Financial statements and notes

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Financial statements, Group

Amounts that are reconcilable to the balance sheet, income statement, cash flow statement and operating cash flow statement are marked with the following symbols:

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IS Income statement
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OCF Operating cash flow statement

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F. Group structure

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G. Other

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Consolidated income statement IS

Group	Note	2015 SEKm	2015 EURm[1]	2014 SEKm	2014 EURm[1]	2013 SEKm	2013 EURm[1]
Net sales	B1	115,316	12,334	104,054	11,449	92,873	10,740
Cost of goods sold	B2	–85,476	–9,142	–77,520	–8,529	–69,585	–8,047
Gross profit		**29,840**	**3,192**	**26,534**	**2,920**	**23,288**	**2,693**
Sales, general and administration	B2	–17,025	–1,821	–14,798	–1,628	–13,122	–1,518
Items affecting comparability	B2	–2,067[2]	–221[2]	–1,400	–154	–1,239	–143
Share of profits of associates and joint ventures		199	21	113	12	215	25
Operating profit		**10,947[2]**	**1,171[2]**	**10,449**	**1,150**	**9,142**	**1,057**
Financial income	E7	205[3]	22[3]	217	24	132	16
Financial expenses	E7	–1,160	–124	–1,178	–130	–1,193	–138
Profit before tax		**9,992**	**1,069**	**9,488**	**1,044**	**8,081**	**935**
Taxes	B4	–2,540	–272	–2,420	–266	–2,220	–257
Profit for the period		**7,452**	**797**	**7,068**	**778**	**5,861**	**678**
Earnings attributable to:							
Owners of the Parent		7,002	749	6,599	726	5,547	642
Non-controlling interests		450	48	469	52	314	36
Earnings per share							
Earnings per share, SEK – owners of the Parent							
before dilution effects		9.97		9.40		7.90	
after dilution effects		9.97		9.40		7.90	
Dividend per share, SEK		5.75[4]		5.25		4.75	
Profit for the period attributable to owners of the Parent		**7,002**	**749**	**6,599**	**726**	**5,547**	**642**
Average number of shares before dilution, million		702.3		702.3		702.3	
Average number of shares after dilution, million		702.3		702.3		702.3	

1) Translation to EUR is recognized for the convenience of the reader. An average exchange rate of 9.35 (9.09; 8.65) was used.
2) Includes the sale of securities, SEK 970m.
3) Excludes the sale of securities, SEK 970m.
4) Board proposal.

Consolidated statement of comprehensive income

SEKm	2015	2014	2013
Profit for the period	**7,452**	**7,068**	**5,861**
Other comprehensive income for the period			
Items that cannot be transferred to profit for the period			
Actuarial gains and losses relating to defined benefit pension plans	2,562	–2,925	1,927
Income tax attributable to components in other comprehensive income	–558	660	–488
	2,004	**–2,265**	**1,439**
Items that have been or can be transferred to profit for the period			
Available-for-sale financial assets:			
Result from measurement at fair value recognized in equity	318	140	249
Transferred to profit or loss upon sale	–970	–	–
Cash flow hedges:			
Result from remeasurement of derivatives recognized in equity	–499	–428	–123
Transferred to profit or loss for the period	342	344	49
Transferred to cost of hedged investments	–	3	26
Translation differences in foreign operations	–1,871	5,169	656
Result from hedging of net investments in foreign operations	–58	–1,497	–423
Other comprehensive income from associates	–17	–	–
Income tax attributable to components in other comprehensive income	44	359	–131[1]
	–2,711	**4,090**	**303**
Other comprehensive income for the period, net after tax	**–707**	**1,825**	**1,742**
Total comprehensive income for the period	**6,745**	**8,893**	**7,603**
Total comprehensive income attributable to:			
Owners of the Parent	6,510	7,852	7,396
Non-controlling interests	235	1,041	207

By operating segment	Net sales			Operating profit[1]		
SEKm	2015	2014	2013	2015	2014	2013
Personal Care	34,344	31,066	29,736	3,990	3,526	3,519
Tissue	64,184	56,994	48,096	7,217	6,652	5,724
Forest Products	17,279	16,490	15,525	2,605	2,505	1,843
Other	–9	–45	95	–798	–834	–705
Intra-Group deliveries	–482	–451	–579	–	–	–
Total	**115,316**	**104,054**	**92,873**	**13,014**	**11,849**	**10,381**

1) Excluding items affecting comparability.

Consolidated statement of change in equity

Group	2015	2014	2013
Attributable to owners of the Parent			
Value, January 1	**67,622**	**63,271**	**59,706**
Total comprehensive income for the period	6,510	7,852	7,396
Dividend	–3,687	–3,336	–3,161
Acquisition of non-controlling interests	–40	–112	–666
Issue costs in associates	–	–49	–
Remeasurement effect upon acquisition of non-controlling interests	–4	–4	–4
Value, December 31	**70,401**	**67,622**	**63,271**
Non-controlling interests			
Value, January 1	**5,250**	**4,540**	**1,993**
Total comprehensive income for the period	235	1,041	207
Dividend	–216	–228	–142
Acquisition of non-controlling interests	21	–61	2,482
Effect of confirmation of acquisition balance sheet	–	–42	–
Value, December 31	**5,290**	**5,250**	**4,540**
Total equity, value December 31	**75,691**	**72,872**	**67,811**

For further information, see Note E8 Equity.

Consolidated operating cash flow statement, supplementary disclosure OCF

		2015		2014		2013	
Group	**Note**	**SEKm**	**EURm[1)]**	**SEKm**	**EURm[1)]**	**SEKm**	**EURm[1)]**
Net sales		115,316	12,334	104,054	11,449	92,873	10,740
Operating expenses		–96,539	–10,326	–86,841	–9,555	–77,702	–8,985
Operating surplus		**18,777**	**2,008**	**17,213**	**1,894**	**15,171**	**1,755**
Adjustment for non-cash items		–465	–49	–963	–106	–1,167	–135
Operating cash surplus		**18,312**	**1,959**	**16,250**	**1,788**	**14,004**	**1,620**
Change in							
Inventories		–1,390	–149	–370	–40	76	9
Operating receivables		–1,129	–121	–162	–18	115	13
Operating liabilities		2,120	227	86	9	–519	–60
Change in working capital		**–399**	**–43**	**–446**	**–49**	**–328**	**–38**
Current capital expenditures		–4,162	–445	–3,737	–411	–3,489	–403
Restructuring costs, etc.		–830	–89	–883	–97	–1,294	–150
Operating cash flow		**12,921**	**1,382**	**11,184**	**1,231**	**8,893**	**1,029**
Financial items	E7	–955	–102	–961	–106	–1,061	–122
Paid tax	B4	–2,208	–236	–2,101	–231	–1,741	–201
Other		132	14	27	3	161	17
Cash flow from current operations		**9,890**	**1,058**	**8,149**	**897**	**6,252**	**723**
Strategic capital expenditures and divestments							
Company acquisitions	F6	–93	–10	–508	–56	–5,488	–635
Strategic capital expenditures in non-current assets		–3,125	–334	–1,816	–200	–1,906	–220
Total strategic capital expenditures		**–3,218**	**–344**	**–2,324**	**–256**	**–7,394**	**–855**
Divestments	F6	329	35	206	22	1,716	198
Cash flow from capital expenditures and divestments		**–2,889**	**–309**	**–2,118**	**–234**	**–5,678**	**–657**
Cash flow before dividend		**7,001**	**749**	**6,031**	**663**	**574**	**66**
Dividend to shareholders		–3,903	–417	–3,564	–392	–3,303	–382
Net cash flow		**3,098**	**332**	**2,467**	**271**	**–2,729**	**–316**

Net debt

	2015		2014		2013	
	SEKm	**EURm[1)]**	**SEKm**	**EURm[1)]**	**SEKm**	**EURm[1)]**
Net debt, January 1	**–35,947**	**–3,770**	**–33,919**	**–3,797**	**–33,063**	**–3,841**
Net cash flow	3,098	332	2,467	271	–2,729	–316
Remeasurements to equity	1,910	204	–2,785	–306	2,176	252
Exchange rate effects, etc.	1,461	6	–1,710	62	–117	130
Effect of reclassification of operating liability to net debt [2)]	–	–	–	–	–186	–22
Net debt, December 31	**–29,478**	**–3,228**	**–35,947**	**–3,770**	**–33,919**	**–3,797**

1) Translation to EUR is recognized for the convenience of the reader. An average exchange rate of 9.35 (9.09; 8.65) was used.

2) According to IAS 19, the provision for payroll tax on defined benefit pension obligations is to be considered part of the pension liability. Accordingly, this was reclassified at the beginning of 2013 and is thereafter included as part of net debt.

Consolidated cash flow statement CF

Group	Note	2015 SEKm	2015 EURm1)	2014 SEKm	2014 EURm1)	2013 SEKm	2013 EURm1)
Operating activities							
Profit before tax		9,992	1,069	9,488	1,044	8,081	934
T:1 Adjustment for non-cash items		6,604	706	4,944	544	3,742	433
		16,596	**1,775**	**14,432**	**1,588**	**11,823**	**1,367**
Paid tax	B4	–2,208	–236	–2,101	–231	–1,741	–201
Cash flow from operating activities before changes in working capital		**14,388**	**1,539**	**12,331**	**1,357**	**10,082**	**1,166**
Cash flow from changes in working capital							
Change in							
Inventories		–1,390	–149	–370	–41	77	9
Operating receivables		–1,129	–121	–162	–18	115	13
Operating liabilities		2,120	227	86	10	–520	–60
Cash flow from operating activities		**13,989**	**1,496**	**11,885**	**1,308**	**9,754**	**1,128**
Investing activities							
Company acquisitions	F6	–74	–8	–508	–56	–1,998	–231
Divestments	F6	329	35	206	23	1,371	158
T:2 Investments in intangible assets and property, plant and equipment		–7,591	–812	–5,733	–631	–5,653	–654
Sale of property, plant and equipment		304	33	179	20	258	30
Loans granted to external parties		–	–	–186	–21	–	–
Sale of securities		2,046	219	–	–	–	–
Repayment of loans from external parties		177	19	–	–	282	33
Cash flow from investing activities		**–4,809**	**–514**	**–6,042**	**–665**	**–5,740**	**–664**
Financing activities							
Acquisition of non-controlling interests		–11	–1	–173	–19	–1,028	–119
Loans raised		11,100	1,187	3,485	383	5,530	639
Amortization of debt		–15,039	–1,608	–5,819	–640	–3,519	–406
Dividend2)		–3,903	–417	–3,564	–392	–3,303	–382
Cash flow from financing activities		**–7,853**	**–839**	**–6,071**	**–668**	**–2,320**	**–268**
Cash flow for the period		**1,327**	**143**	**–228**	**–25**	**1,694**	**196**
Cash and cash equivalents, January 1		3,815	400	3,785	424	2,118	246
Exchange differences in cash and cash equivalents		–100	10	258	1	–27	–18
Cash and cash equivalents, December 31	E2	**5,042**	**553**	**3,815**	**400**	**3,785**	**424**

1) Translation to EUR is recognized for the convenience of the reader. An average exchange rate of 9.35 (9.09; 8.65) was used.
2) Including dividend to non-controlling interests.

For the Group's liquidity reserve, refer to the risk section on page 81.

T:1 Adjustment for non-cash items

SEKm	2015	2014	2013
Depreciation/amortization and impairment of non-current assets	8,216	5,608	5,216
Fair-value measurement of forest assets	–476	–615	–574
Gain/loss on asset sales and swaps	21	–350	–586
Gain/loss on sale of securities	–970	–	–
Gain/loss on divestments	–92	395	157
Unpaid relating to efficiency program	232	234	661
Payments relating to efficiency program already recognized	–302	–396	–509
Revaluation of previous share upon acquisition	–	–36	–564
Other	–25	104	–59
Total	**6,604**	**4,944**	**3,742**

T:2 Investments in intangible assets and property, plant and equipment

SEKm	2015	2014	2013
Measures to raise the capacity level of operations (Strategic capital expenditures)	–3,125	–1,816	–1,906
Measures to uphold capacity level (Current capital expenditures)	–4,466	–3,917	–3,747
Total	**–7,591**	**–5,733**	**–5,653**

Interest paid, SEKm	2015	2014	2013
Interest paid	–1,148	–1,290	–1,302
Interest received	80	124	68
Total	**–1,068**	**–1,166**	**–1,234**

Correlation between consolidated cash flow statement and operating cash flow statement, supplementary disclosure

Cash flow from operating activities

SEKm	**2015**	**2014**	**2013**
Cash flow from operating activities	13,989	11,885	9,754
Adjustment items			
Current capital expenditures	–4,162	–3,737	–3,489
Accrued interest	64	1	–13
Other	–1	–	–
Cash flow from current operations according to consolidated operating cash flow statement	**9,890**	**8,149**	**6,252**

Cash flow from investing activities

SEKm	**2015**	**2014**	**2013**
Cash flow from investing activities	–4,809	–6,042	–5,740
Adjustment items			
Current capital expenditures	4,162	3,737	3,489
Loans granted to external parties	–	186	–
Sale of securities	–2,046	–	–
Repayment of loans from external parties	–177	–	–282
Net debt in acquired and divested companies	–	174	–2,117
Acquisition of non-controlling interests	–11	–173	–1,028
Financial liability (earn-out payment) upon acquisition	–9	–	–
Other	1	–	–
Cash flow from strategic capital expenditures and divestments according to the consolidated operating cash flow statement	**–2,889**	**–2,118**	**–5,678**

Cash flow for the period

SEKm	**2015**	**2014**	**2013**
Cash flow for the period	1,327	–228	1,694
Adjustment items			
Amortization of debt	15,039	5,819	3,519
Loans raised	–11,100	–3,485	–5,530
Loans granted to external parties	–	186	–
Sale of securities	–2,046	–	–
Repayment of loans from external parties	–177	–	–282
Net debt in acquired and divested operations	–	174	–2,117
Financial liability (earn-out payment) upon acquisition	–9	–	–
Accrued interest	64	1	–13
Net cash flow according to consolidated operating cash flow statement	**3,098**	**2,467**	**–2,729**

Consolidated balance sheet BS

Group	Note	2015 SEKm	2015 EURm1)	2014 SEKm	2014 EURm1)	2013 SEKm	2013 EURm1)
Non-current assets							
Goodwill	D1	15,412	1,688	15,717	1,649	13,785	1,543
Other intangible assets	D1	7,440	815	7,963	835	8,136	911
Buildings, land, machinery and equipment	D2	54,532	5,972	56,345	5,910	52,777	5,908
Biological assets	D3	30,119	3,299	29,685	3,114	28,767	3,220
Participations in joint ventures and associates	F3	1,078	118	1,088	114	1,020	114
Shares and participations	F5	45	5	53	6	52	6
Surplus in funded pension plans	C5	371	41	3	–	442	49
Non-current financial assets	E2	1,032	113	3,137	329	2,748	308
Deferred tax assets	B4	1,063	116	1,186	124	948	106
Other non-current assets		150	16	308	32	871	97
Total non-current assets		**111,242**	**12,183**	**115,485**	**12,113**	**109,546**	**12,262**
Current assets							
Inventories	D4	14,661	1,606	13,793	1,447	12,579	1,408
Trade receivables	E3	16,829	1,843	16,827	1,765	15,420	1,726
Current tax assets	B4	872	96	652	69	535	60
Other current receivables	D5	2,832	310	2,852	299	2,543	285
Current financial assets	E2	774	85	1,252	131	536	60
Non-current assets held for sale	G1	120	13	60	6	32	3
Cash and cash equivalents	E2	5,042	552	3,815	400	3,785	424
Total current assets		**41,130**	**4,505**	**39,251**	**4,117**	**35,430**	**3,966**
Total assets		**152,372**	**16,688**	**154,736**	**16,230**	**144,976**	**16,228**
EQUITY AND LIABILITIES							
Equity	E8						
Owners of the Parent							
Share capital		2,350	257	2,350	247	2,350	263
Other capital provided		6,830	748	6,830	716	6,830	764
Reserves		–2,242	–246	237	25	–3,281	–367
Retained earnings		63,463	6,951	58,205	6,105	57,372	6,422
		70,401	**7,710**	**67,622**	**7,093**	**63,271**	**7,082**
Non-controlling interests		5,290	580	5,250	550	4,540	508
Total equity		**75,691**	**8,290**	**72,872**	**7,643**	**67,811**	**7,590**
Non-current liabilities							
Non-current financial liabilities	E4	21,475	2,352	24,246	2,543	28,703	3,213
Provisions for pensions	C5	2,771	303	5,100	535	2,548	285
Deferred tax liabilities	B4	11,076	1,213	10,195	1,069	10,531	1,179
Other non-current provisions	D7	901	99	600	63	416	46
Other non-current liabilities	D6	258	28	206	22	177	20
Total non-current liabilities		**36,481**	**3,995**	**40,347**	**4,232**	**42,375**	**4,743**
Current liabilities							
Current financial liabilities	E4	12,346	1,352	14,640	1,536	10,009	1,120
Trade payables		14,351	1,572	13,964	1,465	12,853	1,439
Current tax liabilities	B4	827	91	747	78	818	92
Current provisions	D7	990	108	986	103	1,167	131
Other current liabilities	D6	11,686	1,280	11,180	1,173	9,943	1,113
Total current liabilities		**40,200**	**4,403**	**41,517**	**4,355**	**34,790**	**3,895**
Total liabilities		**76,681**	**8,398**	**81,864**	**8,587**	**77,165**	**8,638**
Total equity and liabilities		**152,372**	**16,688**	**154,736**	**16,230**	**144,976**	**16,228**

Contingent liabilities and pledged assets, see Note G3

	2015 SEKm	2015 EURm1)	2014 SEKm	2014 EURm1)	2013 SEKm	2013 EURm1)
Capital employed	105,169	11,518	108,819	11,414	101,730	11,387
Net debt	29,478	3,228	35,947	3,770	33,919	3,797

1) Translation for the readers convenience has been made with exchange rate EUR 9.35 (9.09; 8.05).

A. ACCOUNTING PRINCIPLES

A. GENERAL ACCOUNTING PRINCIPLES AND NEW ACCOUNTING RULES

READING INSTRUCTIONS

General accounting principles AP and new accounting rules are presented below. Other accounting principles considered material by SCA are presented in conjunction with the respective notes. The same principles are usually applied in both the Parent Company and the Group. In some cases, the Parent Company applies principles other than those used by the Group and, in such cases, these principles are specified under the respective note in the section about the Parent Company.

Key assessments and assumptions KAA are presented under the respective notes; see application of assessments below.

Amounts that are reconcilable to the balance sheet, income statement, cash flow statement and the operating cash flow statement are marked with the following symbols:

BS Balance sheet
IS Income statement
CF Cash flow statement
OCF Operating cash flow statement
Tx:x Reference to table in note

BASIS FOR PREPARATION

The SCA Group's financial statements are prepared in accordance with the Annual Accounts Act and International Financial Reporting Standards (IFRS)/ International Accounting Standards (IAS), as adopted within the EU, and the Swedish Financial Reporting Board, Recommendation RFR 1 Supplementary Accounting Rules for Groups.

The Parent Company's financial statements are prepared in accordance with the Swedish Financial Reporting Board's recommendation RFR 2, Reporting by Legal Entities, and the Annual Accounts Act. The accounts for both the Group and the Parent Company pertain to the fiscal year that ended on December 31, 2015. SCA applies the historical cost method for measurement of assets and liabilities except for biological assets (standing timber), available-for-sale financial assets and financial assets and liabilities, including derivative instruments, measured at fair value through profit or loss, which are measured at fair value either in profit or loss or in other comprehensive income. In the Parent Company, biological assets or financial assets and liabilities are not measured at fair value.

New or amended accounting standards 2015

No new standards or amendments to regulatory frameworks that had a material impact on SCA's earnings and financial position were implemented in 2015.

New or amended accounting standards after 2015

No new standards will be implemented in 2016. However, a number amendments to existing standards will be introduced. See below:

- Amendments to IAS 1 Disclosure Initiative
- Annual Improvements to IFRSs 2012–2014 Cycle
- Amendments to IAS 27 Equity Method in Separate Financial Statements
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations

These amendments are not expected to have a material impact on the Group.

The new standards below will be applied from their effective date. No prospective application is planned.

IFRS 9 Financial instruments

IFRS 9 Financial Instruments was issued in July 2014 and is a new standard that will replace IAS 39. The standard is divided into three areas: Classification and measurement of financial assets and liabilities, impairment and hedging. The standard become mandatory effect on January 1, 2018 with prospective application permitted.

The company's business model for managing the asset and the nature of the asset's contractual cash flows comprise the basis for classification and measurement, in which the financial assets are classified in one of the following three categories: 1) financial assets measured at amortized cost 2) financial assets measured at fair value through other comprehensive income and 3) financial assets measured at fair value through profit or loss. The new standard entails essentially unchanged recognition of financial liabilities.

The standard introduces a new model for impairment of financial assets based on expected losses and not as previously under IAS 39 until the loss event has already occurred. Under the model, provisions are established for credit losses that may arise within the next 12 months for assets with low credit risk. In other cases where the credit risk has increased significantly since initial recognition and where the credit risk is not low, provisions are established for credit losses that are expected to occur during the full lifetime of the asset.

A simplified model has been developed for trade receivables and lease receivables, whereby anticipated losses are recognized over the estimated remaining term of the receivable.

The new standard focuses to a great extent on reflecting the company's risk management strategies in hedge accounting and allowing more hedging strategies to qualify for hedge accounting.

SCA has not fully evaluated the effects of IFRS 9 but expects the new rules for hedge accounting to increase SCA's possibilities for hedge accounting and facilitate the documentation of hedge accounting. With respect to impairment, trade receivables are the main item affected for SCA and the quantitative effects are deemed relatively small. SCA has not yet decided whether it will apply IFRS 9 prospectively.

IFRS 15 Revenue from contracts with customers

IFRS 15 Revenue from contracts with customers establishes a new regulatory framework for the manner in which a company should recognize revenue. The new standard will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC (International Financial Reporting Interpretations Committee) 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC (Standing Interpretation Committee of the IASC, predecessor to the IFRIC) 31 Revenue – Barter Transactions Involving Advertising Services. The date on which the standard will gain legal force has been postponed a year to January 1, 2018 if it is adopted by the EU. The main reason for this is the work pursued by the Revenue Transition Resource Group (TRG) to clarify IFRS 15. The amendments mainly affect licenses, the identification of distinct performance obligations and issues related to principal versus agent considerations. These clarifications are included in the exposure draft (ED) to IFRS 15. The new standard is designed according to a control-based five-step model framework.

The standard regulates commercial agreements (contracts) with customers in which delivery of goods/services is divided into separately identifiable performance obligations that are recognized independently. In certain cases, the good/service can be integrated with other obligations in the contract, whereby a package of goods/services comprises a joint obligation. The standard establishes rules for calculating the transaction price for delivery of goods and services and the manner in which this can be allocated among the various performance obligations. Revenue is recognized when control has passed to the customer by the customer being able to use or benefit from the good/service, at which point it is deemed to have been transferred. Control may be passed on a given point in time, which is usually the case for sales. In other cases, a performance obligation may be satisfied over time, which is common for services. Three different criteria have been established for determining whether a performance obligation is satisfied over time. Either the customer receives and consumes all of the benefits as the obligation is performed; the company's performance enhances an asset that the customer controls; or the company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date.

The new standard is not expected to have a material impact on revenue recognition for SCA's type of business, meaning primarily the sale of products. There may be some changes for a limited number of service contracts.

A. GENERAL ACCOUNTING PRINCIPLES AND NEW ACCOUNTING RULES, CONT.

IFRS 16 Leases
In January 2016, the IASB published a new leases standard that will replace IAS 17 Leasing agreements and associated interpretations IFRIC 4, SIC–15 and SIC–27. The standard requires that all assets and liabilities attributable to all lease agreements, with a few exceptions, be recognized in the balance sheet. This type of recognition is based on the approach that the lessee is entitled to use an asset over a specific period and simultaneously has an obligation to pay for this entitlement. Recognition for the lessor will remain essentially unchanged. The standard is applicable to fiscal years beginning on January 1, 2019 or later. Earlier application is permitted. The standard has not yet been adopted by the EU. The Group has not yet evaluated the effects of IFRS 16.

USE OF ASSESSMENTS

The preparation of financial statements in conformity with IFRS and generally accepted Swedish accounting principles requires assessments and assumptions to be made that affect recognized asset and liability items and income and expense items, respectively, as well as other information disclosed.

These assumptions and estimates are often based on historical experience, but also on other factors, including expectations of future events. With other assumptions and estimates, the result may be different and the actual result will seldom fully concur with the estimated result.

In SCA's opinion, the areas that are impacted the most by assumptions and estimates are:
Biological assets, D3
Goodwill,D1
Pensions, C5
Taxes, B4

SCA's assessments and assumptions are presented in the respective notes.

PRINCIPLES OF CONSOLIDATION

The consolidated accounts are prepared in accordance with the Group's accounting principles and include the accounts of the Parent Company and all Group companies in accordance with the definitions below. Group companies are consolidated from the date the Group exercises control or influence over the company according to the definitions provided under the respective category of Group company below. Divested Group companies are included in the consolidated accounts until the date the Group ceases to control or exercise influence over the companies. Intra-Group transactions have been eliminated.

Parent Company:

The Parent Company recognizes all holdings in Group companies at cost after deduction for any accumulated impairment losses.

Subsidiaries

All companies over which the Group has control are consolidated as subsidiaries. The definition of control is that SCA has the ability to control the subsidiary, is entitled to a return and has the power to influence the activities that impact return. The consolidated financial statements are prepared in accordance with the purchase method.

Joint arrangements

SCA classifies its joint arrangements as joint ventures or joint operations. A joint venture entitles the joint owners to the net assets of the investment and is therefore recognized according to the equity method. In joint operations, parties to the agreement have rights to the assets and an obligation for the liabilities associated with the investment, meaning that the operator must account for its share of the assets, liabilities, revenues and costs according to the proportional method.

Associates

Associates are companies in which the Group exercises a significant influence without the partly owned company being a subsidiary or a joint arrangement. Normally, this means that the Group owns between 20% and 50% of the votes. Accounting for associates is carried out according to the equity method and they are initially measured at cost.

