



INTERIM REPORT, 1 JANUARY – 30 JUNE

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

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 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 2009, new external borrowing was raised in the Parent Company Svenska Cellulosa Aktiebolaget, and SCA Capital N.V took over borrowing via the commercial paper programme 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 2009 Annual Report, Note 2.

AB SCA Finans' profit before appropriations and tax amounted to SEK 628,063,000 (267,384,000) and was mainly attributable to the Group's net interest income, foreign-exchange gains and trademarks royalties.

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

INCOME STATEMENT	2010	2009
1 January - 30 June	SEK 000s	SEK 000s
Interest income	1,490,055	1,858,974
Interest expenses	<u>-892,605</u>	<u>-1,418,517</u>
Net interest income	597,450	440,457
Other operating items	145,307	-13,106
Subtotal	742,757	427,351
Operating expenses		
Personnel costs	-8,024	-6,182
Amortisation of intangible assets	-106,670	-153,783
Depreciation of tangible assets	-	<u>-2</u>
Total operating expenses	-114,694	-159,967
Operating profit	628,063	267,384
Tax on profit for the period	-171,743	-73,042
Profit for the period	456,320	194,342

Statement of comprehensive income	2010	2009
1 January - 30 June	SEK 000s	SEK 000s
Profit for the period	456,320	194,342
Other comprehensive income	-	-
Total comprehensive income	456,320	194,342

BALANCE SHEET	30 June 2010	31 Dec 2009
	SEK 000s	SEK 000s
ASSETS		
Non-current assets		
Intangible assets		
Trademarks	367,836	449,553
Goodwill	<u>112,578</u>	<u>137,531</u>
Total intangible assets	480,414	587,084
Tangible assets		
Equipment	250	250
Financial assets		
Receivables from Group companies	549,323	632,434
Financial assets	<u>777,592</u>	<u>736,028</u>
Total financial assets	1,326,915	1,368,462
Total non-current assets	1,807,579	1,955,796
Current assets		
Receivables from Group companies	112,421,046	115,686,020
Financial assets	444,825	224,432
Other receivables	-	-
Tax asset	27,850	234
Prepaid expenses and accrued income	198	417
Other current investments	1,129,982	9,996
Cash and bank balances	<u>55,831</u>	<u>1,764</u>
Total current assets	114,079,732	115,922,863
TOTAL ASSETS	<u>115,887,311</u>	<u>117,878,659</u>

BALANCE SHEET	30 June 2010	31 Dec 2009
	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	34,615,465	34,421,123
Profit for the period	<u>456,320</u>	<u>194,342</u>
Total unrestricted equity	35,071,785	34,615,465
Total equity	46,530,560	46,074,240
Untaxed reserves	160,078	160,078
Provisions for pensions	362	22
Liabilities		
Non-current liabilities		
Liabilities to Group companies	295,853	166,504
Financial liabilities	13,305,038	20,955,342
Other liabilities	<u>6,704</u>	<u>6,205</u>
Total non-current liabilities	13,607,595	21,128,051
Current liabilities		
Liabilities to Group companies	41,229,178	39,903,275
Financial liabilities	13,856,650	10,137,191
Accrued expenses and prepaid income	258,042	402,940
Other liabilities	244,650	72,813
Accounts payable	<u>196</u>	<u>49</u>
Total current liabilities	55,588,716	50,516,268
Total liabilities	69,196,311	71,644,319
TOTAL EQUITY, PROVISIONS AND LIABILITIES	<u>115,887,311</u>	<u>117,878,659</u>
Pledged assets		
Collateral for trading in derivatives	9,990	9,996
Contingent liabilities		
FPG (Försäkringsbolaget Pensionsgaranti)	367	352

STATEMENT OF CHANGES IN EQUITY

SEK 000s				
2009	Share capital	Statutory reserve	Profit brought forward and profit for the year	Total equity
Equity at 31 Dec 2008	357,353	41,101,422	4,286,887	45,745,662
Adjustment figures due to changed accounting policy			298,396	298,396
Equity at 1 January 2009	357,353	41,101,422	4,585,283	46,044,058
Profit for the year from the income statement			470,198	470,198
Other comprehensive income			-	-
Total comprehensive income			470,198	470,198
Transactions with owners				
Shareholders' contribution			30,000,000	30,000,000
Reduction of statutory reserve		-30,000,000		-30,000,000
Deductable 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	34,615,465	46,074,240
SEK 000s				
30 June 2010	Share capital	Statutory reserve	Profit brought forward and profit for the year	Total equity
Equity at 1 January 2010	357,353	11,102,422	34,615,465	46,074,240
Profit for the period from the income statement			456,320	456,320
Other comprehensive income			-	-
Total comprehensive income			456,320	456,320
Transactions with owners			-	-
Total transactions with owners			-	-
Equity at 30 June 2010	357,353	11,101,422	34,159,145	46,530,560

