production costs are largely incurred in local currencies. Pulp prices had not been hedged at the end of September.

Electricity

All physical electricity for the Swedish mills is purchased directly via the Nord Pool electricity exchange. Electricity prices are listed in EUR. At the end of September 2011, electricity was hedged corresponding to the percentage of forecast consumption shown in the table. Average prices in EUR/MWh are specified in the table together with average prices in SEK/kWh (based on EUR forward rates as of 30 September 2011).

ELECTRICITY HEDGING AT 30 SEPTEMBER 2011			
Year	Part hedged	EUR/MWh	SEK/kWh
Q4 2011	75%	50.0	0.47
2012	49%	48.7	0.47
2013	42%	45.4	0.43
2014	14%	48.4	0.46
2015	14%	49.0	0.46

Hedging contracts for EUR were concluded regarding electricity costs for 2012 to 2015 amounting in total to EUR 9 million at an average rate of SEK 9.10/EUR.

The average price level for electricity on Nord Pool amounted to SEK 0.47 per kWh for January to September 2011.

See pages 26 to 30 of the Annual Report for 2010 for further information on risk.

MARKET VALUE (SEK million) SEPTEMBER 2011				
Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 30 September 2011
Currency USD, forward	USD 24 m	6.60 SEK/USD	-6	6.78 SEK/USD
Currency EUR, forward	EUR 9 m	9.10 SEK/EUR	2	9.23 SEK/EUR
Electricity	434,572 MWh	SEK 0.455/kWh	-12	SEK 0.253/kWh
Total market value			**-16**	

MARKET VALUE (SEK million) SEPTEMBER 2010				
Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 30 September 2010
Currency USD, forward	USD 4 m	7.02 SEK/USD	0	7.00 SEK/USD
Currency EUR, forward	EUR 4 m	10.09 SEK/EUR	0	10.23 SEK/EUR
Electricity	11,045 MWh	SEK 0.251/kWh	1	SEK 0.388/kWh
Total market value			**1**	

The table above shows the market values of all hedging contracts. The valuation refers to the liquidation value; i.e. a valuation is made in accordance with the forward contracts on 30 September 2011. The reference value refers to the spot rate on 30 September and is provided as supplementary information. 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.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 'Interim Financial Reporting', which complies with Swedish law through the application of the Swedish Financial Reporting Board's Recommendation RFR 1 'Supplementary Accounting Rules for Groups' together with RFR 2 'Accounting for Legal Entities', in respect of the parent company.

The accounting principles, definitions of key ratios and calculation methods are the same as those applied in the last Annual Report, except for amendments to the existing standard IAS 24, which entered into force on 1 January 2011. Revised IAS 24 'Related Party Disclosures' clarifies and simplifies the definition of 'related party'. Rottneros has applied the revised standard with effect from 1 January 2011, but the amended accounting principle has not yet had any effect on recognised amounts.

FORECAST

The company is not providing an earnings forecast for 2011.

In order to facilitate external analysis work, a calculation of the operating profit for the year was made in connection with the interim report January-March 2011. With a corresponding calculation the operating profit for the year can – based on today's pulp prices, a SEK/USD rate of 6.60, no changes to timber and electricity costs and planned production volume and maintenance shutdowns – be estimated to amount to SEK 50 million prior to the write-downs and one-off costs charged to the result for the third quarter of 2011.

FORTHCOMING FINANCIAL INFORMATION

27 January 2012	Year-end Release for 2011
19 April 2012	Interim Report January-March 2012
18 July 2012	Interim Report January-June 2012
19 October 2012	Interim Report January-Sept 2012
24 January 2013	Year-end Release for 2012

The AGM for Rottneros AB will be held in Stockholm on Thursday 19 April 2012.

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

Stockholm, 20 October 2011

Ole Terland
President and Chief Executive Officer

AUDIT REPORT

We have reviewed this report for the period 1 January to 30 September 2011 for Rottneros AB (publ). The preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act are the responsibility of the board of directors and CEO. Our responsibility is to express an opinion on this interim financial information based on our review.

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all materials aspects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 20 October 2011
Öhrlings PricewaterhouseCoopers AB

Bo Lagerström
Authorised Public Accountant
Auditor in charge

President Ole Terland and CFO Tomas Hedström will be available on tel. +46 8 590 010 70 on 20 October between 08.15 and 09.00.

