



#### Second quarter

- Net sales amounted to SEK 1,801 million (1,840). Average timber prices decreased by 8% while delivery volumes and the proportion of sawlogs increased.
- Operating profit from continuing operations amounted to SEK 223 million (333). The decrease is mainly due to lower timber prices which were partly compensated by a higher volume of timber from the company's own forests and a larger proportion of sawlogs in deliveries. The difference compared with the previous year is also explained by processing costs after the storm Dagmar and by insurance compensation for the storm Gudrun received by Sveaskog in 2011.
- Change in value of forest assets amounted to SEK 114 million (97).
- Operating profit amounted to SEK 374 million (468).
- Profit for the quarter was SEK 223 million (303).

#### Six months January–June

- Net sales amounted to SEK 3,467 million (3,612). Average timber prices decreased by 6% while delivery volumes were largely unchanged compared with the same period in the previous year.
- Operating profit from continuing operations decreased to SEK 446 million (576). The decrease is mainly due to lower timber prices, partly compensated by a higher volume of timber from the company's own forests and a larger proportion of sawlogs in deliveries. Processing costs after the storm Dagmar and insurance compensation in the previous year also affected earnings compared with 2011.
- Change in value of forest assets amounted to SEK 289 million (171).
- Operating profit amounted to SEK 804 million (809).
- Profit for the first half of the year amounted to SEK 497 million (520).

SEKm	Quarter 2		January–June	
	2012	2011	2012	2011
Net sales	1,801	1,840	3,467	3,612
Operating profit from continuing operations	223	333	446	576
Operating profit	374	468	804	809
Profit before tax	300	408	677	708
Profit for the period	223	303	497	520
Earnings per share, SEK	1.89	2.56	4.20	4.39

Sveaskog is Sweden's leading forest company. We sell sawlogs, pulpwood and biofuel. We also work with land transactions and develop the forest as a venue for fishing, hunting and other nature-based experiences. The forest is Sveaskog's core business and we accept major responsibility as a driving force for development as well as contributing to new applications for both wood raw material and forest land. We defend sustainable development in everything we do. We have annual sales of SEK 7 billion and some 700 employees.

## CEO's comments

Sveaskog's net sales for the first half of the year amounted to SEK 3,467 million (3,612). The decline compared with the previous year is essentially due to a 6% decrease in average selling prices. The total sales volume is largely unchanged compared with last year. Operating profit from continuing operations amounted to SEK 446 million (576). The lower price levels had an impact on earnings but were compensated to some extent by a higher volume of timber from our own forests and an increased proportion of sawlogs in deliveries. When comparing with last year insurance compensation for the storm Gudrun, which was recognised as revenue of SEK 62 million in the second quarter of 2011, should be taken into account.

Sales of wood raw material amounted to 5.7 million cubic metres (m<sup>3</sup>sub), a marginal increase compared with the same period in the previous year. On the other hand, the volume varies between the main assortment sawlogs, pulpwood and biofuel. Despite the weak economic climate, sawmill production was higher than in the same period last year which was reflected in a 12% increase in sawlog deliveries. Deliveries of pulpwood and chips decreased by 9% while biofuel deliveries rose 3%.

Operating profit from continuing operations was affected, as well as by lower selling prices, by higher production costs. These stem from processing after the storm Dagmar which felled more than half a million cubic metres of forest on Sveaskog's land, primarily in south Norrland. The storm caused disruptions in the market but Sveaskog was able to meet its deliveries to customers by bringing in resources from other parts of the country to process and transport the timber.

The strong krona and difficulties with financing are causing concern in the Swedish wood products industry. Demand for sawlogs was balanced, however, and the reductions in sawlog prices have ceased. The market for the wood products industry is difficult to assess. Operating profit in associated company Setra Group AB, where Sveaskog owns 50%, amounted to SEK 2 million (–8). The rate of production for pulp and paper in Sweden has been normal. Fibre raw material supplies were plentiful in relation to demand which put pressure on deliveries. The balance between supply and demand for pulpwood will probably improve by the autumn. Prices of fibre raw material fell slightly. The assessment is that prices have now bottomed out.

