



two thousand and six



CellMark
Annual Report
2006





A word from the president



2006 saw healthy markets in most of the product segments where CellMark is active. The Recycling, Pulp and Packaging Divisions all operated in an environment of good demand and strong price development, whereas the Paper Division lived through more mixed circumstances. All divisions increased their net results significantly compared to last year. In spite of more difficult market conditions, Paper recorded the strongest improvement in performance.

In total, CellMark had a very good year. Both the operating income and the net result reached record levels. The total volume shipped was over 4.5 million tons, also a new record for the company.

From our humble beginnings in 1984 we have grown continuously and become a large enterprise with a global footprint. In 2006 we worked with some 700 suppliers and more than 2000 customers in 111 markets around the world. Some say that size does not matter, but we think it does. A meaningful magnitude is essential to amass the resources and financial strength required to satisfy the level of service that our partners in business expect and deserve.

Undoubtedly there will be challenges ahead. Our business environment is continually changing and we must anticipate and adapt. We firmly believe, however, that those values - transparency, integrity, reliability and accountability - that have defined and guided us through the years must never change. We want to continue to grow and further develop our place in the supply chain, but never at the expense of becoming inflexible or bureaucratic. Our partners' support and confidence in us will always be critical to our success.

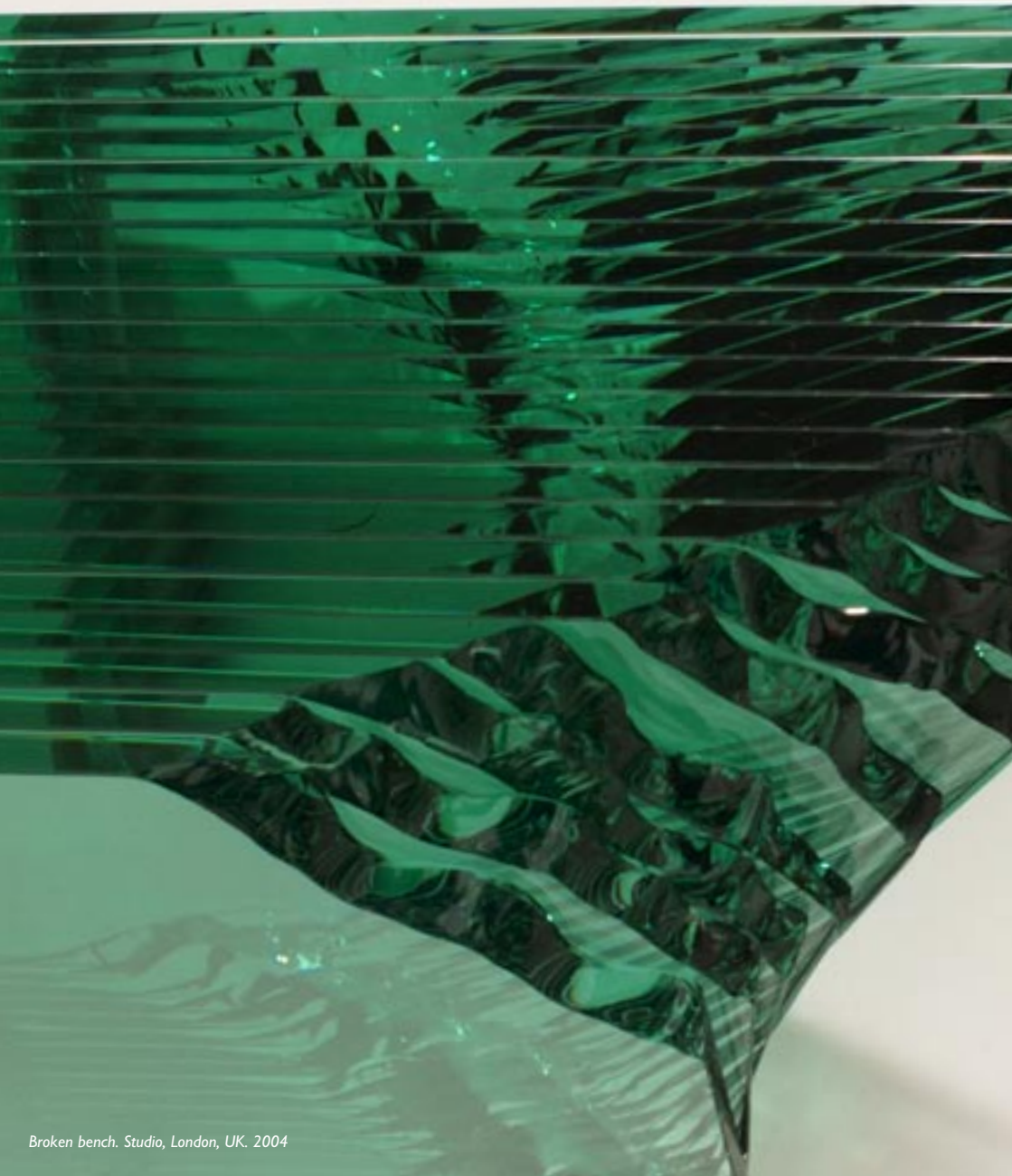
A heartfelt "thank you" goes to all of you who contributed to make 2006 CellMark's most successful year yet!

