



ANNUAL REPORT 2009

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

BOARD OF DIRECTORS' REPORT

Operations

Aktiebolaget SCA Finans (publ), with the corporate registration number 556108-5688 and its registered office in Stockholm, is a wholly owned company of SCA Treasury B.V., the Netherlands, with the corporate registration number 33181970 and its registered office in Amsterdam, the Netherlands. The Parent Company of the Group is Svenska Cellulosa Aktiebolaget SCA (publ), with the 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.

Since mid-2009, AB SCA Finans acts in cooperation with SCA Capital N.V., Belgium, as an internal bank for the Group companies with respect to loans and deposits.

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, other credit institutions and via direct market financing. In 2009, new external borrowing was raised in the Parent Company Svenska Cellulosa Aktiebolaget, and SCA Capital N.V has taken over borrowing via the commercial paper programme in Belgium. Together, these three companies represent the hub for external financing in the SCA Group.

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

AB SCA Finans' profit before appropriations and tax amounted to SEK 672,783,000 (2,565,772,000) and is mainly attributable to the Group's net interest income, foreign-exchange gains and royalties from trademarks.

No significant events took place after the balance-sheet date for AB SCA Finans.

Proposed distribution of earnings

The following profits are at the disposal of the Annual General Meeting:

Retained earnings, SEK	34,286,886,347
Group contribution, net after tax, SEK	-440,016,021
Profit for the year, SEK	<u>565,155,135</u>
	34,412,025,461

The Board of Directors and the President propose:

To be carried forward 34,412,025,461

A Group contribution, net after tax, totalling SEK 1,057,406,632 (2,489,116,956) was made to SCA Treasury B.V. Holland, Stockholm Branch, at the same time as a Group contribution of SEK 617,390,611 (0) was received from Svenska Cellulosa Aktiebolaget SCA. The Board of Directors is of the opinion that the Group contribution made will not prevent the company from fulfilling its short or long-term obligations, or from completing the required investments. Accordingly, the value transfer is deemed permissible.

INCOME STATEMENT	2009	2008
	SEK 000s	SEK 000s
Interest income (Note 3)	3,406,684	6,357,224
Interest expense (Note 3)	<u>-2,497,101</u>	<u>-3,615,786</u>
Net interest income	909,583	2,741,438
Other operating income	1,449,768	2,516,513
Other operating expenses	<u>-1,384,416</u>	<u>-2,331,273</u>
Other operating items (Note 4)	65,352	185,240
Subtotal	974,935	2,926,678
Operating expenses		
Personnel costs (Note 5)	-6,290	-15,866
Amortisation of intangible assets (Note 6)	-284,391	-322,031
Depreciation of tangible assets (Note 7)	-2	-4
Other external costs (Note 8)	<u>-11,469</u>	<u>-23,005</u>
Total operating expenses	-302,152	-360,906
Operating profit (Note 9)	672,783	2,565,772
Appropriations (Note 10)	96,871	58,666
Tax on profit for the year (Note 11)	-204,499	-728,941
Profit for the year	565,155	1,895,497
STATEMENT OF COMPREHENSIVE INCOME	2009	2008
	SEK 000s	SEK 000s
Profit for the year	565,155	1,895,497
Other comprehensive income	:	:
Total comprehensive income	565,155	1,895,497

BALANCE SHEET	2009	2008
	SEK 000s	SEK 000s
ASSETS		
Non-current assets		
Intangible assets		
Trademarks (Note 6)	449,553	684,038
Goodwill (Note 6)	<u>137,531</u>	<u>187,437</u>
Total intangible assets	587,084	871,475
Tangible assets		
Equipment (Note 7)	250	252
Financial fixed assets		
Receivables from Group companies (Note 12)	632,434	4,572,357
Financial assets (Note 13)	<u>337,082</u>	<u>261,376</u>
Total financial fixed assets	969,516	4,833,733
Total non-current assets	1,556,850	5,705,460
Current assets		
Receivables from Group companies (Note 12)	115,676,290	112,012,656
Financial assets (Note 13)	225,189	664,681
Other receivables	-	2,400
Tax asset (Note 11)	234	234
Prepaid expenses and accrued income (Note 14)	417	670
Other current investments (Note 13)	9,996	3,889,806
Cash and bank balances	<u>1,764</u>	<u>65,459</u>
Total current assets	115,913,890	116,635,906
TOTAL ASSETS	<u>117,470,740</u>	<u>122,341,366</u>

BALANCE SHEET	2009	2008
	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>41,101,422</u>
Total restricted equity	11,458,775	41,458,775
Unrestricted equity		
Retained earnings	33,846,871	2,391,390
Profit for the year	<u>565,155</u>	<u>1,895,497</u>
Total unrestricted equity	34,412,026	4,286,887
Total equity	45,870,801	45,745,662
Untaxed reserves (Note 15)	160,078	256,949
Provisions for pensions (Note 5)	22	4,587
Liabilities		
Non-current liabilities		
Liabilities to Group companies (Note 12)	166,504	2,546
Financial liabilities (Note 13)	20,824,859	36,286,512
Other liabilities	<u>6,205</u>	<u>7,939</u>
Total non-current liabilities	20,997,568	36,296,997
Current liabilities		
Liabilities to Group companies (Note 12)	39,901,622	28,134,509
Financial liabilities (Note 13)	10,137,446	11,167,043
Accrued expenses and prepaid income (Note 16)	402,940	732,615
Other liabilities	214	215
Accounts payable (Note 13)	<u>49</u>	<u>2,789</u>
Total current liabilities	50,442,271	40,037,171
Total liabilities	71,439,839	76,334,168
TOTAL EQUITY, PROVISIONS AND LIABILITIES	<u>117,470,740</u>	<u>122,341,366</u>
Pledged assets		
Collateral for trading in derivatives (Note 13)	9,996	19,806
Contingent liabilities		
FPG (Försäkringsbolaget Pensionsgaranti)	352	336
Swedish Tax Agency	-	25,060

