

Rottneros

Interim Report January-June 2011

	Quarter			Interim period	
	II 2011	I 2011	II 2010	Jan-Jun 2011	Jan-Jun 2010
Net turnover, SEK m	409	400	462	809	869
Income after net financial items, SEK m	37	19	50	56	61
Earnings per share after net financial items, SEK	0.24	0.12	0.32	0.37	0.40
Profit/loss after tax, SEK m	26	14	50	40	61
Earnings per share after tax, SEK	0.17	0.09	0.32	0.26	0.40
Cash flow before investments per share, SEK	0.36	-0.16	0.42	0.20	0.88
Cash flow per share, SEK	0.22	-0.27	0.28	-0.05	0.55
	30-06-2011	31-03-2011	30-06-2010	31-12-2010	
Shareholders' equity per share, SEK	8.00	8.13	7.59	8.05	
Equity/assets ratio, %	83	83	78	82	

- Profit after net financial items amounted to SEK 56 (61) million for January to June 2011. Operating profit amounted to SEK 57 (55) million for the first six months of 2011.
- Cash flow from operating activities amounted to SEK 30 (134) million for the first six months of 2011. Working capital, which rose significantly during the first quarter, has started to revert to normal levels.
- The price of long-fibre chemical pulp in USD achieved historically high levels at the end of the quarter. However, there was only a slight increase in the price in SEK during the second quarter of 2011 compared with the first, which is significantly lower than the previous year. During the quarter there was a fall in the demand for printing paper and consequently pulp as well, with a trend towards higher stock levels and the customary summer price pressure.
- The EU under the NER300 programme has approved for consideration both of Rottneros' projects oriented towards vehicle fuel production, which comprise two of the five Swedish applications.



Transporting timber to the rotary barker at Rottneros Mill

CEO's statement

Rottneros can report a rising profit after net financial items, from SEK 19 million in the first quarter to SEK 37 million for the second quarter. This can primarily be ascribed to higher sales prices for NBSK pulp. Increases in the USD price in April, May and June more than compensated for the weak US dollar. The operating margin was nine per cent and return on capital employed was eleven per cent.

Historically, stock levels for long-fibre chemical pulp (NBSK) are still relatively low, particularly in Europe, but there has been an increase globally in the stock of short-fibre pulp (BHK). This combined with weak growth in the demand for printing paper during the second quarter – in particular coated fine paper – put pressure on the price of pulp at the start of the third quarter. The fundamentals for NBSK continue to look good. The abundant supply of short-fibre pulp and reduced Chinese purchasing activity resulted in price cuts from July. The weakened BHK market also provides an explanation for why growth in demand and price trends were weak for mechanical pulp during the year and did not follow the NBSK price increases at all. We limited our production of both CTMP and groundwood pulp during the quarter to avoid building up a high level of stock. Energy costs are moving in the right direction following a miserable winter. Unfortunately we suffered a fire in one of the flash dryers at Rottneros Mill in June which resulted in some consequential loss and loss of production up until the time of our planned holiday shutdown from mid-July. We consider that the financial consequence will be approximately SEK 7 million, which has been charged to Q2.

There has been progress in respect of our preparations to possibly develop both of our pulp mills so that they are also able to produce vehicle fuel in the future. In May and June, the EU within the framework of what is referred to as the 'NER300 programme' approved for consideration the extensive applications regarding support for the production of renewable fuels that we had previously reported, which were two of the five Swedish projects.

Ole Terland
President and CEO

THE PULP MARKET

Markets and products

The pulp market has developed well over the year. Prices for chemical pulp in USD rose throughout the first six months of 2011 while demand has been good. However, there are indications that demand in the pulp market will reduce in the future compared with earlier in the year. Prices, particularly for short-fibre grades, were cut in both North America and Europe at the start of the third quarter of 2011.

Statistics for bleached chemical market pulp for the total global market showed that deliveries for January to May 2011 amounted to 17.0 (16.1) million tonnes, which was 5.6% higher than the same period in 2010. Ninety-one per cent of the global supply capacity for bleached chemical pulp was utilised for the period January to May (92% for the same period in 2010). An estimated 93% (91%) of production capacity was utilised for the same period.