In the second quarter Sveaskog issued a dividend of almost SEK 4.5 billion to the company's owner. As a result, the equity ratio decreased from 54% at the start of the year to 43% at 30 June. The dividend was essentially financed by increased borrowing. The reason for the high dividend is the target of a long-term equity ratio of 35–40% adopted at the 2011 annual general meeting.

In June, Sveaskog inaugurated a railway terminal in Nattavaara, 60 kilometres south of Gällivare in Norrbotten. The new terminal will be an important hub for reducing road transports and the ability to deliver timber to customers more efficiently, at lower costs and with less environmental impact. One timber train replaces 35 timber lorries and after the summer Sveaskog plans to operate two trains a week to the coast of Norrland, where the forest industry has many of its facilities.



Spring and summer are important seasons for silviculture and this year's activities including inventories, planting and cleaning have gone very well. Sveaskog will plant approximately 35 million seedlings in 2012. For the first time, the company can use more plants with the company's own patented mechanical protection against pine weevils, Conniflex and Multipro, than seedlings treated with chemical insecticides. This marks a key step along the road towards the target of total avoidance of chemical protection by 2015.

During the period an internal efficiency programme has been underway for smarter driving in the forests. Since 2011, almost all Sveaskog's own 180 machine drivers have attended driving training designed to improve efficiency in production and reduce carbon dioxide emissions. Sveaskog's target is to reduce carbon dioxide emissions from fossil fuels by 30% by 2015. This training programme is one activity for attaining this goal. The changeover to a new organisation with effect from 1 April has gone well. We now work in an organisation with clear profit and customer responsibility designed to achieve the financial targets decided by the annual general meeting.

Sveaskog's CFO Per Matses was appointed deputy CEO in April 2012.

On a fine day in June, Sveaskog inaugurated the Forsmark Ecopark in north Uppland. This is the company's thirtieth ecopark and a forest landscape with unique natural values which I hope many people will have an opportunity to visit.

Per-Olof Wedin, President and CEO.

## Operations

### NET SALES AND EARNINGS

#### Second quarter

Net sales totalled SEK 1,801 million (1,840) in the second quarter, a decrease of 2% compared with the same period in 2011. The change is due to an 8% decrease in average timber prices which was largely compensated by higher delivery volumes and a higher proportion of sawlogs.

Operating profit from continuing operations amounted to SEK 223 million (333). The change is mainly due to lower timber prices which were partly compensated by a higher volume of timber from the company's own forests and a larger proportion of sawlogs in deliveries. The difference compared with the previous year is also explained by processing costs after the storm Dagmar and by SEK 62 million in insurance compensation after the storm Gudrun received by Sveaskog in 2011.

Capital gains from property sales amounted to SEK 29 million (27).

Share of profits of associates amounted to SEK 8 million (11).

Operating profit before change in value of forest assets amounted to SEK 260 million (371).

Change in value of forest assets amounted to SEK 114 million (97). After change in value of forest assets, operating profit amounted to SEK 374 million (468).

Net financial items amounted to SEK –74 million (–60). The change is due to increased borrowing.

Profit for the period was SEK 223 million (303).

#### January–June

Net sales decreased by 4% to SEK 3,467 million (3,612). The change is explained by a 6% reduction in average timber prices, which was partly compensated by a higher proportion of sawlogs in deliveries.

Operating profit from continuing operations was SEK 446 million (576). The decrease is mainly explained by lower average timber prices, processing costs after the storm and the insurance com-

penensation mentioned above. An increased volume of timber from own forests and a larger proportion of sawlogs in deliveries had a positive impact on earnings.

Capital gains from property sales, primarily sales to private forestry, amounted to SEK 76 million (67).

Share of profits of associates amounted to SEK –7 million (–5).

Operating profit before change in value of forest assets amounted to SEK 515 million (638).

Change in value of forest assets amounted to SEK 289 million (171). After change in value of forest assets, operating profit amounted to SEK 804 million (809).

Net financial items amounted to SEK –127 million (–101). The change is mainly explained by a higher average loan portfolio.

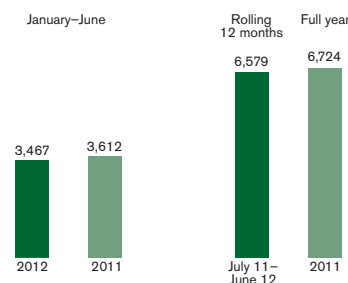
Profit for the period was SEK 497 million (520).

