

The Rottneros Group Interim Report January–September 2009

- The income after net financial items for the third quarter of 2009 amounted to SEK 43 (-37) million.
- The income after net financial items for the first nine months of 2009 amounted to SEK -69 (-216) million.
- Cash-flow from current operations for the first nine months of 2009 amounted to SEK 85 (8) million and with funds from the sale of fixed assets, SEK 215 million has been used to pay down debt.
- On 10 July Rottneros paid off the entire existing bond loan of SEK 150 million. The effect of the transaction for Rottneros was that debt was written off thereby reducing the net debt by SEK 110 million which is reported under financial income.
- Maintenance shutdowns took place during the third quarter at Vallvik Mill and Rottneros Mill.
- After the end of the reporting period Rottneros announced that a new share issue amounting to SEK 225 million will be implemented in the fourth quarter of 2009 contingent upon a decision at the extraordinary shareholders' meeting on 11 November. The company will also implement a new issue aimed at Rottneros' bank syndicate which will involve offsetting loans equivalent to SEK 200 million.
- The balance on the pulp market between supply and demand has improved significantly and this has enabled prices to be increased.
- The company will not be providing a full year forecast for 2009.

		2009	2008
Net turnover, SEK m	Jan-Sep	1,145	2,129
	Jul-Sep	345	601
Income after net financial items, SEK m	Jan-Sep	-69	-216
	Jul-Sep	43	-37
Earnings per share after net financial items, SEK	Jan-Sep	-0.38	-1.20
	Jul-Sep	0.24	-0.21
Profit/loss after tax, SEK m	Jan-Sep	-69	-153
	Jul-Sep	43	-24
Earnings per share after tax, SEK	Jan-Sep	-0.38	-0.85
	Jul-Sep	0.24	-0.13
Cash flow per share, SEK	Jan-Sep	0.43	0.87
	Jul-Sep	0.28	0.37
		30-09-2009	31-12-2008
Shareholders' equity per share, SEK		3.80	4.49
Equity/assets ratio, %		50	40



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 meet the high expectations of its customers.

Rottneros has a total production capacity of 400,000 tonnes of pulp per year produced at two mills in Sweden. Increasingly intensive product development in line with customer demands will lead to higher and more stable profitability throughout an economic cycle.

SIGNIFICANT EVENTS

Early payment of loan

Following negotiations with bond holders, Rottneros' bank syndicate under the management of Danske Bank and principal shareholder Nemus Holding, Rottneros has paid off the entire existing bond loan issued by Rottneros of SEK 150 million. Rottneros paid off SEK 20 million and Nemus Holding paid SEK 20 million to the bond holders. As a result of this transaction Nemus Holding has a claim on Rottneros of SEK 20 million, which will constitute a partial payment for Nemus Holding's portion of the planned new share issue announced on 12 October 2009. The effect of this transaction for Rottneros will be that debt will be written off and the net debt will thereby be reduced by SEK 110 million. This amount will be included in the result for the third quarter of 2009. The interest-bearing liabilities amount to SEK 433 million, compared to SEK 774 million at the beginning of the year.

New share issue in fourth quarter of 2009

After the end of the reporting period on 12 October, Rottneros announced that in the fourth quarter of 2009 the company will implement a rights issue amounting to SEK 225 million offered to Rottneros' shareholders contingent upon approval at an extraordinary shareholders' meeting on 11 November. Each existing share entitles the holder to subscribe for five new shares for SEK 0.25 per share. In addition, for 100 newly subscribed shares the holder will receive 27 options to acquire an additional share per option within two years for SEK 0.82 per share.

The company has obtained an undertaking from the largest shareholders and other external guarantors, which means that the new share issue in its entirety is guaranteed.

A new share issue aimed at Rottneros' bank syndicate which involves offsetting loans equivalent to SEK 200 million will be implemented. The subscription price per share is SEK 0.45.

The new share issue transactions will strengthen Rottneros' balance sheet significantly and secure

the investment requirement for Rottneros' existing mills and the implementation of the company's strategy for long-term growth. Following the share issue transactions the company's debt is expected to amount to around SEK 200 million. Liquidity will be at about the same level.

If the resolution is passed at the extraordinary shareholders meeting on 11 November 2009, the subscription period will be from 23 November 2009 to 7 December 2009.

The improvement projects with the highest priority for Rottneros are at Vallvik Mill. The objective is to improve competitiveness by increasing production of both pulp and green energy while finding a cost-effective solution to the issue that has been discussed for several years regarding emissions of oxygen-consuming substances with the waste water.

THE PULP MARKET

Market and products

Demand for all grades of pulp was weak during the beginning of the year and global pulp deliveries have been falling in volume compared to the same period the previous year. Despite lower delivery volumes, the market has been characterised by improved balance. The main reasons for the improved balance are substantial reductions in pulp production and very strong demand from China.

The price of pulp in USD fell during the first part of the year and bottomed out in March, but has since slowly improved in the second and third quarters. In the statistics for the total global market for bleached chemical market pulp, the deliveries during the first eight months of 2009 amounted to SEK 26.1 (26.5) million tonnes, which was 1.5 % lower than the same period in 2008. Delivery capacity utilisation for bleached chemical pulp globally for the January – August period was 90 % (90 % for the same period in 2008). Production capacity utilisation for the same period has been estimated at 84 % (93 %).

