



ANNUAL REPORT 2010

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

BOARD OF DIRECTORS' REPORT

Operation

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 28065399 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 56012-6293 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 represents a portion of SCA's borrowing from banks, other credit institutions, as well as direct market financing. Since 2009, all external long-term financing takes place in the Parent Company, Svenska Cellulosa Aktiebolaget SCA. SCA Capital N.V has taken over borrowing via the commercial paper programme in Sweden and 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 1,042,072,000 (543,941,000) and is mainly attributable to the Group's net interest income, foreign-exchange gains and royalties pertaining to trademarks.

Corporate Governance

AB SCA Finans is part of SCA and a description of the corporate governance and risk management for the Group is found in SCA's 2010 Annual Report.

AB SCA Finans' operations as an internal bank are regulated by a finance policy approved by the SCA Group's Board of Directors. Front office, which initiates business transactions, is controlled by Treasury control through back office and middle office. Financial and operating risks, instruments and positions must match the regulations of the finance policy. Treasury accounting is responsible for reporting earnings in accordance with applicable accounting policies. External auditors review the company's accounting and internal control. Since 2006, SCA also has a separate internal review function, which is responsible for evaluating and improving efficiency in SCA's internal governance and control, as well as risk management.

The Board of Directors of AB SCA Finans assumes the overall responsibility for the company's organisation and management by continuously monitoring the operation, assuring an appropriate organisation, management, guidelines and internal control. The Chairman of the Board leads the Board work and continuously monitors the company's operation through dialogue with the President. The Chairman of the Board receives continuous reports from Treasury accounting pertaining to the company's performance, accounting and financial risk management. However, the Board of the SCA Group makes decisions on the finance policy, which regulates the operations of AB SCA Finans.

The President of AB SCA Finans is responsible for and manages the ongoing operations in accordance with the Board's guidelines and instructions, as well as the established finance policy. The President receives continuous reports from Treasury accounting and Treasury control pertaining to the company's development, accounting and financial risk management.

SCA Treasury B.V., the Netherlands is the sole owner of AB SCA Finans and there are no restrictions in voting rights in the Articles of Association. According to the stipulations in the Articles of Association, Board members are elected at the Annual General Meeting. The Board of Directors shall comprise not

less than three and not more than nine members, with not more than three deputy members. Amendments to the Articles of Association are resolved by the Annual General Meeting. The Annual General Meeting has not authorised the Board of Directors to make decisions pertaining the issuance of new shares or acquisition of treasury shares.

Proposed distribution of earnings

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

	2010
Retained earnings, SEK	34,615,464,730
Group contribution, net after tax, SEK	-897,974,196
Profit for the year, SEK	<u>754,875,723</u>
	<u>34,472,366,257</u>

The Board of Directors and the President propose:

To be carried forward, SEK 34,472,366,257

A Group contribution, net after tax, totalling SEK 3,905,057,654 (1,057,406,632) was made to SCA Treasury B.V. Holland, Stockholm Branch, at the same time as a Group contribution of SEK 3,007,083,458 (617,390,611) was received from Svenska Cellulosa Aktiebolaget SCA. The Board of Directors is of the opinion that the Group contribution 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	2010	2009
	SEK 000s	SEK 000s
Interest income (Note 3)	2,812,422	3,441,867
Interest expense (Note 3)	<u>-1,816,151</u>	<u>-2,661,126</u>
Net interest income	996,271	780,741
Other operating income	2,939,609	1,421,633
Other operating expenses	<u>-2,664,394</u>	<u>-1,356,281</u>
Other operating items (Note 4)	275,215	65,352
Subtotal	1,271,486	846,093
Operating expenses		
Personnel costs (Note 5)	-10,261	-6,290
Amortisation of intangible assets (Note 6)	-213,339	-284,391
Depreciation of tangible assets (Note 7)	-	-2
Other external costs (Note 8)	<u>-5,814</u>	<u>-11,469</u>
Total operating items	-229,414	-302,152
Operating profit (Note 9)	1,042,072	543,941
Appropriations (Note 10)	-	96,871
Tax on profit for the year (Note 11)	-287,196	-170,614
Profit for the year	754,876	470,198
STATEMENT OF COMPREHENSIVE INCOME		
	2010	2009
	SEK 000s	SEK 000s
Profit for the year	754,876	470,198
Other comprehensive income	=	=
Total comprehensive income	754,876	470,198