### CASH FLOW, INVESTMENTS AND FINANCIAL POSITION

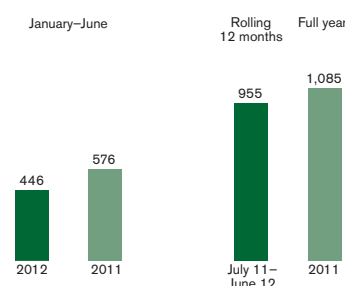
Cash flow from operating activities before change in working capital amounted to SEK 31 million (47). After change in working capital, cash flow amounted to SEK 165 million (501). Investments in property, plant and equipment amounted to SEK 128 million (79) and mainly comprise forest properties, forest machines and a biofuel boiler for Svenska Skogsplantor. Investments in shares accounted for SEK 0 million (10). Sale of property, plant and equipment, primarily forest properties, totalled SEK 130 million (207). Interest-bearing net debt increased by SEK 3,995 million to SEK 9,419 million (5,424). Compared with 30 June 2011, working capital increased by SEK 101 million mainly due to higher trade receivables.

Europe's debt problems affected the financial markets during the first six months of the year. Leading economists assess that this will continue to exert a central influence on market interest rates, stock exchanges and future growth. The Swedish economic scenario differs from the rest of Europe

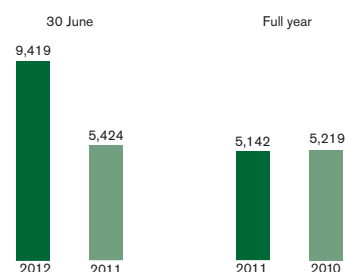
### Net sales, SEKm



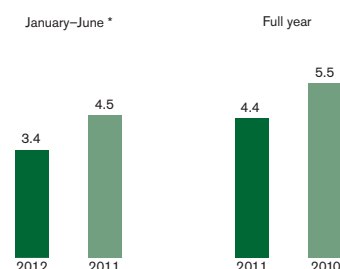
### Operating profit from continuing operations, SEKm



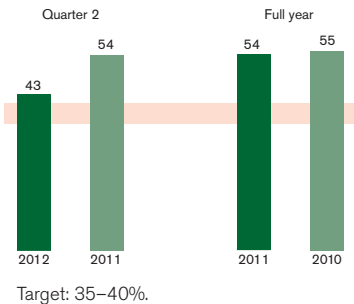
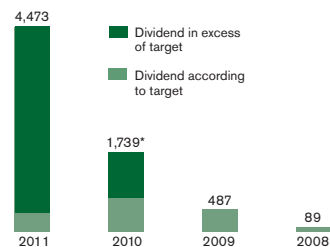
### Interest-bearing net debt, SEKm



### Interest cover, multiple



\* Rolling 12 months.

**OWNER FINANCIAL TARGETS****Return on equity, %****Yield, %****Equity ratio, %****Dividend, SEKm**

Target: At least 60% of profit after tax excluding non-cash adjustments in accordance with IFRS.

\* Incl. consolidated value for distribution of Ersättningsmark i Sverige AB.

resulting in slightly higher short-term interest rates and a strengthened Swedish krona. Sveaskog's borrowing costs are expected to remain at a relatively unchanged level.

Sveaskog's interest-bearing net debt has increased by SEK 3,995 million in 2012 and amounted to SEK 9,419 million (5,424). A dividend of SEK 4,473 million was paid to the owner in the second quarter. The loan portfolio mostly consists of loans issued under Sveaskog's MTN programme as well as Swedish commercial paper programmes. At present, about 10% of the portfolio consists of bank financing. The loan volume under the commercial paper programme is SEK 3,070 million (2,110) and is refinanced regularly. A gross amount of SEK 2,400 million was raised under the MTN programme and the present outstanding volume is SEK 3,920 million (2,590). The average fixed interest period during 2012 has been approximately 20 months at the lowest and was 21 months on the accounting date. Interest cover amounted to 3.4 (4.5).