STATEMENT OF CHANGES IN EQUITY

SEK 000s			Profit brought forward and profit	Total
2008	Share capital	Statutory reserve	for the year	equity
Equity at 1 January 2008	357,353	41,101,422	4,880,507	46,339,282
Profit for the year from the income statement			1,895,497	1,895,497
Other comprehensive income			-	-
Total comprehensive income			1,895,497	1,895,497
Transactions with owners			-	-
Deductible Group contributions			-2,727,838	-2,727,838
Non-deductible Group contributions			-729,269	-729,269
Tax effect of Group contributions			967,990	967,990
Total transactions with owners			-2,489,117	-2,489,117
Equity at 31 December 2008	357,353	41,101,422	4,286,887	45,745,662
SEK 000s			Profit brought forward and profit	Total
2009	Share capital	Statutory reserve	for the year	equity
Equity at 1 January 2009	357,353	41,101,422	4,286,887	45,745,662
Profit for the year from the income statement			565,155	565,155
Other comprehensive income			-	-
Total comprehensive income			565,155	565,155
Transactions with owners				
Shareholders' contributions			30,000,000	30,000,000
Reduction of the statutory reserve		-30,000,000		-30,000,000
Deductible Group contributions			-597,037	-597,037
Tax effect of Group contributions			157,021	157,021
Total transactions with owners		-30,000,000	29,559,984	-440,016
Equity at 31 December 2009	357,353	11,101,422	34,412,026	45,870,801

CASH FLOW STATEMENT	2009	2008
	SEK 000s	SEK 000s
Operating profit	672,783	2,565,772
Net effect of intra-Group flows (Note 17)	-3,511,222	-2,241,021
Adjustment of non-cash items (Note 17)	<u>-45,022</u>	<u>530,912</u>
	-2,883,461	855,663
Tax payments	-47,479	-44,556
Operating receivables	23,244	-19,289
Operating liabilities	<u>-2,940</u>	<u>-22,372</u>
Working capital	20,304	-41,661
Current loans	-2,353,186	-12,685,357
Non-current loans	<u>3,864,217</u>	<u>499,688</u>
Loans	1,511,031	-12,185,669
Pension liability	-4,565	4,587
Other non-current liabilities	<u>-1,734</u>	<u>93</u>
Non-interest bearing non-current liabilities	-6,299	4,680
Cash flow from operating activities	-1,405,904	-11,411,543
Cash flow from investing activities	-	-1,636
Current loans	12,760,094	-3,864,491
Non-current loans	<u>-15,297,695</u>	<u>18,093,380</u>
Loan financing	-2,537,601	14,228,889
Cash flow from investing activities	-2,537,601	14,228,889
Cash flow for the year	-3,943,505	2,815,710
Cash and cash equivalents, 1 January	3,955,265	1,139,555
Change in cash and cash equivalents	<u>-3,943,505</u>	<u>2,815,710</u>
Cash and cash equivalents, 31 December	11,760	3,955,265
Supplementary disclosure		
Cash and cash equivalents		
Cash and cash equivalents	1,764	65,459
Current investments	<u>9,996</u>	<u>3,889,806</u>
Total cash and cash equivalents	11,760	3,955,265
Interest paid and received		
Interest paid	-2,404,948	-2,870,723
Interest received	<u>3,463,288</u>	<u>6,243,102</u>
Total interest paid and received	1,058,340	3,372,379

NOTES

NOTE 1 ACCOUNTING AND MEASUREMENT POLICIES

The annual report of AB SCA Finans was prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.3. RFR 2.3 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 the Act on Safeguarding Pension Obligations, and with consideration given to the link between accounting and taxation. AB SCA Finans has elected not to apply IAS 39 pursuant to the exception stated in Section 73 of RFR 2.3. The company complies with the applicable sections of IFRS 7.

The policies were applied consistently to all years presented. In conjunction with the transition from the Annual Account Act combined with the Swedish Financial Accounting Standards Council's recommendations 1-29 to RFR 2.3, it was not necessary to make any adjustments to earnings in earlier years, since the differences were considered to be negligible.

The presentation format of the balance sheet and income statement was 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.

REVENUE RECOGNITION

Interest income is recognised in accordance with the effective interest method. Royalties are recognised in accordance with the implied financial effect of the contract.

TRANSLATION OF FOREIGN CURRENCY

Financial instruments in foreign currency are measured in the financial statements at the exchange rate in effect on the closing date. Exchange-rate differences are recognised under other operating items.

TANGIBLE ASSETS

Tangible assets are measured at cost after deduction for accumulated depreciation and any impairment. Depreciation according to plan is based on the costs and estimated useful lives of the assets. Equipment is depreciated on a straight-line basis over a five-year period.

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.

FINANCIAL INSTRUMENTS

Financial instruments recognised in the balance sheet include cash and cash equivalents, securities, other financial receivables, accounts receivable, accounts payable, loans and derivatives.

Purchases and sales of financial instruments are recognised in the financial statements on the trade date, with the exception of loan receivables, financial assets and other financial liabilities, all of which are recognised on the settlement date. All financial instruments are initially measured at cost, which corresponds to the fair value of the instrument including transaction costs. The instruments are then recognised in accordance with the principles stipulated below for each type of instrument.

Financial assets are derecognised from the balance sheet when the risk and the right to receive cash flows from the instrument have ceased or been transferred to another counterparty. Financial liabilities

are derecognised from the balance sheet when AB SCA Finans has met its commitments or they have been otherwise extinguished.

