

Interim report January-June 2011

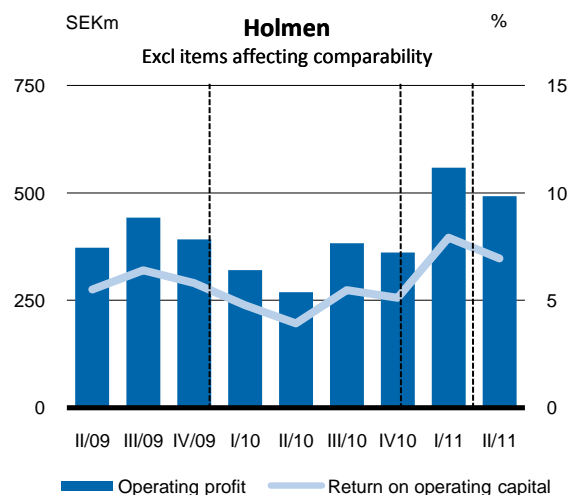
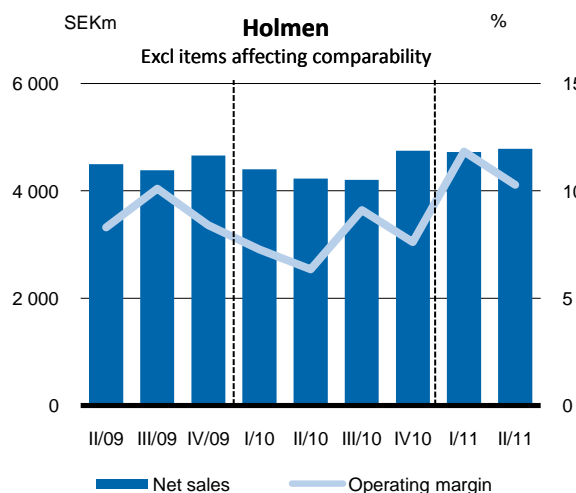
SEKm	2-11	Quarter 1-11	2-10	January-June 2011	2010	Full year 2010
Net turnover	4 787	4 721	4 227	9 508	8 628	17 581
EBITDA*	808	864	586	1 672	1 214	2 583
Operating profit*	492	558	268	1 050	588	1 332
Profit after tax	302	370	133	672	312	704
Earnings per share, SEK	3.6	4.4	1.6	8.0	3.7	8.4
Return on equity, %	7.3	8.8	3.2	8.1	3.8	4.2

*Excluding SEK 264 million of items affecting comparability for the fourth quarter 2010.

- Profit after tax for January–June 2011 was SEK 672 million (January–June 2010: SEK 312 million).
- Earnings per share amounted to SEK 8.0 (3.7). Return on equity totalled 8.1 per cent (3.8).
- Operating profit amounted to SEK 1 050 million (588). The improvement is explained by higher prices for newsprint and paperboard, while higher costs for wood and recovered paper had an adverse impact on the result.

Operating profit decreased by SEK 66 million to SEK 492 million compared to the first quarter as a consequence of lower operating profit in Holmen Skog and seasonally lower operating profit for Holmen Energi.

- Demand for newsprint in Europe rose somewhat in the first six months, but was slightly lower for paperboard compared to the same period last year. The market for sawn timber remained weak.



Holmen Paper SEKm	Quarter			January-June	Full year	
	2-11	1-11	2-10	2011	2010	2010
Net sales	2 215	2 170	1 955	4 385	3 937	8 142
Operating costs	-1 953	-1 919	-1 911	-3 872	-3 856	-7 913
EBITDA	262	251	44	513	82	229
Depreciation and amortisation according to plan	-193	-194	-214	-387	-429	-847
Items affecting comparability	-	-	-	-	-	-786
Operating profit	70	57	-170	127	-348	-1 404
<i>Operating profit excl. items affecting comp.</i>	70	57	-170	127	-348	-618
Investments	48	49	69	97	86	211
Operating capital	6 985	6 937	8 116	6 985	8 116	6 954
Operating margin, % *	3	3	-9	3	-9	-8
Return on operating capital, % *	4	3	-8	4	-8	-8
Production, '000 tonnes	416	446	431	862	847	1 713
Deliveries, '000 tonnes	426	419	420	845	840	1 732

* Excl. Items affecting comparability.

