

Interim Report January-June 2008

MSEK	Quarter			January-June		Full year
	2-08	1-08	2-07	2008	2007	2007
Net turnover	4 826	4 875	4 662	9 700	9 449	19 159
Operating profit	257	446	529	704	1 162	2 843
Profit after tax	124	271	329	395	726	1 505
Earnings per share (after dilution), SEK	1.5	3.2	3.9	4.7	8.6	17.8
Return on equity, %	3.0	6.4	8.2	4.7	9.0	9.2

- The Group's net turnover for January-June 2008 amounted to MSEK 9 700 (January-June 2007: 9 449).
- Profit after tax was MSEK 395 (726).
- Earnings per share after dilution amounted to SEK 4.7 (8.6). The return on equity was 4.7% (9.0).
- The operating profit was MSEK 704 (1 162). This result was adversely affected by lower newsprint prices, negative currency effects, and higher costs, mainly of wood. The profit includes costs relating to structuring measures at Hallsta and the financial effects of the fire at Braviken, totaling a cost of MSEK 73 during the second quarter.
- The operating profit for the second quarter was MSEK 257, which was MSEK 189 lower than during the first quarter. In addition to the non-recurring items at Holmen Paper the results were lower at Iggesund and Holmen Timber, partly because of maintenance and rebuilding stops respectively, as well as being seasonally lower at Holmen Energi.
- The market for newsprint in Europe remained weak during the second quarter. Deliveries to Europe during January-June were 4% lower than during the corresponding period in 2007. During the first half-year Holmen Paper's prices were on average some 4% lower than in the corresponding period the previous year.

The market situation for virgin fibre board in Europe was weaker than in the previous year and deliveries from European producers to Europe were 1% lower during the first half of 2008 than in the previous year. Iggesund's deliveries were 4% lower. Iggesund's prices were higher than during the first half of 2007.

- Holmen's Board has today decided to initiate negotiations to close down the business at Wargön Mill. The intention is for production to be totally discontinued in December 2008.

Interim Report January-June 2008

Holmen Paper MSEK	Quarter			January-June		Full year
	2-08	1-08	2-07	2008	2007	2007
Net turnover	2 547	2 525	2 461	5 072	4 991	10 345
Operating costs	-2 280	-2 222	-2 117	-4 501	-4 256	-8 808
Depreciation according to plan	-230	-223	-229	-453	-460	-914
Items affecting comparability *	-	-	-	-	-	-1 603
Operating profit	37	80	115	117	275	-980
Capital expenditure	193	231	180	423	354	584
Operating capital	10 109	9 827	11 711	10 109	11 711	9 971
Operating margin, % **	1	3	5	2	6	6
Return on operating capital, % **	2	3	4	2	5	5
Production, 1 000 tonnes	494	523	498	1 017	1 013	2 034
Deliveries, 1 000 tonnes	508	503	477	1 012	967	2 025

* Items affecting comparability relate to write-down of goodwill of MSEK 569 and tangible fixed assets of MSEK 1 034 in the fourth quarter of 2007.

** Excl. items affecting comparability.

The market situation for newsprint in Europe remained weak during the second quarter of 2008. Deliveries to Europe during the first half of the year were 4% lower than during the corresponding period in 2007. Exports from Europe rose, while imports to Europe from North America declined.

Deliveries of MF Magazine to Europe remained unchanged whilst deliveries of SC Paper to Europe rose by 7% and of coated paper by 3%.

Holmen Paper's deliveries rose by 5% in relation to the first half of 2007. The increase was achieved through sales to both Europe and other markets. Compared with the first quarter deliveries remained largely unchanged. As a result of reductions in the prices of newsprint and MF Magazine the prices of Holmen Paper's products were on average some 4% lower than during the first half of 2007.

Holmen Paper's operating profit for January-June 2008 amounted to MSEK 117 (275). The deterioration in the result was due to lower selling prices, higher cost of input goods, mainly wood, and negative currency effects. However, higher volumes had a favourable effect on the result. The result includes a provision of MSEK 115 for costs relating to structuring measures at Hallsta and net revenue of MSEK 52 arising from the fire at Braviken (see below).

Compared with the first quarter the operating profit during the second quarter deteriorated by MSEK 43 to MSEK 37. The result was adversely affected by the above-mentioned non-recurring items, and by seasonally lower energy costs, which had a positive effect on the result.