Securities and financial receivables

Securities and financial receivables are recognised at amortised cost in accordance with the effective interest method less any provisions for impairment.

Accounts receivable

Accounts receivable are recognised in the amount at which they are expected to be paid, based on an individual assessment of doubtful receivables. Credit risk in accounts receivable is managed in accordance with SCA's proactive credit checks. However, most accounts receivable are from Group companies.

Financial liabilities

Financial liabilities are initially recognised at fair value, net after transaction costs, and subsequently at amortised cost according to the effective interest method.

Derivatives

Pursuant to the deviation from IAS 39, only one accounting category is used for classifying derivatives. Derivatives are recognised at amortised cost. The lower of cost or net realisable value is also taken into consideration, with any changes in value arising within the framework of this principle recognised immediately in profit or loss. Derivatives are recognised in a gross amount without taking ISDA agreements in the balance sheet into consideration.

Market valuation

For the purpose of disclosure, 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 rates for each duration. These calculated cash flows are established based on available market information.

For disclosures in notes relating to the fair value of non-current loans, current market interest rates and an estimate of SCA's risk premium are used as the basis for calculation. The fair value of current loans and investments is considered to correspond to the carrying amount since a change in market interest rates does not have a significant effect on market value.

GROUP CONTRIBUTIONS

Group contributions are recognised in accordance with their financial impact. This means that Group contributions paid or received for the purpose of reducing the Group's total tax are recognised against retained earnings after deduction for the effect on current tax.

PENSION OBLIGATIONS

The company's pension obligations are recognised in accordance with recommendation 4 issued by FAR SRS (the institute for the accountancy profession in Sweden). Certain pension obligations are covered by insurance taken out with insurance companies. Other pension obligations are not covered through insurance. The capital value of these obligations comprises the present value of future obligations and is calculated on an actuarial basis. The capital value is recognised as a provision in the balance sheet. The interest portion of the change in the pension liability and other pension costs are charged against operating profit.

TAXES

Recognised income tax includes tax to be paid or received for the current year, adjustments of prior-year current tax and changes in deferred tax.

All tax liabilities/assets are measured at their nominal amount and based on the tax rules and tax rates in effect on the balance-sheet date.

For items recognised in profit or loss, related tax effects are also recognised in profit or loss. Items recognised in other comprehensive income or directly against equity are recognised in a net amount after tax.

Deferred tax is calculated on all temporary differences between the carrying amount and tax base of assets and liabilities according to the balance-sheet method. Due to the links between accounting and taxation, deferred tax liabilities on untaxed reserves are recognised as part of the untaxed reserves. The company does not have any other temporary differences.

NOTE 2 FINANCIAL RISK MANAGEMENT

The SCA Group's financial risk management is centralised to capitalise on economies of scale and synergy effects and to minimise management risks. The central treasury function is responsible for the Group's loan financing, energy, currency and interest-rate risk management, and serves as an internal bank for the Group companies' financial transactions. External borrowing is mainly conducted in AB SCA Finans. Since 2009, external borrowing is also carried out in Svenska Cellulosa Aktiebolaget and SCA Capital B.V. in Belgium.

As an individual company, AB SCA Finans is exposed to financial risks which it manages in accordance with the finance policies established by the Board of SCA. The Group's financial risk management is described in SCA's 2009 Annual Report.

AB SCA Finans' capital structure is determined based on the requirement that the company must be sufficiently capitalised to deal with the financial risks that arise and to maintain a favourable credit rating. As of 31 December 2009, the equity/assets ratio, which is defined as adjusted equity as a percentage of total assets, amounted to 39% (38). AB SCA Finans is party to various major financial transactions with external counterparties, either independently or together with Svenska Cellulosa Aktiebolaget SCA.

TARGETS AND POLICIES FOR FINANCIAL RISK MANAGEMENT IN AB SCA FINANS

Currency risk

AB SCA Finans serves as the sole internal bank for the Group companies' currency transactions, which include currency derivatives and cash transactions. The company, in turn, conducts financial transactions with various players in the finance market in order to manage the Group's currency risk. In accordance with SCA's finance policy, central treasury management has an opportunity, through AB SCA Finans, to hedge an interval for the Group's forecast transaction exposure of between zero and 18 months.

There is a mandate for the company to take positions in the currency market. This mandate is restricted by limits based on generally accepted Value-at-Risk models in accordance with SCA's finance policy.

Currency risk in external and internal loans and deposit transactions is eliminated using currency derivatives. The currency risk is isolated and managed according to the following.

Interest-rate risk

AB SCA Finans acts together with SCA Capital N.V. as the internal bank for the Group companies' loans and deposit transactions. As a rule, the Group companies' transactions have a duration of 12 months. Together with Svenska Cellulosa Aktiebolaget SCA, AB SCA Finans raises most of SCA's external financing. SCA aims to have a favourable distribution of interest maturities to avoid large loan volumes falling due for interest payments at the same time.

Interest-rate derivatives are used to achieve the desired distribution and duration for the interest maturities. The company's equity is utilised in its lending to the Group companies, which means that AB SCA Finans is a net investor despite its management of SCA's external financing.

Central treasury management, through AB SCA Finans, is responsible for identifying and managing the Group's external interest-rate exposure. SCA's finance policy stipulates that the duration of the average interest term per currency is to be within an interval of three to 15 months. The company is

impacted when the average maturity of intra-Group transactions does not correspond with its external transactions.

There is a mandate for the company to take operational positions in the market. This mandate is restricted by limits based on generally accepted Value-at-Risk models in accordance with SCA's finance policy.