BALANCE SHEET	2010	2009
	SEK 000s	SEK 000s
ASSETS		
Non-current assets		
Intangible assets		
Trademarks (Note 6)	286,120	449,553
Goodwill (Note 6)	<u>87,625</u>	<u>137,531</u>
Total intangible assets	373,745	587,084
Tangible assets		
Equipment (Note 7)	250	250
Financial fixed assets		
Receivables from Group companies (Note 12)	434,135	632,434
Financial assets (Note 13)	<u>741,028</u>	<u>736,028</u>
Total financial fixed assets	1,175,163	1,368,462
Total non-current assets	1,549,158	1,955,796
Current assets		
Receivables from Group companies (Note 12)	114,098,184	115,686,020
Financial assets (Note 13)	537,662	224,432
Other receivables	205	-
Tax asset (Note 11)	1,307	234
Prepaid expenses and accrued income (Note 14)	373	417
Other current investments (Note 13)	9,952	9,996
Cash and bank balances	<u>29,594</u>	<u>1,764</u>
Total current assets	114,677,277	115,922,863
TOTAL ASSETS	<u>116,226,435</u>	<u>117,878,659</u>

BALANCE SHEET	2010	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	33,717,491	34,145,267
Profit for the year	<u>754,876</u>	<u>470,198</u>
Total unrestricted equity	34,472,367	34,615,465
Total equity	45,931,142	46,074,240
Untaxed reserves (Note 15)	160,078	160,078
Provisions for pensions (Note 5)	26	22
Other provisions	113	-
Liabilities		
Non-current liabilities		
Liabilities to Group companies (Note 12)	198,352	166,504
Financial liabilities (Note 13)	12,146,520	20,955,342
Other liabilities	<u>4,888</u>	<u>6,205</u>
Total non-current liabilities	12,349,760	21,128,051
Current liabilities		
Liabilities to Group companies (Note 12)	51,191,089	39,903,275
Financial liabilities (Note 13)	6,267,268	10,137,191
Accrued expenses and deferred income (Note 16)	326,552	402,940
Other liabilities	151	72,813
Accounts payable (Note 13)	<u>256</u>	<u>49</u>
Total current liabilities	57,785,316	50,516,268
Total liabilities	70,135,076	71,644,319
TOTAL EQUITY, PROVISIONS AND LIABILITIES	<u>116,226,435</u>	<u>117,878,659</u>
Pledged assets		
Collateral for trading in derivatives (Note 13)	9,952	9,996
Contingent liabilities		
FPG (Försäkringsbolaget PRI Pensionsgaranti)	372	352

STATEMENT OF CHANGES IN EQUITY

SEK 000s			Retained earnings and	Total
2009	Share capital	Statutory reserve	profit for the year	equity
Equity at 31 December 2008	357,353	41,101,422	4,286,887	45,745,662
Adjusted figures due to amended accounting policies			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 in statutory reserve		-30,000,000		-30,000,000
Deductible Group contribution			-597,037	-597,037
Tax effect of Group contribution			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			Retained earnings and	Total
2010	Share capital	Statutory reserve	profit for the year	equity
Equity 1 January	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 contribution			-1,218,418	-1,218,418
Tax effect of Group contribution			320,444	320,444
Total transactions with owners			-897,974	-897,974
Equity 31 December 2010	357,353	11,101,422	34,472,367	45,931,142

CASH FLOW STATEMENT	2010	2009
	SEK 000s	SEK 000s
Operating profit	1,042,072	543,941
Effects from amended accounting policies (Note 1)	-	128,842
Net effect of intra-Group flows (Note 17)	-792,520	-3,511,222
Adjustment of non-cash items (Note 17)	<u>139,038</u>	<u>-45,022</u>
	388,590	-2,883,461
Tax payments	-40,423	-47,479
Operating receivables	-1,431	23,244
Operating liabilities	<u>2,922</u>	<u>-2,940</u>
Working capital	1,491	20,304
Current loans	4,713,830	-2,353,186
Non-current loans	<u>193,296</u>	<u>3,864,217</u>
Loans	4,907,126	1,511,031
Pension liability	117	-4,565
Other non-current liabilities	<u>-1,317</u>	<u>-1,734</u>
Non-interest bearing non-current liabilities	-1,200	-6,299
Cash flow from operating activities	5,255,584	-1,405,904
Cash flow from investing activities	-	-
Current loans	3,549,176	12,760,094
Non-current loans	<u>-8,776,974</u>	<u>-15,297,695</u>
Loan financing	-5,227,798	-2,537,601
Cash flow from financing activities	-5,227,798	-2,537,601
Cash flow for the year	27,786	-3,943,505
Cash and cash equivalents, 1 January	11,760	3,955,265
Change in cash and cash equivalents	<u>27,786</u>	<u>-3,943,505</u>
Cash and cash equivalents, 31 December	39,546	11,760
Supplementary disclosures		
Cash and cash equivalents		
Cash and bank balances	29,594	1,764
Current investments	<u>9,952</u>	<u>9,996</u>
Total cash and cash equivalents	39,546	11,760
Interest paid and received		
Interest paid	-1,033,554	-2,404,948
Interest received	<u>2,097,552</u>	<u>3,463,288</u>
Total interest paid and received	1,063,998	1,058,340

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. 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 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 periods for intangible assets, as well as the market capitalisation of financial derivatives.