Hans Kling



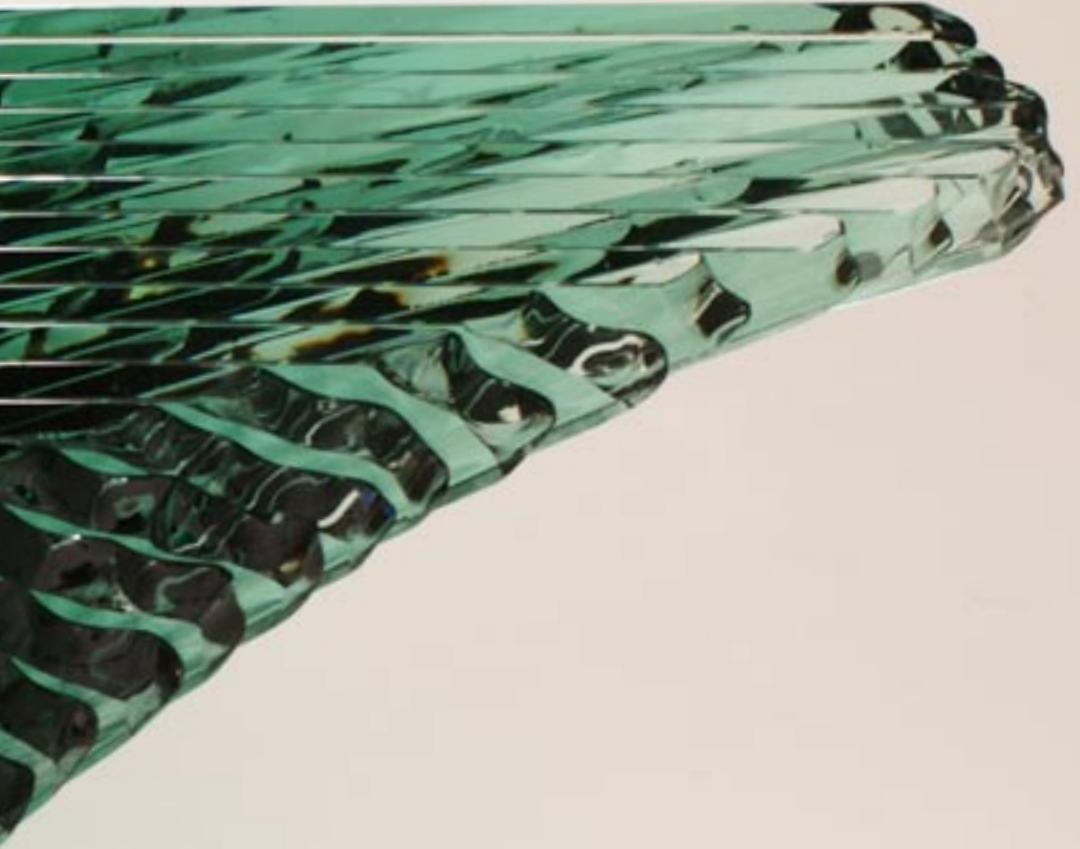


Angaraib. F.R.A.C. Rouren, France 1987



Broken bench. Studio, London, UK. 2004

Divisional Highlights 2006



CellMark Pulp

Pulp producer inventories stood at 29 days supply in December 2006 down from 32 days in December 2005. The inventory at year-end well reflects a year of a tight market and rising prices.

Price increases in 2006 were cost-driven as well as demand-driven as prices for energy and raw materials rose significantly. Together with a weakening dollar, the escalation in the cost of energy and raw materials particularly impacted the high-cost producers, which were on the verge of losing money despite the high USD price.

The very limited growth in softwood capacity resulted in a steep price curve, up 17-18% in Europe and as much as 37% in Asia year-on-year. We saw some substantial additions in hardwood capacity towards the end of the year with little effect of the market. The hardwood market still stood strong and, compared to 2005, prices were up about 20% in Asia and about 10% in Europe.

Sustainable forestry and Chain of Custody have become important issues in pulp marketing. In 2006, CellMark Pulp achieved the certifications required to guarantee the custody chain in selling, warehousing and transporting PEFC and FSC certified pulps.

2006 was a year of consolidation for CellMark Pulp. Sales volume was on par with the previous year while the profit increased significantly due to higher pulp prices and cost reductions. We are thankful for the strong support we are enjoying from our partners in business and look forward to resuming our long-term growth in 2007.

CellMark Paper

Overall, paper markets softened during the course of the year. This was particularly true in the U.S., while the rest of the world experienced a somewhat more balanced situation. Demand kept up reasonably well but surplus capacity continued to put pressure on prices.

For the third consecutive year we were able to grow our volume by more than 20%, a tremendous achievement by the entire team. Part of this growth was through a major marketing undertaking in North America, which broadened both our customer base and product portfolio. We experienced some growth pains but added several new employees both in sales and marketing as well as in the important back-office functions.

The New Year has started off slowly and most markets and grades show signs of weakness with the exception of woodfree uncoated. We expect markets to firm later in the year thanks to announced capacity reductions.

At CellMark Paper we look forward to another year of growth. New agencies and additional supply sources will provide for this. At the same time we continue to expand our marketing organization to cover more markets and additional segments.

