

CellMark *Two thousand and three*



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CellMark Annual Report 2003





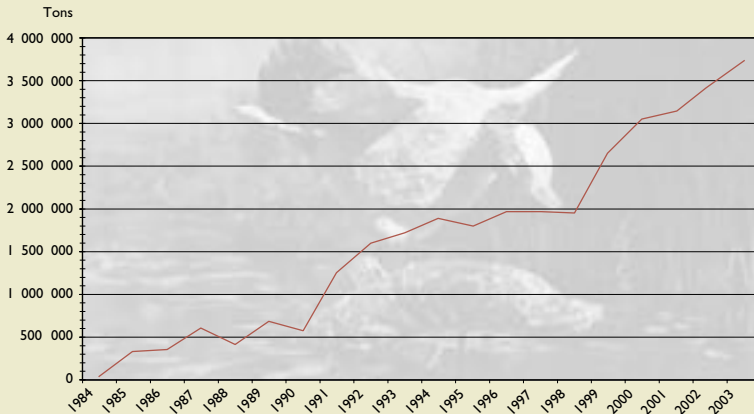
A word *from the president*

2003 marked the completion of CellMark's twentieth year. Time has seemingly flown by since a handful of people sharing a common goal took a bold step and joined together as entrepreneurs in the summer of 1984. Our sales that first year amounted to just USD 25 million. Ambitious as we were, none of us thought that in less than twenty years we would grow to become the world's largest marketing company specializing in pulp and paper.

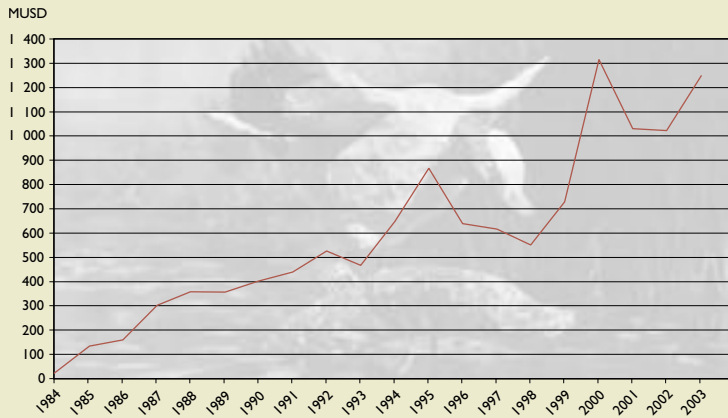
In an industry that over the past two decades grew at an annual rate of less than three percent, our own growth has been extraordinary. Our sales of pulp, paper, packaging paper and board, and recycled fibre in 2003 reached 3.7 million tons, not only a record for CellMark, but for any of our peers.

We achieved our current place in the industry through a combination of hard work, an unwavering focus on basic pulp and paper products, timely acquisitions, a strict dedication to common culture, the building of a very solid reputation, and, of course, a measure of good fortune.

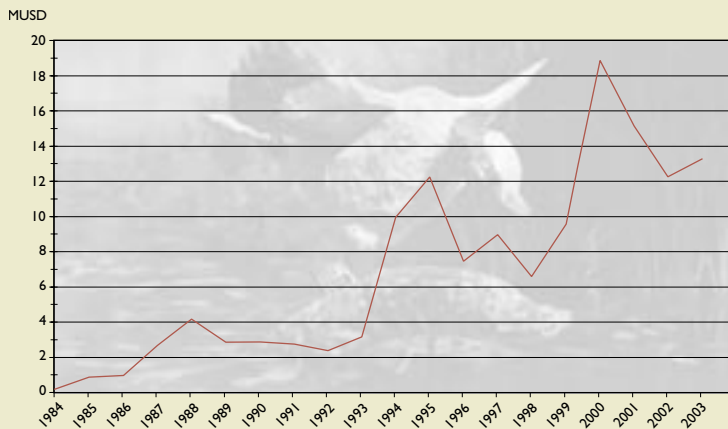
Over those twenty years our tonnage volume has grown steadily, rising from forty-six thousand tons in 1984 to 3.7 million tons in 2003.



Our operating income has increased steadily although its growth has been affected by industry pricing cycles, global exchange rates and our relative product mix.



Over the same time period our pre-tax profit rose quite steadily. Our profit is always affected by industry price cycles.



2003 also marked another lackluster year for the global pulp and paper industry. But, while demand for virtually all pulp and paper grades was soft the producers effectively used structured downtime to manage excess capacity.

For CellMark, 2003 was yet again another excellent year. In addition to the record volume our operating income at USD 1.3 billion was the second highest in our history and our pre-tax profit at USD 13 million was our third best.

We are proud of our accomplishments over our relatively brief history. We are very well-positioned to continue to grow and prosper and look forward to our future with the same enthusiasm and resolve that characterized our first twenty years.



