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17 January 2012

For immediate release

**DS SMITH PLC
PROPOSED ACQUISITION OF SCA PACKAGING AND RIGHTS ISSUE**

Supplementary information

This morning DS Smith Plc ("**DS Smith**" or "**the Company**") announced the proposed acquisition of the packaging division of Svenska Cellulosa Aktiebolaget (publ) ("**SCA**" or "**the SCA Group**") excluding the kraftliner assets ("**SCA Packaging**" or "**the SCA Packaging Group**") for a net consideration of approximately €1.6 billion (c. £1.3¹ billion) ("**the Acquisition**"). The gross price will be €1.7 billion on a cash, debt and, to the extent legally possible and commercially practicable, pension free basis and approximately €1.6 billion on a net basis after taking into account a pension price adjustment. DS Smith proposes to finance the Acquisition with existing and additional debt and a fully underwritten Rights Issue of 9 New Ordinary Shares for every 8 Existing Ordinary Shares to raise a total of approximately £466 million. Due to the classification of the proposed acquisition ("**the Acquisition**") of SCA Packaging as a reverse takeover under the Listing Rules of the UK Listing Authority, DS Smith is releasing certain information to avoid a suspension of its shares until such time as a prospectus is published, which is expected to be later today.

This announcement provides the following information concerning the SCA Packaging Group:

- Unaudited combined financial information for the SCA Packaging Group for each of the financial years ended 31 December 2008, 31 December 2009, and 31 December 2010; and
- Unaudited combined financial information for the SCA Packaging Group for the nine month periods ended 30 September 2010 and 30 September 2011.

The board of directors of DS Smith ("**the Board**") considers that this announcement along with the simultaneously released announcement contains sufficient information about the SCA Packaging Group to provide a properly informed basis for assessing DS Smith's financial position.

The Board of DS Smith today also confirms that, DS Smith will make any announcement that would be required in order to be compliant with its obligations under the Financial Services Authority Disclosure and Transparency Rules on developments in relation to the acquisition of SCA Packaging as if the SCA Packaging Group were already part of an enlarged DS Smith Group.

Information relating to the SCA Packaging Group in this announcement has been adjusted to reflect the accounting policies adopted by DS Smith in its audited financial statements for the year ended 30 April 2011.

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The Banks, each of which is authorised and regulated in the United Kingdom by the Financial Services Authority, are acting exclusively for DS Smith Plc in connection with the matters set out in this announcement and the proposed Acquisition and Rights Issue. The Banks are not, and will not be, responsible to anyone other than DS Smith Plc for providing the protections afforded to their respective clients or for providing advice in relation to the proposed Acquisition and Rights Issue or any other matters referred to in this announcement. Apart from the responsibilities and liabilities, if any, which may be imposed on it by the Financial Services and Markets Act 2000, each of the Banks accepts no responsibility whatsoever and makes no representation or warranty, express or implied, for the contents of this announcement, or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the proposed Acquisition or the Rights Issue, and nothing in this announcement is, or shall be relied upon as, a promise or representation in this respect, whether

as to the past or the future. Each of the Banks accordingly disclaims to the fullest extent permitted by law all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this announcement or any such statement.

This announcement has been prepared in accordance with English law, the Listing Rules and the Disclosure Rules and Transparency Rules and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England.

The distribution of this announcement in jurisdictions other than the United Kingdom may be affected by the laws of relevant jurisdictions. Therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom will need to inform themselves about, and observe any applicable requirements.

This announcement is for information purposes only and shall not constitute an offer to buy, sell, issue or subscribe for, or the solicitation of an offer to buy, sell, issue, or subscribe for, any securities in DS Smith Plc or any other entity. Any such offer will be made solely by means of a prospectus to be published in due course and any supplement or amendment thereto and any acquisition of securities in DS Smith Plc should be made solely on the basis of the information contained in such prospectus.

Neither the content of the Company's website (or any other website) nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

This announcement contains (or may contain) certain forward-looking statements with respect to certain of DS Smith's current expectations and projections about future events. These statements, which sometimes use words such as "anticipate", "believe", "intend", "estimate", "expect", "will", "shall", "may", "aim", "predict", "should", "continue" and words of similar meaning and/or other similar expressions that are predictions of or indicate future events and/or future trends, reflect the directors' beliefs and expectations at the date of this announcement and involve a number of risks, uncertainties and assumptions that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement.

Statements contained in this announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The information contained in this announcement is subject to change without notice and, except as required by applicable law, neither DS Smith nor either of the Banks assumes any responsibility or obligation to update publicly or review any of the forward-looking statements contained herein. You should not place undue reliance on forward-looking statements, which speak only as of the date of this announcement.

No statement in this announcement is or is intended to be a profit forecast or to imply that the earnings of DS Smith for the current or future financial years will necessarily match or exceed the historical or published earnings of DS Smith.

The Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares, the Provisional Allotment Letters and the Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended and may not be offered, sold or transferred, directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the securities laws of any state or other jurisdiction of the United States. This announcement does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire, nor shall there be any sale of, the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares, the Provisional Allotment Letters and the Shares in any jurisdiction in which such offer, solicitation or sale would be unlawful. The Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares, the Provisional Allotment Letters and the Shares have not been, and will not be, registered with any regulatory authority of any state within the United States. No money, securities or other

consideration is being solicited and, if sent in response to the information herein, will not be accepted. There will be no public offer of any securities of the Company in the United States.

APPENDIX 1

Unaudited combined financial information for SCA Packaging as of the years ended 31 December 2008, 31 December 2009, 31 December 2010 and for the nine months ended 30 September 2010 and 30 September 2011

The selected unaudited financial information on SCA Packaging set out below, as at and for each of the three years ended 31 December 2008, 2009 and 2010 and for each of the nine months ended 30 September 2011 and 30 September 2010, has been extracted from the accounting records of SCA. The information has been adjusted to reflect the accounting policies adopted by DS Smith in its audited financial statements for the year ended 30 April 2011. Those financial statements were prepared in accordance with DS Smith's accounting policies and International Financial Reporting Standards as adopted by the EU.

A combined prospectus and circular will be required to be published in relation to the application for admission to the Official List of the existing ordinary shares of DS Smith and approval of the Acquisition. In accordance with the Listing Rules and the Prospectus Rules of the UK Listing Authority, such a combined prospectus and circular will include audited financial information for SCA Packaging prepared in accordance with such rules. It is possible that the financial information contained in any such prospectus may differ from the financial information set out below.

The financial information set out in this announcement has been prepared using the DS Smith accounting policies and presentation. SCA have today issued an announcement setting out financial information for SCA Packaging prepared in accordance with the SCA Group accounting policies and presentation. The key differences between the financial information as presented primarily relate to reclassifications within the income statement and are summarised below:

- distribution costs are treated as part of Cost of Sales by SCA and hence are deducted in arriving at Gross Profit, DS Smith treat distribution costs as part of Operating Expenses;
- certain costs, largely relating to the pension charge, which are treated as finance costs by SCA are treated as part of Operating costs by DS Smith;
- discontinued operations, which only arose in 2008, are brought in as a one line item in the income statement as "Profit for the period from discontinued operations" by DS Smith whereas SCA have included the results from discontinued operations in each line in the income statement.

UNAUDITED FINANCIAL INFORMATION RELATING TO SCA PACKAGING
Unaudited Combined Income Statements

	Note	9 months ended 30 September 2011 €m	9 months ended 30 September 2010 €m	Year ended 31 December 2010 €m	Year ended 31 December 2009 €m	Year ended 31 December 2008 €m
Revenue		2,065.5	1,872.3	2,542.3	2,232.9	2,733.0
Cost of sales		(1,545.7)	(1,386.1)	(1,882.4)	(1,673.1)	(2,047.4)
Gross profit		519.8	486.2	659.9	559.8	685.6
Operating expenses	3	(423.1)	(435.1)	(571.6)	(639.8)	(556.3)
Operating profit/(loss) before amortisation		96.7	51.1	88.3	(80.0)	129.3
Analyzed as:						
Operating profit/(loss) before amortisation and exceptional items		118.7	75.1	112.4	42.3	129.3
Exceptional items	4	(22.0)	(24.0)	(24.1)	(122.3)	–
Amortisation of intangible assets	3,8	(4.3)	(4.7)	(6.3)	(6.5)	(7.4)
Operating profit/(loss)		92.4	46.4	82.0	(86.5)	121.9
Finance income	5	32.2	31.0	40.9	31.5	26.1
Finance costs	5	(26.5)	(25.9)	(34.3)	(50.7)	(94.0)
Employment benefit net finance income/(expense)	22	4.7	6.2	8.2	(6.4)	15.1
Net financing income/(costs)		10.4	11.3	14.8	(25.6)	(52.8)
Profit/(loss) after financing income/(costs)		102.8	57.7	96.8	(112.1)	69.1
Share of profit of associates	10	1.4	1.1	1.6	–	0.1
Profit/(loss) before income tax and amortisation		108.5	63.5	104.7	(105.6)	76.6
Amortisation of intangible assets	3,8	(4.3)	(4.7)	(6.3)	(6.5)	(7.4)
Profit/(loss) before income tax		104.2	58.8	98.4	(112.1)	69.2
Income tax (expense)/credit	7	(32.4)	(11.5)	(22.2)	23.4	(12.4)
Profit/(loss) for the financial period from continuing operations		71.8	47.3	76.2	(88.7)	56.8
Discontinued operations						
Profit for the period from discontinued operations	27	–	–	–	–	0.6
Profit/(loss) for the financial period		71.8	47.3	76.2	(88.7)	57.4
Profit/(loss) for the financial period attributable to:						
Owners of the SCA Packaging Group		71.6	47.2	76.2	(88.7)	57.2
Non-controlling interests		0.2	0.1	–	–	0.2

The combined financial information may not be representative of future results, for example, as described in note (1), the historical capital structure does not reflect the future capital structure and future interest income and expense, pension costs and certain other operating costs and tax charges may be significantly different from those that resulted from being wholly owned by the SCA Group.

Unaudited Combined Statements of Comprehensive Income

	Note	9 months ended 30 September 2011 €m	9 months ended 30 September 2010 €m	Year ended 31 December 2010 €m	Year ended 31 December 2009 €m	Year ended 31 December 2008 €m
Actuarial (losses) on defined benefit pension schemes	22	(114.8)	(69.0)	(30.3)	(54.6)	(122.0)
Currency translation (losses)/gains		(9.9)	30.6	12.7	(1.8)	(36.9)
Movements in cash flow hedges		0.8	(0.7)	2.5	–	–
Income tax on other comprehensive income	7	22.7	14.6	7.6	14.8	33.5
Other comprehensive (expense)/income for the period, net of tax		(101.2)	(24.5)	(7.5)	(41.6)	(125.4)
Profit/(loss) for the period		71.8	47.3	76.2	(88.7)	57.4
Total comprehensive (expense)/income for the period		(29.4)	22.8	68.7	(130.3)	(68.0)
Total comprehensive (expense)/income attributable to:						
Owners of SCA Packaging Group		(29.5)	22.8	68.8	(130.3)	(68.1)
Non-controlling interests		0.1	–	(0.1)	–	0.1
Total comprehensive (expense)/income attributable to:						
Continuing operations		(29.4)	22.8	68.7	(130.3)	(68.6)
Discontinued operations		–	–	–	–	0.6

Unaudited Combined Statements of Financial Position

	Note	30 September 2011 €m	31 December 2010 €m	31 December 2009 €m	31 December 2008 €m
Assets					
Non-current assets					
Intangible assets	8	509.8	519.8	511.0	504.5
Property, plant and equipment	9	1,214.1	1,281.3	1,288.1	1,378.8
Investments in associates	10	68.2	41.1	38.1	37.5
Other investments	11	0.5	1.3	1.2	1.2
Deferred tax assets	20	33.3	26.8	28.6	18.7
Other receivables	13	13.9	0.7	1.5	1.7
Surplus in funded pensions plan	22	17.2	23.2	18.8	46.6
Financial assets	19	806.5	818.3	817.5	4.3
Derivative financial instruments	19	1.3	1.4	–	–
Total non-current assets		2,664.8	2,713.9	2,704.8	1,993.3
Current assets					
Inventories	12	213.4	212.7	176.3	208.8
Income tax receivable		26.7	16.9	17.0	7.9
Trade and other receivables	13	587.3	556.7	473.5	499.8
Financial assets	19	613.7	640.9	605.6	649.5
Cash and cash equivalents	17	11.8	12.6	20.1	27.5
Derivative financial instruments	19	2.6	1.7	–	–
Assets classified as held for sale	15	5.4	5.4	5.4	5.4
Total current assets		1,460.9	1,446.9	1,297.9	1,398.9
Total assets		4,125.7	4,160.8	4,002.7	3,392.2
Liabilities					
Non-current liabilities					
Interest-bearing loans and borrowings	18	840.7	849.9	842.2	146.8
Post-retirement benefits	22	151.8	85.1	84.2	62.7
Trade and other payables	14	0.6	4.1	4.1	3.9
Provisions	21	3.0	–	0.5	6.1
Deferred tax liabilities	20	121.4	124.6	128.4	146.9
Derivative financial instruments	19	0.2	0.1	–	–
Total non-current liabilities		1,117.7	1,063.8	1,059.4	366.4
Current liabilities					
Bank overdrafts	17	1.9	3.4	6.0	11.3
Interest-bearing loans and borrowings	18	1,416.3	1,509.7	1,488.1	1,709.6
Trade and other payables	14	516.9	535.1	445.2	489.4
Income tax liabilities		44.9	18.7	8.8	15.0
Provisions	21	37.8	43.7	66.5	30.5
Derivative financial instruments	19	1.2	0.6	–	0.2
Total current liabilities		2,019.0	2,111.2	2,014.6	2,256.0
Total liabilities		3,136.7	3,175.0	3,074.0	2,622.4
Net assets		989.0	985.8	928.7	769.8
Total Invested Capital attributable to owners of the SCA Packaging Group		988.4	985.3	928.1	769.2
Non-controlling interests		0.6	0.5	0.6	0.6
Total Invested Capital		989.0	985.8	928.7	769.8

Unaudited Combined Statements of Changes in Invested Capital

	30 September 2011	30 September 2011	30 September 2011	31 December 2010	31 December 2010	31 December 2010
	Invested capital attributable to owners of the SCA Packaging Group	Non- controlling Interests	Total Invested Capital	Invested capital attributable to owners of the SCA Packaging Group	Non- controlling interests	Total invested capital
Note	€m	€m	€m	€m	€m	€m
Balance at 1 January	985.3	0.5	985.8	928.1	0.6	928.7
Profit for the period	71.6	0.2	71.8	76.2	–	76.2
Actuarial losses on defined benefit pension schemes	22 (114.8)	–	(114.8)	(30.3)	–	(30.3)
Foreign currency translation differences	(9.8)	(0.1)	(9.9)	12.8	(0.1)	12.7
Changes in the fair value of cash flow hedges	1.4	–	1.4	(0.7)	–	(0.7)
Movement from cash flow hedge reserve to income statement	(0.6)	–	(0.6)	3.2	–	3.2
Income tax on other comprehensive income	7 22.7	–	22.7	7.6	–	7.6
Total comprehensive income	(29.5)	0.1	(29.4)	68.8	(0.1)	68.7
Transactions with owners of the SCA Packaging Group	32.6	–	32.6	(11.6)	–	(11.6)
Balance at 30 September/ 31 December	988.4	0.6	989.0	985.3	0.5	985.8

	31 December 2009	31 December 2009	31 December 2009	31 December 2008	31 December 2008	31 December 2008
	Invested Capital attributable to owners of the SCA Packaging Group	Non- controlling interests	Total Invested Capital	Invested Capital attributable to owners of the SCA Packaging Group	Non- controlling interests	Total Invested Capital
Note	€m	€m	€m	€m	€m	€m
Balance at 1 January	769.2	0.6	769.8	1,039.8	0.5	1,040.3
Profit for the period	(88.7)	–	(88.7)	57.2	0.2	57.4
Actuarial losses on defined benefit pension schemes	22 (54.6)	–	(54.6)	(122.0)	–	(122.0)
Foreign currency translation differences	(1.8)	–	(1.8)	(36.8)	(0.1)	(36.9)
Changes in the fair value of cash flow hedges	–	–	–	–	–	–
Movement from cash flow hedge reserve to income statement	–	–	–	–	–	–
Income tax on other comprehensive income	7 14.8	–	14.8	33.5	–	33.5
Total comprehensive income	(130.3)	–	(130.3)	(68.1)	0.1	(68.0)
Transactions with owners of the SCA Packaging Group	289.2	–	289.2	(202.5)	–	(202.5)
Balance at 31 December	928.1	0.6	928.7	769.2	0.6	769.8

Unaudited Combined Statements of Cash Flows

	Note	9 months ended 30 September 2011 €m	9 months ended 30 September 2010 €m	Year ended 31 December 2010 €m	Year ended 31 December 2009 €m	Year ended 31 December 2008 €m
Operating activities						
Cash generated from operations	23	56.7	55.0	121.4	115.5	297.1
Interest received		32.2	30.9	40.9	31.6	26.2
Interest paid		(27.1)	(26.1)	(34.6)	(51.2)	(94.7)
Tax paid		(11.1)	(5.8)	(7.1)	(5.9)	(30.8)
Cash flows from operating activities		50.7	54.0	120.6	90.0	197.8
Investing activities						
Acquisition of associates	10	–	(0.9)	(0.9)	–	–
Reclassification of joint venture	30	(1.2)	–	–	–	–
Disposal of subsidiary businesses, net of cash and cash equivalents	27	5.2	–	–	–	119.5
Capital expenditure payments		(66.3)	(44.5)	(92.7)	(89.0)	(189.9)
Proceeds from the sale of property, plant and equipment and intangible assets		12.9	9.4	10.8	18.7	5.7
Dividend from associated companies		–	–	–	–	0.8
Proceeds from other investments		0.4	–	0.5	–	–
Cash flows used in investing activities		(49.0)	(36.0)	(82.3)	(70.3)	(63.9)
Financing activities						
Increase in/(repayment of) borrowings		0.3	(4.5)	(1.9)	(0.3)	(5.7)
Increase in/(repayment of) borrowings, related parties		(38.2)	(12.4)	(24.1)	(306.7)	64.9
Repayment of finance lease obligations		(0.4)	(0.3)	(0.5)	(0.2)	(0.2)
Transactions with owners of the SCA Packaging Group		37.6	(3.0)	(17.4)	285.5	(200.4)
Cash flows used in financing activities		(0.7)	(20.2)	(43.9)	(21.7)	(141.4)
Increase/(decrease) in cash and cash equivalents		1.0	(2.2)	(5.6)	(2.0)	(7.5)
Net cash and cash equivalents at beginning of the period		9.2	14.1	14.1	16.2	25.5
Exchange (losses)/gains on cash and cash equivalents		(0.3)	0.7	0.7	(0.1)	(1.8)
Net cash and cash equivalents at period-end	17	9.9	12.6	9.2	14.1	16.2

Notes to the Unaudited Combined Financial Information

1. Basis of preparation and significant accounting policies

(a) Basis of preparation

The SCA Packaging Group has not in the past constituted a separate legal group. All of the companies which comprise the SCA Packaging Group are currently owned, directly or indirectly, by SCA and form part of the Packaging Europe business unit of SCA. The combined historical financial information, which has been prepared specifically for the purpose of this Document, has been prepared on a basis that combines the results and assets and liabilities of each of the companies constituting the SCA Packaging Group by applying the principles underlying the consolidation procedures of IAS 27 (revised) 'Consolidated and Separate Financial Statements' ("IAS 27R"). The combined financial information has been prepared from applicable individual financial returns of the companies forming the SCA Packaging Group. The individual financial returns were prepared for the SCA Group consolidation purposes and where relevant have been adjusted for items previously recorded only at a SCA Group level. The SCA Group prepares its financial statements in accordance with IFRS. The SCA Packaging Group has not previously prepared or reported any combined financial information. Consequently no IFRS 1 reconciliations are included within this combined financial information.