Refinancing risk and liquidity

AB SCA Finans limits its refinancing risk by having a favourable distribution of maturities for its outstanding loans and syndicated credit facilities and by having a reserve of unutilised credit facilities in accordance with SCA's finance policy. AB SCA Finans focuses not only on the liquidity requirements of the company itself, but also on those of the entire SCA Group. This in turn ensures that minimisation of refinancing risks and planning of liquidity requirements are carried out in accordance with the Group requirements stipulated in SCA's finance policy. This may require AB SCA Finans to have considerable unutilised credit facilities in order for the Group requirement to be fulfilled.

Credit risk

Financial risk management involves exposure to credit risks. This exposure arises in conjunction with investments of liquidity and through the receivables from banks and other counterparties that arise through derivative instruments. SCA's finance policy contains special counterparty regulations that stipulate the maximum credit exposure for various counterparties. One objective is for the counterparties to have a minimum credit rating of A- from Standard & Poor's or an equivalent credit rating from Moody's. Investments and derivative transactions with Group companies are not considered to involve any credit risk for AB SCA Finans. Credit exposure in derivative instruments is set as the market value plus an additional amount based on credit risk factors that reflect the risk of increased exposure as a result of market movements.

Price risk

Energy price refers to the risk of price movements in the energy market. AB SCA Finans acts as the counterparty for the financial electricity and gas transactions conducted to hedge energy prices for SCA's energy-intensive operations. These transactions comprise various electricity and gas derivatives. AB SCA Finans does not assume any price risk, since transactions with Group companies are offset by external transactions in accordance with SCA's energy risk policy.

AB SCA FINANS' MANAGEMENT OF FINANCIAL RISKS DURING THE YEAR

Currency risk

The currency transactions during the year had a negative impact of SEK 52m (positive: 119) on AB SCA Finans' earnings. As of 31 December 2009, outstanding currency positions with a carrying amount of negative SEK 4m (positive: 29) had been hedged with external financial parties on the Group's behalf. A general strengthening of the Swedish krona (SEK) by 5% in relation to other currencies would improve the outstanding carrying amount by SEK 96m (0), including derivatives outstanding on the balance-sheet date.

Currency sensitivity by currency, SEKm

AUD	3.3
DKK	26.4
EUR	2.6
GBP	60.8
HUF	1.3
JPY	-1.4
NOK	8.3
PLN	2.1
RUB	2.4
USD	-9.8
Total	96.0

Interest-rate risk

Net interest income during the year had a positive impact of SEK 910m (2,742) on AB SCA Finans' earnings. AB SCA Finans is a net investor, and a general interest-rate reduction of one percentage would decrease AB SCA Finans' net interest income by approximately SEK 457m annually (457), including derivatives outstanding on the balance-sheet date. The low interest rates during the year had an adverse effect on the company's total net interest income; refer also to Note 12 and 13. Net interest income corresponded to slightly more than one third of the net interest income for the preceding year, mainly due to lower interest rates in SEK and EUR.

Refinancing risk and liquidity

AB SCA Finans' refinancing and liquidity are primarily secured by bank loans, bond issues and through the issuance of commercial papers. Multilateral development banks also serve as lenders; refer also to Note 13.

Credit risk

Credit exposure in derivative instruments is set as the market value plus an additional amount based on credit risk factors that reflect the risk for increased exposure as a result of market fluctuations. AB SCA Finans endeavours to use standardised agreements that allow for the statutory net calculation of receivables and liabilities in countries where this is possible. Although continuous payment offsets on outstanding receivables and liabilities in derivative instruments do not take place, the right of offset in the event of a counterparty's bankruptcy means that AB SCA Finans measures this credit risk as a net amount. As of 31 December 2009, the credit risk associated with financial cash instruments amounted to SEK 12m (3,956). Credit exposure associated with derivative instruments totalled SEK 3,021m (4,043). Of the total credit exposure, SEK 2,956m was with counterparties with a minimum rating of AA.

As of 31 December 2009, no receivables had fallen due for payment. No provisions were made in 2009 for possible or confirmed loan losses. There was deemed to be no provision requirement for doubtful receivables as of 31 December 2009. Credit risk in accounts receivable is managed in accordance with SCA's proactive credit checks.

Price risk

As of 31 December 2009, external energy derivatives of 5.4 TWh (2.7) were outstanding on behalf of various Group companies. These transactions did not impact AB SCA Finans' earnings during the year. The net position on 31 December 2009 amounted to SEK 0m (0); refer also to Note 12 and 13.

At the beginning of the year, AB SCA Finans had entered into a share swap contract regarding SCA shares on behalf of the Group. This share swap contract expired during the year and no longer constitutes a price risk. Realised profit in 2009 amounted to SEK 14.6m.

NOTE 3 INTEREST INCOME AND INTEREST EXPENSE

SEK 000s	2009	2008
Interest income	616,634	481,629
Interest expense	<u>-1,838,768</u>	<u>-2,751,754</u>
Net interest income, external financial counterparties	-1,222,134	-2,270,125
Interest income, Group companies	2,790,050	5,875,595
Interest expense, Group companies	<u>-658,333</u>	<u>-864,032</u>
Net interest income, Group companies	2,131,717	5,011,563
Net interest income	909,583	2,741,438

NOTE 4 OTHER OPERATING ITEMS

SEK 000s	2009	2008
Foreign-exchange results	132,472	-23,241
Financial expenses	-12,528	-19,086
Other operating items	14,611	-41,008
Exchange-rate differences	<u>1,190,510</u>	<u>-2,247,938</u>
Total, external financial counterparties	1,325,065	-2,331,273
Royalties, Group companies	112,176	124,801
Foreign-exchange results, Group companies	-181,999	145,115
Exchange-rate differences, Group companies	<u>-1,189,890</u>	<u>2,246,597</u>
Total, Group companies	-1,259,713	2,516,513
Total other operating items	65,352	185,240

NOTE 5 PERSONNEL COSTS

Salaries and remuneration, SEK 000s	2009	2008
Board of Directors, President, Executive Vice Presidents and senior executives ¹⁾	-	-
of which variable salary	-	-
Other employees	<u>7,565</u>	<u>6,774</u>
Total	7,565	6,774
Social security costs, SEK 000s	2009	2008
Total social security costs	-1,481	8,941
of which pension costs ²⁾	-4,355	6,663

1) Salaries and remuneration, social security costs, pension costs and pension liabilities are charged to AB SCA Finans' Parent Company.