For further information, see Note F3.

TRANSLATION OF FOREIGN CURRENCY

Functional currency and translation of foreign Group companies to the presentation currency

SCA's Parent Company has Swedish kronor (SEK) as its functional currency. The functional currency of each SCA Group company is determined on the basis of the primary economic environment in which it operates. The financial statements of Group companies are translated to the Group's presentation currency, which is SEK in the case of SCA. Assets and liabilities are translated at the closing rate, while income and expenses are translated at the average rate for the respective period. Translation differences on net assets are recognized as translation differences in other comprehensive income, which is a component of equity (translation reserve).

Exchange rate effects arising from financial instruments used to hedge foreign subsidiaries' net assets are recognized in the same manner in other comprehensive income, which is a component of equity (translation reserve). On divestment, the translation difference on the foreign subsidiary and exchange rate effects on the financial instrument used to currency hedge the net assets in the company are recognized as part of the gain or loss on disposal.

Goodwill and surplus value adjustments arising in connection with the acquisition of a foreign subsidiary are to be translated, in a manner corresponding to the net assets in the company, from their functional currency to the presentation currency.

TRANSACTIONS AND BALANCE SHEET ITEMS IN FOREIGN CURRENCY

Transactions in foreign currency are translated to a functional currency using the rate prevailing on the transaction date. At accounting year-end, monetary assets and liabilities are translated at the closing day rate and any exchange rate effects are recognized in profit or loss. In cases where the exchange rate effect is related to the operations, the effect is recognized net in operating profit. Exchange rate effects pertaining to borrowing and financial investments are recognized as other financial items. Non-monetary assets and liabilities recognized at historical cost are translated at the exchange rate prevailing on the transaction date.

If hedge accounting has been applied, for example, for cash flow hedges or hedging of net investments, the exchange rate effect is recognized in total equity under other comprehensive income.

If a financial instrument has been classified as available-for-sale financial assets, the portion of the value change pertaining to currency is recognized in profit or loss, while any other unrealized change is recognized in equity under other comprehensive income.

REVENUE RECOGNITION

Sales revenue, which is synonymous with net sales, refers to the consideration received or receivable for goods and services sold within the Group's ordinary activities. Revenue is recognized when delivery to the customer has taken place according to the terms of the sale. Other income includes compensation for sales that are not included in the Group's ordinary activities and includes income from SCA's transport activities and rental revenue, which is recognized in the period covered by the rental contract, as well as royalties and similar items, which are recognized in accordance with the implied financial effect of the contract. Interest income is recognized in accordance with the effective interest method. Dividends received are recognized when the right to receive a dividend has been established.

GOVERNMENT GRANTS

Government grants are measured at fair value when there is reasonable assurance the grants will be received and that the Group will comply with the conditions attached to them. Government grants related to acquisition of assets are recognized in the balance sheet by the grant reducing the carrying amount of the asset. Government grants received as compensation for costs are accrued and recognized in profit or loss during the same period as the costs. If the government grant or assistance is neither related to the acquisition of assets nor to compensation for costs, the grant is recognized as other income.

B. SALES AND EARNINGS

B1. SEGMENT REPORTING

AP ACCOUNTING PRINCIPLES

Operating segments are recognized in a manner that complies with the internal reporting submitted to the chief operating decision maker. The chief operating decision maker is the function that is responsible for allocating resources and assessing the result of the operating segments. At SCA, this function has been identified as the company's President and CEO, who is responsible for and manages the day-to-day administration of the Group in accordance with the Board's guidelines and terms of reference. One Executive Vice President and the Executive Management Team support him in his work; see the section Responsibility and governance, Corporate governance on pages 66–67. SCA's three business areas, Personal Care, Tissue and Forest Products, comprise the operating segments.

The tables below show parts of the consolidated balance sheet and income statement broken down by operating segment: Personal Care, Tissue and Forest Products.

SEKm	Personal Care	Tissue	Forest Products	Other operations	Eliminations	Total, Group
2015 fiscal year						
REVENUES						
TB1:2 **External sales**	34,344	64,184	16,797	–9	–	115,316
Internal sales	–	–	482	–	–482	–
IS **Total revenues**	**34,344**	**64,184**	**17,279**	**–9**	**–482**	**115,316**
RESULT						
Performance by operating segment	3,990	7,217	2,605	–798	–	13,014
TB1:1 Items affecting comparability	–614	–618	–1,280	445	–	–2,067
IS **Operating profit/loss**	**3,376**	**6,599**	**1,325**	**–353**	**–**	**10,947**
IS Financial income						205
IS Financial expenses						–1,160
IS Tax expense for the period						–2,540
IS **Profit for the period**						**7,452**
OTHER DISCLOSURES						
Assets	20,871	75,825	48,719	3,664	–5,006	144,073
BS Holdings in associates	301	727	34	16	–	1,078
Unallocated financial assets				7,221		7,221
BS **Total assets**	**21,172**	**76,552**	**48,753**	**10,901**	**–5,006**	**152,372**
Investments/acquisitions	–1,810	–3,695	–1,913	–247	–	–7,665
Depreciation/amortization	–1,124	–3,552	–1,194	–91	–	–5,961
Expenses, in addition to depreciation, not matched by payments	6	24	–479	–15	–	–464

SEKm	Personal Care	Tissue	Forest Products	Other operations	Eliminations	Total, Group
2014 fiscal year						
REVENUES						
TB1:2 **External sales**	31,066	56,994	16,066	–72	–	104,054
Internal sales	0	0	424	27	–451	–
IS **Total revenues**	**31,066**	**56,994**	**16,490**	**–45**	**–451**	**104,054**
RESULT						
Performance by operating segment	3,526	6,652	2,505	–834	–	11,849
TB1:1 Items affecting comparability	–252	–599	–392	–157	–	–1,400
IS **Operating profit/loss**	**3,274**	**6,053**	**2,113**	**–991**	**–**	**10,449**
IS Financial income						217
IS Financial expenses						–1,178
IS Tax expense for the period						–2,420
IS **Profit for the period**						**7,068**
OTHER DISCLOSURES						
Assets	21,363	76,768	49,048	2,870	–4,617	145,432
BS Holdings in associates	33	90	39	926	–	1,088
Unallocated financial assets				8,216		8,216
BS **Total assets**	**21,396**	**76,858**	**49,087**	**12,012**	**–4,617**	**154,736**
Investments/acquisitions	–1,574	–2,827	–1,704	–135	–	–6,240
Depreciation/amortization	–1,039	–3,157	–1,206	–76	–	–5,478
Expenses, in addition to depreciation, not matched by payments	2	–6	–953	–6	–	–963

B1. SEGMENT REPORTING, CONT.

SEKm	Personal Care	Tissue	Forest Products	Other operations	Eliminations	Total, Group
2013 fiscal year						
REVENUES						
External sales	29,486	48,234	15,158	–5	–	92,873
Internal sales	250	–138	367	100	–579	–
IS **Total revenues**	**29,736**	**48,096**	**15,525**	**95**	**–579**	**92,873**
RESULT						
Performance by operating segment	3,519	5,724	1,843	–705	–	10,381
TB1:1 Items affecting comparability	–59	–656	–236	–288	–	–1,239
IS **Operating profit/loss**	**3,460**	**5,068**	**1,607**	**–993**	**–**	**9,142**
IS Financial income						132
IS Financial expenses						–1,193
IS Tax expense for the period						–2,220
IS **Profit for the period**						**5,861**
OTHER DISCLOSURES						
Assets	18,658	69,544	49,733	3,037	–4,528	136,444
BS Holdings in associates	18	187	54	761	–	1,020
Unallocated financial assets				7,512		7,512
BS **Total assets**	**18,676**	**69,731**	**49,787**	**11,310**	**–4,528**	**144,976**
Investments/acquisitions	–1,068	–8,072	–1,939	–62	–	–11,141
Depreciation/amortization	–1,003	–2,690	–1,253	–59	–	–5,005
Expenses, in addition to depreciation, not matched by payments	–1	–4	–1,164	2	–	–1,167

TB1:1 Items affecting comparability allocated by segment

SEKm	Personal Care	Tissue	Forest Products	Other	Total
2015 fiscal year					
Restructuring costs	–72	–289	–52	–319	–732
Costs	–1	–70	0	–71	–142
Impairment	–541	–259	–1,228	–135	–2,163
Gain/loss on sale of securities				970	970
IS **Total**	**–614**	**–618**	**–1,280**	**445**	**–2,067**
2014 fiscal year					
Restructuring costs	–144	–257	12	–4	–393
Costs	–50	–311	–	–151	–512
Impairment	–58	–31	–404	–2	–495
IS **Total**	**–252**	**–599**	**–392**	**–157**	**–1,400**
2013 fiscal year					
Restructuring costs	–51	–710	–158	–44	–963
Costs	–	179	2	–246	–65
Impairment	–8	–125	–80	2	–211
IS **Total**	**–59**	**–656**	**–236**	**–288**	**–1,239**

Operating segments: SCA is a leading global hygiene and forest products company that develops and produces sustainable personal care, tissue and forest products. These product groups are the primary lines of business. Personal Care comprises three product segments and offers incontinence products, baby diapers and feminine care products. Tissue comprises consumer tissue and Away-from-Home (AfH) tissue encompassing hospitals, large workplaces, restaurants and hotels. Consumer tissue comprises toilet paper, kitchen paper, facial tissues, handkerchiefs and napkins. In AfH tissue, SCA develops and sells complete hygiene solutions comprising dispensers, tissue, soap, service and maintenance. Forest Products sells paper for packaging and print, pulp, solid-wood products and renewable energy. SCA has a well-integrated value chain in Sweden between its forest assets and Forest Products' production facilities. Pulp production contributes to the Group's raw material integration, since the Group's pulp is partly delivered internally. The Group's pulp is partly produced from timber from the Group's own forests, which also, to a large extent, supply the sawmills.

Assets and liabilities: The assets included in each operating segment comprise all operating assets used in the operating segment, primarily trade receivables, inventories and non-current assets after deduction for operating liabilities and provisions. Most of the assets are directly attributable to each operating segment. Assets that are common to two or more operating segments are allocated among the operating segments.

Intra-Group deliveries: Revenues, expenses and results for the various operating segments were affected by intra-Group deliveries. Internal prices are market-based. Intra-Group deliveries are eliminated when preparing the consolidated financial statements.

Customers: SCA has no customers from which it generates income that accounts for more than 10% of the company's net sales. SCA's ten largest customers account for 22.5% (21; 21) of the company's sales.

B1. SEGMENT REPORTING, CONT.

TB1:2 Group by country

	Net sales				Average number of employees				Non-current assets[1]	
	2015		2014						2015	2014
	SEKm	%	SEKm	%	2015	Of whom women, %	2014	Of whom women, %	SEKm	SEKm
Sweden	**5,764**	**5**	**5,524**	**5**	**5,481**	**27**	**5,576**	**26**	**46,465**	**44,659**
EU excl. Sweden										
Germany	12,007	11	11,442	11	3,382	19	3,391	18	5,839	6,244
UK	11,728	10	9,881	9	1,767	18	1,798	17	4,998	5,127
France	10,205	10	9,804	9	2,677	24	2,755	23	5,331	5,889
Spain	5,864	5	5,556	5	1,173	24	1,137	24	3,812	4,041
Netherlands	3,483	3	3,293	3	1,260	16	1,254	15	3,030	3,022
Italy	3,332	3	3,098	3	830	22	812	22	2,043	2,179
Belgium	1,943	2	1,843	2	373	23	382	24	770	2,856
Finland	1,785	2	1,687	2	321	27	362	28	819	812
Austria	1,629	1	1,548	1	628	18	635	19	707	745
Denmark	1,510	1	1,446	1	84	63	83	63	3	1
Poland	1,113	1	967	1	625	26	606	24	882	912
Hungary	795	1	649	1	136	57	137	57	3	4
Greece	673	1	781	1	53	46	66	41	64	70
Czech Republic	564	0	522	1	68	59	71	60	–	–
Portugal	492	0	587	1	23	57	26	60	68	70
Ireland	477	0	452	0	17	30	23	25	26	28
Romania	257	0	275	0	24	67	26	69	–	1
Slovakia	254	0	234	0	761	30	779	32	580	593
Lithuania	226	0	209	0	23	42	23	42	–	1
Rest of EU	1,043	1	978	1	37	64	21	76	1	17
Total	**59,380**	**52**	**55,254**	**53**	**14,262**	**22**	**14,385**	**22**	**28,976**	**32,612**
Rest of Europe										
Russia	3,024	3	3,120	3	1,296	41	1,275	41	1,432	1,652
Norway	1,741	2	1,802	2	105	64	135	68	2	0
Switzerland	1,325	1	1,242	1	29	58	29	49	82	87
Turkey	725	0	810	1	264	18	221	19	430	435
Ukraine	300	0	268	0	67	54	73	52	1	2
Other	305	0	273	0	–	–	–	–	–	–
Total	**7,420**	**6**	**7,515**	**7**	**1,761**	**39**	**1,733**	**41**	**1,947**	**2,176**
Rest of world										
US	10,459	10	8,389	8	2,497	25	2,507	25	7,806	7,655
China	9,562	9	6,976	7	8,166	47	8,222	48	13,131	12,346
Mexico	4,140	4	3,406	3	2,438	27	2,418	26	3,666	4,143
Colombia	3,513	4	3,492	3	3,154	31	3,091	31	1,880	2,224
Canada	1,479	1	1,302	1	281	36	292	37	224	294
Ecuador	1,402	1	1,242	1	1,148	41	1,108	50	263	241
Malaysia	1,343	1	1,123	1	1,306	56	1,275	57	762	871
Japan	1,324	1	1,328	1	112	77	118	79	5	6
Chile	1,095	1	933	1	647	17	637	15	792	892
Hong Kong	1,068	1	931	1	5	40	19	66	–	–
Brazil	563	1	514	0	501	39	501	43	411	222
Costa Rica	519	0	410	0	88	46	83	46	3	3
Argentina	451	0	296	0	302	40	298	39	63	86
Taiwan	400	0	349	0	276	43	300	43	552	713
South Africa	371	0	346	0	108	45	143	45	1	65
Morocco	346	0	377	0	–	–	–	–	–	–
Tunisia	342	0	301	0	864	12	880	11	180	137
Singapore	252	0	245	0	32	69	30	68	8	8
India	224	0	85	0	185	6	106	10	175	158
Peru	220	0	163	0	10	63	24	82	–	1
Dominican Republic	216	0	159	0	107	36	102	45	8	9
Egypt	203	0	313	0	4	–	1	–	2	2
Other	3,260	3	3,083	4	265	36	405	52	183	186
Total	**42,752**	**37**	**35,761**	**34**	**22,496**	**37**	**22,553**	**39**	**30,115**	**30,262**
Total, Group	**115,316**	**100**	**104,054**	**100**	**44,000**	**31**	**44,247**	**32**	**107,503**	**109,710**

[1] Non-current assets comprise Goodwill, Other intangible assets, Buildings, Land, Machinery and equipment, and Biological assets.

B2. OPERATING EXPENSES

Operating expenses by function and type of cost

Operating expenses by function

SEKm	2015	2014	2013
IS Cost of goods sold	–85,476	–77,520	–69,585
IS Sales, general and administration	–17,025	–14,798	–13,122
IS TB2:1 Items affecting comparability	–2,067	–1,400	–1,239
Total	**–104,568**	**–93,718**	**–83,946**

Refer also to page 134 for a description of costs.

Operating expenses by type of cost

SEKm	Note	2015	2014	2013
TB2:2 Other income		1,834	2,469	2,475
Change in net value of biological assets	D3	476	615	574
Change in inventory of finished products and products in progress[1]		680	198	–184
Raw materials and consumables[1]		–42,166	–36,255	–30,095
Personnel costs[1]	C1	–19,529	–17,700	–16,989
TB2:3 Other operating expenses[1]		–38,709	–37,081	–35,032
Amortization of intangible assets[1]	D1	–293	–282	–289
Depreciation of property, plant and equipment[1]	D2	–5,668	–5,228	–4,716
Impairment of intangible assets[1]	D1	–554	–36	–32
Impairment of property, plant and equipment[1]	D2	–1,639	–62	–179
Impairment of associates		–62	–	–
Financial items		970	–	–
Revaluation of acquisitions[1]		–	36[2]	564
Gain/loss on divestment[1]	F6	92	–392[3]	–44
Total		**–104,568**	**–93,718**	**–83,946**

1) Including items affecting comparability.
2) Remeasurement of previous equity portion at fair value in conjunction with acquisition of up to 100% of Vinda Personal Care, Hong Kong.
3) This amount pertains primarily to the impairment of the receivable for the additional purchase price from the divestment of Laakirchen, Austria in 2013.

TB2:1 Items affecting comparability

Distribution of items affecting comparability by function

SEKm	2015	2014	2013
Cost of goods sold	–323	–436	–288
Sales, general and administration	–551	–469	–740
Impairment, etc.	–2,163	–495	–211
Gain/loss on sale of securities	970	–	–
IS **Total**	**–2,067**	**–1,400**	**–1,239**

Distribution of items affecting comparability by type of cost

SEKm	2015	2014	2013
Change in inventory of finished products and products in progress	–30	–221	–24
Raw materials and consumables	–15	–14	–2
Personnel costs	–350	–282	–765
Other operating expenses	–479	–396	–757
Depreciation of property, plant and equipment	–	–32	–
Impairment of intangible assets	–554	–	–
Impairment of property, plant and equipment	–1,639	–99	–211
Impairment of associates	–62	–	–
Revaluation of acquisitions	–	36	564
Gain/loss on divestment	92	–392	–44
Gain/loss on sale of securities	970	–	–
IS **Total**	**–2,067**	**–1,400**	**–1,239**

Distribution of items affecting comparability

SEKm	2015
Impairment of assets [1]	–1,409
Impairment of trademarks	–464
Integration costs in connection with GP acquisition	–439
Costs for the sale of the business jet operation	–172
Gain on sale of securities	970
Other, including transaction costs	–553
IS **Total**	**–2,067**

For information om items affecting comparability by segment, refer to Note B1 Segment reporting.
1) of which SEK –1,263m pertains to the impairment of assets in Ortviken paper mill.

TB2:2 Other income

SEKm	2015	2014	2013
Sales not included in core operations	1,114	1,736	1,748
SCA's transport business	720	733	727
Total	**1,834**	**2,469**	**2,475**

TB2:3 Distribution of other operating expenses

SEKm	2015	2014	2013
Transport expenses	–8,457	–7,928	–7,292
Energy costs[1]	–5,308	–5,097	–5,050
Purchased finished goods for resale	–4,315	–4,452	–4,890
Marketing costs	–5,223	–4,655	–4,272
Repairs and maintenance	–2,758	–2,635	–2,701
IT, telephony and lease of premises	–1,638	–1,339	–1,305
Other operating expenses, production	–4,949	–5,062	–4,011
Other operating expenses, distribution, sales and administration	–5,341	–5,247	–4,660
Other	–720	–666	–851
Total	**–38,709**	**–37,081**	**–35,032**

1) After deduction for revenues from energy in the amount of SEK 800m (954; 800).

Other disclosures

Exchange rate effects had a positive impact of SEK 800m (954; 800) on operating profit. Government grants received reduced operating expenses by SEK 90m (71; 49). Costs for research and development amounted to SEK –1,093m (–1,050; –998) during the period.

B3. AUDITING EXPENSES

Auditing expenses

SEKm	2015	2014	2013
PWC			
Audit assignments	–59	–56	–50
Auditing activities other than the audit assignment	–2	–2	–2
Tax consultancy services	–17	–9	–19
Other assignments	–24	–13	–34
Total PwC	**–102**	**–80**	**–105**
Other auditors			
Audit assignments	–5	–5	–5
Tax consultancy services	–4	–3	–13
Other assignments	–8	–7	–3
Total other auditors	**–17**	**–15**	**–21**
Total	**–119**	**–95**	**–126**

B4. INCOME TAXES

AP ACCOUNTING PRINCIPLES

The Group's tax expense comprises current tax and deferred tax.

Current tax is calculated on the taxable result for the period based on the tax rules prevailing in the countries where the Group operates. Since taxable result excludes costs that are not tax deductible and income that is not taxable, this is differentiated from profit before tax in profit or loss. Current tax also includes adjustments relating to recognized current tax from prior periods. Interest attributable to income tax and withholding taxes deducted at source on intra-Group transactions are also recognized as income tax.

Deferred tax is calculated based on temporary differences between the carrying amounts and the taxable values of assets and liabilities and for tax loss carryforwards in so far as it is probable that these can be utilized against future taxable profits. Deferred taxes are measured at their nominal amount and based on the tax rates enacted or substantively enacted on the balance sheet date. Deferred tax is not calculated on the initial recognition of goodwill or when an asset or liability is recognized for the first time, provided that the asset or liability is not attributable to an acquisition. SCA does not recognize tax that may arise on future dividends of the retained earnings of foreign subsidiaries. Any such future effects (withholding tax deducted at source and other deferred tax on profit-taking within the Group) are recognized when SCA can no longer control the reversal of such differences or when, for other reasons, it is probable that a reversal can take place in the foreseeable future.

The recognition of tax effects is determined by the manner in which the underlying transaction is recognized. For items in profit or loss, the tax effect is recognized in profit or loss. For transactions in equity and in other comprehensive income, the tax effect is recognized in equity and in other comprehensive income, respectively.

Tax liabilities and tax assets are recognized net when SCA has a legal right to offset.

KAA KEY ASSESSMENTS AND ASSUMPTIONS

For companies that operate globally and thus apply significantly different taxation legislation, determining deferred tax assets and tax liabilities is complicated. This requires that assessments and assumptions are made to determine the value of the deferred tax asset and deferred tax liability on the balance sheet date. Future changes to taxation legislation and trends in the business climate will impact the company's future taxable profits and thus its possibility to utilize deferred tax assets on loss carryforwards and other temporary differences. As of December 31, 2015, SEK 1,063m was recognized as deferred tax assets based on best assessment of future taxable profits in the Group. At year-end 2015, the Group also had taxable losses of SEK 2,649m, for which no deferred tax asset had been recognized. Accordingly, a changed assessment of the probability of future taxable profits could have a positive or negative effect.

Key assessments and assumptions are also made regarding recognition of provisions and contingent liabilities relating to tax risks. For further information, see Note D7 and Note G3.

Tax expense

Tax expense (+), tax income (–)

SEKm	2015	%	2014	%	2013	%
Current tax						
Income tax for the period	2,019	20.2	2,145	22.6	1,995	24.7
Adjustments for prior periods	–2	–0.0	–155	–1.6	102	1.3
Current tax expense	**2,017**	**20.2**	**1,990**	**21.0**	**2,097**	**26.0**
Deferred tax						
Changes in temporary differences	323	3.2	472	5.0	112	1.4
Adjustments for prior periods	349	3.5	97	1.0	9	0.1
Revaluation	–149	–1.5	–139	–1.5	2	–
TB4:1 **Deferred tax expense**	**523**	**5.2**	**430**	**4.5**	**123**	**1.5**
IS **Tax expense**	**2,540**	**25.4**	**2,420**	**25.5**	**2,220**	**27.5**

Explanation of tax expense

The difference between the recognized tax expense and expected tax expense is explained below. The expected tax expense is calculated based on profit before tax in each country multiplied by the tax rate in effect in the country.

Tax expense

SEKm	2015	%	2014	%	2013	%
IS Profit before tax	9,992		9,488		8,081	
IS Tax expense	2,540	25.4	2,420	25.5	2,220	27.5
Expected tax expense	2,267	22.7	2,251	23.7	2,043	25.3
Difference	**273**	**2.7**	**169**	**1.8**	**177**	**2.2**
The difference is explained by:						
Permanent differences between accounting and taxable result						
Effects of subsidiary financing	–71	–0.7	–21	–0.2	–27	–0.3
Effects of acquisitions and divestments	–23	–0.2	99	1.0	–124	–1.6
Taxes relating to profit-taking in the Group	27	0.3	9	0.1	49	0.6
Other permanent effects	17	0.2	176	1.9	125	1.6
Taxes related to prior periods [1]	347	3.4	–58	–0.6	111	1.4
Changes in unrecognized deferred tax assets [2]	23	0.2	–76	–0.8	48	0.6
Changes in tax rates	–47	–0.5	40	0.4	–5	–0.1
Total	**273**	**2.7**	**169**	**1.8**	**177**	**2.2**

1) Taxes related to prior periods include a tax provision of SEK 294m pertaining to a tax dispute in Spain. The year 2014 primarily pertains to effects in Taiwan of SEK –54m. The effect in 2013 pertains to effects in Germany and Mexico, which increased the tax expense by SEK 92m.

2) The change in unrecognized deferred tax assets includes the utilization of uncapitalized losses of SEK –81m in Belgium and SEK 62m relating to the operation in Asia. The change in unrecognized deferred tax assets for 2014 includes SEK –179m relating to the operation in Poland.

B4. TAXES, CONT.

Current tax liability

Current tax liability (+), current tax asset (–)

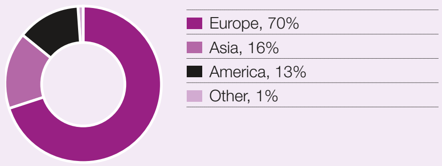
SEKm	2015	2014	2013
Value, January 1	95	283	–172
Current tax expense	2,017	1,990	2,097
CF Paid tax	–2,208	–2,101	–1,741
Other changes	13	–111	92
Translation differences	38	34	7
Value, December 31	**–45**	**95**	**283**
BS of which current tax liability	827	747	818
BS of which current tax asset	872	652	535

Paid tax

Tax payments by SCA units in different countries, paid tax (–)

SEKm	2015	2014	2013
Country			
Germany	–358	–271	–179
France	–306	–264	–116
China	–236	–51	–2
Mexico	–121	–107	–37
UK	–115	–92	–20
Austria	–100	–60	–96
Spain	–90	–90	–80
Italy	–87	–77	–82
Belgium	–80	–91	–92
Sweden	–79	–65	–99
Other countries	–636	–933	–938
CF **Total**	**–2,208**	**–2,101**	**–1,741**

Paid tax by region 2015, % of Group



TB4:1 Deferred tax liability

Deferred tax liability (+), deferred tax asset (–)

SEKm	Value, January 1	Deferred tax expense	Other changes [4]	Translation differences	Value, December 31
Intangible assets	1,504	–139	–1	71	1,435
Property, plant and equipment	11,744	–281	25	–51	11,437
Financial non-current assets	–292	156	58	–11	–89
Current assets	–181	–86	–3	10	–260
Provisions	–1,293	455	342	–1	–497
Liabilities	–440	–211	–23	19	–655
Tax credits and tax loss carryforwards	–2,054	596	–	53	–1,405
Other	21	33	–12	5	47
BS **Total [3]**	**9,009**	**523**	**386**	**95**	**10,013**

[3] The closing deferred tax liability comprises deferred tax assets of SEK 1,063m (1,186; 948) and deferred tax liabilities of SEK 11,076m (10,195; 10,531).
[4] Other changes include deferred tax recognized directly in equity according to IAS 19 of SEK 557m, IAS 39 of SEK 119m and changes in tax risk provisions of SEK –290m.