The combined historical financial information has been prepared in accordance with the requirements of the Prospectus Directive Regulation, the Listing Rules, and in accordance with this basis of preparation. The basis of preparation describes how the financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (and IFRSs as issued by the International Accounting Standards Board (IASB)), except as described below. References to "IFRS" hereafter should be construed as references to IFRS as adopted by the EU. IFRS does not provide for the preparation of combined historical financial information, and accordingly in preparing the combined historical financial information certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on historical financial information) issued by the UK Auditing Practices Board have been applied. The application of these conventions results in the following material departures from IFRS. In all other respects IFRS has been applied.

- As explained above, the combined historical financial information is prepared on a combined basis and therefore does not comply with the requirements of IAS 27R. The financial information has therefore been prepared on a combined basis applying the principles underlying the consolidation procedures of IAS 27R.
- As the financial information has been prepared on a combined basis, it is not possible to measure earnings per share. Accordingly, the requirement of IAS 33 'Earnings per Share' ("IAS33") to disclose earnings per share has not been complied with.

The combined financial information for the SCA Packaging Group has been prepared in Swedish kronor (SEK), which is the functional currency of the current ultimate parent company of the SCA Packaging Group, SCA. The presentational currency for the SCA Packaging Group financial information is Euros and the combined financial information has been rounded to one decimal place, unless otherwise indicated. The following summarizes the accounting and other principles applied in preparing the combined historical financial information:

- As a member of the SCA Group, the SCA Packaging Group has relied on other SCA Group companies to provide certain central services including, but not limited to, management information systems, accounting and financial reporting, treasury and taxation services. The SCA Packaging Group has not historically been charged costs by other SCA companies for these services and therefore the costs of the SCA Packaging Group are not necessarily representative of the position that would have

been reported had the SCA Packaging Group been an independent group or that may prevail in the future.

- The tax charges in this financial information have been determined based on the tax charges recorded by the SCA Packaging Group companies in their local statutory accounts as well as certain adjustments made for SCA Group consolidation purposes. Deferred tax assets and liabilities reflect the full historical deferred tax assets and liabilities recorded by the legal entities included in the SCA Packaging Group. The tax charges recorded in the profit and loss account may have been affected by the taxation arrangements within the SCA Group, and are not necessarily representative of the tax charges that could apply in the future.
- Transactions and balances between entities included within the SCA Packaging Group have been eliminated. All trading balances between entities within the SCA Packaging Group and other SCA companies have been presented in the SCA Packaging Group financial information in either trade receivables or trade payables. Balances between entities within the SCA Packaging Group and other SCA companies that are unconnected with a trading relationship have been classified within financial receivables or financial liabilities, except of those that are non-interest bearing and have the characteristics of equity. Such balances have been presented in Invested Capital.
- Interest income and expenses recorded in the combined income statement has been affected by the historical financing arrangements within the SCA group nor are they necessarily representative of the interest income and expenses that would have been reported had the SCA Packaging Group been an independent group. They are not necessarily representative of the interest income and expenses that may arise in the future.
- The SCA Packaging Group in the past has not formed a separate legal group, and therefore it is not possible to show share capital or an analysis of reserves for the SCA Packaging Group. The net assets of the SCA Packaging Group are represented by the cumulative investment of the SCA group in the SCA Packaging Group (shown as “Invested Capital”).

In addition to the above, under the terms of the proposed acquisition, the SCA Packaging Group will be acquired on cash, debt and, to the extent legally possible and commercially practicable, pension free basis. For the purposes of the preparation of the SCA Packaging Group financial information no adjustment has been made to remove cash, debt or pension liabilities. The cash, debt and pension liabilities are therefore not representative of the cash, debt and pension liabilities of the SCA Packaging Group following the proposed acquisition.

The combined financial information is prepared on the historical cost basis except that assets and liabilities of certain financial instruments, and defined benefit pension plans are stated at their fair value.

The combined financial information has been prepared on a going concern basis.

The preparation of combined financial information requires management to make judgments, estimates and assumptions that affect whether and how policies are applied and affect the reported amounts of assets and liabilities, income and expenses. Judgments made by management in the application of adopted IFRSs that have a significant effect on the combined financial information and estimates with a significant risk of material adjustment in the next year are discussed in accounting policy (v).

The accounting policies set out below have been applied consistently to all periods presented in this combined financial information. The accounting policies have been applied consistently by all SCA Packaging Group entities.

(b) Basis of combination

(i) Subsidiaries

The financial statements of subsidiaries are included in the combined financial information from the date on which control is transferred to the SCA Group until the date that control ceases. Control is achieved where owners of the SCA Packaging Group have the power to govern the

financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the combined income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Intra-group balances and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the combined financial information.

(ii) Associates

An associate is an entity over which there is significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over those policies. Associates are initially recognised at cost. The combined financial information include the SCA Packaging Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

(iii) Joint ventures

The combined financial information include the SCA Packaging Group's proportionate share of its joint ventures' assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis, from the date that joint control commences until the date that joint control ceases. On disposal or reclassification of a joint venture such that the SCA Packaging Group no longer has joint control, any difference between the fair value of any retained investment (and any proceeds from disposing of the part interest in the jointly controlled entity) and the carrying amount of the investment at the date when joint control is lost is recognised in the income statement.

(iv) Non-controlling interests

The share of profit attributable to non-controlling interests is shown as a component of profit for the period in the income statement. Non-controlling interests are shown as a component of Invested Capital in the statement of financial position.

(c) Revenue

Revenue comprises the fair value of the sale of goods and services, net of value added tax, rebates and discounts and after eliminating sales within the SCA Packaging Group. Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Income from the SCA Packaging Group's recycling operations is included within other income in cost of sales as management consider that the SCA Packaging Group's recycling business has historically primarily been a support function to the SCA Group's businesses and recovered paper has not been a core product for the SCA Packaging Group.

(d) Government grants

(i) Emission quotas

The SCA Packaging Group participates in Phase II of the EU Emissions Trading Scheme. Emission quotas received in a period are initially recognised at a nominal value of nil. As a result, no asset or liability is recognised on the statement of financial position at initial recognition. A provision is recognised if there is any anticipated shortfall in the level of quotas received or purchased when compared with actual emissions in any given period, measured at the market price of such quotas at the statement of financial position date.

(ii) Other

Other government grants are recognised in the statement of financial position initially as deferred income when there is reasonable assurance that they will be received and that the SCA Packaging Group will comply with the conditions attaching to them. Grants that compensate the SCA Packaging Group for expenses incurred are offset against the expenses in the same periods in which the expenses are incurred.

(e) Dividends

Dividends attributable to the owners of the SCA Packaging Group that are declared during the year are recognised directly in Invested Capital.

(f) Foreign currency translation

Items included in the financial statements of each of the SCA Packaging Group's entities are measured using the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are translated into the relevant functional currency at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into the relevant functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation of monetary assets and liabilities are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transactions.

The assets and liabilities of all the SCA Packaging Group entities that have a functional currency other than Swedish Kronor are translated at the closing exchange rate at the date of the statement of financial position. Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transactions). On combination, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings, are recognised in the translation reserve. On the disposal of foreign currency entities, the cumulative exchange difference recorded in the translation reserve is taken to the income statement as part of the gain or loss on disposal.

The results and financial position of the SCA Packaging Group are translated from Swedish Kroner into the presentational currency of Euros as follows:

- Assets and liabilities are translated at the closing rate at the date of that balance sheet
- Income and expenses for each income statement are translated at average exchange rates
- All resulting exchange differences are recognised as a separate component within equity

The following exchange rates against Swedish Kroner were applied in the year.

	9 Months ended 30 September 2011		Year ended 31 December 2010		Year ended 31 December 2009		Year ended 31 December 2008	
	Average	Closing	Average	Closing	Average	Closing	Average	Closing
EURO	9.0045	9.2639	9.5322	8.9962	10.5922	10.3244	9.5779	10.9360

(g) Intangible assets

(i) Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill (positive and negative) arising on the acquisition of subsidiaries, associates and joint ventures, represents the excess of the cost of an acquisition over the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less accumulated impairment losses (refer to accounting policy (i)). The useful life of goodwill is considered to be indefinite. Goodwill is allocated to cash-generating units and is tested annually for impairment. Negative goodwill arising on an acquisition is recognised immediately in the income statement.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if the product or process is technically and commercially feasible and the SCA Packaging Group has sufficient resources to complete development. The expenditure capitalized includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalized development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses (refer to accounting policy (i)).

(iii) Computer software

Computer software that is integral to a related item of hardware is included within tangible fixed assets. All other computer software is treated as an intangible asset.

(iv) Intellectual property

Intellectual property is stated at cost less accumulated amortisation (see below) and impairment losses (refer to accounting policy (i)).

(v) Other intangible assets

Other intangible assets that are acquired by the SCA Packaging Group are stated at cost less accumulated amortisation (see below) and impairment losses (refer to accounting policy (i)).

(vi) Amortisation

Amortisation of intangible assets (excluding goodwill) is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets (other than goodwill) are amortised from the date they are available for use. The estimated useful lives are as follows:

Research and development	5–10 years
Licences, patents and similar rights	3–20 years

Goodwill is systematically tested for impairment at each statement of financial position date, and when there is an indication of impairment.

(h) Property, plant and equipment and other investments

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (refer to accounting policy (i)). The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

The SCA Packaging Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the SCA Packaging Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each item of property, plant and equipment, and major components that are accounted for separately (or in the case of leased assets, the lease period, if shorter). Land is not depreciated. The estimated useful lives are as follows:

Freehold and long leasehold properties	15–50 years
Plant and equipment, fixtures and fittings (including IT hardware)	3–25 years
Motor vehicles	4–5 years

Other investments consist of available for sale investments in unquoted equity and debt securities and are carried at cost, less any impairment.

(i) Impairment

The carrying amounts of the SCA Packaging Group's assets, including tangible and intangible non-current assets, other than inventories (refer to accounting policy (l)) and deferred tax assets (refer to accounting policy (t)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(i) Calculation of recoverable amount

The recoverable amount of the SCA Packaging Group's assets is calculated as the value in use, being the present value of expected future cash flows, using a discount rate that reflects the current assessment of the time value of money, or the net selling price, if greater. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

Impairment losses in respect of goodwill are not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Derivative financial instruments

The SCA Packaging Group uses derivative financial instruments, primarily commodity swaps, to manage commodity risks associated with the SCA Packaging Group's underlying business activities. The SCA Group has a policy not to, and does not undertake any speculative activity in these instruments.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivative financial instruments are accounted for as hedges when designated as hedges at the inception of the contract and when the financial instruments provide an effective hedge of the underlying risk. Any gains or losses arising from the hedging instruments are offset against the hedged items.

For the purpose of hedge accounting in the SCA Packaging Group, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with either a statement of financial position item or a highly probable forecast transaction.

Any gains or losses arising from changes in the fair value of all other derivatives are taken to the income statement. These may arise from derivatives for which hedge accounting is not applied because they are not effective as hedging instruments.

The treatment of gains and losses arising from revaluing derivatives designated as cash flow hedging instruments is that the effective portion of the gain or loss on the hedging instrument is recognised directly in Invested Capital, while the ineffective portion is recognised in the income statement. Amounts taken to Invested Capital are transferred to the income statement when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to Invested Capital are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or roll-over, the hedged transaction ceases to be highly probable, or if its designation as a hedge is revoked,

amounts previously recognised in Invested Capital remain in Invested Capital until the forecast transaction occurs and are transferred to the income statement or to the initial carrying amount of a non-financial asset liability as above. If a forecast transaction is no longer expected to occur, amounts previously recognised in Invested Capital are transferred to the income statement.

(k) Trade and other receivables

Trade and other receivables are stated at their cost less impairment provisions (refer to accounting policy (i)).

(l) Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the SCA Packaging Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(n) Borrowings

Borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with borrowing costs being accounted for on an accruals basis in the income statement using the effective interest method.

(o) Employee benefits

(i) Defined contribution schemes

Contributions to defined contribution pension schemes are recognised as an employee benefit expense within personnel expenses in the income statement, as incurred.

(ii) Defined benefit schemes

The SCA Packaging Group's net obligation in respect of defined benefit pension schemes is calculated separately for each scheme by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to its present value amount and recognised in the income statement as personnel expense; a corresponding liability for all future benefits is established on the statement of financial position and the fair value of any schemes' assets is deducted. Funded plans with net assets, that is, plans with assets exceeding obligations, are recognised as a financial asset.

The discount rate is the yield at the reporting date on first-class corporate bonds (equivalent to AA credit rated) that have maturity dates approximating to the duration of the schemes' obligations. The calculation is performed by a qualified actuary using the projected unit method.

Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

For defined benefit schemes, the operating and financing costs are recognised separately in the income statement. The amounts charged to operating profit in respect of defined benefit arrangements are the current and past service costs and gains and losses on settlements and curtailments. They are included as part of personnel expenses. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The amount

charged to financing costs includes a credit equivalent to the SCA Packaging Group's expected return on the pension plans' assets over the year, offset by a charge equal to the expected increase in the plans' liabilities over the year.

(iii) Long-term service benefits

The SCA Packaging Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

(p) Provisions

A provision is recognised in the statement of financial position when the SCA Packaging Group has a present legal or constructive obligation as a result of a past event, and a reliable estimate can be made of the amount of the obligation, and it is probable that an outflow of economic benefits will be required to settle the obligation and are discounted to present value where the effect is material.

(q) Exceptional items

Exceptional items are events or transactions that fall within the activities of the SCA Packaging Group and which by virtue of their size or incidence have been disclosed in order to improve a reader's understanding of the financial information of the SCA Packaging Group.

(r) Trade and other payables

Trade and other payables are stated at their cost.

(s) Leases

Property, plant and equipment acquired under a lease that transfers substantially all of the risks and rewards of ownership to the SCA Packaging Group are capitalised as tangible fixed assets. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

(t) Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case, it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided for using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and the SCA Packaging Group is able to control the reversal of such temporary differences. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(u) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the SCA Packaging Group's accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell.

Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the SCA Packaging Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(v) Critical accounting policies

The application of the SCA Packaging Group's accounting policies requires management to make estimates and assumptions; these estimates and assumptions affect the reported assets and liabilities and financial results of the SCA Packaging Group. Actual outcomes could differ from the estimates and assumptions used. The SCA Packaging Group's accounting policies that are most critical to an understanding of the results and position of the SCA Packaging Group, and the judgements involved in their application, are as follows:

(i) Impairments

When applying IAS 36, 'Impairment of Assets', the SCA Packaging Group compares the carrying value of goodwill and intangible assets with the higher of their net realisable value and value in use to determine whether an impairment exists.

Value in use is calculated by discounting the cash flows expected to be generated by the asset/group of assets being tested for evidence of impairment. The use of different estimates, assumptions and judgements, in particular those involved in (a) determining a value based on management's current expectations of future conditions and the associated cash flows from the SCA Packaging Group's operations, (b) management's determination of the level at which groups of assets can be reasonably tested for impairment separately from other parts of the business and (c) management's treatment of centrally held assets, could each result in materially different carrying values of assets and assessments of impairment. See note 8 for additional information.