<u>Analyst and press conference</u>

Analysts and journalists are invited to an analyst and press conference on 20 October at 10.00.

Location: Rottneros Head Office, World Trade Center, Kungsbron 1, C6, Stockholm, Sweden

Please register with Hella Wopfner, hella.wopfner@rottneros.com, telephone: + 46 8 590 010 12

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DEFINITIONS OF KEY RATIOS

Equity/assets ratio
Shareholders' equity as a percentage of the balance sheet total

Interest-bearing net assets/liabilities
Liquid assets minus interest-bearing liabilities

Debt/equity ratio
Interest-bearing net assets/liabilities divided by shareholders' equity

Operating margin
Operating profit after depreciation as a percentage of net turnover for the period

Profit margin
Profit after net financial items as a percentage of net turnover for the period

Net profit/loss
Net profit/loss is the profit/loss after tax

Earnings per share
Net profit/loss divided by the average number of shares

Return on capital employed
Profit after net financial items plus interest expense for the past twelve-month period divided by the average capital employed for the period in question

Capital employed
Balance sheet total less non-interest-bearing operating liabilities including deferred tax liabilities

Return on equity
Net profit for the past twelve-month period as a percentage of average shareholders' equity for the period in question

Interest coverage ratio
Profit after net financial items plus interest expense, divided by interest expense

P/E ratio
Share price at the end of the period in relation to earnings per share after tax

Direct yield
Dividend as a percentage of the share price at the end of the period

Operating cash flow/share
Cash flow from operating activities and normal investments divided by the number of shares

Cash flow before investments/share
Cash flow from operating activities divided by the number of shares

GLOSSARY

GLOSSARY			
BEK	Bleached Eucalyptus Kraft, bleached eucalyptus pulp.	Mechanical pulp	Pulp produced using a mechanical process for fibre separation and processing. Has a higher level of bulk, stiffness and opacity than chemical pulp.
Chemical pulp	Pulp produced by cooking pulpwood together with chemicals. Has higher brightness and strength than mechanical pulp.	NBSK	Northern Bleached Softwood Kraft: bleached long-fibre sulphate pulp. The leading indicator of world market prices.
CTMP	Chemi-Thermo-Mechanical Pulp. Development of TMP, where the raw material is impregnated with chemicals. Stronger than TMP.	TMP	Thermo-Mechanical Pulp: mechanical pulp produced using a technique in which the chips are preheated with steam.
ECF	Elemental Chlorine Free, sulphate pulp bleached using chlorine dioxide only.	UKP	Unbleached Kraft Pulp: unbleached sulphate pulp.
Groundwood pulp (SGP)	Mechanical pulp made from roundwood.		

CONSOLIDATED PROFIT/LOSS ACCOUNTS (SEK MILLION)	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Full year 2010
Net turnover	367	413	1,176	1,282	1,684
Change in inventories, finished goods	18	30	63	-2	-25
Other income	21	28	74	78	121
TOTAL INCOME	**406**	**471**	**1,313**	**1,358**	**1,780**
Raw materials and consumables	-244	-244	-780	-736	-961
Other costs	-156	-95	-331	-280	-393
Personnel costs	-56	-44	-159	-153	-202
Depreciation/amortisation and write-downs	-81	-20	-117	-66	-86
TOTAL OPERATING COSTS	**-537**	**-403**	**-1,387**	**-1,235**	**-1,642**
OPERATING INCOME	**-131**	**68**	**-74**	**123**	**138**
Financial income	-1	-3	1	6	6
Financial expenses	0	-1	-3	-4	-6
Net financial items	**-1**	**-4**	**-2**	**2**	**0**
INCOME AFTER NET FINANCIAL ITEMS	**-132**	**64**	**-76**	**125**	**138**
Tax on income for the year	-4	-8	-20	-8	-13
NET PROFIT/LOSS AFTER TAX	**-136**	**56**	**-96**	**117**	**125**
Earnings after tax/share (SEK)[1]	-0.89	0.37	-0.63	0.76	0.82