Loss carryforwards

Loss carryforwards for which deferred tax assets were recognized have been reported at the tax amount on the line Tax credits and tax loss carryforwards in the table Deferred tax liability above.

Loss carryforwards for which no deferred tax assets were recognized amounted to SEK 2,649m (2,644; 2,572) at December 31, 2015. The expiry dates of these loss carryforwards are distributed as follows:

The change in uncapitalized loss carryforwards for the period includes SEK 2m that has expired and SEK 256m that was either utilized or capitalized. The tax value of uncapitalized loss carryforwards amounted to SEK 779m.

Loss carryforwards for which no deferred tax assets were recognized

Year of maturity	SEKm
2016	88
2017	286
2018	833
2019	28
2020 and later	820
Indefinite life	594
Total	**2,649**

C. EMPLOYEES

C1. PERSONNEL COSTS

Personnel costs

SEKm	Note	2015	2014	2013
Salaries and remuneration		–13,810	–12,648	–11,993
TC3:1 of which Executive Management Team		–163	–144	–143
of which Board	C4	–6	–8	–6
Pension costs		–1,403	–1,179	–1,129
of which defined-benefit pension costs	C5	–669	–541	–554
of which other pension costs		–734	–638	–575
Other social security costs		–3,246	–2,929	–2,768
Other personnel costs		–1,070	–944	–1,099
Total [1]		**–19,529**	**–17,700**	**–16,989**

[1] Costs for implemented efficiency-enhancement activities of SEK –255m (–302; –765) are included in total personnel costs.

C2. PERSONNEL DATA

Personnel data

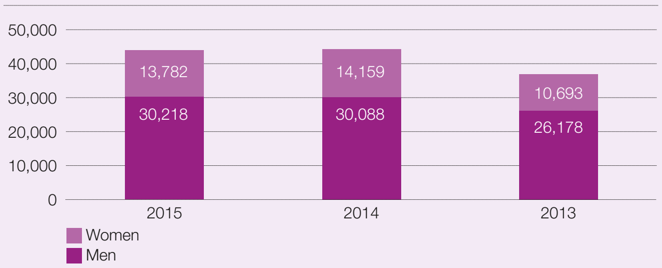
	2015	2014	2013
Employees under 20 years of age, %	1	2	2
Employees over 60 years of age, %	3	3	3
Investments in skills-enhancement activities			
total, SEKm	157	130	117
per employee, SEK	3,500	2,900	3,200
Value added per employee, KSEK	668	614	678
Proportion of university graduates, %	22	20	18
Number of employees who left the Group during the period	5,600	8,355	5,495
Number of employees who joined the Group during the period	5,988	7,319	4,887

These figures include both voluntary retirement and the effects of rationalization activities and retirements. In addition, a significant portion relates to summer jobs for students and seasonal work.

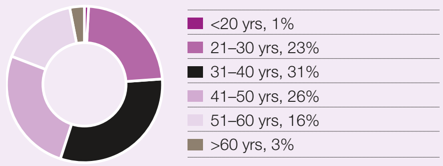
From 2014, the information about personnel costs was noticeably impacted by the Group's acquisition of Vinda.

C2. PERSONNEL DATA, CONT.

Average number of employees



Age distribution 2015



In 2015, SCA had employees in 61 countries (62; 61). Women comprised 39% (21; 21) of the total number of SCA Board members elected by the Annual General Meeting and senior executives.

C3. REMUNERATION OF SENIOR EXECUTIVES

Senior executives refer to the President, who is also the CEO, the Executive Vice President, Business Unit Presidents and equivalents, and the Central Staff Managers. For the composition of this group, see pages 74–75.

Annual General Meeting guidelines for remuneration of senior executives

The 2015 AGM adopted the following guidelines for remuneration of senior executives. "Remuneration to the CEO and other senior executives will be a fixed amount, possible variable remuneration, additional benefits and pension. Other senior executives include the Executive Vice Presidents, Business Unit Presidents and equivalents, and the Central Staff Managers. The total remuneration is to correspond to market practice and be competitive in the senior executive's field of profession. Fixed and variable remuneration are to be linked to the manager's responsibility and authority. For the CEO, as well as for other senior executives, the variable remuneration is to be limited and linked to the fixed remuneration. The variable remuneration is to be based on the outcome of predetermined objectives and, as far as possible, be linked to the increase of value of the SCA share, from which the shareholders benefit. Programs for variable remuneration should be formulated so that the Board, if exceptional circumstances prevail, has the possibility to limit, or refrain from, payment of variable remuneration if such an action is considered reasonable and in compliance with the company's responsibility to shareholders, employees and other stakeholders.

In the event of termination of employment, the notice period should normally be two years if termination is initiated by the company, and one year, when initiated by the senior executive. Severance pay should not exist.

Pension benefits are to be either defined benefit or defined contribution plans, or a combination of both, and entitle the senior executive to pension from the age of 60, at the earliest. To earn the pension benefits, the period of employment must be long-term, at present 20 years. When resigning before the age providing entitlement to pension, the senior executive will receive a paid-up pension policy from the age of 60. Variable remuneration is not pensionable income. Matters of remuneration to senior executives are to be dealt with by the Remuneration Committee and, as regards the President, be resolved by the Board of Directors."

Company's application of guidelines

The company applied the guidelines approved by the AGM in the following manner.

Fixed salary

The fixed salary is to be in proportion to the individual's position and the authority and responsibilities this entails. It is set individually at a level that, combined with other remuneration, is assessed as a market rate and competitive in the labor market in which the executive works.

Variable remuneration

Variable remuneration of the CEO, Executive Vice President and Business Unit Presidents and equivalents is maximized to a total of 100% of the fixed salary. For one Business Unit President, stationed in the US, the maximum outcome is 130%, while the corresponding limit for other senior executives is 90%. The program for variable remuneration is divided into a short and long-term portion. The short-term portion (Short-term Incentive, or STI) for the CEO, Executive Vice President and Business Unit Presidents and equivalents may amount to a maximum of 50% of fixed salary. For one Business Unit President, stationed in the US, the maximum outcome is 80%, while the corresponding limit for other senior executives is 40%. The STI goals set for the Business Unit Presidents are mainly based on operating cash flow, operating profit and sales growth for each business unit. For the heads of the global functions, goals for innovation and cost-efficiency are also applied. The goal for the CEO and others reporting directly to him is based primarily on the Group's profit before tax, operating cash flow and sales growth. The long-term portion (Long-Term Incentive, or LTI) may amount to a maximum of 50% of the fixed salary. The senior executive is to invest half of the variable LTI compensation, after tax withholdings, in SCA shares. The shares may then not be sold before the end of the third calendar year after entry into the relevant LTI program. The established LTI goal is based on the performance of the company's B share, measured as the TSR (Total Shareholder Return) index, compared with a weighted index of competitors' and consumer companies' shares performance (TSR) over a three-year period. The structure of the LTI was approved by the Board in 2003.

Outcome, variable remuneration

For the CEO, Executive Vice Presidents and Central Staff Managers, STI resulted in 37 to 47% of fixed salary for 2015. STI resulted in variable remuneration corresponding to 9 to 57% of fixed salary for the Business Unit Presidents and heads of the global functions. The LTI target was achieved for 2013–2015, resulting in maximum outcome for the CEO and other senior executives.

Other benefits

Other benefits pertain, in some cases, to a company car, housing and school fees.

Pension

In 2015, the President and CEO's pension agreement was adjusted from a previous combination of a defined benefit plan and defined premium plan to a strictly defined premium plan. The new defined premium pension is based on an annual payment, to be paid by the company, amounting to 40% of the employee's fixed cash salary, as well as the basic pension benefits in the ITP plan, with retirement pension benefits limited to a maximum salary income of 7.5 income amounts. A paid-up policy has been established for previously earned pension benefits according to the earlier plan and was calculated on the CEO's actual salary for 2015. The retirement age for the CEO is now

C3. REMUNERATION OF SENIOR EXECUTIVES, CONT.

65. Seven of the other senior executives in the Group have a combination of defined benefit and defined premium pension plans that entitle the executives, on reaching the age of 60, to receive a retirement pension (including national pension benefits) of up to 45% of the average salary (excluding variable remuneration) three years prior to retirement age. For full pension, the individual must have been employed for at least 20 years calculated from 40 years of age. Upon termination of employment prior to reaching retirement age, a paid-up policy is received for pension payments from age 60, on condition that the executive, after reaching the age of 40, has been employed in the Group for at least three years. In addition, beneficiaries' pension amounts to about 50% of retirement pension. In addition to the defined benefit pension, a pension is paid based on premiums paid by the company. The premiums paid for each year of service amount to 10% of the executive's fixed salary and are invested in a fund or traditional insurance chosen by the executive. One senior executive has a pension plan, which is closed to new entrants, that is a defined benefit pension plan, which grants the executive the right at the age of 65 to receive a pension (including national pension benefits) at up to 70% of the salary (excluding variable salary). However, the senior executive is entitled to retire at 60 with 70% of the final salary at retirement (excluding variable remuneration), between 60 and 65 and subsequently with 50% of the salary at retirement (excluding variable remuneration). Normally, full pension requires the executive to have been employed in the Group for 20 years. Upon termination of employment prior to reaching retirement age, a paid-up policy is received for pension payments from age 65 or 60, on condition that the executive, after reaching the age of 40, has been employed in the Group for at least three years. In addition, beneficiaries' pension amounts to about 50% of retirement pension.

Four senior executives have a defined premium pension plan (in addition to national pension benefits) into which the company pays 30 to 40% of the executives' fixed salary, which is invested in funds or traditional insurance. Three senior executives are employed in companies outside Sweden. One executive is encompassed by the defined contribution pension plan that applies to employees in the US. Two executives are encompassed by the defined benefit pension plan that applies to managers in Germany.

Notice period and severance pay

The agreement with the CEO stipulates a period of notice of termination of two years if such notice is given by the company. The CEO has a corresponding right with a period of termination of one year. If notice is given by the company, the CEO is not obligated to serve during the notice period. The agreement does not contain any stipulations with regard to severance pay. Between the company and other senior executives, a period of notice of termination of one to two years normally applies, if such notice is given by the company. The executive has a corresponding right with a period of notice of termination of six months to one year. The executive is normally expected to be available to the company during the notice period. The agreements have no stipulations with regard to severance pay.

Preparation and decision process for remuneration

During the year, the Remuneration Committee submitted recommendations to the Board regarding the principles for remuneration of senior executives. The recommendations encompassed the ratio between fixed and variable remuneration and the size of any salary increases. In addition, the Remuneration Committee expressed an opinion on the criteria for assessing variable remuneration and pension terms. The Board discussed the Remuneration Committee's proposal and decided on the basis of the Committee's recommendations. The remuneration of senior executives for the fiscal year was based on the Remuneration Committee's recommendation and, with regard to the CEO, decided by the Board. The executives concerned did not participate in remuneration matters pertaining to themselves. When it was deemed appropriate, the work of the Remuneration Committee was carried out with the support of external expertise. For information about the composition of the Remuneration Committee, see page 69.

The Board's proposal for new guidelines

The Board has decided to propose to the 2016 Annual General Meeting the unchanged guidelines for determining salaries and other remuneration for senior executives, with the addition that pension benefits in new employment contracts should, wherever possible, only include defined premium pension benefits and entitle the executive to receive a pension from the age of 65. With the salary situation prevailing in 2016 and an unchanged number of senior executives, the maximum outcome of variable remuneration could entail a cost for the Group, excluding social security costs, of approximately SEK 82m.

Remuneration of senior executives

TC3:1 Remuneration and other benefits during the year 2015

SEK	Fixed salary	Variable remuneration[1]	Other benefits	Total salaries and remuneration
President and CEO Magnus Groth [2]	7,922,878	7,713,718[4]	428,659	16,065,255
Other senior executives (17 people)	61,717,544	50,270,385[5]	8,912,198	120,900,127
Former President and CEO Jan Johansson [3]	25,491,326	0	380,318	25,871,644
Total	**95,131,748**	**57,984,103**	**9,721,175**	**162,837,026**

1) Variable remuneration covers the 2015 fiscal year but is paid in 2016.
2) President and CEO Magnus Groth, who assumed his position on March 1, has collected a fixed annual salary of SEK 9.5m. In connection with the adjustment of the President and CEO's pension agreement to a defined contribution pension, his fixed annual salary was set at SEK 11m as of December 15. Accordingly, pension obligations will not continue to be earned.
3) Former President and CEO Jan Johansson, who was dismissed from the position on March 1, will continue to collect contractual employment benefits during a period of notice of two years, with the exception of variable remuneration. The above amounts pertain to Jan Johansson's fixed salary, benefits and pension costs for the period from 2015 until March 1, 2017, when his employment ends.
4) Of which LTI program SEK 3,992,608.
5) Of which LTI program SEK 28,218,873.

Pension costs[1]

SEK	
President and CEO Magnus Groth [2]	3,153,521
Other senior executives (17 people) [3]	63,845,664
Former President and CEO Jan Johansson [4]	25,027,185
Total	**92,026,370**

1) The pension costs pertain to the costs that affected profit for 2015, excluding special payroll tax.
2) Outstanding pension obligations amount to SEK 16m.
3) Outstanding pension obligations amount to SEK 156m.
4) Outstanding pension obligations amount to SEK 83m.

Remuneration and other benefits during the year 2014

SEK	Fixed salary	Variable remuneration[1]	Other benefits	Total salaries and remuneration
President and CEO Jan Johansson	11,440,000	9,746,880[2]	174,952	21,361,832
Other senior executives (16 people)	63,096,719	50,502,757[3]	9,055,555	122,655,032
Total	**74,536,719**	**60,249,637**	**9,230,507**	**144,016,864**

1) Variable remuneration covers the 2014 fiscal year but is paid in 2015
2) Of which LTI program SEK 5,720,000
3) Of which LTI program SEK 32,318,916

Pension costs[1]

SEK	
President and CEO Jan Johansson	6,576,939
Other senior executives (16 people)	26,713,323
Total	**33,290,262**

1) The pension costs pertain to the costs that affected profit for 2014, excluding special payroll tax.

Remuneration and other benefits during the year 2013

SEK	Fixed salary	Variable remuneration[1]	Other benefits	Total salaries and remuneration
President and CEO Jan Johansson	10,962,121	10,318,000[2]	160,080	21,440,201
Other senior executives (16 people)	62,836,453	56,029,602[3]	10,755,315	129,621,370
Total	**73,798,574**	**66,347,602**	**10,915,395**	**151,061,571**

1) Variable remuneration covers the 2013 fiscal year but is paid in 2014
2) Of which LTI program SEK 5,500,000
3) Of which LTI program SEK 31,712,728

Pension costs[1]

SEK	
President and CEO Jan Johansson	8,018,773
Other senior executives (16 people)	28,759,616
Total	**36,778,389**

1) The pension costs pertain to the costs that affected profit for 2013, excluding special payroll tax.

C4. FEES TO BOARD MEMBERS IN THE PARENT COMPANY DURING THE YEAR

Remuneration to non-executive Board members refers to the fees approved at the AGM on April 15, 2015 for the period until the next AGM in April 2016. No remuneration is paid to the President and CEO and other employees.

	Board fee			Audit Committee fee			Remuneration Committee fee			Total		
SEK	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
Sverker Martin-Löf (former Chairman)		2,100,000	1,650,000		130,000	130,000		135,000	135,000		2,365,000	1,915,000
Pär Boman (Chairman)	2,100,000	700,000	550,000	130,000			135,000			2,365,000	700,000	550,000
Rolf Börjesson		700,000	550,000					105,000	105,000		805,000	655,000
Annemarie Gardshol	700,000									700,000		
Leif Johansson	700,000	700,000	550,000				105,000	105,000	105,000	805,000	805,000	655,000
Louise Julian Svanberg	700,000	700,000	550,000				105,000			805,000	700,000	550,000
Bert Nordberg	700,000	700,000	550,000	130,000						830,000	700,000	550,000
Anders Nyrén		700,000	550,000		175,000	175,000					875,000	725,000
Barbara Milian Thoralfsson	700,000	700,000	550,000	175,000	130,000	130,000				875,000	830,000	680,000
Total	**5,600,000**	**7,000,000**	**5,500,000**	**435,000**	**435,000**	**435,000**	**345,000**	**345,000**	**345,000**	**6,380,000**	**7,780,000**	**6,280,000**

C5. REMUNERATION AFTER EMPLOYMENT

AP ACCOUNTING PRINCIPLES

Defined benefit pension plans

Defined benefit pension plans are characterized by the fact that payment is based on the period of employment and the employee's salary at, or just prior to, retirement. The actuarial and investment-related risks associated with defined benefit pension plans are carried by the company.

The defined benefit obligations are calculated annually by independent actuaries using the Projected Unit Credit Method. Calculation is based on actuarial assumptions. Actuarial assumptions comprise the company's best assessment of the variables that determine the final cost for providing the benefits. The obligation is measured at the present value of the anticipated future cash flows using a discount rate (see key assessments and assumptions below). Actuarial gains and losses (remeasurements) are recognized directly in equity under other comprehensive income in the period in which they arise. The recognized cost for the defined benefit plans include personnel costs, as well as net interest items. Net interest items comprise the discount rate calculated on the average net pension liability for the period, taking fee and remuneration payments into consideration. The difference between the calculated interest income (discount rate) on the plan assets and SCA's actual return on the plan assets is included in the remeasurement of the defined benefit net liability (net asset) recognized in equity under other comprehensive income. Past service costs are recognized in profit or loss in the period in which they arise.

The liability recognized in the balance sheet for defined benefit pension plans is the present value of the obligation on the balance sheet date minus the fair value of the plan assets. Funded plans with net assets, meaning plans with assets exceeding obligations, are recognized as a financial non-current asset provided they are not limited by the "asset ceiling" in IAS 19. Other pension plans, which are not fully funded or unfunded, are recognized as Provisions for pensions.

In certain countries, pension payments are subject to taxes or fees. In such cases, these are included in the calculation of the obligation for the defined benefit pension plans. These taxes or fees are recognized as an expense in profit or loss, except in cases where they are attributable to actuarial gains or losses, in which case they are recognized directly in equity under other comprehensive income, as are the actuarial gains or losses.

Defined contribution pension plans

Plans where the employer's obligation is limited to the premiums the company has undertaken to pay are classified as defined contribution plans. In these plans, it is the employee who bears the investment risk, meaning the risk that the invested assets could be insufficient to generate the anticipated compensation. The Group's payments relating to defined contribution plans are recognized as an expense during the period the employees carry out the service to which the payment relates.

Other post-retirement benefits

Some Group companies provide post-retirement healthcare benefits. The obligation and anticipated costs for these benefits has been calculated and recognized in a similar manner to that applying to defined benefit pension plans.

Severance pay

Severance pay is recognized as a payroll expense when the Group has an obligation to compensate employees whose employment was terminated early.

C5. REMUNERATION AFTER TERMINATION OF EMPLOYMENT, CONT.

KAA KEY ASSESSMENTS AND ASSUMPTIONS

The calculation of recognized expenses and provisions for defined benefit pension plans, where the size of the future compensation is unknown and payment will occur far in the future, is dependent on assumptions and assessments. Key assumptions and assessments include the discount rate, future salary increases, inflation and life expectancy. SCA determines the discount rate based primarily on AA-rated corporate bonds issued in the currency in which the payments will be made that match the duration of the obligations. If no such corporate bonds are available, government bonds or mortgage bonds are used. Inflation assumptions are based on a combination of central bank targets, implicit market expectations and long-term analyst forecasts. Assumptions regarding salary increases are based on market expectations and market research forecasts. Key actuarial assumptions are presented in TC5:5. The sensitivity of the recognized provision with respect to key actuarial assumptions is described in TC5:6.

Provisions for pensions and similar obligations

SEKm	2015	2014	2013
TC5:2 Defined benefit obligations	27,101	28,943	21,793
TC5:3 Fair value of plan assets	–25,863	–24,850	–20,603
TC5:4 Effect of asset ceiling	1,162	1,004	916
TC5:1 **Provision for pensions, net**	**2,400**	**5,097**	**2,106**

Surpluses in funded plans recognized as financial non-current assets amounted to BS SEK 371m (3; 442) on the balance sheet date and provisions for pensions totaled BS SEK 2,771m (5,100; 2,548). Defined benefit obligations include obligations in an amount of SEK 1,929m (2,363; 1,913) pertaining to unfunded plans.

SCA has both defined contribution and defined benefit pension plans in a number of subsidiaries. The most significant defined benefit plans are the pension plans in the Netherlands, the UK, Sweden, Germany and the US, as described below.

TC5:1 Provisions for pensions and similar obligations by plan

SEKm Country	Active	Paid-up pension policies	Pensioners	Total obligation	Plan assets, fair value	Effect of asset ceiling	Net	Duration of obligation, years
Netherlands	1,504	886	941	3,331	–3,143		188	22
UK	1,890	6,156	6,354	14,400	–14,395		5	18
Sweden	1,352	617	897	2,866	–3,203		–337	19
Germany	931	283	1,017	2,231	–2,263		–32	16
US	687	134	356	1,177	–872		305	15
Other	1,634	389	1,073	3,096	–1,987	1,162	2,271	13
Total	**7,998**	**8,465**	**10,638**	**27,101**	**–25,863**	**1,162**	**2,400**	

Netherlands

The plan is a defined benefit plan with premiums paid by the company and is managed by an independent fund. Surpluses in the fund remain in the fund assets but can be utilized in the form of premium discounts. The plan is based on average salary and includes beneficiaries' pension and disability pension. The plan is obligated to meet the minimum legislated funding level. The plan applies a duration matching strategy to control the interest rate risk in the plan.

United Kingdom

The plan is a defined benefit plan with premiums paid by the company and the employee, and is managed by an independent fund in accordance with British law.

Surpluses in the pension fund remain in the fund assets but can be utilized in the form of premium discounts. The plan is based on final salary and includes beneficiaries' pension and disability pension.

The plan was closed to new participants in July 2007. The plan is obligated to meet the minimum funding level according to an agreement with the pension fund.

Sweden

The ITP2 plan (supplementary pensions for salaried employees) encompasses employees born before 1979 and is a defined benefit plan that provides retirement pension based on final salary. The ITP2 plan provides pension as a percentage of various salary intervals.

The pension is reduced proportionately if the total period of service is less than 30 years. The ITP2 plan is managed by a fund, and the company may compensate itself using any surpluses in the plan assets.

Germany

The plan is a defined benefit plan and, in addition to retirement pension, includes beneficiaries' pension and disability pension. The plan, which is managed by a fund, provides pension as a percentage of a salary interval and is based on final salary. The plan also includes individual pensions based on average salary. No premium payments are required by the company or its employees. The company may compensate itself using any surpluses in the plan assets.

US

The plan includes retirement pension, accident insurance and life insurance. The plan is a defined benefit plan with premiums paid by the company. Benefits are based on a standard amount per service year and are financed through a pension fund. The plan is obligated to meet the minimum legislated funding level. Surpluses in the pension fund can be utilized in the form of premium discounts.

Other

SCA has a number of minor pension obligations in some 15 countries, the largest of which are in France, the Netherlands, Norway, Sweden and Austria. Some of these plans are funded.

Costs for the period for defined benefit plans

SEKm	2015	2014	2013
Current service cost, after deduction for premiums paid by the employees	–646	–494	–514
Past service cost	–21	19	–7
Tax expense for pensions	–65	–35	–40
Remeasurement, net	–2	–33	–3
Net interest income/expense	–143	–65	–120
Pension costs before effects of settlements	**–877**	**–608**	**–684**
Settlements	–	2	10
Pension costs after effects of settlements	**–877**	**–606**	**–674**

TC5:2 Defined benefit obligations

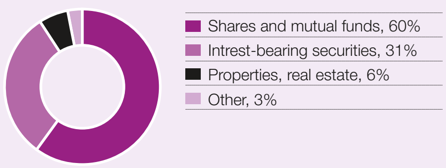
SEKm	2015	2014	2013
Value, January 1	**28,943**	**21,793**	**23,857**
Current service cost	657	527	519
Interest expense	893	912	780
Past service cost	21	–19	7
Tax expense for pensions	65	35	40
Settlements and transfers	11	9	214
Acquisitions and disposals	–	–	–2,598
Benefits paid	–1,040	–932	–908
Pension taxes paid	–43	–20	–26
Remeasurement: financial assumptions	–1,888	4,079	–1,053
Remeasurement: demographic assumptions	–149	38	388
Remeasurement: experience-based assumptions	–43	–17	280
Pension taxes pertaining to remeasurement	–340	221	–193
Translation differences	14	2,317	486
Value, December 31	**27,101**	**28,943**	**21,793**

Remeasurements in the defined benefit obligations comprise changes in financial assumptions, such as changes to the discount rate, etc., any changes in demographic assumptions and experience-based deviations. Experience-based deviations include unexpectedly high or low employee turnover or salary increases. For 2013, settlements and transfers include SEK 186m attributable to the reclassification of payroll tax to pension liability.