(ii) Pensions and other post-retirement benefits

IAS 19, 'Employee Benefits', requires the SCA Packaging Group to make assumptions including, but not limited to, future asset returns, rates of inflation, discount rates and life expectancies. The use of different assumptions, in any of the above calculations, could have a material effect on the accounting values of the relevant statement of financial position assets and liabilities which could also result in a change to the cost of such liabilities as recognised in the income statement over time. These assumptions are subject to periodic review. See note 22 for additional information.

(iii) Accounting for carbon dioxide (CO₂) emissions

There are currently no accounting standards that specifically address accounting for emission allowances. The Group has applied a 'net liability' approach. Under a 'net liability' approach, no assets or government grants are recognised when allowances are initially received. This is because they are ascribed a nominal value of nil. As allowances granted to the Group are used to offset the liability from CO₂ emissions, no accounting entries are required so long as the related emissions generated are within the allowance received from the government. If such emissions are in excess of the allowance received (known as a shortfall position) a provision is made at the current market price for carbon credits. In the case where emission quotas are acquired through

an acquisition, any surplus emission quotas are fair valued in accordance with IFRS 3 'Business Combinations.'

(w) IFRS standards and interpretations in issue but not yet effective

The International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) have issued new standards and interpretations with an effective date after the date of this financial information. Unless where stated, the SCA Packaging Group does not anticipate that the adoption of those standards and interpretations that are effective for the financial year ending 31 December 2012 will have a material effect on its financial statements on initial adoption. The standards and interpretation to be adopted by the SCA Packaging Group include:

International Financial Reporting Standards (IFRS/IAS)		Effective date— financial years ending
Revised IAS 24	Related Party Disclosures changed to the definition of a related party	31 December 2012
IFRIC 14	Amendments to treatment of prepayments of a Minimum Funding Requirement	31 December 2012
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	31 December 2012
IFRS 7	Amendments to IFRS 7 Financial Instruments: Disclosures (not yet endorsed by the EU)	31 December 2013
IAS 12	Amendments to IAS 12 Income Taxes, Deferred tax: Recovery of Underlying Assets (not yet endorsed by the EU)	31 December 2013
IAS 19	Amendments to IAS 19 Employee Benefits (not yet endorsed by the EU)	31 December 2014
IFRS 9	Financial Instruments (not yet endorsed by the EU)	31 December 2014
IFRS 10	Consolidated financial statements	31 December 2014
IFRS 11	Joint arrangements	31 December 2014
IFRS 12	Disclosure of interests in other entities	31 December 2014
IFRS 13	Fair Value Measurements and Disclosures (not yet endorsed by the EU)	31 December 2014
IAS 27 Revised May 2010	Separate financial statements	31 December 2014
IAS 28	Investments in associates and joint ventures	31 December 2014

2. Segment reporting

The SCA Packaging Group operates in one area: Packaging which represents the SCA Packaging Group's reportable segment. The SCA Packaging Group's CEO (the chief operating decision maker) reviews internal management reports for packaging on a regular basis. The SCA Packaging Group operates on a worldwide basis.

The SCA Packaging Group has two product lines, Corrugated and Packaging and Containerboard.

	9 months ended 30 September 2011	9 months ended 30 September 2010	Year ended 31 December 2010	Year ended 31 December 2009	Year ended 31 December 2008
	€m	€m	€m	€m	€m
Corrugated & Packaging	1,866.0	1,723.3	2,335.2	2,113.6	2,567.9
Containerboard	514.6	372.6	514.9	324.9	538.6
Eliminations ⁽¹⁾	(315.1)	(223.6)	(307.8)	(205.6)	(373.5)
Total external revenue	2,065.5	1,872.3	2,542.3	2,232.9	2,733.0

⁽¹⁾ Eliminations relate to intercompany sales between the containerboard and corrugated businesses.

In presenting information by geographical area, external revenue is based on geographical location of customers. Non-current assets are based on the geographical location of the assets.

Geographical areas

9 months ended 30 September	External revenue 2011	External revenue 2010	Capital expenditure 2011	Capital expenditure 2010
	€m	€m	€m	€m
Germany	407.4	365.8	(36.9)	(24.2)
Italy	341.0	292.3	(12.0)	(7.7)
Sweden	145.7	126.8	(1.8)	(1.0)

UK	109.5	99.3	(0.7)	(1.8)
France	261.6	238.9	(9.4)	(1.9)
Western Europe	594.2	538.9	(3.9)	(6.7)
Eastern Europe	193.5	172.1	(1.6)	(1.2)
Rest of the World	12.6	38.2	–	–
	2,065.5	1,872.3	(66.3)	(44.5)

	Non-current assets
As at 30 September 2011	2011
	€m
Germany	432.0
Italy	365.4
Sweden	79.0
UK	257.3
France	169.7
Western Europe	1,252.2
Eastern Europe	109.2
Rest of the World	–
	2,664.8

Year ended 31 December	External revenue			Non-current assets			Capital expenditure		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
	€m	€m	€m	€m	€m	€m	€m	€m	€m
Germany	496.9	441.3	519.4	429.8	414.8	444.2	(40.5)	(11.2)	(25.8)
Italy	397.2	323.1	408.6	380.0	381.6	286.8	(16.3)	(18.1)	(40.4)
Sweden	172.2	140.0	177.0	89.5	70.1	81.0	(3.6)	(2.4)	(3.9)
UK	134.8	137.7	134.2	284.8	247.4	238.5	(3.8)	(8.9)	(6.7)
France	324.2	291.7	365.2	175.4	190.0	172.4	(12.6)	(5.4)	(49.0)
Western Europe	731.8	678.1	831.8	1,178.0	1,223.2	590.3	(11.9)	(14.1)	(33.4)
Eastern Europe	233.4	189.2	279.4	176.4	177.7	180.1	(4.0)	(28.9)	(30.7)
Rest of the World	51.8	31.8	17.4	–	–	–	–	–	–
	2,542.3	2,232.9	2,733.0	2,713.9	2,704.8	1,993.3	(92.7)	(89.0)	(189.9)

3. Operating profit/(loss)

	9 months ended 30 September 2011	9 months ended 30 September 2010	Year ended 31 December 2010	Year ended 31 December 2009	Year ended 31 December 2008
	€m	€m	€m	€m	€m
Operating expenses					
Distribution expenses	(189.1)	(197.5)	(262.0)	(239.9)	(283.2)
Administrative expenses (includes amortisation of intangible assets)	(238.3)	(242.3)	(315.9)	(406.4)	(280.5)
	(427.4)	(439.8)	(577.9)	(646.3)	(563.7)

Details of exceptional items recorded within operating profit are set out in note 4.

Operating profit is stated after (charging)/crediting the following:

	9 months ended 30 September 2011	9 months ended 30 September 2010	Year ended 31 December 2010	Year ended 31 December 2009	Year ended 31 December 2008
	€m	€m	€m	€m	€m
Recycling income	165.9	152.5	208.4	127.4	170.3
Depreciation—owned assets	(79.3)	(81.4)	(109.0)	(117.0)	(121.3)
—leased assets	(0.2)	(0.6)	(0.3)	(0.9)	(0.9)
Amortisation of intangible assets	(4.3)	(4.7)	(6.3)	(6.5)	(7.4)
Hire of plant and machinery	(11.6)	(10.4)	(14.1)	(14.2)	(12.3)
Other operating lease rentals	(18.3)	(16.2)	(22.0)	(14.4)	(15.8)
Exchange gains and losses	(0.1)	(0.2)	0.3	(0.2)	–
Research and development	(9.5)	(8.4)	(11.2)	(9.9)	(11.1)

Gains/(losses) on the sale of land and buildings	0.3	1.2	2.2	3.0	2.0
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4. Exceptional items

Items are presented as 'exceptional' in the combined financial information where they relate to events or transactions that fall within the activities of the SCA Packaging Group and which by virtue of their size or incidence have been disclosed in order to improve a reader's understanding of the financial information of the SCA Packaging Group. All exceptional costs have been included in operating expenses.

	9 months ended 30 September 2011	9 months ended 30 September 2010	Year ended 31 December 2010	Year ended 31 December 2009	Year ended 31 December 2008
	€m	€m	€m	€m	€m
Restructuring costs– Personnel costs	(8.4)	(12.8)	(13.4)	(44.0)	—
Restructuring costs–Other operating expenses	(2.9)	(7.4)	(5.6)	(21.5)	—
Impairment of working capital items	(0.7)	(3.3)	(2.7)	(3.4)	—
Restructuring costs	(12.0)	(23.5)	(21.7)	(68.9)	—
Impairment of intangibles and property, plant and equipment	(6.1)	(0.5)	(2.4)	(53.4)	—
Loss on disposal of subsidiary undertakings (note 27)	(3.9)	—	—	—	—
Total exceptional items recognised in operating profit/(loss)	(22.0)	(24.0)	(24.1)	(122.3)	—
Total pre-tax exceptional items	(22.0)	(24.0)	(24.1)	(122.3)	—
Income tax credit on exceptional items	4.7	6.3	6.3	31.8	—
Total post-tax exceptional items	(17.3)	(17.7)	(17.8)	(90.5)	—

2009: During 2009 SCA launched a restructuring programme, Plan D, in the European packaging operations in order to adjust the operations' capacity and costs. In total, in connection with this programme, 17 plants with the SCA Packaging Group have been closed and personnel reductions corresponding to approximately 2,100 positions have been carried out.

The restructuring costs in 2009 relate to plants in Germany €17.0m, Netherlands €7.6m, Denmark €6.6m, Sweden €3.7m, the UK €18.5m and to other countries €12.1m. Impairments of property, plant and equipment relates to France €10.4m, Russia €9.2m, UK €6.9m, Greece €6.5m, Denmark €6.2m, Poland €2.4m and other countries €11.8m.

2010: The restructuring costs in 2010 relate to plants in France €10.4m, Germany €6.5m and other countries €2.1m. Impairments of property, plant and equipment amounted to €2.4m.

2011: During the third quarter of 2011 an efficiency enhancement programme was launched to reduce costs and increase profitability of the Packaging division, Plan E. The programme involves staff reductions of 211 positions. The estimated annual cost savings total €7.5m and are expected to accrue over 2012 and 2013.

Restructuring costs in the third quarter of 2011 relate to plants in UK €4.3m, Germany €3.8m, Russia €2.2m and other countries €1.0m. Impairments of property, plant and equipment in Czech Republic €2.8m, Denmark €1.3m, the UK €1.2m and other countries €0.8m. The loss on disposal of subsidiary undertakings relates to disposal of the SCA Packaging Group's operations in Greece (see note 27).

5. Finance income and costs

	9 months ended 30 September 2011	9 months ended 30 September 2010	Year ended 31 December 2010	Year ended 31 December 2009	Year ended 31 December 2008
	€m	€m	€m	€m	€m
Interest on loans and overdrafts	0.8	2.5	3.0	3.0	4.1
Interest expenses to SCA Group companies	25.4	23.3	31.0	47.5	89.1
Finance lease interest	0.1	0.1	0.2	—	—
Other	0.2	—	0.1	0.2	0.8
Finance costs	26.5	25.9	34.3	50.7	94.0
Interest income from financial assets	(0.4)	(0.2)	(0.2)	(0.4)	(1.3)
Interest income from SCA Group companies	(31.8)	(30.8)	(40.7)	(31.1)	(24.8)
Finance income	(32.2)	(31.0)	(40.9)	(31.5)	(26.1)

6. Personnel expenses

	9 months ended 30 September 2011	9 months ended 30 September 2010	Year ended 31 December 2010	Year ended 31 December 2009	Year ended 31 December 2008
	€m	€m	€m	€m	€m
Wages and salaries	(311.6)	(323.8)	(440.3)	(439.9)	(513.0)
Social security costs	(74.1)	(77.8)	(101.7)	(102.0)	(106.6)
Contributions to defined contribution pension plans	(10.3)	(11.4)	(15.4)	(15.6)	(16.6)
Service costs for defined benefit schemes (see note 22)	(10.4)	(8.6)	(11.3)	(11.1)	(19.3)
Personnel expenses	(406.4)	(421.6)	(568.7)	(568.6)	(665.5)

The amounts above include the following expenses in 2008 in connection with discontinued operations: wages and salaries of €43.5m, social security costs of €11.6m and service costs for defined benefit schemes of €4.5m.

The average number of employees (full-time equivalents) during the financial period/year, analysed by geographical region was:

	9 months ended 30 September 2011 Number	9 months ended 30 September 2010 Number	Year ended 31 December 2010 Number	Year ended 31 December 2009 Number	Year ended 31 December 2008 Number
Germany	2,634	2,661	2,653	2,777	2,881
Italy	1,331	1,345	1,338	1,395	1,403
Sweden	794	784	779	771	822
UK	1,093	1,082	1,083	1,237	2,759
France	1,413	1,621	1,612	1,672	1,722
Rest of Western Europe	2,704	2,905	2,869	3,262	3,649
Eastern Europe	2,116	2,632	2,562	2,781	3,008
Average number of employees	12,085	13,030	12,986	13,895	16,244

The average number of full time equivalents in 2008 includes 1,253 employees that were employed within operations in the UK that were discontinued during 2008.

7. Income tax expense/credit

Income tax (expense)/credit recognised in the income statements

	9 months ended 30 September 2011	9 months ended 30 September 2010	Year ended 31 December 2010	Year ended 31 December 2009	Year ended 31 December 2008
	€m	€m	€m	€m	€m
Current tax (expense)/credit					
Current year	(29.6)	(22.5)	(23.0)	6.6	(23.4)
Adjustment in respect of prior years/periods	1.8	5.3	5.5	3.2	0.7
	(27.8)	(17.2)	(17.5)	9.8	(22.7)
Deferred tax (expense)/credit					
Origination and reversal of temporary differences	(5.1)	6.4	(1.6)	10.4	0.6
Changes in tax rates	–	–	–	–	0.6
Adjustment in respect of prior periods/years	0.5	(0.7)	(3.1)	3.2	9.1
	(4.6)	5.7	(4.7)	13.6	10.3
Total income tax (expense)/credit in the income statement	(32.4)	(11.5)	(22.2)	23.4	(12.4)

The reconciliation of the actual tax charge to the domestic corporation tax rate is as follows:

	9 months ended 30 September 2011	9 months ended 30 September 2010	Year ended 31 December 2010	Year ended 31 December 2009	Year ended 31 December 2008
	€m	€m	€m	€m	€m
Profit/(loss) before income tax	104.2	58.8	98.4	(112.1)	69.2
Less: share of profit of associates	(1.4)	(1.1)	(1.6)	–	(0.1)
Profit/(loss) before tax and share of profit of associates	102.8	57.7	96.8	(112.1)	69.1
Income tax calculated using the domestic corporation tax rate of Sweden of 26.3% (2010: 26.3%, 2009: 26.3%; 2008: 28%)	(27.0)	(15.2)	(25.5)	29.5	(19.3)
Effect of tax rates in overseas jurisdictions	0.6	1.0	2.5	(2.2)	–
Non-deductible expenses	(7.7)	0.6	(2.0)	(11.5)	(3.7)
Origination of tax losses not recognised	(0.5)	(1.6)	(1.7)	(0.8)	(1.3)
Adjustment in respect of prior periods/years	2.3	4.6	2.5	6.4	9.8
Effect of change in Swedish corporation tax rate	–	–	–	–	0.6
Other	(0.1)	(0.9)	2.0	2.0	1.1
Income tax (expense)/credit	(32.4)	(11.5)	(22.2)	23.4	(12.4)

The tax charges in this financial information have been determined based on the tax charges recorded by the SCA Packaging Group companies in their local statutory accounts as well as certain adjustments made for SCA Group consolidation purposes. Deferred tax assets and liabilities reflect the full historical deferred tax assets and liabilities recorded by the legal entities included in the SCA Packaging Group.

The tax charges recorded in the profit and loss account have been affected by the taxation arrangements within the SCA Group, and are not necessarily representative of the tax charges that could apply in the future.

Tax on other comprehensive income and equity

	Gross 9 months ended 30 September 2011 €m	Tax credit/(charge) 9 months ended 30 September 2011 €m	Net 9 months ended 9 30 September 2011 €m	Gross months ended 9 30 September 2010 €m	Tax credit/(charge) 9 months ended 30 September 2010 €m	Net 9 months ended 30 September 2010 €m
Actuarial (losses)/gains on defined pension schemes	(114.8)	22.9	(91.9)	(69.0)	14.5	(54.5)
Currency translation gains	(9.9)	-	(9.9)	30.6	-	30.6
Movements in cash flow hedges	0.8	(0.2)	0.6	(0.7)	0.1	(0.6)
Other comprehensive (expense)/income	(123.9)	22.7	(101.2)	(39.1)	14.6	(24.5)

	Gross Year ended 31 December 2010 €m	Tax credit/(charge) Year ended 31 December 2010 €m	Net Year ended 31 December 2010 €m	Gross Year ended 31 December 2009 €m	Tax credit/(charge) Year ended 31 December 2009 €m	Net Year ended 31 December 2009 €m	Gross Year ended 31 December 2008 €m	Tax credit/(charge) Year ended 31 December 2008 €m	Net Year ended 31 December 2008 €m
Actuarial (losses)/gains on defined pension schemes	(30.3)	8.3	(22.0)	(54.6)	14.8	(39.8)	(122.0)	33.5	(88.5)
Currency translation gains	12.7	-	12.7	(1.8)	-	(1.8)	(36.9)	-	(36.9)
Movements in cash flow hedges	2.5	(0.7)	1.8	-	-	-	-	-	-
Other comprehensive (expense)/income	(15.1)	7.6	(7.5)	(56.4)	14.8	(41.6)	(158.9)	33.5	(125.4)

There were no tax charges or credits on items related to transactions with owners of the SCA Packaging Group directly recognised in equity for the above periods.