Global producer stocks of bleached chemical pulp amounted to 3.8 million tonnes at the end of May. Stock levels have consequently risen by 0.4 million

tonnes compared with the beginning of the year. Stock levels were 1.0 million tonnes higher compared with the same time 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 1,023 per tonne at the end of June. There is a good market for long-fibre chemical pulp. Producer stock levels of long-fibre chemical pulp are low and correspond to 26 days' production.

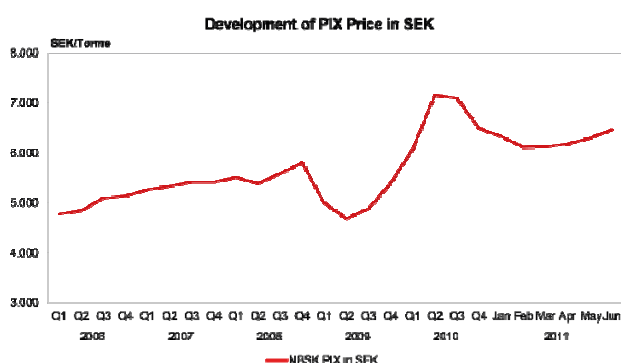
Supplies of bleached long-fibre chemical pulp increased between January and May 2011 and were 8.3% higher than the same period in 2010. Delivery capacity utilisation during the period January to May 2011 amounted to 94% (93% for the same period in 2010) and production capacity utilisation was approximately 95% (92%).

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 several attempts made to raise this price level were unsuccessful. However, the demand for CTMP increased more rapidly than for chemical pulp at the beginning of 2011, though primarily in Asia. Supplies rose by 4% for January to May compared with the same period in 2010.

Delivery capacity utilisation for the period January to May 2011 was 101% (98%) and production capacity utilisation was 101% (99%).



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 176,500 (165,400) tonnes for January to June 2011. This increase is attributable to Vallviks Mill and can be explained first by higher capacity as a consequence of the investments implemented and second a loss of production of 6,000 tonnes as a consequence of an unplanned shutdown during the second quarter of 2010.

Deliveries amounted to 164,400 (174,100) tonnes for January to June 2011.

	PRODUCTION (TONNES)			
	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010
Sulphate pulp	55,000	44,500	105,600	90,600
Groundwood pulp	16,100	19,800	35,400	39,200
CTMP	16,900	19,700	35,500	35,600
TOTAL	88,000	84,000	176,500	165,400

	DELIVERIES (TONNES)			
	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010
Sulphate pulp	48,700	46,300	96,500	97,700
Groundwood pulp	15,900	19,900	33,700	39,200
CTMP	16,400	20,600	34,200	37,200
TOTAL	81,000	86,800	164,400	174,100

Maintenance shutdowns and seasonal variations

A holiday shutdown will take place at Rottneros Mill in July and August, which will be combined with minor annual maintenance work. A maintenance shutdown

will take place at Vallvik Mill during the fourth quarter. 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.

INVOICING AND RESULTS

January to June 2011 compared with January to June 2010

	DEVIATION ANALYSIS	
	Jan-Jun 2011	Jan-Jun 2010
NBSK PIX	981	894
SEK/USD	6.38	7.39
NBSK SEK	6,252	6,615
OPERATING INCOME	57	55
Price		78
Currency		-99
Volume		-2
Variable costs		-2
Other		27
TOTAL	2	2

Group net turnover amounted to SEK 809 (869) million for January to June 2011. The average price of long-fibre sulphate pulp (NBSK) in USD increased by 10% (from USD 894 to USD 981), while the average price of NBSK pulp converted into SEK fell from SEK 6,615 to SEK 6,252 per tonne, a reduction of 5%.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.53 per kWh for January to June 2011, compared with SEK 0.56 per kWh for the same period of the previous year.

- Group operating profit amounted to SEK 57 (55) million for January to June 2011. Hedging activities realised during the first half of 2011 amounted to SEK 19 (3) million.
- Group profit after net financial items amounted to SEK 56 (61) million, including net financial items of SEK -1 (6) million. Net financial items include financial exchange gains of SEK 0 (8) million.
- Profit after tax amounted to SEK 40 (61) million.
- Earnings per share after tax were SEK 0.26 (0.40).
- Cash flow per share amounted to SEK -0.05 (0.55).