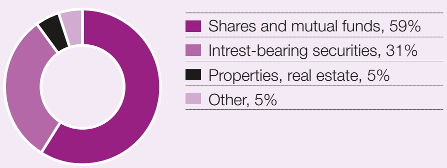
TC5:3 Plan assets

SEKm	2015	2014	2013
Fair value, January 1	**–24,850**	**–20,603**	**–20,499**
Interest income	–775	–883	–684
Acquisitions and disposals	–	–	2,123
Contributions by plan participants	–11	–7	–4
Contributions by the employer	–991	–785	–571
Benefits paid, excluding settlements	1,040	932	908
Benefits paid for settlements	2	10	16
Return in excess of recognized interest income	–275	–1,440	–1,461
Administrative expenses for pension obligations	24	25	–
Translation differences	–27	–2,099	–431
Fair value, December 31	**–25,863**	**–24,850**	**–20,603**

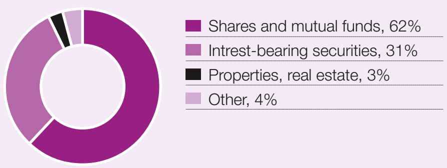
The plan assets are distributed according to the following classes of assets, 2015:



The plan assets are distributed according to the following classes of assets, 2014:



The plan assets are distributed according to the following classes of assets, 2013:



94% (95; 97) of the plan assets on the balance sheet date were traded on active markets in which market quotations are used for the valuation of assets. As in the preceding year, no financial instruments issued by SCA are included in the fair value of plan assets at December 31, 2015.

TC5:4 Effect of asset ceiling

SEKm	2015	2014	2013
Value, January 1	**1,004**	**916**	**780**
Interest expense	25	36	24
Other changes to asset ceiling	133	52	112
Value, December 31	**1,162**	**1,004**	**916**

Effect of asset ceiling pertains to funds in two Swedish foundations that can be used for possible future undertakings for early retirement for certain categories of employees.

TC5:5 Principal actuarial assumptions

	Sweden	United Kingdom	Eurozone	US
2015				
Discount rate	3.27	3.85	1.94	4.38
Expected salary increase rate	2.75	3.50	2.85	N/A
Expected inflation	1.50	3.00	1.60	N/A
Life expectancy, men[1]	22	22	22	20
Life expectancy, women[1]	25	25	24	22
2014				
Discount rate	2.46	3.59	1.62	4.11
Expected salary increase rate	3.25	4.00	3.00	N/A
Expected inflation	2.00	3.00	1.75	N/A
Life expectancy, men[1]	23	22	21	20
Life expectancy, women[1]	24	24	24	21
2013				
Discount rate	3.94	4.54	3.10	4.92
Expected salary increase rate	3.25	4.00	3.25	N/A
Expected inflation	2.00	3.00	2.00	N/A
Life expectancy, men[1]	23	22	22	19
Life expectancy, women[1]	24	24	24	21

[1] Life expectancy, expressed in years, for an individual currently aged 65.

The sensitivity of the defined benefit obligations with respect to the changes in the principal actuarial assumptions is as follows:

TC5:6 Change of obligation, increased obligation (–)

SEKm	
Discount rate +0.25%	1,129
Price inflation, incl. salary inflation +0.25%	–933
Longevity +1 year	–904

The above sensitivity analysis is calculated by changing one assumption while the others remain constant.

Multiemployer plans

SCA has obligations for disability and family pensions for salaried employees in Sweden, secured through insurance with the insurance company Alecta. The company also has employees in Finland who are covered by the country's statutory TyEL pension plan. These obligations are secured through the insurance company Varma. These benefits are reported as defined contribution plans, since there is no basis for allocating the obligations, plan assets and costs to the individual companies covered by the plan.

Budgeted contributions

The budgeted contributions for the company's defined benefit pension plans for 2016 were calculated at SEK 1,004m. Contributions for multiemployer plans for 2016 were calculated at SEK 44m.

D. OPERATING ASSETS AND LIABILITIES

D1. INTANGIBLE ASSETS

AP ACCOUNTING PRINCIPLES

Goodwill
Goodwill arises in connection with business combinations where the consideration transferred exceeds the fair value of the acquired net assets. Goodwill is recognized at cost less accumulated impairment and is an intangible asset with an indefinite useful life. This means that goodwill is not amortized, but rather is tested annually for impairment. All goodwill is allocated to the cash-generating units that are expected to benefit from the synergies from the business combination. In connection with the sale of Group companies, the remaining carrying amount of the goodwill attributable to the divested unit is included in the capital gain. Goodwill that arises in acquisitions of associates or joint ventures is included in the carrying amount of the respective associate or joint venture.

Trademarks
Trademarks arise either in connection with acquisitions or through agreements to purchase trademarks. Trademarks are recognized at cost after any accumulated amortization and accumulated impairment. Trademarks that have an indefinite useful life are not amortized, but rather are tested annually for impairment along with the impairment testing of goodwill. Trademarks with a limited useful life are amortized on a straight-line basis during their anticipated useful life, which varies between three and ten years.

Licenses, patents and similar rights
Intangible assets also include patents, licenses and other similar rights. Acquired assets of this type are recognized at cost and are amortized on a straight-line basis during their anticipated useful life, which varies between three and 20 years.

Customer relations
Customer relations are measured at fair value at the time of the acquisition. The value of these customer relations is amortized over their useful life, which is considered to be between three and 15 years.

Research and development
Research expenditure is recognized as an expense as incurred. Identifiable expenditure for development of new products and processes is capitalized to the extent it is expected to provide future economic benefits. In cases in which it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and expensed immediately. Capitalized expenditure is amortized on a straight-line basis from the date when the asset starts to be used during the estimated useful life of the asset. The depreciation period is between five and ten years.

Impairment testing
Goodwill is tested annually for impairment. When testing for impairment, the assets are grouped in cash-generating units. SCA's cash-generating units coincide with its defined operating segments. The test compares the carrying amounts of the cash-generating units with the recoverable amounts. The recoverable amount of each cash-generating unit is determined by discounting future cash flows in order to determine their value in use. The calculation of future cash flows is based on the strategic plans adopted by the Corporate Senior Management Team for the next three years. The carrying amount for the cash-generating unit includes goodwill, trademarks with indefinite useful lives and assets with definite useful lives, such as non-current assets, trademarks and working capital. Effects of expansion investments are excluded when calculating the value in use.

The value of depreciated assets is tested for impairment whenever there are indications that the carrying amount might not be recoverable.

In cases in which the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount, an impairment loss is recognized on the asset down to the recoverable amount.

An impairment loss recognized earlier is reversed, if the reasons for the impairment no longer exist. The carrying amount after the reversal is limited to what it would have been had no past impairment been recognized. Impairment losses on goodwill are never reversed.

KAA KEY ASSESSMENTS AND ASSUMPTIONS

In connection with the annual impairment testing of goodwill, the recoverable amount is calculated. The recoverable amount for the cash-generating units is determined by calculating value in use. Calculation of the value in use is based on the three-year strategy plans adopted by the Executive Management Team, which in turn are based on assumptions and assessments. The most important assessments and assumptions pertain to forecasts for organic growth, the profit margin and the discount rate used. The discount rate used in the present value calculation of the anticipated future cash flows is the current weighted average cost of capital (WACC) established within the Group for the markets in which the cash-generating units conduct operations.

Profit margin assumptions are based on current market prices and costs with an addition for real price reductions and cost inflation as well as assumed productivity development. Growth assumptions follow the Group's target of an average annual growth of 3 to 4%, depending on the operating segment, which is in line with historic outcome and expected global market growth.

The expected sustained future cash flow for periods that are beyond the planning horizon of the strategy plan are extrapolated for a ten-year period from the final year of the strategy plan using assumed sustained growth of 2%. The value of the cash flows for the period beyond ten years is calculated by applying an operating surplus multiple to estimated sustained cash flow.

D1. INTANGIBLE ASSETS, CONT.

Goodwill

SEKm	2015	2014	2013
Accumulated costs	15,472	15,806	12,097
Accumulated impairment	–60	–89	–89
Goodwill Vinda	–	–	1,777
Total	**15,412**	**15,717**	**13,785**
Value, January 1	**15,717**	**13,785**	**12,349**
Company acquisitions	–	308	1,759
Company divestments	–	–	–8
Reclassifications	–	46	–389
Impairment	–87	–	–
Translation differences	–218	1,578	74
BS **Value, December 31**	**15,412**	**15,717**	**13,785**

Intangible assets excluding goodwill

	Trademarks			Licenses, patents and similar rights			Capitalized development costs			Total Other intangible assets		
SEKm	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
Accumulated costs	6,647	6,552	4,317	3,889	3,737	2,772	286	267	270	10,822	10,556	7,359
Accumulated amortization	–244	–118	–71	–2,471	–2,267	–1,943	–182	–184	–180	–2,897	–2,569	–2,194
Accumulated impairment	–532	–61	–57	–2	–8	–8	–36	–33	–33	–570	–102	–98
Intangible assets Vinda	–	–	2,940	–	–	12	–	–	–	–	–	2,952
Total	**5,871**	**6,373**	**7,129**	**1,416**	**1,462**	**833**	**68**	**50**	**57**	**7,355**	**7,885**	**8,019**
Value, January 1	**6,373**	**7,129**	**4,366**	**1,462**	**833**	**980**	**50**	**57**	**96**	**7,885**	**8,019**	**5,442**
Investments	–	–	–	221	115	90	35	6	12	256	121	102
Sales and disposals	–	–	–	–2	–1	–	–	–	–	–2	–1	–
Company acquisitions	–	–	2,895	–	20	13	–	3	–	–	23	2,908
Company divestments	–	–	–28	–	–	–	–	–	–	–	–	–28
Reclassifications	76	–1,242	–165	–	591	–3	–	–1	–	76	–652	–168
Amortization	–27	–33	–30	–251	–233	–241	–15	–15	–18	–293	–281	–289
Impairment	–464	–36	–	–	–	–	–3	–	–32	–467	–36	–32
Translation differences	–87	555	91	–14	137	–6	1	0	–1	–100	692	84
Value, December 31	**5,871**	**6,373**	**7,129**	**1,416**	**1,462**	**833**	**68**	**50**	**57**	**7,355**	**7,885**	**8,019**
TD1:1 Emission allowances, net value										85	78	117
BS **Value, December 31 including emission allowances**										**7,440**	**7,963**	**8,136**

Impairment testing

Annual testing for impairment of goodwill and trademarks with indefinite useful lives is carried out in the fourth quarter per operating segment. The testing for 2015 showed that no impairment was needed. Sensitivity analyses show that reasonable changes to key parameters do not give rise to any impairment requirement. In addition to annual impairment testing of the cash-generating units, individual assets are tested to determine whether any impairment is needed. During the period, goodwill was impaired by SEK –87m in connection with the closure of a French tissue mill, as well as impairment of assets in the Swedish Ortviken paper mill. Due to a declining market and new strategy, Personal Care trademarks in the Mexican and Asian markets were impaired by SEK –464m. The recoverable amount of the trademarks was determined through a present value calculation, in which expected future cash flows were discounted using a WACC varying from 10.6% to 13.7%, depending on the market, to determine the value in use.

Distribution by operating segment

	Goodwill			Trademarks			WACC, before tax %		
SEKm	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
Personal Care	2,757	3,338	3,005	1,069	1,325	1,213	10.3	10.1	10.0
Tissue	12,655	12,322	10,743	4,802	5,048	5,916	8.4	8.3	8.5
Forest Products	–	57	37	–	–	–	6.1	7.2	7.6
Total	**15,412**	**15,717**	**13,785**	**5,871**	**6,373**	**7,129**			

D1. INTANGIBLE ASSETS, CONT.

AP ACCOUNTING PRINCIPLES

Emission allowances and costs for carbon dioxide emissions

SCA participates in the European system for emission allowances.

When emission allowances relating to carbon dioxide emissions are received from an individual EU state, they are recognized as an intangible asset and as deferred income (liability). Allowances are received free of charge and measured and recognized at market value as of the date to which the allocation pertains. During the period, the initial liability for emission allowances received is dissolved over profit or loss as income in pace with carbon dioxide emissions made. If the emission allowances received do not cover emissions made, SCA makes a provision for the deficit valued at the market value on the balance sheet date. Sales of surplus emission allowances are recognized as income on the delivery date.

If the market price of emission allowances on the balance sheet date is less than recognized cost, any surplus emission allowances that are not required to cover emissions made are impaired to the market price applying on the balance sheet date. In conjunction with this, the remaining part of the deferred income is recognized as income by a corresponding amount and therefore no net effect occurs in profit or loss. The emission allowances are used as payment in the settlement with the state regarding liabilities for emissions.

TD1:1 Emission allowances

SEKm	2015	2014	2013
Accumulated costs	93	88	117
Accumulated revaluation of surplus	–8	– 10	0
Total	**85**	**78**	**117**
Value, January 1	**78**	**117**	**139**
Emission allowances received	93	77	70
Purchases	4	0	1
Sales	–29	– 57	– 26
Reclassifications	–	–	0
Impairment	–3	– 0	– 8
Settlement with the government	–54	– 58	– 63
Revaluation of surplus	0	– 3	0
Translation differences	–4	2	4
Value, December 31	**85**	**78**	**117**

D2. PROPERTY, PLANT AND EQUIPMENT

AP ACCOUNTING PRINCIPLES

Property, plant and equipment

Property, plant and equipment is recognized at cost less accumulated depreciation and any impairment. In cases where an investment in foreign currency has been recognized using hedge accounting, the gain/loss from the hedge is recognized as part of the acquisition cost. The cost of properties and production facilities included in major projects includes costs for running-in and start-up. Borrowing costs are included in the cost of investments exceeding SEK 250m that take more than 12 months to complete. Expenses for repairs and maintenance are expensed directly in profit or loss.

Depreciation and impairment

Land is not subject to depreciation. Buildings, machinery and equipment are depreciated on a straight-line basis over the useful lives of the assets. If, at accounting year-end, there is an indication that property, plant and equipment has declined in value, impairment testing is carried out.

Assessed useful lives

	Number of years
Pulp and paper mills, sawmills	10–25
Converting machines, other machinery	7–18
Tools	3–10
Vehicles	4–5
Buildings	15–50
Energy plants	15–30
Computers	3–5
Office equipment	5–10
Harbors, railways	20–30
Land improvements, forest roads	10–20

Property, plant and equipment

	Buildings			Land			Machinery and equipment			Construction in progress		
SEKm	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
Accumulated costs	22 802	22 007	18 558	7 437	7 422	7 000	86 804	84 367	71 633	4 023	4 368	3 414
Accumulated depreciation	–9 653	–9 023	–7 751	–1 826	–1 679	–1 530	–52 403	–50 009	–41 667	–	–	–
Accumulated impairment	–407	–222	–216	–70	–32	–50	–2 173	–847	–865	–2	–7	–8
Property, plant and equipment Vinda	–	–	867	–	–	–	–	–	3 392	–	–	–
Total	**12 742**	**12 762**	**11 458**	**5 541**	**5 711**	**5 420**	**32 228**	**33 511**	**32 493**	**4 021**	**4 361**	**3 406**
Value, January 1	**12 762**	**11 458**	**9 912**	**5 711**	**5 420**	**5 252**	**33 511**	**32 493**	**28 533**	**4 361**	**3 406**	**4 073**
Investments	505	389	646	154	163	214	2 337	2 342	1 894	4 337	2 713	2 642
Sales and disposals	–2	–13	–14	–7	–35	–3	–134	–56	–68	–23	–8	–34
Company acquisitions	–	1	861	–	1	–	–	52	3 330	–	2	–
Company divestments	–	–	–4	–	–	–24	–48	–	–29	–	–	–
Reclassifications	926	796	620	28	77	114	3 361	1 143	2 739	–4 516	–1 711	–3 223
Depreciation	–873	–723	–650	–143	–136	–131	–4 652	–4 369	–3 935	–	–	–
Impairment	–197	–9	–5	–48	–3	–43	–1 394	–50	–131	–	–	–
Translation differences	–379	863	92	–154	224	41	–753	1 956	160	–138	–41	–52
Value, December 31	**12 742**	**12 762**	**11 458**	**5 541**	**5 711**	**5 420**	**32 228**	**33 511**	**32 493**	**4 021**	**4 361**	**3 406**

Total property, plant and equipment

SEKm	**2015**	**2014**	**2013**
Accumulated costs	121 066	118 164	100 605
Accumulated depreciation	–63 882	–60 711	–50 948
Accumulated impairment	–2 652	–1 108	–1 139
Property, plant and equipment Vinda	–	–	4 259
Total	**54 532**	**56 345**	**52 777**
Value, January 1	**56 345**	**52 777**	**47 770**
Investments	7 333	5 607	5 396
Sales and disposals	–166	–112	–119
Company acquisitions	–	56	4 191
Company divestments	–48	–	–57
Reclassifications	–201	305	250
Depreciation	–5 668	–5 228	–4 716
Impairment	–1 639	–62	–179
Translation differences	–1 424	3 002	241
BS Value, December 31	**54 532**	**56 345**	**52 777**

Impairment mainly pertains to the Ortviken paper mill. Due to a decline in global demand for newsprint and weak profitability, non-current assets at Ortviken paper mill were impaired by SEK –1,263m to their recoverable amount. The Ortviken paper mill is part of the Forest Products operating segment. The recoverable amount of the non-current assets was determined through a present value calculation, in which expected future cash flows were discounted using a WACC before tax of 6% to determine the value in use.

During the period, interest was capitalized in machinery and equipment in an amount of SEK 47m (29; 23) and in construction in progress in an amount of SEK 3m (6; 1). The average interest rate used was 7% (2; 3).

D3. BIOLOGICAL ASSETS

AP ACCOUNTING PRINCIPLES

The Group's standing timber is defined and recognized as biological assets at fair value in accordance with IAS 41 Agriculture and IFRS 13 Fair Value Measurement. Forest assets are divided and recognized as biological assets and land assets in accordance with IAS 16 Property, plant and equipment. Forest land and forest roads are classified as land and land improvements. The fair value of the Group's standing timber is calculated as the present value of anticipated future cash flows from the assets before tax and classified at Level 3 in accordance with IFRS 13. The calculation is based on existing, sustainable felling plans and assessments regarding growth, timber prices, felling costs and silviculture costs, including costs for statutory replanting. Environmental restrictions and other limitations are taken into account and the calculation is performed for a production cycle that SCA estimates at an average of 100 years. The discount rate is based on a normal forest company's weighted average cost of capital (WACC).

The change in value is recognized in profit or loss in cost of goods sold.

KAA KEY ASSESSMENTS AND ASSUMPTIONS

Since a market price or other comparable value does not exist for assets of the scope owned by SCA, biological assets are measured at the present value of anticipated future cash flows. Key assessments and assumptions pertain to future wood prices, felling costs, felling volumes and discount rates. As of 2014, expected future felling volume and growth are based on the forest survey conducted between 2012 and 2013. A new forest survey is performed approximately every eight years. The estimation of future income and expenses is based on the trends of these items over the most recent ten-year period. TD3:1 describes the sensitivity of the carrying amount with respect to key assumptions.

Biological assets

SEKm	**2015**	**2014**	**2013**
Value, January 1	**29,685**	**28,767**	**27,503**
Purchases and forest swaps	33	375	775
Sales	–75	–72	–85
Other changes in fair value	1,549	1,646	1,733
Change due to felling	–1,073	–1,031	–1,159
BS Value, December 31	**30,119**	**29,685**	**28,767**
Deferred tax related to standing forest	6,626	6,531	6,329

The change in fair value and change due to felling are recognized as a net value in profit or loss under cost of goods sold, amounting to SEK 476m (615; 574). The unrealized change in value recognized during the year for assets held on the reporting date is estimated at SEK 1,549m.

For the valuation of standing timber, the same valuation model was used as in the past. For the 2015 valuation, no change was made to the WACC, which amounted to 6.25%. Assessed income and expenses are adjusted upward by an annual inflation rate of 2%. The 2015 valuation used an average wood price, before inflation adjustment, of SEK 467 per solid cubic meter under bark (m^3sub). Annual harvesting is expected to rise over the calculated future production cycle and amount to 4.3 million m^3sub for 2016, ending at 5.9 million m^3sub by 2115.

On average, 89% of felling comprises final harvesting and 11% thinning. 56% is expected to comprise sawlogs and 44% pulpwood.

SCA's forest holdings comprise approximately 2.6 million hectares of forest land primarily in northern Sweden, of which approximately 2.0 million is productive forest land. The timber volume of the forest portfolio amounts to 221 million cubic meters of forest (m^3fo) and is divided into types of trees according to the diagram below. Average growth amounts to approximately 7.8 million m^3fo per year. Felling in 2015 amounted to approximately 4.9 million m^3sub.

	2015	**2014**	**2013**
Value/hectare productive forest land, SEK	15,060	14,843	14,397
Value timber supplies SEK/m^3fo	136	136	135

TD3:1 Sensitivity analysis

		2015				**2014**		
SEKm		**Change in assumption**		**Change in value, before tax**		**Change in assumption**		**Change in value, before tax**
WACC	+/–	0.25%	+/–	1,805	+/–	0.25%	+/–	1,770
Wood price	+/–	0.50% per year 2016–2025	+/–	2,309	+/–	0.50% per year 2015–2024	+/–	2,264
Felling costs	+/–	0.50% per year 2016–2025	+/–	494	+/–	0.50% per year 2015–2024	+/–	397
Volume (felling and thinning)	+/–	150,000 m^3sub 2016–2025	+/–	463	+/–	150,000 m^3sub 2015–2024	+/–	456

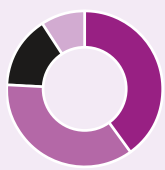
Forest area

Proportion younger than 40 yrs, 48%

Timber volume

Proportion older than 80 yrs, 48%

Forest portfolio



- Pine, 40%
- Spruce, 36%
- Deciduous, 15%
- Contorta, 9%

D4. INVENTORIES

AP ACCOUNTING PRINCIPLES

Inventories are measured at the lower of cost and net realizable value. Cost is calculated mainly by applying the first-in, first-out (FIFO) principle or weighted average cost formula. The cost of inventories and work in progress includes raw material costs, direct labor, other direct expenses and production-related overheads, based on a normal capacity utilization.

The net sales price is the calculated sales price received for normal business transactions less calculated marketing and sales costs.

Felling rights for standing timber are measured at contract prices, which on average have not exceeded the lower of net realizable value and cost.

Inventories

SEKm	2015	2014	2013
Raw materials and consumables	4,731	4,163	3,052
Spare parts and supplies	1,734	1,812	1,893
Products in progress	1,243	1,165	1,246
Finished products	6,421	6,179	5,924
Felling rights	523	463	441
Advance payments to suppliers	9	11	23
BS Total	**14,661**	**13,793**	**12,579**

D5. OTHER CURRENT RECEIVABLES

Other current receivables

SEKm	2015	2014	2013
Receivables from associates	1	54	116
Accrued financial income	1	8	1
Derivatives	70	70	72
Prepaid expenses and accrued income	537	695	584
VAT receivables	1,000	888	696
Suppliers with debit balance	229	190	140
Receivables for electricity and gas	169	149	88
Receivables from authorities	124	118	82
Other receivables	701	680	764
BS Total	**2,832**	**2,852**	**2,543**

D6. OTHER LIABILITIES

Other liabilities

SEKm	2015	2014	2013
Other non-current liabilities			
Derivatives	108	57	36
Other non-current liabilities	150	149	141
BS Total	**258**	**206**	**177**
Of which items that fall due for payment later than within five years	16	19	15
Other current liabilities			
Liabilities to associates	–	–	4
Derivatives	379	321	240
TD6:1 Accrued expenses and prepaid income	8,759	8,282	7,050
Other operating liabilities	2,548	2,577	2,113
Other current liabilities Vinda			536
BS Total	**11,686**	**11,180**	**9,943**

TD6:1 Accrued expenses and prepaid income

SEKm	2015	2014	2013
Accrued social security costs	463	391	349
Accrued vacation pay liability	618	526	491
Other liabilities to personnel	1,073	995	920
Accrued financial expenses	106	177	170
Bonus and discounts to customers	3,886	3,715	3,057
Other items	2,613	2,478	2,063
Total	**8,759**	**8,282**	**7,050**

D7. OTHER PROVISIONS

AP ACCOUNTING PRINCIPLES

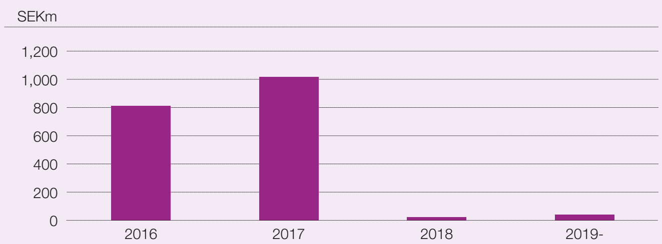
Provisions are recognized in the consolidated balance sheet when there is a legal or informal obligation arising from events that have occurred and it is probable that payments will be required to settle the obligation. It must also be possible to reliably estimate the amount to be paid. The provision is valued at the present value of the anticipated future expenditure to settle the obligation.

A provision for restructuring measures is recognized when the Group has established a detailed plan and either implementation has begun or the main features of the measures have been communicated to the parties involved. Restructuring costs include for example costs for plant closures, impairment of production machinery and costs for personnel reductions.

Other provisions

SEKm	Efficiency programs	Tax risks	Environment	Legal disputes	Other	Total
Value, January 1	**665**	**494**	**104**	**127**	**196**	**1,586**
Provisions	406	297	76	10	119	908
Utilization	–476	–	–68	–7	–50	–601
Reclassifications	–	–	–	–56	165	109
Dissolutions	–	–5	–11	–20	–36	–72
Translation differences	–14	–2	–9	–6	–8	–39
Value, December 31	**581**	**784**	**92**	**48**	**386**	**1,891**
Provisions comprise:						
BS Short-term component						990
BS Long-term component						901

Distribution of other provisions by maturity



Of the provisions for the period for “Environment,” SEK 73m pertains to a liability for carbon dioxide emissions, which will be paid out in 2016. Of the “Efficiency programs” provisions, SEK 476m was paid out in 2015. The provisions for efficiency programs consist of personnel costs and closure costs in connection with restructuring. Tax risks mainly comprise two tax disputes attributable to Spain and Denmark, respectively. The provisions for legal disputes were impacted by reclassification between the categories. Other provisions mainly comprise a provision in connection with prior divestments of operations, a provision for final settlement of a prior investment and a provision for potential packaging costs.