The average price of bleached long-fibre chemical pulp in January – September 2009 amounted to USD 619 per tonne (USD 888 per tonne), a decrease of 30 %. The price of long-fibre chemical pulp (NBSK) at the end of September amounted to USD 721, an increase of 12 % from the beginning of the year when the price was USD 642.

The price of short-fibre chemical pulp increased from USD 585 at the beginning of the year to USD 599 at the end of September.

Global producer stocks of bleached chemical pulp amounted to 4.6 million tonnes at the beginning of the year and the estimated amount at the end of August is 3.0 million tonnes.

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

The price at the beginning of the year was USD 642 per tonne and reached its lowest level of around USD 577 in March, before improving throughout the second and third quarters. The price at the end of September was USD 721. The market for long-fibre chemical pulp was weak during the first part of the year due to weak demand for paper and board on the global market. Due to both permanent and temporary production cuts, producer pulp stocks have been reduced from very high levels at the beginning of the year to normal levels at the end of the period.

Delivery capacity utilisation for the January – August period was 92 % (90 % for the same period in 2008), and production capacity utilisation was around 86 % (93 %). For the July – August period delivery capacity utilisation was 94 % (88 % in July – August 2008), and production capacity utilisation was 90 % (96 %).

Mechanical pulp and CTMP (produced in Rottneros)

The price of short-fibre CTMP on the Western European market at the beginning of the year was around USD 550 per tonne and in the first nine months the price of CTMP developed in the same way as the price of chemical pulp, i.e. a gradual increase. Similar to long-fibre pulp, demand was weak in the first part of the year which led to production cuts mainly during the first quarter, which in turn has balanced the market.

Delivery capacity utilisation for the January – August period was 83 % (94 %) and production capacity utilisation was 73 % (96 %). Delivery capacity utilisation for the July – August period was 89 % (88%

in July – August 2008) and production capacity utilisation was 86 % (100 %).

PRODUCTION AND DELIVERIES

The Group's pulp mills in Rottneros and Vallvik have a combined production capacity of 400,000 tonnes per year. In 2008 a production level for the full year of 602,700 was achieved. The operations at Rockhammar Mill, which in 2008 produced 62,000 tonnes of CTMP pulp, were sold on 1 April 2009. The mill in Miranda, which in 2008 produced 134,000 tonnes, has been out of operation since December 2008.

Production in the January – September 2009 period was lower than the same period the previous year, amounting to 249,200 (483,200) tonnes. Weak demand in the first part of the year necessitated production cuts in 2009 of around 65,000 tonnes. During the first nine months 2008 production at Utansjö Mill, Rockhammar Mill and Rottneros Miranda were included amounting to 217,945 tonnes. The annual maintenance shutdown was carried out at Vallvik Mill in September and Rottneros Mill had a combined holiday and maintenance shutdown in the months of July and August. All maintenance shutdown costs are recognised in the period the shutdown takes place.

Deliveries in the first nine months of 2009 amounted to 294,800 (499,500) tonnes, which represents a reduction of 41 %.

PRODUCTION (TONNES)				
	Jul-Sep 2009	Jul-Sep 2008	Jan-Sep 2009	Jan-Sep 2008
Sulphate pulp	44,100	81,700	143,600	255,800
Groundwood pulp	14,500	17,400	53,300	87,900
CTMP	12,300	37,200	52,300	139,500
TOTAL	70,900	136,300	249,200	483,200

DELIVERIES (TONNES)				
	Jul-Sep 2009	Jul-Sep 2008	Jan-Sep 2009	Jan-Sep 2008
Sulphate pulp	59,100	74,600	180,700	248,600
Groundwood pulp	16,700	22,300	58,300	101,400
CTMP	13,900	40,200	55,800	149,500
TOTAL	89,700	137,100	294,800	499,500

INVOICED SALES AND RESULTS

January – September 2009 compared to January – September 2008

The Group generated a net turnover for the period of SEK 1,145 (2,129) million. As Rottneros Packaging with its SilviPak brand is in the build-up phase, results for this business area are not reported separately. The main focus with respect to SilviPak is to find a suitable partner to further develop the product.

The turnover for the first nine months of 2009 was SEK 984 million lower than the same period the previous year. The main factors affecting the turnover are: lower delivery levels, SEK -871 million; a stronger USD, SEK 245 million; lower pulp prices in USD, SEK -499 million; and other changes, SEK 141 million. The lower delivery levels are mainly due to the sale of Rockhammar Mill and discontinued operations at Rottneros Miranda.

The average price in USD of long-fibre sulphate pulp (NBSK) expressed in USD, fell by 30 % from USD 888 to USD 619, while the average price of NBSK pulp converted into SEK fell from SEK 5,497 to SEK 4,853 per tonne, a reduction of 12 %. The average price in USD of eucalyptus pulp (BEK) fell from USD 819 to USD 525 per tonne or by 36 %, while the corresponding average prices converted into SEK fell from SEK 5,070 to SEK 4,124 per tonne, a reduction of 19 %.