April to June 2011 compared with April to June 2010

DEVIATION ANALYSIS		
	Apr-Jun 2011	Apr-Jun 2010
NBSK PIX	1,008	943
SEK/USD	6.26	7.58
NBSK SEK	6,312	7,156
OPERATING INCOME	36	48
Price		30
Currency		-66
Volume		0
Variable costs		-3
Other		27
TOTAL		-12

Group net turnover amounted to SEK 409 (462) million for April to June 2011. The average price of long-fibre sulphate pulp (NBSK) in USD increased by 7% (from USD 943 to USD 1,008), while the average price of NBSK pulp converted into SEK fell from SEK 7,156 to SEK 6,312 per tonne, a reduction of 12%.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.47 per kWh for April to June 2011, compared with SEK 0.40 per kWh for the same period of the previous year.

- Group operating profit amounted to SEK 36 (48) million for April to June 2011. There was a fire at Rottneros Mill in June 2011, which resulted in production at the mill stopping for six to seven days. The fire entailed costs in respect of repair work and loss of production corresponding to approximately SEK 7 million for the period. Hedging activities realised for the second quarter of 2011 amounted to SEK 6 (0) million.
- Group profit after net financial items amounted to SEK 37 (50) million and includes net financial items of SEK 1 (2) million. Net financial items include financial exchange gains of SEK 2 (2) million.
- Profit after tax amounted to SEK 26 (50) million.
- Earnings per share after tax were SEK 0.17 (0.32).
- Cash flow per share amounted to SEK 0.22 (0.28).

April to June 2011 compared with January to March 2011

DEVIATION ANALYSIS		
	Apr-Jun 2011	Jan-Mar 2011
NBSK PIX	1,008	954
SEK/USD	6.26	6.49
NBSK SEK	6,312	6,192
OPERATING INCOME	36	21
Price		16
Currency		-12
Volume		-3
Variable costs		2
Other		12
TOTAL		15

Group net turnover amounted to SEK 409 million for April to June 2011 compared with SEK 400 million for January to March 2011. The average price of long-fibre sulphate pulp (NBSK) in USD increased from USD 954 to USD 1,008 and the average price of NBSK pulp converted into SEK increased from SEK 6,192 to 6,312 per tonne, an increase of 2%.

The average price of electricity on the Nord Pool electricity exchange amounted to SEK 0.47 per kWh for April to June 2011, compared with SEK 0.58 per kWh for January to March 2011.

- Group operating profit amounted to SEK 36 million for the second quarter of 2011 compared with the first quarter of 2011, when operating profit amounted to SEK 21 million. Hedging activities realised for the quarter amounted to SEK 6 (13) million.
- Group profit after net financial items amounted to SEK 37 million for the second quarter of 2011, compared with SEK 19 million for the first quarter of 2011.

INVESTMENTS AND FINANCIAL POSITION

- Group investments in fixed assets amounted to SEK 42 (50) million for January to June 2011.
- The Group had liquid funds amounting to SEK 89 million at the end of June 2011, compared with SEK 155 million at the end of December 2010.
- The Group had total interest-bearing liabilities of SEK 12 million on 30 June 2011 (SEK 39 million on 31 December 2010). Interest-bearing net receivables amounted to SEK 77 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 June 2011.
- The equity/assets ratio amounted to 83% as at 30 June 2011, which is one percentage unit higher than on 31 December 2010.
- Equity per share amounted to SEK 8.00 (SEK 8.05 on 31 December 2010).

CASH FLOW

- Cash flow from operating activities before investments amounted to SEK 30 (134) million for January to June 2011 and included cash flow of SEK 19 (4) million from financial hedging.
- Cash flow after investing activities amounted to SEK -8 (84) million for January to June 2011.

AVERAGE NUMBER OF EMPLOYEES

The average number of employees was 303 (316) for January to June 2011.

TAX

Deferred tax assets amounted to SEK 73 million on 30 June 2011, which is a reduction of SEK 9 million compared with 31 December 2010. The carry forward of deductions for unutilised losses together with other temporary differences amount to approximately SEK 278 million. There was no carry forward of deductions for which deferred tax assets have not been recorded.