8. Intangible fixed assets

	Goodwill				Licences, patents and similar rights				Capitalised development cost				Total			
	Sep 11	Dec 10	Dec 09	Dec 08	Sep 11	Dec 10	Dec 09	Dec 08	Sep 11	Dec 10	Dec 09	Dec 08	Sep 11	Dec 10	Dec 09	Dec 08
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Accumulated costs	490.0	497.5	485.5	473.9	57.7	57.6	54.2	53.8	28.9	28.9	28.8	27.7	576.6	584.0	568.5	555.4
Accumulated amortisation	-	-	-	-	(44.8)	(43.4)	(38.0)	(36.1)	(19.7)	(18.4)	(16.5)	(14.1)	(64.5)	(61.8)	(54.5)	(50.2)
Accumulated impairment	-	-	-	-	(0.1)	(0.2)	(0.8)	(0.6)	(2.2)	(2.2)	(2.2)	(0.1)	(2.3)	(2.4)	(3.0)	(0.7)
Net book value	490.0	497.5	485.5	473.9	12.8	14.0	15.4	17.1	7.0	8.3	10.1	13.5	509.8	519.8	511.0	504.5

	Goodwill				Licences, patents and similar rights				Capitalised development cost				Total			
	Sep 11	Dec 10	Dec 09	Dec 08	Sep 11	Dec 10	Dec 09	Dec 08	Sep 11	Dec 10	Dec 09	Dec 08	Sep 11	Dec 10	Dec 09	Dec 08
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
As at 1 January	497.5	485.5	473.9	524.3	14.0	15.4	17.1	20.2	8.3	10.1	13.5	14.2	519.8	511.0	504.5	558.7
Investments	-	-	-	-	0.8	2.3	2.8	2.9	-	-	1.0	0.6	0.8	2.3	3.8	3.5
Sales and disposals	-	-	-	-	-	(0.3)	-	-	-	-	-	-	-	(0.3)	-	-
Company divestments	(3.1)	-	-	-	-	-	-	-	-	-	-	-	(3.1)	-	-	-
Reclassifications	-	-	-	-	0.9	1.0	0.3	(1.1)	-	-	-	1.1	0.9	1.0	0.3	-
Reclassification of joint venture (note 30)	(2.6)	-	-	-	-	-	-	-	-	-	-	-	(2.6)	-	-	-
Amortisation for the year	-	-	-	-	(3.0)	(4.4)	(4.2)	(4.8)	(1.3)	(1.9)	(2.3)	(2.6)	(4.3)	(6.3)	(6.5)	(7.4)
Impairment for the year	-	-	-	-	-	-	-	-	-	-	(2.1)	-	-	-	(2.1)	-
Translation differences	(1.8)	12.0	11.6	(50.4)	0.1	-	(0.6)	(0.1)	-	0.1	-	0.2	(1.7)	12.1	11.0	(50.3)
Net book value	490.0	497.5	485.5	473.9	12.8	14.0	15.4	17.1	7.0	8.3	10.1	13.5	509.8	519.8	511.0	504.5

Impairment testing

Goodwill is tested for impairment at the level of cash-generating units at least once each year or more frequently if there are indications that goodwill might be impaired. The Directors have considered that SCA Packaging Group has only one cash-generating unit. The carrying amounts of the entities within the SCA Packaging Group plus the goodwill allocated to the SCA Packaging Group has been tested against the recoverable amount of the SCA Packaging Group cash-generating unit which has been determined based on value in use calculations for all periods.

For the financial years 2008, 2009 and 2010 the value in use calculation was based on the budgeted cash flows for the subsequent year as approved by the directors of the SCA Group. The assumed growth rate for the following four years was 2% and a terminal value multiple applied thereafter. The applicable discount rates used for the plan periods was 6.6%, 5.9% and 5.3% for 2008, 2009 and 2010 respectively. These discount rates represent the weighted average cost of capital (WACC) for the Packaging Europe division of the SCA Group as at 31 December 2008, 2009 and 2010.

The key assumptions in the value in use calculation as at 30 September 2011 were:

- Cash forecasts derived from the latest forecast for the year ending 31 December 2011 and for the subsequent two financial years to 31 December 2013 as approved by the SCA Group directors and as used by the SCA Packaging Group for working capital forecasts. Cash flows for the following three years were extrapolated assuming an inflationary growth rate of 2%; and
- Discount rate of 5.4% based on the Packaging Europe WACC.

The headroom for the impairment test is summarised as follows:

	9 months ended 30-September 2011	Year ended 31-December 2010	Year ended 31-December 2009	Year ended 31-December 2008
	€m	€m	€m	€m
Headroom	72.4	314.3	307.2	192.6

The headroom represents the difference between the calculated value in use and the carrying amount of the SCA Packaging cash generating unit. As at 30 September 2011 the carrying amount was €1,952m.

It is possible impairment would be identified if any of the above key management assumptions were changed significantly. For instance, factors which could cause impairment are:

- significant underperformance relative to the forecast results;
- changes to the way the assets are used or the strategy for the business;
- a further deterioration in the industry or the wider economy; and
- an increase in the discount rate used.

The value in use is based upon anticipated discounted future cash flows. Management believe the assumptions used as set out above are appropriate. In order for the remaining headroom as at 30 September 2011 to be used, the discount rate would have to increase by 0.8% to 6.2%.

9. Property, plant and equipment

	Building				Land				Machinery and equipment				Construction in progress				Total				
	Sep-11	Dec-10	Dec-09	Dec-08	Sep-11	Dec-10	Dec-09	Dec-08	Sep-11	Dec-10	Dec-09	Dec-08	Sep-11	Dec-10	Dec-09	Dec-08	Sep-11	Dec-10	Dec-09	Dec-08	
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Accumulated cost	612.1	638.1	615.3	594.8	113.6	130.3	130.2	129.3	1,976.4	2,059.3	2,056.1	2,086.7	83.5	65.4	44.4	102.5	2,785.6	2,893.1	2,846.0	2,913.3	
Accumulated depreciation	(268.8)	(267.6)	(251.0)	(242.0)	(9.2)	(12.7)	(12.2)	(10.8)	(1,220.2)	(1,232.5)	(1,194.4)	(1,195.3)	-	-	-	-	(1,498.2)	(1,512.9)	(1,457.6)	(1,448.1)	
Accumulated impairment	(20.1)	(23.8)	(22.0)	(15.1)	(3.9)	(4.1)	(3.3)	(2.5)	(49.3)	(71.1)	(75.0)	(68.9)	-	-	-	-	(73.3)	(99.0)	(100.3)	(86.5)	
Net book value	323.2	346.7	342.3	337.7	100.5	113.5	114.7	116.0	706.9	755.7	786.7	822.5	83.5	65.4	44.4	102.5	1,214.1	1,281.3	1,288.1	1,378.8	

	Building				Land				Machinery and equipment				Construction in progress				Total			
	Sep-11	Dec-10	Dec-09	Dec-08	Sep-11	Dec-10	Dec-09	Dec-08	Sep-11	Dec-10	Dec-09	Dec-08	Sep-11	Dec-10	Dec-09	Dec-08	Sep-11	Dec-10	Dec-09	Dec-08
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
As at 1 January	346.7	342.3	337.7	384.3	113.5	114.7	116.1	150.2	755.7	786.7	822.5	871.4	65.4	44.4	102.5	98.7	1,281.3	1,288.1	1,378.8	1,504.6
Investments	0.3	8.1	26.2	11.8	0.1	0.2	0.7	0.4	18.7	27.9	57.6	84.7	45.6	60.4	(4.7)	77.1	64.7	96.6	79.8	174.0
Sales and disposals	(0.4)	(1.3)	(1.6)	(1.3)	(8.9)	(2.4)	(1.1)	(1.1)	(2.6)	(6.7)	(12.8)	(0.8)	-	-	-	(0.3)	(11.9)	(10.4)	(15.5)	(3.5)
Company divestments	(3.9)	-	-	(24.4)	(0.4)	-	-	(23.9)	2.7	-	-	(58.1)	-	-	-	(0.5)	(1.6)	-	-	(106.9)
Reclassifications	1.7	12.8	8.7	2.9	-	(0.1)	-	-	23.0	26.5	50.8	64.4	(25.6)	(40.2)	(52.9)	(67.3)	(0.9)	(1.0)	6.6	-
Reclassification of joint venture (note 30)	(3.5)	-	-	-	(1.9)	-	-	-	(18.4)	-	-	-	(1.1)	-	-	-	(24.9)	-	-	-
Depreciation for the year	(13.9)	(18.8)	(17.4)	(20.5)	(0.3)	(0.4)	(1.7)	(0.8)	(65.3)	(90.1)	(98.8)	(108.5)	-	-	-	-	(79.5)	(109.3)	(117.9)	(129.8)
Impairment for the year	(1.3)	(1.8)	(14.2)	-	(1.2)	(0.7)	(0.7)	-	(3.6)	0.1	(36.4)	-	-	-	-	-	(6.1)	(2.4)	(51.3)	-
Translation differences	(2.5)	5.4	2.9	(15.1)	(0.4)	2.2	1.4	(8.7)	(3.3)	11.3	3.8	(30.6)	(0.8)	0.8	(0.5)	(5.2)	(7.0)	19.7	7.6	(59.6)
Net book value	323.2	346.7	342.3	337.7	100.5	113.5	114.7	116.1	706.9	755.7	786.7	822.5	83.5	65.4	44.4	102.5	1,214.1	1,281.3	1,288.1	1,378.8

The amounts above include land, buildings and machinery held under finance lease agreements. At 30 September 2011, the carrying amount of land and buildings held under finance leases was €4.5m and machinery €0.4m (31 December 2010: land and buildings €4.7m and machinery €0.8m, 31 December 2009: land and buildings €5.0m, 31 December 2008: land and buildings €6.2m and machinery €1.0m).

Construction in progress mainly relates to production machines being built for various sites across the SCA Packaging Group.

Impairments relate to the restructuring programmes in the period as disclosed in note 4.

The amounts above include a depreciation charge of €7.5m associated with discontinued operations in 2008.

10. Investment in associates

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€m	€m	€m	€m
Balance at 1 January	41.1	38.1	37.5	40.4
Share of profit of associates after interest and tax	1.4	1.6	-	0.1
Impairment	(0.9)	-	-	-
Investments	-	0.9	-	-
Reclassification of joint venture (note 30)	26.6	-	-	-
Exchange differences	-	0.5	0.6	(3.0)
Balance at 30 September / 31 December	68.2	41.1	38.1	37.5

	Nature of Business	Principal Country of Operation	Ownership	Carrying Value			
				30 September 2011	31 December 2010	31 December 2009	31 December 2008
Lantero Group	Packaging	Spain	25%	30.3	30.2	30.0	30.5
GAE Smith	Packaging	Great Britain	50%	10.7	9.9	8.0	6.9
SCA Packaging Ambalaj Sanayi Ticaret AS	Packaging	Turkey	22.69%	2.9	–	–	–
Kaplamin Ambalaj Sanayi ve Ticaret AS	Packaging	Turkey	29.16%	4.1	–	–	–
OVA SCA Pack. Ambalaj Sanayi Ve Ticaret AS	Packaging	Turkey	37.09%	3.3	–	–	–
Atkasan Atik Kagit Degerlendisme Sanayi AS	Packaging	Turkey	2.2%	0.3	–	–	–
SelkasanKagitvePeketleme Malzemelerilmalati	Packaging	Turkey	49%	16.5	–	–	–
Scala Packaging srl	Packaging	Italy	48%	–	0.9	–	–
Other	Packaging			0.1	0.1	0.1	0.1
				68.2	41.1	38.1	37.5

Associates are accounted for using the equity method within this financial information.

11. Other investments

	September 2011	31 December 2010	31 December 2009	31 December 2008
	€m	€m	€m	€m
Non-current investments	0.5	1.3	1.2	1.2

Non-current investments comprise investments in other unlisted companies that are not classified as subsidiaries, joint ventures or associates and assets.

12. Inventories

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€m	€m	€m	€m
Raw materials and consumables	116.5	123.1	96.2	109.5
Work in progress	13.4	13.1	11.9	13.4
Finished goods	83.5	76.5	68.2	85.9
	213.4	212.7	176.3	208.8

The SCA Packaging Group consumed €1,018.3m in the 9 months to 30 September 2011 (2010: €1,189.4m; 2009: €916.7m; 2008: €1,325.9m) of raw materials and consumables recognised as cost of sales.

13. Trade and other receivables

(a) Current

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€m	€m	€m	€m
Trade receivables	566.7	536.4	454.4	470.9
Amounts receivable from SCA Group entities (note 28)	18.3	15.7	12.9	12.7
Provisions for bad and doubtful receivables	(33.0)	(31.6)	(30.9)	(28.3)
Prepayments and other receivables ⁽¹⁾	35.3	36.2	37.1	44.5
	587.3	556.7	473.5	499.8

(1) Included with prepayment and other receivables are amounts receivable from SCA Group entities as at 30 September 2011 of €3.2m (31 December 2010: €1.6m; 31 December 2009: €1.5m; 31 December 2008: €2.4m). See note 28.

(b) Non-current

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€m	€m	€m	€m
Prepayments and other receivables	13.9	0.7	1.5	1.7
	13.9	0.7	1.5	1.7

In determining the recoverability of trade receivables, the SCA Packaging Group considers any change in the credit quality of trade receivables from the date credit was initially granted up to the reporting date. The fair value of trade and other receivables is not materially different from their carrying amounts above therefore this is the maximum exposure credit risk at the reporting date. Refer to note 19 for further quantitative and qualitative analysis of credit risk.

Non-current prepayments and other receivables as at 30 September 2011 includes €12.0m related to the disposal of the SCA Packaging Group's Greece operations during the period. Refer to note 27.

The other classes within trade and other receivables do not contain impaired assets.

14. Trade and other payables

(a) Current

	September 2011	31 December 2010	31 December 2009	31 December 2008
	€m	€m	€m	€m
Trade payables	288.4	328.6	257.1	288.7
Amounts payable to SCA Group entities (note 28)	52.1	42.9	28.5	24.2
Non-trade payables and accrued expenses	176.4	163.6	159.6	176.5
	516.9	535.1	445.2	489.4

(b) Non-current

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€m	€m	€m	€m
Amounts payable to SCA Group entities (note 28)	0.4	0.4	0.4	0.4
Non-trade payables	0.2	3.7	3.7	3.5
	0.6	4.1	4.1	3.9

The fair value of trade and other payables is not materially different from their carrying amounts shown above.

15. Non-Current assets and liabilities held for sale

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€m	€m	€m	€m
Assets classified as held for sale				
Land and building	5.4	5.4	5.4	5.4

Assets classified as held for sale relate to land and buildings in Castelfranco Italy. In July 2006, the paper mill in Castelfranco, Italy was closed. In 2007, the assets associated with the mill were classified as held for sale. The valuation of the land and buildings according to an external valuation report as at 31 December 2010 was €5.74m. As at each reporting date, management considered that the completion of the sale of the land and buildings within a year was highly probable.

16. Net debt

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€m	€m	€m	€m
Non-current financial liabilities due to banks and other credit institutions and from finance leases	11.9	12.9	16.3	19.5
Non-current financial liabilities due to SCA Group	828.8	837.0	825.9	127.3
Current financial liabilities due to banks and other credit institutions and from finance leases	0.2	17.9	16.6	15.2
Bank overdrafts	1.9	3.4	6.0	11.3
Current financial liabilities due to SCA Group	1,416.1	1,491.8	1,471.5	1,694.4
Non-current financial assets	(0.4)	(0.6)	(0.7)	(0.9)
Non-current financial assets due from SCA Group	(806.1)	(817.7)	(816.8)	(3.4)
Current financial assets	(0.3)	(0.2)	(0.2)	(0.6)
Current financial assets due from SCA Group	(613.4)	(640.7)	(605.4)	(648.9)
Cash and cash equivalents	(11.8)	(12.6)	(20.1)	(27.5)
Net debt	826.9	891.2	893.1	1,186.4
Of which due to SCA Group	825.4	870.4	875.2	1,169.5

Included within non-current liabilities due to SCA Group companies is a loan of €700m on which no interest is charged. The loan was taken out in July 2009 and is due for repayment on July 2024. An equivalent loan amount of €700m for the same term between the same two companies is included within non-current financial assets due from the SCA Group on which interest of 4.5% is charged.

Also included within non-current liabilities due to SCA Group companies are amounts as at 30 September 2011 totalling €88.4m (31 December 2010: €89.9m; 31 December 2009: €72.1m; 31 December 2008: €66.8m) on which no interest is charged and have no repayment date.

Included within non-current financial assets due from the SCA Group are amounts as at 30 September 2011 totalling €16.1m (31 December 2010: €16.4m; 31 December 2009: €15.5m; 31 December 2008: €3.4m) on which no interest is charged and which have no repayment date.