Due to the weak economy the Group's factories were forced to limit production during the period and this negatively affected the results. The price of pulp in USD fell at the beginning of the year and then improved during the second quarter and continued to increase during the third quarter. The price of pulp expressed in SEK bottomed out in May with a price level of just over SEK 4,500 per tonne and then increased to just over SEK 4,900 per tonne in September. The strong increase in the price of pulp in USD was countered by the strengthening of the Swedish krona. Demand for pulp was weak during the first half of the year, but a recovery and increased demand have been apparent in the third quarter. The stronger market and improved prices have created the necessary conditions for profitability at the Group's pulp mills.

A large portion of the losses in January – September 2009 is attributable to the Miranda operation in Spain which has been at a complete standstill since the beginning of the year and which is included in the Group's results for the first quarter (see under "Accounting principles", page 6). Rottneros' other pulp mills are reporting negative operating results for the first nine months as a result of the weak market and production cuts. The sale of Rockhammar's fixed assets is included in the result for the period in the amount of SEK 50 million. A debt write-off of SEK 110 million is also included in the result (see "Significant events").

The cash flow is being maintained by limiting purchasing and capital expenditure and through active

efforts to free up working capital. The operating structure over the past few years has changed drastically and this has paved the way for improved profitability. The financial structure needs to be reviewed and strengthened and the planned new share issue will make this possible (see under "Significant events").

The average price of electricity on the Nord Pool exchange in January – September 2009 amounted to SEK 0.39 per kWh, compared to SEK 0.48 per kWh in the same period the previous year. For 2010 and beyond electricity is currently being traded on Nord Pool at around SEK 0.35 – 0.40 per kWh.

The wood supply has functioned efficiently during the period. The cost of pulpwood is declining and price reductions were implemented at the beginning of the year. The Group posted an operating loss for the January – September 2009 period of SEK -172 (-171) million.

Hedging transactions during the first nine months of 2009 resulted in a gain of SEK 3 (-53) million.

The Group is posting a loss after net financial items of SEK -69 (-216) million including net financial income of SEK 103 (-45) million, which includes SEK 110 million from the debt write-off as well as financial exchange gains of SEK 17 (-12) million. These amounts were largely countered by operating exchange losses on accounts receivable. The loss after tax was SEK -69 (-153) million. The earnings per share after tax amounted to SEK -0.38 (-0.85). The cash flow per share amounted to SEK 0.43 (0.87).

Profit/loss after financial items								
Group	2009				2008			
	III	II	I	IV	III	II	I	Full year
Profit/loss after financial items	43	3	-115	-169	-37	-57	-122	-385
Whereof:								
Currency hedges	-1	-1	-2	12	-	-1	6	17
Pulp price hedges	-4	4	3	-13	-24	-24	-22	-83
Electricity hedges	1	1	2	5	7	3	2	17
Total hedges	-4	4	3	4	-17	-22	-14	-49
IAS 39	-	-	-	-4	2	2	-12	-12
Green electricity	9	10	7	10	11	13	11	45

July – September 2009 compared to July – September 2008

The Group's net turnover for the July – September 2009 period amounted to SEK 345 (601) million. The turnover was SEK 256 million lower in the third quarter of 2009 than the third quarter of 2008. The decrease in turnover is mainly due to: lower delivery levels, SEK -207 million; a stronger USD, SEK 47 million; lower USD pulp prices, SEK -110 million; and other changes, SEK 14 million. The lower delivery levels are mainly the result of the sale of Rockhammar Mill and discontinued operations at Rottneros Miranda.

The average price in USD of long-fibre sulphate pulp (NBSK) fell from USD 885 to USD 670, while the average price of NBSK pulp converted into SEK fell from SEK 5,584 to SEK 4,880 per tonne, a reduction of 13 %. The average price in USD of eucalyptus pulp (BEK) fell from USD 834 to USD 547 per tonne, while the average price converted into SEK fell from SEK 5,263 to SEK 4,124 per tonne, a reduction of 22 %.

The Group posted an operating loss for the third quarter of 2009 of SEK -70 (-13) million. Like the previous year, Vallviks Mill carried out its major annual maintenance shutdown in September and Rottneros Mill implemented a combined holiday and maintenance shutdown for just over three weeks in the months of July and August.

Realised hedging transactions during the quarter resulted in a loss of SEK -4 (-17) million.

The Group is posting a profit after net financial items of SEK 43 (-37) million and this includes net financial income of SEK 113 (-24) million. The result for the third quarter of 2009 includes financial income from the loan write-off of SEK 110 million (see "Significant events"). The net financial items also include financial exchange gains of SEK 7 (-11) million. These gains were countered by operating exchange losses on accounts receivable. The profit after tax was SEK 43 (-24) million. The earnings per share after tax amounted to SEK 0.24 (-0.13). The cash flow per share amounted to SEK 0.28 (0.37).

July-September 2009 compared to April – June 2009

The Group's net turnover fell in the third quarter of 2009 to SEK 345 million compared to SEK 367 million in the second quarter. The decrease in turnover is mainly due to: lower delivery levels, SEK -36 million; a weaker USD, SEK -30 million; higher pulp prices in USD, SEK 41 million; and other changes, SEK 3 million.