PARENT COMPANY

The parent company's profit after net financial items amounted to SEK 3 (7) million for January to June 2011. 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 19 (3) million.

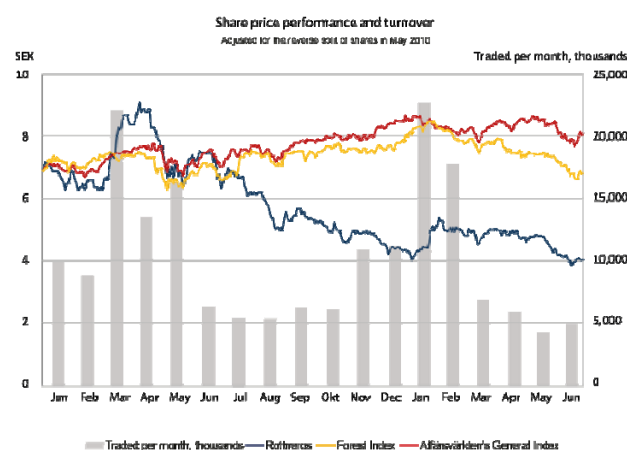
The parent company's balance sheet and income statement can be found on page 14.

SHARE INFORMATION

NUMBER OF SHARES

	30 June 2011
Registered number of shares	153,393,890
- of which treasury shares	821,965

Share price



LARGEST SHAREHOLDERS AT 30 JUNE 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	3.7
Robur Försäkring	4,754,514	3.1
Aliz Invest AB	4,461,000	2.9
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	78,772,879	51.4
Rottneros AB (treasury stock from buy-back)	821,965	0.5
Other shareholders	73,799,046	48.1
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							
Group	2011			2010			Full year
	II	I	IV	III	II	I	
Profit/loss after financial items	37	19	13	64	50	11	138
Whereof:							
Currency hedges	5	7	24	13	0	3	40
Pulp price hedges	-	-	-	-	-	-	-
Electricity hedges	1	6	3	-	-	-	3
Total hedges	6	13	27	13	0	3	43
Green electricity	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 14% lower for January to June 2011 compared with the same period

of the previous year, amounting to an average of SEK 6.38/USD for the period compared with SEK 7.39/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 the first half of 2011 amounted to SEK -99 million compared with the same period in 2010.

At the end of June 2011, currencies were hedged in the form of forward contracts concluded for USD 18 million at an average rate of SEK 6.39/USD for deliveries in 2011. In addition to this, currencies were hedged in the form of forward contracts concluded for EUR 4 million at an average rate of SEK 9.17/EUR for electricity purchases for 2012 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 June.

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 June 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 June 2011).

ELECTRICITY HEDGING AT 30 JUNE 2011			
Year	Part hedged	EUR/MWh	SEK/kWh
2011	75%	48.5	0.45
2012	49%	48.7	0.46
2013	42%	45.4	0.42
2014	14%	48.4	0.45
2015	14%	49.0	0.46

Hedging contracts for EUR were concluded regarding electricity costs for 2012 to 2015, amounting in total to EUR 4 million at an average rate of SEK 9.17/EUR.

The average price level for electricity on Nord Pool amounted to SEK 0.53 per kWh for January to June 2011.

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

MARKET VALUE (SEK million) JUNE 2011				
Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 30 June 2011
Currency USD, forward	USD 18 m	6.39 SEK/USD	1	6.41 SEK/USD
Currency EUR, forward	EUR 4 m	9.17 SEK/EUR	1	9.24 SEK/EUR
Electricity	484,804 MWh	SEK 0.448/kWh	-1	SEK 0.407/kWh
Total market value			1	

MARKET VALUE (SEK million) MARCH 2010				
Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 30 June 2010
Currency USD, forward	USD 19 m	7.81 SEK/USD	1	7.79 SEK/USD
Currency EUR, forward	EUR 28 m	10.11 SEK/EUR	16	9.54 SEK/EUR
Total market value			17	

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 forward contracts on 30 June 2011. The reference value refers to the spot rate on 30 June 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.