Current financial liabilities due to SCA Group companies and current financial assets due from SCA Group companies include amounts related to cash pooling arrangements within the SCA Group, short-term loans (including accrued interest), and short term deposits (including accrued interest).

17. Cash and cash equivalents

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€m	€m	€m	€m
Bank balances	11.8	12.5	20.1	25.9
Short-term deposits	–	0.1	–	1.6
Cash and cash equivalents (statement of financial position)	11.8	12.6	20.1	27.5
Bank overdrafts	(1.9)	(3.4)	(6.0)	(11.3)
Net cash and cash equivalents (statement of cash flows)	9.9	9.2	14.1	16.2

Cash and cash equivalents were not subject to any significant restrictions.

18. Loans and borrowings

This note provides information about the contractual terms of the SCA Packaging Group's loans and borrowings. For more information about the SCA Packaging Group's exposure to interest rate and foreign currency risk, refer to note 19.

	30 September 2011		31 December 2010		31 December 2009		31 December 2008	
	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current
	€m	€m	€m	€m	€m	€m	€m	€m
Borrowings measured at amortised cost Bank and other loans	–	7.5	17.7	7.9	16.4	10.8	14.7	14.5
Other loans due to SCA Group companies	1,416.1	828.8	1,491.8	837.0	1,471.5	825.9	1,694.4	127.3
Finance lease liabilities	0.2	4.4	0.2	5.0	0.2	5.5	0.5	5.0
Total loans and borrowings	1,416.3	840.7	1,509.7	849.9	1,488.1	842.2	1,709.6	146.8

All of the SCA Packaging Group's external loans with banks and other credit institutions and loans due to other SCA Group companies were unguaranteed and unsecured.

Floating rate financial liabilities are determined by reference to the market rate of the relevant currency in which the loan is denominated, primarily EURIBOR and LIBOR. Amounts due under SCA Group cash pooling arrangements and short term loans due to SCA Group companies are included within the fixed-rate classification in the table below as the interest rate on loans within the SCA Group is fixed for the period of the loan according to the SCA Group treasury policy.

The repayment dates of the SCA Packaging Group's borrowings are as follows:

	30 September 2011				
	1 year or less	1-2 years	2-5 years	More than 5 years	Total
	€m	€m	€m	€m	€m
Interest-bearing loans and borrowings					
Fixed-rate – external bank and other loans	0.2	2.0	–	1.0	3.2
Fixed-rate – loans due to SCA Group companies	1,416.1	–	–	–	1,416.1
Floating-rate – external bank and other loans	–	–	6.0	2.9	8.9
Floating-rate – loans due to SCA Group companies	–	–	–	40.4	40.4
Total interest-bearing loans and borrowings	1,416.3	2.0	6.0	44.3	1,468.6
Non-interest bearing loans and other financial liabilities	–	–	–	788.4	788.4
Total loans and borrowings	1,416.3	2.0	6.0	832.7	2,257.0
	31 December 2010				
	1 year or less	1-2 years	2-5 years	More than 5 years	Total
	€m	€m	€m	€m	€m
Interest-bearing loans and borrowings					
Fixed-rate – external bank and other loans	17.8	1.1	–	1.1	20.0
Fixed-rate – loans due to SCA Group companies	1,491.8	–	–	–	1,491.8
Floating-rate – external bank and other loans	0.1	–	4.3	6.4	10.8
Floating-rate – loans due to SCA Group companies	–	–	–	47.1	47.1
Total interest-bearing loans and borrowings	1,509.7	1.1	4.3	54.6	1,569.7
Non-interest bearing loans and other financial liabilities	–	–	–	789.9	789.9
Total loans and borrowings	1,509.7	1.1	4.3	844.5	2,359.6
	31 December 2009				
	1 year or less	1-2 years	2-5 years	More than 5 years	Total
	€m	€m	€m	€m	€m
Interest-bearing loans and borrowings					
Fixed-rate – external bank and other loans	16.3	0.6	2.3	1.2	20.4
Fixed-rate – loans due to SCA Group companies	1,471.5	–	–	–	1,471.5
Floating-rate – external bank and other loans	0.3	–	4.1	8.1	12.5
Floating-rate – loans due to SCA Group companies	–	–	–	53.8	53.8
Total interest-bearing loans and borrowings	1,488.1	0.6	6.4	63.1	1,558.2
Non-interest bearing loans and other financial liabilities	–	–	–	772.1	772.1
Total loans and borrowings	1,488.1	0.6	6.4	835.2	2,330.3

31 December 2008

	1 year or less	1-2 years	2-5 years	More than 5 years	Total
	€m	€m	€m	€m	€m
Interest-bearing loans and borrowings					
Fixed-rate – external bank and other loans	15.0	3.6	2.4	1.2	22.2
Fixed-rate – loans due to SCA Group companies	1,694.4	–	–	–	1,694.4
Floating-rate – external bank and other loans	0.2	–	2.3	9.9	12.4
Floating-rate – loans due to SCA Group companies	–	–	–	60.6	60.6
Total interest-bearing loans and borrowings	1,709.6	3.6	4.7	71.7	1,789.6
Non-interest bearing loans and other financial liabilities	–	–	–	66.8	66.8
Total loans and borrowings	1,709.6	3.6	4.7	138.5	1,856.4

The SCA Packaging Group's borrowings are denominated in the following currencies:

	SEK	Sterling	Euro	Other	Total
	€m	€m	€m	€m	€m
At 30 September 2011					
Interest-bearing loans and borrowings					
Fixed-rate – external bank and other loans	–	–	3.1	0.1	3.2
Fixed-rate – loans due to SCA Group companies	39.5	177.3	956.4	242.9	1,416.1
Floating-rate – external bank and other loans	–	–	8.9	–	8.9
Floating-rate – loans due to SCA Group companies	–	–	40.4	–	40.4
Non-interest bearing loans and other financial liabilities		88.4	700.0		788.4
	39.5	265.7	1,708.8	243.0	2,257.0
Net cash and cash equivalents (including bank overdrafts)					
Floating-rate	–	(1.7)	(4.5)	(3.7)	(9.9)
Net borrowings/(cash) at 30 September 2011	39.5	264.0	1,704.3	239.3	2,247.1
At 31 December 2010					
Interest-bearing loans and borrowings					
Fixed-rate – external bank and other loans	–	2.9	3.5	13.6	20.0
Fixed-rate – loans due to SCA Group companies	40.7	168.9	1,006.2	276.0	1,491.8
Floating-rate – external bank and other loans	–	–	10.7	0.1	10.8
Floating-rate – loans due to SCA Group companies	–	–	47.1	–	47.1
Non-interest bearing loans and other financial liabilities	–	89.9	700.0	–	789.9
	40.7	261.7	1,767.5	289.7	2,359.6
Net cash and cash equivalents (including overdrafts)					
Floating-rate	(0.2)	0.7	(4.4)	(5.3)	(9.2)
Net borrowings/(cash) at 31 December 2010	40.5	262.4	1,763.1	284.4	2,350.4

	SEK €m	Sterling €m	Euro €m	Other €m	Total €m
At 31 December 2009					
Interest-bearing loans and borrowings					
Fixed-rate – external bank and other loans	–	4.9	3.5	12.0	20.4
Fixed-rate – loans due to SCA Group companies	29.2	158.8	997.7	285.8	1,471.5
Floating-rate – external bank and other loans	–	–	12.5	–	12.5
Floating-rate – loans due to SCA Group companies	–	–	53.8	–	53.8
Non-interest bearing loans and other financial liabilities	–	72.1	700.0	–	772.1
	29.2	235.8	1,767.5	297.8	2,330.3
Net cash and cash equivalents (including overdrafts)					
Floating-rate	(0.1)	(3.5)	(3.8)	(6.7)	(14.1)
Net borrowings/(cash) at 31 December 2009	29.1	232.3	1,763.7	291.1	2,316.2
	SEK €m	Sterling €m	Euro €m	Other €m	Total €m
At 31 December 2008					
Interest-bearing loans and borrowings					
Fixed-rate – external bank and other loans	–	8.4	4.3	9.5	22.2
Fixed-rate – loans due to SCA Group companies	36.5	305.0	1,055.8	297.1	1,694.4
Floating-rate – external bank and other loans	–	–	12.4	–	12.4
Floating-rate – loans due to SCA Group companies	–	–	60.6	–	60.6
Non-interest bearing loans and other financial liabilities	–	66.8	–	–	66.8
	36.5	380.2	1,133.1	306.6	1,856.4
Net cash and cash equivalents (including overdrafts)					
Floating-rate	(0.1)	0.5	(8.7)	(7.9)	(16.2)
Net borrowings/(cash) at 31 December 2008	36.4	380.7	1,124.4	298.7	1,840.2

The SCA Packaging Group had no material undrawn committed facilities as at 30 September 2011, 31 December 2010, 31 December 2009 or 31 December 2008.

Finance lease liabilities

	As at 30 September 2011			As at 31 December 2010		
	Future minimum lease payment	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	€m	€m	€m	€m	€m	€m
Less than one year	0.2	–	0.2	0.3	(0.1)	0.2
Between one and five years	3.5	(0.1)	3.4	3.9	(0.1)	3.8
More than five years	1.0	–	1.0	1.2	–	1.2
Finance lease liabilities	4.7	(0.1)	4.6	5.4	(0.2)	5.2

	As at 30 September 2009			As at 31 December 2008		
	Future minimum lease payment	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	€m	€m	€m	€m	€m	€m
Less than one year	0.2	–	0.2	0.5	–	0.5
Between one and five years	4.0	–	4.0	3.7	–	3.7
More than five years	1.5	–	1.5	1.3	–	1.3
Finance lease liabilities	5.7	–	5.7	5.5	–	5.5

19. Financial instruments

Financial instruments recognised in the balance sheet include cash and cash equivalents, trade receivables, other financial receivables, trade payables, loans, other financial liabilities and derivative financial instruments. The SCA Packaging Group classifies its financial instruments in the categories shown in the table below.

Loans and other receivables are financial assets, which are not derivatives, with fixed or determinable payments, that are not quoted in an active market. Assets in this category are measured at amortised cost less a potential provision for impairment. Trade and other receivables are stated at their cost less impairment provisions. Trade receivables arise when the SCA Packaging Group provides money, goods or services directly to another party. Any impairment of trade receivables affects the SCA Packaging Group's operating profit.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The method of recognising the resulting gain or loss depends on whether the item being hedged is designated as a hedging instrument, and if so, the nature of the item being hedged. For the SCA Packaging Group, only cash flow hedges are designated as hedging instruments, being hedges of commodity and foreign exchange risk associated with highly probable forecast transactions. The remaining derivatives are not designated as hedging instruments, and as such the resulting gain or loss is recognised in the income statement.

Financial liabilities measured at amortised cost include financial liabilities that are not held for trading. Loans and other interest-bearing liabilities are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with borrowing costs being accounted for on an accruals basis in the income statement using the effective interest method.

(a) Carrying amounts of financial assets and liabilities

Set out below are the carrying amounts and fair values of the SCA Packaging Group's financial assets and liabilities.

	30 September 2011	Fair value 30 September 2011	31 December 2010	Fair value 31 December 2010	31 December 2009	Fair value 31 December 2009	31 December 2008	Fair value 31 December 2008
	€m	€m	€m	€m	€m	€m	€m	€m
Financial assets								
Cash and cash equivalents	11.8	11.8	12.6	12.6	20.1	20.1	27.5	27.5
Loans and receivables:								
Trade	533.7	533.7	504.8	504.8	423.5	423.5	442.6	442.6

receivables								
Trade receivables SCA Group	18.3	18.3	15.7	15.7	12.9	12.9	12.7	12.7
Other receivables	0.7	0.7	0.8	0.8	0.9	0.9	1.5	1.5
Other loans and receivables due from SCA Group companies	703.4	703.4	742.0	742.0	706.7	706.7	648.9	648.9
Derivative financial instruments:								
Other financial assets in designated hedge accounting relationships	3.9	3.9	3.1	3.1	–	–	–	–
Total financial assets	1,271.8	1,271.8	1,279.0	1,279.0	1,164.1	1,164.1	1,133.2	1,133.2

Excluded from the financial assets table above are non-interest bearing financial assets due from SCA Group companies of €16.1m (31 December 2010: €16.4m; 31 December 2009: €15.5m; 31 December 2008: €3.4m). These amounts have been excluded from the above as they are not related to the trading or financing of the SCA Packaging business and will be settled as part of the transaction. The fair value of these assets is not materially different from the carrying amounts.

Also excluded from the table above is the fixed interest loan of €700m with the SCA Group described in Note 16. This has been excluded on the basis that the loan arrangement with the SCA Group is not related to the trading or financing of the SCA Packaging business and will be settled as part of the transaction. The carrying amount of this loan receivable is €700m at 30 September 2011 (€700m at 31 December 2010 and €700m at 31 December 2009), with a fair value being assessed of €346.5m at 30 September 2011 (€359.5m at 31 December 2010; €334.8m at 31 December 2009). The day one gain arising upon initial recognition has been included within the loan balance, and is amortized over the loan using the effective interest method. The fair value of the loan receivable has been calculated based on future cash flows discounted at a rate of 5.91% as at 30 September 2011 (31 December 2010: 5.26% 31 December 2009: 5.41%). The discount rate represents the weighted average cost of capital for the Packaging Europe division of the SCA Group as at 30 September 2011, 31 December 2010 and 31 December 2009.

	30- September 2011 €m	Fair value 30- September 2011 €m	31- December 2010 €m	Fair value 31- December 2010 €m	31- December 2009 €m	Fair value 31- December 2009 €m	31- December 2008 €m	Fair value 31- December 2008 €m
Financial liabilities								
Financial liabilities at amortised cost:								
Trade payables	(288.4)	(288.4)	(328.6)	(328.6)	(257.1)	(257.1)	(288.7)	(288.7)
Trade payables SCA Group	(52.1)	(52.1)	(42.9)	(42.9)	(28.5)	(28.5)	(24.2)	(24.2)
Bank and other loans	(7.5)	(8.3)	(25.6)	(26.3)	(27.2)	(27.3)	(29.1)	(29.0)
Other loans and liabilities to SCA	(1,456.5)	(1,455.7)	(1,538.9)	(1,536.7)	(1,525.3)	(1,519.9)	(1,755.0)	(1,761.2)

Group companies								
Finance lease liabilities	(4.6)	(4.8)	(5.2)	(5.6)	(5.7)	(6.1)	(5.5)	(5.2)
Bank overdrafts	(1.9)	(1.9)	(3.4)	(3.4)	(6.0)	(6.0)	(11.3)	(11.3)
Derivative financial instruments:								
Other financial liabilities in designated hedge accounting relationships	(1.4)	(1.4)	(0.7)	(0.7)	–	–	(0.2)	(0.2)
Total financial liabilities.	(1,812.4)	(1,812.6)	(1,945.3)	(1,944.2)	(1,849.8)	(1,844.9)	(2,114.0)	(2,119.8)

Excluded from the financial liabilities table above are non-interest bearing financial liabilities due to SCA Group companies of €788.4m as at 30 September 2011 (€789.9m at 31 December 2010, €772.1m at 31 December 2009, €66.8m at 31 December 2008). Further details on these non-interest bearing liabilities can be found in Note 16. These amounts have been excluded from the above as they are not related to the trading or financing of the SCA Packaging business and will be settled as part of the transaction. The carrying amount of the interest free loan payable is €700m at 30 September 2011 (€700m at 31 December 2010 and €700m at 31 December 2009), with a fair value being assessed of €346.5m at 30 September 2011 (€359.5m at 31 December 2010; €334.8m at 31 December 2009). The day one loss arising upon initial recognition is included within the loan balance, and is amortised over the loan period using the effective interest method. The fair value of the loan has been calculated based on future cash flows discounted at a rate of 5.91% as at 30 September 2011 (31 December 2010: 5.26% 31 December 2009: 5.41%). The discount rate represents the weighted average cost of capital for the Packaging Europe division of the SCA Group as at 30 September 2011, 31 December 2010 and 31 December 2009.

The fair value is the amount for which an asset or liability could be exchanged or settled on an arm's-length basis. For financial instruments carried at fair value, market prices or rates are used to determine fair value where an active market exists. The fair value of financial assets and liabilities which bear floating rates of interest are estimated to be equivalent to the carrying value.

IFRS 7 'Financial Instruments: Disclosures' requires financial instruments measured at fair value to be classified using the following fair value hierarchy that reflects the significance of the inputs used in making the assessments:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2—inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3—inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Of the SCA Packaging Group's financial instruments only the derivative financial instruments are measured at fair value. All of these derivative financial instruments are Level 2 financial instruments. With the exception of the €700m loan balance detailed above (determined to be a Level 3 financial instrument), the Group does not hold any Level 1 or Level 3 financial instruments. There have been no realised or unrealised gains or losses, new issues or settlements associated with these Level 3 instruments, and no transfer into or out of Level 3.

(b) Derivative financial instruments

The SCA Packaging Group enters into derivative financial instruments, primarily commodity swaps, to manage commodity risks associated with the SCA Packaging Group's underlying business activities.

Commodity hedging for the SCA Packaging Group has historically been undertaken by the SCA Group central treasury function (which is not part of the SCA Packaging Group). The SCA Group central

treasury function enters into individual commodity hedging contracts with external counterparties on behalf of underlying SCA Group companies.