The average price in USD of long-fibre sulphate pulp (NBSK) increased from USD 591 to USD 670 and the average price for NBSK pulp converted into SEK increased from SEK 4,685 to SEK 4,880 per tonne, an increase of 4 %. The average price in USD of eucalyptus pulp (BEK) increased from USD 491 to USD 547 per tonne, while the corresponding average prices converted into SEK increased from SEK 3,890 to SEK 3,984 per tonne, an increase of 2 %.

The Group is posting an operating loss for the third quarter of 2009 of SEK -70 million, which can be compared to the second quarter of 2009 when the operating profit amounted to SEK 8 million. Realised hedging transactions during the quarter resulted in a loss of SEK -4 (4) million. The Group is posting a profit after net financial items in the third quarter of 2009 of SEK 43 million, compared to SEK 3 million in the second quarter of 2009. The profit for the third quarter of 2009 includes financial income from the loan write-off of SEK 110 million (see "Significant events"), while the profit for the second quarter of 2009 includes a capital gain from the sale of the operations at Rockhammar Mill of SEK 50 million and the consolidated net effects from Rottneros Miranda of SEK 9 million.

PARENT COMPANY

The parent company's loss after net financial items for the January – September 2009 period amounted to SEK 26 (-90) million. All pulp invoicing within the Group has been centralised to the parent company which acts as distributor for all of the mills and receives sales commission for this at normal rates. The notes relating to Group sales therefore also apply to the parent company's sales. The result includes realised hedging transactions for the entire Group which resulted in a gain of SEK 3 (-53) million.

The parent company's profit after net financial items for the third quarter of 2009 amounted to SEK 92 million, compared to SEK -22 million for the same period the previous year, and SEK -61 in the second quarter of 2009.

The parent company's operations include the operations of the Rottneros Packaging business area which entails a cost burden as it is in a start-up phase.

The parent company's balance sheet and income statement are found on pages 13 – 14.

SOUTH AFRICA PROJECT

The intention is for Rottneros to be the largest shareholder in Pulp United, the company in South Africa that is planning to build a CTMP mill based on eucalyptus wood as raw material. The project is now in a final phase there financing and contracts firstly with project partners NCT Forestry Products, Swedfund and the South African development bank IDC, are remaining main issues.

If the project comes to fruition according to the current plans, it will provide a significant capital gain and substantial additional liquidity for Rottneros AB right from the start.

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 1.1, Supplementary Accounting Rules for Groups, as well as RFR 2.1, Accounting for Legal Entities, which is applied with respect to the parent company.

Rottneros owns 100 % of the shares in the Spanish company Rottneros Miranda S.A. Up to 31 March 2009 this company was included in the consolidated accounts for Rottneros and was consolidated according to the acquisition method in IFRS 3 Business Combinations and IAS 27, Consolidated and Separate Financial Statements. In April 2009 Rottneros Miranda S.A. was subject to a reconstruction procedure under Spanish insolvency law. As a result, Rottneros AB no longer has a deciding influence over Rottneros Miranda S.A. since the parent company lost the right to determine the subsidiary's financial and operating strategies for the purpose of making financial gains. The shares in Rottneros Miranda S.A. are now instead being reported as a financial asset available for sale in accordance with IAS 39 Financial Instruments: Recognition and Measurement. This means that the shares are valued at fair value and any change in value is recognised in comprehensive income. Other than the above, the accounting principles, definitions of key ratios and calculation methods are the same as those used in the most recent annual report.

Starting from 1 January 2009 Rottneros is applying the revised IAS 1, Presentation of Financial Reports. The amendments have affected Rottneros' accounting in that certain income and expense items, which were previously reported in shareholders' equity, are now reported as comprehensive income in a separate statement following the consolidated income statement. The changes are effective retroactively from 31 December 2007. From 1 January 2009 Rottneros is applying IFRS 8, Operating Segments, which requires segment information to be presented in the same way as it is presented in the internal reporting. Rottneros does not present any segments in its internal reporting and this standard will therefore not affect the financial statements. No other standards or revised standards have gone into effect that would affect Rottneros' financial position or results.

RISK MANAGEMENT

With respect to its operations, the company works with a number of measures and strategies, such as focusing on niches and various specialised customer segments, in an attempt to reduce the Group's dependency on market pulp list prices and to reduce fluctuation in profitability over an economic cycle. As a complement to the operational strategy, the Group also has a strategy for dealing with financial risk. Through more advanced management of this risk, Rottneros is striving to stabilise the Group's volatile earnings trend. The factors that have the greatest impact on the Group's earnings are associated with exchange rates and the price of pulp, wood and electricity.

USD

The real flow in USD, which is estimated at around 40 % of the total inflow, can be hedged. Although Rottneros invoices in different currencies, the underlying currency for pulp prices is largely USD. Around 20 % of sales are contracted in EUR. This portion of the sales has been hedged for 2009.

This means that the underlying exposure to USD is very high, while the direct inflow of USD (the real flow) only corresponds to around 40 % of sales. The impact of exchange rate differences on the indirect exposure is delayed, however, due to the fact that the normal duration of a contract is 1 – 3 months. Lower or higher pulp prices in local currencies as a result of a change in the USD rate do not affect the earnings immediately.