For the 2010 financial year, AB SCA Finans has elected not to utilise the exemption from applying IAS 39 in Section 73 of RFR 2, as was applied in the 2009 financial year. ABB SCA Finans has elected to apply RFR 2 in its entirety. Consequently, AB SCA Finans will measure the market value of all financial derivatives and the table below states the changes in market value over the years 2008 – 2010. AB SCA Finans believes that a market valuation of financial derivatives will provide more reliable and relevant information about the company, which in turn will provide a more accurate view of AB SCA Finans. The policies in the market capitalisation have not changed since the preceding year when the market value of the financial derivatives was only disclosed for information purposes.

EFFECTS OF AMENDED ACCOUNTING POLICIES

Balance sheet

Equity, SEK 000s	31 Dec 2010	31 Dec 2009
Opening balance, 1 January according to adopted balance sheet	45,870,801	45,745,662
Adjustment figures due to amended accounting policies	203,439	298,396
Opening balance, 1 January adjusted according to new policy	46,074,240	46,044,058
Earnings before adjustments for the period	758,616	565,155
Transactions with owners	-897,974	-440,016
Adjustment figures due to amended accounting policies	-3,740	-94,957
Equity, 31 December	45,931,142	46,074,240

Adjustments for 2010 due to amended accounting policies, SEK 000s	After adjustment 31 Dec 2010	Before adjustment 31 Dec 2010	Change
Financial fixed assets	1,175,163	773,164	401,999

Current assets	114,677,276	114,564,630	112,646
Assets adjusted according to the new policy	115,852,439	115,337,794	514,645

	After adjustment	Before adjustment	
Adjustment due to amended accounting policy	31 Dec 2010	31 Dec 2010	Change
Non-current liabilities	12,349,760	12,218,588	131,172
Current liabilities	57,785,316	57,672,805	112,511
Liabilities adjusted according to the new policy	70,135,076	69,891,393	243,683

	After adjustment	Before adjustment	
Adjustments for 2009 due to amended accounting policy, SEK 000s	31 Dec 2009	31 Dec 2009	Change

Financial fixed assets	1,368,462	969,516	398,946
Current assets	115,922,863	115,913,889	8,974
Assets adjusted according to the new policy	117,291,325	116,883,405	407,920

	After adjustment	Before adjustment	
Adjustment due to amended accounting policy	31 Dec 2009	31 Dec 2009	Change
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 the new policy	71,644,319	71,439,838	204,481

Income statement

SEK 000s	2010	2009
Operating profit before adjustments	1,047,147	769,654
Adjustments due to amended accounting policy	-5,075	-128,842
Tax on profit for the period	-287,196	-170,614
Profit for the period adjusted according to the new policy	754,876	470,198

Distribution of the profit adjustment	2010	2009
Net interest income	-5,075	-128,842
Tax	1,335	33,885
Total	-3,740	-94,957

Profit adjustment generated the following effects on net assets.

Net assets for 2008 totalling SEK 298,376,000 are included as Opening balance, 1 January 2009.

Net assets declined SEK 94,957,000 during the period 31 December 2008 – 31 December 2009.

Net assets for 2009 totalling SEK 203,439,000 are included as Opening balance, 1 January 2010.

Net assets declined SEK 3,740,000 during the period 31 December 2009 – 31 December 2010.

The effect of the adjusted accounting policy has generated a comprehensive income effect before tax of SEK 270,962,000, which is also the difference in the adjustments of net assets on 31 December 2010 due to the amended accounting policy.

The effect of the adjusted accounting policy has generated a comprehensive income effect after tax of SEK

199,699,000.

The market-valued derivatives are included to a large extent in the hedge relationships established at Group level, meaning that AB SCA Finans' change in accounting policies will not impact the SCA Group's accounting policies.

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.

Derivative instruments

Derivative instruments are measured at fair value through profit or loss. The market values are prepared in accordance with generally accepted valuation techniques based on observable data.

The fair value of derivative 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 techniques, 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. There are no hedging relationships in AB SCA Finans. Derivatives are recognised in a gross amount without taking ISDA agreements in the balance sheet into consideration.

