



INTERIM REPORT 2011

Aktiebolaget SCA Finans (publ)
Corp. Reg. No. 556108-5688

30 June 2011

Operations

Aktiebolaget SCA Finans (publ), Corporate Registration Number 556108-5688 and its registered office in Stockholm, is a wholly owned subsidiary of SCA Treasury B.V., the Netherlands, Corporate Registration Number 28065399 and its registered office in Amsterdam, the Netherlands. The Parent Company of the Group is Svenska Cellulosa Aktiebolaget SCA (publ), Corporate Registration Number 556012-6293 and its registered office in Stockholm.

The SCA Group's financing operation is, to a certain extent, centralised to AB SCA Finans. The company is responsible for the Group's risk management with respect to interest-rate risk, currency risk and energy price risk. AB SCA Finans acts in cooperation with SCA Capital N.V., Belgium, as an internal bank for the Group companies with respect to loan and deposit transactions. AB SCA Finans acts alone as the internal bank for the Group companies with regard to currency and energy transactions.

AB SCA Finans manages a portion of SCA's borrowing from banks and other credit institutions in addition to direct market financing. In 2010, new external borrowing was raised in the Parent Company Svenska Cellulosa Aktiebolaget, and SCA Capital N.V. took over borrowing via the commercial paper programmes in Sweden and in Belgium. Together, these three companies represent the hub for external financing in the SCA Group.

The SCA Group has an established finance policy, which forms a framework of guidelines and rules for managing the financial risks and for the finance operation in general.

All risks and uncertainties and the methods used to manage these are described in detail in the 2010 Annual Report, Risk and risk management.

AB SCA Finans' profit before appropriations and tax amounted to SEK 498,049,000 (628,063,000) and was mainly attributable to the Group's net interest income, foreign-exchange gains and trademark royalties.

No significant events took place after the end of the accounting period for AB SCA Finans.

INCOME STATEMENT	2011	2010
1 January - 30 June	SEK 000s	SEK 000s
Interest income	1,469,676	1,490,055
Interest expenses	<u>-864,474</u>	<u>-892,605</u>
Net interest income	605,202	597,450
Other operating items	6,857	145,307
Subtotal	612,059	742,757
Operating expenses		
Personnel costs	-7,340	-8,024
Amortisation of intangible assets	<u>-106,670</u>	<u>-106,670</u>
Total operating expenses	-114,010	-114,694
Operating profit	498,049	628,063
Tax on profit for the period	-124,425	-171,743
Profit for the period	373,624	456,320

STATEMENT OF COMPREHENSIVE INCOME	2011	2010
1 January - 30 June	SEK 000s	SEK 000s
Profit for the period	373,624	456,320
Other comprehensive income	-	-
Total comprehensive income	373,624	456,320

BALANCE SHEET	30 June 2011	31 Dec 2010
	SEK 000s	SEK 000s
ASSETS		
Non-current assets		
Intangible assets		
Trademarks	204,403	286,120
Goodwill	<u>62,671</u>	<u>87,625</u>
Total intangible assets	267,074	373,745
Tangible assets		
Equipment	250	250
Financial assets		
Receivables from Group companies	434,351	434,135
Financial assets	<u>460,265</u>	<u>741,028</u>
Total financial assets	894,616	1,175,163
Total non-current assets	1,161,940	1,549,158
Current assets		
Receivables from Group companies	113,952,417	114,098,184
Financial assets	114,335	537,662
Other receivables	-	205
Tax asset	31,058	1,307
Prepaid expenses and accrued income	601	373
Other current investments	9,899	9,952
Cash and cash equivalents	<u>79,216</u>	<u>29,594</u>
Total current assets	114,187,526	114,677,277
TOTAL ASSETS	<u>115,349,466</u>	<u>116,226,435</u>

BALANCE SHEET	30 June 2011	31 Dec 2010
	SEK 000s	SEK 000s
EQUITY, PROVISIONS AND LIABILITIES		
Equity		
Restricted equity		
Share capital 3,573,530 shares with a quotient value of SEK 100	357,353	357,353
Statutory reserve	<u>11,101,422</u>	<u>11,101,422</u>
Total restricted equity	11,458,775	11,458,775
Unrestricted equity		
Retained earnings	34,472,367	33,717,491
Profit for the period	<u>373,624</u>	<u>754,876</u>
Total unrestricted equity	34,845,991	34,472,367
Total equity	46,304,766	45,931,142
Untaxed reserves	160,078	160,078
Provisions for pensions	69	26
Other provisions	113	113
Liabilities		
Non-current liabilities		
Liabilities to Group companies	154,945	198,352
Financial liabilities	11,048,606	12,146,520
Other liabilities	<u>4,539</u>	<u>4,888</u>
Total non-current liabilities	11,208,090	12,349,760
Current liabilities		
Liabilities to Group companies	56,663,558	51,191,089
Financial liabilities	762,152	6,267,268
Accrued expenses and prepaid income	125,800	326,552
Other liabilities	124,675	151
Accounts payable	<u>165</u>	<u>256</u>
Total current liabilities	57,676,350	57,785,316
Total liabilities	68,884,440	70,135,076
TOTAL EQUITY, PROVISIONS AND LIABILITIES	<u>115,349,466</u>	<u>116,226,435</u>
Pledged assets		
Collateral for trading in derivatives	9,899	9,952
Contingent liabilities		
FPG (Försäkringsbolaget PRI Pensionsgaranti)	412	372