E. CAPITAL STRUCTURE AND FINANCING

E1. FINANCIAL INSTRUMENTS BY CATEGORY AND MEASUREMENT LEVEL

AP ACCOUNTING PRINCIPLES

Financial instruments recognized in the balance sheet include cash and cash equivalents, securities, other financial receivables, trade receivables, trade payables, loans and derivatives.

Current investments and derivatives are recognized on the trade date. Available-for-sale financial assets and loans are recognized on the settlement date. Trade receivables and trade payables are recognized in the balance sheet once the invoice has been sent or paid, respectively.

Financial assets are initially recognized at cost, and transaction costs are included for certain instruments that are not measured at fair value. Financial assets are recognized in the balance sheet until the rights in the agreement has been realized or the company no longer has the rights to the asset. Impairment of financial assets takes place when there is objective proof of impairment, such as cessation of an active market or where it is probable that the debtors cannot meet their commitments.

Financial liabilities are recognized at amortized cost, except in cases where they are recognized at fair value using hedge accounting. Financial liabilities are derecognized from the balance sheet when SCA has met its commitments.

SCA recognizes financial instruments with a remaining maturity of less than 12 months as current assets and those liabilities that exceed 12 months as non-current assets and liabilities.

Fair value measurement

For the financial instruments for which market quotations are available, actual prices are used for fair value measurement (Level 1). In the absence of market quotations for the instruments, SCA determines fair values with the aid of common valuation models, using quoted prices of similar assets or liabilities in active markets (Level 2).

For disclosures in a note relating to non-current loans, current market interest rates are taken into account in fair value calculations. The fair value of short-term 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.

Classification and subsequent recognition

On the acquisition date, SCA classifies financial instruments into the following categories.

Financial assets measured at fair value through profit or loss

Assets are classified in this category when the intention is to sell in the short term and, if such is the case, they are recognized continuously at fair value through profit or loss. This category also includes derivatives with positive market values not recognized using hedge accounting. Only financial derivatives were classified in this category during the year.

Held-to-maturity investments

Held-to-maturity investments are defined as financial assets that have determinable payments and that SCA intends to hold to maturity. Assets in this category are measured at amortized cost applying the effective interest method, which means they are accrued so that a constant return is obtained.

Loan and trade receivables

This category comprises loan receivables that have determinable payments and are not quoted in an active market, as well as trade receivables. Receivables arise when SCA provides money, goods or services directly to another party without any intention of conducting trading in the receivables. Assets in this category are measured at amortized cost less a potential provision for impairment.

Available-for-sale financial assets

This category includes assets that are available for sale or that have not been classified in any of the other categories. These assets are measured at fair value through other comprehensive income.

Financial liabilities measured at fair value through profit or loss

This category includes derivatives with negative fair values that are not used for hedge accounting and financial liabilities held for trading. Liabilities in this category are continuously measured at fair value and changes in value are recognized in profit or loss.

Financial liabilities measured at amortized cost

This category includes financial liabilities that are not held for trading. These are recognized initially at fair value, net after transaction costs, and subsequently at amortized cost according to the effective interest method.

Accounting for derivatives used for hedging purposes

All derivatives are initially and continuously recognized at fair value in the balance sheet. Gains and losses on remeasurement of derivatives used for hedging purposes are recognized in accordance with the accounting principles stated in Note E6.

E1. FINANCIAL INSTRUMENTS BY CATEGORY AND MEASUREMENT LEVEL, CONT.

Financial instruments by category and measurement level

SEKm	Note	Measurement level	2015	2014	2013
Financial assets measured at fair value through profit or loss					
Derivatives – Non-current financial assets	E2	2	41	–	98
Derivatives – Non-current receivables	E2		–	–	2
Derivatives – Current financial assets	E2	2	465	761	127
Derivatives – Other current receivables	D5	2	70	64	46
Total			**576**	**825**	**273**
Financial liabilities measured at fair value through profit or loss					
Non-current financial liabilities	E4	2	10,967	12,904	15,796
Current financial liabilities	E4	2	5,634	4,126	521
Derivatives – Non-current financial liabilities	E4		–	23	0
Derivatives – Current financial liabilities	E4	2	467	369	69
Derivatives – Other non-current liabilities	D6	2	12	2	10
Derivatives – Other current liabilities	D6	2	59	106	107
Total			**17,139**	**17,530**	**16,503**
Loans and receivables					
Non-current financial assets	E2	–	233	252	27
Current financial assets	E2	–	41	278	366
Trade receivables	E3	–	16,829	16,827	15,420
Cash and cash equivalents	E2	–	5,042	3,815	3,785
Total			**22,145**	**21,172**	**19,598**
Available-for-sale financial assets					
Non-current financial assets	E2	1,2	83	1,815	1,657
Held-to-maturity investments					
Non-current financial assets	E2	–	296	276	227
Financial liabilities measured at amortized cost					
Non-current financial liabilities	E4	–	10,394	11,311	10,979
Current financial liabilities	E4	–	6,224	9,841	8,534
Trade payables	–	–	14,351	13,964	12,853
Total			**30,969**	**35,116**	**32,366**
Derivatives used for hedge accounting					
Non-current financial assets	E2	2	379	794	739
Other non-current assets	–	2	2	2	1
Other current receivables	D5	2	–	6	26
Non-current financial assets	E2	2	268	213	43
Total			**649**	**1,015**	**809**
Non-current financial liabilities	E4	2	115	8	296
Other non-current liabilities	D6	2	96	55	26
Current financial liabilities	E4	2	21	304	6
Other current liabilities	D6	2	320	215	133
Total			**552**	**582**	**461**

These financial instruments are measured at fair value, with the exception of loans and receivables and financial liabilities measured at amortized cost. According to SCA's assessment, the fair value essentially corresponds to the carrying amount, with the exception of non-current liabilities, the fair value of which is disclosed in Note E4.

Measurement levels

Level 1: Quoted prices on an active market for identical assets or liabilities, such as shares or bonds quoted on the stock exchange.

Level 2: Other observable inputs for the asset or liability than quoted prices included in Level 1, either directly (price quotations) or indirectly (obtained from price quotations), such as forward contracts or interest rate swaps.

Financial instruments in other notes to the balance sheet

SEKm	Note	2015 Financial instruments	2015 Of which derivatives	2014 Financial instruments	2014 Of which derivatives	2013 Financial instruments	2013 Of which derivatives
Assets							
Financial assets, cash and cash equivalents	E2	6,848	1,153	8,204	1,768	7,069	1,009
Other non-current assets		2	2	2	2	3	1
Trade receivables	E3	16,829	–	16,827	–	15,420	–
Other current receivables	D5	70	70	70	70	72	72
Total		**23,749**	**1,225**	**25,103**	**1,840**	**22,564**	**1,082**
Liabilities							
Financial liabilities	E4	33,821	603	38,886	704	38,712	371
Other non-current liabilities	D6	108	108	57	57	36	36
Trade payables		14,351	–	13,964	–	12,853	–
Other current liabilities	D6	379	379	321	321	240	240
Total		**48,659**	**1,090**	**53,228**	**1,082**	**51,841**	**647**

E2. FINANCIAL ASSETS, CASH AND CASH EQUIVALENTS

AP ACCOUNTING PRINCIPLES

Cash and cash equivalents are defined as cash and bank balances as well as short-term investments with a maturity of less than three months from the acquisition date. Restricted deposits are not included in cash and cash equivalents.

Loan receivables are recognized at amortized cost.
Available-for-sale financial assets are measured at fair value. Changes in value are recognized in equity under other comprehensive income, while exchange rate gains are recognized in profit or loss.

Financial assets, cash and cash equivalents

SEKm	Carrying amount 2015	2014	2013
Non-current financial assets			
TE2:1 Available-for-sale financial assets	83	1,815	1,657
Derivatives	420	751	836
Loan receivables, associates	207	270	–
Loan receivables, other	322	301	255
BS **Total**	**1,032**	**3,137**	**2,748**
Current financial assets			
Financial assets	–	2	38
Derivatives	733	974	172
Loan receivables, other	41	276	326
BS **Total**	**774**	**1,252**	**536**
Cash and cash equivalents			
Cash and bank balances	2,554	3,023	2,464
Short-term investments < 3 months	2,488	792	1,321
BS **Total**	**5,042**	**3,815**	**3,785**
Total financial assets, cash and cash equivalents	**6,848**	**8,204**	**7,069**

Cash and cash equivalents at December 31, 2015 include SEK 1,089m (1,384) that is not fully available for use by the Group or for which other limitations exist, primarily cash and cash equivalents in countries that are subject to exchange restrictions and other legal restrictions. Accordingly, it is not possible to immediately use these cash and cash equivalents in other areas of the Group, although it is normally possible to use them in the operations of the respective country.

E2. FINANCIAL INSTRUMENTS BY CATEGORY AND MEASUREMENT LEVEL, CONT.

TE2:1 Available-for-sale financial assets

SEKm	2015	2014	2013
Value, January 1	**1,815**	**1,657**	**1,448**
Investments	–	12	3
Company divestments	–	–	–45
Divestment of securities	–2,046	–	–
Remeasurement taken to equity, net	318	140	249
Translation differences	–4	6	2
Value, December 31	**83**	**1,815**	**1,657**

Available-for-sale financial assets

SEKm	2015	2014	2013
Shares – AB Industrivärden	–	1,729	1,591
Pension assets not included in IAS 19 calculation	75	77	58
Other	8	9	8
Total	**83**	**1,815**	**1,657**

Shares in pension assets attributable to certain pension obligations are classified as available-for-sale financial assets. These assets are not included in the normal pension calculations, as set out in Note C5 Remuneration after termination of employment. The holding in AB Industrivärden was sold during the year. The holding amounted to 12,108,723 shares and was sold for SEK 169 per share.

E3. TRADE RECEIVABLES

AP ACCOUNTING PRINCIPLES

Trade receivables are recognized at amortized cost after a provision is made for doubtful receivables. The provision for doubtful receivables is based on an individual assessment of each customer. Any impairment of trade receivables affects SCA's operating profit. SCA's trade receivables are generally current and are not discounted.

Trade receivables

SEKm	2015	2014	2013
Trade receivables, gross	17,132	17,091	14,570
Provision to reserves for doubtful receivables	–303	–264	–218
Sub-total	**16,829**	**16,827**	**14,352**
Acquisition of Vinda, see Note F6	–	–	1,068
BS TE3:1 **Total**	**16,829**	**16,827**	**15,420**

TE3:1 Analysis of credit risk exposure in trade receivables

SEKm	2015	2014	2013
Trade receivables neither overdue nor impaired	15,127	14,742	12,785
Trade receivables overdue but not impaired			
< 30 days	1,200	1,513	1,184
30–90 days	266	413	234
> 90 days	236	159	149
Trade receivables overdue but not impaired	**1,702**	**2,085**	**1,567**
Sub-total	**16,829**	**16,827**	**14,352**
Acquisition of Vinda, see Note F6	–	–	1,068
Total	**16,829**	**16,827**	**15,420**

SCA's customer structure is dispersed, with customers in many different areas of business. In 2015, SCA's ten largest customers accounted for 22.5% of the Group's sales. The single largest customer accounted for 3.5% of sales. More information is available in the section on credit risks on page 81.

In total, the Group has collateral mainly in the form of credit insurance taken out amounting to SEK 1,593m (1,513; 2,028). Of this amount, SEK 767m (454; 459) relates to the category Trade receivables overdue but not impaired.

Provision to reserves for doubtful receivables

SEKm	2015	2014	2013
Value, January 1	**–264**	**–218**	**–190**
Provision for possible loan losses	–127	–51	–54
Confirmed losses	71	14	7
Increase due to acquisitions	–	–9	–
Decrease due to divestments	–	0	6
Decrease due to reversal of provisions for possible loan losses	9	13	13
Translation differences	8	–13	0
Value, December 31	**–303**	**–264**	**–218**

The expense for the period for doubtful receivables amounted to SEK –118m (–38; –41). This amount includes approximately SEK 40m pertaining to the impairment of trade receivables in Egypt due to restrictions in the Egyptian financial market.

E4. FINANCIAL LIABILITIES

AP ACCOUNTING PRINCIPLES

The main principle for recognition of SCA's financial liabilities is that they are initially measured at fair value, net after transaction costs, and subsequently at amortized cost according to the effective interest method. Transaction costs are recognized on a straight-line basis over the term of the loan.

In cases where loans with fixed interest rates are hedged using derivatives, both the loan and the derivative are measured at fair value through a fair value hedge. Non-current loans that are subject to hedge accounting are discounted to the market interest rate without a credit spread. The cash flows from the interest rate derivative is discounted to the same market interest rate as the loan and the changes in value are recognized in income statement.

Financial liabilities

SEKm	2015	2014	2013
Current financial liabilities			
Amortization within one year	471	497	211
Bond issues	7,445	4,177	1,021
Derivatives	480	674	75
Loans with maturities of less than one year	3,950	9,292	7,823
Acquisition of Vinda, see Note F6	–	–	879
BS **Total**[1]	**12,346**	**14,640**	**10,009**
Non-current financial liabilities			
Bond issues	14,725	14,646	15,921
Derivatives	123	31	296
Other long-term loans with maturities > 1 year < 5 years	3,162	5,447	8,694
Other long-term loans with maturities > 5 years	3,465	4,122	2,160
Acquisition of Vinda, see Note F6	–	–	1,632
BS **Total**	**21,475**	**24,246**	**28,703**
Total financial liabilities	**33,821**	**38,886**	**38,712**
Fair value of financial liabilities	33,877	39,243	36,500[2]

[1] Fair value of short-term loans is estimated to be the same as the carrying amount.
[2] Excluding Vinda.

E4. FINANCIAL LIABILITIES, CONT.

Borrowing

SCA has a Euro Medium Term Note (EMTN) program with a program amount of EUR 4,000m (SEK 36,522m) for issuing bonds in the European capital market. As of December 31, 2015, a nominal EUR 2,441m (2,043; 2,131) was outstanding with a remaining maturity of 4.1 years (3.4; 4.0).

Bond issues

Issued	Maturity	Carrying amount, SEKm	Fair value, SEKm
Notes SEK 1,800m	2016	1,766	1,766
Floating Rate Note SEK 200m	2016	200	200
Notes EUR 600m	2016	5,478	5,478
Notes SEK 1,500m	2018	1,510	1,498
Notes SEK 600m	2019	604	592
Notes SEK 900m	2019	944	902
Green bond SEK 1,500m	2019	1,499	1,523
Notes EUR 300m	2020	2,729	2,713
Notes EUR 500m	2023	4,786	4,898
Notes EUR 300m	2025	2,654	2,592
Total		**22,170**	**22,162**

SCA has a Swedish and a Belgian commercial paper program that can be utilized for current borrowing.

Commercial paper program[1]

Program size	Issued SEKm
Commercial paper SEK 15,000m	910
Commercial paper EUR 400m	365
Total	**1,275**

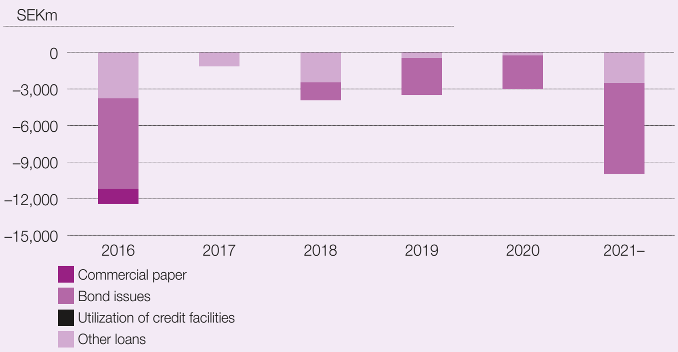
1) Included in Loans with maturities of less than one year in the Financial liabilities table.

SCA has syndicated bank facilities to limit the refinancing risk and maintain a liquidity reserve. Contracted bilateral credit facilities with banks are used to supplement these syndicated bank facilities.

Credit facilities

	Nominal	Maturity	Total SEKm	Utilized SEKm	Unutilized SEKm
Syndicated credit facilities	EUR 1,000m	2019	9,131	–	9,131
	EUR 1,000m	2020	9,131	–	9,131
Bilateral credit facilities	SEK 322m	2016	322	–	322
Total			**18,584**	**–**	**18,584**

Maturity profile of gross debt



1) Gross debt includes accrued interest in the amount of SEK 105m.

After additions for net pension provisions and deductions for cash and cash equivalents, interest-bearing receivables and capital investment shares, net debt amounted to SEK 29,478m (35,947; 33,919). For a description of the methods used by SCA to manage its refinancing risk, refer to page 81 of the Board of Directors' Report.

E5. LIQUIDITY RISK

The table below shows the Group's liquidity risk regarding financial liabilities (including interest payments), net settled derivatives that constitute financial liabilities and negative cash flows from gross settled derivatives. For a description of how SCA manages its liquidity risk, refer to page 81 of the Board of Directors' Report.

Liquidity risk

SEKm	Less than 1 year	Between 1 and 5 years	More than 5 years
2015			
Loans including interest	12,204	12,483	10,284
Net settled derivatives	–18	–76	–69
Energy derivatives	357	96	–
Trade payables	13,244	1,107	–
Total	**25,787**	**13,610**	**10,215**
Gross settled derivatives[1]	41,262	1,025	293
2014			
Loans including interest	14,699	17,858	7,791
Net settled derivatives	197	9	–
Energy derivatives	244	57	–
Trade payables	12,893	1,071	–
Total	**28,033**	**18,995**	**7,791**
Gross settled derivatives[1]	34,964	2,195	–
2013			
Loans including interest	10,107	22,423	5,999
Net settled derivatives	–60	55	–232
Energy derivatives	126	36	–
Trade payables	11,968	885	–
Total	**22,141**	**23,399**	**5,767**
Gross settled derivatives[1]	24,724	2,321	–

1) The gross settled derivatives have, largely, corresponding positive cash flows and therefore in SCA's opinion do not constitute any real liquidity risk.

E6. DERIVATIVES AND HEDGE ACCOUNTING

AP ACCOUNTING PRINCIPLES

Accounting for derivatives used for hedging purposes

All derivatives are initially and continuously recognized at fair value in the balance sheet. Gains and losses on remeasurement of derivatives used for hedging purposes are recognized as described below. When using hedge accounting, the relationship between the hedge instrument and the hedged item is documented. Assessment of the effectiveness of the hedge is also documented, both when the transaction is initially executed and on an ongoing basis. Hedge effectiveness is the extent to which the hedging instrument offsets changes in value in a hedged item's fair value or cash flow. The ineffective portion is recognized directly in profit or loss.

Cash flow hedges

Gains and losses on remeasurement of derivatives intended for cash flow hedging are recognized in equity under other comprehensive income and reversed to profit or loss at the rate at which the hedged cash flow affects profit or loss. If a hedge relationship is interrupted and cash flow is still expected, the result is recognized in equity under other comprehensive income until the cash flow affects the result. If the hedge pertains to a balance sheet item, the result is transferred from equity to the asset or liability to which the hedge relates when the value of the asset or liability is determined for the first time. In cases in which the forecast cash flow that forms the basis of the hedging transaction is no longer assessed as probable, the cumulative gain or loss that is recognized in equity under other comprehensive income is transferred directly to profit or loss. Cash flow hedges relating to energy affect the energy costs, that is, cost of goods sold. Transaction exposure's cash flow hedges affect consolidated net sales and expenses. Cash flow hedges relating to interest expenses affect net financial items.

E6. DERIVATIVES AND HEDGE ACCOUNTING, CONT.

Hedges of net investments in foreign operations

Gains and losses on remeasurement of derivatives intended to hedge SCA's net investments in foreign operations are recognized in equity under other comprehensive income. The cumulative gain or loss in equity is recognized in profit or loss in the event of divestment of the foreign operation.

Fair value hedges

The gain or loss from remeasurement of a derivative relating to fair value hedges is recognized in profit or loss with changes in fair value of the asset or liability exposed to the hedged risk. For SCA, this means that non-current loans with fixed interest rates that are subject to hedge accounting are discounted without a credit spread to the market interest rate and meet inherent interest rate derivatives' discounted cash flows at the same interest rate.

Financial hedges

When SCA conducts hedges and the transactions do not meet requirements for hedge accounting according to IAS 39, changes in fair value of the hedging instrument are recognized directly in profit or loss.

Outstanding derivatives

SEKm	Total	of which currency[1]	Interest rate	Energy
2015				
Nominal	84,713	64,639	18,133	1,941
Asset	1,225	660	538	27
Liability	1,090	516	121	453
2014				
Nominal	64,773	44,793	17,718	2,262
Asset	1,839	893	931	15
Liability	1,082	575	207	300
2013				
Nominal	47,371	26,762	18,061	2,548
Asset	1,082	293	758	31
Liability	647	178	307	162

[1] Nominal SEK 135,448m (82,957; 79,844) is outstanding before the right of set-off.

Offsetting of outstanding derivatives

SEKm	Assets	Liabilities
December 31, 2015		
Gross amount	2,236	2,101
Offsettable amount	–1,011	–1,011
Net amount recognized in the balance sheet	1,225	1,090
ISDA agreements whose transactions are not offset in the balance sheet	–472	–472
Net after offsetting in accordance with ISDA agreements	**753**	**618**
December 31, 2014		
Gross amount	3,163	2,406
Offsettable amount	–1,324	–1,324
Net amount recognized in the balance sheet	1,839	1,082
ISDA agreements whose transactions are not offset in the balance sheet	–567	–567
Net after offsetting in accordance with ISDA agreements	**1,272**	**515**
December 31, 2013		
Gross amount	1,641	1,206
Offsettable amount	–559	–559
Net amount recognized in the balance sheet	1,082	647
ISDA agreements whose transactions are not offset in the balance sheet	–451	–451
Net after offsetting in accordance with ISDA agreements	**631**	**196**

Balance sheet

SCA uses financial derivatives to manage currency, interest rate and energy price risks. For a description of how SCA manages these risks, refer to the Board of Directors' Report. The table above shows the derivatives that impacted the Group's balance sheet on December 31, 2015. For more information relating to derivatives in the balance sheet, see Note E1 Financial instruments by category.

Income statement

Hedges pertaining to transaction exposure had an impact of SEK 54m (–158; 48) on operating profit for the period. At year-end, the net market value amounted to SEK 28m (–77; –61). Currency hedges impacted the cost of non-current assets in an amount of SEK 0m (increased: 3; increased: 26). At year-end, the net market value amounted to SEK –17m (4; –6).

Energy derivatives had an impact of SEK –360m (–288; –91) on operating profit for the period. Energy derivatives had an outstanding market value of SEK –426m (–286; –131) at year-end. Derivatives impacted net interest items in an amount of SEK 16m (175; 188). The net market value on outstanding interest rate derivatives amounted to SEK 417m (724; 451) at year-end. For further information relating to net financial items, see Note E7 Financial income and expenses.

Sensitivity analysis

SCA has performed sensitivity analysis calculations on the financial instruments' risk at December 31, 2015 using assumptions on market movements that are regarded as reasonably possible in one year's time. If the Swedish krona had unilaterally weakened/strengthened by 5% against all currencies, outstanding financial hedges as well as trade payables and trade receivables would have decreased/increased profit for the period before tax by SEK 26m (4; 78).

If the Swedish krona had unilaterally weakened/strengthened by 5%, currency hedges relating to the cost of non-current assets would have increased/decreased equity by SEK 63m (7; 0). If energy prices had increased/decreased by 20%, outstanding financial hedges relating to natural gas and electricity, all other things being equal, would have decreased/increased energy costs for the period by SEK 187m (237; 251). In addition to the earnings impact, equity would have increased/decreased by SEK 73m (89; 104). However, the total energy cost for the Group would have been affected differently if the price risk related to supply contracts was taken into account.

Outstanding derivatives with hedge accounting [1]

SEKm	Assets	Liabilities	Net	Tax	Hedge reserve after tax
2015					
Derivatives with hedge accounting in hedge reserve					
Cash flow hedges					
Energy risk	2	–393	–391	102	–289
Currency risk	1	–18	–17	–4	–21
Total	**3**	**–411**	**–408**	**98**	**–310**
Derivatives with hedge accounting without hedge reserve					
Hedges of net investments in foreign operations					
Currency risk[2]	860	–259	601		
Fair value hedges					
Interest rate risk	538	–115	423		
Total	**1,401**	**–785**	**616**		
2014					
Derivatives with hedge accounting in hedge reserve					
Cash flow hedges					
Energy risk	4	–261	–257	72	–185
Interest rate risk	–	–8	–8	2	–6
Currency risk	17	–9	8	–5	3
Total	**21**	**–278**	**–257**	**69**	**–188**
Derivatives with hedge accounting without hedge reserve					
Hedges of net investments in foreign operations					
Currency risk[2]	281	–1,263	–982		
Fair value hedges					
Interest rate risk	920	–171	749		
Total	**1,222**	**–1,712**	**–490**		

E6. DERIVATIVES AND HEDGE ACCOUNTING, CONT.

Outstanding derivatives with hedge accounting [1]

SEKm	Assets	Liabilities	Net	Tax	Hedge reserve after tax
2013					
Derivatives with hedge accounting in hedge reserve					
Cash flow hedges					
Energy risk	19	–111	–92	20	–72
Interest rate risk	–	–33	–33	8	–25
Currency risk	8	–47	–39	8	–31
Total	**27**	**–191**	**–164**	**36**	**–128**
Derivatives with hedge accounting without hedge reserve					
Hedges of net investments in foreign operations					
Currency risk[2]	119	–471	–352		
Fair value hedges					
Interest rate risk	757	–263	494		
Total	**903**	**–925**	**–22**		

[1] Outstanding derivatives with hedge accounting are included in the table Outstanding derivatives
[2] Derivatives before offsetting

The results from hedging of net investments in foreign operations are recognized in the translation reserve on page 115. The results from fair value hedges are recognized directly in profit or loss.