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, new non-current financing in Svenska Cellulosa Aktiebolaget and SCA Capital B.V. in Belgium are issued under the commercial papers programme.

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 2010 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 40% (39) as of 31 December 2010. 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 positive impact of SEK 122m (neg: 52) on AB SCA Finans' earnings. As of 31 December 2010, outstanding currency positions with a carrying amount of positive SEK 49m (neg: 4) 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 55m (96), including derivatives outstanding on the balance-sheet date.

Currency sensitivity by currency, SEKm

AUD	3.2
DKK	20.7
EUR	1.4
GBP	18.8
JPY	5.7
NOK	8.2
PLN	1.8
RUB	2.2
USD	-6.6
Total	55.4

Interest-rate risk

Net interest income during the year had a positive impact of SEK 996m (781) 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 459m annually (457), including derivatives outstanding on the balance-sheet date. The interest-rate increases in SEK during the year had a positive impact on AB SCA Finans' earnings compared with the preceding year.

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 2010, the credit risk associated with financial cash instruments amounted to SEK 40m (12). Credit exposure associated with derivative instruments totalled SEK 2,560m (3,021). Of the total credit exposure, SEK 2,176m (2,956) was with counterparties with a minimum rating of AA.

As of 31 December 2010, no receivables had fallen due for payment. No provisions were made in 2010 for possible or confirmed loan losses. There was deemed to be no provision requirement for doubtful receivables as of 31 December 2010. Credit risk in accounts receivable is managed in accordance with SCA's proactive credit checks.

Price risk

As of 31 December 2010, external energy derivatives of 6.7 TWh (5.4) were outstanding on behalf of various Group companies. AB SCA Finans takes no risk; instead it reflects the Group companies' transactions with external counterparties. These transactions did not impact AB SCA Finans' earnings during the year.

The net position on 31 December 2010 amounted to SEK 0m (0); refer also to Note 12 and 13.

NOTE 3 INTEREST INCOME AND INTEREST EXPENSE

SEK 000s	2010	2009
Interest income	702,193	616,634
Interest expenses	<u>-1,095,143</u>	<u>-2,002,793</u>
Net interest income, external financial counterparties	-392,950	-1,386,159
Interest income, Group companies	2,110,229	2,825,233
Interest expenses, Group companies	<u>-721,008</u>	<u>-658,333</u>
Net interest income, Group companies	1,389,221	2,166,900
Net interest income	996,271	780,741

NOTE 4 OTHER OPERATING ITEMS

SEK 000s	2010	2009
Exchange-rate gains	514,587	132,472
Energy gains	305,913	96,568
Financial expenses	-12,873	-12,528
Other operating items	0	14,611
Exchange-rate differences	<u>1,941,280</u>	<u>1,190,510</u>
Total external financial counterparties	2,748,907	1,421,633
Royalties, Group companies	177,829	112,176
Exchange-rate gains, Group companies	-392,910	-181,999
Energy gains, Group companies	-306,604	-96,568
Other operating items	-10,974	0
Exchange-rate differences, Group companies	<u>-1,941,033</u>	<u>-1,189,890</u>
Total Group companies	-2,473,692	-1,356,281
Total other operating items	275,215	65,352

NOTE 5 PERSONNEL COSTS

Salaries and remuneration, SEK 000s	2010	2009
Board of Directors, President, Executive Vice Presidents and senior executives ¹⁾	-	-
of which, variable salary	-	-
Other employees	<u>5,896</u>	<u>7,565</u>

Total	5,896	7,565
Social security costs, SEK 000s	2010	2009
Total social security costs	3,672	-1,481
of which, pension costs ²⁾	888	-4,355

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

2) Of AB SCA Finans' pension income, SEK 162,000 (expense: 2,225,000) pertains to former Presidents, Executive Vice Presidents and Board members.

Since the value of the assets in the foundation is higher than the pension obligations, no pension obligation will be recognised for these SEK 0 (11,000).

Pension costs, SEK 000s	2010	2009
Self-administered pension plans		
Cost excluding interest expense	-37	-4,423
Interest cost (recognised in personnel costs)	<u>1</u>	<u>179</u>
Total	-36	-4,244
Retirement through insurance		
Insurance premiums	781	718
Other	<u>21</u>	<u>43</u>
Total	802	761
Tax on returns	27	-
Special payroll tax on pension costs	108	-898
Cost for credit insurance, etc.	<u>-13</u>	<u>26</u>
Total	122	-872
Pension costs for the year	888	-4,355

Pension liabilities regarding retirement pensions have been secured by a joint Swedish SCA pension foundation. As of 31 December 2010, the market value of AB SCA Finans' portion of the foundation's assets amounted to SEK 22,786,000 (17,569,000). Allowance has been received totalling SEK 321,000 (0). As of 31 December 2010, the capital value of the pension obligations was SEK 18,621,000 (17,591,000). Pension payments of SEK 281,000 (321,000) were made in 2010. Since the value of the assets is higher than the pension obligations at the end of the year, whereby the pension obligation could have been reversed during the year, which thus resulted in the recognition of income in profit or loss.