CellMark Packaging

New containerboard capacity brought online in Asia and Europe over the past few years provided significant opportunities for CellMark Packaging to grow and diversify in 2006. At the same time exports of U.S. containerboard – one of the traditional strengths of the division - were restricted during the first half of the year by extremely tight supply. American exports rebounded late in the year, while our European supply continued to grow steadily throughout the year.

Improved pricing and cost containment resulted in a stronger financial result on unchanged volume in 2006. For 2007, we expect the availability of containerboard grades from our broadened supply base to increase and both worldwide demand and pricing to surpass 2006 levels.

Strong demand along with capacity reductions restricted sackkraft supply by mid year, resulting in limited availability and a sharp upswing in pricing. Our diverse supply base will enable us to maintain our reputation as a significant global supplier.

Our Latin American sales set new records and our Middle Eastern and African markets continued to grow. We refocused on Asia with the region becoming a strong supply base as well as a key market for North American and European products. We reorganized and expanded our sales structures in Asia and Europe to ensure our ability to achieve our growth plans for 2007 and beyond.

CellMark Recycling

Bulk grade wastepaper prices stumbled to a three-year low in 2005 and it was highly anticipated that 2006 would be a breakout year fuelled by all the new capacity coming online, primarily in China. We were certainly not disappointed. Demand exceeded supply in several geographic areas causing spikes in prices not seen since 1995.

CellMark Recycling closed the year with a significant year-on-year improvement including record volume, up 15% from 2005, record sales, record profit by CellMark Benelux and another strong, profitable year for our expanding plant network. We added another production facility to our growing portfolio of strategic hard-asset businesses, strengthening our captive base of supply.

The paper recycling industry is becoming more and more influenced by Chinese demand and the purchasing policies of the larger Chinese buyers. Given the very unbalanced trade between the U.S. and Asian economies our ocean transportation costs to Asia have never been cheaper. Large volumes of raw materials from land-locked areas, once the domain of domestic mills, now move offshore. While this may not be welcome news for North American paper and board producers, it is the reality of today's global economy where there are fewer and fewer impediments to cross-border trade.

2007 is starting off with a bang as prices for all grades have jumped again. While market volatility will continue to keep us on our toes the global growth in demand for recovered fiber insures that we can find outlets for our growing base of supply.

About CellMark



Miss Wiggle. Henley Upon Thames, UK. 2000

For the past several years CellMark has been the world's largest marketing company specializing in pulp and paper. The 4.5 million tons we shipped in 2006 is yet another industry record for a marketing company. Our unprecedented growth since our founding in 1984 has been achieved both organically and through strategic and timely acquisitions. From our earliest days we have steadfastly 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 four divisions are:



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



Our success results not only from our focus. A combination of elements including our experienced and dedicated team, our ability to utilize our unrivaled market intelligence, our proficiency in consolidating our many acquisitions, our flat and efficient organizational structure, our logistical capabilities, our risk management expertise, and our strong balance sheet have all proved vital to our success.

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.

We are truly a global company, unhindered by viewing our business in the simplistic terms of import and export, which imply the bias of a home base. We source products in 59 countries and market products in 111 countries. Our employees speak scores of languages and carry a multitude of passports - but share the common culture of teamwork and are all equally hardworking and dedicated to CellMark.

This diversity has been and always will be essential to our success. Diversity is at the very core of our business model and provides us with this very rich mix of personnel with varying perspectives, an intimate understanding of different cultures and the ability to do business effectively and successfully in the languages of our customers and suppliers.



Goldfish. Frankfurt, Germany. 2006



Against the wall. Studio, London, UK. 2005



A tall, abstract sculpture made of blue, textured material, standing on a gravel path in front of a large, light-colored building. The sculpture is composed of many thin, overlapping layers of material, creating a shimmering, iridescent effect. It has a vertical, elongated form with some undulating curves. The building behind it is a multi-story structure with several windows and a prominent chimney. The scene is set outdoors on a clear day with a blue sky and green grass.

Milestones

1984

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



1985

Sales volume in the first full year of business reaches 350,000 tons.



1987

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.



1989

By the end of the 1980's we have seven offices in Asia, two European offices and three offices in North America.



1990

We reach the one million ton mark and sell our products in 36 markets.



1991

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



1996

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



1997

The company name is changed to CellMark AB.



1999

By the end of the 1990's we have acquired American Paper Sales and Perkins Goodwin in the U.S. and Unifibra in Europe. Singapore Pulp Private Ltd (SPPL) is established in Singapore. We are co-founders of PULPEX™ in London. Several new offices have been opened in Asia, Europe and the Americas.



2000

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



2001

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



2002

Recycling plants are consolidated under CellMark Industrial Holdings.



2004

CellMark celebrates its 20th anniversary. A new record sales volume of over four million tons is reached.



2006

Record growth in paper sales and a total sales volume for the group of over 4.5 million tons. We acquire a recycling plant in British Columbia. CellMark now has ten Regional offices in Europe, North America and Asia and an additional twenty-eight sales offices worldwide.





BaiNam. Bangkok, Thailand. 2003



Assembly Field, National Assembly for Wales, UK, 2006





Director's Report

Director's Report

The Board of Directors and the President hereby submit the annual report and the consolidated financial statements for 2006. 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 Registration Office, Bolagsverket

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 earnings from associated companies. Investments for the year for the group totalled TSEK 11 630, whereof TSEK 7 563 referred to equipment, TSEK 3 966 to computer software and TSEK 101 to other intangible assets.