FORTHCOMING FINANCIAL INFORMATION

20 October 2011 Interim Report January-Sept 2011

27 January 2012 Year-end Release for 2011

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

The Board and the President declare that the half-yearly report gives a true and fair summary of the operation, financial position and results of the parent company and the Group, and describes significant risks and uncertainties faced by the company and companies forming part of the Group.

Stockholm, 20 July 2011

Kjell Ormegard
Chair of the Board

Bengt-Åke Andersson
Board Member

Roger Asserståhl
Board Member

Mikael Lilja
Board Member

Bengt Unander-Scharin
Board Member

Ingrid Westin Wallinder
Board Member

Ole Terland
President

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

Ole Terland (CEO) and Tomas Hedström (CFO) will be available on 20 July on tel. +46 8 590 010 70 between 08.15 and 09.00 CET.

Analyst and press conference

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

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

Applications to Hella Wopfner, hella.wopfner@rottneros.com, telephone: +46 8-590 010 12

Rottneros AB (publ)
Corp. ID no. 556013-5872
Box 70 370, SE-107 24 Stockholm, Sweden
Tel. +46 8 590 010 00, fax +46 8 590 010 01
www.rottneros.com

Rottneros discloses the information provided herein pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. This information was submitted for publication on 20 July 2011 at 08.00 CET. A Swedish and an English version of this report have been drawn up. The Swedish version shall apply in the event of differences between the two reports.

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

CONSOLIDATED PROFIT/LOSS ACCOUNTS (SEK MILLION)

	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
Net turnover	409	462	809	869	1,684
Change in inventories, finished goods	25	-22	45	-32	-25
Other income	29	12	53	50	121
TOTAL INCOME	463	452	907	887	1,780
Raw materials and consumables	-272	-240	-536	-492	-961
Other costs	-84	-94	-175	-185	-393
Personnel costs	-53	-57	-103	-109	-202
Depreciation/amortisation and write-downs	-18	-13	-36	-46	-86
TOTAL OPERATING COSTS	-427	-404	-850	-832	-1,642
OPERATING INCOME	36	48	57	55	138
Financial income	1	3	2	9	6
Financial expenses	0	-1	-3	-3	-6
Net financial items	1	2	-1	6	0
INCOME AFTER NET FINANCIAL ITEMS	37	50	56	61	138
Tax on income for the year	-11	0	-16	0	-13
NET PROFIT/LOSS AFTER TAX	26	50	40	61	125
Earnings after tax/share (SEK) ¹	0.17	0.32	0.26	0.40	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)

	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
NET PROFIT/LOSS AFTER TAX	26	50	40	61	125
Other comprehensive income					
Cash-flow hedging, income before tax	-22	1	-25	11	20
Cash-flow hedging, tax effect	6	0	7	-3	-5
Exchange rate differences	1	0	1	0	-2
Reclassification adjustment ³	-	-	0	-	1
TOTAL OTHER COMPREHENSIVE INCOME	-15	1	-17	8	14
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	11	51	23	69	139

KEY INDICATORS THAT AFFECT TURNOVER

Pulp price NBSK, USD ¹	1,008	943	981	894	930
USD/SEK ²	6.26	7.58	6.38	7.39	7.21
Pulp price NBSK, SEK	6,312	7,156	6,252	6,615	6,705
Rottneros' deliveries, tonnes	81,000	86,800	164,400	174,100	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)

	Jun 2011	Jun 2010	Dec 2010
Intangible fixed assets	2	2	2
Tangible fixed assets	726	687	720
Financial fixed assets	139	164	145
Total fixed assets	867	853	867
Inventories	273	206	213
Current receivables	241	265	259
Liquid funds	89	163	155
Total current assets	603	634	627
TOTAL ASSETS	1,470	1,487	1,494
Shareholders' equity	1,220	1,158	1,228
Longterm liabilities			
Interest-bearing	8	13	10
Non interest-bearing	1	1	0
Total longterm liabilities	9	14	10
Current liabilities			
Interest-bearing	4	49	29
Non interest-bearing	237	266	227
Total current liabilities	241	315	256
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,470	1,487	1,494

CASH-FLOW ANALYSIS (SEK MILLION)