Divisional Highlights 2003

CellMark Pulp

- Global shipments of bleached chemical pulp increased by nearly 5% in 2003, primarily due to higher demand from China.
- Supply increased at an even faster rate, more than 6%, while supplier inventories were up 13% at year end.
- Close to 90% of the increase in supply and inventory occurred in hardwood grades. The softwood market was balanced.
- The decline in the U.S. dollar along with improved demand drove nominal prices for softwood higher, while hardwood remained in the doldrums for much of the year. The price gap between the two grades reached a historical high at year end.
- CellMark Pulp's volume and profit were more or less unchanged from 2002. We foresee some loss of volume in 2004 but expect improved per ton margins from higher average pulp prices.

CellMark Paper

- To the great disappointment of buyers and sellers alike the anticipated recovery from the dismal paper market of 2002 failed to materialize.
- The North American and Asian markets for newsprint and select printing grades saw some improvement in pricing but this was driven purely by supply management. Other sectors like coated free sheet experienced some price erosion.
- While we were able to maintain our volume in 2003 our margins dropped significantly resulting in disappointing profitability.
- We see a slow and gradual global recovery led by economic growth in the U.S.A.
- We are optimistic about our future particularly given promising new opportunities and have added several sales people while at the same time reducing overall costs.

CellMark Packaging

- Overall 2003 was a disappointing year for the global packaging industry. By way of example, the production of corrugated packaging in the huge U.S.A. market showed no gain in 2003 in spite of robust economic recovery.
- U.S.A. linerboard exports grew just over 3% in 2003, relatively unaided by the weak U.S. dollar. Exports of American linerboard have long been CellMark Packaging's core business.
- With the completion of new supply agreements our shipments increased 60% with profits also showing strong growth.
- We anticipate improved market conditions for containerboard in 2004, while sack kraft markets are likely to languish for much of the year.
- We will continue to focus on global sourcing and the growth in containerboard capacities in Asia and Europe will offer us new opportunities.

CellMark Recycling

- China surged past Japan into second place (after the U.S.) in recovered paper consumption. China's usage now exceeds that of France, Germany and Italy combined.
- U.S. recovered paper exports were up 22%, reaching an all-time high.
- Our volume increased 6%, falling just short of one million tons, a target we should achieve in 2004.
- Our global presence continued to expand with recovered paper being purchased in 26 countries and shipped to 40 markets around the world.

About CellMark

In the twenty years since our founding we have grown into the world's largest marketing company specialized in pulp and paper. The 3.7 million tons we shipped in 2003 is an industry record for a marketing company. Our unprecedented growth came both organically and by way of strategic and timely acquisitions. Importantly, along the way we have constantly maintained our focus on the marketing of four basic products.

Two of these, wood pulp and recovered paper, are the raw materials, or inputs, for the paper and paperboard making process. The other two, printing papers and packaging paper and board, represent the output of the paper and paperboard making process. While four specialized operating divisions manage the four product groupings, synergies abound. These divisions are:



Each division both sources and markets its product range on a worldwide basis, giving us the greatest possible presence and minimizing the impact of regional disruptions. The divisions are supported by our own network of forty-seven company offices in twenty-two countries around the globe.

Our success results from not only our focus, but also a combination of elements including our experienced and dedicated team, the ability to utilize our unrivaled market intelligence, our flat and efficient organizational structure, our logistical capabilities, and our strong balance sheet.

Achievements in our goal to place more and more of our product supply under exclusive long-term contracts have also been a major factor in our success. These contracts benefit producers and buyers alike. Producers can realize improved cash flow and reduced overhead. They benefit from lower freight costs by utilizing our leverage in shipping and can concentrate on their strengths in manufacturing. Buyers gain guaranteed supply from dedicated producers, the highest level of service, and access to our financial support and insured credit facilities.

All of us at CellMark look forward to the challenges and opportunities in the next twenty years.



1000 years of history

Cellulose Marketing International AB
is founded in Gothenburg. 21 employees.
Five overseas sales offices are established.

One million tons are
sold to 36 markets.

We become 100% employee-owned.
We acquire *Pacific Forest Resources, Inc.*
(*PacFor*), adding packaging paper and board
and recovered paper to our existing base in
market pulp and white paper.