2) Of AB SCA Finans' pension costs, negative SEK 2,225,000 (2,657,000) pertains to former Presidents, Executive Vice Presidents and Board members.

Since the value of the assets in the foundation is lower than that of the pension obligations, the pension provision for the obligations is recognised in an amount of SEK 11,000 (2,250,000).

Pension costs, SEK 000s	2009	2008
Self-administered pension plans		
Cost excluding interest expense	-4,423	4,897
Interest expense (recognised in personnel costs)	<u>179</u>	-
	-4,244	4,897
Retirement through insurance		
Insurance premiums	718	469
Other	<u>43</u>	<u>31</u>
	761	500
Special payroll tax on pension costs	-898	1,296
Cost of credit insurance, etc.	<u>26</u>	<u>-30</u>
Pension costs for the year	-111	1,766

Pension liabilities regarding retirement pensions have been secured by a joint Swedish SCA pension foundation. As of 31 December 2009, the market value of AB SCA Finans' portion of the foundation's assets amounted to SEK 17,569,000 (12,227,000). No allowance has been received in the past two years. As of 31 December 2009, the capital value of the pension obligations was SEK 17,591,000 (16,814,000). Pension payments of SEK 321,000 (310,000) were made in 2009. Since the value of the assets in 2009 is below that of the pension obligations, a pension provision of SEK 22,000 (4,587) is recognised in the balance sheet. The pension provision could be partly reversed during the financial year, which resulted in the recognition of income in the income statement.

Capital value of pension obligations relating to self-administered pension plans SEK 000s	2009	2008
Balance, 1 January	4,587	0
Cost excluding interest expense	-4,423	4,897
Interest expense (recognised in personnel costs)	179	0
Payment of pensions	<u>-321</u>	<u>-310</u>
Balance, 31 December	22	4,587

The discount rate is 3.9%.

The anticipated payment for 2010 pertaining to defined-benefit pension plans amounts to SEK 278,000.

AB SCA Finans has an obligation for disability and family pensions for salaried employees in Sweden, secured through insurance with the insurance company Alecta. These benefits are recognised as a defined-contribution plan, since AB SCA Finans did not have access to sufficient information to recognise this obligation as a defined-benefit plan. Premiums during the year for disability and family pension insurance with Alecta amounted to SEK 195,000 (141,000). Personnel costs also include other personnel costs amounting to SEK 206,000 (151,000).

Average number of employees	2009	2008
Sweden	11	11
of whom women, %	60	64

Of the total of three (three) Board members and senior executives, none are women (unchanged compared with 2008).

NOTE 6 INTANGIBLE FIXED ASSETS

Trademarks, SEK 000s	2009	2008
Cost, 1 January	1,361,487	1,361,487
Investments	-	-
Accumulated cost, 31 December	1,361,487	1,361,487
Amortisation, 1 January	-677,449	-405,152
Amortisation for the year	<u>-234,485</u>	<u>-272,297</u>
Accumulated amortisation, 31 December	-911,934	-677,449
Planned residual value, 31 December	449,553	684,038
Goodwill, Trademarks, SEK 000s	2009	2008
Cost, 1 January	249,532	247,896
Investments	-	<u>1,636</u>
Accumulated cost, 31 December	249,532	249,532
Amortisation, 1 January	-62,095	-12,361
Amortisation for the year	<u>-49,906</u>	<u>-49,734</u>
Accumulated amortisation, 31 December	-112,001	-62,095
Planned residual value, 31 December	137,531	187,437

NOTE 7 TANGIBLE ASSETS

Equipment, SEK 000s	2009	2008
Cost, 1 January	453	453
Investments	<u>0</u>	<u>0</u>
Accumulated cost, 31 December	453	453
Depreciation, 1 January	-201	-197
Depreciation for the year	<u>-2</u>	<u>-4</u>
Accumulated depreciation, 31 December	-203	-201
Planned residual value, 31 December	250	252

NOTE 8 OTHER EXTERNAL COSTS

Auditing expenses, SEK 000s	2009	2008
Audit assignments PricewaterhouseCoopers AB	-677	-678
Other assignments	0	0
Total	-677	-678

NOTE 9 REVENUE BY REVENUE CLASS

Revenue class, SEK 000s	2009	2008
Operational interest-rate and currency hedging including position-taking	-49,272	122,087
Net interest income, external financial counterparties	-1,222,134	-2,270,125
Net interest income, Group companies	2,131,717	5,011,563

Other	114,624	63,153
Total	974,935	2,926,678

NOTE 10 APPROPRIATIONS

Excess depreciation/amortisation, SEK 000s	2009	2008
Excess amortisation, trademarks	96,888	58,670
Excess depreciation, equipment	-17	-4
Total	96,871	58,666

NOTE 11 TAXES

Tax on profit for the year, SEK 000s	2009	2008
Current tax expense	-204,499	-728,941
Total	-204,499	-728,941