Holmen's Board has on 13 August 2008 decided to initiate negotiations to close down the business at Wargön Mill. The intention is for all production to be discontinued in December 2008. The reason for the decision is the mill's unsatisfactory profitability and the assessment that the conditions needed to achieve an adequate level of competitiveness and profitability do not exist. Wargön Mill produces coated printing paper (MWC) and has a production capacity of 145 000 tonnes per year. The mill has some 340 employees and had a turnover of just under MSEK 900 in 2007. The fixed assets amount to some MSEK 100. The closure will involve costs, for which no provision has yet been made.

Negotiations on the restructuring of Holmen Paper Hallsta are completed. Production on PM2 and the recovered paper line will be discontinued as of 1 November this year. The structural change means that production of standard newsprint at Hallsta will be reduced and that PM2's production of mainly book paper will continue but be transferred to a larger machine. Together with other changes in the product mix in the business area, the restructuring will contribute to a reduction in Holmen Paper's total production of standard newsprint by 150,000 tonnes per year.

A fire broke out on 11 May at Holmen's paper mill in Braviken. The fire, which began in a bark store, caused a production shutdown at the mill for just over a week. The damage is covered by the Group's insurance excluding an excess of MSEK 30. However, the result stated for the period shows a positive effect of MSEK 52. This is due to part of the insurance compensation to cover the rebuilding being stated as income item in the income statement, whilst the investment cost is capitalised as an asset in the balance sheet.

Interim Report January-June 2008

Iggesund Paperboard MSEK	Quarter			January-June		Full year
	2-08	1-08	2-07	2008	2007	2007
Net turnover	1 219	1 237	1 297	2 456	2 623	5 100
Operating costs	-1 068	-1 029	-1 033	-2 097	-2 064	-4 147
Depreciation according to plan	-91	-92	-86	-183	-175	-355
Operating profit	61	116	178	176	384	599
Capital expenditure	79	49	120	128	220	689
Operating capital	4 196	4 163	4 088	4 196	4 088	4 180
Operating margin, %	5	9	14	7	15	12
Return on operating capital, %	6	11	17	8	19	15
Production, paperboard, 1 000 tonnes	123	127	135	250	270	513
Deliveries, paperboard, 1 000 tonnes	127	127	130	254	264	516

The market situation for virgin fibre board in Europe was weaker than in the previous year. Deliveries from European producers to Europe were 1% lower than during the first half of 2007. Exports to markets outside Europe increased slightly.

Iggesund's deliveries amounted to 254 000 tonnes, which was 4% lower than for the corresponding period last year. Prices were higher than during the first half of 2007 as a consequence of price increases made in the previous year. Further price increases of some 10% have been announced in Europe for both solid bleached board and folding boxboard in the packaging and graphic segments.

Iggesund's operating profit for January-June 2008 amounted to MSEK 176 (384). The decline is due to lower production and deliveries, the higher cost of wood and other input goods, and to a weaker US dollar.

The result was MSEK 55 lower than for the first quarter, mainly owing to a maintenance stop and the higher cost of input goods.

During the summer, Iggesund's new Invercote was launched with improved printing properties, higher purity, and improved mechanical properties.

Holmen Timber MSEK	Quarter			January-June		Full year
	2-08	1-08	2-07	2008	2007	2007
Net turnover	124	149	164	273	313	589
Operating costs	-118	-118	-116	-236	-228	-420
Depreciation according to plan	-8	-8	-6	-17	-11	-23
Item affecting comparability *	-	-	-	-	-	60
Operating profit	-2	23	43	21	74	206
Capital expenditure	20	6	9	26	14	63
Operating capital	359	356	219	359	219	345
Operating margin, % **	-2	15	26	7	23	24
Return on operating capital, % **	-2	26	79	12	70	64
Production, 1 000 m ³	63	73	72	135	142	272
Deliveries, 1 000 m ³	66	72	74	137	146	262

* Item affecting comparability relates to a reversed write-down of tangible fixed assets of MSEK 60 in the fourth quarter of 2007.

** Excl. item affecting comparability.

The market situation for sawn timber was weak with further falls in prices during the second quarter of 2008. Producer stocks were high while demand weakened owing to a lower level of construction of new buildings in certain markets.