1984

1985

1986

1987

1988

1989

1990

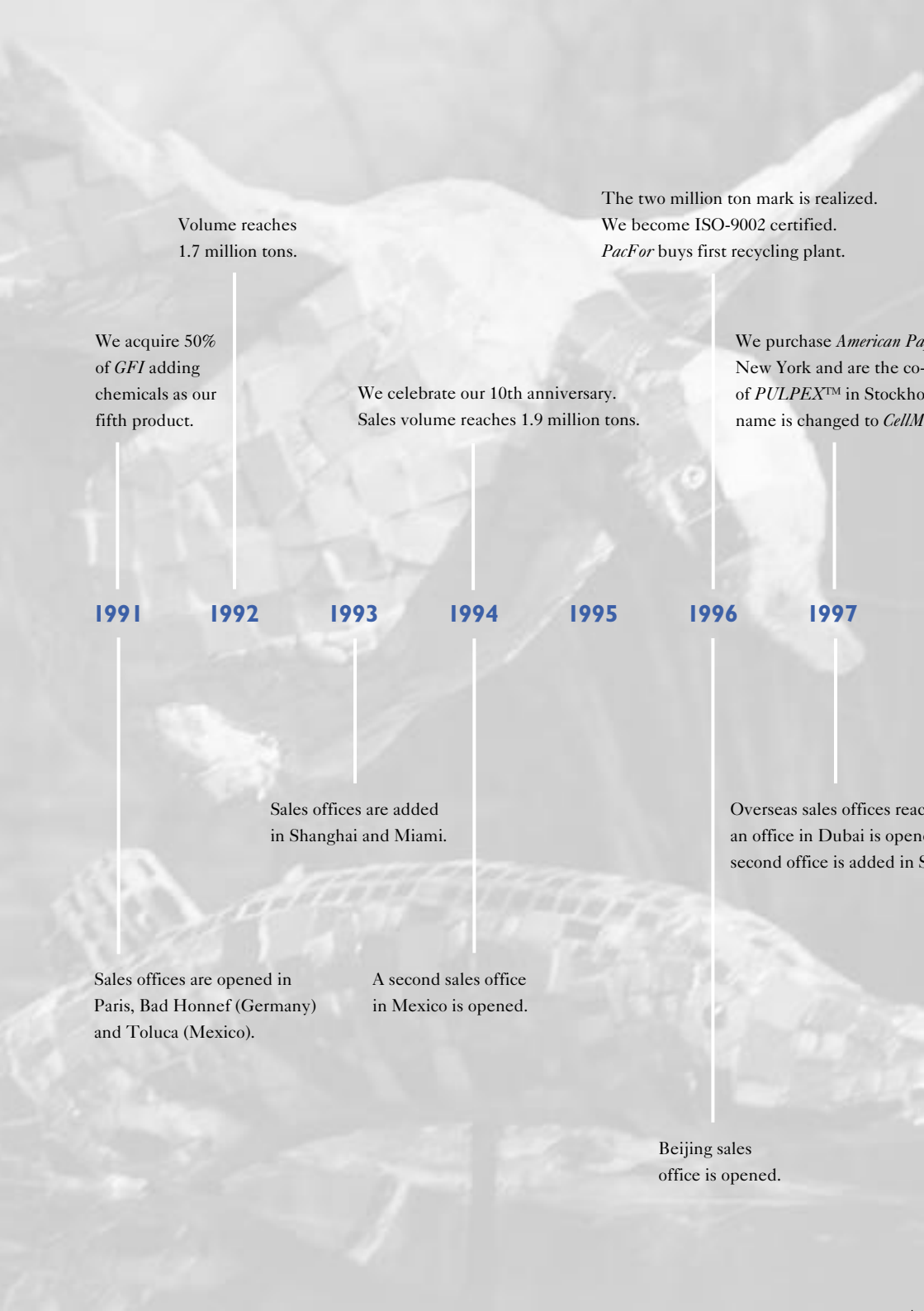
Sales offices are established in
Taipei, Seoul, Geneva, London
and Seattle.

Cellulose Insurance,
Guernsey, is opened.

Sales offices are opened
in Hong Kong and Italy.

Jakarta sales office is opened.

Sales offices are
opened in Bombay,
Singapore, Bangkok
and Appleton (USA).



Volume reaches
1.7 million tons.

The two million ton mark is realized.
We become ISO-9002 certified.
PacFor buys first recycling plant.

We acquire 50%
of *GFI* adding
chemicals as our
fifth product.

We celebrate our 10th anniversary.
Sales volume reaches 1.9 million tons.

We purchase *American Paper*
New York and are the co-
of *PULPEX™* in Stockho
name is changed to *CellM*

1991

1992

1993

1994

1995

1996

1997

Sales offices are opened in
Paris, Bad Honnef (Germany)
and Toluca (Mexico).

Sales offices are added
in Shanghai and Miami.

A second sales office
in Mexico is opened.

Overseas sales offices reach
an office in Dubai is opened
second office is added in S

Beijing sales
office is opened.

More than three million tons of pulp and paper are sold to 102 markets. Most subsidiaries consolidated under the *CellMark* brand. We acquire *Hylte Converting* in Sweden. *GFI Chemicals* and *PVS*, a major U.S. West Coast distributor, merge and form *Basic Chemicals Solutions (BCS)*.

We acquire *Unifibra* and *Perkins-Goodwin*. *Singapore Pulp Private Ltd. (SPPL)* is established in Singapore.

per Sales in
-founders
lm. Company
ark AB

Group sales exceed one billion U.S. dollars. We acquire *Gothia Paper AB* and *Larsson Paper AB*.