	2009		2008	
Reconciliation, SEK 000s	SEKm	%	SEKm	%
Tax expense	-204,499	26.6	-728,941	27.8
Expected tax	-202,419	26.3	-734,842	28.0
Difference	-2,080	0.3	5,901	-0.2

Difference is due to:

Tax attributable to prior periods	-	-	31,422	-1.2
Other non-taxable/non-deductible items	-2,080	0.3	-25,521	1.0
Total	-2,080	0.3	5,901	-0.2

Current tax expense, SEK 000s	2009	2008
Income tax for the period	-204,499	-760,363
Adjustments for prior periods	-	31,422
Total	-204,499	-728,941

CURRENT TAX ASSET

The change to the current tax asset during the period is explained below:

SEK 000s	2009	2008
Balance, 1 January	234	234
Adjustment for prior periods, including tax surcharge	-	31,422
Current tax expense/income	-204,499	-760,363
Paid tax	47,478	44,556
Tax income/expense, other Group companies	157,021	684,385
Tax asset, 31 December	234	234

AB SCA Finans made a Group contribution of SEK 1,434,744,000 (3,457,107,000) to SCA Treasury B.V. Holland, Stockholm Branch. The tax effect amounted to SEK 377,338,000 (967,990,000). The company made a Group contribution of SEK 337,720,000 (0) to Svenska Cellulosa Aktiebolaget SCA and received a Group contribution of SEK 1,175,428,000 (0) from Svenska Cellulosa Aktiebolaget SCA. The tax effects amounted to SEK 88,820,000 (0) and SEK 309,307,000 (0), respectively. In 2008, the company participated in the SCA Group's tax pooling arrangement and received SEK 283,605,000 in internal tax. The item was recognised in 2008 as a current receivable from Group companies.

NOTE 12 FINANCIAL INSTRUMENTS, GROUP COMPANIES

Receivables, Group companies, SEK 000s	2009	2008
Non-current receivables		
Loans	555,687	4,482,460
Derivatives, refer to table below	<u>76,747</u>	<u>89,897</u>
Total	632,434	4,572,357
Current receivables		
Loans	113,491,572	108,846,634
Derivatives, refer to table below	819,235	1,892,925
Accrued interest	189,979	968,549
Group contributions	1,175,428	0
Other	<u>76</u>	<u>304,548</u>
Total	115,676,290	112,012,656
Total	116,308,724	116,585,013
Liabilities, Group companies, SEK 000s		
Non-current liabilities		
Deposits	144,203	0
Derivatives, refer to table below	<u>22,301</u>	<u>2,546</u>
Total	166,504	2,546
Current liabilities		
Deposits	38,043,801	23,637,753
Derivatives, refer to table below	405,447	904,903
Accrued interest	17,533	134,433
Group contributions	1,434,744	3,457,107
Other	<u>97</u>	<u>313</u>
Total	39,901,622	28,134,509
Total	40,068,126	28,137,055

All financial instruments are recognised at amortised cost in accordance with the effective interest method, translated at the closing rate. Intra-Group receivables and liabilities mainly have short-term maturities and interest periods; long-term maturities occur only in exceptional cases.

Market values are used for disclosure purposes and only the above accounting categories are used. Market values are determined in accordance with fair value hierarchy level two, which means that they are determined based on observable inputs and established measurement models. However, the market value does not differ significantly from the carrying amount, since the derivative's maturities are primarily short-term and are translated at the closing rate.

Currency derivatives are mainly used to hedge the Group companies' future income and expenses in foreign currency with AB SCA Finans.

Commodity derivatives comprise electricity and gas derivatives used to hedge the Group companies' future energy prices with AB SCA Finans.

Net market value of outstanding derivatives, Group companies

SEK 000s	2009	2008
Currency derivatives	246,909	722,296
Interest-rate derivatives	0	0
Commodity derivatives	229,403	325,970
Equity derivatives	0	0
Total	476,312	1,048,266

Carrying amount of outstanding derivatives, SEK 000s **468,234** **1,075,373**

All loans are recognised at amortised cost in accordance with the effective interest method, translated at the closing rate.

Non-current receivables, SEK 000s	2009	2008
EUR loans	<u>555,687</u>	<u>4,482,460</u>
Total	555,687	4,482,460

Current receivables, SEK 000s	2009	2008
SEK loans	98,351,524	73,101,149
EUR loans	8,319,890	19,368,580
USD loans	22,306	2,676,822
Other currencies and cash pool	<u>6,797,852</u>	<u>13,700,083</u>
Total	113,491,572	108,846,634

Non-current liabilities, SEK 000s	2009	2008
USD deposits	<u>144,203</u>	<u>0</u>
Total	144,203	0

Current liabilities, SEK 000s	2009	2008
EUR deposits	37,482,124	17,259,713
SEK deposits	264,560	2,178,909
GBP deposits	0	1,249,746
Other currencies and cash pool	<u>297,117</u>	<u>2,949,385</u>
Total	38,043,801	23,637,753

Maturity profile of undiscounted flows, Group companies, including net and gross-settled derivatives

SEK 000s	Total	2010	2011	2012	2013+
Receivables	115,222,763	114,667,076	-	-	555,687
Derivatives, net-settled	253,872	180,878	69,254	3,740	-
Derivatives, gross-settled	244,752	244,752	-	-	-
Interest*	708,626	626,553	11,724	11,724	58,625
Total	116,430,013	115,719,259	80,978	15,464	614,312
Liabilities	39,622,845	39,478,642	-	-	144,203
Derivatives, net-settled	24,469	11,841	10,217	2,411	-
Derivatives, gross-settled	5,921	-	5,921	-	-
Interest*	137,565	75,442	10,354	10,354	41,415
Total	39,790,800	39,565,925	26,492	12,765	185,618
Total net	76,639,213	76,153,334	54,486	2,699	428,694

Carrying amount of gross-settled derivatives

SEK 000s	Total	2010	2011	2012	2013+
Assets	69,504,941	67,801,136	1,703,805	-	-
Liabilities	-69,266,110	-67,556,384	-1,709,726	-	-
Total	238,831	244,752	-5,921	-	-

* Fixed interest periods are set at the agreed interest rate, while the daily interest rate for floating interest periods is assumed to be unchanged.