STATEMENT OF CHANGES IN EQUITY

SEK 000s				
2010	Share capital	Statutory reserve	Profit brought forward and profit for the year	Total equity
Equity at 1 January 2010	357,353	11,101,422	34,615,465	46,074,240
Profit for the year from the income statement			754,876	754,876
Other comprehensive income			-	-
Total comprehensive income			754,876	754,876
Transactions with owners				
Deductible Group contributions			-1,218,418	-1,218,418
Tax effect of Group contributions			320,444	320,444
Total transactions with owners			-897,974	-897,974
Equity at 31 December 2010	357,353	11,101,422	34,472,367	45,931,142
SEK 000s				
30 June 2011	Share capital	Statutory reserve	Profit brought forward and profit for the year	Total equity
Equity at 1 January 2011	357,353	11,101,422	34,472,367	45,931,142
Profit for the period from the income statement			373,624	373,624
Other comprehensive income			-	-
Total comprehensive income			373,624	373,624
Transactions with owners				
			-	-
Total transactions with owners			-	-
Equity at 30 June 2011	357,353	11,101,422	34,845,991	46,304,766

CASH FLOW STATEMENT	2011	2010
1 January - 30 June	SEK 000s	SEK 000s
Operating profit	498,049	628,062
Adjustment to market value due to change in accounting policies	-	-152,178
Net effect of intra-Group flows*	-685,214	-259,317
Adjustment for non-cash items **	<u>-92,743</u>	<u>-35,061</u>
	-279,908	181,506
Tax payments	-29,751	-27,615
Operating receivables	-2,041	62
Operating liabilities	<u>-6,201</u>	<u>-2,930</u>
Working capital	-8,242	-2,868
Current loans	-4,326,144	1,880,326
Non-current loans	<u>213,967</u>	<u>170,635</u>
Loans	-4,112,177	2,050,961
Pension liability	43	340
Other non-current liabilities	<u>-349</u>	<u>499</u>
Non-interest bearing non-current liabilities	-306	839
Cash flow from operating activities	-4,430,384	2,202,823
Current loans	5,554,691	6,464,028
Non-current loans	<u>-1,074,738</u>	<u>-7,492,798</u>
Loan financing	4,479,953	-1,028,770
Cash flow from financing activities	4,479,953	-1,028,770
Cash flow for the period	49,569	1,174,053
Cash and cash equivalents at the beginning of the period	39,546	11,760
Change in cash and cash equivalents	<u>49,569</u>	<u>1,174,053</u>
Cash and cash equivalents at the end of the period	89,115	1,185,813

* The item SEK -685,214,000 (-259,317,000) comprises the net of Group contributions received and paid in 2010.

** The item SEK -92,743,000 (-35,061,000) comprises reversed depreciation/amortisation of SEK 106,670,000 (106,670,000) and change in accrued interest of SEK -199,413,000 (-141,731,000).

NOTES

NOTE 1 ACCOUNTING AND MEASUREMENT POLICIES

The interim report of AB SCA Finans has been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2. RFR 2 stipulates that the company shall apply International Financial Reporting Standard IFRS, as adopted by the EU, insofar as this is possible within the framework of the Annual Accounts Act, and with consideration given to the link between accounting and taxation.

The presentation format of the balance sheet and income statement has been adapted to better reflect the company's operations in the financial sector, which is consistent with transparency, generally accepted accounting principles in Sweden and a true and fair view under Chapter 2 of the Annual Accounts Act.

The preparation of financial statements in agreement with the applied rules and regulations requires the use of a number of important accounting estimates. In addition, senior management are required to make certain judgements in connection with the application of the company's accounting policies. The areas that contain a high degree of complex estimations or are such that the estimations and assessments are of material significance for the company's annual report are detailed in the section below describing the amortisation period for intangible assets and the market capitalisation of financial derivatives.

AB SCA Finans has chosen to apply RFR 2 in full. AB SCA Finans measures all financial derivatives at market value. AB SCA Finans believes that the market valuation of financial derivatives provides more reliable and relevant information about the company, which in turn provides a more true and fair view of AB SCA Finans.

INTANGIBLE ASSETS

Amortisation according to plan is based on the costs and tax amortisation periods of the assets. Trademarks and goodwill are amortised on a straight-line basis over a five-year period.

MARKET VALUATION

The fair value of financial instruments is calculated on the basis of prevailing market listings on the balance-sheet date. In the absence of market listings, fair value is determined with the aid of common valuation models, such as discounting of future cash flows to listed market interest rates for each duration. These calculated cash flows are established based on available market information.

NOTE 2 TRANSACTIONS WITH RELATED PARTIES

In AB SCA Finans' assignment, as part of SCA's Treasury operations, many transactions arise with related parties in the SCA Group. AB SCA Finans acts alone as the internal bank for currency transactions in the Group and, in turn, hedges the currency risk using external financial counterparties.

AB SCA Finans acts together with SCA Capital N.V. as the internal bank for the Group companies' loan and deposit transactions. External borrowing takes place in AB SCA Finans, SCA Capital N.V. and Svenska Cellulosa Aktiebolaget SCA, meaning that lending and borrowing takes place between all three companies. Inter-company assets and liabilities are recognised separately in the balance sheet.

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

The Board of Directors and President confirm that the interim report has been prepared in accordance with RFR 2 and generally accepted accounting principles in Sweden and provides a true and fair view of AB SCA Finans' position and earnings.

Stockholm, 29 August 2011

Lennart Persson
Chairman of the Board

Carl-Axel Olson
President

Anders Nyberg
Board member