The recycling plants are consolidated under *CellMark Industrial Holdings*.

1998

1999

2000

2001

2002

2003

h 39 as
ed and a
Shanghai.

Our 20th year in business. We achieve record volume of 3.7 million tons.

Timeline



Directors' Report

The Board of Directors and the President hereby submit the annual report and the consolidated financial statements for 2003. The parent company's financials are not presented separately in this report. Note 2, number of employees, salaries and emoluments etc is a summary. The statutory annual report, including the financials of the parent company and complete supplementary information, can be obtained from the company or the Swedish Patent & Registration Office.

Operations

CellMark Holding AB, together with wholly owned subsidiaries and associated companies, markets forest products. The net sales of the parent company and the group result from marketing of forest products and commission thereon. Net income from trade in chemicals is reported as result from participation in associated companies.

Investments for the year for the group totalled TSEK 8 558, whereof TSEK 6 722 referred to equipment and TSEK 1 836 to buildings.

Group Identification

CellMark Holding AB, company reg.no. 556498-0893, is the parent company of CellMark AB, company reg.no. 556244-2433.

Foreign Branches

The Group has representative offices in Beijing and Shanghai.

Financial Highlights of the Group (MUSD*)

	2003	2002	2001	2000	1999	1998
Operating Income	1 245	1 022	1 030	1 316	728	549
Profit after Financial Items	13.1	12.1	15.0	18.7	9.4	6.4
Total Assets	312	308	294	337	247	151
Equity Ratio (%)	19.4	21.9	19.8	14.9	15.1	20.8

**MUSD shall be read as Millions of US Dollars.*

Equity Ratio: Shareholders' equity as a percentage of total assets.


Equity

The Group's non-restricted equity totals TSEK 373 564, which includes the profit for the year of TSEK 81 154.

The financial results as well as the operating and financial position of the Group are presented in the following income statement and balance sheet, cash flow statement, related supplementary information and notes to the accounts.







Operating Income

Net Sales

Other Operating Income

Other Operating Income

Operating Expenses

Goods for Resale

Other External Costs

Personnel Costs

Depreciation of Fixed Assets

Total Operating Expenses

Operating Profit

Result from Financial Investments

Result from Participations in

Associated Companies

Dividend

Interest Income

Interest Expenses

Total Result from Financial Investments

Profit after Financial Items

Tax on Profit for the Year

Minority Interest

Net Profit for the Year

*Based on average exchange rate
during the year | USD = SEK 8.0167

**Based on average exchange rate
during the year | USD = SEK 9.6442

2003	USD (000)*	2002	USD (000)**	Note
9 967 699	1 243 367	9 837 784	1 020 073	
9 915	1 237	14 226	1 475	
9 977 614	1 244 604	9 852 010	1 021 548	1
-9 490 705	-1 183 867	-9 306 267	-964 960	
-108 971	-13 593	-148 610	-15 409	3
-251 663	-31 392	-262 798	-27 249	2
-19 501	-2 433	-21 437	-2 223	5, 6, 7, 8
-9 870 840	-1 231 285	-9 739 112	-1 009 841	
106 774	13 319	112 898	11 707	
16 329	2 037	12 100	1 255	
29	4	58	6	
12 801	1 597	27 694	2 872	
-31 174	-3 889	-36 469	-3 781	
-2 015	-251	3 383	352	
104 759	13 068	116 281	12 059	
-23 558	-2 939	-34 601	-3 588	4
-47	-6	-5	-1	
81 154	10 123	81 675	8 470	

ASSETS

Fixed Assets

Intangible Fixed Assets

Goodwill

Other Intangible Fixed Assets

Total Intangible Fixed Assets

Tangible Fixed Assets

Land and Buildings

Equipment

Total Tangible Fixed Assets

Financial Assets

Participations in Associated Companies

Other Shares

Other Long-Term Receivables

Deferred Tax Assets

Total Financial Assets

Total Fixed Assets

Current Assets

Inventories

Goods for Resale

Current Receivables

Accounts Receivable - Trade

Receivables from Associated Companies

Prepaid Tax

Other Receivables

Prepaid Expenses and Accrued Income

Total Current Liabilities

Investments

Short-Term Investments

Cash and Bank Balances

Total Current Assets

TOTAL ASSETS

*Based on closing day rate of exchange

| USD = SEK 7.2750

**Based on closing day rate of exchange

| USD = SEK 8.8250

2003	USD (000)*	2002	USD (000)**	Note
6 884	946	13 868	1 571	5
101	14	3 221	365	6
6 985	960	17 089	1 936	
61 220	8 415	66 752	7 564	7
20 054	2 757	26 546	3 008	8
81 274	11 172	93 298	10 572	
39 468	5 425	105 144	11 914	9, 10
528	72	1 131	128	
26 090	3 586	25 471	2 886	
22 689	3 119	26 903	3 048	
88 775	12 202	158 649	17 976	
177 034	24 334	269 036	30 484	
338 389	46 514	265 126	30 043	
1 369 596	188 261	1 592 593	180 464	
2 087	287	346	39	
1 739	239	28 048	3 178	
122 482	16 836	251 109	28 455	
57 185	7 860	37 441	4 243	
1 553 089	213 483	1 909 537	216 379	
13 147	1 807	8 315	942	
183 205	25 183	267 232	30 281	
2 087 830	286 987	2 450 210	277 644	
2 264 864	311 321	2 719 246	308 129	