The average USD exchange rate was 27 % higher in the January – September 2009 period than the same period the previous year, amounting to an average for

the period of SEK 7.87/USD compared to SEK 6.19/USD the previous year. The impact on sales of a higher average USD exchange rate compared to SEK in the first nine months of 2009 amounted to SEK 245 million compared to the same period in 2008.

At the end of September 2009 currency hedging was in place in the form of forward contracts for EUR 4 million at a rate of SEK 10.09/EUR, and USD 4 million at a rate of SEK 7.02/USD for deliveries in 2009.

MARKET VALUE (SEK million) SEPTEMBER 2009				
Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 30 September 2009
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	

MARKET VALUE (SEK million) SEPTEMBER 2008				
Hedging	Hedged volume	Hedge price	Market value	Reference - spot rate 30 September 2008
Currency USD, forward	USD 4 m	6.60 SEK/USD	0	6.77 SEK/USD
Currency EUR, forward	USD 13 m	9.50 SEK/EUR	-3	9.71 SEK/EUR
Pulp price	51,000 tonnes	632 USD (PIX)	-68 USD 859/6.77 SEK/USD	
Electricity	68,100 MWh	SEK 0.258/kWh	24	SEK 0.749/kWh
Total market value			-47	

Pulp prices

The price of pulp (NBSK) is set in USD while production costs are largely incurred in local currencies. Pulp price forward contracts for two and three year periods have been signed. The hedges represented 4,000 tonnes per month in 2009 and expired in September 2009.

Electricity

For 2009 18 % of the electricity consumption has been hedged at SEK 0.25 per kWh. The average price of electricity for January – September 2009 on the Nord Pool exchange was around SEK 0.39 per kWh.

For further information on risk, see the 2008 Annual Report, pages 28 – 30.

The table above shows the market value of all hedging contracts. The amounts are assessed by independent parties and represent the liquidation value, i.e. the value according to forward contracts as of 30 September 2009. The reference value is the spot rate on 30 September and is provided as supplementary information. The hedge contracts will expire at the end of 2009/beginning of 2010. 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.

SALE OF TREASURY SHARES

The 2009 Annual General Meeting authorised the Board, in the period until the next AGM, to take

decisions regarding the transfer of shares in the company. No such transfer has taken place during the year.

INVESTMENTS AND FINANCIAL POSITION

The Group's investments in fixed assets in the January – September 2009 period amounted to SEK 8 (148) million.

The Group's liquid funds at the end of the third quarter amounted to SEK 26 million, compared to SEK 45 million at the end of 2008. As of 30 September 2009 the Group had interest-bearing liabilities totalling SEK 433 million (SEK 774 million as of 31 December 2008), and net borrowing of SEK 407 million (729 million as of December 2008). Approved but unutilised lines of credit as of 30 September 2009 totalled SEK 70 million. The Group's net debt situation improved by SEK 110 million on 10 July when Rottneros' bond loan was paid off (see also "Significant events"). In 2009 a total of SEK 215 million of the company's debt was paid off. The equity/assets ratio on 30 September 2009 was 50 %, compared to 40 % on 31 December 2008. Shareholders' equity per share was SEK 3.80 (SEK 4.49 as of 31 December 2008).

CASH FLOW

Cash flow from operations before investments in the first nine months of 2009 amounted to SEK 85 (8) million and included cash flow from financial hedging of SEK 5 (-53) million. The cash flow after investment activity was SEK 195 (-141) million.

AVERAGE NUMBER OF EMPLOYEES

The average number of employees in January – September 2009 was 429 (698).

OUTLOOK FOR 2009

The pulp market was weak in the first half of 2009 with falling prices and lower delivery levels than the previous year. The balance between supply and demand has improved as the large stocks of pulp among producers have been reduced by both permanent closures and production cuts. This has enabled pulp prices to be increased. From the lowest levels in March and April of USD 580/tonne, the price index has risen to around USD 750/tonne in October. The price increases in USD in the third quarter were, however, countered by a falling US dollar rate and the pulp price in SEK did not therefore improve to the same extent. The pulp market is expected to continue to improve and the current balance between supply and demand will allow further pulp price increases to be implemented.

The company will not be providing a forecast for 2009.

In the quarterly report published on 24 July 2009 the following statements were made:

The pulp market has been weak during the first half of the year with falling prices and lower delivery levels than the previous year. The balance between supply and demand has, however, slowly improved as the large stocks of pulp among producers has been reduced by both permanent closures and production cuts. The sharp negative USD price trend has, however, been partially compensated for by the fact that the dollar rate has strengthened, although this trend has ended at the same time as pulp prices have fallen to unprofitable levels. The pulp market is only expected to improve slowly due to weak demand for paper and board in the global market although the current balance between supply and demand leaves room for pulp prices to be raised. Among inputs, the price of wood has been reduced as a result of the weak economy. The price of electricity has also been high but is showing signs of a falling trend. It is likely that the downward pressure on the price of raw materials will continue while the economy is weak.