**PARENT COMPANY**

Sveaskog AB (publ), 100% owned by the Swedish state, owns and manages forest properties and shares in subsidiaries and is also responsible for Group-wide financing. Sveaskog AB's operating income during the first half was SEK 9 million (6), of which capital gains accounted for SEK 3 million (0). Profit after financial items amounted to SEK 4,199 million (–284) and included a dividend of SEK 4,500 from the subsidiary Sveaskog Förvaltnings AB. The Parent Company's expenses mainly comprise interest expenses as a result of the acquisition of Sveaskog Förvaltnings AB. The company has no employees.

**SVENSKA SKOGSPANTOR AB**

Svenska Skogsplantor is a wholly owned subsidiary which produces and sells forest cultivation materials as well as providing silvicultural services. The company's sales totalled SEK 261 million (227) in the first half of the year. Operating profit improved compared with the corresponding period in the previous year and amounted to SEK 44 million (36). The improvement is mainly explained by higher deliveries.

**SETRA GROUP AB**

Sveaskog owns 50% of the shares in Setra Group AB making it an associated company. Share of profits of the associate is recognised in the consolidated income statement. Net sales for the first half of the year totalled SEK 2,237 million (2,426) and operating profit amounted to SEK 2 million (–8). Sveaskog's share of profit in the company, adjusted for inter-company profits during the year, amounted to SEK –7 million (–5).

**Market****WOOD PRODUCTS INDUSTRY**

Following a sharp decline in global demand for wood products during 2008 and 2009 due to the global recession, global trading has increased by an estimated 25% in the last two years. Last year, world trade reached over 90 million m<sup>3</sup>, but demand is still lower than before the financial crisis. The biggest importing countries in 2011 were the US, China, Japan, the UK and Italy, while the five countries with the biggest exports were Canada, Russia, Sweden, Germany and Chile.

Housing starts in the EU remain at a low level and in the eurozone the level is even lower. There are some signs of an increase in Germany.

The US is seeing a weak increase in wood products consumption but there is only an insignificant increase in construction of new homes.

China continues to increase its imports of sawn timber and a weak increase in imports is also taking place in Japan.

Imports to North Africa and the Middle East are showing a relatively strong increase.

*Market for sawlogs*

Sweden is increasing its exports of sawn redwood which are at the levels which prevailed prior to the financial and debt crisis in 2008–2009, while the increase for whitewood is insignificant. Export prices are at levels corresponding to summer and autumn 2009. The high value of the krona

and difficulties in obtaining financing for operations are causing concern in the Swedish wood products industry. Demand for sawlogs was balanced and the reduction in sawlog prices has ceased.

Sveaskog's sawlog deliveries in the first half of 2012 totalled 2,301,000 m<sup>3</sup>sub, which is an increase of 12% compared with the same period in 2011. Deliveries in the second quarter amounted to 1,182,000 m<sup>3</sup>sub (1,028,000).

#### PULP AND PAPER INDUSTRY

The global market for paper pulp is still characterised by uncertainty. This includes when China will increase its imports, how the European economy will develop and how the current low spot prices particularly in the softwood pulp market will affect production levels at pulp companies. Lower pulp prices will probably lead to some pulp mills in Europe and North America implementing market-related shutdowns in the coming months. Deliveries in the second quarter amounted to 1,212,000 m<sup>3</sup>sub (1,351,000).

#### Market for pulpwood and chips

In Sweden the rate of production is largely normal but profitability varies between the different industrial units. There have been plentiful supplies of fibre raw material in

relation to demand which has put pressure on deliveries for forest owners and on prices for cellulose chips and pulpwood. The balance between supply and demand for pulpwood will probably improve in the autumn. Prices of fibre raw material have fallen slightly and have now probably bottomed out.

Sveaskog delivered 2,502,000 m<sup>3</sup>sub of pulpwood and chips in the period January to June 2012, a decrease of 9% compared with the same period in 2011.

#### ENERGY SECTOR

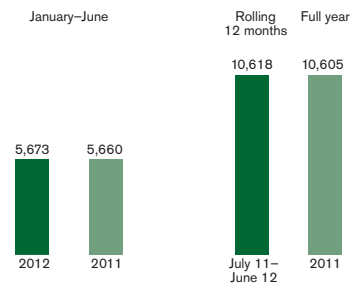
There have been plentiful supplies of biofuel in the international market with the US and Canada as major exporters.