[1] Profit after tax per share, after dilution, is the same as the profit after tax per share.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK MILLION)	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Full year 2010
NET PROFIT/LOSS AFTER TAX	**-136**	**56**	**-96**	**117**	**125**
Other comprehensive income					
Cash-flow hedging, income before tax	-15	17	-40	28	20
Cash-flow hedging, tax effect	4	-5	11	-8	-5
Exchange rate differences	0	0	1	0	-2
Reclassification adjustment [3]	-	-	0	-	1
TOTAL OTHER COMPREHENSIVE INCOME	**-11**	**12**	**-28**	**20**	**14**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-147**	**68**	**-124**	**137**	**139**
KEY INDICATORS THAT AFFECT TURNOVER					
Pulp price NBSK, USD [1]	992	976	985	921	930
SEK/USD [2]	6.48	7.27	6.41	7.35	7.21
Pulp price NBSK, SEK	6,425	7,098	6,310	6,776	6,705
Rottneros' deliveries, tonnes	74,300	75,800	238,700	249,900	330,300

[1] Source: PIX/Market Pulse.

[2] Source: Swedish central bank yearly average.

[3] Cumulative amount of exchange rate differences reclassified from equity to profit or loss according to IAS 21.

CONSOLIDATED BALANCE SHEET (SEK MILLION)

	Sep 2011	Sep 2010	Dec 2010
Intangible fixed assets	2	1	2
Tangible fixed assets	671	685	720
Financial fixed assets	85	154	145
Total fixed assets	**758**	**840**	**867**
Inventories	277	211	213
Current receivables	254	301	259
Liquid funds	89	165	155
Total current assets	**620**	**677**	**627**
TOTAL ASSETS	**1,378**	**1,517**	**1,494**
Shareholders' equity	1,073	1,226	1,228
Longterm liabilities			
Interest-bearing	6	11	10
Non interest-bearing	8	1	0
Total longterm liabilities	**14**	**12**	**10**
Current liabilities			
Interest-bearing	5	38	29
Non interest-bearing	286	241	227
Total current liabilities	**291**	**279**	**256**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,378**	**1,517**	**1,494**

CASH-FLOW ANALYSIS (SEK MILLION)

	Jan-Sep 2011	Jan-Sep 2010	Full year 2010
Operating income	-74	123	138
Adjustment for non cash-flow items			
Depreciation/amortisation and write-downs	117	66	86
Profit/loss from disposal of fixed assets	-4	-10	-21
Write-downs of receivables	72	-	-
Other non cash-flow items	11	5	4
	122	**184**	**207**
Paid financial items	-2	-4	-5
Received/paid taxes	-5	-1	2
Cash-flow from current operations before change in working capital	**115**	**179**	**204**
Change in working capital	-58	-16	-2
Cash-flow from current operations	**57**	**163**	**202**
Acquisition of fixed assets	-69	-69	-125
Sale of fixed assets	4	11	22
Change in long-term receivables	-	-10	-5
Cash-flow from investing activities	**-65**	**-68**	**-108**
Proceeds from the issue of shares	-	1	1
Repayment of loans	-28	-42	-51
Utbetald utdelning	-30	-	-
Cash-flow from financing activities	**-58**	**-41**	**-50**
Cash-flow for the year	**-66**	**54**	**44**
Liquid funds at beginning of year	155	111	111
Cash-flow for the year	-66	54	44
Translation difference in liquid funds	0	0	0
Liquid funds at end of year	89	165	155

SHARE DATA[1]

		Jan-Sep 2011	Jan-Sep 2010	2010	2009	2008	2007	2006
Shares, opening[2]	No.	152,572	1,525,719	1,525,719	180,212	180,212	180,212	180,212
Shares issued[2]	No.	-	-	0	1,345,507	-	-	-
No. of company's own shares bought back[2]	No.	-	-1,373,147	-1,373,147	-	-	-	-
Repurchased treasury shares[2]	No.	-	-	-	-	-	-	-
Shares closing[2]	No.	152,572	152,572	152,572	1,525,719	180,212	180,212	180,212
Average number of shares[2]	No.	152,572	152,572	152,572	26,884	18,021	18,021	18,021
Operating profit or loss/share[2,5]	SEK	-0.49	0.81	0.90	-6.18	-16.95	-19.99	-0.43
Earnings after net financial items/share[5]	SEK	-0.50	0.82	0.90	-2.58	-21.33	-21.30	-1.29
Earnings after tax/share[5]	SEK	-0.63	0.76	0.82	-2.59	-18.35	-16.69	-0.45
Operating cash flow/share[3,5]	SEK	-0.05	0.62	0.51	2.74	-13.34	-5.59	1.93
Equity/share[5]	SEK	7.03	8.03	8.05	7.14	44.96	58.29	77.83
Dividend[5]	SEK	-	-	0.20	-	-	-	1.00
Dividend/equity/share	%	-	-	2.5	-	-	-	1.3
Share price at end of period[5]	SEK	2.90	5.35	4.37	6.90	10.50	23.10	65.50
Share price/equity/share	Times	0.4	0.7	0.5	1.0	0.2	0.4	0.8
P/E ratio/share	Times	Neg	5.2	5.3	Neg	Neg	Neg	Neg
Direct yield[4]	%	-	-	4.6	-	-	-	1.5

[1] No key ratios were influenced by any dilution effect.