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.

Risk Management

CellMark has defined the risks in its business model and has well-developed processes for the elimination of such risks. The majority of price and product risks are covered as most business involves back-to-back transactions with suppliers and customers. Counterpart and political risks are sold in the insurance and banking markets, where foreign exchange exposure is also covered.

Financial Highlights of the Group (MUSD*)

	2006	2005	2004	2003	2002	2001	2000	1999
Operating Income	1 892	1 684	1 519	1 245	1 022	1 030	1 316	728
Profit after								
Financial Items	23.2	17.2	18.0	13.1	12.1	15.0	18.7	9.4
Total Assets	534	418	404	311	308	294	337	247
Equity Ratio (%)	17.7	16.7	18.1	19.4	21.9	19.8	14.9	15.1

*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 547 874, which includes the profit for the year of TSEK 131 948.

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.

Consolidated Income Statement

Operating Income

Net Sales

Other Operating Income

Total 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

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

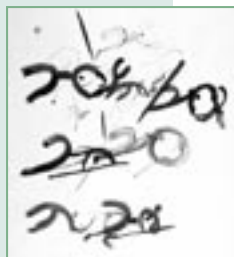
*Based on average exchange rate during the year | USD = SEK 7.3317

**Based on average exchange rate during the year | USD = SEK 7.5238



2006		2005		Note
SEK (000)	USD (000)*	SEK (000)	USD (000)**	
13 860 121	1 890 438	12 664 509	1 683 260	
14 891	2 031	4 152	552	
13 875 012	1 892 469	12 668 661	1 683 812	1
-13 197 907	-1 800 116	-12 097 147	-1 607 851	
-119 999	-16 367	-118 027	-15 687	3
-294 161	-40 122	-271 728	-36 116	2
-13 968	-1 905	-14 328	-1 904	5, 6, 7, 8
-13 626 035	-1 858 510	-12 501 230	-1 661 558	
248 977	33 959	167 431	22 254	
23 167	3 160	17 231	2 290	
18 266	2 491	11 756	1 562	
-120 566	-16 444	-66 829	-8 882	
-79 133	-10 793	-37 842	-5 030	
169 844	23 166	129 589	17 224	
-37 859	-5 164	-35 228	-4 682	4
-37	-5	-33	-4	
131 948	17 997	94 328	12 538	

Consolidated Balance Sheet



ASSETS

Fixed Assets

Intangible Fixed Assets

Goodwill

Computer Software

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 Receivables

Investments

Short-Term Investments

Cash and Bank Balances

Total Current Assets

TOTAL ASSETS

*Based on closing day rate of exchange

1 USD = SEK 6.8725

**Based on closing day rate of

exchange 1 USD = SEK 7.9525

Dec 31, 2006		Dec 31, 2005		Note
SEK (000)	USD (000)*	SEK (000)	USD (000)**	
3 700	538	4 239	533	5
7 481	1 089	6 144	773	6
3 386	493	5 312	668	6
14 567	2 120	15 695	1 974	
84 245	12 258	93 586	11 768	7
15 444	2 247	18 100	2 276	8
99 689	14 505	111 686	14 044	
85 858	12 493	82 924	10 427	10
666	97	879	111	
56 490	8 220	44 095	5 545	
9 893	1 440	15 420	1 939	
152 907	22 250	143 318	18 022	
267 163	38 875	270 699	34 040	
437 976	63 729	451 843	56 818	
2 592 089	377 167	2 325 399	292 411	
2 592	377	1 660	210	
7 732	1 125	6 175	776	
70 062	10 195	120 515	15 154	
59 693	8 686	94 128	11 836	
2 732 168	397 550	2 547 877	320 387	
1	0	67	8	
229 946	33 459	56 733	7 134	
3 400 091	494 738	3 056 520	384 347	
3 667 254	533 613	3 327 219	418 387	

Consolidated Balance Sheet

EQUITY AND LIABILITIES

Equity

Restricted Equity

Share Capital,
I 658 534/I 564 900 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

*Based on closing day rate of exchange

I USD = SEK 6.8725

**Based on closing day rate of exchange

I USD = SEK 7.9525

Pledged Assets

Contingent Liabilities



Dec 31, 2006		Dec 31, 2005		Note
SEK (000)	USD (000)*	SEK (000)	USD (000)**	
166	24	156	20	
102 127	14 860	102 577	12 899	
102 293	14 884	102 733	12 919	
415 926	60 521	357 508	44 955	
131 948	19 199	94 328	11 861	
547 874	79 720	451 836	56 816	
650 167	94 604	554 569	69 735	
702	102	773	97	
6 394	930	28 092	3 532	
71 043	10 337	54 340	6 833	
222	32	1 258	158	
71 265	10 369	55 598	6 991	
1 679 511	244 381	1 311 388	164 904	
919 208	133 753	1 084 730	136 402	
13 634	1 984	14 172	1 782	
28 941	4 211	15 270	1 920	
100 662	14 647	98 222	12 351	
196 770	28 632	164 405	20 673	
2 938 726	427 608	2 688 187	338 032	
3 667 254	533 613	3 327 219	418 387	
1 823 724	265 365	2 466 551	310 160	12
583 683	84 930	641 624	80 682	12



Consolidated Cash Flow Statement (in TSEK)