Hedge reserve in equity

Currency derivatives relating to hedging of transaction exposure mature during the first quarter of 2016. With unchanged exchange rates, profit after tax will be affected in an amount of SEK 0m (0; neg: 26). Currency derivatives relating to hedging of the cost of non-current assets have a maturity spread until June 2019. With unchanged exchange rates, the cost of non-current assets will increase by SEK 21m (decrease: 3; increase: 5) after tax.

Derivatives pertaining to hedging of interest expenses were concluded in 2015. The derivatives intended to hedge energy costs in the Group mature during 2016 and 2017. With unchanged prices, the Group's profit after tax will be affected negatively in an amount of SEK –289m (neg: 185; neg: 72).

Hedging of net investments

SCA has hedged net investments in a number of selected legal entities in order to achieve the desired hedging level for foreign capital employed. The result of hedging positions affected equity in 2015 by a total of SEK 58m (–1,497; –423). This result is largely due to hedges of net investments in USD. The total market value of outstanding hedging transactions at the end of the period was SEK 601m (–982; –352). In total at year-end, SCA hedged net investments outside Sweden amounting to SEK –19,062m. SCA's total foreign net investments at year-end amounted to SEK 62,196m.

E7. FINANCIAL INCOME AND EXPENSES

Financial income and expenses

SEKm	2015	2014	2013
Results from shares and participations in other companies			
Dividend	80	83	63
Interest income and similar profit items			
Interest income, investments	73	132	69
Other financial income	52	2	–
Total financial income	**205**	**217**	**132**
Interest expenses and similar loss items			
Interest expenses, borrowing	–1,073	–1,280	–1,292
Interest expenses, derivatives	7	208	191
Fair value hedges, unrealized	9	–33	–3
Other financial expenses	–103	–73	–89
Total financial expenses	**–1,160**	**–1,178**	**–1,193**
Total	**–955**	**–961**	**–1,061**

Other financial income and expenses include exchange differences of SEK 52m (2; –7).

Sensitivity analysis

If interest rate levels had been 1 percentage point higher/lower, with unchanged fixed-interest terms and volumes in the net debt, interest expenses for the period would have been SEK 66m (108; 59) higher/lower. Sensitivity analysis calculations have been performed on the risk to which SCA was exposed at December 31, 2015 using assumptions on market movements that are regarded as reasonably possible in one year's time. For a description of how SCA manages its interest rate risk, refer to page 81 of the Board of Directors' Report.

E8. EQUITY

AP ACCOUNTING PRINCIPLES

Transaction costs directly relating to the issue of new shares or options are recognized, net after tax, in equity as a reduction in the issue proceeds. Expenditure for the purchase of SCA's treasury shares reduces retained earnings in equity in the Parent Company and the portion of consolidated equity that pertains to owners of the Parent. When these are sold, the sales proceeds are included in retained earnings in the equity pertaining to owners of the Parent.

Equity totaled SEK 75,691m (72,872; 67,811) at December 31, 2015. The following tables show the distribution and profit for the period.

SEKm	Share capital	Other capital provided	Reserves[1]	Retained earnings	Equity attributable to SCA's shareholders	Non-controlling interests	Total equity
Value, January 1, 2013	**2,350**	**6,830**	**–3,691**	**54,217**	**59,706**	**1,993**	**61,699**
Profit for the period recognized in profit or loss				**5,547**	**5,547**	**314**	**5,861**
Other comprehensive income for the period							
Items that cannot be transferred to profit for the period							
Actuarial gains and losses relating to defined benefit pension plans[2]				1,927	1,927	–	1,927
Income tax attributable to components in other comprehensive income				–488	–488	–	–488
				1,439	**1,439**	**–**	**1,439**
Items that have been or can be transferred to profit for the period							
Available-for-sale financial assets:							
Result from measurement at fair value recognized in equity			249		249	–	249
Transferred to profit or loss upon sale			–		–	–	–
Cash flow hedges:							
Result from remeasurement of derivatives recognized in equity			–123		–123	–	–123
Transferred to profit or loss for the period			49		49	–	49
Transferred to cost of hedged investments			26		26	–	26
Translation differences in foreign operations			763		763	–107	656
Result from hedging of net investments in foreign operations			–423		–423	–	–423
Tax on items recognized directly in/transferred from equity[3]			–131		–131	–	–131
Other comprehensive income for the period, net after tax			**410**	**1,439**	**1,849**	**–107**	**1,742**
Comprehensive income for the period			**410**	**6,986**	**7,396**	**207**	**7,603**
Acquisition of non-controlling interests			–	–666	–666	2,482	1,816
Remeasurement effect upon acquisition of non-controlling interests			–	–4	–4	–	–4
Dividend, SEK 4.50 per share				–3,161	–3,161	–142	–3,303
BS Value, December 31	**2,350**	**6,830**	**–3,281**	**57,372**	**63,271**	**4,540**	**67,811**
2014							
Profit for the period recognized in profit or loss				**6,599**	**6,599**	**469**	**7,068**
Other comprehensive income for the period							
Items that cannot be transferred to profit for the period							
Actuarial gains and losses relating to defined benefit pension plans[2]				–2,925	–2,925	–	–2,925
Income tax attributable to components in other comprehensive income				660	660	–	660
				–2,265	**–2,265**	**–**	**–2,265**
Items that have been or can be transferred to profit for the period							
Available-for-sale financial assets:							
Result from measurement at fair value recognized in equity			140		140	–	140
Transferred to profit or loss upon sale							
Cash flow hedges:							
Result from remeasurement of derivatives recognized in equity			–428		–428	–	–428
Transferred to profit or loss for the period			344		344	–	344
Transferred to cost of hedged investments			3		3	–	3
Translation differences in foreign operations			4,597		4,597	572	5,169
Result from hedging of net investments in foreign operations			–1,497		–1,497	–	–1,497
Tax on items recognized directly in/transferred from equity[3]			359		359	–	359
Other comprehensive income for the period, net after tax			**3,518**	**–2,265**	**1,253**	**572**	**1,825**
Comprehensive income for the period			**3,518**	**4,334**	**7,852**	**1,041**	**8,893**
Issue cost in associates			–	–49	–49	–	–49
Acquisition of non-controlling interests			–	–112	–112	–61	–173
Effect of confirmation of acquisition balance sheet			–	–	–	–42	–42
Remeasurement effect upon acquisition of non-controlling interests			–	–4	–4	–	–4
Dividend, SEK 4.75 per share			–	–3,336	–3,336	–228	–3,564
BS Value, December 31	**2,350**	**6,830**	**237**	**58,205**	**67,622**	**5,250**	**72,872**

E8. EQUITY, CONT.

SEKm	Share capital	Other capital provided	Reserves[1]	Retained earnings	Equity attributable to SCA's share-holders	Non-con-trolling interests	Total equity
Value, January 1, 2015	**2,350**	**6,830**	**237**	**58,205**	**67,622**	**5,250**	**72,872**
Profit for the period recognized in profit or loss				**7,002**	**7,002**	**450**	**7,452**
Other comprehensive income for the period							
Items that cannot be transferred to profit for the period							
Actuarial gains and losses relating to defined benefit pension plans[2]				2,562	2,562	–	2,562
Income tax attributable to components in other comprehensive income				–558	–558	–	–558
				2,004	**2,004**	**–**	**2,004**
Items that have been or can be transferred to profit for the period							
Available-for-sale financial assets:							
Result from measurement at fair value recognized in equity			318		318		318
Transferred to profit or loss upon sale			–970		–970		–970
Cash flow hedges:							
Result from remeasurement of derivatives recognized in equity			–499		–499		–499
Transferred to profit or loss for the period			342		342		342
Transferred to cost of hedged investments			–		–		–
Translation differences in foreign operations			–1,656		–1,656	–215	–1,871
Result from hedging of net investments in foreign operations			–58		–58		–58
Other comprehensive income from associates				–17	–17		–17
Tax on items recognized directly in/transferred from equity[3]			44		44		44
Other comprehensive income for the period, net after tax			**–2,479**	**1,987**	**–492**	**–215**	**–707**
Comprehensive income for the period			**–2,479**	**8,989**	**6,510**	**235**	**6,745**
Issue cost in associates					–	–	–
Acquisition of non-controlling interests				–40	–40	21	–19
Effect of confirmation of acquisition balance sheet				–	–		–
Remeasurement effect upon acquisition of non-controlling interests				–4	–4		–4
Dividend, SEK 5.25 per share[4]				–3,687	–3,687	–216	–3,903
BS **Value, December 31**	**2,350**	**6,830**	**–2,242**	**63,463**	**70,401**	**5,290**	**75,691**

1) Revaluation reserve, Hedge reserve, Available-for-sale assets and Translation reserve are included in the Provisions line in the balance sheet; see specification below.
2) Including payroll tax.
3) For a specification of income tax attributable to components in other comprehensive income, see below.
4) Dividend SEK 5.25 (4.75; 4.50) per share pertains to owners of the Parent. For the 2015 fiscal year, the Board has decided to propose a divided of SEK 5.75 per share to the Annual General Meeting.

For further information regarding equity, see Parent Company Note PC11.

Equity, specification of reserves

	Revaluation reserve[1]			Hedge reserve[2]			Available-for-sale assets			Translation reserve		
SEKm	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
Value, January 1	**107**	**107**	**107**	**–188**	**–128**	**–87**	**659**	**519**	**270**	**–341**	**–3,779**	**–3,981**
Available-for-sale financial assets:												
Result from measurement at fair value recognized in equity	–	–	–	–	–	–	318	140	249			
Transferred to profit or loss upon sale	–	–	–	–	–	–	–970	–	–		–	–
Cash flow hedges:												
Result from remeasurement of derivatives recognized in equity	–	–	–	–499	–428	–123		–	–		–	–
Transferred to profit or loss for the period	–	–	–	342	344	49		–	–		–	–
Transferred to cost of hedged investments	–	–	–	–	3	26		–	–		–	–
Translation differences in foreign operations[3]	–	–	–	5	–9	–2		–	–	–1,661	4,606	765
Result from hedging of net investments in foreign operations										–58	–1,497	–423
Tax on items recognized directly in/transferred from equity	–	–	–	30	30	9		0	0	14	329	–140
Other comprehensive income for the period, net after tax	**–**	**–**	**–**	**–122**	**–60**	**–41**	**–652**	**140**	**249**	**–1,705**	**3,438**	**202**
Value, December 31	**107**	**107**	**107**	**–310**	**–188**	**–128**	**7**	**659**	**519**	**–2,046**	**–341**	**–3,779**

1) Revaluation reserve includes effect on equity of step acquisitions.
2) See also Note E6 for details of when profit or loss is expected to be recognized.
3) Transfer to profit or loss of realized exchange gains relating to divested companies is included in the amount of SEK –m (–; 3).

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Specification of income tax attributable to other comprehensive income for the period

	2015			2014			2013		
SEKm	**Before tax**	**Tax effect**	**After tax**	**Before tax**	**Tax effect**	**After tax**	**Before tax**	**Tax effect**	**After tax**
Actuarial gains and losses relating to defined benefit pension plans	2,562	–558	2,004	–2,925	660	–2,265	1,927	–488	1,439
Available-for-sale financial assets	–652	–	–652	140	0	140	249	0	249
Cash flow hedges	–157	30	–127	–81	30	–51	–48	9	–39
Translation differences in foreign operations	–1,871		–1,871	5,169	–	5,169	656	–	656
Other comprehensive income from associates	–17	–	–17						
Result from hedging of net investments in foreign operations	–58	14	–44	–1,497	329	–1,168	–423	–140	–563
Other comprehensive income for the period	**–193**	**–514**	**–707**	**806**	**1,019**	**1,825**	**2,361**	**–619**	**1,742**

At December 31, 2015, the debt/equity ratio amounted to 0.39, which is below SCA's long-term target of 0.70. The debt/equity ratio deviates from this target at times and, over the past ten-year period, has varied between 0.39 and 0.70. Change in liabilities and equity is described on page 47 under Financial position. SCA has a credit rating for long-term debt of Baa1 from Moody's and A– from Standard & Poor's. SCA's financial risk management is described in the Risk and risk management section on pages 76–81. SCA's dividend policy and capital structure are described on page 38.

F. GROUP STRUCTURE

F1. SUBSIDIARIES

AP ACCOUNTING PRINCIPLES

Subsidiaries

The companies over which SCA has control are consolidated as subsidiaries. Control means that SCA has sufficient influence to control the activities of the subsidiary, has the right to its returns and has control over its exposure, and is able to impact the return of the company through its influence. Most of the Group's subsidiaries are wholly owned, which means that SCA has control over the companies. SCA owns 51.4% of Vinda and 50% of Familia; SCA also has control of these companies, despite the fact that there are significant non-controlling interests in the companies.

Non-controlling interests

Non-controlling interests are recognized as a separate item in the Group's equity. Profit or loss and every component of other comprehensive income are attributable to the owners of the Parent and to non-controlling interests. Losses attributable to non-controlling interests are recognized even if this results in a negative balance for the interest. In connection with acquisitions of less than 100% when a controlling influence is achieved, non-controlling interests are determined either as a proportional share of the fair value of identifiable net assets excluding goodwill or at fair value. Subsequent acquisitions up to 100% and divestments of participations in a subsidiary that do not lead to a loss of controlling influence are recognized as an equity transaction.

List of major subsidiaries

The Group's participations in major subsidiaries at December 31, 2015. The following selection of wholly owned subsidiaries and subsidiaries with significant non-controlling interests includes companies with external sales in excess of SEK 500m in 2015.

Company name	Corp. Reg. No.	Domicile	Share of equity at December 31, 2015	Share of equity at December 31, 2014	Share of equity at December 31, 2013
SCA Hygiene Products SAS	509 395 109	Linselles, Bobigny, France	100	100	100
SCA Hygiene Products Nederland B.V.	30-135 724	Zeist, Netherlands	100	100	100
SCA Hygiene Products (Fluff) Ltd.	577 116	Dunstable, UK	100	100	100
SCA Tissue North America LLC	58-2494137	Delaware, US	100	100	100
Vinda International Holding Limited[1)]	90 235	Hong Kong, China	51	51	51
SCA Skog AB	556048-2852	Sundsvall, Sweden	100	100	100
SCA Hygiene Products Vertriebs GmbH	HRB 713332	Mannheim, Germany	100	100	100
SCA Graphic Sundsvall AB	556093-6733	Sundsvall, Sweden	100	100	100
SCA Hygiene Products AB	556007-2356	Gothenburg, Sweden	100	100	100
SCA Hygiene Products S.L.	B28451383	Madrid, Spain	100	100	100
SCA Consumidor Mexico, S.A. de C.V.	SCM–931101-3S5	Mexico City, Mexico	100	100	100
Productos Familia S.A., Colombia[1)]	8909001619	Medellin, Colombia	50	50	50
SCA Tissue France SAS	702 055 187	Bois-Colombes, France	100	100	100
SCA Hygiene Products GmbH, Mannheim	HRB3248	Mannheim, Germany	100	100	100
SCA Timber AB	556047-8512	Sundsvall, Sweden	100	100	100
SCA Hygiene Products S.p.A.	3 318 780 966	Lucca, Italy	100	100	100
SCA Hygiene Products Russia OOO	4 704 031 845	Moscow, Russia	100	100	100
SCA Hygiene Products GmbH, Wiesbaden	HRB5301	Wiesbaden, Germany	100	100	100
SCA Hygiene Sp.z.o.o.	KRS No. 0000427360	Warsaw, Poland	100	100	100
SCA Hygiene Products GmbH	FN49537z	Vienna, Austria	100	100	100
SCA Hygiene Products SA-NV	BE0405.681.516	Stembert, Belgium	100	100	100
SCA Hygiene Products AFH Sales GmbH	HRB 710 878	Mannheim, Germany	100	100	100
SCA Obbola AB	556147-1003	Umeå, Sweden	100	100	100
SCA Munksund AB	556237-4859	Piteå, Sweden	100	100	100
SCA Hygiene Products Sp.z.o.o.	KRS No. 0000086815	Olawa, Poland	100	100	100
SCA North America-Canada, Inc.	421 987	Ontario, Canada	100	100	100
OY SCA Hygiene Products AB	0165027-5	Helsinki, Finland	100	100	100
SCA PERSONAL CARE INC.	23-3036384	Delaware, US	100	100	100
SCA Hygiene Products Sloviakia s.r.o.	36 590 941	Gemerska-Horka, Slovakia	100	100	100
SCA Hygiene Malaysia Sdn Bnd	320704-U	Kuala Lumpur, Malaysia	100	100	100
SCA Hygiene Products GmbH Neuss	HRB 14343	Neuss, Germany	100	100	100
SCA HP Supply SAS	509 599 619	Roissy, Bobigny, France	100	100	100
Productos Familia del Sancela Ecuador SA[1)]	21761	Quito, Ecuador	50	50	50
SCA Hygiene Products A/S	915 620 019	Oslo, Norway	100	100	100
SCA Timber Supply Ltd	2541468	Stoke on Trent, UK	100	100	100
SCA Hygiene Spain, SRL	D31235260	Allo, Spain	100	100	100
SCA Hygiene Marketing (M) Sdn Bhd	313228-T	Kuala Lumpur, Malaysia	100	100	100
SCA Hygiene Products AG	CHE–106.977.	Zug, Switzerland	99	99	99
SCA Hygiene Products A/S	DK20 638 613	Allerød, Denmark	100	100	100
SCA Chile SA	RUT:9.282.000-3	Santiago de Chile, Chile	100	100	100
SCA Hygiene Products Manchester Ltd	4 119 442	Dunstable, UK	100	100	100
Sancella S.A.	B14441997	La Charguia, Tunisia	49	49	49
SCA Yildiz Kagit ve Kisisel Bakim Ûretim A.S.	12559	Kocaeli, Turkey	50	50	50
SCA Hygiene Products Kft	01-09-716945	Budapest, Hungary	100	100	100
SCA Timber Supply Skandinavian AB	556302-0667	Sundsvall, Sweden	100	100	100
SCA do Brasil Indústria e Comércio Ltda	72.899.016/0001-99	Osasco, Brazil	100	100	100

1) The SCA Group has a small number of subsidiaries that are partly owned and hold significant non-controlling interests. These subsidiaries primarily conduct hygiene products operations; see TF2:1.

F2. JOINTLY OWNED SUBSIDIARIES WITH SIGNIFICANT NON-CONTROLLING INTERESTS

Vinda

SCA has been a partner in Vinda since 2007. Until the end of 2013, the holding was recognized as an associate. SCA acquired additional participations in Vinda at year-end 2013 and now holds 51.4% of the votes in the company, which is now recognized as a subsidiary with significant non-controlling interest in SCA. Vinda markets and sells tissue and personal care products, mainly in the markets in China, Hong Kong and Macau. In 2015, SCA granted loans to Vinda for the financing of operations, as well as for acquisitions. Vinda's market value on the Hong Kong stock market at December 31, 2015, was SEK 16,533m.

Familia

Familia is 50% owned by SCA and 49.8% owned by the Gomez family. SCA is considered to have a controlling influence over Familia, despite the fact that SCA does not hold a majority of shares in the company. SCA is deemed to have a controlling influence since it has control over the activities with the most significant impact on Familia's return. Familia operates in the South American market and sells tissue and personal care products.

Financial information

Financial information is recognized below for both subsidiaries. Financial information has not been recognized for other subsidiaries since no other individual subsidiary had a material impact on the Group's earnings and position. These balance sheets have been recognized taking into account of the recognition of Vinda and Familia in SCA's consolidated financial statements, whereby consideration was given to adjustments for surplus values in connection with acquisitions and elimination of transactions in connection with intra-Group sales of companies from SCA to Vinda in a so-called common control transaction.

TF2:1 Subsidiaries with significant non-controlling interests, 100% of operations[1)]

	Vinda[2)]			Familia[2)]		
SEKm	2015	2014	2013[3)]	2015	2014	2013
Condensed income statement						
Net sales	10,436	7,024	–	6,186	5,650	5,350
Operating profit	736	500	–	783	719	758
Profit for the period	155	189	–	311	247	264
Other comprehensive income for the period	119	857	–	–412	27	–165
Comprehensive income for the period attributable to SCA's shareholders	**274**	**1,046**	**–**	**–101**	**274**	**–99**
Other comprehensive income attributable to non-controlling interests	222	693	–	24	266	141
Dividend to non-controlling interests	88	63	–	92	145	77
Condensed balance sheet						
Non-current assets	13,587	12,535	9,210	2,917	3,344	3,282
Current assets	4,623	4,320	3,160	2,494	2,453	2,030
Total	**18,210**	**16,855**	**12,370**	**5,411**	**5,797**	**5,312**
Attributable to owners of the Parent	5,895	5,715	4,812	2,089	2,259	2,071
Non-controlling interests	3,570	3,437	2,868	1,510	1,583	1,454
Non-current liabilities	4,543	3,165	2,372	486	548	575
Current liabilities	4,202	4,538	2,318	1,326	1,407	1,212
Total	**18,210**	**16,855**	**12,370**	**5,411**	**5,797**	**5,312**
Cash flow from operating activities	810	739	–	440	767	365
Cash flow from investing activities	–1,322	–2,092	–	–135	–103	–87
Cash flow from financing activities	171	1,384	–	–249	–475	–197
Cash flow for the period	**–341**	**31**	**–**	**56**	**189**	**81**

1) During 2015, SCA changed its principle for recognizing the balance sheets of subsidiaries with significant non-controlling interests after a clarification from IFRIC (IFRIC Update January 2015 - IFRS 12 Disclosure of Interest in Other Entities). These balance sheets have been recognized taking into consideration the recognition of Vinda and Familia in SCA's consolidated financial statements, whereby consideration was given to adjustments for surplus values in connection with acquisitions and elimination of transactions in connection with intra-Group sales of companies from SCA to Vinda in a common control transaction.
2) For more information about the companies, refer to the List of major subsidiaries.
3) SCA was already a partner in Vinda, which was previously recognized as an associate. SCA acquired additional participations in Vinda at year-end 2013 and now holds 51.4% of the votes in the company.

F3. JOINT VENTURES AND ASSOCIATES

AP ACCOUNTING PRINCIPLES

Joint arrangements

SCA classifies its joint arrangements as joint ventures or joint operations, which are presented in further detail in Note F4.

Joint ventures

Joint ventures are defined as companies in which SCA together with other parties, through an agreement, has shared control over operations. A joint venture entitles the joint owners to the net assets of the investment. Joint ventures are recognized in accordance with the equity method, meaning that a net item including the goodwill will be recognized for each joint venture in the balance sheet. A share in profits is recognized in the income statement as "profit from holdings in joint ventures." Share in profits is calculated on the basis of SCA's share of equity in the respective joint venture. Joint arrangements recognized in accordance with the equity method are initially measured at cost. Measurement of acquired assets and liabilities is carried out in the same way as for subsidiaries. SCA's single largest joint venture is Bunzl & Biach Gesellschaft m.b.H., Vienna, which supplies the hygiene business with raw materials.

Associates

Associates are companies in which the Group exercises a significant influence without the partly owned company being a subsidiary or a joint arrangement. Normally, this means that the Group owns between 20% and 50% of the votes. Accounting for associates is carried out according to the equity method and the companies are initially measured at cost. Valuation of acquired assets and liabilities is performed in the same manner as for subsidiaries and the carrying amount for associates includes any goodwill and other Group adjustments.

The Group's share of profit after tax arising in the associate after the acquisition is recognized on one line in the consolidated income statement. Share in profits is calculated on the basis of SCA's share of equity in the respective associate. Asaleo Care in Australia was reclassified as an associate when SCA decreased holding following the company's flotation on the Australian stock exchange.

F3. JOINT VENTURES AND ASSOCIATES, CONT.

Carrying amounts of joint ventures and associates

SEKm	2015	2014	2013
Joint ventures			
Value, January 1	**122**	**837**	**771**
Investments	–	129	10
Net increase in joint ventures[1]	4	–165	–49
Remeasurement effect upon changes in holdings	–	–	46
Reclassification between subsidiaries and joint ventures	–	–	37
Reclassification between joint ventures and associates	–8	–719	–
Translation differences	–4	40	22
Value, December 31	**114**	**122**	**837**
Associates			
Value, January 1	**966**	**183**	**1,486**
Investments	68	–	1
Company acquisitions	–	–	58
Company divestments	–	–	–13
Net increase in associates[1]	41	101	104
Impairment of associates	–62	–	–
Reclassification between associates and subsidiaries	–7	–72	–1,454
Reclassifications due to changes in the acquisition balance sheet	–	–11	–
Reclassification between joint ventures and associates	8	719	–
Translation differences	–50	46	1
Value, December 31	**964**	**966**	**183**
BS TF3:1 **Value, December 31, joint ventures and associates**	**1,078**	**1,088**	**1,020**

1) Net increase for the period includes the Group's share of the profit after tax of joint ventures and associates, as well as items recognized directly in equity (both after deductions for any non-controlling interests), in addition to an adjustment for dividends received during the period, which amounted to SEK 11m (10; 27) for joint ventures and SEK 125m (16; 30) for associates.

Joint ventures and associates

Recognized joint ventures and associates mainly operate in the forest products industry, with the exception of Vinda and Asaleo Care Ltd, which operate in tissue and personal care products.

Asaleo Care Ltd

As of 2014, Asaleo Care Ltd in Australia is recognized as an associate in accordance with the equity method, following the flotation of the company on the Australian Securities Exchange (ASX). In connection with the flotation, SCA's participation decreased to 32.5%. In 2015, the company implemented a program to repurchase shares from the market, in which SCA did not participate. This caused SCA's participation in Asaleo Care to increase to 34.7% during the fourth quarter. Asaleo Care manufactures and markets consumer tissue and AfH tissue, baby diapers, feminine care products and incontinence products. SCA has licensed its Tork and TENA brands to Asaleo Care for sale in Australia, New Zealand and Fiji.

Vinda

In 2013, SCA acquired additional participations in Vinda and the company became a subsidiary, in which SCA currently has a holding of 51.4%. The company primarily operates in the markets in Hong Kong, Macau and China. Refer also to Note F2.

Bunzl & Biach

Bunzl & Biach is a joint venture that operates in the recovered paper market and supplies raw materials to SCA's hygiene business.