[2] The number of shares is stated in thousands, excluding treasury shares held by Rottneros.

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

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

[5] There was a reverse share split in April 2010, where ten existing shares were combined into one share. The comparison periods have been adjusted for this reverse split.

KEY RATIOS EIGHT QUARTERS

	2011			2010				2009
	III	II	I	IV	III	II	I	IV
Net turnover, SEK m	367	409	400	402	413	462	407	363
Return on equity after full tax, %	Neg	8.5	10.4	10.8	10.1	9.2	5.2	Neg
Return on capital employed, %	Neg	11.0	11.9	11.6	10.7	9.5	6.1	Neg
Equity/assets ratio, %	78	83	83	82	81	78	76	78
Equity/share, SEK [1]	7.03	8.00	8.13	8.05	8.03	7.59	7.26	7.14
Earnings after tax/share, SEK [1]	-0.89	0.17	0.09	0.06	0.37	0.32	0.07	-0.01
Cash flow before investments/share, SEK	0.18	0.36	-0.16	0.26	0.19	0.42	0.46	-0.04
Operating cash flow/share, SEK [1]	0.00	0.22	-0.27	-0.10	0.07	0.28	0.26	-0.08
Operating margin, %	Neg	8.8	5.2	3.5	16.7	10.3	1.7	1.5

CHANGE IN SHAREHOLDERS' EQUITY (SEK MILLION)

	Jan-Sep 2011	Jan-Sep 2010	Full year 2010
Opening shareholders' equity	1,228	1,089	1,089
Total comprehensive income for the period	-124	137	139
Utdelning	-31	-	-
Closing shareholders' equity	**1,073**	**1,226**	**1,228**

QUARTERLY DATA (SEK MILLION)

	2011			2010				2009			
	III	II	I	IV	III	II	I	IV	III	II	I
Net turnover	367	409	400	402	413	462	407	363	345	367	433
Operating profit/loss before depreciation	**-50**	**54**	**39**	**35**	**88**	**61**	**40**	**32**	**-45**	**31**	**-80**
Depreciation/amortisation and write-downs	-81	-18	-18	-20	-20	-13	-33	-26	-25	-23	-30
Operating profit/loss	**-131**	**36**	**21**	**15**	**68**	**48**	**7**	**6**	**-70**	**8**	**-110**
Net financial items	-1	1	-2	-2	-4	2	4	-6	113	-5	-5
Profit/loss after financial items	**-132**	**37**	**19**	**13**	**64**	**50**	**11**	**0**	**43**	**3**	**-115**
Tax	-4	-11	-5	-5	-8	0	0	0	0	0	0
Profit/loss after tax	**-136**	**26**	**14**	**8**	**56**	**50**	**11**	**0**	**43**	**3**	**-115**
Pulp production, 1,000 tonnes	77.5	88.0	88.5	75.0	82.6	84.0	81.4	86.7	70.9	88.8	89.5
Pulp deliveries, 1,000 tonnes	74.6	81.0	83.4	80.4	75.8	86.8	87.3	81.9	89.7	99.4	105.7

PARENT COMPANY PROFIT/LOSS ACCOUNTS (SEK MILLION)

	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Full year 2010
Net turnover	2	403	24	1,260	1,533
Other income	-2	20	17	42	70
TOTAL INCOME	**0**	**423**	**41**	**1,302**	**1,603**
Raw materials and consumables	-	-399	-8	-1,247	-1,512
Other costs	-82	-19	-98	-54	-64
Personnel costs	-5	-4	-20	-19	-25
Depreciation	0	-1	0	-2	-2
TOTAL OPERATING COSTS	**-87**	**-423**	**-126**	**-1,322**	**-1,603**
OPERATING INCOME	**-87**	**0**	**-85**	**-20**	**0**
Financial income	0	0	2	30	32
Financial expenses	0	-2	-1	-5	-6
Net financial items	**0**	**-2**	**1**	**25**	**26**
INCOME AFTER NET FINANCIAL ITEMS	**-87**	**-2**	**-84**	**5**	**26**
Tax on income for the year	0	-9	0	-9	-20
NET PROFIT/LOSS AFTER TAX	**-87**	**-11**	**-84**	**-4**	**6**