NOT 13 FINANCIAL INSTRUMENTS, EXTERNAL FINANCIAL COUNTERPARTIES

Receivables, external financial counterparties, SEK 000s	2009	2008
Non-current receivables		
Derivatives, refer to table below	<u>337,082</u>	<u>261,376</u>
Total	337,082	261,376
Current receivables		
Derivatives, refer to table below	225,189	664,681
Liquid investments, refer to table below	<u>9,996</u>	<u>3,889,806</u>
Total	235,185	4,554,487
Total	572,267	4,815,863
Liabilities, external financial counterparties, SEK 000s		
Non-current liabilities		
Bond issues	12,314,015	15,136,311
Derivatives, refer to table below	75,583	91,674
Other non-current loans with maturities > 5 years	1,731,462	3,570,250
Other non-current loans with maturities >1 year, < 5 years	6,732,089	17,512,177
Transaction costs, non-current loans	<u>-28,290</u>	<u>-23,900</u>
Total	20,824,859	36,286,512
Current liabilities		
Commercial paper	7,576,726	10,200,960
Derivatives, refer to table below	302,368	913,966
Bond issues with maturities <1 year	2,000,000	0
Loans with maturities < 1 year	258,352	52,117
Accounts payable	<u>49</u>	<u>2,789</u>
Total	10,137,495	11,169,832
Total	30,962,354	47,456,344

All financial instruments are recognised at amortised cost in accordance with the effective interest method, translated at the closing rate.

Market values are used for disclosure purposes and only the above accounting categories are used. Market values are determined in accordance with fair value hierarchy level two, which means that they are determined based on observable inputs and established measurement models. The market value mainly differs from the carrying amount, since the market value of non-current interest-rate swaps associated with non-current borrowing is measured as a separate derivative position.

Currency derivatives are mainly used to hedge AB SCA Finans' risk, since the Group companies hedge their future income and expenses with AB SCA Finans.

Interest-rate derivatives are primarily interest-rate swaps linked to non-current borrowing that convert the interest period from long to short-term.

Commodity derivatives comprise electricity and gas derivatives used to hedge AB SCA Finans' risk when the Group companies hedge future energy prices with AB SCA Finans. Position-taking occurs in AB SCA Finans with respect to interest-rate and currency hedging, while energy hedges are neutral in terms of position. Derivatives are recognised in a gross amount in the balance sheet and the items categorised as financial assets are mainly attributable to the gross recognition of the derivative.

Net market value of outstanding derivatives, external financial counterparties

SEK 000s	2009	2008
Currency derivative	91,174	64,092
Interest-rate derivatives	605,120	645,595
Commodity derivatives	-229,403	-325,970
Equity derivatives	0	-31,315
Total	466,891	352,402

Carrying amount of outstanding derivatives, SEK 000s **184,320** **-79,583**

AB SCA Finans has the following commercial paper programmes, credit facilities and liquid investments at its disposal for lending. Cash and cash equivalents are mainly tended to be used for amortisation of outstanding loans.

Treasury bills are used as collateral with clearing banks for trading on derivatives.

Credit facilities are part of SCA's financial readiness, according to which the size of the Group's unutilised credit facilities and cash and cash equivalents shall correspond to 10% of the Group's forecasted annual sales. The refinancing risk that arises in conjunction with the utilisation of the commercial paper programmes is limited by credit facilities from banks with favourable credit ratings.

Commercial paper programme	Nominal SEKm	31 Dec 2009 Utilised SEKm	31 Dec 2008 Utilised SEKm
Swedish SEK 15,000m	15,000	-7,577	-8,862
Belgian EUR 400m	4,130	0	-1,339
Total	19,130	-7,577	-10,201

Credit facilities	Nominal	Nominal SEKm	31 Dec 2009 Utilised SEKm	31 Dec 2008 Utilised SEKm
Syndicated credit facilities EUR 1,200m				
Maturity	2010	60	620	0
Maturity	2011	35	361	0
Maturity	2012	1,105	11,408	0
Syndicated credit facility EUR 1,000m				
Maturity	2014	1,000	10,324	0
Bilateral credit facility				
Maturity	2010		335	0
Maturity	2010		2,000	0
Maturity	2011		3,000	0
Maturity	2013		2,500	0
Maturity	2015		3,000	0
Total		33,548	0	-11,375

Liquid investments, SEK 000s	31 Dec 2009	31 Dec 2008
Treasury bills Sweden with maturities < 3 months	4,999	4,894
Treasury bills Sweden with maturities > 3 months	4,997	14,912
Depository T/N	-	3,870,000
Total	9,996	3,889,806

AB SCA Finans has bank loans and an EMTN programme at its disposal for non-current borrowing. The EMTN programme has a programme size of EUR 3,000m (SEK 30,973m), and as of 31 December 2009, EUR 1,737m (1,066) was outstanding with an average maturity of 3.0 years (2.8). A total of USD 450m (SEK 3,241m) has been issued in the US market.

In accordance with SCA's finance policy, AB SCA Finans shall maintain a favourable distribution of external loan and interest maturities.