TF3:1 **Joint ventures and associates, 100% of operations**

	Joint ventures			Associates						
	Bunzl & Biach			Asaleo Care Ltd			Vinda	Total		
SEKm	**2015**	**2014**	**2013**	**2015**	**2014**	**2013[1]**	**2013[2]**	**2015**	**2014**	**2013**
Condensed income statement										
Net sales	852	776	719	3,946	3,890	3,943	5,706	4,798	4,666	10,368
Depreciation/amortization	–11	–9	–	–169	–154	–172	–9	–180	–163	–181
Operating profit	31	20	16	736	375	486	598	767	395	1,100
Interest income	–	–	–	3	–	–	3	3	–	3
Interest expense	–	–	–	–64	–153	–231	–51	–64	–153	–282
Other financial items	3	1	1	–3	–208	–54	37	–	–207	–16
Tax expense	–8	–6	–4	–193	5	–56	–109	–201	–1	–169
Profit for the period	26	16	13	479	18	145	456	505	34	614
Other comprehensive income for the period	–1	–	–	–49	106	79	118	–50	106	197
Comprehensive income for the period	**25**	**16**	**13**	**430**	**124**	**224**	**574**	**455**	**140**	**811**
Condensed balance sheet										
Non-current assets	106	53	56	3,343	3,555	3,020		3,449	3,608	3,076
Current investments	–	–	–	–	–	–		–	–	–
Cash and cash equivalents	10	55	43	214	226	314		224	281	357
Other current assets	93	98	89	1,159	1,161	998		1,252	1,259	1,087
Total assets	**209**	**206**	**188**	**4,716**	**4,942**	**4,332**		**4,925**	**5,148**	**4,520**
Non-current financial liabilities	50	48	52	1,792	1,723	2,413		1,842	1,771	2,465
Other non-current liabilities	47	46	39	181	78	239		228	124	278
Current financial liabilities	–	–	–	24	5	18		24	5	18
Other current liabilities	16	18	9	668	658	711		684	676	720
Total liabilities	**113**	**112**	**100**	**2,665**	**2,464**	**3,381**		**2,778**	**2,576**	**3,481**
Net assets	**96**	**94**	**88**	**2,051**	**2,478**	**951**		**2,147**	**2,572**	**1,039**
Group share of net assets	47	46	43	711	806	476		758	852	519
Fair value adjustment	56	66	51	119	43	258		175	109	309
Carrying amount of the companies	**103**	**112**	**94**	**830**	**849**	**734**		**933**	**961**	**828**
Carrying amount of other joint ventures								11	10	9
Carrying amount of other associates								134	117	183
BS TF3:2 **Carrying amount of joint ventures and associates**								**1,078**	**1,088**	**1,020**
Market value, December 31				**5,495**	**6,402**		**10,834**			

1) Asaleo Care was recognized as a joint venture in 2013. Following the stock market flotation in 2014, the company was classified as an associate since SCA's holding decreased.
2) SCA increased its holding in the company Vinda at year-end 2013 to 51.4% of the votes in the company. As a result, the company was reclassified from being consolidated as an associate to being consolidated as a subsidiary.

F3. JOINT VENTURES AND ASSOCIATES, CONT.

TF3:2 Carrying amounts of joint ventures and associates

Company name	Corp. Reg. No.	Domicile	Share of equity at December 31, 2015, %	Share of equity at December 31, 2014, %	Share of equity at December 31, 2013, %	Carrying amount at December 31, 2015, SEK m	Carrying amount at December 31, 2014, SEK m	Carrying amount at December 31, 2013, SEK m
Joint ventures								
Bunzl & Biach GmbH	FN79555v	Vienna, Austria	49	49	49	103	112	94
Asaleo Care Ltd	61 154 461 300	Melbourne, Australia	–	–	50	–	–	734
Other						11	10	9
Associates								
Asaleo Care Ltd	61 154 461 300	Melbourne, Australia	35	33	–	830	849	–
Other						134	117	183
BS TF3:1 **Carrying amount, December 31**						**1,078**	**1,088**	**1,020**

F4. JOINT OPERATIONS

AP ACCOUNTING PRINCIPLES

Joint operations are defined as companies in which SCA, together with other parties through an agreement, has shared control over operations. In joint operations, parties to the agreement have rights to the assets and obligations for the liabilities associated with the investment, meaning that the holder must account for its share of the assets, liabilities, revenues and costs according to the proportional method.

Measurement of acquired assets and liabilities according to the proportional method is carried out in the same way as for subsidiaries. SCA recognizes its proportional share of the company's assets, liabilities, income and expenses in its financial statements. A small number of companies in the SCA Group are deemed to be joint operations, namely Uni-Charm Mölnlycke, ProNARO and Nokianvirran Energia, in which the parties to the agreement acquire all products from the companies and the companies are operated with near-zero profit.

Joint operations

Company name	Corp. Reg. No.	Domicile	Share of equity at December 31, 2015	Share of equity at December 31, 2014	Share of equity at December 31, 2013
Uni-Charm Mölnlycke B.V.	02-330 631	Hoogezand, Netherlands	40	40	40
ProNARO GmbH	HRB 8744	Stockstadt, Germany	50	50	50
Nokianvirran Energia Oy (NVE)	213 1790-4	Kotipakka, Finland	27	27	–

Uni-Charm Mölnlycke

Uni-Charm is classified as a joint operation since the parties to the agreement purchase all products produced by the company. The products are priced in a manner that allows the operations to receive full cost recovery for their production and financing costs. This means that the company in the joint operation is managed with near-zero profit and thus is not exposed to commercial risk. This joint operation has businesses in Hoogezand in the Netherlands, Veniov in Russia and Delaware in the US.

ProNARO

A number of paper mills merged and formed the company ProNARO, whose main task is to negotiate favorable prices, optimize inventory levels, improve timber quality and reduce lead times and costs when purchasing timber. ProNARO's purchasing is based on forecast volumes from the paper mills. The company's production and administration costs are charged to the paper mills through the price set for the timber. Any budget or price deviations are charged to the paper mills for these additional costs, which means that ProNARO is not exposed to commercial risk.

Nokianvirran Energia

SCA has entered into an agreement with two other stakeholders to form a joint so-called mankala company in the Finnish energy market, where the joint parties will produce heat and steam from biofuel. Each party in the joint operation is obligated to bear a portion of the fixed costs in proportion to its holding in the company and to pay for the raw materials used in the production of heat and steam in proportion to its consumption. Accordingly, the company is not profit-driven since the parties themselves bear their respective costs. The company is expected to generate near-zero profit and thus is not exposed to commercial risk. The company is expected to commence production in 2016.

F5. SHARES AND PARTICIPATIONS

Shares and participations

SEKm	2015	2014	2013
Value, January 1	**53**	**52**	**60**
Increase through acquisition of subsidiaries	–	–	–
Divestments	–7	–	–8
Other reclassifications	–	1	–
Impairment	–	–	–
Translation differences	–1	0	–
BS **Value, December 31**	**45**	**53**	**52**

Shares and participations pertain to holdings in other companies that are not classified as subsidiaries, joint arrangements or associates. Since these holdings are of an operating nature, the holdings are not classified as available-for-sale financial assets. Carrying amounts concur with fair value.

F6. ACQUISITIONS AND DISPOSALS

AP ACCOUNTING PRINCIPLES

Acquisition of subsidiaries

SCA applies IFRS 3 Business Combinations in connection with acquisitions. In business combinations, acquired assets and assumed liabilities are identified and classified at fair value on the date of acquisition (also known as an acquisition analysis). The acquisition analysis also includes an assessment of whether there are any assets that are intangible in nature, such as trademarks, patents, customer contracts or similar assets that were not recognized in the acquired unit. If the cost is higher than the net value of the acquired assets, assumed liabilities and identified intangible assets in the company, the difference is recognized as goodwill. Any surplus value on property, plant and equipment is depreciated over the estimated useful life of the asset. Goodwill and strong trademarks with indefinite useful lives are not amortized; instead, they are subjected to annual impairment testing. Some trademarks and customer contracts are amortized over their estimated useful lives.

If the transferred consideration is contingent on future events, it is measured at fair value and any changes in value are recognized in profit for the period.

Transaction costs in conjunction with acquisitions are not included in cost, but rather expensed directly.

Companies acquired during the period are included in the consolidated financial statements as of the acquisition date. Divested companies are included in the consolidated financial statements until the divestment date.

Non-controlling interests

Acquisitions of non-controlling interests are measured on an acquisition-by-acquisition basis, either as a proportional share of the fair value of identifiable net assets excluding goodwill (partial goodwill) or at fair value, which means that goodwill is also recognized on non-controlling interests (full goodwill).

In step acquisitions in which a controlling influence is achieved, any net assets acquired earlier in the acquired units are remeasured at fair value and the result of the remeasurement is recognized in profit or loss. If the controlling influence is lost upon the divestment of an operation, the result is recognized in profit or loss and the portion of the divested operation that remains in the Group is measured at fair value on the divestment date, with the remeasurement effect recognized in profit or loss.

Acquisitions in which a controlling influence is achieved are recognized as an equity transaction, meaning a transfer between equity attributable to owners of the Parent and non-controlling interests. The same applies for divestments that take place without the loss of a controlling influence.

Acquisitions

With the exception of the acquisition of Nampak, which is described in more detail below, SCA made only minor supplementary investments in 2015 and paid the final purchase consideration for previously acquired companies. In July, SCA signed an agreement to acquire the remaining 50% of the jointly owned South African subsidiary Sancella S.A. Nampak. The purchase consideration amounted to SEK 1. SCA had already recognized Sancella S.A. as a subsidiary, which is why the acquisition will be recognized as a so-called equity transaction.

The acquisitions conducted during the period, which amounted to SEK 74m, were paid in cash. The earn-out payment for FZCO Sancella amounted to SEK 19m, of which SEK 11m was paid in cash and the remaining SEK 8m was recognized as a financial liability. Operating profit for the period includes acquisition costs of approximately SEK 1.4m.

Effect on sales and earnings of acquisitions for the period

No new acquisitions were carried out during the period.

Acquired operations

The table below shows the fair value of acquired net assets recognized on the acquisition date, recognized goodwill and the effect on the Group's cash flow statements.

Acquisition balance sheet

SEKm	2015	2014	2013
Intangible assets	–	23	2,908
Property, plant and equipment	–	56	4,191
Other non-current assets	66	166	231
Operating assets	–	86	2,522
Cash and cash equivalents	2	27	654
Provisions and other non-current liabilities	–	–5	–732
Net debt excl. cash and cash equivalents	–	–20	–2,462
Operating liabilities	–	–29	–1,448
Non-current assets held for sale	–	–	–
Fair value of net assets	**68**	**304**	**5,864**
Goodwill	–	269	1,759
Consolidated value of share in associates	–	–72	–1,482
Revaluation of previously owned shares	–	–35	–564
Non-controlling interests	–	–	–2,822
Consideration transferred	**68**	**466**	**2,755**
Consideration transferred	–68	–466	–2,755
Settled debt pertaining to acquisitions in earlier years	–6	–	103
Cash and cash equivalents in acquired companies		27	654
Adjustment of cash and cash equivalents in final acquisition analysis for Vinda	–	–69	–
CF Effect on Group's cash and cash equivalents, acquisition of operations	**–74**	**–508**	**–1,988**
Acquisition of non-controlling interests	–19	–173	–1,028
Acquired net debt excl. cash and cash equivalents	–	–20	–2,462
Adjustment of net debt in final acquisition analysis for Vinda	–	193	–
OCF Acquisition of operations during the period, including net debt assumed	**–93**	**–508**	**–5,488**

Adjustment of preliminary acquisition balance sheets for 2014

An acquisition analysis is considered preliminary until it is confirmed. A preliminary acquisition analysis is confirmed as soon as new information regarding assets/liabilities on the acquisition date is obtained, but not later than one year from the time of acquisition. Adjustments to acquisition analyses result in changes to the income statement and balance sheet for the comparative period. The acquisition analyses prepared in the preceding year have been confirmed in accordance with the preliminary acquisition analyses.

F6. ACQUISITIONS AND DISPOSALS, CONT.

Acquisitions after the end of the reporting period

On October 13, 2015, SCA announced that it had made a public bid on Wausau Paper Corp., one of the largest AfH tissue companies in the North American market. The purchase consideration amounted to USD 513m in cash. The transaction was conditional on the approval of Wausau Papers shareholders and the relevant authorities. The transaction was approved by the US competition authority on November 17, 2015, and Wausau Paper's shareholders accepted the bid from SCA at the shareholder meeting held on January 20, 2016. SCA recently gained access to financial information from Wausau and the preliminary acquisition analysis is based on the balance sheet prepared by Wausau in accordance with generally accepted accounting principles in the US (US GAAP). Non current assets have not yet been calculated and no new actuary calculation of the pensions has been made. Intangible assets and goodwill is only estimated preliminary. Goodwill is motivated by synergies between SCA and Wausau in the area of AfH tissue in North America. To finance the aquisition of Wausau, SCA took up a loan of USD 500m.

In October, SCA signed an agreement to divest its operations in Southeast Asia, Taiwan and South Korea for integration with Vinda International Holding Limited (Vinda), a subsidiary that is 51.4% owned by SCA and listed on the Hong Kong stock exchange.

Preliminary acquisition balance sheet for Wausau Paper

SEKm	2015
Intangible assets	943
Non-current assets	3,131
Operating assets	612
Cash and cash equivalents	15
Provisions and other non-current liabilities	–376
Net debt excl. cash and cash equivalents	–1,992
Operating liabilities	–650
Fair value of net assets	**1,683**
Goodwill	2,718
Consideration transferred	**4,401**
Consideration transferred	–4,401
Cash and cash equivalents in acquired companies	15
Effect on Group's cash and cash equivalents, acquisition of operations	**–4,386**
Acquired net debt excl. cash and cash equivalents	–1,992
Acquisition of operations during the period, including net debt assumed	**–6,378**

Divestments

In July 2015, SCA and Nampak signed an agreement to divest the baby diaper operations of the jointly owned South African company Sancella S.A. to another South African company. The transaction was completed in the fourth quarter and resulted in a transferred consideration of SEK 116m and near-zero profit. Of this transferred consideration, SEK 67m will be paid in 2016.

In addition, final settlement of the earn-out payment took place for the publication paper mill in Laakirchen, Austria, which was divested in 2013. The transaction resulted in an accounting gain of SEK 92m, which was recognized in items affecting comparability in profit or loss.

Assets and liabilities included in divestments

SEKm	2015	2014	2013
Intangible assets	–	–	37
Property, plant and equipment	48	–	58
Other non-current assets	–	–	26
Operating assets	68	–	1,175
Non-current assets held for sale	–	–	1,855
Cash and cash equivalents	–	–	306
Net debt excl. cash and cash equivalents	–	–	–345
Provisions	–	–	–120
Operating liabilities	–	–	–413
Gain/loss on sale[1]	0	–	–156
Purchase price received after divestment costs	**116**	**–**	**2,423**
Less:			
Unpaid purchase consideration	–67	–	–746
Cash and cash equivalents in divested companies	–	–	–306
Add:			
Payment of receivable for purchase consideration	280	206	–
CF **Effect on Group's cash and cash equivalents, divestments**	**329**	**206**	**1,371**
Less:			
Divested net debt excl. cash and cash equivalents	–	–	345
OCF **Divestment of operations during the period, including net debt transferred**	**329**	**206**	**1,716**

1) Excluding reversal of realized translation differences in divested companies to profit or loss. Gain/loss on sale is included in items affecting comparability in profit or loss.

G. OTHER

G1. NON-CURRENT ASSETS HELD FOR SALE

AP ACCOUNTING PRINCIPLES

Non-current assets held for sale and discontinued operations

Assets are classified as held for sale if their value, within one year, will be recovered through a sale and not through continued use in the operations. On the reclassification date, the assets and liabilities are measured at the lower of fair value minus selling costs and the carrying amount. The assets are no longer depreciated/amortized after reclassification. The gain is limited to the amount equivalent to previously made impairment charges. Gains and losses recognized on remeasurement and divestment are recognized in profit and loss for the period.

When an independent business segment or a significant operation within a geographic area is divested, it is classified as a discontinued operation. The divestment date, or the point in time when the operation fulfills the criteria for classification as held for sale, determines when the operation should be classified as a discontinued operation.

Profit/loss after tax from discontinued operations is recognized on a separate line in the income statement. The income statement is adjusted for the comparative period as though the discontinued operation had already been disposed of at the start of the comparative period.

Non-current assets held for sale and discontinued operations

SEKm	2015	2014	2013
Other intangible assets	–	–	–
Buildings	53	15	17
Land	67	43	13
Machinery and equipment	–	1	1
Construction in progress	–	1	1
BS **Total**	**120**	**60**	**32**

In 2015, non-current assets held for sale amounted to SEK 120m and were attributable to the divestment of operations in Asia.

G2. LEASING

AP ACCOUNTING PRINCIPLES

Lease agreements are classified and recognized as either operating or finance leases. In cases where a lease agreement essentially entails that the risks and rewards incidental to ownership have been transferred to SCA, the lease agreement is classified as a finance lease. The leased asset is recognized as a non-current asset with a corresponding interest-bearing liability. The initial value of both these items comprises the lower of the fair value of the assets or the present value of the minimum lease payments. Future lease fees are divided between amortization and interest, so that each reporting period is charged with an interest amount that corresponds to a fixed interest rate on the recognized liability for the respective period. The leased asset is depreciated according to the same principles that apply to other assets of the same nature. If it is uncertain whether the asset will be taken over at the end of the leasing period, the asset is depreciated over the lease term if this is shorter than the useful life that applies to other assets of the same nature. Lease agreements in which the risks and rewards incidental to ownership are essentially carried by the lessor are classified as operating leases, and the lease payments are expensed on a straight-line basis over the lease term.

Leasing expenses

SEKm	2015	2014	2013
Operating leases	–816	–797	–692
Finance leases, depreciation/amortization	–7	–9	–18
Finance leases, interest expense	–2	–3	–4
Total	**–825**	**–809**	**–714**

Operating leases, future minimum lease payments

SEKm	2015	2014	2013
Within 1 year	624	605	557
Between 2 and 5 years	1,235	1,324	1,186
Later than 5 years	623	708	536
Total	**2,482**	**2,637**	**2,279**

Operating lease objects comprise a large number of items, including energy plants, warehouses, offices, other buildings, machinery and equipment, IT equipment, office fixtures and various transport vehicles. The assessment for a number of the objects is that, in reality, it is possible to terminate contracts early.

Finance leases, future minimum lease payments

SEKm	2015	2014	2013
Within 1 year	9	44	16
Between 2 and 5 years	13	9	45
Later than 5 years	35	–	–
Total	**57**	**53**	**61**
Of which, interest	–18	–3	–5
Present value of future minimum lease payments	**39**	**50**	**56**

Other disclosures

Total payments for finance leases during the period amounted to SEK –13m (–17; –55), of which amortization of debt accounted for SEK –11m (–15; –51). The carrying amount of finance lease assets at year-end amounted to SEK 39m (46; 138) relating to buildings/land and SEK 9m (12; 13) relating to machinery.

For information about significant lease agreements, refer to Note G3 Contingent liabilities.

G3. CONTINGENT LIABILITIES AND PLEDGED ASSETS

AP ACCOUNTING PRINCIPLES

A contingent liability is recognized when there is a potential or actual obligation arising from events that have occurred that is not recognized as a liability or provision, either because it is improbable that an outflow of resources will be required to settle the obligation or because the amount cannot be calculated in a reliable manner.

Contingent liabilities

SEKm	2015	2014	2013
Guarantees for associates	15	17	19
Customers and others	54	51	48
Tax disputes	1,302	1,554	374
Other contingent liabilities	256	262	250
Total	**1,627**	**1,884**	**691**

Contingent liabilities for tax mainly relate to one tax dispute in Sweden where the Tax Agency has decided on additional taxes and tax surcharges for the years 2008 to 2012 of approximately SEK 1,188m, including interest. The dispute pertains to interest expenses on loans in a Group company that arose in connection with the move of operations to Sweden in 2004. SCA's assessment is that the tax claim will not be upheld in court. Consequently, no provision has been made in the accounts for this claim.

During 2000, SCA entered into a leasing transaction with US banks as counterparties pertaining to the Östrand pulp mill in Timrå, Sweden. The term of the transaction was originally 30 years. However, SCA has the opportunity to cancel the transactions in 2017 without incurring any financial consequences. At the time the transactions were entered into, the current value of the leasing amount that SCA has undertaken to pay amounted to about SEK 4bn or USD 442m. Of this amount, in accordance with the agreement, an amount corresponding to SEK 3.6bn was partly invested in accounts in banks, partly in US securities, which at the time of the agreement had an AA and AAA rating, respectively. In 2009, the leasing transaction with one of the US banks was terminated prematurely. The value of outstanding deposits and US securities subsequently amounted to SEK 2.4bn at December 31, 2015. SCA carries the credit risk against the depositary bank. Should the rating of a depositary bank decline in the future, SCA has the possibility to transfer the deposit to another bank with a better rating. SCA also has an obligation to exchange the US securities if their rating falls below AA– or A, respectively. The rating of the original securities declined in 2008, which resulted in SCA exchanging these securities for bank-guaranteed securities and US government bonds. The counterparties have accepted that the deposited funds are applied for the leasing undertakings. The advance payments and deposits have been netted in the balance sheet since 2000. Should SCA, as a result of extraordinary events (of a force majeure nature), elect not to fulfill, or cannot fulfill the leasing contracts, SCA is liable to compensate the counterparties for financial losses, which may be incurred as a result. Compensation varies during the duration and can amount to a maximum of about 9% of the present value of the leasing amount, which subsequent to the above-mentioned premature termination, amounts to USD 227m. The agreements were drafted and examined by legal experts in Sweden and the US and are considered to follow the standard practice for this type of transaction.

In 2007, SCA entered into a sale and leaseback transaction with a European bank relating to the new soda recovery boiler at the kraftliner plant in Obbola, Sweden. The original term of the contract is 25 years and SCA has a right

G3. CONTINGENT LIABILITIES AND PLEDGED ASSETS, CONT.

to terminate the transaction in 2023 without any financial consequences. The present value of SCA's future rental amounts was SEK 671m, which was invested in a security with an A rating issued by the counterparty and deposited in a Swedish bank assigned to handle rental payments during the term of the contract. Should the counterparty's rating fall below BBB–, SCA is entitled, without incurring any financial consequences, to terminate the transaction in advance. Should SCA, as the result of extraordinary events (of a force majeure nature), elect not to fulfill, or cannot fulfill the leasing contract, SCA is liable to compensate the counterparty for any economic loss that may be incurred as a result. Compensation varies during the term and can amount to a maximum of 12% of the transaction amount. SCA has the use of the facility without operational restrictions. The lease and depositary arrangement have been recognized net in SCA's balance sheet since 2007.

SCA is subject to reviews by the competition authorities in certain countries. SCA does not expect these ongoing investigations to have any material financial effect.

SCA signed a ten-year fixed-price agreement with a Norwegian electricity supplier comprising electricity deliveries corresponding to approximately 17% of SCA Graphic Sundsvall's estimated consumption. The agreement became effective in 2009.

Pledged assets

			Total		
SEKm	**Pledged assets related to financial liabilities**	**Other**	**2015**	**2014**	**2013**
Real estate mortgages	11		11	11	10
Chattel mortgages	32	20	52	56	50
Other	296	134	430	414	364
Total	**339**	**154**	**493**	**481**	**424**

Liabilities for which some of these assets were pledged as collateral amounted to SEK 5m (5; 5).

Financial statements, Parent Company

Income statement IS

SEKm	Note	2015	2014
Administrative expenses		–1,109	–738
Other operating income		430	414
Other operating expenses		–200	–204
Operating loss	PC1	**–879**	**–528**
Financial items	PC9		
Result from participations in Group companies		12,191	6,524
Interest income and similar profit items		25	1,414
Interest expenses and similar loss items		–1,240	–3,294
Total financial items		**10,976**	**4,644**
Profit after financial items		10,097	4,116
Appropriations	PC3	–16	–17
Tax on profit for the period	PC3	–349	69
Profit for the period		**9,732**	**4,168**

Statement of comprehensive income

SEKm	2015	2014
Profit for the period	**9,732**	**4,168**
Other comprehensive income	–	–
Total comprehensive income	**9,732**	**4,168**

Cash flow statement CF

SEKm	2015	2014
Operating activities		
Profit after financial items	10,097	4,116
Adjustment for non-cash items T:1	–1,576	–3,967
	8,521	**149**
Paid tax	–8	–
Cash flow from operating activities before changes in working capital	**8,513**	**149**
Change in operating receivables [1]	–42	95
Change in operating liabilities [1]	–983	119
Cash flow from operating activities	**7,488**	**363**
Investing activities		
Acquisition of subsidiaries	–6,346	–
Acquisition of fixed assets	–126	–488
Divestment of financial assets	10	–
Sale of tangible fixed assets	31	284
Cash flow from investing activities	**–6,431**	**–204**
Financing activities		
Loans raised	2,630	3,177
Dividend paid	–3,687	–3,336
Cash flow from financing activities	**–1,057**	**–159**
Cash flow for the period	**0**	**0**
Cash and cash equivalents, January 1	0	0
Cash and cash equivalents, December 31 [2]	0	0

T:1 **Adjustment for non-cash items**	2015	2014
Depreciation/amortization of fixed assets	68	64
Change in accrued items	498	702
Impairment of shares in subsidiaries	102	–
Dividend income in the form of a reduction in internal financial liabilities/shares received in subsidiaries	–2,272	–4,475
Other	28	–258
Total	**–1,576**	**–3,967**

[1] Dealings of the Parent Company with the Swedish subsidiaries relating to tax are recognized as Change in operating receivables or Change in operating liabilities, respectively.
[2] The company's current account is a subsidiary account and is recognized in the balance sheet as Liabilities to subsidiaries.