	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
Operating income	57	55	138
Adjustment for non cash-flow items			
Depreciation/amortisation and write-downs	36	46	86
Profit/loss from disposal of fixed assets	-4	-10	-21
Other non cash-flow items	-1	4	4
	88	95	207
Paid financial items	-1	-2	-5
Received/paid taxes	-4	0	2
Cash-flow from current operations before change in working capital	83	93	204
Change in working capital	-53	41	-2
Cash-flow from current operations	30	134	202
Acquisition of fixed assets	-42	-50	-125
Sale of fixed assets	4	10	22
Change in long-term receivables	-	-10	-5
Cash-flow from investing activities	-38	-50	-108
Proceeds from the issue of shares	-	1	1
Repayment of loans	-28	-33	-51
Utbetalad utdelning	-30	-	-
Cash-flow from financing activities	-58	-32	-50
Cash-flow for the year	-66	52	44
Liquid funds at beginning of year	155	111	111
Cash-flow for the year	-66	52	44
Translation difference in liquid funds	0	0	0
Liquid funds at end of year	89	163	155

SHARE DATA¹

		Jan-Jun 2011	Jan-Jun 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	0	1,345,507	-	-	-
Reverse share split ²	No.	-	-1,373,147	-1,373,147	-	-	-	-
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	0.37	0.36	0.90	-6.18	-16.95	-19.99	-0.43
Earnings after net financial items/share ⁵	SEK	0.37	0.40	0.90	-2.58	-21.33	-21.30	-1.29
Earnings after tax/share ⁵	SEK	0.26	0.40	0.82	-2.59	-18.35	-16.69	-0.45
Operating cash flow/share ^{3,5}	SEK	-0.05	0.55	0.51	2.74	-13.34	-5.59	1.93
Equity/share ⁵	SEK	8.00	7.59	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	4.05	6.80	4.37	6.90	10.50	23.10	65.50
Share price/equity/share	Times	0.5	0.9	0.5	1.0	0.2	0.4	0.8
P/E ratio/share	Times	7.8	8.5	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	
	II	I	IV	III	II	I	IV	III
Net turnover, SEK m	409	400	402	413	462	407	363	345
Return on equity after full tax, %	8.5	10.4	10.8	10.1	9.2	5.2	Neg	Neg
Return on capital employed, %	11.0	11.9	11.6	10.7	9.5	6.1	Neg	Neg
Equity/assets ratio, %	83	83	82	81	78	76	78	50
Equity/share, SEK ¹	8.00	8.13	8.05	8.03	7.59	7.26	7.14	37.97
Earnings after tax/share, SEK ¹	0.17	0.09	0.06	0.37	0.32	0.07	-0.01	2.38
Operating cash flow/share, SEK ¹	0.22	-0.27	-0.10	0.07	0.28	0.26	-0.08	2.80
Operating margin, %	8.8	5.2	3.5	16.7	10.3	1.7	1.5	-20.3

¹ 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.

CHANGE IN SHAREHOLDERS' EQUITY (SEK MILLION)

	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
Opening shareholders' equity	1,228	1,089	1,089
Total comprehensive income for the period	23	69	139
Utdelning	-31	-	-
Closing shareholders' equity	1,220	1,158	1,228

QUARTERLY DATA (SEK MILLION)

	2011				2010				2009	
	II	I	IV	III	II	I	IV	III	II	I
Net turnover	409	400	402	413	462	407	363	345	367	433
Operating profit/loss before depreciation	54	39	35	88	61	40	32	-45	31	-80
Depreciation/amortisation and write-downs	-18	-18	-20	-20	-13	-33	-26	-25	-23	-30
Operating profit/loss	36	21	15	68	48	7	6	-70	8	-110
Net financial items	1	-2	-2	-4	2	4	-6	113	-5	-5
Profit/loss after financial items	37	19	13	64	50	11	0	43	3	-115
Tax	-11	-5	-5	-8	0	0	0	0	0	0
Profit/loss after tax	26	14	8	56	50	11	0	43	3	-115
Pulp production, 1,000 tonnes	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	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)

