

INFORMATION

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SCA to appeal tax authorities decision

The tax authorities in Gothenburg have resolved to disallow a tax loss that was recognized by SCA in 1996 in relation to the restructuring of the Group's operations in France.

The loss crystallised when the then SCA Mölnlycke AB sold its majority shareholding in Peaudouce SA to Mölnlycke Holding BV, in the Netherlands. Peaudouce SA conducted the branded diaper operations that were sold to Kimberly-Clark in 1996. In accordance with the common interpretation of the relevant laws, legal precedence and that stated view of the Swedish National Tax Board, the loss was reported as a tax-deductible item in the filing for 1996.

Due to the tax authorities' decision to disallow the loss, SCA will be subject to a claim for additional tax in an amount of approximately SEK 370 million as well as penalties and fees totalling approximately another SEK 100 million. SCA believe there is no prospect that the decision will stand being contested in legal proceedings and the company will appeal on the decision. As a consequence and after having consulted the Group Auditors, SCA will not reflect the authorities claim in the 1998 financial statements.

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