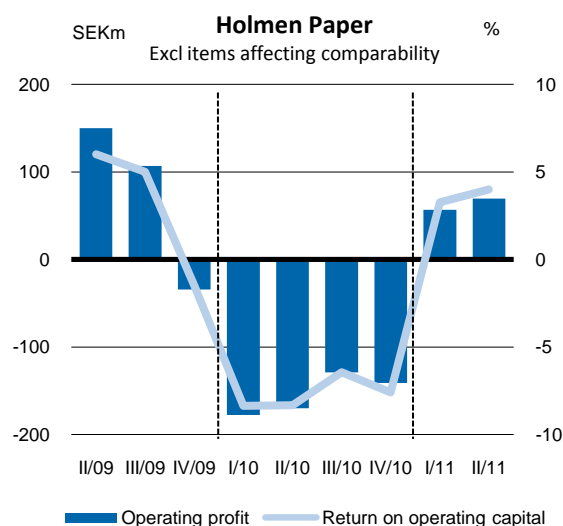
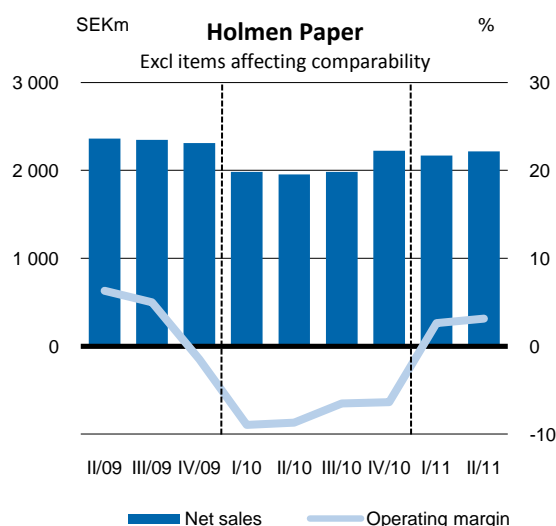
Demand for newsprint in Europe increased by 2 per cent during the first six months compared to the same period last year, while demand for MF Magazine rose by 7 per cent. Prices of newsprint increased somewhat at the end of the first half of the year.

Deliveries by Holmen Paper were largely unchanged compared to the first half of 2010 and amounted to 845 000 tonnes. In line with Holmen's strategy, deliveries of MF Magazine increased and those of newsprint decreased. Despite the closing-down of the smaller paper machine in Madrid, a slight

seasonal increase in deliveries took place during the second quarter.

Operating profit for the first six months reached SEK 127 million (loss of 348). Substantial price increases had a positive impact on operating profit, while the costs of wood and recovered paper rose.

Compared with the first quarter, operating profit climbed by SEK 13 million to SEK 70 million. A seasonal decrease in energy costs occurred, but the price of recovered paper continued to rise.



Iggesund Paperboard SEKm	Quarter			January-June	Full year	
	2-11	1-11	2-10	2011	2010	2010
Net sales	1 340	1 257	1 139	2 597	2 333	4 849
Operating costs	-1 021	-932	-874	-1 954	-1 832	-3 708
EBITDA	319	325	265	643	501	1 141
Depreciation and amortisation according to plan	-81	-81	-84	-161	-157	-324
Operating profit	238	244	180	482	344	817
Investments	208	196	164	405	192	521
Operating capital	4 673	4 433	4 259	4 673	4 259	4 313
Operating margin, %	18	19	16	19	15	17
Return on operating capital, %	21	22	17	22	17	20
Production, paperboard, '000 tonnes	124	126	107	251	220	463
Deliveries, paperboard, '000 tonnes	127	118	110	245	225	464

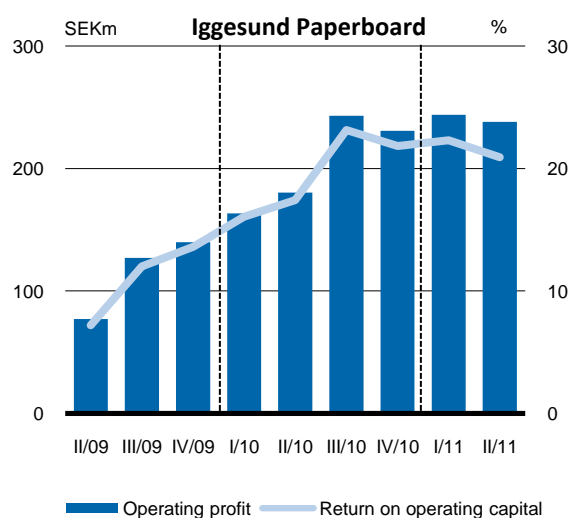
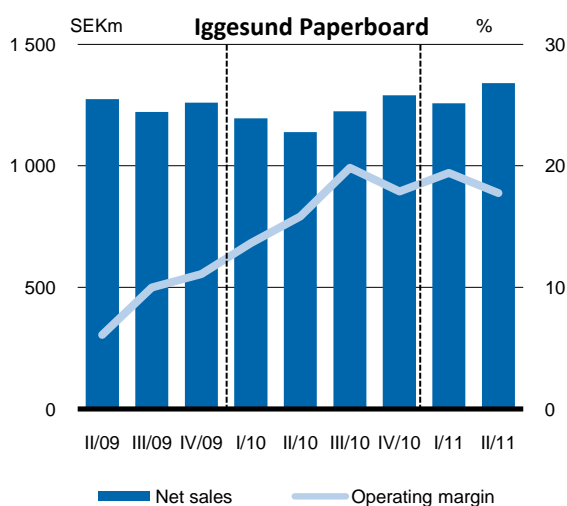
Demand for solid bleached board and folding boxboard in Europe was 1 per cent lower during the first six months than in the same period in 2010 because demand decreased somewhat at the end of the second quarter.

Iggesund Paperboard's deliveries amounted to 245 000 tonnes, which was 9 per cent up on the first half of 2010. Last years' deliveries were adversely affected by the strike at Iggesund Mill.

Operating profit for January–June amounted to SEK 482 million (344) The improvement was the result of the implemented price increases. High and stable production counteracted the effects of cost inflation on input goods.

Compared to the first quarter, operating profit decreased by SEK 6 million to SEK 238 million. Deliveries rose, but the sales mix was poorer and maintenance costs were higher.