PARENT COMPANY BALANCE SHEET (SEK MILLION)

	Sep 2011	Sep 2010	Dec 2010
Intangible fixed assets	1	-	-
Tangible fixed assets	1	1	1
Financial fixed assets	319	384	373
Total fixed assets	**321**	**385**	**374**
Current receivables	681	713	707
Liquid funds	6	58	79
Total current assets	**687**	**771**	**786**
TOTAL ASSETS	**1,008**	**1,156**	**1,160**
Shareholders' equity	980	930	1,095
Current liabilities			
Interest-bearing	-	34	25
Non interest-bearing	28	192	40
Total current liabilities	**28**	**226**	**65**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,008**	**1,156**	**1,160**

SIX YEAR REVIEW	Jan-Sep 2011	Jan-Sep 2010	2010	2009	2008	2007	2006
KEY INDICATORS THAT AFFECT TURNOVER							
Pulp price NBSK, USD [1]	985	921	930	657	852	794	675
SEK/USD [2]	6.41	7.35	7.21	7.65	6.58	6.76	7.37
Pulp price NBSK, SEK	6,310	6,776	6,705	4,989	5,617	5,368	4,977
Rottneros' deliveries, tonnes	238,700	249,900	330,300	376,700	617,900	714,700	699,500
Turnover and income, SEK million							
Net turnover	1,176	1,282	1,684	1,508	2,663	2,927	2,690
Profit/loss before depreciation	43	189	224	-62	-82	75	148
Depreciation	-117	-66	-86	-104	-224	-435	-155
Operating profit/loss after depreciation	-74	123	138	-166	-306	-360	-7
Net financial items	-2	2	0	97	-79	-24	-16
Profit/loss after net financial items	-76	125	138	-69	-385	-384	-23
Profit/loss after tax	-96	117	125	-69	-331	-301	-8
Balance sheet items, SEK million							
Fixed assets	758	840	867	849	1,149	1,123	1,363
Inventories	277	211	213	215	447	493	397
Current receivables	254	301	259	230	391	572	570
Liquid funds	89	165	155	111	45	121	122
Shareholders' equity	1,073	1,226	1,228	1,089	810	1,050	1,403
Long-term interest-bearing liabilities	6	11	10	57	692	173	177
Long-term non interest-bearing liabilities	8	1	0	1	14	49	85
Current interest-bearing liabilities	5	38	29	44	82	452	304
Current non interest-bearing liabilities	286	241	227	214	434	585	483
Balance sheet total	**1,378**	**1,517**	**1,494**	**1,405**	**2,032**	**2,309**	**2,452**
Finaical ratios							
Operating margin, %	-6.3	9.6	8.2	-11.0	-11.5	-12.3	-0.3
Profit margin, %	-6.4	9.8	8.2	-4.6	-14.4	-13.1	-0.9
Return on capital employed, %	Neg	10.7	11.6	Neg	Neg	Neg	Neg
Return on equity after full tax, %	Neg	10.1	10.8	Neg	Neg	Neg	Neg
Equity/assets ratio, %	78	81	82	78	40	45	57
Debt/equity ratio, Times	-0.1	-0.1	-0.1	0.1	1.0	0.6	0.3
Interest cover, Times	Neg	32.1	26.2	Neg	Neg	Neg	Neg
Other							
Capital expenditure, SEK m	69	69	125	10	191	163	113
Average no. of employees	302	311	308	387	667	718	754

[1] Source: PIX/Market Pulse.

[2] Source: Swedish central bank yearly average.

Rottneros, a company that was originally established in the 1600s, is an independent and flexible supplier of customised paper pulp of high quality. Rottneros has been able to adapt in order to meet high customer expectations by continually developing its products and maintaining high levels of delivery reliability, technical support and service.

Rottneros has an annual production capacity of almost 400,000 tonnes of pulp at two mills in Sweden. Increasingly intensive product development in line with the requirements of customers will result in profitability that is higher and more stable throughout the business cycle.

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