	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Full year 2010
Net turnover	6	452	22	857	1,533
Other income	10	12	19	22	70
TOTAL INCOME	16	464	41	879	1,603
Raw materials and consumables	-	-448	-8	-848	-1,512
Other costs	-8	-17	-16	-35	-64
Personnel costs	-8	-7	-15	-15	-25
Depreciation	0	0	0	-1	-2
TOTAL OPERATING COSTS	-16	-472	-39	-899	-1,603
OPERATING INCOME	0	-8	2	-20	0
Financial income	0	22	2	30	32
Financial expenses	1	-2	-1	-3	-6
Net financial items	1	20	1	27	26
INCOME AFTER NET FINANCIAL ITEMS	1	12	3	7	26
Tax on income for the year	0	0	0	0	-20
NET PROFIT/LOSS AFTER TAX	1	12	3	7	6

PARENT COMPANY BALANCE SHEET (SEK MILLION)

	Jun 2011	Jun 2010	Dec 2010
Intangible fixed assets	1	-	-
Tangible fixed assets	1	1	1
Financial fixed assets	372	391	373
Total fixed assets	374	392	374
Current receivables	691	760	707
Liquid funds	28	7	79
Total current assets	719	767	786
TOTAL ASSETS	1,093	1,159	1,160
Shareholders' equity	1,067	941	1,095
Current liabilities			
Interest-bearing	-	44	25
Non interest-bearing	26	174	40
Total current liabilities	26	218	65
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,093	1,159	1,160

SIX YEAR REVIEW							
	Jan-Jun 2011	Jan-Jun 2010	2010	2009	2008	2007	2006
KEY INDICATORS THAT AFFECT TURNOVER							
Pulp price NBSK, USD ¹	981	894	930	657	852	794	675
USD/SEK ²	6.38	7.39	7.21	7.65	6.58	6.76	7.37
Pulp price NBSK, SEK	6,252	6,615	6,705	4,989	5,617	5,368	4,977
Rottneros' deliveries, tonnes	164,400	174,100	330,300	376,700	617,900	714,700	699,500
Turnover and income, SEK million							
Net turnover	809	869	1,684	1,508	2,663	2,927	2,690
Profit/loss before depreciation	93	101	224	-62	-82	75	148
Depreciation	-36	-46	-86	-104	-224	-435	-155
Operating profit/loss after depreciation	57	55	138	-166	-306	-360	-7
Net financial items	1	6	0	97	-79	-24	-16
Profit/loss after net financial items	56	61	138	-69	-385	-384	-23
Profit/loss after tax	40	61	125	-69	-331	-301	-8
Balance sheet items, SEK million							
Fixed assets	867	853	867	849	1,149	1,123	1,363
Inventories	273	206	213	215	447	493	397
Current receivables	241	265	259	230	391	572	570
Liquid funds	89	163	155	111	45	121	122
Shareholders' equity	1,220	1,158	1,228	1,089	810	1,050	1,403
Long-term interest-bearing liabilities	8	13	10	57	692	173	177
Long-term non interest-bearing liabilities	1	1	0	1	14	49	85
Current interest-bearing liabilities	4	49	29	44	82	452	304
Current non interest-bearing liabilities	237	266	227	214	434	585	483
Balance sheet total	1,470	1,487	1,494	1,405	2,032	2,309	2,452
Financial ratios							
Operating margin, %	7.0	6.3	8.2	-11.0	-11.5	-12.3	-0.3
Profit margin, %	6.9	7.0	8.2	-4.6	-14.4	-13.1	-0.9
Return on capital employed, %	11.0	9.5	11.6	Neg	Neg	Neg	Neg
Return on equity after full tax, %	8.5	9.2	10.8	Neg	Neg	Neg	Neg
Equity/assets ratio, %	83	78	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	23.9	22.7	26.2	Neg	Neg	Neg	Neg
Other							
Capital expenditure, SEK m	42	50	125	10	191	163	113
Average no. of employees	303	316	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.

Rottneros AB (publ)
Box 70 370, SE-107 24 Stockholm, Sweden
Visiting address: World Trade Center, Kungsbron 1, C6, Stockholm, Sweden
Telephone +46 8 590 010 00, Fax +46 8 590 1010 01
info@rottneros.com www.rottneros.com