

RusForest AB (publ)

Interim report

First Quarter 2013

RusForest AB (publ), corporate registration no. 556694-6421

The information in this report was prepared as of May 31, 2013

First Quarter Highlights

	Three months ended		Three months ended	
	Mar 31, 2013	Mar 31, 2012	Mar 31, 2013	Mar 31, 2012
Sawlogs harvested**, m ³	245,976	145,937	245,976	145,937
Sawnwood produced**, m ³	70,412	47,991	70,412	47,991
	SEK mln	SEK mln	USD mln*	USD mln*
Revenue	156.9	109.8	22.4	15.7
EBITDA	(25.4)	(65.2)	(3.6)	(9.3)
Operating loss	(57.1)	(102.2)	(8.2)	(14.6)
Net loss before bond restructuring	(81.7)	(115.7)	(11.7)	(16.5)
Gain from bond restructuring	269.8	-	38.5	-
Net income after bond restructuring	188.1	(115.7)	26.9	(16.5)
Net income/(loss) per share (SEK or USD per share)***	4.14	(102.34)	0.59	(14.62)
	Mar 31, 2013	Dec 31, 2012	Mar 31, 2013	Dec 31, 2012
Cash balance	174.0	16.4	24.9	2.3
Working capital	24.4	50.7	3.5	7.2
Net debt	12.0	698.6	1.7	99.8

* Exchange rate of 7.0 SEK per USD used to translate SEK amounts to USD for reference purposes

** Production figures include Arkhangelsk, Boguchany and Magistralny operations but do not include Ust-Ilimsk and Shenkursk

*** Adjusted for the reverse share split completed in April 2013

Significant events during the three months ended March 31, 2013

- In Q1 2013, RusForest increased harvesting of sawlogs by 69% and sawnwood production by 47% compared with Q1 2012. Production in Q1 2013 showed improvement from the comparable period due to the deployment of new harvesting groups and the finalization of sawmill construction.
- The restructuring transaction announced on December 12, 2012, was closed in Q1 2013:
 - On January 21, 2013, RusForest published a liquidation analysis report by Indufor OY.
 - On January 25, 2013, the Company received approval of the bond restructuring from its bondholders.
 - On February 1, 2013, RusForest received approval of the Debt-to-Equity Swap, Rights Issue and Directed issue from its shareholders.
 - On February 20, 2013, the Company announced the positive outcome of the Debt-to-Equity Swap with 98.6% acceptance by bondholders.
 - On March 15, 2013, RusForest announced the fully subscribed Rights Issue for approximately SEK 86 million.
 - On March 26, 2013, RusForest announced closing of the directed issue to Nova Capital for SEK 100.5 million, the last step in the restructuring transaction.Refer to the Balance Sheet analysis regarding the financial implications of the above actions.
- On February 8, 2013, RusForest amended the USD 5 million term loan from the Company's major shareholder, Vostok Komi (Cyprus) Limited, to extend the loan maturity from April 30, 2013, until December 31, 2013, and to reduce the annual interest rate from 16% to 9%. In addition, RusForest secured another term loan from Vostok Nafta for approximately SEK 25 million that was repaid from the proceeds of the Rights Issue in March 2013.
- On March 15, 2013, Anton Bogdanov was appointed as COO of RusForest. He was most recently CEO of Nova Management Group, which operates Lesresurs, a Russian forestry company in Eastern Siberia with 372,000 m³ of annual allowable cut ("AAC") and 170,000 m³ of annual sawnwood capacity. Lesresurs is one of the largest Russian suppliers of sawnwood to Japan. Anton replaced Peter Nilsson, the former COO and Director of Sales and Production for RusForest. Peter remained an employee of RusForest until the Company's Annual General Meeting on May 15, 2013, when Peter was elected as a board member.
- In March 2013, RusForest began to sell small volumes of sawnwood from Magistralny to Japan at prices more than 30% higher than the Company's previous sales to the Middle East and North Africa.

Significant events after the end of the period

- On April 22, 2013, RusForest completed a reverse stock split to allow the Company's shares to trade at a reasonable price following the restructuring transaction. In the reverse split, one hundred (100) shares in RusForest were consolidated into one (1) new RusForest share, reducing the total number of shares outstanding from 13,203,388,100 to 132,033,881.
- On May 14, 2013, RusForest announced the sale of non-core assets for aggregate proceeds of approximately USD 7 million.
 - RusForest closed the sale of the Shenkursk sawmill in the Arkhangelsk region of Russia for USD 1 million. The sawmill has an annual capacity of 80,000 m³ of sawnwood, but it has no forestry leases nearby and is dependent on third parties for saw logs.
 - The Company also entered into an agreement for the sale of its gravel asset, Belomorski Karier, in the Karelia region of Russia for RUB 90 million (USD 2.9 million). The gravel asset has a production capacity of 1.2 million tons per year and includes a 150 million cubic meter granite deposit, but it requires significant capital investment and is not strategically located near the main market for its products.
 - In addition, RusForest sold non-core assets in the Ust-Ilimsk region in Eastern Siberia for RUB 82 million (USD 2.6 million). The Ust-Ilimsk assets sold included a sawmill with annual sawnwood capacity of 60,000 m³ and nearby forestry leases in the Tuba area totaling 55,309 hectares with 110,000 m³ of AAC. The sawmill equipment requires additional investment, and the forestry leases have been extensively harvested.
 - Finally, the Company entered into a preliminary agreement on the sale of its wood pellet production equipment located in Liepaja, Latvia for EUR 375,000 (USD 490,000). The equipment has an annual capacity of 80,000 tons, but it has been idle for several years.

The sale of these non-core assets reduces RusForest's loss-making operations and allows management to focus on improving the Company's core operations. Some of the transactions described above include deferred payment terms. The book values of the non-core assets were aligned with their fair values as part of the impairment testing in Q4 2012. Therefore, the asset sales are not expected to have a material impact on the net financial result of the Group.

- On May 15, 2013, RusForest convened an Annual General Meeting in Stockholm and resolved on the following:
 - Per Brilioth, Paul Putz, Alexander Rudik and Camilla Öberg were re-elected as board members. Peter Nilsson was elected as a new board member, and Paul Putz was elected as chairman of the board of directors.
 - RusForest's employee stock option plan 2013/2016 was adopted, and it was resolved to issue not more than 2,640,000 warrants in order to hedge the Company's obligations under the stock option plan and to approve disposition of the warrants within the employee stock option plan. The board of director's complete proposal is available on the Company's website.

CEO Comment

We made significant progress in the first quarter of 2013 by increasing production volumes, reducing our EBITDA loss and closing the restructuring transaction.

We raised approximately SEK 187 million of fresh capital and restructured our corporate bond.

Our new Russian shareholder, Nova Capital, has valuable experience running Lesresurs, a profitable forestry business in Eastern Siberia. Lesresurs is today one of the largest Russian exporters of sawnwood to Japan, the market with the highest price in the world for Russian red pine structural and appearance grade sawnwood. RusForest can benefit from substantial sawnwood price increases by shifting our sales to new products and markets.

In March 2013, we appointed Anton Bogdanov as COO and gained a seasoned Russian forestry executive on the ground fulltime to improve efficiency and reduce per unit costs. He has already made great progress strengthening the Group's senior harvesting and sawmilling managers.

With the subsequent sale of non-core assets for aggregate proceeds of USD 7 million, we have removed loss-making operations from the group and can now focus on improving the core operations.

RusForest has the key ingredients in place to reach profitability long-term. We continue to see declining global log supply and increasing global wood demand, a combination that should mean higher sawnwood prices in the future.

Thank you for your patience.

Kind regards,

Garrett Soden,
CEO, RusForest AB

Company Overview

RusForest is a Swedish forestry company operating in Eastern Siberia and the Arkhangelsk region of Russia. The Company controls long-term timber leases and utilizes these resources to produce a range of high-quality sawnwood products.