The two major investment projects, a new recovery boiler and turbine at Iggesund Mill and a new biofuel boiler in Workington, are proceeding as planned. SEK 742 million out of a total of SEK 3 400 million has been paid and operation is estimated to start in mid-2012 and spring 2013 respectively. The projects will reduce energy costs and improve the mills' competitiveness.



Holmen Timber SEKm	Quarter			January-June	Full year	
	2-11	1-11	2-10	2011	2010	2010
Net sales	221	151	150	372	277	586
Operating costs	-229	-159	-131	-388	-244	-537
EBITDA	-8	-8	19	-16	33	49
Depreciation and amortisation according to plan	-31	-19	-7	-49	-15	-29
Operating profit	-38	-27	11	-65	18	20
Investments	143	172	224	314	340	800
Operating capital	1 482	1 396	759	1 482	759	1 192
Operating margin, %	-17	-18	8	-17	7	4
Return on operating capital, %	-11	-8	7	-10	7	3
Production, '000 m ³	140	110	77	251	144	285
Deliveries, '000 m ³	123	78	71	201	134	285

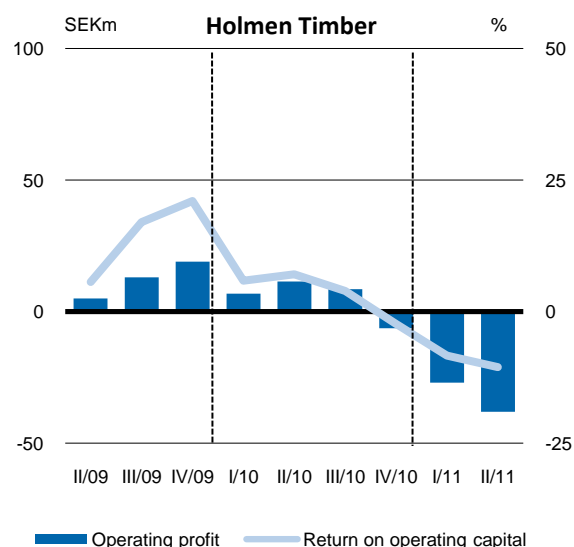
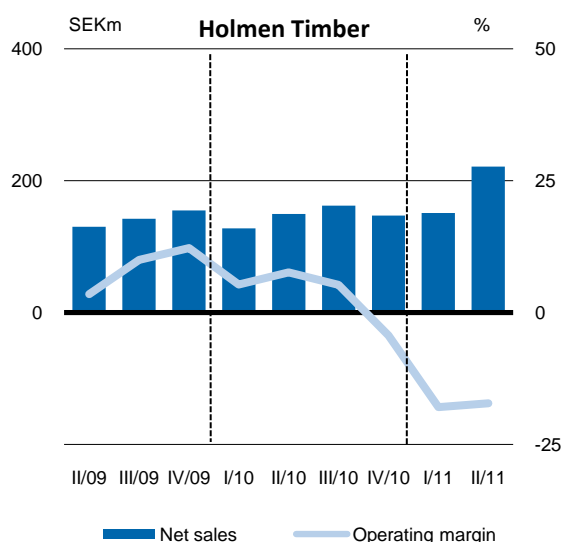
The market for sawn timber remains weak. Market prices were largely unchanged in the second quarter.

Holmen Timber's deliveries amounted to 201 000 cubic metres during the first six months, of which 62 000 cubic metres consisted of spruce from the new sawmill in Braviken. Production at Braviken Sawmill reached 108 000 cubic metres.

An operating loss of SEK 65 million (profit of 18) was reported for the first six months. The weak

result was due to depreciation and start-up costs for the new sawmill in Braviken, high raw material prices and a weak market with price pressure.

Compared to the first quarter, the operating loss increased by SEK 11 million to a loss of SEK 38 million, resulting from the impact of full depreciation for Braviken Sawmill.



Holmen Skog SEKm	Quarter			January-June	Full year	
	2-11	1-11	2-10	2011	2010	2010
Net sales	1 594	1 697	1 441	3 290	2 849	5 585
Operating costs	-1 415	-1 452	-1 222	-2 866	-2 436	-4 791
Depreciation and amortisation according to plan	-7	-7	-6	-14	-12	-28
Earnings from operations	172	238	213	410	401	766
Change in value of forests	6	-17	1	-11	2	52
Items affecting comparability	-	-	-	-	-	1 050
Operating profit	178	221	214	399	403	1 868
<i>Operating profit excl. items affecting comp.</i>	178	221	214	399	403	818
Investments	17	-2	-3	15	-2	-3
Operating capital	12 557	12 627	11 410	12 557	11 410	12 597
Return on operating capital, % *	6	7	7	6	7	7
Harvesting company forests, '000 m ³	792	664	882	1 456	1 525	2 999

* Based on earnings from operations.

Demand for pulpwood in Sweden was high and prices rose somewhat during the second quarter. The sawmills' demand for timber was lower than normal, but prices were stable.

Operating profit for January–June 2011 amounted to SEK 399 million (403). Earnings from operations remained high, at SEK 410 million (401). Price rises implemented in 2010 had a favourable impact on

the result. Harvesting of the Company's forests was at a high level, but slightly lower than in 2010.

Compared to the first quarter, earnings from operations declined by SEK 66 million to SEK 172 million, primarily due to seasonally higher silviculture costs.