In the quarterly report published on 23 April 2009 the following statements were made:

The pulp market has weakened causing price and delivery levels to fall. At this time there is an excess supply of pulp and producer stock levels are too high. The negative USD price trend has, however, been partially compensated for by the significant strengthening of the USD rate, although this trend has slowed at the same time as pulp prices continue to fall. The pulp market is expected to remain weak in the first half of 2009 due to weak demand for paper

and board in the global market. Among inputs, the price of wood is high despite the fact that the downturn in the sawmill and pulp industries is forcing down the price of saw timber and pulpwood and price decreases have been announced. The price of electricity has also remained high but is showing signs of a falling trend. It is likely that the downward pressure on the price of raw materials will continue while the economy is weak.

In the year-end release published on 3 February 2009, the following statements were made:

The pulp market weakened in the fourth quarter, which caused price and delivery levels to fall. At this time there is an excess supply of pulp. The negative USD price trend has, however, been partially compensated for by the significant strengthening of the USD rate, although this trend slowed in December at the same time as the price of pulp continued to fall. The pulp market is expected to remain weak at the beginning of 2009 due to weak demand for paper and board on the global market. Among inputs, the price of wood remains high despite the fact that the downturn in the sawmill and pulp industries is forcing down the price of saw timber and pulpwood. The price of electricity has also remained high, but is showing signs of a falling trend. The price of oil fell sharply and it is likely that the downward pressure on the price of raw materials will continue while the economy is weak.

Upcoming financial information

2 February 2010	Year-End Release for 2009
22 April 2010	Interim Report January – March 2010
23 July 2010	Interim Report January – June 2010
22 October 2010	Interim Report January – September 2010
1 February 2011	Year-End Release for 2010

The Annual General Meeting for Rottneros AB will be held on 22 April 2010 in Stockholm.

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

Upplands Väsby, 23 October 2009

Ole Terland
President and Chief Executive Officer

REVIEW REPORT

We have reviewed the interim report for Rottneros AB (publ) for the period 1 January – 30 September 2009. It is the responsibility of the Board of Directors and the Chief Executive Officer to prepare and present this interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on the interim financial information based on our review.

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information 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 has a different focus and is substantially limited in scope compared with the focus and scope of an audit conducted in accordance with the Standards on Auditing in Sweden (RS) and the generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the opinion expressed based on a review does not give the same level of assurance as an opinion expressed on the basis of an audit.

On the basis of our review, nothing has come to our attention that causes us to believe that the interim report, in all materials aspects, was not prepared in accordance with IAS 34 and the Annual Accounts Act.

Stockholm, 23 October 2009
Öhrlings PricewaterhouseCoopers AB

Magnus Brändström
Authorised Public Accountant

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This information must be disclosed by Rottneros in accordance with the Swedish Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 23 October 2009 at 07.30 CET.

CONSOLIDATED PROFIT/LOSS ACCOUNTS (SEK MILLION)					
	Jul-Sep 2009	Jul-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Full year 2008
Net turnover	345	601	1,145	2,129	2,663
Change in inventories, finished goods	-59	9	-196	-43	-33
Other income	15	24	117	38	91
TOTAL INCOME	301	634	1,066	2,124	2,721
Raw materials and consumables	-179	-406	-659	-1,366	-1,747
Other costs	-121	-128	-318	-499	-630
Personnel costs	-46	-86	-183	-345	-426
Depreciation/amortisation and write-downs	-25	-27	-78	-85	-224
TOTAL OPERATING COSTS	-371	-647	-1,238	-2,295	-3,027
OPERATING INCOME	-70	-13	-172	-171	-306
Financial income	127	1	127	3	4
Financial expenses	-14	-25	-24	-48	-83
Net financial items	113	-24	103	-45	-79
INCOME AFTER NET FINANCIAL ITEMS	43	-37	-69	-216	-385
Tax on income for the year	-	13	-	63	54
NET PROFIT/LOSS AFTER TAX	43	-24	-69	-153	-331
No. of shares at beginning of period ¹	180,212	180,212	180,212	180,212	180,212
No. of company's own shares bought back ¹	-	-	-	-	-
No. of shares at end of period ¹	180,212	180,212	180,212	180,212	180,212
Average no. of shares ¹	180,212	180,212	180,212	180,212	180,212
Earnings after tax/share (SEK) ²	0.24	-0.13	-0.38	-0.85	-1.84

¹ The number of shares is given in thousands.

² There are no programs that lead to dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (SEK MILLION)					
	Jul-Sep 2009	Jul-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Full year 2008
NET PROFIT/LOSS AFTER TAX	43	-24	-69	-153	-331
Other comprehensive income					
Cash-flow hedging, income before tax	-	22	-3	51	100
Cash-flow hedging, tax effect	1	-6	1	-14	-28
Effect on deferred tax of change in Swedish tax rate	-	-	-	-	3
Exchange rate differences	1	10	-1	10	16
Reclassification adjustment Miranda ³	-	-	-54	-	-
TOTAL OTHER COMPREHENSIVE INCOME	2	26	-57	47	91
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	45	2	-126	-106	-240