EQUITY AND LIABILITIES

Equity

Restricted Equity

Share Capital,
2 100 210/2 829 600 shares à par SEK 0.1
Restricted Reserves

Total Restricted Equity

Non-Restricted Equity

Non-Restricted Reserves
Profit for the Year

Total Non-Restricted Equity

Total Equity

Minority Interest

Provisions

Deferred Taxes

Long-Term Liabilities

Liabilities to Credit Institutions
Other Long-Term Liabilities

Total Long-Term Liabilities

Current Liabilities

Liabilities to Credit Institutions
Accounts Payable – Trade
Liabilities to Associated Companies
Income Tax Liability
Other Current Liabilities
Accrued Expenses and Prepaid Income

Total Current Liabilities

TOTAL EQUITY AND LIABILITIES

MEMORANDUM ITEMS

Pledged Assets

*Based on closing day rate of exchange
1 USD = SEK 7.2750

**Based on closing day rate of exchange
1 USD = SEK 8.8250

Contingent Liabilities

Dec 31, 2003 **USD (000)*** Dec 31, 2002 **USD (000)**** Note

11

210	29	283	32
64 939	8 926	65 835	7 460
65 149	8 955	66 118	7 492

292 410	40 194	448 735	50 848
81 154	11 155	81 675	9 255
373 564	51 349	530 410	60 103

438 713	60 304	596 528	67 595
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638	88	723	82
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6 708	922	14 431	1 635
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119 046	16 364	184 959	20 959
26 274	3 611	29 397	3 331
145 320	19 975	214 356	24 290

777 749	106 907	827 094	93 722
668 705	91 917	681 123	77 181
16 649	2 289	16 718	1 894
15 045	2 068	9 331	1 057
99 744	13 711	261 582	29 641
95 593	13 140	97 360	11 032
1 673 485	230 032	1 893 208	214 527

2 264 864	311 321	2 719 246	308 129
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930 299	127 876	1 814 078	205 561	12
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507 770	69 728	449 519	50 937	12
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Operating Activities

Operating Profit
Adjustment for Items Excluded from Cash Flow Statement, etc.
Depreciation
Other Adjustments
Capital Gain/Loss of Fixed Assets

Interest Received

Interest Paid

Income Taxes Paid

Cash Flow from Operating Activities before Changes in Working Capital

Cash Flow from Changes in Working Capital

Change in Inventories

Change in Accounts Receivable

Change in Receivables

Change in Accounts Payable

Change in Liabilities

Cash Flow from Operating Activities

Investing Activities

Purchase of Intangible Fixed Assets

Purchase of Tangible Fixed Assets

Purchase of Subsidiaries

Purchase of Financial Assets

Sale of Fixed Assets

Cashflow from Associated Companies etc

Change in Long-Term Receivables

Cash Flow from Investing Activities

Financing Activities

New Share Issue

Change in Loan from Credit Institutions etc.

Redemption of shares

Cash Flow from Financing Activities

Net Change in Cash and Cash Equivalents

Cash and Cash Equivalents Beginning of the Year

Exchange Rate Difference in Cash and Cash Equivalents

Cash and Cash Equivalents End of the Year

Cashflow from Purchase of Subsidiaries

Purchase Price Paid

Cash and Cash Equivalents in Purchased Company

Cashflow from Purchase of Subsidiaries

2003 2002

106 774 112 898

19 501 21 437

-1 796

235 6 585

124 714 140 920

12 814 27 694

-30 124 -36 469

13 401 -41 227

120 805 90 918

-96 325 142 468

24 919 108 074

181 313 -158 455

49 715 -149 526

-149 658 8 604

130 769 42 083

-3 -246

-9 656 -43 217

56 346 -1 060

-167 -45

3 159 141

0 24 371

-4 914 -314

44 765 -20 370

12 054 1 545

-54 545 -11 345

-180 630 -34 570

-223 121 -44 370

-47 587 -22 657

275 547 331 722

-31 608 -33 518

196 352 275 547

0 1 060

56 346 0

56 346 1 060

Supplementary Information

Accounting principles

The annual report has been prepared according to the Swedish Annual Accounts Act and the general advice and guidelines of the Swedish Accounting Standards Board.

Consolidated financial statements

The consolidated income statement and balance sheet include all companies in which the parent company directly or indirectly holds more than 50% of the shares or voting rights, see note 9.