Supplementary disclosures

Interest and dividends paid and received	2015	2014
Dividends received	10,688	6,200
Group contribution received	1,339	1,867
Group contribution paid	–68	–242
Interest paid	–1,406	–2,046
Interest received	227	182
Total	**10,780**	**5,961**

Balance sheet BS

SEKm	Note	2 015	2014
Assets			
Non-current assets			
Capitalized development costs		0	0
Intangible fixed assets	PC4	**0**	**0**
Land and buildings		8,182	8,099
Machinery and equipment		8	9
Tangible fixed assets	PC5	**8,190**	**8,108**
Participations	PC6	139,886	133,649
Receivables from subsidiaries	PC7	186	348
Other long-term receivables		126	123
Financial fixed assets		**140,198**	**134,120**
Total fixed assets		**148,388**	**142,228**
Current assets			
Receivables from subsidiaries	PC7	2,345	3,637
Current tax assets	PC3	26	18
Other current receivables	PC8	59	104
Cash and bank balances		0	0
Total current assets		**2,430**	**3,759**
Total assets		**150,818**	**145,987**
Equity, provisions and liabilities			
Equity			
Share capital	PC11	2,350	2,350
Revaluation reserve		1,363	1,363
Statutory reserve		7,283	7,283
Total restricted equity		**10,996**	**10,996**
Retained earnings		39,151	38,670
Profit for the period		9,732	4,168
Total non-restricted equity		**48,883**	**42,838**
Total equity		**59,879**	**53,834**
Untaxed reserves	PC3	**230**	**213**
Provisions			
Provisions for pensions	PC2	713	619
Provisions for taxes	PC3	958	609
Other provisions		3	3
Total provisions		**1,674**	**1,231**
Non-current liabilities			
Liabilities to subsidiaries	PC7	–	2,326
Non-current interest-bearing liabilities	PC9	16,556	18,890
Other non-current liabilities		0	0
Total non-current liabilities		**16,556**	**21,216**
Current liabilities			
Liabilities to subsidiaries	PC7	64,319	67,217
Current interest-bearing liabilities	PC9	7,484	1,726
Accounts payable		27	54
Other current liabilities	PC10	649	496
Total current liabilities		**72,479**	**69,493**
Total equity, provisions and liabilities		**150,818**	**145,987**
Contingent liabilities	PC12	13,089	26,035
Pledged assets	PC12	154	158

Change in equity (Refer also to Note PC11)

SEKm	Share capital	Revaluation reserve	Statutory reserve	Retained earnings and profit for the period	Total equity
Equity at December 31, 2013	**2,350**	**1,363**	**7,283**	**42,006**	**53,002**
Profit for the period				4,168	4,168
Dividend, SEK 4.50 per share				–3,336	–3,336
Equity at December 31, 2014	**2,350**	**1,363**	**7,283**	**42,838**	**53,834**
Profit for the period				9,732	9,732
Dividend, SEK 5.25 per share				–3,687	–3,687
Equity at December 31, 2015	**2,350**	**1,363**	**7,283**	**48,883**	**59,879**

PC. PARENT COMPANY NOTES

PC1. OPERATING LOSS

Operating loss by type of cost

SEKm	Note	2015	2014
Other operating income		430	414
Other external costs		–586	–379
Personnel and Board costs		–517	–353
Amortization of capitalized development costs	PC4	–	–1
Depreciation of tangible fixed assets	PC5	–68	–63
Other operating expenses excluding depreciation/amortization		–138	–146
IS **Total**		**–879**	**–528**

The item "Other external costs" includes consultancy fees, travel expenses, leasing expenses, management costs, and so forth.

Auditing expenses

SEKm	2015	2014
PwC		
Audit assignments	–9	–9
Auditing activities other than the audit assignment	0	0
Tax consultancy services	–14	–2
Other assignments	–6	–6
Total	**–29**	**–17**

Leasing

AP ACCOUNTING PRINCIPLES

The Parent Company recognizes all leases as operating leases.

Future payment commitments for non-cancellable operating leases are as follows:

SEKm	2015	2014
Within 1 year	24	49
Between 2 and 5 years	71	111
Later than 5 years	–	5
Total	**95**	**165**

Cost for the period for leasing of assets amounted to SEK –120m (–48), of which SEK –73m (–) pertains to premature termination of a lease agreement. Leased assets comprise means of transportation, office premises and technical equipment. In reality, such contracts can be terminated early.

PC2. PERSONNEL AND BOARD COSTS

Salaries and remuneration

SEKm	2015	2014
Board of Directors[1], President, Executive Vice Presidents and senior executives (5 (5))	–85	–76
of which variable remuneration	–25	–32
Other employees	–149	–121
Total	**–234**	**–197**

1) Board fees decided by the Annual General Meeting amounted to SEK –6.4m (–7.8). For further information, see Notes C1–C4.

Social security costs

SEKm	2015	2014
Total social security costs	–272	–150
of which pension costs [2]	–198	–92

2) Of the Parent Company's pension costs, SEK –100m (–36) pertains to the Board, President, Executive Vice President and senior executives. Former Presidents and Executive Vice Presidents and their survivors are also included. The company's outstanding pension obligations to these individuals amount to SEK 409m (344).

Pension costs

SEKm	2015	2014
Self-administered pension plans		
Costs excl. interest expense	–127	–43
Interest expense (recognized in personnel costs)	–12	–16
	–139	**–59**
Retirement through insurance		
Insurance premiums	–27	–21
Other	5	7
	–161	**–73**
Policyholder tax	0	0
Special payroll tax on pension costs	–36	–16
Cost of credit insurance, etc.	–1	–3
Pension costs for the period	**–198**	**–92**

Premiums during the period for disability and family pension insurance with Alecta amounted to SEK –2m (–3). Premiums for 2016 are expected to amount to SEK 3m (see also Pension provisions in this note). Personnel costs also include other personnel costs in the amount of SEK –11m (–9).

Average number of employees

	2015	2014
Sweden	118	117
of whom women, %	53	51

Breakdown of employees by age groups, %

2015	21–30 yrs	31–40 yrs	41–50 yrs	51–60 yrs	61– yrs
	5	23	38	25	9

Women comprised 30% (17) of Board members and 35% (24) of senior executives.

PC2. PERSONNEL AND BOARD COSTS, CONT.

Provisions for pensions

AP ACCOUNTING PRINCIPLES

The Parent Company applies the regulations in the Pension Obligations Vesting Act (Tryggandelagen). The main difference compared with IAS 19 is that Swedish practice disregards future increases in salaries and pensions when calculating the present value of the pension obligation. This present value includes, however, a special reserve for future payments of pension supplements indexed for inflation. Both defined contribution and defined benefit plans exist in the Parent Company.

PRI PENSIONS

Pension liabilities pertaining to PRI pensions have been secured through a common Swedish SCA pension fund. The market value of the Parent Company's portion of the foundation's assets at December 31, 2015 amounted to SEK 111m (98). In the past two years, no compensation has been received. The capital value of the pension obligations at December 31, 2015 amounted to SEK 119m (113). Pension payments of SEK –7m (–6) were made in 2015. Since the value of the assets in 2015 is below that of the pension obligations in the amount of SEK 8m (15), this is recognized as a provision in the balance sheet. The provision is included below.

Other pension obligations

The Group's Note C3 Remuneration of senior executives describes the other defined benefit pension plans of the Parent Company. The table below shows the change between the years.

Capital value of pension obligations relating to self-administered pension plans

SEKm	2015	2014
Value, January 1	**619**	**598**
Reclassification	–	–
Costs excluding interest expense	127	43
Interest expense (recognized in personnel costs)	12	16
Payment of pensions	–45	–38
BS **Value, December 31**	**713**	**619**

External actuaries have carried out capital value calculations pursuant to the provisions of the Swedish Act on Safeguarding of Pension Obligations. The discount rate is 1.9% (2.6). The defined benefit obligations are calculated based on salary levels valid on the respective balance sheet dates. Next year's expected disbursements regarding defined benefit pension plans amount to SEK 34m.

PC3. TAXES

AP ACCOUNTING PRINCIPLES

Due to the links between accounting and taxation, the deferred tax liability on untaxed reserves in the Parent Company is recognized in the Parent Company's annual accounts as a component of untaxed reserves.

Tax expense (+), tax income (-)

SEKm	2015	2014
Deferred tax	349	–70
Current tax	0	1
IS **Total**	**349**	**–69**

Explanation of tax expense

The difference between the recognized tax expense and expected tax expense is explained below. The expected tax expense is calculated based on profit before tax in each country multiplied by the current tax rate.

	2015		2014	
Reconciliation	**SEKm**	**%**	**SEKm**	**%**
IS Profit before tax	10,081		4,099	
IS Tax expense/income	349	3.5	–69	–1.7
Expected tax	2,218	22.0	902	22.0
Difference	**–1,869**	**–18.5**	**–971**	**–23.7**
Difference is due to:				
Taxes related to prior periods	14	0.2	–50	–1.2
Non-taxable dividends from subsidiaries	–2,351	–23.3	–1,364	–33.3
Non-taxable Group contributions from subsidiaries	–50	–0.5	–53	–1.3
Non-deductible Group contributions to subsidiaries	487	4.8	457	11.1
Assumed replacement reserves for land	–	–	35	0.9
Other non-taxable/non-deductible items	31	0.3	4	0.1
Total	**–1,869**	**–18.5**	**–971**	**–23.7**

The Parent Company participates in the Group's tax pooling arrangement and pays the majority of the Group's total Swedish taxes. These are now recognized in profit and loss as Group contributions paid and received.

Current tax liability (+), tax asset (–)

SEKm	2015	2014
Value, January 1	**–18**	**–18**
Current tax expense	0	1
Paid tax	–8	–1
BS **Value, December 31**	**–26**	**–18**

Deferred tax expense (+), tax income (–)

SEKm	2015	2014
Changes in temporary differences	335	–20
Adjustments for prior periods	14	–50
Total	**349**	**–70**

Provisions for taxes

SEKm	Value, January 1	Deferred tax expense	Value, December 31
Land and buildings	1,530	9	1,539
Provisions for pensions	–123	–21	–144
Tax loss carryforwards	–759	360	–399
Other	–39	1	–38
BS **Total**	**609**	**349**	**958**

Appropriations and untaxed reserves

Accumulated depreciation in excess of plan totaling SEK 230m (213) is included in the Parent Company's untaxed reserves.

PC4. INTANGIBLE FIXED ASSETS

Capitalized development costs

SEKm	2015	2014
Accumulated costs	20	20
Accumulated amortization	–20	–20
Residual value according to plan	**0**	**0**
Value, January 1	**0**	**1**
Investments	–	0
Amortization for the period	0	–1
BS **Value, December 31**	**0**	**0**

PC5. TANGIBLE FIXED ASSETS

AP ACCOUNTING PRINCIPLES

The Parent Company's tangible fixed assets are recognized in accordance with the Group's accounting principles. The Parent Company recognizes standing timber as a tangible fixed asset at historical cost. No systematic depreciation or changes in value in conjunction with felling is carried out in the Parent Company. Collective revaluation of forest assets has occurred. The revaluation amount was placed in a revaluation reserve in equity.

Tangible fixed assets

	Buildings		Land and land improvements		Machinery and equipment		Total	
SEKm	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Accumulated costs	166	165	4,029	3,876	25	23	4,220	4,064
Accumulated amortization	–106	–100	–913	–853	–17	–14	–1,036	–967
Accumulated write-ups	–	–	5,006	5,011	–	–	5,006	5,011
Residual value according to plan	**60**	**65**	**8,122**	**8,034**	**8**	**9**	**8,190**	**8,108**
Value, January 1	**65**	**53**	**8,034**	**7,580**	**9**	**11**	**8,108**	**7,644**
Investments	1	17	154	527	2	0	157	544
Sales and disposals	0	0	–6	–17	–1	0	–7	–17
Amortization for the period	–6	–5	–60	–56	–2	–2	–68	–63
BS **Value, December 31**	**60**	**65**	**8,122**	**8,034**	**8**	**9**	**8,190**	**8,108**

Land includes forest land in the amount of SEK 7,384m (7,340).

PC6. PARTICIPATIONS

AP ACCOUNTING PRINCIPLES

The Parent Company recognizes all holdings in Group companies at cost after deduction for any accumulated impairment losses.

Participations in Group companies

	Subsidiaries		Other companies		Total	
SEKm	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Accumulated costs	139,982	133,636	6	13	139,988	133,649
Accumulated amortization	140	140	–	–	140	140
Accumulated impairment	–242	–140	–	–	–242	–140
Residual value according to plan	**139,880**	**133,636**	**6**	**13**	**139,886**	**133,649**
Value, January 1	**133,636**	**129,161**	**13**	**13**	**133,649**	**129,174**
Investments	6,346	4,475	–	–	6,346	4,475
Divestments	0	–	–7	–	–7	–
Impairment for the period	–102	–	–	–	–102	–
BS TPC6:1 **Value, December 31**	**139,880**	**133,636**	**6**	**13**	**139,886**	**133,649**

In 2015, investments amounted to SEK 6,346m in the form of capital contributions to subsidiaries. The company's holding in SCA UK Holdings Ltd was divested in an intra-Group transaction and the value of Fastighets- och Bostadsaktiebolaget FOBOF was impaired by SEK 102m. Intra-Group transfers of SCA Graphic Holding Aktiebolag and SCA Kraftfastigheter Aktiebolag were also carried out during the fiscal year.

PC7. RECEIVABLES FROM AND LIABILITIES TO SUBSIDIARIES

Receivables from and liabilities to subsidiaries

SEKm	**2015**	**2014**
Fixed assets		
Interest-bearing receivables	186	348
BS **Total**	**186**	**348**
Current assets		
Interest-bearing receivables	625	1,502
Other receivables	1,720	2,135
BS **Total**	**2,345**	**3,637**
Non-current liabilities		
Interest-bearing liabilities	–	2,326
BS **Total**	**–**	**2,326**
Current liabilities		
Interest-bearing liabilities	64,108	65,897
Other liabilities	211	1,320
BS **Total**	**64,319**	**67,217**

TPC6:1 Parent Company's holdings of shares and participations in subsidiaries, December 31, 2015

Company name	**Corp. Reg. No.**	**Domicile**	**No. of shares**	**Share of equity, %**	**Carrying amount, SEKm**
Swedish subsidiaries:					
Fastighets- och Bostadsaktiebolaget FOBOF	556047-8520	Stockholm, Sweden	1,000	100	0
SCA Försäkringsaktiebolag	516401-8540	Stockholm, Sweden	140,000	100	14
SCA Graphic Holding Aktiebolag	556479-2058	Stockholm, Sweden	1,000	100	4,758
SCA Research Aktiebolag	556146-6300	Stockholm, Sweden	1,000	100	0
SCA Hedging AB	556666-8553	Stockholm, Sweden	1,000	100	0
Foreign subsidiaries:					
SCA Group Holding BV	33181970	Amsterdam, Netherlands	246,347	100	95,836
SCA Capital NV	0810.983.346	Diegem, Belgium	1,199,999	100	38,993
SCA Hygiene Products S.p.A.	03318780966	Capannori, Italy	125,000	25	279
Total carrying amount of subsidiaries					**139,880**

German subsidiaries that are exempted from public information. In accordance with Section 264, Paragraph 3 of the German Commercial Code ("HGB"), the following German companies are not required to prepare consolidated financial statements since all of their subsidiaries are encompassed by the consolidated financial statements prepared by SCA AB.

1. SCA GmbH, domicile in Mannheim, Germany
2. SCA Hygiene Products Holding GmbH, domicile in Ismaning, Germany
3. SCA Hygiene Products GmbH Neuss, domicile in Neuss, Germany
4. SCA Hygiene Products GmbH, domicile in Mannheim, Germany
5. SCA Hygiene Products GmbH, domicile in Wiesbaden, Germany
6. SCA Hygiene Products AFH Sales GmbH, domicile in Mannheim, Germany
7. SCA Hygiene Products Vertriebs GmbH, domicile in Mannheim, Germany
8. SCA Hygiene Products GmbH Witzenhausen, domicile in Witzenhausen, Germany
9. SCA Hygiene GmbH, domicile in Mannheim, Germany
10. SCA Hygiene Products US Tissue 1 GmbH, domicile in Ismaning, Germany
11. SCA Hygiene Products US Tissue 2 GmbH, domicile in Ismaning, Germany

PC8. OTHER CURRENT RECEIVABLES

Other current receivables

SEKm	2015	2014
TPC8:1 Prepaid expenses and accrued income	22	60
Other receivables	37	44
BS **Total**	**59**	**104**

TPC8:1 **Prepaid expenses and accrued income**		
Prepaid lease of premises	6	6
Prepaid financial expenses	1	1
Prepaid pension premiums	0	4
Other items	15	49
Total	**22**	**60**

PC9. FINANCIAL INSTRUMENTS

Financial items

SEKm	2015	2014
Result from participations in Group companies		
Dividends from subsidiaries	10,688	6,200
Group contributions received from subsidiaries	1,669	1,591
Group contributions paid to subsidiaries	–64	–1,267
Impairment of shares in subsidiaries	–102	–
Interest income and similar profit items		
Interest income, external	0	0
Interest income, subsidiaries	25	1,414
Interest expenses and similar loss items		
Interest expenses, external	–607	–1,775
Interest expenses, subsidiaries	–563	–1,519
Other financial expenses [1]	–70	–
IS **Total**	**10,976**	**4,644**

[1] Other financial expenses are recognized separately as of 2015. The item includes exchange rate differences amounting to SEK 0m, net. In 2014, Other financial expenses were recognized under Interest expenses, external and the exchange rate differences were recognized in a gross amount.

Interest-bearing liabilities

Non-current interest-bearing liabilities

	Carrying amount		Fair value	
SEKm	2015	2014	2015	2014
Bond issues	14,490	13,933	14,666	14,721
Other non-current loans with a term > 1 year < 5 yrs	149	2,985	161	3,100
Other non-current loans with a term > 5 yrs	1,917	1,972	1,980	2,048
BS **Total**	**16,556**	**18,890**	**16,807**	**19,869**

Current interest-bearing liabilities

	Carrying amount		Fair value	
SEKm	2015	2014	2015	2014
Bond issues	7,444	–	7,444	–
Loans with a term < 1	40	1,726	40	1,726
BS **Total**	**7,484**	**1,726**	**7,484**	**1,726**

Bond issues

Issued	Maturity	Carrying amount, SEKm	Fair value, SEKm
Notes EUR 600m	2016	5,478	5,478
Notes SEK 1,800m	2016	1,766	1,766
Floating Rate Note SEK 200m	2016	200	200
Notes SEK 1,500m	2018	1,510	1,507
Notes SEK 600m	2019	604	596
Notes SEK 900m	2019	898	899
Green bond SEK 1,500m	2019	1,499	1,521
Notes EUR 300m	2020	2,731	2,705
Notes EUR 500m	2023	4,520	4,855
Notes EUR 300m	2025	2,728	2,583
Total		**21,934**	**22,110**

Financial instruments by category

AP ACCOUNTING PRINCIPLES

In accordance with Paragraph 3 of RFR 2, the Parent Company has chosen not to apply IAS 39. The Parent Company recognizes financial fixed assets at cost less any impairment and financial current assets according to the lower of cost or market rule. For derivatives used for hedging purposes, recognition is determined by the hedged item. Currency derivatives used to hedge foreign receivables and liabilities are remeasured at the closing day rate to match the currency remeasurement in the receivable/liability. Interest rate derivatives used to hedge interest rate exposure in financial receivables or liabilities are recognized at amortized cost. The accounting principles for financial instruments are applied for the items below. The financial instruments in the Parent Company are classified as loans and receivables for assets, and other financial liabilities measured at amortized cost for liabilities. No other categories have been utilized over the past two years. These balance sheet items are not fully reconcilable since they may include items that are not financial instruments.

Loans and receivables

SEKm	2015	2014
Assets		
Financial fixed assets		
Interest-bearing receivables	126	123
Interest-bearing receivables from subsidiaries	186	348
Current assets		
Receivables from subsidiaries[1]	1,105	2,524
Other current receivables	35	43
Cash and bank balances	0	0
Total	**1,452**	**3,038**

Financial liabilities measured at amortized cost

SEKm	2015	2014
Liabilities		
Non-current liabilities		
Liabilities to subsidiaries	–	2,326
Interest-bearing liabilities	16,556	18,890
Current liabilities		
Interest-bearing liabilities	7,484	1,726
Liabilities to subsidiaries[1]	64,152	65,950
Accounts payable	27	54
Other current liabilities	268	261
Total	**88,487**	**89,207**

[1] The item Receivables from subsidiaries includes the carrying amount of financial derivatives in respect of subsidiaries of SEK 162m (644) MSEK. The item Liabilities to subsidiaries includes the carrying amount of financial derivatives in respect of subsidiaries of SEK 344m (52) MSEK. The net fair value of these derivatives amounts to SEK –169m (1,156). The nominal value of the derivatives is SEK 32,264m (29,246).

PC10. OTHER CURRENT LIABILITIES

Other current liabilities

SEKm	2015	2014
TM10:1 Accrued expenses and prepaid income	596	419
Other operating liabilities	53	77
BS **Total**	**649**	**496**

TM10:1 Accrued expenses and prepaid income

SEKm	2015	2014
Accrued interest expenses	268	261
Accrued social security costs	36	26
Accrued vacation pay liability	18	11
Other liabilities to personnel	84	59
Other items	190	62
Total	**596**	**419**

PC11. SHARE CAPITAL

The change in equity is shown in the financial report relating to Equity presented on page 125. The share capital and number of shares have increased since 1993 with new issues, conversions and splits as set out below:

Change in SCA's share capital

Year	Event	No. of shares	Increase in share capital	Cash payment, SEKm
1993	Number of shares, January 1, 1993	172,303,839		
1993	Conversion of debentures and new subscription through Series 1 warrants	4,030,286	40.3	119.1
	New issue 1:10, issue price SEK 80	17,633,412	176.3	1,410.7
1994	Conversion of debentures	16,285	0.2	–
1995	Conversion of debentures	3,416,113	34.2	–
1999	New issue 1:6, issue price SEK 140	32,899,989	329.0	4,579.0
2000	Conversion of debentures	101,631	1.0	15.0
2001	New issue, private placement	1,800,000	18.0	18.0
2002	New subscription through warrants IIB	513	0	0.1
2003	Conversion of debentures	1,127,792	11.3	288.4
	New subscription through warrants IIB	1,697,683	17.0	434.5
2004	Conversion of debentures	9,155	0.1	1.1
2007	Split 3:1	470,073,396	–	–
2015	**Number of shares, December 31, 2015**	**705,110,094**		

SCA's share capital, December 31, 2015

	No. of votes	No. of shares	Share capital, SEKm
Class A shares	10	67,441,609	225
Class B shares	1	637,668,485	2,125
Total		**705,110,094**	**2,350**

The quotient value of the Parent Company's shares amounts to SEK 3.33. Treasury shares at the beginning and at the end of the year amounted to 2,767,605 shares. Shares were held as part of the employee stock option programs that expired in 2008 and 2009.

PC12. CONTINGENT LIABILITIES AND PLEDGED ASSETS

Contingent liabilities

SEKm	2015	2014
Guarantees for subsidiaries	13,072	26,020
Other contingent liabilities	17	15
Total	**13,089**	**26,035**

The Parent Company has issued a guarantee in relation to the Group's UK pension plan in the event of the plan being dissolved or one of the companies covered by the plan becoming insolvent.

Pledged assets

SEKm	2015	2014
Chattel mortgages	20	20
Other	134	138
Total	**154**	**158**

PC13. ADOPTION OF THE ANNUAL ACCOUNTS

The annual accounts are subject to adoption by SCA's Annual General Meeting and will be presented for approval at the Annual General Meeting on April 14, 2016.

PC14. PROPOSED DISPOSITION OF EARNINGS

Annual accounts 2015

Disposition of earnings, Parent Company	
Non-restricted equity in the Parent Company:	
retained earnings	39,151,023,032
net profit for the year	9,732,077,014
Total	**48,883,100,046**
The Board of Directors and the President propose:	
to be distributed to shareholders, a dividend of SEK 5.75 per share	4,038,469,312[1)]
to be carried forward	44,844,630,734
Total	**48,883,100,046**

1) Based on the number of outstanding shares at December 31, 2015. The amount of the dividend may change if any treasury share transactions are executed before the record date, April 18, 2016. The company's equity would have been SEK 181,814,664 higher if assets and liabilities had not been measured at fair value in accordance with Chapter 4, Section 14a of the Swedish Annual Accounts Act.

Stockholm February 24, 2016

The Board of Directors and President declare that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the EU and that disclosures herein give a true and fair view of the Group's financial position and results of operations. The Parent Company's financial statements have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations. The statutory Board of Directors' Report provides a fair review of the Parent Company's and Group's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Pär Boman
Chairman of the Board

Roger Boström
Board member,
appointed by the employees

Annemarie Gardshol
Board member

Leif Johansson
Board member

Bert Nordberg
Board member

Louise Julian Svanberg
Board member

Örjan Svensson
Board member,
appointed by the employees

Barbara Milian Thoralfsson
Board member

Thomas Wiklund
Board member,
appointed by the employees

Magnus Groth
President, CEO and Board member

Our audit report was submitted on March 21, 2016
PricewaterhouseCoopers AB

Mikael Eriksson
Authorized Public Accountant
Auditor in charge

PC15. AUDITOR'S REPORT

To the annual meeting of the shareholders of Svenska Cellulosa Aktiebolaget SCA (publ), Corporate Registration Number 556012-6293

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Svenska Cellulosa Aktiebolaget SCA (publ) for the year 2015 The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 40–130.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. 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 and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Directors of Svenska Cellulosa Aktiebolaget SCA (publ) for the year 2015.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Directors is liable to the company. We also examined whether any member of the Board of Directors or the Managing Directors has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Directors be discharged from liability for the financial year.

Stockholm, March 21, 2016

PricewaterhouseCoopers AB

Mikael Eriksson
Authorized Public Accountant
Auditor in charge

INDEPENDENT ASSURANCE REPORT RELATING TO SUSTAINABILITY REPORT

Pages 28 and 32–33 of this document contain an extract of the Sustainability Report. A complete Sustainability Report has been prepared by the company, which contains our full assurance report. Based on our review, nothing has come to our attention that causes us to believe that the sustainability report has not, in all material respects, been prepared in accordance with the criteria stipulated in the full version of the assurance report.

Stockholm, March 21, 2016

PricewaterhouseCoopers AB

Mikael Eriksson
Authorized Public Accountant
Auditor in charge

Fredrik Ljungdahl
Expert member of the Swedish Institute of Authorized Public Accountants (FAR)