Holmen Timber's operating profit for January-June 2008 amounted to MSEK 21 (74). The deterioration in the result is due to lower prices and lower deliveries.

Compared with the first quarter, the operating result declined by MSEK 25 to a loss of MSEK 2 as a result of lower prices. The quarter was also affected by a rebuilding stop for the installation of an automatic sorting system in the grading unit.

The new sawmill project at the Braviken paper mill in Norrköping is continuing according to plan.

Interim Report January-June 2008

Holmen Skog	Quarter			January-June		Full year
MSEK	2-08	1-08	2-07	2008	2007	2007
Net turnover	1 433	1 436	1 200	2 869	2 365	4 775
Operating costs	-1 283	-1 259	-1 070	-2 542	-2 086	-4 136
Depreciation according to plan	-6	-6	-6	-11	-13	-26
Earnings from operations	144	172	124	316	267	613
Change in value of forests	8	-21	85	-13	97	89
Item affecting comparability *	-	-	-	-	-	2 100
Operating profit	152	151	209	303	364	2 802
Capital expenditure	19	8	4	27	11	79
Operating capital	11 392	11 317	9 097	11 392	9 097	11 264
Return on operating capital, % **	5	5	9	5	8	8
Harvesting company forests, 1 000 m ³	714	534	672	1 248	1 205	2 575

* Item affecting comparability relates to a positive revaluation of forests of MSEK 2 100 in the fourth quarter of 2007.

** The calculation is based on earnings from operations.

Wood prices in Sweden have remained broadly unchanged during the first half-year following some increases in the price of pulpwood at the beginning of the year.

Holmen Skog's operating profit for January-June 2008 amounted to MSEK 303 (364). This figure includes a reduction of MSEK 13 (increase 97) in the value of forests in accordance with IAS 41. Earnings from operations (the result before changes in the value of forests) increased by MSEK 49 to

MSEK 316 as a consequence of higher wood prices, whereas harvesting and silviculture costs increased.

Compared with the first quarter earnings from operations declined by MSEK 28 to MSEK 144, which is mainly explained by the seasonally higher cost of silviculture. Some fires broke out on Holmen's land during the second quarter, which involved costs of some MSEK 10. The fires will have no effect on Holmen's long-term harvesting plans.

Holmen Energi	Quarter			January-June		Full year
MSEK	2-08	1-08	2-07	2008	2007	2007
Net turnover	392	499	344	891	776	1 590
Operating costs	-329	-369	-295	-699	-609	-1 300
Depreciation according to plan	-4	-4	-4	-9	-9	-17
Operating profit	58	125	45	184	159	272
Capital expenditure	22	11	2	32	4	14
Operating capital	2 952	2 968	2 940	2 952	2 940	2 960
Return on operating capital, %	8	17	6	12	11	9
Production of hydro power, GWh	254	388	272	642	668	1 193

Holmen Energi's operating profit for January-June 2008 amounted to MSEK 184 (159). The improvement in the result is mainly an effect of higher prices. Production was some 10% higher than during a normal year, but slightly lower than in the previous year.

In relation to the first quarter, the operating profit declined by MSEK 67 to MSEK 58 as a consequence of seasonally lower production and slightly lower prices.

Interim Report January-June 2008

Net financial items and financing

Net financial costs for January-June 2008 amounted to MSEK 136 (costs 127). The change is due to higher market interest rates.

The cash flow from current operations amounted to MSEK 749 and the cash flow absorbed by investment activities was MSEK 625. A dividend of MSEK 1 017 was paid out in the second quarter.

Since the beginning of the year the Group's financial net debt has increased by MSEK 1 064 to MSEK 7 041. The debt/equity ratio was 0.44. The equity ratio was 48%.

Financial liabilities amounted to MSEK 7 486, of which MSEK 4 817 was short term. Liquid funds and financial receivables amounted to MSEK 444. The Group has unutilised long-term committed credit facilities of some MSEK 5 700.

The outlook for Holmen's long-term credit rating of BBB+ from the credit rating agency Standard & Poor's has during the second quarter been changed from stable to negative.

Tax

The Group's tax charge for January-June amounted to MSEK 172 (charge 309), which corresponds to 30% of the pre-tax profit.

In the tax case relating to Holmen's subsidiary MoDo Capital, the Supreme Administrative Court has rejected Holmen's application to have the court hear the case. The case has therefore been referred back to the County Administrative Court for further consideration.