Holmen Energi SEKm	Quarter			January-June	Full year	
	2-11	1-11	2-10	2011	2010	2010
Net sales	436	494	408	930	957	1 932
Operating costs	-357	-382	-313	-739	-675	-1 416
Depreciation and amortisation according to plan	-5	-5	-5	-9	-10	-21
Operating profit	75	107	90	181	271	495
Investments	7	0	8	7	18	65
Operating capital	3 226	3 245	3 207	3 226	3 207	3 235
Return on operating capital, %	9	13	11	11	17	15
Production of hydro power, GWh	234	276	255	510	578	1 145

Operating profit reached SEK 181 million (271) in the first half of the year. The decrease is attributable to lower prices compared to the very high levels last year and low production during the first few months of the year. For January–June, production was more than 10 per cent lower than normal.

Operating profit decreased by SEK 32 million to SEK 75 million compared to the first quarter as a consequence of slightly lower prices and seasonally lower production. Production in the second quarter was somewhat higher than usual for the time of year as a result of a good spring flood. After a period during which there was a low level in Holmen's storage reservoirs, the water level is now back to normal.

Net financial items and financing

Net financial items for January–June amounted to SEK -122 million (-107). During the period, interest expense of SEK 12 million (6) was capitalised in connection with major investment projects and consequently reduced the recognised interest expense. Higher market interest rates increased borrowing costs to 4.3 (3.7) per cent.

Cash flow from operating activities totalled SEK 910 million. Cash flow from investing activities was SEK -797 million. SEK 588 million in dividends was paid to shareholders in the second quarter.

Since the turn of the year, the Group's net financial debt has increased by SEK 573 million to SEK 6 345 million. The debt/equity ratio was 0.38 and the equity/assets ratio 50 per cent. Financial liabilities including pension provisions totalled SEK 6 607 million, of which SEK 2 791 million were current liabilities. Cash, cash equivalents and financial receivables totalled SEK 262 million. The Group has unused long-term contractually agreed credit facilities of SEK 5 534 million, maturing in 2016–2017.

Equity

In January–June, the Group's equity decreased by SEK 177 million to SEK 16 736 million. Profit for the period totalled SEK 672 million. The dividend paid was SEK 588 million. In addition, other comprehensive income totalled SEK -261 million. This is mainly attributable to the fact that transaction hedges with a positive fair value matured during the period.

Tax

Recognised tax for January–June was SEK -256 million. The recognised tax in relation to profit before tax is 28 per cent.

Hedging exchange rates and electricity prices

The Group hedges parts of future estimated net flows in foreign currencies. Operating profit for January–June includes currency hedges of SEK 346 million (11).

At the end of the quarter, about 75 per cent of the Group's estimated net flows in euro against SEK for 2011 was hedged at an exchange rate of SEK 10.4, and for 2012 about 20 per cent was hedged at an exchange rate of SEK 10.5. The fair value of currency hedges not yet recognised as income amounted to SEK 265 million at the end of the quarter.

About 90 per cent of the price of the Group's estimated net consumption of electricity in Sweden has been hedged for the rest of 2011 and 2012, while approximately 80 per cent has been hedged for the 2013–2015 period and about 30 per cent for 2016–2021.

Investments

Cash flow from investing activities was SEK -797 million (-629) in the January–June period. Scheduled depreciation and amortisation totalled SEK 622 million (625). The majority of the investments were in the new sawmill at Braviken, in the new recovery boiler and turbine at Iggesund Mill and in the new biofuel boiler in Workington.

Personnel

The average number of employees (full-time equivalents) in the Group was 4 046 (4 276). The reduction is mainly attributable to cutbacks in Holmen Paper.

Share buy-backs

At the 2011 AGM, Holmen's shareholders authorised the Board to be able to purchase up to 10 per cent of the company's shares. No buy-backs have taken place during the year. The company already owns the 0.9 per cent of the shares necessary to secure the company's commitments pursuant to the call option scheme for employees.

Material risks and uncertainties

The Group's and the parent company's material risks and uncertainties relate primarily to changes in demand and the prices of its products, the cost of important input goods, and changes in exchange rates. For a more detailed description of material risks and uncertainties see Holmen's annual report for 2010 (pages 36–39 and note 26).

Transactions with related parties

There were no transactions between Holmen and related parties that had a significant effect on the Company's financial position and performance.

The Board of Directors and the Chief Executive Officer hereby confirm that this interim report provides a true and fair view of the parent company's and Group's operations, position and performance, and describes material risks and uncertainties faced by the parent company and Group companies.

Stockholm, 17 August 2011
Holmen AB (publ.)

Fredrik Lundberg

Chairman

Carl Kempe

Deputy Chairman

Ulf Lundahl

Board member

Carl Bennet

Board member

Lars G Josefsson

Board member

Göran Lundin

Board member

Steeve Björklundh

Board member

Hans Larsson

Board member

Karin Norin

Board member

Kenneth Johansson

Board member

Louise Lindh

Board member

Magnus Hall

Board member and
Chief Executive Officer

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

Interim report for January–September 2011 will be published on 26 October 2011.