Capital value of pension obligations relating to self-administered pension plans, SEK 000s	2010	2009
Balance, 1 January	22	4,587
Cost excluding interest expense	-37	-4,423
Interest cost (recognised in personnel costs)	1	179
Payment of pensions	-281	-321
Allowance	<u>321</u>	-
Balance, 31 December	26	22

The capital value of the pension obligations as at 31 December 2010 pertains to obligations regarding ITP1, which SCA recognises as a "self-administered pension plan."

The discount rate is 5.0% (3.9).

Next year's anticipated payment pertaining to defined-benefit pension plans amounts to SEK 262,000.

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 210,000 (195,000). Personnel costs also include other personnel costs amounting to SEK 159,000 (206,000).

Average number of employees	2010	2009
Sweden	11	11
of which, women, %	64	60

Of the total of three (three) Board members and senior executives, none are women (unchanged compared with 2009).

NOTE 6 INTANGIBLE FIXED ASSETS

Trademarks, SEK 000s	2010	2009
Cost, 1 January	1,361,487	1,361,487
Investments	=	=
Accumulated cost, 31 December	1,361,487	1,361,487
Amortisation, 1 January	-911,934	-677,449
Amortisation for the year	<u>-163,433</u>	<u>-234,485</u>
Accumulated amortisation, 31 December	-1,075,367	-911,934
Planned residual value, 31 December	286,120	449,553
Goodwill, Trademarks, SEK 000s	2010	2009
Cost, 1 January	249,532	249,532
Investments	=	=
Accumulated cost, 31 December	249,532	249,532
Amortisation, 1 January	-112,001	-62,095
Amortisation for the year	<u>-49,906</u>	<u>-49,906</u>
Accumulated amortisation, 31 December	-161,907	-112,001
Planned residual value, 31 December	87,625	137,531

NOTE 7 TANGIBLE ASSETS

Equipment, SEK 000s	2010	2009
Cost, 1 January	453	453
Investments	=	=
Accumulated cost, 31 December	453	453
Depreciation, 1 January	-203	-201
Depreciation for the year	=	<u>-2</u>
Accumulated depreciation, 31 December	-203	-203

Planned residual value, 31 December	250	250
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NOTE 8 OTHER EXTERNAL COSTS

Auditing expenses, SEK 000s	2010	2009
Audit assignments, PwC	-674	-677
Other assignments, PwC	-247	-
Total	-921	-677

NOTE 9 REVENUE BY REVENUE CLASS

Revenue class, SEK 000s	2010	2009
Operational interest-rate and currency hedging including position-taking	121,444	-49,272
Net interest income, external financial counterparties	-397,362	-1,350,976
Net interest income, Group companies	1,398,244	2,131,717
Other	149,160	114,624
Total	1,271,486	846,093

NOTE 10 APPROPRIATIONS

Excess depreciation/amortisation, SEK 000s	2010	2009
Excess amortisation, trademarks	96,888	96,888
Excess depreciation, equipment	-17	-17
Total	96,871	96,871

NOTE 11 TAXES

After new accounting policies

Tax on profit for the year, SEK 000s	2010	2009
Current tax expense	-287,196	-170,614
Total	-287,196	-170,614

During 2010, the entire tax effect was utilised for the amended accounting policies.

Note 1 shows how the comprehensive income of SEK 270,962,000 was distributed over the years 2008 – 2010.

Tax for 2008 and 2009 of SEK 72,598,000 was thus charged against 2010, which comprises for the difference in current tax expenses in 2010 before and after the adjustment.

Distribution of adjustment	Total	2010	2009	2008
Net interest income	270,962	-5,075	-128,842	404,879
Tax	-71,263	1,335	33,885	-106,483
Total	199,699	-3,740	-94,957	298,396

Tax calculation 2010, actual tax

Tax on profit for the year, SEK 000s	2010	2009
Current tax expense	-359,794	-204,499
Total	-359,794	-204,499

Reconciliation, SEK 000s	2010		2009	
	SEKm	%	SEKm	%
Tax expense	-359,794	27.3	-204,499	26.6

Expected tax	<u>-346,663</u>	<u>26.3</u>	<u>-202,419</u>	<u>26.3</u>
Difference	-13,131	1.0	-2,080	0.3