Hedging of exchange rates and electricity prices

The result of currency hedges was a profit of MSEK 6 (13), which is stated in the operating result. For the remainder of 2008 around 95% of the Group's estimated flows in Euro are hedged at an average exchange rate of 9.25, for 2009 some 80% of the flows are hedged at an average exchange rate of 9.36, and for 2010 some 25% are hedged at an average exchange rate of 9.42. The flows in sterling and US dollar for the coming four months are hedged.

For the period of 2008-2012 the price of 90-95% of the Group's estimated net consumption of electricity in Sweden has been hedged, and for the period of 2013-2015 some 75%.

Capital expenditure

The Group's capital expenditure during January-June amounted to MSEK 639 (606). Depreciation according to plan was MSEK 673 (668).

Employees

The average number of employees in the Group was 4 840 (4 912).

Incentive scheme

The Annual General Meeting on 2 April 2008 resolved in favour of the Board's proposal to introduce an incentive scheme for employees of the Holmen Group, whereby employees will be invited to acquire at market price call options on Series "B" shares in Holmen.

1 492 of the company's approximately 5 000 employees subscribed to acquire a total of 758 300 call options. The price of each option is SEK 20 and the exercise price of the options is SEK 224.50 per share. Each option entitles the owner to buy one share during the exercise period of May-June 2013. Holmen's undertaking within the scheme has been secured by the buy-back of the company's own shares.

Share buy-back

At the AGM Holmen's shareholders renewed the Board's mandate to make decisions to buy back up to 10% of the company's shares.

Shares have been bought back to secure the company's undertaking pursuant to the incentive scheme. In total, 760 000 Series "B" shares have been bought back, which corresponds to some 0.9% of the total number of shares in issue, and approximately 0.3% of the total number of votes. The average price paid for these shares was SEK 201.70.

Significant risks and uncertainty factors

The Group's and the parent company's significant risks and uncertainty factors relate primarily to changes in demand and the prices of its products, the cost of important input goods, and to changes in exchange rates. Apart from the risks and uncertainty factors described on pages 26-27 and in Note 26 in Holmen's annual report for 2007, it is judged that no new risks or uncertainties have emerged.

Related party transactions

No transactions have been carried out between Holmen and related parties that have had a material impact on the company's financial position and results.

Interim report for January-September 2008 will be published on 12 November.

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Interim Report January-June 2008

The Board and CEO herewith state that this interim report provides a true and fair picture of the activities, financial position and results of the parent company and the Group, as well as describing significant risks and uncertainty factors to which the parent company and the companies belonging to the Group are exposed.

Stockholm 13 August 2008
Holmen AB (publ)

Fredrik Lundberg
Chairman

Kenneth Johansson
Board member

Ulf Lundahl
Board member

Steewe Björklundh
Board member

Carl Kempe
Deputy Chairman

Göran Lundin
Board member

Lilian Fossum
Board member

Curt Källströmer
Board member

Bengt Pettersson
Board member

Torgny Hammar
Board member

Hans Larsson
Board member

Magnus Hall
Board member and
Chief Executive Officer

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

Interim Report January-June 2008

Accounting principles

The interim report for the Group is made up in accordance with IAS 34 Interim Reporting, the Annual Accounts Act and the Law regarding the securities market. For the parent company the interim report is made up in accordance with the Annual Accounts Act and the Law regarding the securities market. The Parent company's and the Group's accounting principles used in the report are unchanged in relation to the latest published annual report. The figures in tables are rounded.