For further information please contact:

Magnus Hall, President and CEO, tel. +46 8 666 21 05

Anders Jernhall, CFO, tel. +46 8 666 21 22

Ingela Carlsson, Public Relations Director, tel. +46 70 212 97 12

Accounting principles

The interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and the Swedish Securities Market Act. For the Parent company the interim report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Securities Market Act, which complies with Recommendation RFR 2 Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. The parent company's and the Group's accounting policies used in the report are unchanged from the latest published annual report. The figures in tables are rounded off.

The Group

Income statement, SEKm	Quarter			January-June		Full year
	2-11	1-11	2-10	2011	2010	2010
Net sales	4 787	4 721	4 227	9 508	8 628	17 581
Other operating income	219	193	273	413	463	862
Change in inventories	-42	240	31	198	30	0
Raw materials and consumables	-2 594	-2 859	-2 383	-5 453	-4 849	-9 800
Staff costs	-636	-607	-663	-1 243	-1 288	-2 689
Other operating costs	-937	-825	-908	-1 762	-1 790	-3 616
Depreciation and amortisation according to plan	-316	-306	-318	-622	-625	-1 251
Impairment losses	-	-	-	-	-	-555
Change in value of biological assets	6	-17	1	-11	2	1 102
Interest in earnings of associates	5	18	8	22	18	-38
Operating profit	492	558	268	1 050	588	1 596
Finance income	2	5	2	7	4	12
Finance costs	-66	-63	-56	-129	-111	-220
Profit before tax	428	501	214	928	482	1 388
Tax	-125	-131	-81	-256	-170	-684
Profit for the period	302	370	133	672	312	704
Earnings per share, basic, SEK	3.6	4.4	1.6	8.0	3.7	8.4
Earnings per share, diluted, SEK	3.6	4.4	1.6	8.0	3.7	8.4
Operating margin, % *	10.3	11.8	6.4	11.0	6.8	7.6
Return on capital employed, % *	8.7	9.9	4.8	9.3	5.3	5.9
Return on equity, %	7.3	8.8	3.2	8.1	3.8	4.2

Statement of comprehensive income, SEKm	Quarter			January-June		Full year
	2-11	1-11	2-10	2011	2010	2010
Profit for the period	302	370	133	672	312	704
Other comprehensive income						
Cash flow hedging	-232	-91	84	-323	527	686
Actuarial gains and losses in respect of pensions, incl. special employer's contribution	15	-21	-52	-6	15	97
Translation difference on foreign operation	72	-73	10	-1	-289	-631
Hedging of currency risk in foreign operation	-58	34	26	-23	281	472
Tax attributable to other comprehensive income	72	21	-14	93	-217	-333
Total other comprehensive income	-131	-130	54	-261	317	292
Total comprehensive income	171	240	187	411	629	996

* Excl. items affecting comparability.

The Group

Balance sheet, SEKm	2011 30 June	2011 31 March	2010 31 December
Non-current assets			
Intangible non-current assets	12	14	19
Property, plant and equipment	12 024	11 962	11 877
Biological assets	12 155	12 145	12 161
Interests in associates	1 776	1 765	1 748
Other shares and participating interests	12	12	12
Non-current financial receivables	132	165	188
Deferred tax assets	182	198	210
Total non-current assets	26 295	26 261	26 216
Current assets			
Inventories	3 406	3 477	3 340
Trade receivables	2 685	2 587	2 518
Current tax receivable	12	8	4
Other operating receivables	839	924	1 088
Current financial receivables	25	194	73
Cash and cash equivalents	104	178	193
Total current assets	7 071	7 369	7 216
Total assets	33 366	33 630	33 432
Equity	16 736	16 564	16 913
Non-current liabilities			
Non-current financial liabilities	3 643	3 654	3 666
Pension provisions	173	205	213
Other provisions	461	459	459
Deferred tax liabilities	5 781	5 886	5 910
Total non-current liabilities	10 059	10 205	10 247
Current liabilities			
Current financial liabilities	2 791	2 430	2 349
Trade payables	2 337	2 416	2 453
Current tax liability	112	135	112
Provisions	196	260	270
Other operating liabilities	1 136	1 619	1 088
Total current liabilities	6 571	6 861	6 273
Total liabilities	16 630	17 066	16 520
Total equity and liabilities	33 366	33 630	33 432
Debt/equity ratio, times	0.38	0.35	0.34
Equity/assets ratio, %	50.2	49.3	50.6
Operating capital	28 679	28 004	28 385
Capital employed	23 081	22 316	22 684
Net financial debt	6 345	5 752	5 772
Pledged collateral	6	17	17
Contingent liabilities	125	122	135

The Group

Change in equity, SEKm	January-June	
	2011	2010
Opening equity	16 913	16 504
Profit for the period	672	312
Other comprehensive income	-261	317
Total comprehensive income	411	629
Dividends paid	-588	-588
Closing equity	16 736	16 545

Share structure

Share	Votes	No. of shares	No. of votes	Quota value	SEKm
A	10	22 623 234	226 232 340	50	1 131.2
B	1	62 132 928	62 132 928	50	3 106.6
Total number of shares		84 756 162	288 365 268		4 237.8
Holding of own B shares bought back		-760 000	-760 000		
Total number of shares in issue		83 996 162	287 605 268		