Russia has the world's largest timber reserves by a significant margin and is strategically located in close proximity to Europe, China and Japan. Eastern Siberia is renowned for its pine and larch of exceptional quality, while the Arkhangelsk region in northwest Russia has high-quality spruce and pine forests similar to those found in northern Sweden.

RusForest's strategic objective is to become a leading integrated forestry company focused on exporting Russian softwood logs and lumber to the most profitable markets in order to earn an attractive return for shareholders.

The Company is listed on NASDAQ OMX Stockholm First North (ticker symbol "RUSF").

RusForest AB's Certified Adviser on First North is Pareto Öhman AB.



Magistralny log yard

Operations

RusForest Operational Data

Three months ended March 31, 2013 by location from West to East

	Unit	Arkhangelsk	Boguchany	Magistralny	Consolidated Q1 2013	Consolidated Q1 2012	% Q1'13 vs Q1'12
RusForest ownership interest		94.6% in LDK-3	100%	100%			
Forest leases, excluding Ust-Ilimsk							
Annual Allowable Cut (AAC)	m3	958,800	748,400	958,700	2,665,900	2,688,500	(1%)
Forest area	Hectares	1,270,577	374,477	746,352	2,391,406	2,390,846	0%
Utilization of AAC	%	43%	76%	62%	54%	33%	
Production							
Sawlogs harvested	m3	56,772	84,999	104,205	245,976	145,937	69%
Sawlogs purchased	m3	9,843	-	-	9,843	56,704	(83%)
Sawnwood production	m3	28,542	23,627	18,243	70,412	47,991	47%
Sales volumes							
Sawlogs sold	m3	27,203	35,503	29,401	92,107	40,439	128%
Sawnwood sold	m3	19,093	19,361	15,052	53,506	25,894	107%
Woodchips sold	m3 solid	15,395	-	1,726	17,121	15,428	11%
Planed Products sold	m3	3,895	-	-	3,895	2,810	39%

Three months ended March 31, 2012 by location from West to East

	Unit	Arkhangelsk	Boguchany	Magistralny	Consolidated Q1 2012
RusForest ownership interest		94.6% in LDK-3	100%	100%	
Forest leases, excluding Ust-Ilimsk					
Annual Allowable Cut (AAC)	m3	981,400	748,400	958,700	2,688,500
Forest area	Hectares	1,270,018	374,477	746,352	2,390,846
Utilization of AAC	%	30%	56%	25%	33%
Production					
Sawlogs harvested	m3	40,478	62,769	42,690	145,937
Logs purchased	m3	39,753	16,951	-	56,704
Sawnwood production	m3	22,592	18,078	7,321	47,991
Sales volumes					
Sawlogs sold	m3	13,198	7,539	19,702	40,439
Sawnwood sold	m3	6,525	11,611	7,758	25,894
Woodchips sold	m3 solid	12,955	1,911	561	15,428
Planed Products sold	m3	2,810	-	-	2,810

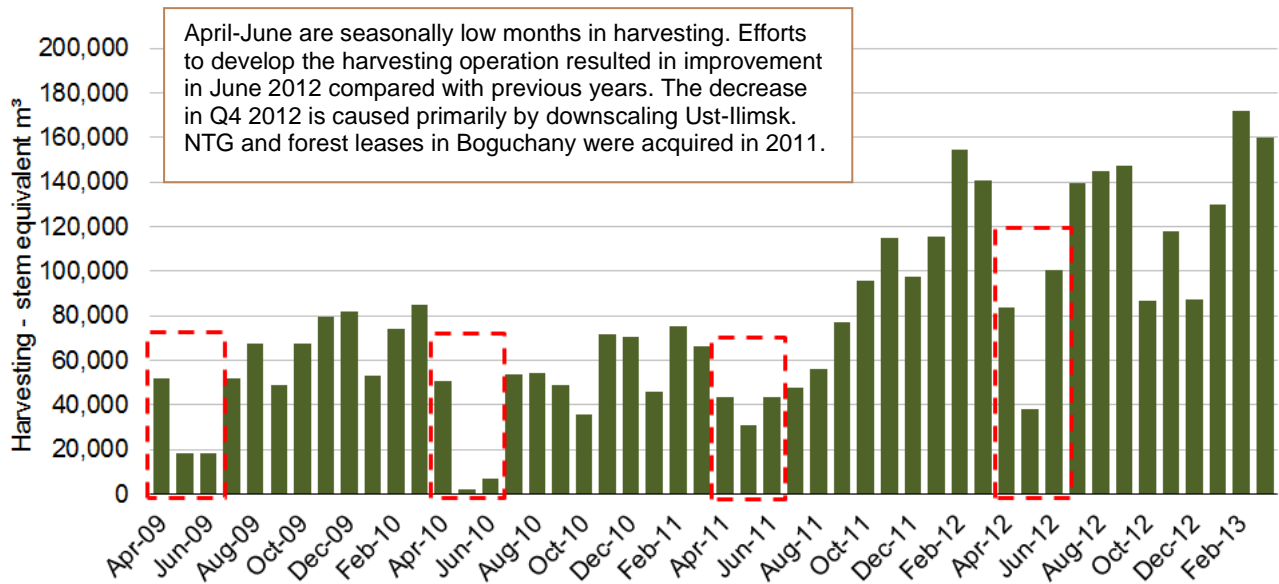
Group forest leases, including Ust-Ilimsk

	Unit	Arkhangelsk	Boguchany	Magistralny	Ust-Ilimsk	Total March 31, 2013	Total March 31, 2012
Annual Allowable Cut (AAC)	m3	958,800	748,400	958,700	942,560	3,608,460	3,631,060
Forest area	Hectares	1,270,577	374,477	746,352	565,444	2,956,850	2,956,290

Notes to the volume figures:

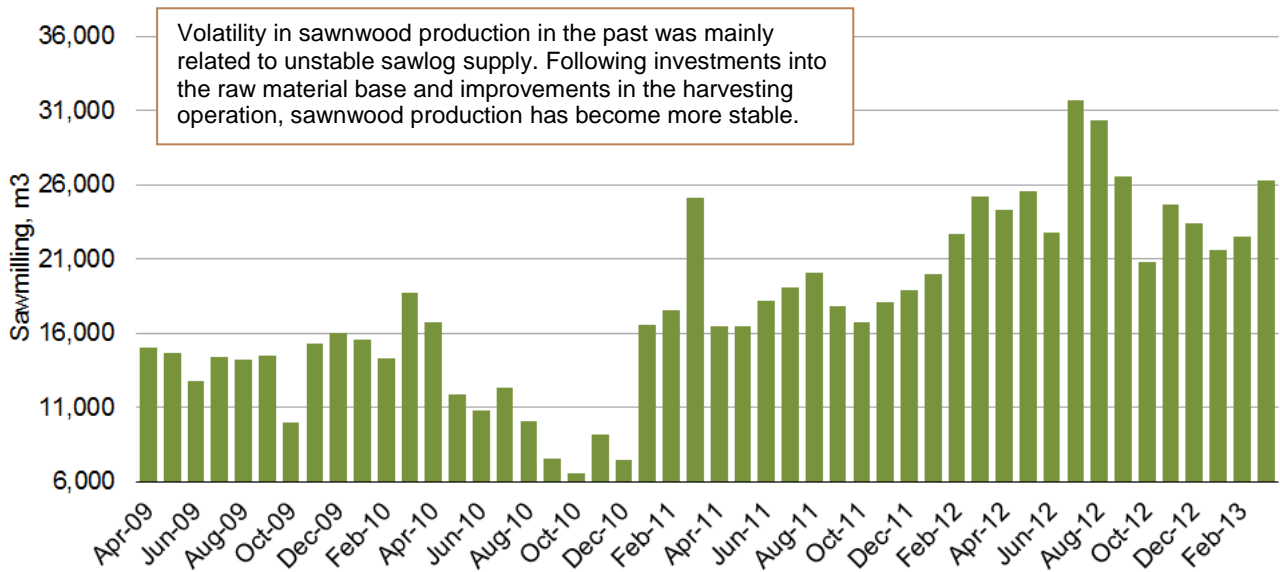
- The figures presented are given for reference purposes only. The grouping was made based on geography. Arkhangelsk includes Severny Les (harvesting operation), LDK-3 (sawmill, 94.6% owned) and Infa (planing mill). The Shenkursk sawmill in the Arkhangelsk region has been discontinued and is not included in the figures for 2013 and 2012. Boguchany includes RusForest Angara (harvesting operation), Boguchansky LPK (sawmill) and forest lease-holding companies. Ust-Ilimsk includes RusForest Ust-Ilimsk (harvesting operation), Tuba Les forest leases and other lease-holding companies. The Ust-Ilimsk sawmill has been sold and is not included in the figures for 2012 and 2013. Ust-Ilimsk harvesting results have been excluded as the strategy is being revised for harvesting operations in the region. Magistralny includes Lesprom (harvesting operation) and RusForest Magistralny (sawmill).
- There is a limited market for pulp logs inside Russia, and sales of pulplogs are not material for the Group. Therefore, pulp log production and sales volumes are not presented in the table. However, AAC utilization takes into account inevitable harvesting of pulpwood as Russian law does not allow selective harvesting and requires so called "clear cutting".
- AAC utilization was calculated as quarterly harvesting, including pulp logs, divided by 1/4 of AAC instead of annualizing quarterly harvesting. The 2012 AAC figures have been restated to reflect this change.