The Group

Income statement, MSEK	Quarter			January-June		Full year
	2-08	1-08	2-07	2008	2007	2007
Net turnover	4 826	4 875	4 662	9 700	9 449	19 159
Other operating income	277	151	95	428	230	642
Change in value of biological assets	8	-21	85	-13	97	2 189
Change in inventory of finished products and work in progress	-69	89	63	20	183	62
Raw materials, goods for resale and consumables	-2 736	-2 810	-2 479	-5 546	-5 091	-10 146
Personnel costs	-790	-666	-700	-1 456	-1 364	-2 664
Other operating costs	-931	-850	-866	-1 781	-1 676	-3 531
Depreciation according to plan	-339	-334	-332	-673	-668	-1 337
Write-downs	-	-	-	-	-	-1 543
Interest in earnings of associated companies	12	12	1	24	2	12
Operating profit	257	446	529	704	1 162	2 843
Financial income	3	3	4	7	8	17
Financial costs	-76	-67	-69	-143	-135	-279
Profit before tax	185	383	464	567	1 035	2 582
Tax	-61	-111	-135	-172	-309	-1 077
Profit for the period	124	271	329	395	726	1 505
Earnings per share, before dilution, SEK	1.5	3.2	3.9	4.7	8.6	17.8
Earnings per share, after dilution, SEK	1.5	3.2	3.9	4.7	8.6	17.8
Average number of shares, before dilution, (million)	84.5	84.8	84.8	84.6	84.8	84.8
Average number of shares, after dilution, (million)	84.5	84.8	84.8	84.6	84.8	84.8
Operating margin, % *	5.1	8.9	11.3	7.0	12.3	11.9
Return on capital employed, % *	4.5	7.8	9.2	6.1	10.2	10.0
Return on equity, %	3.0	6.4	8.2	4.7	9.0	9.2

Account of stated income and costs, MSEK	January-June 2008	2007	Full year 2007
Income and costs stated direct in equity			
Cash flow hedges			
Revaluation of derivatives stated in equity	69	-49	-209
Brought forward from equity to the income statement	-16	-18	-34
Brought forward from equity to fixed assets	0	1	2
Actuarial revaluation of pension liability	-84	29	61
Translation difference on foreign operation	-104	-3	-29
Hedge of currency risk in foreign operation	28	38	-33
Tax attributable to items stated direct in equity	-1	-1	51
Total stated direct in equity	-108	-4	-192
Profit for the period stated in the income statement	395	726	1 505
Total stated income and costs	287	722	1 314
Other changes in equity			
Dividend paid to the parent company's shareholders	-1 017	-1 017	-1 017
Buy-back / sale of own shares etc. **	-138	-	-
Total change in equity	-868	-295	297

* Excl. items affecting comparability.

** Consists of buy-back of own shares (cost MSEK 153) and received premiums of issued call options (MSEK 15) related to an incentive scheme.

Interim Report January-June 2008

The Group

Balance sheet, MSEK	2008	2007
	30 June	31 December
ASSETS		
Fixed assets		
Intangible fixed assets	130	42
Tangible fixed assets	12 886	12 984
Biological assets	11 066	11 073
Shares in associated companies	1 767	1 745
Other shares and participations	8	7
Long-term financial receivables	149	108
Deferred tax receivables	290	301
Total fixed assets	26 296	26 261
Current assets		
Inventories	3 143	3 063
Short-term operating receivables	3 849	3 485
Short-term financial receivables	45	39
Liquid funds	250	394
Total current assets	7 288	6 982
Total assets	33 584	33 243
EQUITY AND LIABILITIES		
Equity	16 064	16 932
Long-term liabilities		
Long-term financial liabilities	2 385	2 452
Deferred tax liabilities	5 496	5 482
Pension provisions	284	247
Other provisions	663	658
Total long-term liabilities	8 828	8 840
Short-term liabilities		
Short-term financial liabilities	4 817	3 819
Operating liabilities	3 875	3 652
Total short-term liabilities	8 692	7 471
Total liabilities	17 520	16 311
Total equity and liabilities	33 584	33 243
Debt/equity ratio	0.44	0.35
Equity ratio, %	47.8	50.9
Operating capital	28 311	28 090
Capital employed	23 105	22 909
Financial net debt	7 041	5 977
Pledged assets	120	100
Contingent liabilities	884	915

Interim Report January-June 2008

The Group

Cash flow analysis, MSEK	January-June		Full year
	2008	2007	2007
Current operations			
Profit before tax	567	1 035	2 582
Adjustments for items not included in cash flow *	655	570	629
Paid income tax	-221	-190	-390
Cash flow from current operations before changes in working capital	1 002	1 414	2 821
Cash flow from changes in working capital			
Change in inventories	-78	-356	-457
Change in operating receivables	-368	-85	-213
Change in operating liabilities	193	137	325
Cash flow from current operations	749	1 111	2 476
Investment activities			
Acquisition of fixed assets	-639	-606	-1 434
Sale of fixed assets	14	8	119
Cash flow from investment activities	-625	-597	-1 315
Financing activities			
Change in financial liabilities and receivables	887	328	-236
Buy-back / sale of own shares etc. **	-138	-	-
Dividend paid to the parent company's shareholders	-1 017	-1 017	-1 017
Cash flow from financing activities	-268	-689	-1 253
Cash flow for the period	-143	-175	-91
Opening liquid funds	394	484	484
Currency difference in liquid funds	-1	0	1
Closing liquid funds	250	309	394