Operating Activities

Operating Profit
Adjustment for Items Excluded from Cash Flow Statement, etc.
Depreciation
Other Adjustments
Currency Exchange Differences
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

Sale of Financial Assets

Dividend Received

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

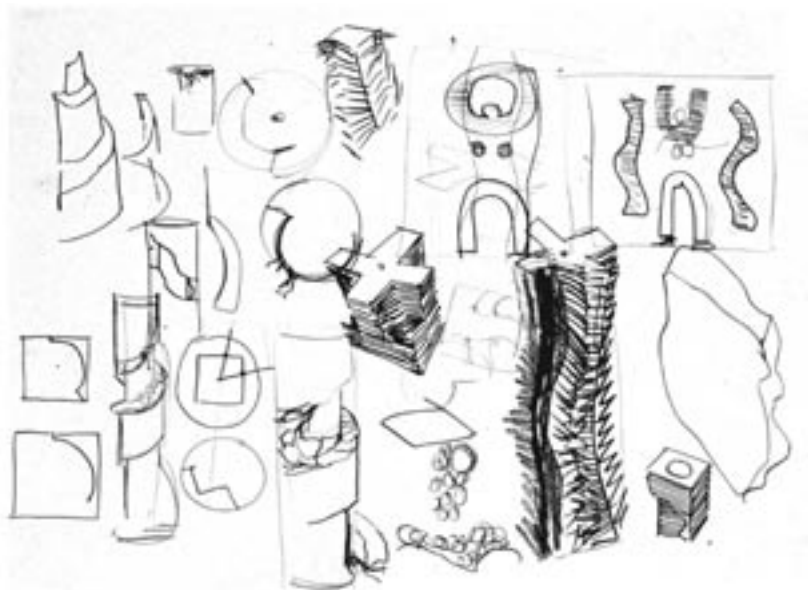
Cashflow from Purchase of Subsidiaries

2006	2005
248 977	167 431
13 968	14 328
3 654	6 804
-318	0
-1 929	-2 596
264 352	185 967
18 266	11 756
-120 567	-66 069
-31 032	-19 817
131 019	111 837
-27 436	-3 650
-515 700	-400 548
9 124	83 541
-83 280	160 929
662 449	86 461
176 176	38 570
-7 795	-15 014
-6 989	-13 958
-216	172
-6 727	-341
6 982	3 857
2 302	30 439
5 704	0
-23 744	263
-30 483	5 418
26 712	1 415
10 270	-39 426
0	-113 555
36 982	-151 566
182 675	-107 578
56 800	140 451
-9 528	23 927
229 947	56 800
-3 738	-4 829
3 522	5 001
-216	172



Whole Apart. Jesus College, Cambridge, UK. 2001

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 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	20%
Other equipment	20%
Buildings	2%
Revaluation of properties	2.6%
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.

2006	2005
5 028 431	5 034 253
5 286 297	4 399 100
1 873 405	1 707 723
1 686 280	1 527 535
599	50
13 875 012	12 668 661

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

KLN Revision AB

Audit Assignment

Non-Audit Assignments

Other Auditors

Audit Assignment

Non-Audit Assignments

Total

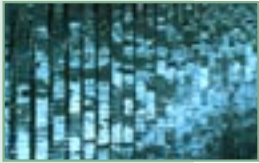
2006	Men	2005	Men
80	36	78	33
179	105	175	102
58	23	46	17
317	164	299	152

2006	Men	2005	Men
21	20	21	20
14	12	14	12

2006	2005
227 442	207 350
32 434	31 566
24 946	23 672
284 822	262 588

0	0
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2006	2005
720	867
228	304
2 160	3 614
3 982	1 714
7 090	6 499



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
Sales/Disposals
Exchange Rate Differences

Accumulated Acquisition Value Carried Forward

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

Accumulated Depreciation Carried Forward

Book Value



2006	2005
43 515	27 248
-5 656	7 980
37 859	35 228

Dec 31, 2006	Dec 31, 2005
31 034	25 214
3 446	3 475
-2 381	0
-3 829	2 345
28 270	31 034

-26 795	-22 252
75	0
3 839	-2 337
-1 689	-2 206
-24 570	-26 795

3 700	4 239
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Note 6
*Acquisition Values and Depreciation, etc.
for Computer Software*



Group

Acquisition Value Brought Forward

Purchases

Exchange Rate Differences

Accumulated Acquisition Value Carried Forward

Depreciation Brought Forward

Exchange Rate Differences

Depreciation for the Period

Accumulated Depreciation Carried Forward

Book Value

Other Intangible Assets

Group

Acquisition Value Brought Forward

Purchases

Sales/Disposals

Exchange Rate Differences

Accumulated Acquisition Value Carried Forward

Depreciation Brought Forward

Purchases

Sales/Disposals

Exchange Rate Differences

Depreciation for the Period

Accumulated Depreciation Carried Forward

Book Value

Dec 31, 2006	Dec 31, 2005
7 625	0
3 966	7 625
-537	0
11 054	7 625
-1 481	0
147	-40
-2 239	-1 441
-3 573	-1 481
7 481	6 144
11 938	5 283
101	5 726
-154	-69
-1 552	998
10 333	11 938
-6 626	-4 870
0	-8
154	0
889	-973
-1 364	-775
-6 947	-6 626
3 386	5 312



