



INTERIM REPORT 2014

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

June 30, 2014

Operations

Aktiebolaget SCA Finans (publ), Corporate Registration Number 556108-5688 and registered office in Stockholm, Sweden, is a wholly owned subsidiary of SCA Treasury B.V., the Netherlands, Corporate Registration Number 28065399 and registered office in Amsterdam, the Netherlands. The Parent Company of the Group is Svenska Cellulosa Aktiebolaget SCA (publ) with the Corp. Reg. No. 556012-6293 and its registered office in Stockholm.

The SCA Group's financing operation is, to a certain extent, centralized to AB SCA Finans. The company is responsible for the Group's risk management with respect to interest-rate risk, currency risk and energy-price risk. AB SCA Finans acts together 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. As from 2012, new external borrowing was raised in the Parent Company Svenska Cellulosa Aktiebolaget, and SCA Capital N.V. Together, these three companies represent the hub for external financing in the SCA Group. AB SCA Finans took over borrowing via the commercial paper programmes in Sweden and in Belgium from SCA Capital N.V. at the start of 2013.

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. All risks and uncertainties and the methods used to manage these are described in detail in the 2013 Annual Report, under "Risk and Risk Management."

AB SCA Finans' profit before appropriations and tax amounted to SEK 607,936,000 (715,885,000) and was mainly attributable to the company's net interest income and foreign-exchange gains.

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

INCOME STATEMENT	2014	2013
January 1 - June 30	SEK 000s	SEK 000s
Interest income	1,521,337	1,589,818
Interest expense	<u>-811,028</u>	<u>-890,716</u>
Net interest income	710,309	699,102
Other operating items	-98,858	24,494
Subtotal	611,451	723,596
Operating expenses		
Operating expenses	-3,515	-7,571
Amortisation of intangible assets	-	<u>-140</u>
Total operating items	-3,515	-7,711
Operating profit	607,936	715,885
Tax on profit for the period	-133,746	-157,495
Profit for the period	474,190	558,390

STATEMENT OF COMPREHENSIVE INCOME	2014	2013
January 1 - June 30	SEK 000s	SEK 000s
Profit for the period	474,190	558,390
Other comprehensive income	-	-
Total comprehensive income	474,190	558,390

BALANCE SHEET	Jun. 30, 2014	Dec. 31, 2013
	SEK 000s	SEK 000s
ASSETS		
Non-current assets		
Tangible assets		
Equipment	250	250
Financial assets		
Receivables from Group companies	84,563	126,617
Financial assets	764,913	632,417
Total financial non-current assets	849,476	759,034
Total non-current assets	849,726	759,284
Current assets		
Receivables from Group companies	105,383,017	100,662,874
Financial assets	93,584	107,700
Other receivables	1,171	-
Tax asset	5,198	-
Prepaid expenses and accrued income	399	1,046
Cash and bank balances	-	53,462
Total current assets	105,483,369	100,825,082
TOTAL ASSETS	106,333,095	101,584,366

BALANCE SHEET	Jun. 30, 2014	Dec. 31, 2013
	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	51,666,221	50,445,968
Profit for the period	<u>474,190</u>	<u>1,220,253</u>
Total unrestricted equity	52,140,411	51,666,221
Total equity	63,599,186	63,124,996
Provisions for pensions	266	192
Other provisions	175	175
Liabilities		
Non-current liabilities		
Liabilities to Group companies	755,308	495,941
Financial liabilities	6,724,211	5,707,076
Other liabilities	<u>3,151</u>	<u>3,047</u>
Total non-current liabilities	7,482,670	6,206,064
Current liabilities		
Liabilities to Group companies	26,689,858	24,662,558
Financial liabilities	8,297,399	7,425,915
Accrued expenses and prepaid income	129,982	153,171
Other liabilities	133,530	3,252
Tax liabilities	-	7,998
Accounts payable	<u>29</u>	<u>45</u>
Total current liabilities	35,250,798	32,252,939
Total liabilities	42,733,468	38,459,003
TOTAL EQUITY, PROVISIONS AND LIABILITIES	<u>106,333,095</u>	<u>101,584,366</u>
Pledged assets		
Collateral for trading in derivatives	-	-
Contingent liabilities		
FPG (Försäkringsbolaget PRI Pensionsgaranti)	483	463

STATEMENT OF CHANGES IN EQUITY

SEK 000s				
2013	Share capital	Statutory reserve	Retained earnings and profit for the year	Total equity
Equity at January 1, 2013	357,353	11,101,422	51,652,267	63,111,042
Profit for the year from the income statement			1,220,253	1,220,253
Other comprehensive income			-	-
Total comprehensive income			1,220,253	1,220,253
Transactions with owners				
Deductible Group contribution			-1,546,537	-1,546,537
Tax effect Group contribution			340,238	340,238
Total transactions with owners			-1,206,299	-1,206,299
Equity at December 31, 2013	357,353	11,101,422	51,666,221	63,124,996
SEK 000s				
Jun. 30, 2014	Share capital	Statutory reserve	Retained earnings and profit for the period	Total equity
Equity at January 1, 2014	357,353	11,101,422	51,666,221	63,124,996
Profit for the period from the income statement			474,190	474,190
Other comprehensive income			-	-
Total comprehensive income			474,190	474,190
Transactions with owners				
Total transactions with owners				
Equity at June 30, 2014	357,353	11,101,422	52,140,411	63,599,186

CASH-FLOW STATEMENT	2014	2013
January 1 - June 30	SEK 000s	SEK 000s
Operating profit	607,936	715,885
Net effect of intra-Group flows*	-740,973	-857,354
Adjustment for non-cash items **	-15,800	4,411
	-756,773	-852,943
Tax payments	-14,502	-3,713
Operating receivables	-1,145	-102
Operating liabilities	<u>-9,463</u>	<u>-2,341</u>
Working capital	-10,608	-2,443
Current loans	-4,705,814	-1,392,008
Non-current loans	<u>-90,442</u>	<u>33,584</u>
Loans	-4,796,256	-1,358,424
Pension liability	74	199
Other non-current liabilities	<u>105</u>	<u>-226</u>
Non-interest bearing non-current liabilities	179	-27
Cash flow from operating activities	-4,970,024	-1,501,665
Current loans	3,640,060	2,815,520
Non-current loans	<u>1,113,942</u>	<u>-1,252,142</u>
Loan financing	4,754,002	1,563,378
Cash flow from financing activities	4,754,002	1,563,378
Cash flow for the period	-216,022	61,713
Cash and cash equivalents at the beginning of the period	216,022	29,414
Change in cash and cash equivalents	<u>-216,022</u>	<u>61,713</u>
Cash and cash equivalents at the end of the period	-	91,127

* The item SEK -740,973,000 (-857,354,000) comprises the net of Group contributions received and paid in 2013.

** The item SEK -15,800,000 (4,411,000) comprises reversed depreciation/amortisation of SEK - (140,000) and a change in accrued interest of SEK -15,800,000 (4,271,000).

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 Standards (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 is required to make certain judgments 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 amortization periods for intangible assets, as well as the market valuation of financial derivatives.

AB SCA Finans has elected to apply RFR 2 in its entirety. Consequently, AB SCA Finans will measure the market value of all financial derivatives. AB SCA Finans believes that a market valuation of financial derivatives will provide 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 valuation have not changed since the preceding year.

MARKET VALUATION

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

NOTE 2 TRANSACTIONS WITH RELATED PARTIES

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

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

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

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

Stockholm, August 26, 2014

Fredrik Rystedt
Chairman of the Board

Johan Rydin
President

Mikael Schmidt
Board member