RusForest Group Harvesting Dynamics



Note: the volumes above include Ust-Ilimsk outsourced harvesting volumes in Q1 2013 for comparability

RusForest Group Sawmilling Dynamics



Note: Shenskursk sawmill was idle in Q1 2013

Operational highlights, three months ended March 31, 2013

In Q1 2013, RusForest increased harvesting of sawlogs by 69% and sawnwood production by 47% compared with Q1 2012. Production in Q1 2013 showed improvement from the comparable period due to the deployment of new harvesting groups and the finalization of sawmill construction.

In March 2013, Anton Bogdanov joined RusForest as COO. The first operational improvement measures taken were 1) the replacement of local harvesting and sawmilling CEOs in an effort to increase capacity utilization and reduce per unit costs; and 2) the redirection of Siberian sawnwood sales towards the Japanese market.

Regional Update

Northwest Russia:

Arkhangelsk

The financial situation of the pulp mills in northwest Russia continues to deteriorate. Management is actively looking for a solution to address the reduction in residual revenues, including a wood pellet operation to monetize sawmill by-products. In Q1 2013, Arkhangelsk management avoided build-up of stock similar to last year by shipping sawnwood to China in containers.

Shenkursk

The Shenkursk sawmill was idle in Q1 2013 due to a lack of sawlogs and was sold to a local independent regional log supplier in Q2 2013.

Eastern Siberia:

Boguchany

The Boguchany harvesting operation improved production year over year as a result of development efforts. While the sawmill in Boguchany processed good quality sawlogs, increased volumes of lower quality sawlogs were sold to Chinese customers at the Karabula railway station.

Ust-Ilimsk

In Q1 2013, RusForest signed an agreement to sell the Ust-Ilimsk sawmilling equipment and property, while actual transfer of ownership for certain property items will happen in Q2 and Q3 2013 following registration with the authorities. In addition, in Q2 2013, RusForest signed an agreement to sell the forestry leases in the Tuba area totaling 55,309 hectares with 110,000 m³ of AAC. The forestry leases have been extensively harvested. The harvesting operations were stopped in Ust-Ilimsk mid-February, and management is exploring strategic alternatives for the harvesting operations and the forest leases in Ust-Ilimsk with 832,560 m³ of remaining AAC.

Magistralny

In Q1 2013, RusForest began to sell small volumes of sawnwood from Magistralny to Japan at prices more than 30% higher than the Company's previous sales to the Middle East and North Africa.

Financial performance

EBITDA development

	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
	SEKth	SEKth	SEKth	SEKth	SEKth	USDm	USDm	USDm	USDm	USDm
IFRS results										
Revenue (gross, at ports)	156,852	152,948	154,568	161,654	117,623	22.4	21.8	22.1	23.1	16.8
Operating profit/(loss)	(57,139)	(463,590)	(70,455)	(140,038)	(106,834)	(8.2)	(66.2)	(10.1)	(20.0)	(15.3)
add back depreciation and amortization non-cash expense	31,719	37,302	38,019	45,467	37,571	4.5	5.3	5.4	6.5	5.4
add back impairment of investment into Filial #2	-	-	-	2,349	-	-	-	-	0.3	-
add back impairment loss	-	341,862	-	-	-	-	48.8	-	-	-
EBITDA unadjusted	(25,420)	(84,426)	(32,436)	(92,222)	(69,263)	(3.6)	(12.1)	(4.6)	(13.2)	(9.9)
a. Write-off of loan receivable to TransNafta	-	-	-	7,458	-	-	-	-	1.1	-
b. Doubtful receivables	1,943	23,545	2,042	5,846	5,244	0.3	3.4	0.3	0.8	0.7
c. Slow-moving and obsolete non-wood materials	-	-	-	5,873	-	-	-	-	0.8	-
d. Tax, other claims and fee of bankruptcy manager (Tuba)	-	-	-	3,005	-	-	-	-	0.4	-
e. Stock adjustments in Arkhangelsk Q1, Q4	-	7,310	-	-	4,759	-	1.0	-	-	0.7
f. Unused vacation accrual Q1	-	-	-	-	13,102	-	-	-	-	1.9
g. Ust-Ilimsk restructuring Q1	-	-	-	-	1,711	-	-	-	-	0.2
h. (income) leasing payable correction NTG	-	-	-	(4,669)	-	-	-	-	(0.7)	-
i. (income) compensation of overpaid leases	-	-	-	(1,920)	(5,831)	-	-	-	(0.2)	(0.8)
j. Other items	(1,915)	2,240	884	3,069	(429)	(0.3)	0.3	0.1	0.3	(0.1)
Non-recurring items	27	33,095	2,925	18,662	18,556	0.0	4.7	0.4	2.6	2.7
EBITDA adjusted	(25,393)	(51,331)	(29,511)	(73,560)	(50,707)	(3.6)	(7.3)	(4.2)	(10.5)	(7.2)
Arkhangelsk	329	(7,056)	2,711	(7,705)	(6,832)	0.0	(1.0)	0.4	(1.1)	(1.0)
Boguchany	(10,342)	(12,549)	(4,660)	(22,965)	(12,327)	(1.5)	(1.8)	(0.7)	(3.3)	(1.8)
Ust-Ilimsk	1,059	(6,249)	(4,787)	(7,016)	(7,151)	0.2	(0.9)	(0.7)	(1.0)	(1.0)
Magistralny	(3,219)	(5,844)	(4,333)	(15,689)	(5,628)	(0.5)	(0.8)	(0.6)	(2.2)	(0.8)
Shenkursk*	-	-	(3,650)	(2,596)	(2,023)	-	-	(0.5)	(0.4)	(0.3)
Pellets*	-	-	(781)	(2,549)	(2,036)	-	-	(0.1)	(0.4)	(0.3)
Unallocated	(13,220)	(19,633)	(14,011)	(15,041)	(14,711)	(1.9)	(2.8)	(2.0)	(2.1)	(2.1)
EBITDA adjusted, by segments*	(25,393)	(51,331)	(29,511)	(73,560)	(50,707)	(3.6)	(7.3)	(4.2)	(10.5)	(7.2)

* Refer to segments description in the notes to the financial statements. Shenkursk sawmill and pellets operations were classified as discontinued in Q4 2012. The results in the financial statements for Q1 2012 have been adjusted retrospectively to reflect discontinued operations while in the table above the results of discontinued operations have been included for reference.