Issued call options, B shares (exercise period 2013) 758 300

The Group

Cash flow analysis, SEKm	Quarter			January-June		Full year
	2-11	1-11	2-10	2011	2010	2010
Operating activities						
Profit before tax	428	501	214	928	482	1 388
Adjustments for non-cash items *	237	281	306	518	531	811
Paid income taxes	-169	-66	-111	-234	-703	-704
Cash flow from operating activities before changes in working capital	496	716	408	1 212	309	1 495
Cash flow from changes in working capital						
Change in inventories	45	-93	-122	-49	2	-428
Change in trade receivables and other operating receivables	-211	-44	-186	-256	-21	-139
Change in trade payables and other operating liabilities	140	-138	102	2	32	595
Cash flow from operating activities	470	441	202	910	323	1 523
Investing activities						
Acquisition of non-current assets	-427	-425	-495	-853	-688	-1 692
Disposal of non-current assets	5	10	34	15	72	107
Change in non-current financial receivables	13	27	-	41	-13	-12
Cash flow from investing activities	-409	-388	-461	-797	-629	-1 597
Financing activities						
Change in financial liabilities and current financial receivables	450	-66	863	384	825	681
Dividends paid to the shareholders of the parent company	-588	-	-588	-588	-588	-588
Cash flow from financing activities	-138	-66	275	-204	237	93
Cash flow for the period	-77	-13	16	-90	-69	19
Opening cash and cash equivalents	178	193	94	193	182	182
Exchange difference in cash and cash equivalents	3	-2	-1	1	-4	-8
Closing cash and cash equivalents	104	178	110	104	110	193

Change in net financial debt, SEKm	Quarter			January-June		Full year
	2-11	1-11	2-10	2011	2010	2010
Opening net financial debt	-5 752	-5 772	-5 437	-5 772	-5 683	-5 683
Cash flow from operating activities	470	441	202	910	323	1 523
Cash flow from investing activities (excl financial receivables)	-422	-415	-461	-838	-616	-1 585
Dividends paid	-588	-	-588	-588	-588	-588
Actuarial revaluation of pension liability	14	-20	-52	-6	15	94
Foreign exchange effects and changes in fair value	-67	14	51	-53	265	468
Closing net financial debt	-6 345	-5 752	-6 284	-6 345	-6 284	-5 772

* The adjustments consist primarily of depreciation according to plan and write-downs of fixed assets, change in value of biological assets, change in provisions, interests in earnings of associated companies, currency effects and revaluations of financial instruments as well as capital gains/losses on sale of fixed assets.

The Parent Company

Income statement, SEKm	Quarter			January-June		Full year
	2-11	1-11	2-10	2011	2010	2010
Operating income	4 332	4 060	3 480	8 392	6 872	13 990
Operating costs	-4 010	-3 719	-3 331	-7 729	-6 669	-13 537
Operating profit	322	341	149	662	203	453
Net financial items	- 124	- 21	-26	- 145	175	272
Profit after net financial items	197	320	123	518	378	725
Appropriations	-46	-24	88	-69	-46	-155
Profit before tax	151	297	211	448	333	570
Tax	-47	-74	-57	-120	-93	-198
Profit for the period	105	223	154	328	240	372

Statement of comprehensive income, SEKm	Quarter			January-June		Full year
	2-11	1-11	2-10	2011	2010	2010
Profit for the period	105	223	154	328	240	372
Other comprehensive income						
Cash flow hedging	-255	-199	135	-454	556	923
Tax attributable to other comprehensive income	67	52	-36	119	-146	-243
Total other comprehensive income	-188	-146	100	-334	410	680
Total comprehensive income	-83	77	253	-7	650	1 053

Balance sheet, SEKm	2011	2011	2010
	30 June	31 March	31 December
Non-current assets	19 954	19 808	19 666
Current assets	5 955	6 203	5 896
Total assets	25 909	26 012	25 562
Restricted equity	5 915	5 915	5 915
Non-restricted equity	5 038	4 851	5 235
Untaxed reserves	2 587	2 542	2 518
Provisions	1 490	1 598	1 663
Liabilities	10 879	11 106	10 231
Total equity and liabilities	25 909	26 012	25 562
Pledged collateral	6	6	6
Contingent liabilities	132	143	177

Sales to Group companies accounted for SEK 54 million (75) of operating income for January–June.

Net financial items include the result from hedging equity in foreign subsidiaries totalling SEK -23 million (281).

The parent company's investments in property, plant and equipment and intangible non-current assets totalled SEK 7 million (8).