SCA is of the opinion that a short-term interest period generates a lower borrowing cost over time. Accordingly, most of the loans with long-term interest periods are associated with interest-rate swaps to enable non-current borrowing with short-term interest periods.

Non-current loans, SEK 000s	2009	2008
Maturity > 5 years		
USD deposits	147,954	309,612
GBP deposits	0	1,630,715
SEK deposits	800,000	800,000
EUR deposits	<u>783,508</u>	<u>829,923</u>
Total	1,731,462	3,570,250
Maturity > 1 year, < 5 years		
USD deposits	309,097	497,885
GBP deposits	1,671,066	280,535
SEK deposits	0	10,500,000
EUR deposits	<u>4,751,926</u>	<u>6,233,757</u>
Total	6,732,089	17,512,177

All loans are recognised at amortised cost in accordance with the effective interest method, translated at the closing rate.

Market values are used for disclosure purposes and only the above accounting categories are used.

No fair values or hedging relationships are recognised in AB SCA Finans. Hedging relationships between various loans and their associated swaps are established at the Group level. Accordingly, hedge accounting occurs at the Group level and not at the company level.

Bond issues	Maturity year	Carrying amount, SEK 000s 31 Dec 2009	Fair value, SEKm 31 Dec 2009
Notes USD 450m	2015	3,240,540	3,410
Notes SEK 1,500m	2010	1,500,000*	1,500
Floating Rate Note SEK 500m	2010	500,000*	500
Index Linked Interest Note SEK 300m	2015	374,301	313
Index Linked Interest Note SEK 500m	2015	626,960	521
Notes EUR 685m	2011	7,072,214**	7,469
Notes SEK 500m	2014	500,000	554
Notes SEK 500m	2014	500,000	554
Total		14,314,015	14,821

* The loans are recognised as current since their remaining maturity is < 1 year.

** A total of EUR 15m was repurchased during 2009. The nominal amount in 2008 was EUR 700m.

Maturity profile of undiscounted external financial liabilities including net and gross-settled derivatives

SEK 000s	Total	2010	2011	2012	2013	2014	2015+
Current liabilities	7,835,078	7,835,078	-	-	-	-	-
Bond issues	14,314,015	2,000,000	7,072,214	-	-	1,000,000	4,241,801
Non-current loans	8,463,551	-	309,097	993,784	4,044,085	1,385,124	1,731,461
Derivatives, net-settled liabilities	24,469	11,841	10,217	2,411	-	-	-
Derivatives, net-settled assets	-253,872	-180,878	-69,254	-3,740	-	-	-
Derivatives, gross-settled	1,007,236	575,595	99,135	67,383	67,383	60,203	137,537
Interest on loans*	2,947,363	1,166,173	480,418	421,249	395,410	255,637	228,477
Total	34,337,841	11,407,809	7,901,827	1,481,087	4,506,878	2,700,964	6,339,276

Derivatives, gross settled carrying amount							
SEK 000s	Total	2010	2011	2012	2013	2014	2015+
Assets	28,913,002	12,675,982	9,803,310	899,105	202,149	680,608	4,651,848
Liabilities	-27,905,766	-12,100,387	-9,704,175	-831,722	-134,766	-620,405	-4,514,311
Derivatives including interest	1,007,236	575,595	99,135	67,383	67,383	60,203	137,537

* Fixed interest periods are set at the agreed interest rate, while the daily interest rate for floating interest periods is assumed to be unchanged.

NOTE 14 PREPAID EXPENSES AND ACCRUED INCOME

SEK 000s	2009	2008
Accrued interest income, external financial counterparties	1	278
PRI	115	147
Other	301	245
Total	417	670

NOTE 15 UNTAXED RESERVES

Accumulated excess depreciation/amortisation, SEK 000s	2009	2008
Accumulated excess amortisation, trademarks	160,078	256,966
Accumulated excess depreciation, equipment	0	-17
Total	160,078	256,949

NOTE 16 ACCRUED EXPENSES AND PREPAID INCOME

SEK 000s	2009	2008
Accrued interest expense, external financial counterparties	398,381	728,073
Accrued social security costs	850	1,670
Accrued vacation pay liability	675	587
Accrued bonuses	1,396	0
Other	1,638	2,285
Total	402,940	732,615

NOTE 17 ADJUSTMENTS FOR NON-CASH ITEMS

SEK 000s	2009	2008
Net effect of internal tax and Group contributions in the Group	<u>-3,511,222</u>	<u>-2,241,021</u>
	-3,511,222	-2,241,021
<i>Non-cash items</i>		
Depreciation/amortisation	284,393	322,035
Change in accrued interest	<u>-329,415</u>	<u>208,877</u>
	-45,022	530,912
Total	-3,556,244	-1,710,109

NOTE 18 FINANCIAL INSTRUMENTS BY CATEGORY

All financial instruments are classified at amortised cost in accordance with the effective interest method.

NOTE 19 REGISTERED OFFICE

AB SCA Finans has its registered office in the City of Stockholm, Stockholm County. The address is: Box 200, SE-101 23 Stockholm, Sweden.

The income statement and balance sheet will be submitted to the Annual General Meeting for approval on 20th of April, 2010.

The Board of Directors and President declare that the Annual Report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and with generally accepted accounting principles, and gives a true and fair view of AB SCA Finans' financial position and results of operations. The statutory Board of Directors' Report for the company provides a fair view of AB SCA Finans' operations, financial position and results of operations and describes material risks and uncertainties facing the company.

Stockholm, 20 April 2010

Lennart Persson
Chairman of the Board

Carl-Axel Olson
President

Anders Nyberg
Board member

Our audit report was submitted on 20 April 2010.

PricewaterhouseCoopers AB

Anna Hesselman
Authorised Public Accountant