In Q1 2013, the Group had a lower EBITDA loss than in 2012 mainly due to the restructuring of Ust-Ilimsk and normal shipments in Arkhangelsk.

The strategic shift initiated with the new COO and new strategic shareholder, Nova Capital, is characterized by a focus on cash flow and profitability instead of absolute volumes. The results of this shift are, however, not expected to be reflected in the financials in the near-term due to the seasonal slowdown in forestry in Q2 and Q3.

Profit and loss statement

Revenue

Group revenue increased by 43% in Q1 2013 compared with Q1 2012. This is in line with the increase in the main component of revenue being sawnwood sales. Arkhangelsk LDK-3 shipped 19,093 m³ of sawnwood in Q1 2013 compared with 6,525 m³ in Q1 last year which caused nominal reduction in price for sawnwood due to sales on FOB terms at the sawmill as opposed to the Siberian sawmills that sell FCA Russian border. Log sales increased dramatically. This was primarily due to sales of low grade logs to Chinese customers at the nearby railway station in Boguchany and also caused reduction in the average price. Pulpwood and woodchips sales volumes fell significantly primarily as a result of downscaling in Ust-Ilimsk.

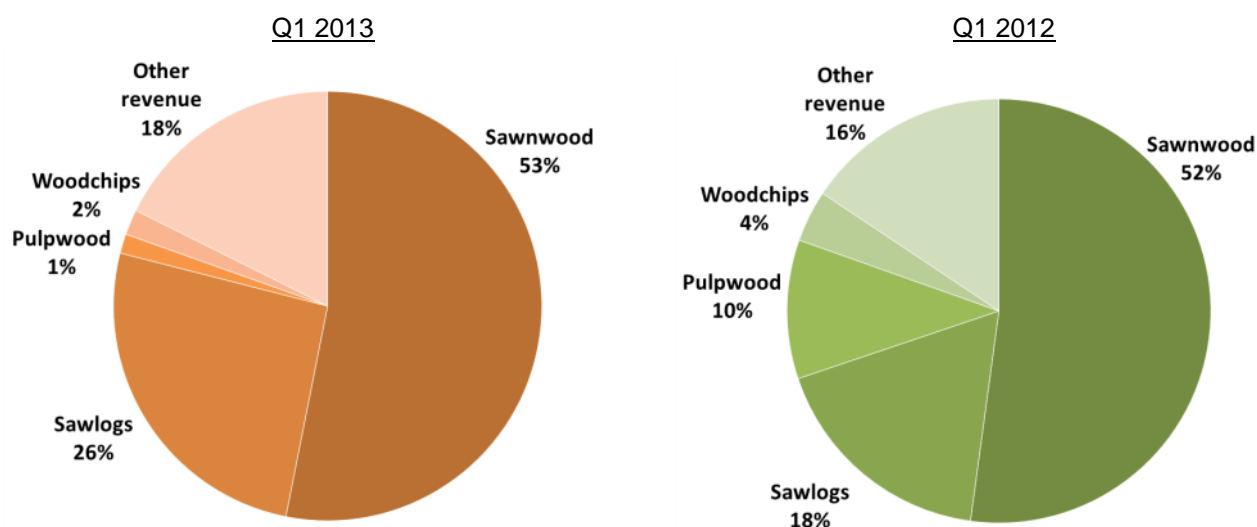
Revenue breakdown, three months ended March 31, 2013

	Sales volume (m3)	Average price (SEK)	Q1 2013 (SEKm)	Q1 2012 SEKm	Change
Sawnwood	59,686	1,396	83.3	57.2	46%
Sawlogs	127,480	318	40.5	19.4	109%
Pulpwood	23,622	97	2.3	11.6	(80%)
Woodchips	17,121	175	3.0	4.3	(30%)
Other revenue (incl.planed wood)		-	27.7	17.2	61%
Total revenue			156.9	109.8	43%

Note: the volumes included Ust-Ilimsk sales volumes

Revenue breakdown, three months ended March 31, 2012

	Sales volume (m3)	Average price (SEK)	Q1 2013 (SEKm)
Sawnwood	40,218	1,423	57.2
Sawlogs	50,894	381	19.4
Pulpwood	62,638	186	11.6
Woodchips	30,000	144	4.3
Other revenue (incl.planed wood)		-	17.2
Total revenue			109.8

RusForest Revenue Breakdown*Operating and Other Expenses*

RusForest's cost of sales for Q1 2013 was SEK 151.4 million (Q1 2012: SEK 149.1 million) - see Note 1 to the financial statements. The Group's gross margin improved from negative SEK 39.3 million in Q1 2012 to positive SEK 5.4 million in Q1 2013 mainly due to restructuring of non-core assets, normal shipments in Arkhangelsk and stable production in Magistralny. It should be noted that normalization of shipments from Arkhangelsk does not cause an increase in distribution expenses due to FOB sawmill shipment terms.

Expenses for purchases of sawnwood in the amount of SEK 8.7 million represented sawnwood purchased from the Ust-Ilimsk sawmill (leased out to a third party) and resold with a commission by RusForest Trading

House. Following the sale of Ust-Ilimsk sawmill, RusForest is no longer involved in sales of sawnwood from Ust-Ilimsk.

Refer also to EBITDA development discussion. Q1 2012 was affected by certain non-recurring items for the total amount of SEK 19 million that were not present in Q1 2013.

Financial Income and Expenses

Financing cost of SEK 15.9 million comprised interest on bonds issued in May 2011, financial leases and bank loans. The cost was lower than in Q1 2012 due to the bond restructuring in Q1 2013 (refer to the Prospectus of February 2013 published on the Company's website). There was no large foreign exchange gain or loss in Q1 2013 due to relatively small fluctuations of the currencies affecting RusForest.

Income Tax

The Group generated deferred income tax credit on tax losses to be carried forward. The related gain was offset by a provision to bring deferred tax assets in line with deferred tax liabilities.

Net Result

The Group's net income for Q1 2013 was SEK 188.1 million (Q1 2012: loss of SEK 115.7 million). Adjusted for the gain from the bond restructuring in the current quarter, the Group incurred a net loss of SEK 81.7 million (Q1 2012: SEK 115.7 million).

Balance sheet and Cash Flow

In Q1 2013, RusForest closed the restructuring transaction - please refer to the significant events section of this report and the Prospectus of February 2013. This had the following impact on the balance sheet:

- The shareholders contributed SEK 186.5 million in cash before the issue costs of SEK 22.1 million. The cash balance of RusForest increased to SEK 174.0 million as of March 31, 2013;
- Approximately 50% of the bond payable as of December 31, 2012, was set-off as payment for newly issued shares, the remaining 50% was recognized as a gain from the bond restructuring in the income statement; RusForest accrued interest on the bond up to January 25, 2013;
- These steps all together strengthened RusForest's share capital by approximately SEK 450 million before the issue costs.

In general, RusForest decreased its financial leverage. The debt-to-equity ratio equaled 18% as of March 31, 2013.

The loans receivable balance of SEK 4.9 million as of March 31, 2013, represented short-term promissory notes pledged for the Sberbank loan signed in Q1 2012 to complete construction in Boguchany.

Interest bearing obligations included the liabilities under finance lease contracts and local bank borrowings. Loans payable to related parties represented a short-term USD 5 million loan from Vostok Komi (Cyprus) Ltd.