Note 7
*Acquisition Values and Depreciation, etc.
for Land and Buildings*



Group

Acquisition Value Brought Forward

Acquisition Value Revaluation

Purchases

Sales/Disposals

Reclassifications

Revaluation of Properties

Exchange Rate Differences

Accumulated Acquisition Value Carried Forward

Depreciation Brought Forward

Depreciation Revaluation Brought Forward

Sales/Disposals

Reclassifications

Exchange Rate Differences

Depreciation for the Period

Depreciation Revaluation of Properties

Accumulated Depreciation Carried Forward

Book Value

Book Value, Buildings

Book Value, Land

Tax Assessment Value

Tax Assessment Value for Properties in Sweden

For Buildings

Dec 31, 2006	Dec 31, 2005
85 379	69 674
22 871	0
0	8 105
-1 359	0
0	1 730
0	22 871
-6 066	5 870
100 825	108 250
-14 078	-10 525
-586	0
105	0
0	-561
858	-728
-2 307	-2 264
-572	-586
-16 580	-14 664
84 245	93 586
81 994	91 409
2 251	2 177
84 245	93 586
24 358	24 358
18 367	18 367



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, 2006	Dec 31, 2005*
73 398	66 825
6 194	1 599
1 369	4 091
-8 523	-4 819
52	-2 935
-6 365	8 637
66 125	73 398
-55 298	-46 400
-978	-672
6 459	4 229
-52	561
4 985	-5 960
-5 797	-7 056
-50 681	-55 298
15 444	18 100

*Computer software has been reclassified to intangible assets, see note 6.



Note 9

Participating Interests in Group Companies



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

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/

Singapore Pulp Private Ltd/par SGD 100 000/

Unifibra SA/par CHF 300 000/

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

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

646325 B.C. Ltd./par CAD 1/

CellMark SA/par CHF 1 000 000/

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

CellMark France SA/par EUR 80 000/

CellMark Iberica SL/par EUR 3 010/

CellMark Paper SA de CV/par MXN 20 000/

CellMark Recycling Benelux BV/par EUR 18 151/

CellMark Exports Inc/par USD 2 500/

BC Holdings Inc/par CAD 1/

Book Value

Country/ Reg. Office	Share of Capital	Dec 31, 2006 Book Value	Dec 31, 2005 Book Value
Gothenburg	100%	23 015	23 015
		23 015	23 015
Country/ Reg. Office	Share of Capital	Dec 31, 2006 Book Value	Dec 31, 2005 Book Value
USA	100%	28 916	28 916
Singapore	100%	3 385	3 385
Singapore	100%	0	0
Switzerland	100%	73 840	73 840
Gothenburg	100%	0	0
Hyltebruk	100%	7 315	7 315
Canada	100%	0	0
Switzerland	100%	516	516
Gothenburg	100%	58 771	58 771
France	100%	1 730	1 730
Spain	100%	1 215	1 215
Mexico	100%	2 285	2 285
The Netherlands	100%	30 538	30 538
USA	100%	67	0
Canada	100%	0	0
		208 578	208 511



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

Reorganization within the Group

Exchange Rate Differences

Sales/Disposals

Reclassifications

Share of Capital at Year-End

Company

CellMark Taiwan Company Ltd/par TWD 5 000 000/

CellMark Deutschland GmbH/par EUR 25 564/

CellMark Thailand Co Ltd/par THB 490 000/

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 MXN 9 980 000/

Central Kentucky Fiber Resources LLC

BCS LLC

CMP Cellulosa Marketing Promotion Sarl/par CHF 10 000/

Long Island Recycling LLC

Birmingham Recycling and Recovery LLC

Urban Impact Recycling Ltd/par CAD 1 501 580/

Bren-Mar Properties LLC

Book Value

Dec 31, 2006	Dec 31, 2005
82 924	74 132
6 088	1 561
18 495	16 948
-5 899	-21 153
-3 999	-2 448
-10 142	2 875
-1 609	0
0	11 009
85 858	82 924

Country/ Reg. Office	Share of Capital	Dec 31, 2006 Book Value	Dec 31, 2005 Book Value
Taiwan	50%	1 371	1 467
Germany	50%	1 809	2 742
Thailand	49%	167	95
USA	50%	5 513	2 520
USA	50%	-147	-178
Gothenburg		-1 714	-1 623
Hong Kong	0% (50%)	0	3 999
USA	50%	3 084	3 866
Mexico	49.9%	211	344
USA	50%	2 960	2 619
USA	10.4267%	65 611	65 332
Switzerland	50%	246	132
USA	0% (50%)	0	1 609
USA	50%	434	0
Canada	50%	6 317	0
USA	50%	-4	0
		85 858	82 924



Note 11
Equity



	Group
Amount Brought Forward	
New Share Issue	
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
156	102 577	451 836	554 569
10		26 702	26 712
	-18 279	-44 783	-63 062
	17 829	-17 829	0
		131 948	131 948
166	102 127	547 874	650 167

TSEK -70 181 of the total translation difference, TSEK -72 944, is allocated to Non-Restricted Reserves and TSEK -2 763 to Restricted Reserves

The company has raised debenture loans amounting to TSEK 3. Option certificates are attached to these loans and can be converted into shares as follows:

No of shares	Nominal Value	Exercise price	Exercise period
55 000	0.1 SEK	298.33 SEK	070601-070630
4 833	0.1 SEK	332.43 SEK	070601-070630
4 833	0.1 SEK	373.07 SEK	080601-080630
4 500	0.1 SEK	256.65 SEK	060101-080630
91 000	0.1 SEK	1.00 SEK	060101-081231
160 166			



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

Total Pledged Assets

Contingent Liabilities

Sureties/Guarantees

Other Contingent Liabilities

Total Contingent Liabilities

Dec 31, 2006	Dec 31, 2005
30 000	30 000
28 932	29 538
48 524	64 097
1 697 988	2 341 886
2 063	1 030
16 217	0
1 823 724	2 466 551
534 247	599 876
49 436	41 748
583 683	641 624

Gothenburg, April 20, 2007

Hans Kling
President

Håkan Björnhage

Thomas Hedberg

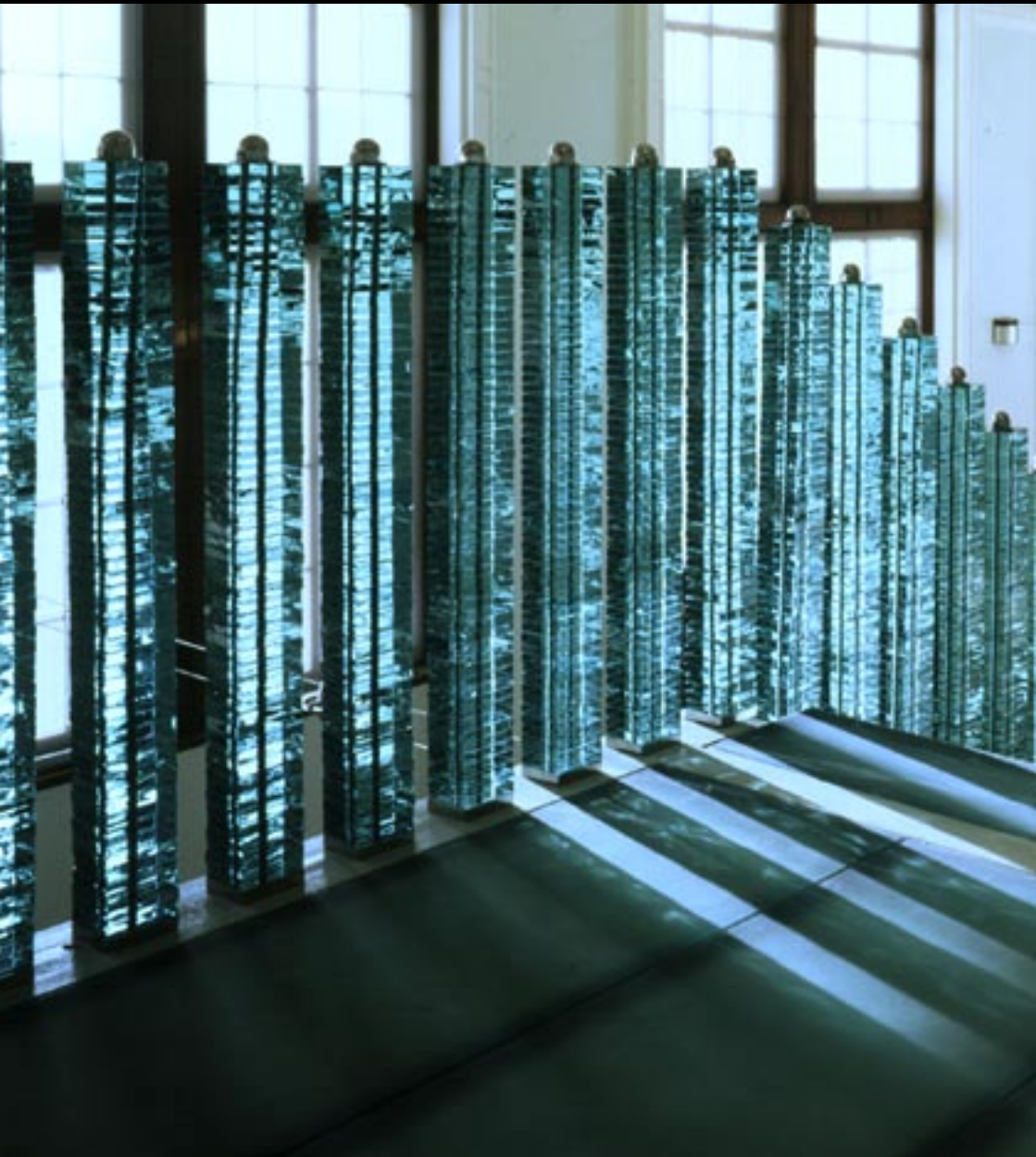
Göran Malm

Adrian Montague

Our Audit Report was submitted on April 20, 2007

Carl Magnus Kollberg
Authorized Public Accountant

Ulf Lindesson
Authorized Public Accountant



Balustrade. Victoria & Albert Museum, London, UK. 1994



Auditor's report

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 2006. 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 20, 2007