#### Biofuel

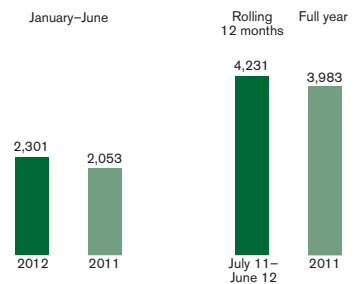
The heating season for biofuel is now over. Due to a warm autumn and early spring, a surplus of stored volumes of biofuel has built up which will push down future delivery volumes in the autumn. Prices are falling which is breaking the upward trend seen for many years.

Sveaskog's biofuel deliveries amounted to 870,000 m<sup>3</sup>sub in the period January to June 2012, an increase of 3% compared with the same period in 2011. Deliveries in the second quarter amounted to 345,000 m<sup>3</sup>sub (309,000).

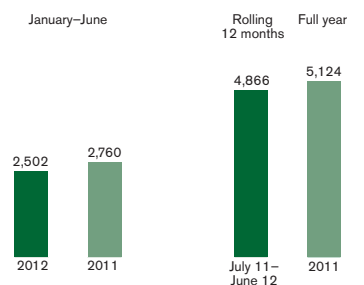
#### Sveaskog's total delivery volume, 000s m<sup>3</sup>sub



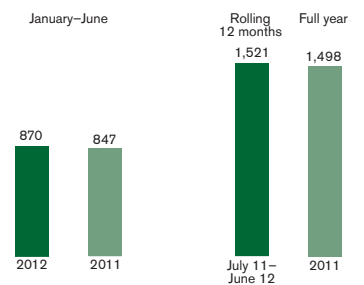
#### Delivery volume, sawlogs, 000s m<sup>3</sup>sub



#### Delivery volume, pulpwood and chips, 000s m<sup>3</sup>sub



#### Delivery volume, biofuel, 000s m<sup>3</sup>sub



## Sveaskog Group

### Condensed income statement

(Note 1) SEK m	3 months		6 months		12 months	
	Q 2 2012	Q 2 2011	Jan–June 2012	Jan–June 2011	July 2011– June 2012	Full year 2011
Net sales	1,801	1,840	3,467	3,612	6,579	6,724
Other operating income	2	71	7	72	22	87
Raw materials and consumables	-530	-611	-1,208	-1,393	-2,237	-2,422
Change in inventories	-153	-92	-128	-88	64	104
Other external costs	-738	-703	-1,368	-1,298	-2,803	-2,733
Staff costs	-134	-148	-273	-281	-570	-578
Depreciation	-25	-24	-51	-48	-100	-97
<b>Operating profit from continuing operations</b>	<b>223</b>	<b>333</b>	<b>446</b>	<b>576</b>	<b>955</b>	<b>1,085</b>
Capital gains from property sales	29	27	76	67	228	219
Share of profits of associates	8	11	-7	-5	-24	-22
<b>Operating profit before change in value of forest assets</b>	<b>260</b>	<b>371</b>	<b>515</b>	<b>638</b>	<b>1,159</b>	<b>1,282</b>
Change in value of forest assets (Note 1)	114	97	289	171	295	177
<b>Operating profit</b>	<b>374</b>	<b>468</b>	<b>804</b>	<b>809</b>	<b>1,454</b>	<b>1,459</b>
Financial items	-74	-60	-127	-101	-256	-230
<b>Profit before tax</b>	<b>300</b>	<b>408</b>	<b>677</b>	<b>708</b>	<b>1,198</b>	<b>1,229</b>
Tax	-77	-105	-180	-188	-322	-330
<b>Profit for the period/year</b>	<b>223</b>	<b>303</b>	<b>497</b>	<b>520</b>	<b>876</b>	<b>899</b>
Earnings per share, SEK before and after dilution	1.89	2.56	4.20	4.39	7.40	7.59
- calculated on average number of shares, million	118.4	118.4	118.4	118.4	118.4	118.4