In 2008 and 2009, SCA Packaging Group entities were recharged with gains and losses on these hedging contracts. The gains and losses were calculated and recharged on a monthly basis. No entries were made in the SCA Packaging entities to recognise the fair value of these commodity hedges at the balance sheet date in the SCA Packaging entities since there were no internal contracts in place at the time with the SCA Group central treasury function. The fair value of the energy hedge contracts entered into by the SCA Group central treasury function on behalf of the SCA Packaging Group as at 31 December 2009 and 31 December 2008 were net liability of €6.4m and net liability of €4.6m respectively. The gains and losses on commodity hedging contracts that were recharged to SCA Packaging during the year ending 31 December 2009 and 31 December 2008 were losses of €3.4m and gains of €3.0m respectively.

In 2010, commodity hedging contracts between the SCA Group central treasury function and the SCA Packaging Group entities were established, mirroring the external hedging contracts entered into by the central treasury function on behalf of the SCA Packaging Group entities. The fair value of these commodity hedges were subsequently recognised in the SCA Packaging Group balance sheet. The commodity contracts entered into by the SCA central treasury function are considered to be effective for the purposes of hedge accounting, in accordance with IAS39. Consequently, the SCA Packaging Group commodity hedge contracts with SCA central treasury are also considered effective. Further detail is provided in 'Commodity Risk' below.

The SCA Group's treasury policy is not to engage in speculative transactions.

The assets and liabilities of the SCA Packaging Group held in respect of derivative financial instruments are as follows:

	Assets		Liabilities		Net	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	31 December 2010
	€m	€m	€m	€m	€m	€m
Derivatives held to:						
Hedge future transactions—energy costs	3.9	2.6	0.5	0.4	3.4	2.2
Hedge future transactions—foreign exchange on purchases and sales of goods and services.	—	0.5	0.9	0.3	(0.9)	0.2
Total derivative financial instruments	3.9	3.1	1.4	0.7	2.5	2.4
Current	2.6	1.7	1.2	0.6	1.4	1.1
Non-current	1.3	1.4	0.2	0.1	1.1	1.3
	3.9	3.1	1.4	0.7	2.5	2.4

	Assets		Liabilities		Net	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008
	€m	€m	€m	€m	€m	€m
Derivatives held to:						
Hedge future transactions—foreign exchange on purchases and sales of goods and services	—	—	—	0.2	—	(0.2)

Total derivative financial instruments (all current)	-	-	-	0.2	-	(0.2)
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(c) Cash flow hedges

(i) Cash flow hedging reserve movements

The following table identifies the movements in the cash flow hedging reserve during the year. All figures are post-tax.

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€m	€m	€m	€m
Balance at 1 January	1.7	-	-	-
Unrealised fair value (loss)/gain on designated cash flow hedges				
Forward exchange contracts	(0.2)	0.2	-	-
Commodity contracts	1.2	(0.7)	-	-
(Gains)/loss in Invested Capital recycled to the income statement				
Commodity contracts	(0.4)	2.3	-	-
Translation differences	-	(0.1)	-	-
Balance at 30 September/31 December	2.3	1.7	-	-

	9 months ended 30 September 2011	Year ended 31 December 2010	Year ended 31 December 2009	Year ended 31 December 2008
	€m	€m		
Cost of sales	(0.6)	3.2	-	-
Income tax	0.2	(0.9)	-	-
	(0.4)	2.3	-	-

(d) Risk identification and risk management

Financial risk management within the SCA Group is centralised. The SCA central treasury function (which is not part of the SCA Packaging Group) is responsible for the SCA Group's external borrowing, currency and interest-rate risk management. Historically the SCA Packaging Group has been required to use the SCA central treasury function to take out loans, deposit surplus funds and use cash-pools where such structures were in place. Cash pool arrangements were generally used for loans and deposits with expected terms of less than 10 business days. The SCA Packaging Group also had longer term deposits and borrowings in place with the SCA Group central treasury function. The majority of the SCA Packaging Group's borrowings are from the SCA Group central treasury function. Loans and deposits with SCA are generally short term, i.e. with a maximum maturity of 12 months. Some cash pool agreements are not with the SCA Group central treasury function so there are some short term loans also with other SCA Group companies. In addition, SCA Packaging companies do also have certain longer term loans with SCA Group companies.

(i) *Interest rate risk*

The SCA Packaging Group is exposed to interest rate risk as entities in the SCA Packaging Group borrow funds at both fixed and floating interest rates. No arrangements existed within the SCA Packaging Group to hedge the SCA Packaging Group's exposure to interest rate risk. At 30 September 2011, 35% (31 December 2010: 34%, 31 December 2009: 33%, 31 December 2008: 4%) of the SCA Packaging Group's loans and borrowings were fixed for a period of at least one year. The sensitivity analysis below shows the impact on profit and Invested Capital of a 100 basis points rise in market interest rates (representing management's assessment of the reasonably

possible change in interest rates) in all currencies in which the SCA Packaging Group had variable rate borrowings at period end.

To calculate the impact on the income statement for the year, the interest rates on all interest-bearing loans and cash deposits have been increased by 100 basis points. The results are presented before non-controlling interests and tax.

	9 months ended 30 September 2011		Year ended 31 December 2010		Year ended 31 December 2009		Year ended 31 December 2008	
	Impact on profit	Impact on Invested Capital	Impact on profit	Impact on Invested Capital	Impact on profit	Impact on Invested Capital	Impact on profit	Impact on Invested Capital
	€m	€m	€m	€m	€m	€m	€m	€m
Increase in market interest rates by 100 basis points	(6.4)	(6.4)	(7.0)	(7.0)	(7.1)	(7.1)	(8.5)	(8.5)

(ii) *Foreign exchange risk*

Foreign exchange risk on investments

The SCA Packaging Group is exposed to foreign exchange risk arising from net investments in SCA Packaging Group entities, the functional currencies of which may differ from the SCA Packaging Group's functional and presentational currency. The SCA Packaging Group does not hedge these risks. The SCA central treasury function has been responsible for hedging of these risks in the past for the SCA Group.

Foreign exchange risk on borrowings

The SCA Packaging Group is exposed to foreign exchange risk on borrowings denominated in foreign currencies. Entities within SCA Packaging have primarily borrowed in the local functional currency from other entities within the SCA Group and therefore the foreign exchange risk on borrowings is mitigated through a natural hedge. There are no derivatives to hedge the foreign exchange risk on borrowings within the SCA Packaging Group. The SCA central treasury function has been responsible for hedging exchange.

Foreign exchange risk on transactions

Foreign currency transaction risk arises where a SCA Packaging company makes product sales and material purchases in a currency other than its functional currency. For the majority of SCA Packaging companies, product sales and material purchases are made in the same currency, minimising this currency risk. Where exposure does arise, part of the risk is hedged using foreign exchange contracts. Where applicable, these contracts are designated as cash flow hedges.

The following sensitivity analysis shows the impact on the SCA Packaging Group's results at the balance sheet date from a 10% change in the Euro exchange rate against all other currencies. The impact primarily results from movements in receivable and payable balances denominated in foreign currencies, as well as foreign currency derivatives that are not treated as hedging instruments. The results are presented before non-controlling interests and tax.

	9 months ended 30 September 2011		Year ended 31 December 2010		Year ended 31 December 2009		Year ended 31 December 2008	
	Impact on profit	Impact on Invested Capital	Impact on profit	Impact on Invested Capital	Impact on profit	Impact on Invested Capital	Impact on profit	Impact on Invested Capital
	€m	€m	€m	€m	€m	€m	€m	€m
10% strengthening of Euro	(0.8)	(0.8)	(0.7)	(0.7)	(0.7)	(0.7)	(0.4)	(0.4)
10% weakening of	0.8	0.8	0.7	0.7	0.7	0.7	0.4	0.4

Euro

(iii) *Commodity risk*

The SCA Packaging Group's main commodity exposures are to changes in gas and electricity prices. This commodity price risk is managed by a combination of physical supply agreements and derivative instruments.

The derivative instruments are primarily commodity swaps that are designated as cash flow hedges. At 30 September 2011, gains of €1.2m (31 December 2010: losses of €0.7m) net of tax is deferred in equity in respect of cash flow hedges in accordance with IAS 39. This will be recycled to the income statement in the period in which the hedged item also affects the income statement, which occurs within three years. During the nine months ended 30 September 2011, gains of €0.4m deferred in equity were transferred to the income statement (year-ended 2010: losses of €2.3m net of tax). See Derivative Financial Instruments above for details regarding gains and losses recognised in 2008 and 2009 associated with commodity derivative contracts.

Sensitivity analysis calculations have been performed on the financial instruments relevant risk variable to which the SCA Packaging Group was exposed at end of each reporting period using assumptions on market movements that are regarded as reasonably possible in one year's time.

The following table details the SCA Packaging Group's sensitivity to a 20% movement in electricity and natural gas prices. The total energy cost for the SCA Packaging Group, however, would have been affected differently, if the price risk related to supply contracts was taken into account. The results are presented before non-controlling interests and tax.

	9 months ended 30 September 2011		Year ended 31 December 2010		Year ended 31 December 2009		Year ended 31 December 2008	
	Impact on profit €m	Impact on Invested Capital €m	Impact on profit €m	Impact on Invested Capital €m	Impact on profit €m	Impact on Invested Capital €m	Impact on profit €m	Impact on Invested Capital €m
20% increase in electricity and natural gas prices	4.3	3.9	4.5	3.2	-	-	-	-

(iv) *Credit risk*

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due, causing financial loss to the SCA Packaging Group. In the current economic environment, the SCA Packaging Group has placed increased emphasis on the management of credit risk. The carrying amount of financial assets (including non-interest bearing financial assets) at 30 September 2011 was €1,987.9m (31 December 2010: €1,995.4m, 31 December 2009: €1,879.6m, 31 December 2008: €1,136.6m) and is analysed in note 19(a). This represents the maximum credit exposure. As at 30 September 2011, included within the carrying amount of these financial assets are amounts due from the SCA Group of €1,437.8m (31 December 2010: €1,474.1m; 31 December 2009: €1,435.1m; 31 December 2008: €665.0m). The credit rating of the SCA Group according to Moody's and Standard and Poor's was Baa1 and BBB+ respectively.

The majority of the SCA Packaging Group's trade receivables are due for maturity within 90 days. Concentrations of credit risk with respect to trade receivables are limited due to the SCA Packaging Group's customer base being large and diverse. Management believes there is no further credit risk provision required in excess of the normal provision for bad and doubtful debts.

Net carrying Of which neither Past due

	amount (see note 13)	impaired nor past due	1 month or less	1-3 months	More than 3 months
	€m	€m	€m	€m	€m
The ageing of trade receivables					
As at 30 September 2011	552.0	496.4	39.4	9.0	7.2
As at 31 December 2010	520.5	460.8	44.0	9.7	6.0
As at 31 December 2009	436.4	364.9	52.0	12.5	7.0
As at 31 December 2008	455.3	339.7	71.6	23.8	20.1
	30 September 2011	31 December 2010	31 December 2009	31 December 2008	
	€m	€m	€m	€m	

Movement in the allowance for bad and doubtful receivables

Balance as at 1 January	(31.6)	(30.9)	(28.3)	(16.4)
Uncollectible amounts written off, net of receivables	0.5	2.0	3.3	1.9
Decrease/(increase) in allowance	(1.6)	(2.1)	(5.6)	(14.2)
Effect of movements in foreign exchange	(0.3)	(0.6)	(0.3)	0.3
Balance as at 30 September / 31 December (see note 13)	(33.0)	(31.6)	(30.9)	(28.4)

(v) *Liquidity risk*

Liquidity risk is the risk that the SCA Packaging Group, although solvent, will have difficulty in meeting its obligations associated with its financial liabilities as they fall due. As described above, historically the central Treasury function of SCA has been responsible for managing the external funding and investments of the SCA Group. The majority of SCA Packaging's financial assets relate to amounts due from the SCA Group.

The SCA Packaging Group manages its liquidity risk by maintaining adequate financial resources, by continuously monitoring forecasted and actual cash flows and by matching the maturity profile of financial assets and liabilities to these risks. The following table is an analysis of the undiscounted contractual maturities of financial liabilities.

	Contractual Repayments				
	Carrying amount	Total	1 year or less	1-5 years	More than 5 years
	€m	€m	€m	€m	€m
As at 30 September 2011					
Non-derivative financial liabilities					
Trade payables	288.4	288.4	288.4	–	–
Trade payables SCA Group	52.1	52.1	52.1	–	–
Bank and other loans	7.5	7.5	–	4.6	2.9
Other loans SCA Group	2,244.9	2,244.9	1,416.1	–	828.8
Finance lease liabilities	4.6	4.6	0.2	3.4	1.0
Bank overdrafts	1.9	1.9	1.9	–	–
Total non-derivative financial liabilities	2,599.4	2,599.4	1,758.7	8.0	832.7

	Contractual Repayments				
	Carrying amount	Total	1 year or less	1-5 years	More than 5 years
	€m	€m	€m	€m	€m
As at 30 September 2010					
Non-derivative financial liabilities					
Trade payables	328.6	328.6	328.6	–	–

Trade payables SCA Group	42.9	42.9	42.9	–	–
Bank and other loans	25.6	25.6	17.7	1.6	6.3
Other loans SCA Group	2,328.8	2,328.8	1,491.8	–	837.0
Finance lease liabilities	5.2	5.2	0.2	3.8	1.2
Bank overdrafts	3.4	3.4	3.4	–	–
Total non-derivative financial liabilities	2,734.5	2,734.5	1,884.6	5.4	844.5

As at 30 September 2009	Contractual Repayments				
	Carrying amount €m	Total €m	1 year or less €m	1-5 years €m	More than 5 years €m
Non-derivative financial liabilities					
Trade payables	257.1	257.1	257.1	–	–
Trade payables SCA Group	28.5	28.5	28.5	–	–
Bank and other loans	27.2	27.3	16.4	3.1	7.8
Other loans SCA Group	2,297.4	2,297.4	1,471.5	–	825.9
Finance lease liabilities	5.7	5.7	0.2	4.0	1.5
Bank overdrafts	6.0	6.0	6.0	–	–
Total non-derivative financial liabilities	2,621.9	2,622.0	1,779.7	7.1	835.2

As at 31 December 2008	Contractual repayments				
	Carrying amount €m	Total €m	1 year or less €m	1-5 years €m	More than 5 years €m
Non-derivative financial liabilities					
Trade payables	288.7	288.7	288.7	–	–
Trade payables SCA Group	24.2	24.2	24.2	–	–
Bank and other loans	29.1	29.0	14.6	4.6	9.8
Other loans SCA Group	1,821.8	1,821.7	1,694.4	–	127.3
Finance lease liabilities	5.5	5.5	0.5	3.7	1.3
Bank overdrafts	11.3	11.3	11.3	–	–
Total non-derivative financial liabilities	2,180.6	2,180.4	2,033.7	8.3	138.4

The tables above exclude interest expense.

The above table does not include forecast data for liabilities which may be incurred in the future. Refer to note 25 for an analysis of the SCA Packaging Group's future operating lease payments and to note 26 for a summary of the SCA Packaging Group's commitments.

The following table is an analysis of the undiscounted contractual maturities of derivative financial liabilities. Where the payable and receivable legs of these derivatives are denominated in foreign currencies, the contractual payments/receipts have been calculated based on exchange rates as at the respective year ends.

Where applicable, interest and foreign exchange rates prevailing at the reporting date are assumed to remain constant over the future contractual maturities.

As at 30 September 2011	Contractual payments/(receipts)				
	Carrying amount €m	Total €m	1 year or less €m	1-5 years €m	More than 5 years €m
Derivative financial liabilities					
Energy derivatives	(3.4)	(3.4)	(2.3)	(1.1)	–

Foreign exchange:					
Outflow	0.9	31.0	31.0	–	
Inflow	–	(30.1)	(30.1)	–	–
Total net derivative financial liabilities/(assets)	(2.5)	(2.5)	(1.4)	(1.1)	–

Contractual payments/(receipts)

As at 31 December 2010	Carrying amount	Total	1 year or less	1-5 years	More than 5 years
	€m	€m	€m	€m	€m
Derivative financial liabilities					
Energy derivatives	(2.2)	(2.2)	(1.0)	(1.2)	–
Foreign exchange:					
Outflow	0.3	29.9	28.8	1.1	–
Inflow	(0.5)	(30.1)	(28.9)	(1.2)	–
Total net derivative financial liabilities/(assets)	(2.4)	(2.4)	(1.1)	(1.3)	–

Contractual payments/(receipts)

As at 31 December 2009	Carrying amount	Total	1 year or less	1-5 years	More than 5 years
	€m	€m	€m	€m	€m
Derivative financial liabilities					
Foreign exchange:					
Outflow	–	5.5	5.5	–	–
Inflow	–	(5.5)	(5.5)	–	–
Total net derivative financial liabilities/(assets)	–	–	–	–	–

Contractual repayments

As at 31 December 2008	Carrying amount	Total	1 year or less	1-5 years	More than 5 years
	€m	€m	€m	€m	€m
Derivative financial liabilities					
Foreign exchange:					
Outflow	0.2	9.8	9.8	–	–
Inflow	–	(9.6)	(9.6)	–	–
Total net derivative financial liabilities/(assets)	0.2	0.2	0.2	–	–

20. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

	Assets		Liabilities		Net	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	31 December 2010
	€m	€m	€m	€m	€m	€m
Property, plant and equipment and intangible assets	1.3	4.2	(140.7)	(134.7)	(139.4)	(130.5)
Employee benefits including	22.1	17.4	(5.7)	(10.0)	16.4	7.4

pensions						
Tax credits and tax losses carried forward	34.5	32.4	–	–	34.5	32.4
Other items.	22.5	7.7	(22.1)	(14.8)	0.4	(7.1)
Tax assets/(liabilities)	80.4	61.7	(168.5)	(159.5)	(88.1)	(97.8)
Netting by tax jurisdiction	(47.1)	(34.9)	47.1	34.9	-	-
Tax assets/(liabilities) in the statement of financial position	33.3	26.8	(121.4)	(124.6)	(88.1)	(97.8)

	Assets		Liabilities		Net	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008
	€m	€m	€m	€m	€m	€m
Property, plant and equipment and intangible assets	10.6	7.0	(145.6)	(152.6)	(135.0)	(145.6)
Employee benefits including pensions	18.9	15.0	(6.0)	(13.8)	12.9	1.2
Tax credits and tax losses carried forward	20.7	15.9	–	–	20.7	15.9
Other items	10.5	7.5	(8.9)	(7.2)	1.6	0.3
Tax assets/(liabilities)	60.7	45.4	(160.5)	(173.6)	(99.8)	(128.2)
Netting by tax jurisdiction	(32.1)	(26.7)	32.1	26.7	-	-
Tax assets/(liabilities) in the statement of financial position	28.6	18.7	(128.4)	(146.9)	(99.8)	(128.2)

The value of deferred tax assets and deferred tax liabilities in the Combined Statement of Financial Position reflect the net position where legal entities within the SCA Packaging Group have a legally enforceable right to set off a tax asset and a tax liability with the same tax authority.