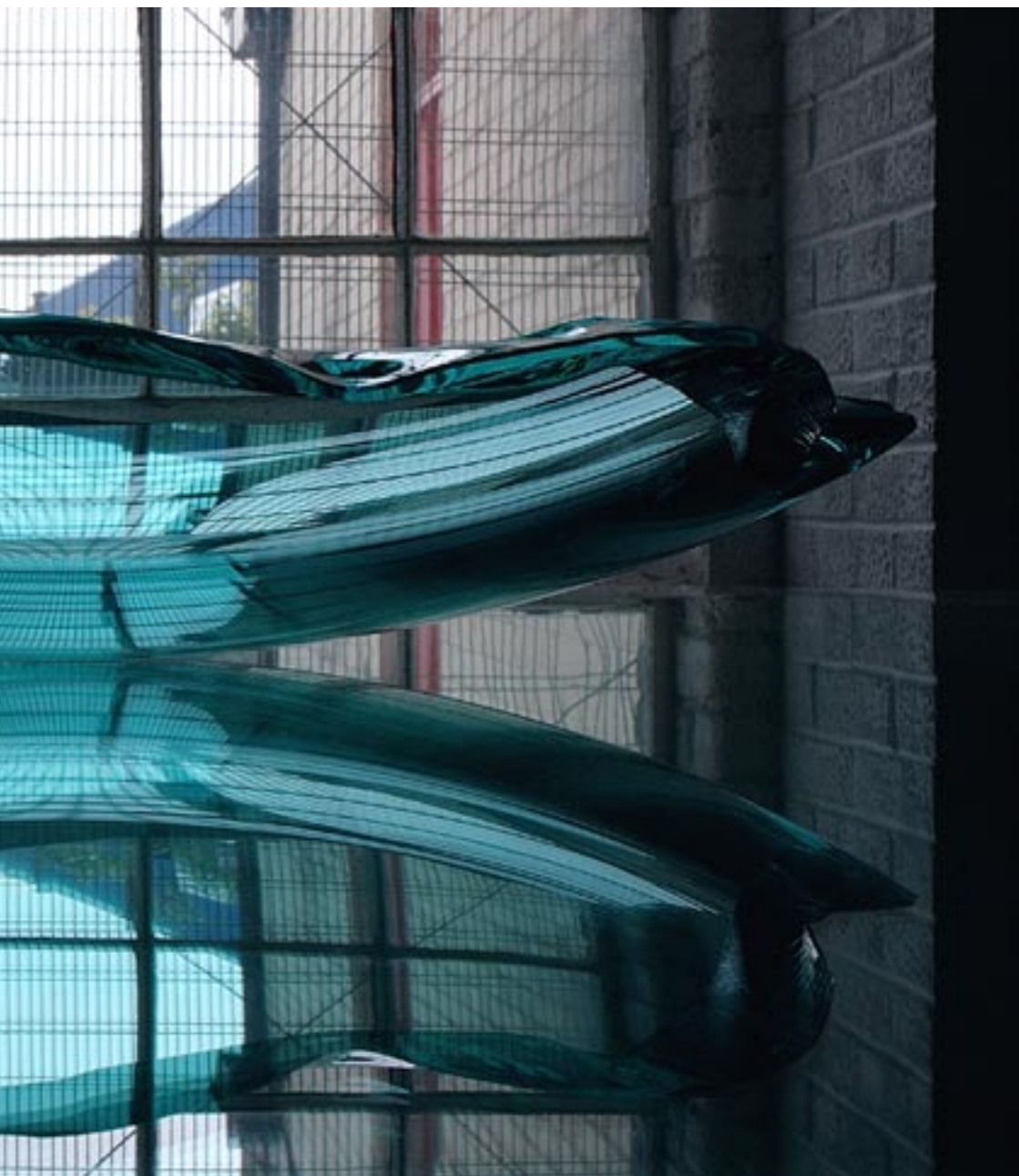
Carl Magnus Kollberg
Authorized Public Accountant

Ulf Lindesson
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.



Broken Bowl. Studio, London, UK. 2005







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Stairway, Borgholm Castle, Sweden, 2005

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Per Hultengren



Paul Busnardo



Vic Rice

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--	--	---	---

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Curved wall. Studio, London, UK. 2007

Danny Lane

Danny Lane, born in Illinois 1955, is perhaps best known for his monumental sculptures made of horizontally stacked glass.

His sculpture and furniture range in scale from the domestic to his massive *Borealis*, one of the world's largest glass sculptures (2005, GM Renaissance Center, Detroit, USA).

Lane trained as a painter and drawing is fundamental to his art. He explores line in two and three dimensions, driven by a need to challenge the limits of the possible in glass, steel, wood and light.

Lane came to Britain in 1975 to study with Patrick Reyntiens, who, with John Piper, was responsible for the post-war renaissance in British stained glass.

Along with Ron Arad and Tom Dixon, Lane was one of the architects of the avant-garde furniture movement of the 1980s. His sculptural glass furniture such as the dramatic *Etruscan Chair* (1986) and *Stacking Chair* (1986), introduced the thrill of broken glass to the slick design world of the 80s.

Lane's sculptures exploit the strength of glass under compression and combine feats of design and engineering to produce work breathtaking in its apparent simplicity. He uses the refractive and reflective qualities of his media to challenge expectations, engaging the viewer in a physical and metaphysical dialogue.

Danny Lane works frequently to commission, both nationally and internationally, and his work is in museums and in private and corporate collections worldwide.

www.dannylane.co.uk





Shan Shui, Hong Kong, 1999



Light Relief. Studio, London, UK. 2007



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