Change in financial net debt, MSEK	January-June		Full year
	2008	2007	2007
Opening financial net debt	-5 977	-5 985	-5 985
Cash flow			
Current operations	749	1 111	2 476
Investment activities	-625	-597	-1 315
Buy-back / sale of own shares etc. **	-138	-	-
Dividend paid	-1 017	-1 017	-1 017
Actuarial revaluation of pension provision	-84	29	61
Currency effects and changes in fair value	51	-66	-197
Closing financial net debt	-7 041	-6 526	-5 977

Share structure			
Share	Votes	Number of shares	Number of votes
A	10	22 623 234	226 232 340
B	1	62 132 928	62 132 928
Holding of own B-shares		-760 000	-760 000
Total number of shares in issue		83 996 162	287 605 268

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

** Consists of buy-back of own shares (cost MSEK 153) and received premiums of issued call options (MSEK 15) related to an incentive scheme.

Interim Report January-June 2008

Parent company

Income statement, MSEK	Quarter			January-June		Full year
	2-08	1-08	2-07	2008	2007	2007
Operating income	3 870	3 738	3 532	7 609	7 203	14 735
Operating costs	-3 831	-3 547	-3 180	-7 377	-6 467	-13 345
Operating profit	39	192	353	231	735	1 390
Net financial items	- 85	18	62	- 68	5	-1 517
Profit after net financial items	-46	210	415	164	740	-127
Appropriations	-70	-98	-145	-168	-288	-97
Profit before tax	-116	112	270	-4	452	-224
Tax	31	-37	-69	-6	-125	-324
Profit for the period	-85	75	201	-11	327	-548

Balance sheet, MSEK	2008	2007	2007
	30 June	31 Dec	30 June
Fixed assets	18 628	18 439	21 187
Current assets	7 542	6 881	5 335
Total assets	26 170	25 321	26 522
Restricted equity	5 915	5 915	5 915
Non-restricted equity	3 759	4 520	5 331
Untaxed reserves	2 864	2 696	2 886
Provisions	1 026	911	919
Liabilities	12 606	11 279	11 470
Total equity and liabilities	26 170	25 321	26 522
Pledged assets	6	6	6
Contingent liabilities	756	790	849

Of the net turnover for January-June 2008, MSEK 67 (60) relates to sales to Group companies.

Net financial items include the result from hedging equity in foreign subsidiaries. At Group level, this result is stated direct against equity. Net financial

items for for the full year of 2007 include a write-down of MSEK 1 508 in the value of shares.

The parent company's capital expenditure (excluding share purchases) for January-June 2008 amounted to MSEK 25 (12).