The Group

Quarterly figures, SEKm	2011		2010				January-June	Full year	
	Q2	Q1	Q4	Q3	Q2	Q1	2011	2010	2010
Income statement									
Net sales	4 787	4 721	4 747	4 205	4 227	4 400	9 508	8 628	17 581
Operating costs	-3 983	-3 875	-4 078	-3 516	-3 650	-3 782	-7 858	-7 432	-15 026
Depreciation and amortisation according to plan	-316	-306	-312	-314	-318	-308	-622	-625	-1 251
Interest in earnings of associates	5	18	4	7	8	9	22	18	28
Items affecting comparability*	-	-	264	-	-	-	-	-	264
Operating profit	492	558	625	383	268	320	1 050	588	1 596
Net financial items	-64	-58	-48	-54	-55	-52	-122	-107	-208
Profit before tax	428	501	578	329	214	268	928	482	1 388
Tax	-125	-131	-402	-113	-81	-89	-256	-170	-684
Profit for the period	302	370	176	216	133	178	672	312	704
Diluted earnings per share, SEK	3.6	4.4	2.1	2.6	1.6	2.1	8.0	3.7	8.4
Net sales									
Holmen Paper	2 215	2 170	2 223	1 982	1 955	1 982	4 385	3 937	8 142
Iggesund Paperboard	1 340	1 257	1 291	1 225	1 139	1 195	2 597	2 333	4 849
Holmen Timber	221	151	147	162	150	128	372	277	586
Holmen Skog	1 594	1 697	1 456	1 281	1 441	1 408	3 290	2 849	5 585
Holmen Energi	436	494	556	419	408	549	930	957	1 932
Elimination of intra-group net sales	-1 019	-1 046	-924	-863	-864	-862	-2 065	-1 726	-3 513
Group	4 787	4 721	4 747	4 205	4 227	4 400	9 508	8 628	17 581
Operating profit/loss									
Holmen Paper**	70	57	-141	-129	-170	-178	127	-348	-618
Iggesund Paperboard	238	244	231	243	180	163	482	344	817
Holmen Timber	-38	-27	-6	8	11	7	-65	18	20
Holmen Skog**	178	221	203	212	214	189	399	403	818
Holmen Energi	75	107	127	96	90	182	181	271	495
Group-wide costs	-36	-37	-52	-45	-46	-45	-72	-91	-188
Elimination of internal operating profit/loss	5	-7	0	-3	-11	2	-1	-9	-12
Items affecting comparability*	-	-	264	-	-	-	-	-	264
Group	492	558	625	383	268	320	1 050	588	1 596
Operating margin, % **									
Holmen Paper	3.1	2.6	-6.3	-6.5	-8.7	-9.0	2.9	-8.8	-7.6
Iggesund Paperboard	17.8	19.4	17.9	19.8	15.8	13.7	18.6	14.7	16.9
Holmen Timber	-17.2	-17.9	-4.3	5.2	7.6	5.3	-17.5	6.5	3.5
Group	10.3	11.8	7.6	9.1	6.4	7.3	11.0	6.8	7.6
Return on operating capital, % **									
Holmen Paper	4.0	3.3	-7.6	6.4	-8.3	-8.4	3.6	-8.3	-7.7
Iggesund Paperboard	20.9	22.3	21.8	23.1	17.4	16.1	21.6	16.8	19.7
Holmen Timber	-10.6	-8.4	-2.3	3.9	7.1	5.9	-9.5	6.6	2.7
Holmen Skog	5.7	7.0	6.7	7.4	7.5	6.6	6.3	7.1	7.1
Holmen Energi	9.2	13.2	15.7	12.0	11.2	22.6	11.2	16.9	15.4
Group	6.9	7.9	5.1	5.5	3.9	4.8	7.4	4.3	4.8
Key indicators									
Return on capital employed, % **	8.7	9.9	6.4	6.7	4.8	5.8	9.3	5.3	5.9
Return on equity, %	7.3	8.8	4.2	5.2	3.2	4.3	8.1	3.8	4.2
Deliveries									
New sprint and magazine paper, '000 tonnes	426	419	467	425	420	421	845	840	1 732
Paperboard, '000 tonnes	127	118	121	118	110	115	245	225	464
Sawn timber, '000 m ³	123	78	74	77	71	62	201	134	285
Harvesting company forests, '000 m ³	792	664	762	711	882	643	1 456	1 525	2 999
Production of hydro power, GWh	234	276	299	268	255	323	510	578	1 145

* Items affecting comparability in the fourth quarter 2010 refers to impairment of fixed assets, provisions for restructuring and revaluation of forest.