All acquisitions of companies have been recorded according to the acquisition method. Untaxed reserves reported in the individual group companies are divided in the consolidated balance sheet as a capital part and a tax part. The capital part has been accounted for under restricted reserves.

The tax part is accounted for as an allocation under deferred tax. Companies acquired during the year have been consolidated from acquisition date.

Participations in associated companies have been reported according to the equity method. Companies where CellMark holds between 20% and 50% of the voting rights are treated as associated companies.





The equity method means that the acquisition cost for the shares, adding the change in the associated company's equity after the date of acquisition, is accounted for under the heading "Participations in Associated Companies" in the consolidated balance sheet.

The interest in Worldchem Scandinavia AB, former GFI Sweden AB, has been reclassified and is reported as participating interest in group companies.

The current method has been used in translating the income statements and balance sheets in foreign subsidiaries into Swedish kronor. All assets and liabilities in the foreign subsidiaries' balance sheets have been translated at year-end rate and all items in the income statements have been translated using the average rate of the year. Translation differences arising have been entered directly as equity.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency have been translated at the rate of exchange at year-end. The difference between the acquisition value and the value at year-end has been accounted for as income/expense. Receivables and liabilities that have been sold forward have been valued at the forward exchange rate.





FIXED ASSETS

CURRENT ASSETS

CASH FLOW STATEMENT

Note 1
Operating Income

Group
Pulp
Paper
Packaging
Recycled Paper
Other
Total

Fixed assets are accounted for at the acquisition cost with deduction for depreciation according to plan based on assessment of the expected economic life of the assets. Depreciation according to plan is computed as follows:

Computer equipment	33.3%
Other equipment	20%
Buildings	2%
Goodwill	10-20%
Other intangible assets	10%

Receivables have been recorded at the amount they are expected to be paid.

Inventories have been valued at the lower of cost or market, i.e. the lower of the acquisition value and the estimated net sales value.

Cash and cash equivalents include bank balances and short-term investments.

2003	2002
4 615 305	4 538 133
2 508 163	2 852 199
1 630 779	1 279 714
1 221 661	1 181 581
<u>1 706</u>	<u>383</u>
9 977 614	9 852 010

No Purchases or Sales between the Parent Company and other Group Companies have taken place.



Note 2

Number of Employees, Salaries and Emoluments etc

Group

Average Number of Employees

Sweden

USA

Other Countries

Number of Board Members, Presidents and
Managing Officers

Board Members

Presidents and Managing Officers

Salaries, emoluments, social security expenses and pension
expenses were paid as follows:

Salaries and Emoluments

Social Security Expenses

Pension Expenses

Pension Obligation to Board and President

Note 3

Disclosure of Audit Fee and Cost Reimbursements

Group

ÖhrlingsPricewaterhouseCoopers

Audit Assignment

Non-Audit Assignments

Other Auditors

Audit Assignment

Non-Audit Assignments

Total

2003	Men	2002	Men
82	39	86	41
169	101	157	98
32	9	38	11
<hr/> 283	<hr/> 149	<hr/> 281	<hr/> 150

2003	Men	2002	Men
21	20	20	20
14	12	14	13

2003	2002
192 020	197 131
28 307	30 751
20 450	20 940
<hr/> 240 777	<hr/> 248 822
0	0

2003	2002
966	558
516	880
3 353	3 259
963	133
<hr/> 5 798	<hr/> 4 830



Note 4

Tax on Profit for the Year

Group
Income Tax
Deferred Tax

Note 5

Acquisition Values and Depreciation etc. for Goodwill

Group
Acquisition Value Brought Forward
Purchases
Reclassifications
Exchange Rate Differences
Accumulated Acquisition Value Carried Forward



Depreciation Brought Forward
Sales/Disposals
Reclassifications
Exchange Rate Differences
Depreciation for the Period
Accumulated Depreciation Carried Forward



Book Value



2003	2002
23 209	33 397
349	1 204
<hr/> 23 558	<hr/> 34 601

Dec 31, 2003	Dec 31, 2002
32 930	74 424
0	1 060
0	-34 027
-3 799	-8 527
<hr/> 29 131	<hr/> 32 930

-19 062	-60 943
0	5 470
0	34 027
2 980	8 033
-6 165	-5 649
<hr/> -22 247	<hr/> -19 062

6 884	13 868
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Note 6

*Acquisition Values and Depreciation etc.
for Other Intangible Assets*

Group

Acquisition Value Brought Forward

Purchases

Subsidiaries Acquired

Sales/Disposals

Exchange Rate Difference

Accumulated Acquisition Value Carried Forward

Depreciation Brought Forward

Subsidiaries Acquired

Sales/Disposals

Reclassifications

Exchange Rate Difference

Depreciation for the Period

Accumulated Depreciation Carried Forward

Book Value

Dec 31, 2003	Dec 31, 2002
13 137	12 217
0	216
0	2 030
-6 542	0
-1 132	-1 326
5 463	13 137
-9 916	-8 731
0	1 208
6 439	0
0	-43
1 111	1 256
-2 996	-3 606
-5 362	-9 916
101	3 221