In Q1 2013, RusForest received SEK 11.1 million and SEK 1.1 million as prepayments for Ust-Ilimsk sawmilling assets and Tuba forestry lease, respectively. The Tuba forest lease is reassigned via sale of the lease holding company and therefore was presented as sale of a subsidiary in the cash flow statement.

Market Outlook

Middle East and Northern Africa

The political situation in the Middle East and North Africa is still unstable. Current year shipments are below the levels of the previous year by 15-20% (from Russian and Scandinavian suppliers). It is expected that these markets will remain unstable and less reliable through the remainder of 2013 and 2014. RusForest will continue to decrease lumber sales to these markets, while watching for opportunities to sell volumes of lower quality and lower priced lumber as and when opportunities arise.

North America

During the past year, the most positive global market developments have occurred in the US sawnwood market.

About 70% of demand for sawnwood in the US is created by the new housing and renovation sectors. The US housing market is continuing to improve, with higher house prices, low mortgage interest rates, lower unsold home inventories and reduced sales of foreclosed homes (increasingly turned into rental properties). These developments have resulted in an increased number of housing starts and higher demand for sawnwood. Housing starts in March 2013 reached 1,036,000. This marks the first time US housing starts have been higher than 1 million in a single month, on a seasonally adjusted basis, since 2008.

Moreover, signs of a housing recovery can be seen in increasing building permits – a clear indicator of future construction. Privately-owned housing units authorized by building permits in April 2013 were at a seasonally adjusted rate of 1,017,000, US Census Bureau reports. This is 14.3% higher than March 2013 (890,000) and 35.8% higher than April 2012 (749,000).

The remodeling market is also showing growing signs of life, although the outlook is brighter into the second half of 2013 and in years following. The NAHB's Remodeling Market Index is above 50 for the first time since 2005, meaning that more remodelers expect business to be higher or better in the future than lower.

US sawnwood price developments during early 2013 have been quite remarkable with prices increasing by over 60% from late 2011 to March 2013. This development has drawn the attention of sawmills far away from the North American continent. With substantially higher prices and a predicted increase in the demand for sawnwood in 2013, many foreign companies hope to be able to increase shipments of sawnwood to the US shores in 2013.

Financial reporting of the largest forest companies in North America for Q1 2013 also inspires optimism. Net earnings and EBITDA are much better than one year ago, and 2013 is expected to be the best financial year since the economic recession started in 2008.

Canadian sawnwood deliveries to the US in Q1 2013 reached its highest level since 2008. Monthly deliveries in April 2013 were also the highest since 2008.

A major lumber price correction in May 2013 has reduced North American lumber prices by about 20% from the peak levels reached in mid-April 2013. The sudden price correction has been mainly due to a significant increase in US lumber production and Canadian lumber shipments to the US in the first quarter of 2013. As a result, an oversupply of lumber in the North American supply chain has pushed down lumber prices for the first time since late 2011. Many sawmills in the US and Canada that had been curtailed or closed in 2008 and 2009 started-up in the last six months due to continuously rising lumber prices during the last year. It is expected that demand will continue to improve and that the temporary over-supply situation will be absorbed by the end of the second quarter. However, lower North American lumber prices in the next few months will likely temper the importation of off-shore lumber in the short-term.

China

The Chinese market seems to be getting better. Data on Chinese imports for Q1 2013 confirm the positive outlook for the whole of 2013. Roundwood imports for Q1 2013 were up 6% compared to Q1 2012.

The sawnwood market appears to be well balanced for now. It is expected that demand will continue to increase slowly in Q3-Q4 2013. The rapid increase in the price of imported sawnwood from North America in Q1 2013 (up 40% from Q1 2012) caused Chinese lumber importers to look for lower-priced softwood lumber supply sources, such as Russia, Europe, and New Zealand. As a result, softwood lumber prices for Russian and European exports to China have increased by 10% to 15% in the last 4 or 5 months.

Concerns about a possible substantial reduction in the new housing sector appear to be overstated. The Chinese government is expected to announce new changes to housing policy to support construction of new houses but attempt to control the rate of price increases.

Japan

The current situation in the Japanese sawnwood market is characterized by growing demand and rising prices.

With an upward price trend during the last two quarters, wholesalers have secured goods for the moment and are watching the situation in the North American market. Demand for imports of softwood sawnwood is expected to be stable to slightly stronger than in 2012.

Due to a 20% weakening of the Japanese Yen during the last six months, lumber prices in Japan, on a Yen basis, have increased substantially. At the same time, North American SPF dimension lumber prices have increased by about 35% on a US-dollar basis in the last six months. The rapid rise in the price of North American SPF J-grade dimension lumber in Yen basis in Japan has encouraged Japanese importers to buy more spruce J-grade dimension and traditional lumber sizes from Europe. Japan has been looking to increase imports of red pine lumber from the Russian Far East but has been unsuccessful in finding additional supply. USD prices for spruce and red pine traditional lumber items from Eastern Russia have increased slightly during the past year.

A major factor influencing housing starts in Japan is the upcoming increase of the value-added tax (VAT) or consumption tax that will rise from the current 5% to 8% in April 2014, and then to 10% in October 2015. For this reason, housing starts are forecast to rise in the short-term. Therefore, it is expected there will be increased demand for sawnwood in 2013.

A governmental program to increase market share of domestic sawnwood does not appear to be having a significant impact on the market. The share of imported sawnwood will remain high due to inefficient and high-cost Japanese sawmills and logging practices.

Log supplies

Today, one of the main challenges facing sawmillers in some regions of the world is an emerging shortage of sawlogs. Log supplies from private lands in most of Europe remain tight, and log prices have stayed at historically high levels despite a weak European lumber market. Log supply shortage issues in Canada include the mountain pine beetle epidemic in B.C. and annual allowable harvest reductions in Quebec and Ontario. A major decrease in Russian log exports during the last five years continues to put log supply pressure on Russia's former major log customers; China, Northern Europe and Japan.

As global lumber markets continue to recover from the 2008/2009 economic recession, access to suitable and well-priced (on delivered log basis) softwood saw logs will become a growing issue for many major global lumber production regions.

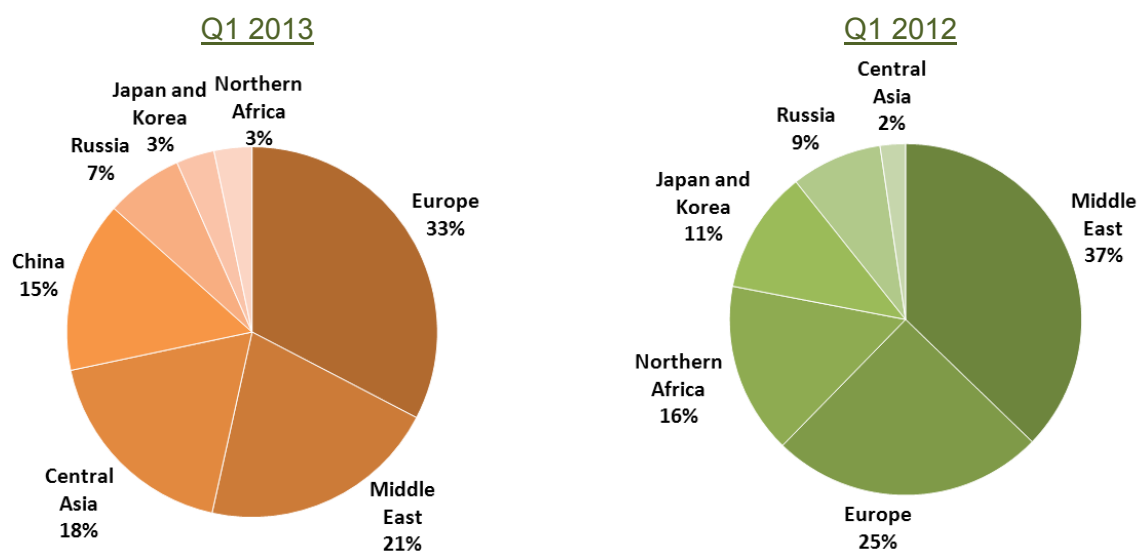
RusForest's market activity

RusForest is actively working to change the company's customer base – away from low-priced commodity markets in North Africa and the Middle East and towards higher priced, specialty product markets in Europe, China, Central Asia and Japan. This is a gradual change process and improvements will take place over time. RusForest started this change process in Q1 2013.