** Excl. items affecting comparability.

The Group

Full year review, SEKm	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Income statement										
Net sales	17 581	18 071	19 334	19 159	18 592	16 319	15 653	15 816	16 081	16 655
Operating costs	-15 025	-15 175	-16 630	-15 548	-14 954	-13 205	-12 570	-12 306	-12 205	-12 460
Depreciation and amortisation according to plan	-1 251	-1 320	-1 343	-1 337	-1 346	-1 167	-1 156	-1 166	-1 153	-1 126
Interest in earnings of associates	28	45	50	12	11	20	25	-6	-10	-3
Items affecting comparability *	264	-	-361	557	-	-	-	-	-	-620
Operating profit	1 596	1 620	1 051	2 843	2 303	1 967	1 952	2 338	2 713	2 446
Net financial items	-208	-255	-311	-261	-247	-233	-206	-212	-149	-152
Profit before tax	1 388	1 366	740	2 582	2 056	1 734	1 746	2 126	2 564	2 294
Tax	-684	-360	-98	-1 077	-597	-478	-471	-675	-605	-108
Profit for the year	704	1 006	642	1 505	1 459	1 256	1 275	1 451	1 959	2 186
Diluted earnings per share, SEK	8.4	12.0	7.6	17.8	17.2	14.8	15.1	17.5	23.6	26.4
Operating profit by business area										
Holmen Paper**	-618	340	280	623	754	631	487	747	1 664	2 410
Iggesund Paperboard	817	419	320	599	752	626	809	1 001	818	455
Holmen Timber	20	21	13	146	80	13	5	18	-6	-79
Holmen Skog**	818	605	632	702	643	537	586	516	450	455
Holmen Energi	495	414	327	272	197	301	178	193	-26	49
Group-wide costs and eliminations	-200	-178	-159	-56	-123	-141	-113	-137	-187	-224
Items affecting comparability *	264	-	-361	557	-	-	-	-	-	-620
Transferred operations	-	-	-	-	-	-	-	-	-	-
Group	1 596	1 620	1 051	2 843	2 303	1 967	1 952	2 338	2 713	2 446
Balance sheet										
Non-current assets	26 028	25 694	26 506	26 153	25 354	25 793	23 381	20 940	21 357	19 150
Current assets	6 950	6 075	7 268	6 549	6 138	5 709	5 149	4 743	4 922	5 366
Financial receivables	454	407	828	541	649	712	459	675	688	432
Total assets	33 432	32 176	34 602	33 243	32 141	32 214	28 989	26 358	26 967	24 948
Equity	16 913	16 504	15 641	16 932	16 636	16 007	15 635	15 366	15 185	14 072
Deferred tax liability	5 910	5 045	4 819	5 482	5 030	5 143	5 177	4 557	4 370	4 014
Financial liabilities and interest-bearing provisions	6 227	6 091	8 332	6 518	6 634	7 351	5 335	4 044	4 496	3 593
Operating liabilities	4 382	4 536	5 809	4 310	3 841	3 713	2 842	2 391	2 916	3 269
Total equity and liabilities	33 432	32 176	34 602	33 243	32 141	32 214	28 989	26 358	26 967	24 948
Cash flow										
Operating activities	1 523	2 873	1 660	2 476	2 358	2 471	2 331	2 443	3 498	3 786
Investing activities	-1 597	-818	-1 124	-1 315	-947	-3 029	-1 195	-726	-1 810	-1 669
Cash flow after investments	-74	2 054	536	1 161	1 411	-558	1 136	1 717	1 688	2 117
Key indicators										
Return on capital employed, % **	6	7	6	10	10	9	10	12	16	18
Return on equity, %	4	6	4	9	9	8	8	10	14	16
Debt/equity ratio	0.34	0.34	0.48	0.35	0.36	0.41	0.31	0.22	0.25	0.22
Dividend										
Ordinary dividend, SEK	7	7	9	12	12	11	10	10	11	10
Extra dividend, SEK	-	-	-	-	-	-	-	30	-	-

* Items affecting comparability in 2010 refers to impairment of fixed assets (SEK -555 million), provisions for restructuring (SEK -231 million) and revaluation of forrest (SEK +1050 million).

Items affecting comparability in 2008 of cost SEK 361 million relate to provisions and costs due to restructure and closure of mills and result effects from fire.

Items affecting comparability in 2007 relate to a write-down of goodwill and tangible fixed assets of SEK -1 603 million within Holmen Paper, a reversed write-down of SEK 60 million within Holmen Timber, and a positive revaluation of forests by SEK 2 100 million within Holmen Skog.

** Excl. items affecting comparability.

Stated in accordance with IFRS from 2004. As far as Holmen is concerned, the principal difference between IFRS and previous accounting principles is that forest assets are valued and stated in the accounts at fair value, that goodwill is no longer depreciated according to plan, and that the fair value of financial assets and liabilities that are hedged are taken into the balance sheet.

Holmen in brief

Holmen's business concept is to develop and run profitable business within three product-oriented business areas for printing paper, paperboard and sawn timber as well as two raw material-oriented business areas for forest and energy. Europe is the key market.

The business area **Holmen Paper** manufactures printing paper for daily newspapers, magazines, directories, advertising material and books at two Swedish mills and one Spanish mill. **Iggesund Paperboard** produces paperboard for consumer packaging and graphics printing at one Swedish and one English mill. **Holmen Timber** produces sawn timber in two Swedish sawmills. Annual production capacity is 1 750 000 tonnes of printing paper, 530 000 tonnes of paperboard and 860 000 cubic metres of sawn timber.

Holmen Skog manages the Group's forest covering just over one million hectares. The annual volume harvested in company forests is some 2.5 million cubic metres. **Holmen Energi** is responsible for the Group's hydro power assets and for developing the Group's business within the energy sector. Normal yearly production amounts to some 1 100 GWh of electric power at wholly and partly owned hydro power stations in Sweden. Holmen Skog and Holmen Energi are also responsible for the Group's wood and electricity supply in Sweden.

Press and analyst conference

On the publication of the interim report, a press and analyst conference will be held at 14.30 CET on Wednesday, August 17. **Venue: IVA Konferenscenter, Grev Turegatan 16, Stockholm.** Holmen President and CEO Magnus Hall will present and comment on the report. The presentation will be held in English.

The conference is also directly available as a webcast on Holmen's website, www.holmen.com. You may also participate in the conference by telephone, by calling +46 (0)8 505 598 53 (within Sweden), +44 (0)203 043 24 36 (from the rest of Europe) or +1 866 458 40 87 (from the US) no later than 14.55 CET.

Financial reports in 2011

26 October 2011 Interim report January-September

2 February 2012 Year-end report 2011

In its capacity as issuer, Holmen AB is releasing the information in this interim report for January-March 2011 in accordance with Chapter 17 of the Swedish Securities Market Act (2007:528). The information was distributed to the media for publication at 12.10 CET on Wednesday August 17 2011.

This is a translation of the Swedish interim report of Holmen Aktiebolag (publ.). In the event of inconsistency between the English and the Swedish versions, the Swedish version shall prevail.