Analysis of movements in recognised deferred tax assets and liabilities during the year

	Property, plant and equipment and intangible assets		Employee benefits including pensions		Losses		Other items		Total	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	31 December 2010
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Balance at 1 January	(130.5)	(135.0)	7.4	12.9	32.4	20.7	(7.1)	1.6	(97.8)	(99.8)
Credit/(charge) for the year	(10.0)	6.0	(3.8)	(14.7)	3.1	10.9	6.1	(6.9)	(4.6)	(4.7)
Recognised directly in Invested Capital	0.8	–	12.9	8.3	(0.4)	–	1.0	(0.6)	14.3	7.6
Exchange adjustments	0.3	(1.5)	(0.1)	0.9	(0.6)	0.8	0.4	(1.2)	–	(0.9)
Balance at 30 September/ 31 December	(139.4)	(130.5)	16.4	7.4	34.5	32.4	0.4	(7.1)	(88.1)	(97.8)

	Property, plant and equipment and intangible assets		Employee benefits including pensions		Losses		Other items		Total	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Balance at 1 January	(145.6)	(168.6)	1.2	(31.2)	15.9	12.7	0.3	14.1	(128.2)	(173.0)

Acquired	–	–	–	–	–	–	–	–	–	–
Credit/(charge) for the year	10.9	21.5	(3.2)	(1.9)	4.6	3.6	1.3	(12.9)	13.6	10.3
Recognised directly in Invested Capital	–	–	14.7	33.5	–	–	0.1	–	14.8	33.5
Exchange adjustments	(0.3)	1.5	0.2	0.8	0.2	(0.4)	(0.1)	(0.9)	–	1.0
Balance at 30 September/ 31 December	(135.0)	(145.6)	12.9	1.2	20.7	15.9	1.6	0.3	(99.8)	(128.2)

At 30 September 2011, deferred tax assets and liabilities were recognised for all taxable temporary differences:

- except where the deferred tax liability arises on goodwill;
- except on initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences can be controlled by the SCA Packaging Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Unrecognised deferred tax assets and liabilities

Deferred tax assets have not been recognised in respect of the following items:

	Assets			
	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€m	€m	€m	€m
Tax losses	9.6	13.0	10.2	13.4
Total	9.6	13.0	10.2	13.4

Of the tax losses above €1.2m (€1.7m; €1.9m; €6.4m) do not expire and the remaining €7.6m (€11.3m; €8.3m; €7.0m) expire from 2012. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the SCA Packaging Group can utilise the benefits therefrom.

21. Provisions

	Provisions Restructuring	Provisions Other	Total
	€m	€m	€m
Balance at 1 January 2011	43.0	0.7	43.7
Provisions made during the year	11.3	3.8	15.1
Provisions used during the year	(16.9)	(0.3)	(17.2)
Provisions reversed during the year	(0.3)		(0.3)
Effect of movements in foreign exchange	(0.1)	(0.4)	(0.5)
Balance at 30 September 2011	37.0	3.8	40.8
Non-current	–	3.0	3.0
Current	37.0	0.8	37.8
	37.0	3.8	40.8
	Provisions	Provisions Other	Total

	Restructuring		
	€m	€m	€m
Balance at 1 January 2010	65.5	1.5	67.0
Provisions made during the year	19.0	0.3	19.3
Provisions used during the year	(40.9)	(0.8)	(41.7)
Provisions reversed during the year	(1.5)	(0.3)	(1.8)
Effect of movements in foreign exchange	0.9	–	0.9
Balance at 31 December 2010	43.0	0.7	43.7
Non-current	–	–	–
Current	43.0	0.7	43.7
	43.0	0.7	43.7

	Provisions Restructuring	Provisions Other	Total
	€m	€m	€m
Balance at 1 January 2009	35.0	1.6	36.6
Provisions made during the year	65.5	1.1	66.6
Provisions used during the year	(43.6)	(0.3)	(43.9)
Provisions reversed during the year	–	(0.4)	(0.4)
Reclassification	6.9		6.9
Effect of movements in foreign exchange	1.7	(0.5)	1.2
Balance at 31 December 2009	65.5	1.5	67.0
Non-current	–	0.5	0.5
Current	65.5	1.0	66.5
	65.5	1.5	67.0

	Provisions Restructuring	Provisions Other	Total
	€m	€m	€m
Balance at 1 January 2008	93.5	2.2	95.7
Provisions made during the year	–	0.6	0.6
Provisions used during the year	(20.0)	(1.1)	(21.1)
Attributable to divested operations	(29.7)	–	(29.7)
Provisions reversed during the year	(3.2)	(0.7)	(3.9)
Effect of movements in foreign exchange	(5.6)	0.6	(5.0)
Balance at 31 December 2008	35.0	1.6	36.6
Non-current	6.0	0.1	6.1
Current	29.0	1.5	30.5
	35.0	1.6	36.6

2008

Restructuring provisions mainly includes provisions made for the efficiency programmes started in 2005 (Plan B) and 2007 (Plan C). The provisions attributable to divested operations refer to the divestment of operations in the UK and Ireland.

2009

The restructuring provisions made during the year primarily refer to a restructuring programme launched by the SCA group in the European packaging operations (Plan D), in order to adjust the operations' capacity and costs. 'Provisions used during the year' refers to all the restructuring programmes, with a significant proportion of the utilisation from Plan C and Plan D. Reclassification refers to impairment releases during the year associated with Plan B and C that have been reclassified into provisions, representing future costs to be incurred associated with Plan B and C.

2010

The restructuring provisions made during the year are all associated with Plan D. Provisions used primarily relate to Plan D.

2011

The restructuring provisions made during the year refer to an efficiency programme that was launched during the third quarter, Plan E, to reduce costs and increase profitability. The additional provisions in Other Provisions primarily relate to payroll taxes.

22. Post-retirement benefits

Liability for defined benefit obligations

The SCA Packaging Group has both defined contribution and defined benefit pension plans. The most substantial defined benefit plans are based on period of service and the remuneration received by employees on or close to retirement.

Certain entities within the SCA Packaging Group are members of SCA Group pension schemes. The amounts below are in respect of SCA Packaging's share of the relevant schemes.

SCA Packaging also has obligations for disability and family pensions for salaried employees in Sweden, secured through insurance with the insurance company Alecta. These benefits are reported as a defined contribution plan as SCA Packaging did not have access to sufficient information to report this obligation as a defined benefit plan, and the contribution to Alecta is small. Premiums for the 9 month period ending 30th September 2011 for the disability and family pension insurance with Alecta amounted to €83k (31 December 2010: €112k; 31 December 2009: €183k; 31 December 2008: €192k). The surplus for Alecta may be distributed among the policyholders and/or the insured. At 31 December 2010, the surplus of collective consolidation level amounts to 146% (31 December 2009: 141%, 31 December 2008; 112%).

The defined benefit pension plans comprise both funded and unfunded schemes. Funded pension schemes with a surplus of assets over the associated pension obligations of the scheme are recognised as an asset in the combined statements of financial position. Other funded pension schemes and unfunded pensions are recognised in liabilities. The values of all pension schemes are shown below:

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€m	€m	€m	€m
Provisions for pensions	(151.8)	(85.1)	(84.2)	(62.7)
Surplus in funded pension plans	17.2	23.2	18.8	46.6
Provisions for pensions, net value	(134.6)	(61.9)	(65.4)	(16.1)

The table below summarises the value of the defined benefit pensions obligations between funded and unfunded schemes.

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€m	€m	€m	€m
Funded plans				
Defined benefit obligations	1,029.7	1,035.1	883.0	683.4
Fair value of plan assets	(938.2)	(991.1)	(834.7)	(677.4)
Net value, funded plans	91.5	44.0	48.3	6.0
Unrecognised past service cost	–	(3.0)	(3.7)	(4.2)
Provisions for pensions, funded plans	91.5	41.0	44.6	1.8
Unfunded plans				
Defined benefit obligations	46.8	22.3	22.4	16.1
Unrecognised past service cost	(3.8)	(1.4)	(1.6)	(1.8)
Provisions for pensions, unfunded plans	43.0	20.9	20.8	14.3
Provisions for pensions, net value	134.6	61.9	65.4	16.1

Management consider that the principal defined benefit schemes of the SCA Packaging Group are those in Sweden, the UK, the Netherlands and Germany.

Balance sheet

The assets, liabilities and surplus/(deficit) position of the pension and other post-employment benefit plans at the balance sheet date were:

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€m	€m	€m	€m
Assets of principal plans:				
Equities	458.3	556.5	445.2	323.4
Bonds, government bonds and cash (weighted average)	439.1	388.4	350.5	321.2
Assets of other plans	40.8	46.2	39.0	32.8
Total market value of assets	938.2	991.1	834.7	677.4
Present value of schemes' liabilities:				
Principal plans	(990.2)	(971.3)	(826.3)	(628.6)
Other plans	(86.3)	(86.1)	(79.0)	(70.9)
Present value of scheme liabilities	(1,076.5)	(1,057.4)	(905.3)	(699.5)
Unrecognised past service cost	3.9	4.4	5.2	6.0
Deficit in the schemes	(134.6)	(61.9)	(65.4)	(16.1)

Principal actuarial assumptions in the principal defined benefit schemes operated by the SCA Packaging Group are as follows:

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	%	%	%	%
Sweden				
Discount rate for scheme liabilities	3.7	5.0	4.3	4.3
Inflation	2.0	2.0	2.0	2.0
Future salary increases	3.3	3.3	3.5	3.5
Expected return on plan assets	6.4-6.8	6.4-6.8	5.8-6.9	6.17
UK				
Discount rate for scheme liabilities	5.4	5.6	5.7	6.7
Inflation	3.0	3.0	2.8	2.8
Future salary increases	4.0	4.0	4.0	4.1
Expected return on plan assets	6.6	6.6	7.2	6.7-7.5
Netherlands and Germany				
Discount rate for scheme liabilities	4.6	4.7	5.0	6.3
Inflation	2.0	2.0	2.0	2.0
Future salary increases	3.3	3.3	3.3	3.3
Expected return on plan assets	4.7-6.1	4.7-6.1	5.0-5.4	4.2-6.3

The sensitivity of the liabilities in the above schemes to the key assumptions above is summarized below:

	Increase in pension liability
	€m
0.5% decrease in discount rate	(71.4)
0.5% increase in inflation	(64.7)

The amounts recognised in the statement of financial position in respect of post-retirement benefits and the expected long-term rates of return applied to the schemes' assets in the relevant financial period, are as follows:

	30 September 2011		31 December 2010		31 December 2009		31 December 2008	
	Expected rate of return	Market value	Expected rate of return	Market value	Expected rate of return	Market value	Expected rate of return	Market value
	%	€m	%	€m	%	€m	%	€m
Sweden								
Equities	6.8	11.1	7.0	20.0	7.8	11.6	8.5	7.1
Bonds, government bonds and cash (weighted average)	2.2	2.6	2.7	2.5	2.0	3.7	4.4	2.9
Total market value of assets		13.7		22.5		15.3		10.0
Present value of schemes' liabilities		(27.9)		(20.9)		(19.9)		(19.5)
(Deficit)/surplus in the schemes		(14.2)		1.6		(4.6)		(9.5)
Related deferred tax (liability)/asset		(2.4)		(1.8)		0.2		1.7
Net pension liability		(16.6)		(0.2)		(4.4)		(7.8)

	30 September 2011		31 December 2010		31 December 2009		31 December 2008	
	Expected rate of return	Market value	Expected rate of return	Market value	Expected rate of return	Market value	Expected rate of return	Market value
	%	€m	%	€m	%	€m	%	€m
UK								
Equities	7.8	354.6	8.2	426.3	7.7	357.0	8.5	261.9
Bonds, gilts and cash (weighted average)	4.4	278.7	5.3	250.3	3.4	209.6	4.8	189.7
Total market value of assets		633.3		676.6		566.6		451.6
Present value of schemes' liabilities		(722.1)		(713.7)		(596.2)		(451.7)
Deficit in the schemes		(88.8)		(37.1)		(29.6)		(0.1)
Related deferred tax asset		15.3		10.5		9.2		2.9
Net pension liability/asset		(73.5)		(26.6)		(20.4)		2.8

As part of the actuarial valuation exercise, the mortality tables in UK have used as follows:

	2010	2009	2008
Longevity (years) at age 65 for current pensioners in years	21.1	19.4	19.4
Longevity (years) at age 65 for future pensioners in years	22.5	20.6	20.6

The mortality assumptions used in the actuarial valuations for the UK scheme have been derived from the '00 series tables and adjusted with an age rate of 25 years with Long Cohort improvements.

	30 September 2011		31 December 2010		31 December 2009		31 December 2008	
	Expected rate of return	Market value	Expected rate of return	Market value	Expected rate of return	Market value	Expected rate of return	Market value
	%	€m	%	€m	%	€m	%	€m
Netherlands								
Equities	7.2	61.0	7.4	75.1	6.8	55.5	7.6	41.3
Bonds, government bonds and cash (weighted average)	3.6	142.2	4.0	122.5	3.1	123.7	4.4	117.4
Total market value of assets		203.2		197.6		179.2		158.7
Present value of schemes' liabilities		(196.5)		(192.5)		(166.0)		(118.2)
Surplus in the schemes		6.7		5.1		13.2		40.5
Related deferred tax liability		(2.4)		(2.1)		(4.5)		(11.8)
Net pension asset		4.3		3.0		8.7		28.7

	30 September 2011		31 December 2010		31 December 2009		31 December 2008	
	Expected rate of return	Market value	Expected rate of return	Market value	Expected rate of return	Market value	Expected rate of return	Market value
	%	€m	%	€m	%	€m	%	€m
Germany								
Equities	7.6	31.6	7.5	35.1	8.9	21.1	8.4	13.1
Bonds, government bonds and cash (weighted average)	3.3	15.6	3.7	13.1	3.1	13.5	4.3	11.2
Total market value of assets		47.2		48.2		34.6		24.3
Present value of schemes' liabilities		(43.7)		(44.2)		(44.2)		(39.2)
Surplus/(deficit) in the schemes		3.5		4.0		(9.6)		(14.9)
Related deferred tax asset/liability		0.3		(5.1)		2.7		3.6
Net pension asset/(liability)		3.8		(1.1)		(6.9)		(11.3)

Movements in the liability for defined benefit schemes' obligations recognised in the statement of financial position

	2011-09	2010	2009	2008
	€m	€m	€m	€m
Schemes' liabilities at 1 January	(1,057.4)	(905.3)	(699.5)	(1,010.3)
Interest cost	(40.1)	(50.4)	(48.8)	(52.0)
Service cost recognised in the income statement	(9.8)	(10.5)	(9.8)	(18.8)
Member contributions	-	-	-	-
Curtailments, settlements and reclassifications	-	(0.2)	(0.7)	-
Pension payments	40.4	57.2	50.6	68.7
Actuarial (losses)/gains recognised in the combined statement of comprehensive income	(25.8)	(80.5)	(161.8)	114.1
Transfers in	-	(22.9)	-	-
Disposals	2.9	-	-	(7.0)
Effect of movements in foreign exchange	13.3	(44.8)	(35.3)	205.8
Schemes' liabilities at 30 September 2011, otherwise 31 December	(1,076.5)	(1,057.4)	(905.3)	(699.5)

Movements in the fair value of defined benefit schemes' assets recognised in the statement of financial position

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€m	€m	€m	€m
Schemes' assets at 1 January	991.1	834.7	677.4	1,045.1
Employer contributions	40.5	38.4	18.4	24.5
Member contributions	2.8	3.7	4.0	6.8
Other contributions	–	–	–	–
Expected return on schemes' assets	44.8	58.6	42.4	67.1
Pension payments	(40.4)	(57.2)	(50.6)	(68.7)
Actuarial (losses)/gains recognised in the combined statement of comprehensive income	(89.0)	50.2	107.2	(236.1)
Transfers in	–	22.9	–	–
Effect of movements in foreign exchange	(11.6)	39.8	35.9	(161.3)
Schemes' assets at 30 September 2011, otherwise 31 December	938.2	991.1	834.7	677.4

Expense recognised in the income statement

	9 months to 30 September 2011	9 months to 30 September 2010	Year to 31 December 2010	Year to 31 December 2009	Year to 31 December 2008
	€m	€m	€m	€m	€m
Current service cost	(9.8)	(8.0)	(10.5)	(9.8)	(18.8)
Past service cost	(0.6)	(0.6)	(0.8)	(1.3)	(0.5)
Total service cost	(10.4)	(8.6)	(11.3)	(11.1)	(19.3)
Curtailement gain	–	–	–	1.4	–
Interest cost on schemes' liabilities	(40.1)	(37.7)	(50.4)	(48.8)	(52.0)
Expected return on schemes' assets	44.8	43.9	58.6	42.4	67.1
Employment benefit net finance (expense)/income	4.7	6.2	8.2	(6.4)	15.1

The expected rates of return on scheme assets have been derived based on the weighted average of the expected returns on the individual asset classes.