KEY INDICATORS THAT AFFECT TURNOVER

Pulp price NBSK, USD ¹	670	885	619	888	852
USD/SEK ²	7.29	6.31	7.87	6.19	6.58
Pulp price NBSK, SEK	4,880	5,584	4,853	5,497	5,617
Rottneros' deliveries, tonnes	89,700	137,100	294,800	499,500	617,900

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 2009	Sep 2008	Dec 2008
Intangible fixed assets	9	28	24
Tangible fixed assets	701	1,074	1,002
Financial fixed assets	165	168	123
Total fixed assets	875	1,270	1,149
Inventories	211	481	447
Current receivables	254	463	391
Liquid funds	26	103	45
Total current assets	491	1,047	883
TOTAL ASSETS	1,366	2,317	2,032
Shareholders' equity	684	944	810
Longterm liabilities			
Interest-bearing	378	170	692
Non interest-bearing	-	27	14
Total longterm liabilities	378	197	706
Current liabilities			
Interest-bearing	55	543	82
Non interest-bearing	249	633	434
Total current liabilities	304	1,176	516
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,366	2,317	2,032

CASH-FLOW ANALYSIS (SEK MILLION)			
	Jan-Sep 2009	Jan-Sep 2008	Full year 2008
Operating income	-172	-171	-306
Adjustment for non cash-flow items			
Depreciation/amortisation and write-downs	80	85	224
Profit/loss from disposal of fixed assets	-55	5	-18
Profit from disposal of CO ₂ allowances	-	-19	-19
Other non cash-flow items	37	71	29
	-110	-29	-90
Paid financial items	-22	-31	-49
Paid taxes	-1	-12	-5
Cash-flow from current operations before change in working capital	-133	-72	-144
Change in working capital	218	80	95
Cash-flow from current operations	85	8	-49
Acquisition of fixed assets	-8	-149	-191
Sale of fixed assets	118	-	21
Cash-flow from capital investments	110	-149	-170
New loans	1	124	561
Repayment of loans	-215	-2	-426
Cash-flow from financing	-214	122	135
Cash-flow for the period/year	-19	-19	-84
Liquid funds at beginning of year	45	121	121
Cash-flow for the period/year	-19	-19	-84
Translation difference in liquid funds	-	1	8
Liquid funds at end of period/year	26	103	45

SHARE DATA¹								
		Sep 2009	Sep 2008	2008	2007	2006	2005	2004
No. of shares at beginning of period ²	No.	180,212	180,212	180,212	180,212	180,212	180,212	180,722
No. of company's own shares bought back ²	No.	-	-	-	-	-	-	-510
No. of shares at end of period ²	No.	180,212	180,212	180,212	180,212	180,212	180,212	180,212
Average no. of shares ²	No.	180,212	180,212	180,212	180,212	180,212	180,212	180,212
Operating profit or loss/share	SEK	-0.95	-0.95	-1.69	-2.00	-0.04	-0.50	-0.64
Earnings after net financial items/share	SEK	-0.38	-1.20	-2.13	-2.13	-0.13	-0.57	-0.67
Earnings after tax/share	SEK	-0.38	-0.85	-1.84	-1.67	-0.05	-0.35	-0.50
Operating cash-flow/share ³	SEK	0.43	0.87	-1.33	-0.56	0.19	-2.28	-0.41
Equity/share	SEK	3.80	5.24	4.49	5.83	7.78	8.45	9.28
Dividend	SEK	-	-	-	-	0.10	0.10	0.20
Dividend/equity per share	%	-	-	-	-	1.3	1.2	2.2
Share price at end of period	SEK	2.21	2.04	1.05	2.31	6.55	6.80	7.55
Share price/equity per share	Times	0.6	0.4	0.2	0.4	0.8	0.8	0.8
P/E ratio	Times	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Direct yield ⁴	%	-	-	-	-	1.5	1.4	2.6

¹ There are no programs that lead to dilution.

² The number of shares is given in thousands.

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

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

CHANGE IN SHAREHOLDERS' EQUITY (SEK MILLION)

	Jan-Sep 2009	Jan-Sep 2008	Full year 2008
Opening shareholders' equity	810	1,050	1,050
Total comprehensive income for the period ¹	-126	-106	-240
Closing shareholders' equity	684	944	810

¹ Recalculated in respect of changes in IAS 1.

QUARTERLY DATA (SEK MILLION)

	2009				2008				2007		
	III	II	I	IV	III	II	I	IV	III	II	I
Net turnover	345	367	433	534	601	780	748	721	687	779	740
Operating profit/loss before depreciation	-45	31	-80	4	14	-19	-81	9	-44	51	60
Depreciation	-25	-23	-30	-139	-27	-29	-29	-320	-38	-40	-38
Operating profit/loss	-70	8	-110	-135	-13	-48	-110	-311	-82	11	22
Net financial items	113	-5	-5	-34	-24	-9	-12	-10	-	-6	-8
Profit/loss after financial items	43	3	-115	-169	-37	-57	-122	-321	-82	5	14
Tax	-	-	-	-9	13	17	33	71	22	-1	-9
Profit/loss after tax	43	3	-115	-178	-24	-40	-89	-250	-60	4	5
Pulp production, 1,000 tonnes	70.9	88.8	89.5	119.5	136.3	162.6	184.3	190.0	177.9	186.1	176.1
Pulp deliveries, 1,000 tonnes	89.7	99.4	105.7	118.4	137.1	186.3	176.1	174.2	164.5	193.2	182.9