### Statement of comprehensive income

(Note 1) SEK m	3 months		6 months		12 months	
	Q 2 2012	Q 2 2011	Jan–June 2012	Jan–June 2011	July 2011– June 2012	Full year 2011
<b>Profit for the period/year</b>	<b>223</b>	<b>303</b>	<b>497</b>	<b>520</b>	<b>876</b>	<b>899</b>
<b>Other comprehensive income</b>						
Exchange differences	0	0	0	0	0	0
Cash flow hedges	-9	1	12	21	-12	-3
Tax attributable to cash flow hedges	3	0	-3	-5	3	1
<b>Total other comprehensive income for the period/year, net after tax</b>	<b>-6</b>	<b>1</b>	<b>9</b>	<b>16</b>	<b>-9</b>	<b>-2</b>
<b>Total comprehensive income for the period/year</b>	<b>217</b>	<b>304</b>	<b>506</b>	<b>536</b>	<b>867</b>	<b>897</b>

## Definitions

#### Adjusted equity

Equity plus minority interests.

#### Capital turnover rate

Net sales divided by average operating capital.

#### Debt/equity ratio

Interest-bearing net debt divided by adjusted equity.

#### Equity ratio

Adjusted equity divided by total assets, all calculated at the end of the period/year.

#### Gross margin

Operating profit before depreciation and share of profits of subsidiaries expressed as a percentage of net sales.

#### Interest-bearing net debt

Interest-bearing liabilities minus interest-bearing assets, all calculated at year-end

#### Interest cover

Operating profit before change in value of forest assets excl. capital gains on property sales plus financial income divided by financial expenses.

## Sveaskog Group

## Condensed balance sheet

SEKm	30 June 2012	30 June 2011	31 Dec 2011
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets			
Property, plant and equipment	10	6	11
Forest land (Note 1)	2,081	1,992	2,014
Other property, plant and equipment	596	568	610
Biological assets – standing timber (Note 1)	28,261	28,029	27,995
Financial assets	442	475	452
<b>Total non-current assets</b>	<b>31,390</b>	<b>31,070</b>	<b>31,082</b>
<b>Current assets</b>			
Inventories	545	519	671
Current receivables, etc., non-interest bearing	2,263	2,104	1,868
Current interest-bearing receivables	0	0	0
Cash and cash equivalents	213	322	746
<b>Total current assets</b>	<b>3,021</b>	<b>2,945</b>	<b>3,285</b>
<b>TOTAL ASSETS</b>	<b>34,411</b>	<b>34,015</b>	<b>34,367</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>14,707</b>	<b>18,313</b>	<b>18,674</b>
Non-current liabilities			
- Interest-bearing liabilities and provisions	5,571	2,200	3,322
- Other liabilities and provisions	8,521	8,341	8,464
<b>Total non-current liabilities</b>	<b>14,092</b>	<b>10,541</b>	<b>11,786</b>
Current liabilities			
- Interest-bearing liabilities	4,061	3,546	2,567
- Other liabilities	1,551	1,615	1,340
<b>Total current liabilities</b>	<b>5,612</b>	<b>5,161</b>	<b>3,907</b>
<b>TOTAL LIABILITIES</b>	<b>19,704</b>	<b>15,702</b>	<b>15,693</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>34,411</b>	<b>34,015</b>	<b>34,367</b>

**Net earnings per share**

Profit for the year after tax divided by average number of shares during the year.

**Operating capital**

Total assets excluding interest-bearing assets, tax assets and assets held for sale minus non-interest bearing liabilities and deferred tax liabilities, all calculated at year-end.

**Operating margin**

Operating profit expressed as a percentage of net sales.

**Operating profit from continuing operations**

Operating profit before change in value of forest assets, share of profits of associates and capital gains from property sales.

**Return on equity**

Profit for the year after tax expressed as a percentage of average adjusted equity.

**Return on operating capital**

Operating profit divided by average operating capital, excluding deferred tax.

**Yield**

Operating profit before change in value of forest assets excluding capital gains on property sales, divided by average operating capital, excluding deferred tax.