Difference is due to:

Tax attributable to prior periods	-	-	-	-
Other non-taxable/non-deductible items	<u>-13,131</u>	<u>1.0</u>	<u>-2,080</u>	<u>0.3</u>
Total	-13,131	1.0	-2,080	0.3

Current tax expense, SEK 000s	2010	2009
Income tax for the period	-359,794	-204,499
Adjustments for prior periods	=	=
Total	-359,794	-204,499

CURRENT TAX ASSET

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

SEK 000s	2010	2009
Balance, 1 January	234	234
Adjustment for prior periods, including tax surcharge	-	-
Current tax expense/income	-359,794	-204,499
Paid tax	40,423	47,478
Tax income/expense, other Group companies	<u>320,444</u>	<u>157,021</u>
Tax asset, 31 December	1,307	234

AB SCA Finans made a Group contribution of SEK 5,298,586,000 (1,434,744,000) to SCA Treasury B.V. Holland, Stockholm Branch.

The tax effect amounted to SEK 1,393,528,000 (377,338,000). The company made a Group contribution of SEK 533,204,000 (337,720,000) to Svenska Cellulosa Aktiebolaget SCA and received a Group contribution of SEK 4,613,372,000 (1,175,428,000) from Svenska Cellulosa Aktiebolaget SCA. The tax effects amounted to SEK 140,233,000 (88,820,000) and SEK 1,213,317,000 (309,307,000), respectively.

NOTE 12 FINANCIAL INSTRUMENTS, GROUP COMPANIES

Non-current receivables

Loans	423,674	555,687
Derivatives, refer to table below	<u>10,461</u>	<u>76,747</u>
Total	434,135	632,434

Current receivables

Loans	108,708,561	113,491,572
Derivatives, refer to the table below	608,301	828,965
Accrued interest	166,593	189,979
Group contributions	4,613,372	1,175,428
Other	<u>1,357</u>	<u>76</u>
Total	114,098,184	115,686,020

Total	114,532,319	116,318,454
Liabilities, Group companies, SEK 000s		
	2010	2009
Non-current liabilities		
Deposits	138,303	144,203
Derivatives, refer to the table below	<u>60,049</u>	<u>22,301</u>
Total	198,352	166,504
Current liabilities		
Deposits	43,288,377	38,043,801
Derivatives, refer to the table below	2,573,060	407,100
Accrued interest	26,095	17,533
Group contribution	5,298,586	1,434,744
Other	<u>4,971</u>	<u>97</u>
Total	51,191,089	39,903,275
Total	51,389,441	40,069,779

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

The derivative instruments are valued at market price.

Intra-Group receivables and liabilities mainly have short-term maturities and fixed-interest periods; long-term maturities occur only in exceptional cases.

Market values are determined in accordance with fair value hierarchy level two, which means that they are determined based on observable inputs and established valuation techniques.

However, the recognised market value does not differ significantly from the amortised cost, since the derivative's maturities, which are primarily short-term, and that instruments are translated to applicable closing rate also in the case of amortised cost.

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	2010	2009
Currency derivatives	-1,837,358	246,908
Interest-rate derivatives	-	-
Commodity derivatives	-176,989	229,403
Equity derivatives	-	-
Total	-2,014,347	476,311

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

EUR loans	<u>423,675</u>	<u>555,687</u>
Total	423,675	555,687

Current receivables, SEK 000s	2010	2009
SEK loans	94,774,092	98,351,524
EUR loans	7,042,512	8,319,890
USD loans	0	22,306
Other currencies and cash pool	<u>6,891,957</u>	<u>6,797,852</u>
Total	108,708,561	113,491,572

Non-current liabilities, SEK 000s	2010	2009
USD deposits	<u>138,303</u>	<u>144,203</u>

Total	138,303	144,203
Current liabilities, SEK 000s	2010	2009
EUR deposits	36,705,192	37,482,124
SEK deposits	6,288,362	264,560
Other currencies and cash pool	<u>294,823</u>	<u>297,117</u>
Total	43,288,377	38,043,801

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

SEK 000s	Total	2011	2012	2013	2014+
Receivables	109,132,237	108,708,562	-	-	423,675
Derivatives, net-settled	59,906	52,696	7,100	110	-
Derivatives, gross-settled	2,576	-	2,576	-	-
Interest*	<u>2,200,173</u>	<u>2,141,511</u>	<u>9,777</u>	<u>9,777</u>	<u>39,108</u>
Total	111,394,892	110,902,769	19,453	9,887	462,783
Liabilities	43,426,680	43,288,377	-	-	138,303
Derivatives, net-settled	236,895	177,522	53,478	5,895	-
Derivatives, gross-settled	1,839,934	1,839,934	-	-	-
Interest*	<u>765,947</u>	<u>743,267</u>	<u>3,780</u>	<u>3,780</u>	<u>15,120</u>
Total	46,269,456	46,049,100	57,258	9,675	153,423
Net total	65,125,436	64,853,669	-37,805	212	309,360