Interim Report January-June 2008

The Group

Quarterly figures, MSEK	2008		2007				
	Q2	Q1	Q4	Q3	Q2	Q1	Full year
Income statement							
Net turnover	4 826	4 875	5 073	4 637	4 662	4 787	19 159
Operating costs	-4 241	-4 107	-4 261	-3 666	-3 802	-3 818	-15 548
Depreciation according to plan	-339	-334	-337	-332	-332	-336	-1 337
Interest in earnings of associated companies	12	12	7	3	1	1	12
Items affecting comparability *	-	-	557	-	-	-	557
Operating profit	257	446	1 039	642	529	634	2 843
Net financial items	-73	-64	-66	-68	-65	-62	-261
Profit before tax	185	383	974	573	464	571	2 582
Tax	-61	-111	-633	-135	-135	-174	-1 077
Profit for the period	124	271	341	438	329	397	1 505
Earnings per share, after dilution, SEK	1.5	3.2	4.0	5.2	3.9	4.7	17.8
Net turnover							
Holmen Paper	2 547	2 525	2 798	2 556	2 461	2 530	10 345
Iggesund Paperboard	1 219	1 237	1 239	1 239	1 297	1 326	5 100
Holmen Timber	124	149	151	124	164	149	589
Holmen Skog	1 433	1 436	1 335	1 074	1 200	1 165	4 775
Holmen Energi	392	499	462	352	344	433	1 590
Intra-group sales	-890	-972	-911	-708	-804	-815	-3 239
Group	4 826	4 875	5 073	4 637	4 662	4 787	19 159
Operating profit							
Holmen Paper	37	80	107	241	115	160	623
Iggesund Paperboard	61	116	100	115	178	206	599
Holmen Timber	-2	23	37	35	43	32	146
Holmen Skog	152	151	192	145	209	155	702
Holmen Energi	58	125	73	40	45	114	272
Group central costs and other	-49	-49	-27	66	-61	-34	-56
Items affecting comparability *	-	-	557	-	-	-	557
Group	257	446	1 039	642	529	634	2 843
Operating margin, % **							
Holmen Paper	1.0	2.7	3.6	9.4	4.7	6.3	5.9
Iggesund Paperboard	5.0	9.3	8.1	9.3	13.7	15.6	11.7
Holmen Timber	-2.0	14.7	24.0	27.5	25.8	20.8	24.4
Group	5.1	8.9	9.4	13.8	11.3	13.2	11.9
Return on operating capital, % **							
Holmen Paper	1.5	3.2	3.7	8.2	3.9	5.5	5.3
Iggesund Paperboard	5.8	11.1	9.6	11.1	17.4	20.6	14.6
Holmen Timber	-2.1	26.2	56.7	61.4	79.3	59.6	63.9
Holmen Skog	5.4	5.3	8.4	6.4	9.2	6.9	7.7
Holmen Energi	7.9	16.9	9.9	5.4	6.1	15.5	9.2
Group	3.7	6.4	6.9	9.3	7.7	9.4	8.3
Key figures							
Return on capital employed, % **	4.5	7.8	8.4	11,2	9.2	11.1	10.0
Return on equity, %	3.0	6.4	8.1	10,6	8.2	9.7	9.2
Deliveries							
Newsprint and magazine paper, 1 000 tonnes	508	503	555	503	477	489	2 025
Paperboard, 1 000 tonnes	127	127	127	125	130	134	516
Sawn timber, 1 000 m ³	66	72	64	53	74	72	262

* Items affecting comparability relate to a write-down of goodwill and tangible fixed assets of MSEK -1 603 within Holmen Paper, a reversed write-down of MSEK 60 within Holmen Timber, and a positive revaluation of forests by MSEK 2 100 within Holmen Skog, all of which were taken into the accounts in the fourth quarter of 2007.

** Excl. items affecting comparability.

Interim Report January-June 2008

The Group

Full year review, MSEK	2007	2006	2005	2004	2003	2002	2001
Income statement							
Net turnover	19 159	18 592	16 319	15 653	15 816	16 081	16 655
Operating costs	-15 548	-14 954	-13 205	-12 570	-12 306	-12 205	-12 460
Depreciation according to plan	-1 337	-1 346	-1 167	-1 156	-1 166	-1 153	-1 126
Interest in earnings of associated companies	12	11	20	25	-6	-10	-3
Items affecting comparability *	557	-	-	-	-	-	-620
Operating profit	2 843	2 303	1 967	1 952	2 338	2 713	2 446
Net financial items	-261	-247	-233	-206	-212	-149	-152
Profit before tax	2 582	2 056	1 734	1 746	2 126	2 564	2 294
Tax	-1 077	-597	-478	-471	-675	-605	-108
Profit for the year	1 505	1 459	1 256	1 275	1 451	1 959	2 186
Operating profit by business area							
Holmen Paper	623	754	631	487	747	1 664	2 410
Iggesund Paperboard	599	752	626	809	1 001	818	455
Holmen Timber	146	80	13	5	18	-6	-79
Holmen Skog	702	643	537	586	516	450	455
Holmen Energi	272	197	301	178	193	-26	49
Group central costs	-56	-123	-141	-113	-137	-187	-224
Items affecting comparability *	557	-	-	-	-	-	-620
Group	2 843	2 303	1 967	1 952	2 338	2 713	2 446
Balance sheet							
Fixed assets	26 153	25 354	25 793	23 381	20 940	21 357	19 150
Current assets	6 549	6 138	5 709	5 149	4 743	4 922	5 366
Financial receivables	541	649	712	459	675	688	432
Total assets	33 243	32 141	32 214	28 989	26 358	26 967	24 948
Equity	16 932	16 636	16 007	15 635	15 366	15 185	14 072
Deferred tax liability	5 482	5 030	5 143	5 177	4 557	4 370	4 014
Financial liabilities	6 518	6 634	7 351	5 335	4 044	4 496	3 593
Operating liabilities	4 310	3 841	3 713	2 842	2 391	2 916	3 269
Total equity and liabilities	33 243	32 141	32 214	28 989	26 358	26 967	24 948
Cash flow							
Current operations	2 476	2 358	2 471	2 331	2 443	3 498	3 786
Investment activities	-1 315	-947	-3 029	-1 195	-726	-1 810	-1 669
Cash flow after capital expenditure	1 161	1 411	-558	1 136	1 717	1 688	2 117
Key ratios							
Return on capital employed, % **	10	10	9	10	12	16	18
Return on equity, %	9	9	8	8	10	14	16
Debt/equity ratio	0.35	0.36	0.41	0.31	0.22	0.25	0.22
Earnings per share, after dilution, SEK	17.8	17.2	14.8	15.1	17.5	23.6	26.4
Ordinary dividend, SEK	12	12	11	10	10	11	10
Extra dividend, SEK	-	-	-	-	30	-	-