## Sveaskog Group

### Condensed cash flow statement

SEKm	Jan–June 2012	Jan–June 2011	Full year 2011
<b>Operating activities</b>			
Operating profit	804	809	1,459
Adjustment for non-cash items, etc.	-324	-189	-361
Interest received	23	12	27
Interest paid	-150	-113	-231
Paid tax	-322	-472	-427
<b>Cash flow from operating activities before change in working capital</b>	31	47	467
Change in working capital	134	454	203
<b>Cash flow from operating activities</b>	165	501	670
<b>Investing activities</b>			
Investments in property, plant and equipment	-128	-79	-211
Investments in shares	0	-10	-18
Sale of property, plant and equipment	130	207	433
Sale of shares	0	0	0
Change in interest-bearing receivables	0	0	0
<b>Cash flow from investing activities</b>	2	118	204
<b>Financing activities</b>			
Dividend paid	-4,473	-856	-856
Change in financial liabilities	3,773	33	202
<b>Cash flow from financing activities</b>	-700	-823	-654
<b>Cash flow for the period/year</b>	-533	-204	220
<b>Cash and cash equivalents, opening balance</b>	746	526	526
<b>Cash and cash equivalents, closing balance</b>	213	322	746

### Condensed statement of changes in equity

SEKm	Jan–June 2012	Jan–June 2011	Full year 2011
<b>Opening equity, 1 January</b>	18,674	19,516	19,516
Total comprehensive income	506	536	897
Dividend paid in accordance with AGM decision	-4,473	-1,739	-1,739
<b>Closing equity at the end of the period/year</b>	14,707	18,313	18,674

### Key figures

	Jan–June 2012	Jan–June 2011	Full year 2011
Operating margin, %	23	22	22
Yield, % 1)	3.9	4.3	4.4
Return on equity, % 1)	5.3	10.1	4.7
Equity ratio, %	43	54	54
Return on equity, % 1)	6.1	11.4	6.1
Debt/equity ratio, multiple	0.64	0.30	0.28
Interest cover, multiple 1,3)	3.4	4.5	4.4
Interest-bearing net debt, SEKm	9,419	5,424	5,142
Earnings per share, SEK 2)	4.20	4.39	7.59
Average number of employees	931	970	1,008
Number of employees	704	720	726

1) Rolling 12 months.

2) Calculated on number of shares, 118,373,034.

3) Operating profit before change in value of forest assets minus capital gains on property sales plus financial income divided by financial expenses.



## Parent company

### Condensed income statement

(Note 1) SEKm	3 months		12 months	
	Q 2 2012	Q 2 2011	July 2011– June 2012	Full year 2011
Operating income	9	6	15	12
Operating expenses	0	0	-15	-15
<b>Operating profit/loss</b>	9	6	0	-3
Financial items*	4,190	-290	4,483	3
<b>Profit/loss before tax</b>	4,199	-284	4,483	0
Tax	79	75	4	0
<b>Profit/loss for the period/year</b>	4,278	-209	4,487	0

\* In Q2 2012 the Parent Company received a dividend of SEK 4,500 million from the subsidiary Sveaskog Förvaltnings AB.

### Condensed balance sheet

SEKm	30 June 2012	30 June 2011	31 Dec 2011
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	60	60	60
Total property, plant and equipment	60	60	60
Financial assets			
Interest-bearing	1,870	1,570	2,120
Non-interest bearing	24,934	24,934	24,934
Total financial assets	26,804	26,504	27,054
Total non-current assets	26,864	26,564	27,114
<b>Current assets</b>			
Current receivables, etc., non-interest bearing	107	470	656
Short-term investments	159	4,509	4,238
Cash and bank balances	0	0	0
Total current assets	266	4,979	4,894
<b>TOTAL ASSETS</b>	27,130	31,543	32,008
Equity			
Total equity	11,528	11,514	11,723
Non-current liabilities			
Interest-bearing non-current liabilities	4,898	1,469	2,619
Other provisions	10	-	10
Total non-current liabilities	4,908	1,469	2,629
Current liabilities			
Interest-bearing liabilities and provisions	10,634	18,518	17,610
Other liabilities and provisions	60	42	46
Total current liabilities	10,694	18,560	17,656
<b>TOTAL EQUITY AND LIABILITIES</b>	27,130	31,543	32,008