CASH FLOW STATEMENT	2010	2009
1 January - 30 June	SEK 000s	SEK 000s
Operating profit	628,062	267,384
Net effect of intra-Group flows*	-259,317	-3,173,502
Change in market value	-152,178	56,677
Adjustment for non-cash items **	<u>-35,061</u>	<u>-264,602</u>
	181,506	-3,114,043
Tax payments	-27,615	-42,018
Operating receivables	62	16,262
Operating liabilities	<u>-2,930</u>	<u>-957</u>
Working capital	-2,868	15,305
Current loans	1,880,326	-11,566,972
Non-current loans	<u>170,635</u>	<u>2,860,166</u>
Loans	2,050,961	-8,706,806
Pension liability	340	0
Other non-current liabilities	<u>499</u>	<u>-2,624</u>
Non-interest bearing non-current liabilities	839	-2,624
Cash flow from operating activities	2,202,823	-11,850,186
Cash flow from investing activities	-	-
Current loans	6,464,028	19,729,106
Non-current loans	<u>-7,492,798</u>	<u>-11,755,273</u>
Loan financing	-1,028,770	7,973,833
Cash flow from financing activities	-1,028,770	7,973,833
Cash flow for the year	1,174,053	-3,876,353
Cash and cash equivalents at the beginning of the period	11,760	3,955,265
Change in cash and cash equivalents	<u>1,174,053</u>	<u>-3,876,353</u>
Cash and cash equivalents at the end of the period	1,185,813	78,912

* The item SEK -259,317,000 comprises the net of Group contributions received and paid in 2009.

** The item SEK -35,061,000 comprises reversed depreciation/amortisation of SEK 106,670,000 and change in accrued interest of SEK -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 2.3. 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 with consideration given to the link between accounting and taxation. The policies were applied consistently to all years presented

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 valuation of financial derivatives.

For the 2010 financial year, AB SCA Finans has elected not to apply the exception from application of IAS 39 stipulated in paragraph 73 of RFR 2.3, which it had applied to its financial statements for 2009. AB SCA Finans has chosen to apply RFR 2.3 in full. AB SCA Finans measures all financial derivatives at market value and the changes in market value during the years 2008 to 2010 are recognised in the Statement of changes in equity. AB SCA Finans believes that the market valuation of financial derivatives provides more reliable and relevant information about the company, which in turn gives a truer and fairer picture of AB SCA Finans. The policies for market valuation have not been adjusted since the preceding year, when the market value of financial derivatives was presented solely for the purpose of disclosure.

EFFECTS OF ADJUSTED ACCOUNTING POLICY

Balance sheet

Equity, SEK 000s	30 June 2010	31 Dec 2009	
Opening balance, 1 January, according to the adopted balance sheet	45,870,801	45,745,662	
Adjustment figures due to changed accounting policy	203,439	298,396	
Opening balance, 1 January, adjusted according to new policy	46,074,240	46,044,058	
Profit for the period	344,164	511,969	
Transactions with owners	0	-440,016	
Adjustment figures due to changed accounting policy	112,156	-41,771	
Closing balance, Equity	46,530,560	46,074,240	
Adjustments for 2010 due to changed accounting policy SEK 000s	After adjustment 30 June 2010	Before adjustment 30 June 2010	Difference
Financial assets	1,326,915	798,880	528,035
Current assets	114,079,732	114,059,746	19,986
Assets adjusted according to new policy	115,406,647	114,858,626	548,021

Adjustment due to changed accounting policy	After adjustment 30 June 2010	Before adjustment 30 June 2010	Difference
Non-current liabilities	13,607,595	13,505,269	102,326
Current liabilities	55,588,716	55,458,616	130,100
Liabilities adjusted according to new policy	69,196,311	68,963,885	232,426

Adjustments for 2009 due to changed accounting policy SEK 000s	After adjustment 30 June 2009	Before adjustment 31 Dec 2009	Difference
Financial assets	1,368,462	969,516	398,946
Current assets	115,922,863	115,913,889	8,974
Assets adjusted in accordance with new principle	117,291,325	116,883,405	407,920

Adjustment due to changed accounting policy	After adjustment 31 Dec 2009	Before adjustment 31 Dec 2009	Difference
Non-current liabilities	21,128,051	20,997,567	130,484
Current liabilities	50,516,268	50,442,271	73,997
Liabilities adjusted according to new policy	71,644,319	71,439,838	204,481

Income statement

1 January - 30 June, 000s	2010	2009
According to the income statement	475,885	324,061
Adjustment due to changed accounting policy	152,178	-56,677
Tax on profit for the period	-171,743	-73,042
Profit for the period adjusted in accordance with the new policy	456,320	194,342
Breakdown of the adjustment to profit	2010	2009
Net interest income/expense	152,178	-56,677
Tax	-40,022	14,906
Total	112,156	-41,771

Accordingly, net assets increased SEK 112,156,000 during the period 31 December 2009 to 30 June 2010. Net assets for 2009 of SEK 203,439,000 are included as the opening balance for 2010. During the periods 31 December 2008 to 30 June 2009 and 31 December 2008 to 31 December 2009, net assets declined SEK 41,771,000 and SEK 94,957,000, respectively. The accumulated adjustment effect on the balance sheet at 1 January 2008 totalled SEK 298,396,000.

The impact of the adjusted accounting policy yielded a total earnings effect of SEK 315,595,000, which also represents the difference in the adjustment of net assets at 30 June 2010 due to the changed accounting policy. The derivative instruments measured at market value are mostly included in hedging relationships established at Group level, meaning that there is no impact on the consolidated income statement and balance sheet for the SCA Group.

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.

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 2.3 and generally accepted accounting principles in Sweden and provides a true and fair view of AB SCA Finans' position and earnings.

Stockholm, 28 August 2010

Lennart Persson
Chairman of the Board

Carl-Axel Olson
President

Anders Nyberg
Board member