* Items affecting comparability relate to a write-down of goodwill and tangible fixed assets of MSEK -1 603 within Holmen Paper, a reversed write-down of MSEK 60 within Holmen Timber, and a positive revaluation of forests by MSEK 2 100 within Holmen Skog, all of which were taken into the accounts in the fourth quarter of 2007.

** 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.

Interim Report January-June 2008

Holmen in brief

Holmen is a forest products industry group with the capacity to produce 2.8 million tonnes of paper and paperboard per year. Europe, which accounts for some 90% of the turnover, is by far the largest market. Holmen's business is conducted through three product-oriented business areas and two raw material-oriented business areas.

The business area **Holmen Paper** produces printing paper for daily newspapers, magazines, directories, advertising matter and books at three Swedish mills and one Spanish mill. **Iggesund Paperboard** produces paperboard for packaging and graphic purposes at one Swedish and one English mill. **Holmen Timber** produces sawn timber at one Swedish sawmill.

Annual production capacity of the product-oriented business areas is 2 185 000 tonnes of printing paper, 590 000 tonnes of paperboard, and 300 000 cubic metres of sawn timber.

Holmen Skog manages the Group's one million hectares of forests and the annual volume harvested in company forests is some 2.5 million cubic metres. Holmen's annual wood consumption is some 5 million cubic metres. In a normal year **Holmen Energi** produces some 1 100 GWh of electric power at wholly and partly owned hydro power stations in Sweden. Over and above this some 500 GWh is generated at the mills. Holmen's annual power consumption is around 5 100 GWh.

Press and analysts conference and teleconference

In connection with the publication of the interim report for January-June 2008 a press and analysts conference will be held at 2.30 p.m. CEST on Wednesday 13 August in **Aulan, Salén Konferens, Norrlandsgatan 15, Stockholm**. Magnus Hall, President and CEO, will present the report and answer questions. The conference can also be accessed via Holmen's website www.holmen.com and/or by telephone, in which case the call should be placed by no later than 2.25 p.m. CEST on +46 (0)8 505 201 14 (Sweden) or +44 (0)20 7162 0125 (rest of Europe).

A teleconference will be held in English at 4.30 p.m. CEST. It can be accessed via Holmen's website and/or by telephone on +44 (0) 20 7162 0025 (Europe) or +1 334 323 6201 (US). The call should be placed by no later than 4.25 p.m. CEST.

Financial reporting 2008-2009:

12 November 2008	Interim Report, January-September 2008
5 February 2009	Year-end Report for 2008
7 May 2009	Interim Report, January-March 2009
13 August 2009	Interim Report, January-June 2009
4 November 2009	Interim Report, January-September 2009

In its capacity as issuer, Holmen AB is releasing the information in this interim report January-June 2008 in accordance with Chapter 17 of the Swedish law (2007:528) regarding the securities market. The information was distributed to the media for publication at 11.58 a.m. CEST on Wednesday 13 August 2008.