Recognised fair value of gross-settled derivatives as net of nominal market values

SEK 000s	Total	2011	2012	2013	2014+
Assets	63,821,131	63,764,417	56,714	-	-
Liabilities	-65,658,489	-65,604,351	-54,138	-	-
Total	-1,837,358	-1,839,934	2,576	-	-

* Fixed-interest periods are set at the agreed interest rate, while the closing date's interest rate for floating interest periods is assumed to be unchanged.

NOTE 13 FINANCIAL INSTRUMENTS, EXTERNAL FINANCIAL COUNTERPARTIES
Receivables, external financial counterparties, SEK 000s

	2010	2009
Non-current receivables		
Derivatives, refer to the table below	<u>741,028</u>	<u>736,027</u>
Total	741,028	736,027
Current receivables		
Derivatives, refer to the table below	537,662	224,432
Liquid investments, refer to the table below	<u>9,952</u>	<u>9,996</u>
Total	547,614	234,428
Total	1,288,642	970,455

Liabilities, external financial counterparties, SEK 000s

	2010	2009
Non-current liabilities		
Bond issues	5,060,496	12,314,015
Derivatives, refer to the table below	141,650	206,066
Other non-current loans with maturities > 5 years	1,624,101	1,731,462
Other non-current loans med maturities >1 year, < 5 years	5,338,929	6,732,089

Transaction costs, non-current loans	-18,656	-28,290
Total	12,146,520	20,955,342
Current liabilities		
Commercial paper	-	7,576,726
Derivatives, refer to the table below	155,154	302,113
Bond issues with maturities <1 year	5,966,211	2,000,000
Loans with maturities < 1 year	145,903	258,352
Accounts payable	256	49
Total	6,267,524	10,137,240
Total	18,414,044	31,092,582

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

Derivative instruments are valued at fair value.

Market values are determined in accordance with the fair value hierarchy level two, which means that they are determined based on observable inputs and established valuation techniques.

The market value mainly differs from the amortised cost since the market value of non-current interest-rate swaps associated with non-current borrowing is measured as a separate derivative position.

External 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 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	2010	2009
Currency derivatives	257,682	91,355
Interest-rate derivatives	547,215	590,328
Commodity derivatives	176,989	-229,403
Equity derivatives	-	-
Total	981,886	452,280

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.

	Nominal SEKm	31 Dec 2010 Utilised SEKm	31 Dec 2009 Utilised SEKm
Commercial paper programme			
Swedish SEK 15,000m	15,000	-	-7,577

Belgian EUR 400m	3,598	-	-
Total	18,598	-*	-7,577

* From 2010, SCA Capital N.V. issues certificates under both programmes.

				31 Dec 2010	31 Dec 2009
Credit facilities		Nominal	Nominal SEKm	Utilised SEKm	Utilised SEKm
Syndicated credit facilities EUR 1,200m					
Maturity	2011	35	315	-	-
Maturity	2012	1,105	9,941	-	-
Syndicated credit facilities EUR 1,000m					
Maturity	2014	1,000	8,996	-	-
Bilateral credit facilities					
Maturity	2011		3,000	-	-
Maturity	2013		2,500	-	-
Maturity	2015		3,000	-	-
Total			27,752	-	-

Liquid investments, SEK 000s		31 Dec 2010	31 Dec 2009
Treasury bills Sweden with maturities < 3 months		4,986	4,999
Treasury bills Sweden with maturities > 3 months		4,966	4,997
Total		9,952	9,996

AB SCA Finans has bank loans and an EMTN programme at its disposal for non-current borrowing. The EMTN programme has a framework of EUR 3,000m (SEK 26,989m) and as of 31 December 2010, EUR 1,108m (1,737) was outstanding with an average maturity of 2.0 years (3.0). USD 450m (SEK 3,059m) 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	2010	2009
Maturity > 5 years		
USD deposits	141,389	147,954
SEK deposits	800,000	800,000
EUR deposits	<u>682,712</u>	<u>783,508</u>
Total	1,624,101	1,731,462
Maturity > 1 year, < 5 years		
USD deposits	-	309,097
GBP deposits	1,283,971	1,671,066
EUR deposits	<u>4,054,958</u>	<u>4,751,926</u>
Total	5,338,929	6,732,089

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

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.