Note 7

Acquisition Values and Depreciation etc. for Land and Buildings

Group

Acquisition Value Brought Forward

Purchases

Subsidiaries Acquired

Exchange Rate Differences

Accumulated Acquisition Value Carried Forward

Depreciation Brought Forward

Subsidiaries Acquired

Exchange Rate Differences

Depreciation for the Period

Accumulated Depreciation Carried Forward

Book Value

Book Value, Buildings

Book Value, Land

Tax Assessment Value

Tax Assessment Value for
the Company's Properties in Sweden

For Buildings

Dec 31, 2003	Dec 31, 2002
74 207	43 471
1 836	0
0	32 114
-5 904	-1 378
70 139	74 207
-7 455	-4 522
0	-1 128
483	131
-1 947	-1 936
-8 919	-7 455
61 220	66 752
58 949	64 576
2 271	2 176
61 220	66 752
19 527	17 999
16 109	14 884



Note 8

Acquisition Values and Depreciation etc. for Equipment

Group

Acquisition Value Brought Forward

Purchases

Subsidiaries Acquired

Sales/Disposals

Reclassifications

Exchange Rate Differences

Accumulated Acquisition Value Carried Forward

Depreciation Brought Forward

Subsidiaries Acquired

Sales/Disposals

Reclassifications

Exchange Rate Differences

Depreciation for the Period

Accumulated Depreciation Carried Forward

Book Value

Dec 31, 2003	Dec 31, 2002
77 632	84 821
6 722	8 610
268	1 108
-4 978	-7 703
0	223
-8 816	-9 427
70 828	77 632
-51 086	-51 047
0	-479
2 506	4 973
2	-192
6 197	5 906
-8 393	-10 247
-50 774	-51 086
20 054	26 546



Note 9

Participating Interests in Group Companies

Company

CellMark AB, 556244-2433/par SEK 9 015 000/

CellMark Holding AG/par CHF 1 000 000/

Book Value

CellMark AB's Participation in Group Companies

Company

CellMark Inc/par USD 49 000/

CellMark Asia Pte Ltd/par SGD 1 000 000/

CellMark UK Ltd/par GBP 2 000/

Singapore Pulp Private Ltd/par SGD 100 000/

Unifibra S.A./par CHF 300 000/

Gothia Paper AB, 556056-9716/par SEK 1 000 000/

Accesspapper AB, 556579-8070/par SEK 255 900/

PacFor Packaging AB, 556452-5300/par SEK 100 000/

Hylte Converting AB, 556528-8924/par SEK 600 000/

Pulp & Paper Research AG/par CHF 1 000 000/

646325 B.C. Ltd/par CAD 1/

CellMark Holding AG/par CHF 1 000 000/

Worldchem Scandinavia AB, 556418-0361/par SEK 670 000/

Book Value

Country/ Reg. Office	Share of Capital	Dec 31, 2003 Book Value	Dec 31, 2002 Book Value
Gothenburg	100%	23 015	23 015
Switzerland	100%	0	516
		<hr/> 23 015	<hr/> 23 531

Country/ Reg. Office	Share of Capital	Dec 31, 2003 Book Value	Dec 31, 2002 Book Value
USA	100%	28 916	28 916
Singapore	100%	3 385	3 385
UK	100%	22	22
Singapore	100%	0	0
Switzerland	100%	73 840	73 840
Gothenburg	100%	0	4 784
Gothenburg	100%	3	3
Gothenburg	100%	250	250
Hyltebruk	100%	7 315	17 060
Switzerland	100%	0	5 474
Canada	100%	0	0
Switzerland	100%	516	0
Gothenburg	100%	58 771	0
		<hr/> 173 018	<hr/> 133 734



Note 10

Participating Interests in Associated Companies

Group

Share of Capital, Opening Balance

Purchases

Share of Profit for the Year at Associated Companies

Deduction for Dividends Received

Exchange Rate Differences

Sales/Disposals

Reclassifications

Depreciation

Share of Capital at Year-End

Company

CellMark Taiwan Company Ltd/par TWD 5 000 000/

CellMark France SA/par EUR 40 000/

CellMark Deutschland GmbH/par EUR 25 564/

CellMark Thailand Co Ltd/par THB 490 000/

Worldchem Scandinavia AB, 556418-0361/par SEK 670 000/

Amerisouth Holdings Inc/par USD 38 000/

Interamerican Forest Products/par USD 50 000/

Intersales KB, 916840-3930 Participation Right

CellMark (HK) Ltd/par HKD 375 000/

Pittsburgh Recycling Services Inc/par USD 50 000/

CellMark de Mexico SA de CV/par MXP 9 980 000/

CellMark Paper de Mexico SA de CV/par MXP 10 000/

Central Kentucky Fiber Resources LLC

BCS LLC

Book Value

Dec 31, 2003	Dec 31, 2002
105 144	160 509
0	1 077
10 927	-2 338
-13 809	-24 723
-2 735	-10 664
0	-3 665
-60 059	-12 682
0	-2 370
39 468	105 144