In Q2 2013, RusForest will further integrate its Siberian lumber sales with the existing Nova Capital sales organization and by doing so, benefit from Nova's existing experience and reputation in the Japanese market in order to obtain higher price realizations for RusForest red pine lumber production. In order to enable the required changes to Boguchany and Magistralny lumber production, grading and shipping processes; RusForest has strengthened mill quality control, sales and shipping departments.

The following pie charts show the dramatic change in RusForest's lumber markets during the last year. North Africa and the Middle East have become much smaller markets, while China, Europe and Central Asia have become much larger. In 2013, we expect to see significant growth in the Japanese market, due to product changes underway at the Boguchany and Magistralny mills and continued reduction in the Middle East market. These market changes are key steps in significantly increasing the company's FOB millgate average lumber selling price.

RusForest Sawnwood Sales by Geography (based on volumes)



Source: RusForest Trading, LDK-3

The Share

ISIN: SE0001732728

Short name on NASDAQ OMX First North: RUSF

Number of shares at March 31, 2013: 13,203,388,040 (prior to reverse share split in April 2013)

Number of shares at May 31, 2013: 132,033,881

The RusForest AB share is listed on NASDAQ OMX First North Stockholm. At the close of the period, the share price was SEK 0.04. In April 2013, RusForest undertook a reverse share split where one hundred (100) shares were consolidated into one (1). As of May 30, 2013, the share price was SEK 2.50, and the Company's market capitalization was approximately SEK 330 million. The Company's certified adviser on First North is Pareto Öhman AB, which also acts as a market maker in the RusForest share.

On May 24, 2013, at a special meeting, the shareholders of Vostok Nafta Investment Ltd. (the holder of 7.5% of the RusForest shares at April 12, 2013) approved to distribute substantially all of Vostok Nafta's shares in RusForest to the holders of Swedish Depository Receipts ("SDRs") of Vostok Nafta Investment Ltd. through a share split in combination with a mandatory redemption procedure in June 2013.

More details about RusForest can be found in the Company's Annual Report 2012, Prospectus of February 2013 and on the Company's website at www.rusforest.com.

Major Shareholders at April 12, 2013 adjusted for the reverse share split

Shareholder	Number of shares	Percentage
Nova Capital	33,500,000	25.4%
JP Morgan Clearing Corp.	11,153,112	8.4%
Euroclear Bank S.A.	10,482,044	7.9%
Vostok Nafta	9,857,824	7.5%
Carnegie Strategifond	5,670,625	4.3%
Avanza Pension	4,704,405	3.6%
Others	56,665,873	42.9%
Total	132,033,881	100.0%

Source: Euroclear

Trading data, March 2012 – March 2013 (actual, not adjusted for the reverse share split)



Source: NASDAQ OMX Stockholm First North

Accounting policies

The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and related parts of the Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with the Annual Accounts Act chapter 9 except that it has not been prepared in the Swedish language. The Group and Parent Company have applied the same accounting and valuation principles as in the most recent Annual Report.

Qualitative and Quantitative Disclosures and Market Risks

The Group's risk factors are described in detail in the prospectus published in February 2013 and the Annual Report 2012 published in April 2013. It should be noted that since RusForest was insolvent at the time of the recent bond restructuring, the gain recognized in respect of the bond restructuring has been considered tax-exempt, and prior years' losses carried forward in the parent company of SEK 70.7 million have consequently been lost. As the case law regarding when a company is considered to be insolvent is not fully clear, there is a remote risk that this may be interpreted differently by tax authorities.

Condensed Consolidated Income Statement

In thousands of SEK	Q1 2013	Q1 2012	12M 2012
Continuing operations			
Revenue	156,852	109,773	564,328
Cost of sales	(151,427)	(149,114)	(682,759)
Gross profit/(loss)	5,425	(39,341)	(118,431)
Other income	4,094	12,057	23,831
Distribution expenses	(30,727)	(31,901)	(120,025)
Administrative expenditure	(31,798)	(35,654)	(142,155)
Other expenses	(4,133)	(7,336)	(55,223)
Impairment loss	-	-	(341,862)
Impairment of investments in associates	-	-	(2,349)
Operating profit/(loss)	(57,139)	(102,175)	(756,214)
Financing income	2,381	6,349	1,277
Gain from bond restructuring	269,772	-	-
Financing cost	(15,881)	(24,479)	(101,414)
Net financing income/(cost)	256,272	(18,130)	(100,137)
Profit/(loss) before tax from continuing operations	199,133	(120,305)	(856,351)
Income tax	(762)	13,769	37,386
Profit/(loss) from continuing operations	198,371	(106,536)	(818,965)
Discontinued operations			
Loss after tax from discontinued operations	(10,256)	(9,126)	(267,163)
Profit/(loss) for the period	188,115	(115,662)	(1,086,128)
Attributable to:			
Equity holders of the parent	188,216	(114,819)	(1,083,148)
Non-controlling interests	(101)	(843)	(2,980)
Profit/(loss) for the period	188,115	(115,662)	(1,086,128)

Per Share Data

Per Share Data	Q1 2013	Q1 2012	12M 2012
SEK	31/03	31/03	31/12
Earnings	4.14	(102.34)	(253.48)
Shareholders' Equity	7.65	929.57	74.37
Number of Shares			
Beginning of period	5,609,540	1,121,908	1,121,908
End of Period	132,033,880	1,121,908	5,609,540
Average number of shares	45,507,486	1,121,908	4,273,060

Earnings per share were calculated as net profit/loss after tax divided by the average number of shares during the period adjusted for the results of the reverse share split of April 22, 2013.

Condensed Consolidated Statement of Comprehensive Income

In thousands of SEK	Q1 2013	Q1 2012	12M 2012
Profit/(loss) for the period	188,115	(115,662)	(1,086,128)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation difference	(19,515)	92,230	1,446
Other comprehensive income/(loss) for the period, net of tax	(19,515)	92,230	1,446
Total comprehensive income/(loss) for the period, net of tax	168,600	(23,432)	(1,084,682)
Attributable to:			
Equity holders of the parent	168,722	(22,221)	(1,081,773)
Non-controlling interests	(122)	(1,211)	(2,909)
Total comprehensive income/(loss) for the period, net of tax	168,600	(23,432)	(1,084,682)

The fluctuations of SEK to the Company's main currencies are presented below. RUB depreciated slightly against SEK which caused a translation loss in Q1 2013.