Analysis of amounts recognised in the statement of comprehensive income

	9 months ended 30 September 2011 €m	9 months ended 30 September 2010 €m	Year to 31 December 2010 €m	Year to 31 December 2009 €m	Year to 31 December 2008 €m
Actual return less expected return on pension schemes' assets	(89.0)	34.0	50.2	107.2	(236.1)
Experience gains/(losses) arising on schemes' liabilities	3.1	–	33.8	(28.2)	5.6
Changes in assumptions underlying present value of schemes' liabilities	(28.9)	(103.0)	(114.3)	(133.6)	108.5
Actuarial (losses) recognised in the statement of comprehensive income	(114.8)	(69.0)	(30.3)	(54.6)	(122.0)

History of experience gains and losses

	9 months to 30 September 2011 €m	Year to 31 December 2010 €m	Year to 31 December 2009 €m	Year to 31 December 2008 €m
Difference between expected and actual returns on schemes' assets	(89.0)	50.2	107.2	(236.1)
Above as a percentage of schemes' assets	(9.5)%	5.1%	12.8%	(34.9)%
Experience gains/(losses) arising on schemes' liabilities	3.1	33.8	(28.2)	5.6
Above as a percentage of the present value of schemes' liabilities	(0.3)%	(3.2)%	3.1%	(0.8)%
Total amount recognised in the combined statement of comprehensive income	(114.8)	(30.3)	(54.6)	(122.0)
Above as a percentage of the present value of schemes' liabilities	10.7%	2.9%	6.0%	17.4%

The actual return on scheme assets in the 9 months ended 30 September 2011 was €-44.3m (31 December 2010: €108.3m, 31 December 2009: €149.6m, 31 December 2008: €-169.0m). The SCA Packaging Group expects to pay approximately €36.9m in contributions to the SCA Packaging Group defined benefit pension schemes in the year ending 31 December 2011.

23. Cash generated from operations

	9 months ended 30 September 2011	9 months ended 30 September 2010	Year to 31 December 2010	Year to 31 December 2009	Year to 31 December 2008
	€m	€m	€m	€m	€m
Profit/(loss) for the period/financial year	71.8	47.3	76.2	(88.7)	57.4
Adjustments for:					
Exceptional items (credited)/charged to income statement	22.0	24.0	24.1	122.3	–
Cash outflow for exceptional items	(16.9)	(34.8)	(40.9)	(43.6)	(20.1)
Depreciation and amortisation	83.8	86.7	115.6	124.4	137.2
Profit on sale of non-current assets	(0.7)	(1.2)	(1.9)	(3.1)	(1.9)
Share of profit of associates	(1.4)	(1.1)	(1.6)	(0.1)	(0.1)
Employment benefit net finance expense	(4.7)	(6.2)	(8.2)	6.4	(15.1)
Finance income	(32.2)	(31.0)	(40.9)	(31.5)	(26.1)
Finance costs	26.5	25.9	34.3	50.7	94.0
Other non-cash items	0.9	(0.1)	–	(0.5)	0.6
Income tax expense	32.4	11.5	22.2	(23.4)	12.4
	109.7	73.7	102.7	201.6	180.9
Changes in					
Inventories	(16.4)	(34.0)	(35.8)	30.6	22.0
Trade and other receivables	(76.7)	(70.0)	(60.3)	23.5	121.7
Trade and other payables	3.8	58.2	68.1	(24.9)	(72.7)
Provisions and employee benefits	(35.5)	(20.2)	(29.5)	(26.6)	(11.0)
	(124.8)	(66.0)	(57.5)	2.6	60.0
Cash generated from operations	56.7	55.0	121.4	115.5	297.1

Cashflows from operating activities arising from discontinued operations in 2008 were €8.2m inflow

24. Reconciliation of net cash flow to movement in net debt

	9 months ended 30 September 2011 €m	9 months ended 30 September 2010 €m	Year ended 31 December 2010 €m	Year ended 31 December 2009 €m	Year ended 31 December 2008 €m
Operating profit before amortisation and exceptional items	118.7	75.1	112.4	42.3	129.3
Depreciation	79.5	82.0	109.3	117.9	129.8
Adjusted EBITDA	198.2	157.1	221.7	160.2	259.1
Working capital movements	(89.3)	(45.8)	(28.0)	29.2	71.0
Provisions and employee benefits	(35.5)	(20.2)	(29.5)	(26.6)	(11.0)
Other	0.2	(1.3)	(1.9)	(3.7)	(1.9)
Cash generated from operations before exceptional cash items	73.6	89.8	162.3	159.1	317.2
Capital expenditure payments	(66.3)	(44.5)	(92.7)	(89.0)	(189.9)
Proceeds from sales of assets and investments	12.9	9.4	10.8	18.7	5.7
Cash flow from other investing activities	0.4	–	0.5	–	0.8
Tax paid	(11.1)	(5.8)	(7.1)	(5.9)	(30.8)
Net interest paid	5.1	4.8	6.3	(19.6)	(68.5)
Free cash flow	14.6	53.7	80.1	63.3	34.5
Exceptional cash costs	(16.9)	(34.8)	(40.9)	(43.6)	(20.1)
Net (acquisitions)/disposals of subsidiaries and associates	4.0	(0.9)	(0.9)	–	119.5
Net cash flow	1.7	18.0	38.3	19.7	133.9
Transactions with owners of the SCA Packaging Group	37.6	(3.0)	(17.4)	285.5	(200.4)
Disposals of subsidiaries	3.9	–	–	–	–
Reclassification of joint venture	13.4	–	–	–	–
Net movement on (borrowings)/cash	56.6	15.0	20.9	305.2	(66.5)
Foreign exchange and fair value movements	7.7	(19.5)	(19.0)	(11.9)	84.4
Net debt movement	64.3	(4.5)	1.9	293.3	17.9
Opening net debt.	(891.2)	(893.1)	(893.1)	(1,186.4)	(1,204.3)
Closing net debt	(826.9)	(897.6)	(891.2)	(893.1)	(1,186.4)

Free cash flow excludes net acquisitions/(disposals) of in subsidiaries, and associates exceptional cash.

25. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€m	€m	€m	€m
Less than one year	30.9	32.7	23.5	22.6
Between one and five years	67.2	73.0	53.2	41.4
More than five years	31.6	32.7	28.4	30.0
	129.7	138.4	105.1	94.0

Operating lease payments represent rentals payable by the SCA Packaging Group for certain of its properties, machines, vehicles and office equipment.

26. Contingent liabilities

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€m	€m	€m	€m
Contingencies held a respect of:				
- employees	0.5	0.3	0.3	0.5
- customers and others	0.3	0.3	0.3	0.2
Other contingent liabilities. . .	13.0	2.1	4.4	4.2
	13.8	2.7	5.0	4.9

Other contingent liabilities relate to warranty claims and leases on vacant properties which have been assigned to third parties.

27. Disposals and discontinued operations

(a) Disposal of Greek operations and ZAO SCA Packaging Kuban

In April 2011, SCA Packaging finalised and sold its Greek operations. The discounted net price for the disposal was €13.1m and the sale generated a loss on disposal of €3.9m. As at 30 September 2011 there was deferred consideration receivable in connection with this disposal of €12.0m payable in instalments to 2018. The outstanding amounts receivable are classified within non-current receivables and current trade and other receivables in the combined statement of financial position.

In July 2011, SCA Packaging sold ZAO SCA Packaging Kuban to DS Smith Sarl. The net proceeds for the disposal was €6.9m, producing a loss on disposal of €0.9m.

The net assets and liabilities at disposal and the profit on disposal were as follows:

	Greece operations	ZAO SCA Packaging Kuban, Russia	Total
	€m	€m	€m
Total consideration	13.1	6.9	20.0
Intangible assets	1.2	2.1	3.3
Property, plant and equipment	0.2	1.2	1.4
Deferred tax assets	3.2	0.6	3.8
Other non-current receivables	0.1	0.1	0.2
Inventories	10.4	2.6	13.0
Trade and other receivables	25.7	3.6	29.3
Cash and cash equivalents	0.3	1.0	1.3
Post-retirement benefits	(2.1)	–	(2.1)
Deferred tax liabilities	(0.7)	–	(0.7)
Interest-bearing loans and borrowings–current	(4.1)	–	(4.1)
Trade and other payables	(16.6)	(2.7)	(19.3)
Net assets disposed of:	17.6	8.5	26.1
Transaction and other costs of disposal:	0.6	0.7	1.3
Loss on disposal	(3.9)	(0.9)	(4.8)

The impact of the disposals on the combined statement of cash flows was as follows:

	Greece operations	ZAO SCA Packaging Kuban, Russia	Total
	€m	€m	€m
Total consideration	16.0	6.9	22.9
Discounting of deferred consideration	(2.9)	–	(2.9)
Total consideration (after discounting)	13.1	6.9	20.0
Disposed cash and cash equivalents	(0.3)	(1.0)	(1.3)
Unpaid consideration	(12.0)	(1.5)	(13.5)
Impact on combined statements of cash flows	0.8	4.4	5.2
Disposed net debt	(4.0)	0.1	(3.9)

(b) Sale of UK conventional corrugated packaging business in 2008

On 30 September 2008 SCA Packaging disposed of certain conventional corrugated plants in the UK and Ireland to SAICA Packaging UK Limited and SAICA Packaging Ireland. The proceeds totalled €119.5 m and there was no profit or loss arising on the transaction.

The UK conventional corrugated operations represented a separate line of business for SCA Packaging. As a result, these operations have been treated as discontinued operations for the year ended 31 December 2008. A single amount is shown on the face of the income statement comprising the post-tax result of discontinued operations. The table below provides further detail of the amount shown on the income statement.

Financial information relating to the disposed operations for the period to the date of disposal is set out below:

	€m
Revenue	240.9
Cost of goods sold	(196.4)
Gross profit	44.5
Operating expenses	(42.6)
Operating profit	1.9
Financial income	(0.8)
Profit before tax	1.1
Tax expense	(0.5)
Profit for the financial year.	0.6

The carrying value of the assets liabilities at disposal and were as follows:

	UK Conventional Corrugated Business
	€m
Total consideration	119.5
Property, plant and equipment	106.8
Inventories	15.9
Trade and other receivables	59.1
Post-retirement benefits	7.0
Trade and other payables	(39.6)
Provisions	(29.7)
Net assets disposed of:	119.5
Profit/(loss) on disposal of discontinued operations	–

28. Related parties

(a) Key Management compensation

The key management personnel of SCA Packaging comprise the SCA Packaging Board. The compensation of key management personnel is set out below which excludes notice period and redundancy payments for former presidents:

	9 months ended 30 September 2011	9 months ended 30 September 2010	Year ended 31 December 2010	Year ended 31 December 2009	Year ended 31 December 2008
	€m	€m	€m	€m	€m
Fixed salary ¹	1.0	0.8	1.5	1.0	1.0
Variable remuneration– performance related	–	–	0.8	0.6	–
Post retirement benefit	0.1	0.1	0.1	0.1	0.1
Total	1.1	0.9	2.4	1.7	1.1

¹ Included within 2010 fixed salary is a bonus payment made to acting president for the period from the end of 2009 to the beginning of 2010, as well as a sign on bonus for the new president in 2010

(b) Transactions with other SCA Group entities

In the normal course of business SCA Packaging undertakes transactions with other companies in the SCA Group. Sales to SCA Group entities are made by both SCA Packaging's packaging operations and its recycling operations. Purchases from SCA Group entities include purchases of both paper and recycled material. Services provided by SCA Group entities were made on an arm's length basis. Services such as IT Services and, R&D were provided on a cost basis.

	9 months ended 30 September 2011	9 months ended 30 September 2010	Year ended 31 December 2010	Year ended 31 December 2009	Year ended 31 December 2008
	€m	€m	€m	€m	€m
Packaging sales to SCA Group entities (included in Revenue)	43.9	39.4	52.6	47.9	55.6
Recycling income from SCA Group entities (included as a credit in the SCA Packaging Group's Cost of sales)	14.8	11.3	15.8	5.9	–
Total sales to SCA Group entities	58.7	50.7	68.4	53.8	55.6

	9 months ended 30 September 2011	9 months ended 30 September 2010	Year ended 31 December 2010	Year ended 31 December 2009	Year ended 31 December 2008
	€m	€m	€m	€m	€m
Purchases of paper reels from SCA Group entities	137.1	120.5	166.0	129.6	160.7
Other purchases/services provided from SCA Group entities	1.4	6.1	6.5	10.6	19.9
Total purchases from SCA Group entities (included in Cost of Sales)	138.5	126.6	172.5	140.2	180.6

	9 months ended 30 September 2011	9 months ended 30 September 2010	Year ended 31 December 2010	Year ended 31 December 2009	Year ended 31 December 2008
	€m	€m	€m	€m	€m
Other purchases/services provided from SCA Group entities (included in Operating expenses)	9.6	9.8	13.3	17.1	28.9

The following table sets out the receivables and payable balances in relation to the above transactions.

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€m	€m	€m	€m
Trading balances and other receivables due from SCA Group entities	21.5	17.3	14.4	15.1
Trading balances and other payables due to SCA Group entities	52.5	43.3	28.9	24.6

As described in note 19, the SCA Packaging Group has historically used the SCA Group central treasury function to provide loans and make deposits of surplus funds and has used cash-pools where such arrangements were in place within the SCA Group. Further information regarding the interest receivable and payable in relation to these arrangements are included in notes 5 and 19.

29. SCA Packaging Group companies

Control of the SCA Packaging Group

The ultimate parent company of all the companies in the SCA Packaging Group is SCA AB. A list of the principal companies included in the SCA Packaging Group is as follows:

	Country of Incorporation or registration	Ownership Interest 2011 %
SCA Packaging Ceska Republica S.R.O	Czech Republic	100
SCA Packaging Containerboard Deutschland GmbH	Germany	100
SCA Packaging FULDA GmbH	Germany	100
SCA Packaging Stiftung & Co KG	Germany	100
SCA Packaging Denmark A/S	Denmark	100
SCA Emballage France SAS	France	100
SCA Packaging Nicollet SAS	France	100
SCA Packaging Ltd	Great Britain	100
SCA Packaging Hungary Kft	Hungary	100
SCA Packaging Italia SpA	Italy	100
SCA Packaging Poland Spolka Z O O	Poland	100
SCA Packaging Benelux BV	Netherlands	100
SCA de Hoop B.V	Netherlands	100
SCA Packaging Sweden AB	Sweden	100
SCA Recycling UK Ltd	Great Britain	100
SCA Packaging Coordination Center NV	Belgium	100
SCA Packaging Marketing NV	Belgium	100

30. Investment in Joint Ventures

In 2008, 2009 and 2010, SCA Packaging considered that it had joint control over the operations of its Turkish joint ventures. Accordingly, SCA Packaging's share of each of the assets, liabilities, income and expenses of these entities were combined with the SCA Packaging Group's similar line items, line by line, in accordance with the proportionate consolidation method. During 2011 a renewal of the Shareholders Agreement between SCA Packaging International B.V. and the majority owner of the entities was negotiated. As a result of the negotiations, management considers that the SCA Packaging Group no longer had joint control over these Turkish entities and they were reclassified as associates and accounted for under the equity method from May 2011. Management determined that the fair value of the net assets was equal to the book value at the date of reclassification from joint ventures to associates.

The table below shows SCA Packaging's share of the summarised financial information of the Turkish entities, for the periods in which they were accounted for using proportionate consolidation.

	30 September 2011	31 December 2010	31 December 2009	31 December 2008
	€m	€m	€m	€m
Total non-current assets	–	28.8	27.4	25.9
Total current assets	–	18.3	13.3	10.4
Total non-current liabilities	–	2.8	3.8	5.0
Total current liabilities	–	18.6	13.8	9.7
Share of net assets, proportionately combined	–	25.7	23.1	21.6

	9 months ended 30 September 2011	9 months ended 30 September 2010	Year ended 31 December 2010	Year ended 31 December 2009	Year ended 31 December 2008
	€m	€m	€m	€m	€m
Revenue	17.6	40.8	55.0	36.6	41.2
Cost of sales	(16.1)	(35.0)	(49.3)	(33.6)	(40.4)
Operating expenses	(0.6)	(2.4)	(3.2)	(2.6)	(3.3)
Share of profit/(loss) for the financial period, proportionately combined	0.9	3.4	2.6	0.4	(2.5)

31. Events after the balance sheet date

In November, SCA Packaging sold OAO SCA Packaging St Petersburg to Smurfit Kappa Group. The net proceeds for the disposal was €8.1m, producing a loss on disposal of €1.8m