PARENT COMPANY PROFIT/LOSS ACCOUNTS (SEK MILLION)

	Jul-Sep 2009	Jul-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Full year 2008
Net turnover	346	605	1,154	2,135	2,674
Change in inventories, finished goods	-	-	-	-1	-2
Other income	1	9	36	20	57
TOTAL INCOME	347	614	1,190	2,154	2,729
Raw materials and consumables	-342	-585	-1,137	-2,092	-2,627
Other costs	-23	-25	-116	-102	-138
Personnel costs	-5	-11	-22	-35	-50
Depreciation	-1	-2	-3	-5	-6
TOTAL OPERATING COSTS	-371	-623	-1,278	-2,234	-2,821
OPERATING INCOME	-24	-9	-88	-80	-92
Financial income	120	1	137	26	87
Financial expenses	-4	-14	-23	-36	-225
Net financial items	116	-13	114	-10	-138
INCOME AFTER NET FINANCIAL ITEMS	92	-22	26	-90	-230
Tax on income for the year	-	6	-	26	25
NET PROFIT/LOSS AFTER TAX	92	-16	26	-64	-205

PARENT COMPANY BALANCE SHEET (SEK MILLION)			
	Sep 2009	Sep 2008	Dec 2008
Intangible fixed assets	2	10	5
Tangible fixed assets	1	23	2
Financial fixed assets	404	546	359
Total fixed assets	407	579	366
Inventories	-	2	3
Current receivables	835	1,039	1,165
Liquid funds	4	63	5
Total current assets	839	1,104	1,173
TOTAL ASSETS	1,246	1,683	1,539
Shareholders' equity	576	691	550
Longterm liabilities			
Interest-bearing	362	150	673
Total longterm liabilities	362	150	673
Current liabilities			
Interest-bearing	49	596	68
Non interest-bearing	259	246	248
Total current liabilities	308	842	316
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,246	1,683	1,539

SIX YEAR REVIEW									
	Jan-Sep 2009	Jan-Sep 2008	2008	2007	2006	2005	2004		
						Remaining operations	Total	Remaining operations	Total
KEY INDICATORS THAT AFFECT TURNOVER									
Pulp price NBSK, USD ¹	619	888	852	794	675	611		617	
USD/SEK ²	7.87	6.19	6.58	6.76	7.37	7.48		7.35	
Pulp price NBSK, SEK	4,853	5,497	5,617	5,368	4,977	4,565		4,532	
Rottneros' deliveries, tonnes	294,800	499,500	617,900	714,700	699,500	666,700		625,000	
Turnover and income, SEK million									
Net turnover	1,145	2,129	2,663	2,927	2,690	2,411	2,429	2,272	2,356
Profit/loss before depreciation	-94	-86	-82	75	148	9	48	129	109
Depreciation	-78	-85	-224	-435	-155	-138	-138	-162	-223
Operating profit/loss after depreciation	-172	-171	-306	-360	-7	-129	-90	-33	-114
Net financial items	103	-45	-79	-24	-16	-12	-13	-5	-7
Profit/loss after net financial items	-69	-216	-385	-384	-23	-141	-103	-38	-121
Profit/loss after tax	-69	-153	-331	-301	-8	-91	-63	-31	-91
Balance sheet items, SEK million									
Fixed assets	875	1,270	1,149	1,123	1,363	1,435		1,349	
Inventories	211	481	447	493	397	430		474	
Current receivables	254	463	391	572	570	595		572	
Liquid funds	26	103	45	121	122	125		157	
Non-current Assets Held for Sale	-	0	0	0	0	26		16	
Shareholders' equity	684	944	810	1,050	1,403	1,523		1,673	
Long-term interest-bearing liabilities	378	170	692	173	177	180		186	
Long-term non interest-bearing liabilities	0	27	14	49	85	118		174	
Current interest-bearing liabilities	55	543	82	452	304	375		56	
Current non interest-bearing liabilities	249	633	434	585	483	405		472	
Liabilities from discontinued operations	-	-	-	-	-	10		7	
Balance sheet total	1,366	2,317	2,032	2,309	2,452	2,611		2,568	
Financial ratios									
Operating margin, %	-15.0	-8.1	-11.5	-12.3	-0.3	-5.3	-3.7	-1.5	-4.9
Profit margin, %	-6.0	-10.2	-14.4	-13.1	-0.9	-5.8	-4.2	-1.7	-5.2
Return on capital employed, %	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Return on equity after full tax, %	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Equity/assets ratio, %	50	41	40	45	57	58	58	65	65
Debt/equity ratio, Times	0.6	0.8	1.0	0.6	0.3	0.4	0.4	0.2	0.2
Interest cover, Times	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg
Other									
Capital expenditure, SEK m	8	148	191	163	113	234	234	283	283
Average no. of employees	429	698	667	718	754	804	804	835	835

¹ Source: PIX/Market Pulse.

² Source: Swedish central bank yearly average.