## Parent company

### Condensed cash flow statement

SEKm	Jan–June 2012	Jan–June 2011	Full year 2011
<b>Cash flow from operating activities</b>	3,143	-536	-588
<b>Cash flow from investing activities</b>	252	200	-349
<b>Cash flow from financing activities</b>	-3,395	336	937
<b>Total cash flow</b>	0	0	0
<b>Cash and cash equivalents, opening balance</b>	0	0	0
<b>Cash and cash equivalents, closing balance</b>	0	0	0

### Condensed statement of changes in equity

SEKm	Jan–June 2012	Jan–June 2011	Full year 2011
Opening equity, 1 January	11,723	12,639	12,639
Dividend paid in accordance with AGM decision	-4,473	-916	-916
Profit/loss for the period/year	4,278	-209	0
<b>Closing equity at the end of the period/year</b>	<b>11,528</b>	<b>11,514</b>	<b>11,723</b>

#### ACCOUNTING PRINCIPLES

The interim report for the Group is prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and the Securities Market Act. For the Parent Company the interim report is prepared in accordance with the Annual Accounts Act and the Securities Market Act, which are in accordance with the regulations in RFR 2 Accounting for Legal Entities. The accounting principles and calculation principles for the Parent Company and the Group applied in this report are unchanged compared with the most recently published annual report. New or revised IFRS and interpretations from IFRIC have not had any effect on the earnings or financial position of the Group or the Parent Company.

Amounts are stated in SEK million unless otherwise indicated. Figures in parentheses refer to the same period in the previous year.

#### NOTE 1 – CHANGE IN VALUE OF FOREST ASSET, SEKm

The market-related value of Sveaskog's forest assets at 30 June 2012 has been calculated at 30,342 (30,021), of which 28,261 (28,029) comprises the fair value of standing timber and 2,081 (1,992) an identified cost for land. The change in the balance sheet amounts to 321 (78).

#### RISKS AND UNCERTAINTIES

A description of risks, uncertainties and risk management is provided in Sveaskog's 2011 Annual Report (in Swedish) on pages 76–78. No other significant changes, in addition to those mentioned in this interim report, have occurred since the annual report was published.

#### IMPORTANT EVENTS AFTER THE CLOSING DATE

No important events have taken place after the closing date.

#### OTHER

Transactions with related parties are disclosed in the Group's Note 3 in Sveaskog's 2011 Annual Report (in Swedish). No significant changes have occurred in relations or transactions with related parties compared with those described in the 2011 report.

The Board of Directors and the CEO hereby confirm that this interim report provides a true and fair overview of the Parent Company's and the Group's operations, their financial position and performance, and describes material risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm, 19 July 2012  
Sveaskog AB (publ.) (556558-0031)

Göran Persson  
*Chairman*

Eva Färnstrand  
*Board Member*

Thomas Hahn  
*Board Member*

Johan Hallberg  
*Board Member*

Birgitta Johansson-Hedberg  
*Board Member*

Carina Håkansson  
*Board Member*

Anna-Stina Nordmark Nilsson  
*Board Member*

Mats G Ringesten  
*Board Member*

Sture Persson  
*Employee representative*

Eva-Lisa Lindvall  
*Employee representative*

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

Per-Olof Wedin  
*President and CEO*



The Forsmark Ecopark in north Uppland was inaugurated on 14 June by Håkan Wirtén, Secretary General of WWF Sweden. Almost 100 people had gathered to be shown round selected parts of the 2,900 hectare ecopark which includes threatened wet deciduous forests and several red-listed species.

Sveaskog has a total of 36 ecoparks. Forsmark is the 30th ecopark to be inaugurated. The fact that the 2,900 hectare area at Forsmark has become an ecopark means that an agreement has been signed between the Swedish Forest Agency and Sveaskog, under which Sveaskog undertakes to preserve, strengthen and recreate irreplaceable natural values in the ecopark over the next 50 years.

During the inauguration visitors were guided round the park on an excursion trail where Sveaskog employees presented the company's general nature conservation work and explained how nature conservation activities will be conducted in Forsmark. Sveaskog will also put in place a number of paths, barbecue areas and maps to make it easier for visitors to find their way around.

#### FOR FURTHER INFORMATION, PLEASE CONTACT

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#### FINANCIAL CALENDAR

Interim report January–September 2012	25 October 2012
Year-end report 2012	29 January 2013

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