All derivative instruments in AB SCA Finans are recognised at fair value.

Carrying amount, SEK 000s

Fair value, SEK 000s

Bond issues	Maturity year	31 Dec 2010	31 Dec 2010
Notes USD 450m	2015	3,059,235	3,351
Index Linked Interest Note SEK 300m	2015	374,301	313
Index Linked Interest Note SEK 500m	2015	626,960	522
Notes EUR 685m	2011	5,966,211*	5,966
Notes SEK 500m	2014	500,000	541
Notes SEK 500m	2014	500,000	541
Total		11,026,707	11,234

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

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

SEK 000s	Total	2011	2012	2013	2014	2015	2016+
Current liabilities	145,903	145,903	-	-	-	-	-
Bond issues	11,026,707	5,966,211	-	-	1,000,000	4,060,496	-
Non-current loans	6,963,030	-	794,500	3,523,823	1,020,606	-	1,624,101
Derivatives, net-settled liabilities	59,906	52,696	7,100	110	-	-	-
Derivatives, net-settled assets	-236,895	-177,522	-53,478	-5,895	-	-	-
Derivatives, gross-settled	-804,897	-459,375	-10,805	-	-40,435	-218,613	-75,669
Interest on loans*	731,159	211,267	133,792	133,792	122,335	122,335	7,638
Total	17,884,913	5,739,180	871,109	3,651,830	2,102,506	3,964,218	1,556,070

Gross-settled derivatives' recognised fair value as net of nominal market values

SEK 000s	Total	2011	2012	2013	2014	2015	2016+
Assets	24,695,597	18,694,709	695,794	-	540,435	4,409,294	355,365
Liabilities	-23,890,700	-18,235,334	-684,989	-	-500,000	-4,190,681	-279,696
Total	804,897	459,375	10,805	-	40,435	218,613	75,669

* Fixed interest periods are set at the agreed interest rate, while the closing date's interest rate for floating interest period is assumed to be unchanged.

NOTE 14 PREPAID EXPENSES AND ACCRUED INCOME

SEK 000s	2010	2009
Accrued interest income, external financial counterparties	11	1
PRI	129	115
Other	233	301
Total	373	417

NOTE 15 UNTAXED RESERVES

Accumulated excess amortisation, SEK 000s	2010	2009
Accumulated excess amortisation, trademarks	160,078	160,078
Total	160,078	160,078

NOTE 16 ACCRUED EXPENSES AND DEFERRED INCOME

SEK 000s	2010	2009
Accrued interest expense, external financial counterparties	324,090	398,381

Accrued social security costs	807	850
Accrued vacation pay liability	578	675
Accrued bonuses	909	1,396
Other	168	1,638
Total	326,552	402,940

NOTE 17 ADJUSTMENTS FOR NON-CASH ITEMS

SEK 000s	2010	2009
Net effect of Group contributions	<u>-792,520</u>	<u>-3,511,222</u>
	-792,520	-3,511,222
<i>Non-cash items</i>		
Depreciation/amortisation	213,339	284,393
Change in accrued interest	<u>-74,301</u>	<u>-329,415</u>
	139,038	-45,022
Total	-653,482	-3,556,244

NOTE 18 FINANCIAL INSTRUMENTS BY CATEGORY

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

Derivative instruments are measured at fair value.

Derivative instruments have been separated from other financial instruments in Notes 12 and 13.

The market values were prepared in accordance with the fair value hierarchy level 2, meaning based on observable data and generally accepted valuation techniques. There are no hedging relationships in AB SCA Finans.

NOTE 19 REGISTERED OFFICE OF THE COMPANY

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 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 policies, 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, 13 April 2011

Lennart Persson
Chairman of the Board

Carl-Axel Olson
President

Anders Nyberg
Board member

Our auditors' report was submitted on 13 April 2011

PricewaterhouseCoopers AB

Theodor Hugosson
Authorised Public Accountant



Audit report

(translation)

To the annual meeting of the shareholders of Aktiebolaget SCA Finans
Corporate identity number 556108-5688

We have audited the annual accounts, the accounting records and the administration of the board of directors and the managing director of Aktiebolaget SCA Finans for the year 2010. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts. Our responsibility is to express an opinion on the annual accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts as well as evaluating the overall presentation of information in the annual accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The statutory administration report is consistent with the other parts of the annual accounts. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts.

We recommend to the annual meeting of shareholders that the income statement and balance sheet of the company be adopted, that the profit of the company be dealt with in accordance with the proposal in the statutory administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm 13 April 2011
PricewaterhouseCoopers AB

Theodor Hugosson
Auktoriserad revisor
Authorized Public Accountant