	EUR	USD	RUB
December 31, 2011	8.92	6.89	0.21
March 31, 2012	8.84	6.63	0.23
June 30, 2012	8.76	7.04	0.21
September 30, 2012	8.44	6.56	0.21
December 31, 2012	8.61	6.50	0.21
March 31, 2013	8.36	6.52	0.21

source: www.oanda.com

Condensed Consolidated Statement of Financial Position

In thousands of SEK	Mar 31, 2013	Dec 31, 2012
Assets		
Non-current assets		
Property Plant and equipment	692,559	740,856
Forest lease rights	235,636	243,266
Intangible assets	24,452	25,033
Deferred tax asset	6,785	11,131
Total non-current assets	959,432	1,020,286
Current assets		
Inventory	120,922	117,720
VAT refundable	38,934	45,820
Trade and other receivables	75,973	45,481
Current tax assets	102	117
Loans receivable	4,918	5,024
Cash and cash equivalents	174,011	16,388
Total current assets	414,860	230,550
Assets classified as held for sale	82,146	89,115
Total assets	1,456,438	1,339,951
EQUITY		
Equity and reserves		
Share capital	132,034	479,038
Other capital	2,373,934	1,602,296
Translation reserve	(82,270)	(62,776)
Accumulated loss	(1,601,380)	(518,232)
Profit/(loss) for the period	188,216	(1,083,148)
Total equity attributable to Shareholders of the Group	1,010,534	417,178
Non-controlling interest	1,006	1,128
Total Equity	1,011,540	418,306
Liabilities		
Non-current liabilities		
Interest-bearing loans and borrowings	75,981	576,772
Deferred tax liability	6,904	11,556
Total non-current liabilities	82,885	588,328
Current liabilities		
Interest bearing loans and borrowings	80,422	110,061
Loans payable to related companies	34,524	33,201
Trade and other payables	211,278	157,102
Current tax liabilities	1,930	1,803
Provisions	199	1,214
Total current liabilities	328,353	303,381
Liabilities directly associated with the assets classified as held for sale	33,660	29,936
Total liabilities	444,898	921,645
Total equity and liabilities	1,456,438	1,339,951

Condensed Consolidated Statement of Cash Flows

In thousands of SEK	Q1 2013	Q1 2012	12M 2012
Profit/(loss) for the year	188,115	(115,662)	(1,086,128)
Adjustment for non-cash items	(211,303)	56,096	878,546
Paid income tax	(133)	(29)	(180)
Cash flow from operating activities before changes in working capital	(23,321)	(59,595)	(207,762)
Cash flow changes in working capital	2,214	9,278	14,674
Cash flow from discontinued operations	109	(1,812)	(13,910)
Cash flow from operating activities	(20,998)	(52,129)	(206,998)
Investment in equipment	(1,403)	(22,813)	(87,980)
Prepayments for sales of equipment	11,144	400	6,364
VAT refund on capital investments	-	3,203	11,041
Payment for purchase of subsidiaries	-	(2,098)	(3,414)
Prepayments for sale of subsidiaries	1,148	-	-
Interest received	1	-	869
Cash flow from discontinued operations	(50)	(1,340)	(5,240)
Cash flow from investing activities	10,840	(22,648)	(78,360)
New share issues	186,727	-	319,272
New share issues (transaction cost)	(1,497)	-	(15,553)
Increase/(decrease) in loans payable	(17,792)	68,663	(21,107)
Cash flow from discontinued operations	(297)	(2,392)	(4,827)
Cash flow from financing activities	167,141	66,271	277,785
Cash flow during the period	156,983	(8,506)	(7,573)
including continuing operations	157,221	(2,962)	16,404
including discontinued operations	(238)	(5,544)	(23,977)
Cash and cash equivalents, beginning of period	16,825	24,209	24,209
including continuing operations	16,388	23,571	23,571
including discontinued operations	437	638	638
Exchange-rate differences on cash balance	389	1,120	189
Cash and cash equivalents, period end	174,197	16,823	16,825
including continuing operations	174,011	13,166	16,388
including discontinued operations	186	3,657	437

In thousands of SEK	Q1 2013	Q1 2012	12M 2012
Adjustment for non-cash items			
Depreciation of property, plant and equipment	28,012	28,739	125,107
Amortization of intangible assets	3,707	6,968	28,699
Income tax	762	(13,769)	(37,386)
Finance income	(2,381)	(6,349)	(1,277)
Income from bond restructuring	(269,772)	-	-
Finance expense	15,881	24,479	101,414
Net loss on disposal of property, plant and equipment	(1,679)	1,014	8,059
Bad debts	4,060	5,064	43,154
Other comprehensive loss from assets held for sale	10,256	9,126	267,163
Impairment loss	-	-	341,862
Impairment of investments in associates	-	-	2,349
Other non-cash items	(149)	823	(598)
Total	(211,303)	56,096	878,546

Condensed Consolidated Statement of Changes in Equity

Jan 1, 2013 - Mar 31, 2013

Attributable to the equity holders of the parents

In thousands of SEK	Share capital	Share premium	Translation reserve	Retained earnings	Non-controlling interest	Total
Opening shareholders' equity	479,038	1,602,296	(62,776)	(1,601,380)	1,128	418,306
Profit/(loss) for the period	-	-	-	188,216	(101)	188,115
Other comprehensive income/(loss)	-	-	(19,494)	-	(21)	(19,515)
Total comprehensive income/(loss)	-	-	(19,494)	188,216	(122)	168,600
Decrease in share capital	(474,248)	474,248	-	-	-	-
Costs related to the rights issue	-	(22,098)	-	-	-	(22,098)
New shares issue	127,243	319,488	-	-	-	446,731
Shareholders' equity at end of period	132,034	2,373,934	(82,270)	(1,413,164)	1,006	1,011,540

Jan 1, 2012 - Mar 31, 2012

Attributable to the equity holders of the parents

In thousands of SEK	Share capital	Share premium	Translation reserve	Retained earnings	Non-controlling interest	Total
Opening shareholders' equity	958,077	686,598	(64,151)	(518,232)	4,037	1,066,329
Loss for the period	-	-	-	(114,451)	(1,211)	(115,662)
Other comprehensive income/(loss)	-	-	92,230	-	-	92,230
Total comprehensive income/(loss)	-	-	92,230	(114,451)	(1,211)	(23,432)
Decrease in share capital	(862,269)	862,269	-	-	-	-
Shareholders' equity at end of period	95,808	1,548,867	28,079	(632,683)	2,826	1,042,897

Parent Company Income Statement

In thousands of SEK	Q1 2013	Q1 2012
Other income	510	
Administrative expenditure	(6,663)	(4,485)
Operating profit/(loss)	(6,153)	(4,485)
Exchange gain/loss	(13,483)	6,509
Financing income	13,165	7,119
Income on bond restructuring	269,772	-
Financing cost	(4,738)	(19,083)
Loss on disposal of investments	(435,624)	(1,568,193)
Net financing income/(cost)	(170,908)	(1,573,648)
<i>Income tax</i>	-	-
Profit/(loss) for the period	(177,061)	(1,578,133)

Parent Company Balance Sheet

In thousands of SEK	Mar 31, 2013	Dec 31, 2012
Assets		
Non-current assets		
Investments in subsidiaries	48,761	485,909
Loans receivable from subsidiaries	533,667	511,895
Total non-current assets	582,428	997,804
Current assets		
VAT refundable	400	446
Trade and other receivable	17,903	15,704
Current tax assets	18	6
Cash and cash equivalents	163,088	4,802
Total current assets	181,409	20,958
Total assets	763,837	1,018,762
EQUITY		
Equity and reserves		
Share capital	132,034	479,038
Other capital	1,037,416	740,027
Retained earnings	(469,496)	(766,683)
Total equity	699,954	452,382
Liabilities		
Non-current liabilities		
Interest-bearing loans and borrowings	3,745	498,675
Total-non current liabilities	3,745	498,675
Current liabilities		
Interest-bearing loans and borrowings	-	31,360
Loans payable to related companies	34,177	33,201
Trade and other payables	25,961	2,374
Provisions	-	770
Total current liabilities	60,138	67,705
Total equity and liabilities	763,837	1,018,762

Refer to Balance sheet analysis for the discussion of the restructuring transaction of Q1 2013.

In January 2013, RusForest AB (publ) sold its investments into Clonri Holdings Ltd and Amalage Ltd to RusForest Holding AB, a wholly owned subsidiary of RusForest AB. The transaction resulted in a loss in the parent company books of SEK 435.6 million. At the extraordinary shareholder meeting on February 1, 2013, it

was decided that the share capital of the parent company, in the amount of SEK 474.2 million, should be reduced to cover the accumulated losses.