Country/ Reg. Office	Share of Capital	Dec 31, 2003 Book Value	Dec 31, 2002 Book Value
Taiwan	50%	1 718	2 042
France	50%	1 395	1 402
Germany	50%	6 056	4 915
Thailand	49%	91	100
Gothenburg	100%	0	84 533
USA	50%	947	-2 368
USA	50%	-160	-196
Gothenburg		-2 774	-3 091
Hong Kong	50%	3 044	10 747
USA	50%	1 991	4 674
Mexico	49.9%	392	409
Mexico	50%	474	455
USA	50%	1 823	1 522
USA	10.531%	24 471	
		39 468	105 144



Note 11
Equity

Group

Amount Brought Forward

New Share Issue

Redemption of Shares

Translation Difference for the Year

Movement between Restricted and Non-Restricted Equity

Profit for the Year

Amount at Year-End



Share Capital	Restricted Reserves	Non-Restricted Equity	Total
283	65 835	530 410	596 528
12	12 042		12 054
-85	-17	-180 528	-180 630
	-22 116	-48 277	-70 393
	9 195	-9 195	0
		81 154	81 154
210	64 939	373 564	438 713

TSEK -45 323 of the total translation difference, TSEK -44 756, is allocated to Non-Restricted Reserves and TSEK 567 to Restricted Reserves.

The company has raised debenture loans amounting to 1 tkr. Option certificates are attached to these loans and can be converted into shares as follows:

No of shares	Nominal Value	Exercise price	Exercise period
100 000	0.1 SEK	205.5 SEK	040601-040630
20 000	0.1 SEK	77.26 SEK	000101-051231
100 000	0.1 SEK	291.54 SEK	060601-060630
220 000			



Note 12

Pledged Assets and Contingent Liabilities

Group

Pledged Assets for Liabilities to Credit Institutions

Floating Charge

Property Mortgage

Inventories

Accounts Receivable

Bank Balances

Import Letter of Credit

Shares in Group Companies

Total Pledged Assets

Contingent Liabilities

Sureties/Guarantees

Other Contingent Liabilities

Total Contingent Liabilities

Dec 31, 2003 Dec 31, 2002

59 000	59 000
29 475	34 238
50 998	55 280
706 375	1 567 154
556	2 676
310	45
<u>83 585</u>	<u>95 685</u>
930 299	1 814 078

437 288	448 030
<u>69 982</u>	<u>1 489</u>
507 270	449 519

Gothenburg, April 15, 2004

Håkan Björnhage
President

William A. Gleason

Lennart Bylock

Thomas Hedberg

Adrian Montague

Our Audit Report was submitted on April 15, 2004

Carl Magnus Kollberg
Authorized Public Accountant

Anna-Karin Pettersson
Authorized Public Accountant



**TO THE GENERAL MEETING OF
THE SHAREHOLDERS OF CELLMARK
HOLDING AB**

Corporate identity number 556498-0893



We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Cellmark Holding AB for the financial year 2003. These accounts and the administration of the company are the responsibility of the board of directors and the managing director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

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

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

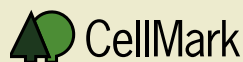
We recommend to the general meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit for the parent company be dealt with in accordance with the proposal in the director's report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Gothenburg, April 15, 2003

Carl Magnus Kollberg
Authorized Public Accountant

Anna-Karin Petterson
Authorized Public Accountant

This audit report is a translation of the audit report issued for the official annual report including information regarding the parent company and complete information in note 2.



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Ernst Billgren

Is he ironic?

No, Ernst Billgren is very definitely honest and serious. This then creates a totally unique humour which leads our thoughts along unexpected lines and shows that another world actually can exist. "Humour arises when something is serious," writes Carl Johan De Geer in his book on Billgren.

Ernst Billgren is one of Sweden's most celebrated contemporary artists

An artist full of creative desire, who expresses himself in the most varied manner, in painting, sculpture, installation and film, using different techniques, such as oil painting, mosaic and tapestry. It seems that nothing is outside his realm.

He is a romantic artist, but he does not allow himself to be seduced by sentimentality. He uses kitsch as an effective means of expression - with an ambiguity that generates excitement. This excitement is important.

"It's the reason I have attempted to avoid interfering in what I do," says Billgren.

Ernst Billgren was born in 1957 and lives and works in Stockholm. He was educated at the Birkagården Scandinavian Folk High School and the Valand School of Art in Göteborg, where he also holds a professorship.