Notes to the Financial Statements

Note 1. Cost of sales

In thousands of SEK	Q1 2013	Q1 2012
Personnel costs	35,173	40,293
Purchased sawlogs	7,045	11,525
Purchased sawnwood	8,650	1,325
Purchased woodchips	-	607
Depreciation of property, plant and equipment	24,752	25,645
Amortization of intangible assets	3,695	6,922
Materials	3,707	4,115
Energy and fuel	20,239	21,170
Repairs and maintenance	10,420	6,168
Harvesting services	14,269	10,894
Forest lease	7,976	7,374
Road maintenance	3,928	3,845
Other	11,573	9,231
Total	151,427	149,114

Note 1.2. Road maintenance

In thousands of SEK	Q1 2013	Q1 2012
Personnel costs	1,353	901
Depreciation of property, plant and equipment	588	799
Energy and fuel	1,026	1,182
Materials	74	583
Other	887	380
Total	3,928	3,845

Note 2. Distribution expenses

In thousands of SEK	Q1 2013	Q1 2012
Personnel costs	6,023	6,433
Railway costs	14,777	16,779
Custom duty	133	110
Other	9,794	8,579
Total	30,727	31,901

Note 3. Administrative expenditure

In thousands of SEK	Q1 2013	Q1 2012
Personnel costs	20,707	20,568
Audit	514	924
Property tax	2,343	2,316
Consulting fees	1,728	3,718
Other	6,506	8,127
Total	31,798	35,654

Note 4. Segment information

The Group's Parent Company has a head office in Stockholm, Sweden. All of the Group's operating companies are located in the Russian Federation. RusForest Management LLC is located in Moscow.

Starting from Q1 2013, it has been decided to monitor and present performance of the operations based on geographical division of production units among Arkhangelsk, Boguchany, Ust-Ilimsk and Magistralny. The financial results of the management company, the trading house and the parent companies (RusForest AB, Varyag Capital Ltd, Varyag Finance GmbH and RusForest Bermuda) are not included in any of the operating segments and are presented as unallocated. Previously, RusForest divided operations into harvesting and sawmilling.

The Gravel segment is classified as discontinued operations. In Q3 2012, planing mills in Arkhangelsk (ALK) and Ust-Ilimsk (UIZSI) were classified as discontinued operations. In Q4 2012, Shenkursk sawmill and the pellets operations were re-classified as discontinued operations.

There are no material intersegment transactions and revenue.

Operational segments, results for three months ended March 31, 2013

In thousands of SEK	External revenue			Total	Profit/(loss) before tax
	Sawnwood	Sawlogs	Other		
Arkhangelsk	25,833	8,096	19,860	53,789	(15,202)
Boguchany	27,724	8,882	1,996	38,602	(28,241)
Ust-Ilimsk	8,826	10,191	9,712	28,729	3,749
Magistralny	20,948	13,376	1,408	35,732	(13,960)
Unallocated*	-	-	-	-	252,787
Total from continuing operations	83,331	40,545	32,976	156,852	199,133
Gravel	-	-	14,743	14,743	(2,412)
ALK	-	-	-	-	(493)
UI ZSI	-	-	1,672	1,672	(1,053)
Shenkursk	26	-	87	113	(1,076)
Pellets	-	-	607	607	(5,657)
Total from discontinued operations	26	-	17,109	17,135	(10,691)
Total	83,357	40,545	50,085	173,987	188,442

* includes gain from bond restructuring in the amount of SEK 269.8 million

Operational segments, results for three months ended March 31, 2012

In thousands of SEK	External revenue			Total	Profit/(loss) before tax
	Sawnwood	Sawlogs	Other		
Arkhangelsk	5,809	3,968	22,816	32,593	(39,582)
Boguchany	17,114	2,607	2,701	22,422	(20,809)
Ust-Ilimsk	21,679	4,017	6,842	32,538	(10,861)
Magistralny	12,645	8,824	751	22,220	(13,468)
Unallocated	-	-	-	-	(35,585)
Total from continuing operations	57,247	19,416	33,110	109,773	(120,305)
Gravel	-	-	15,947	15,947	(5,634)
ALK	-	-	2,552	2,552	(1,509)
UI ZSI	-	-	2,508	2,508	591
Shenkursk	2,598	-	8	2,606	(1,344)
Pellets	-	-	5,244	5,244	(2,435)
Total from discontinued operations	2,598	-	26,259	28,857	(10,331)
Total	59,845	19,416	59,369	138,630	(130,636)

Assets classified as held for sale – Gravel, Planing mills (UIZSI, ALK), Shenkursk, Pellets

In thousands of SEK	Mar 31, 2013	Dec 31, 2012
Non-current assets		
Property Plant and equipment	50,321	54,532
Intangible assets	8,608	9,066
Deferred tax asset	812	388
Total non-current assets	59,741	63,986
Current assets		
Inventory	13,168	13,517
VAT refundable	1,748	2,183
Trade and other receivable	7,303	8,992
Cash and cash equivalents	186	437
Total current assets	22,405	25,129
Total assets	82,146	89,115

Liabilities directly associated with the assets classified as held for sale – Gravel, Planing mills (UIZSI, ALK), Shenkursk, Pellets

In thousands of SEK	Mar 31, 2013	Dec 31, 2012
Current liabilities		
Interest-bearing loans and borrowings	8,624	8,719
Trade and other payables	25,036	21,217
Total current liabilities	33,660	29,936
Total liabilities	33,660	29,936

Consolidated statement of comprehensive income – Gravel, Planing mills (UIZSI, ALK), Shenkursk, Pellets

In thousands of SEK	Q1 2013	Q1 2012
Discontinued operations		
Turnover	17,135	28,857
Cost of sales	(16,597)	(26,594)
Gross profit	538	2,263
Other income	949	31
Distribution expenses	(7,769)	(8,087)
Administrative expenditure	(2,479)	(3,507)
Other expenses	(1,574)	(526)
Impairment loss	-	-
Operating profit/(loss)	(10,335)	(9,826)
Financing income	-	-
Financing cost	(356)	(505)
Net financing income/(cost)	(356)	(505)
Income tax	435	1,205
Loss after tax from discontinued operations	(10,256)	(9,126)

Condensed consolidated statement of cash flows – Gravel, Planing mills (UIZSI, ALK), Shenkursk, Pellets

In thousands of SEK	Q1 2013	Q1 2012
Cash flow from operating activities	109	(1,812)
Cash flow from investing activities	(50)	(1,340)
Cash flow from financing activities	(297)	(2,392)
Cash flow during the period	(238)	(5,544)

Review Report

To the Board of RusForest AB

Corporate identity number 556694-6421

Introduction

We have reviewed the interim report for RusForest AB as of March 31, 2013, and the three-month reporting period ending on that date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and Scope of the Review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity". A review consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices in Sweden. 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 conclusion expressed on the basis of a review does not give the same level of assurance as a conclusion expressed on the basis of an audit.

Conclusion

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

Stockholm, May 30, 2013
KPMG AB

Carl Lindgren
Authorized Public Accountant

Reporting calendar

Interim Report Q2 2013	August 30, 2013
Interim Report Q3 2013	November 29, 2013

Nomination Committee

A Nomination Committee for the Annual General Meeting 2013 was comprised of Anders Börjesson (Vostok Nafta), Björn Lindström (Alpcot Capital) and Temo Jorbenadze (Nova Capital). A new nomination committee for the AGM 2014 will be constituted in accordance with the principles confirmed at the AGM 2013. The Nomination Committee can be contacted via e-mail at info@rusforest.com.

Stockholm, May 31, 2013

RusForest AB (publ)
The Board of Directors

For additional information, please contact:

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