





# Financial Report



# Director's Report

*The Board of Directors and the President hereby submit the annual report and the consolidated financial statements for 2007. 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 33 800, whereof TSEK 12 209 referred to equipment, TSEK 3 157 to computer software, TSEK 10 348 to other intangible assets and TSEK 8 086 to land and 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.

## **Risk Management**

CellMark has defined the risks in our business model and has well-developed processes for the elimination of such risks. Price and product risks are covered as we only conclude back-to-back transactions with suppliers and customers. We sell counterpart and political risks in the insurance and banking markets, where we also cover our foreign exchange exposures.

Financial Highlights of the Group (MUSD\*)

|                  | 2007  | 2006  | 2005  | 2004  | 2003  | 2002  | 2001  | 2000  |
|------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Operating Income | 2 313 | 1 892 | 1 684 | 1 519 | 1 245 | 1 022 | 1 030 | 1 316 |
| Profit after     |       |       |       |       |       |       |       |       |
| Financial Items  | 27.2  | 23.2  | 17.2  | 18.0  | 13.1  | 12.1  | 15.0  | 18.7  |
| Total Assets     | 644   | 534   | 418   | 404   | 311   | 308   | 294   | 337   |
| Equity Ratio (%) | 19.0  | 17.7  | 16.7  | 18.1  | 19.4  | 21.9  | 19.8  | 14.9  |

\*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 686 674, which includes the profit for the year of TSEK 143 952.

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

Capital Gain

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

I USD = SEK 6.7331

\*\*Based on average exchange rate during the

year I USD = SEK 7.3317

| 2007               |                   | 2006        |             | Note       |
|--------------------|-------------------|-------------|-------------|------------|
| SEK (000)          | USD (000)*        | SEK (000)   | USD (000)** |            |
| 15 564 586         | 2 311 652         | 13 860 121  | 1 890 438   |            |
| 6 852              | 1 018             | 14 891      | 2 031       |            |
| <b>15 571 438</b>  | <b>2 312 670</b>  | 13 875 012  | 1 892 469   | 1          |
| -14 846 502        | -2 205 003        | -13 197 907 | -1 800 116  |            |
| -154 030           | -22 877           | -119 999    | -16 367     | 3          |
| -325 366           | -48 323           | -294 161    | -40 122     | 2          |
| -12 600            | -1 871            | -13 968     | -1 905      | 5, 6, 7, 8 |
| <b>-15 338 498</b> | <b>-2 278 074</b> | -13 626 035 | -1 858 510  |            |
| <b>232 940</b>     | <b>34 596</b>     | 248 977     | 33 959      |            |
| 11 757             | 1 746             | 23 167      | 3 160       |            |
| 55 550             | 8 250             | 0           | 0           |            |
| 22 430             | 3 331             | 18 266      | 2 491       |            |
| -139 597           | -20 732           | -120 566    | -16 444     |            |
| <b>-49 860</b>     | <b>-7 405</b>     | -79 133     | -10 793     |            |
| <b>183 080</b>     | <b>27 191</b>     | 169 844     | 23 166      |            |
| -39 094            | -5 806            | -37 859     | -5 164      | 4          |
| -34                | -5                | -37         | -5          |            |
| <b>143 952</b>     | <b>21 380</b>     | 131 948     | 17 997      |            |



## 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

Endowment Insurance

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

I USD = SEK 6.4675

\*\*Based on closing day rate of exchange

I USD = SEK 6.8725

| Dec 31, 2007     |                | Dec 31, 2006 |             | Note |
|------------------|----------------|--------------|-------------|------|
| SEK (000)        | USD (000)*     | SEK (000)    | USD (000)** |      |
| 3 734            | 577            | 3 700        | 538         | 5    |
| 7 705            | 1 191          | 7 481        | 1 089       | 6    |
| 12 309           | 1 903          | 3 386        | 493         | 6    |
| <b>23 748</b>    | <b>3 671</b>   | 14 567       | 2 120       |      |
| 46 973           | 7 263          | 84 245       | 12 258      | 7    |
| 20 976           | 3 243          | 15 444       | 2 247       | 8    |
| <b>67 949</b>    | <b>10 506</b>  | 99 689       | 14 505      |      |
| 24 877           | 3 846          | 85 858       | 12 493      | 10   |
| 664              | 103            | 666          | 97          |      |
| 7 995            | 1 236          | 0            | 0           |      |
| 49 430           | 7 643          | 56 490       | 8 220       |      |
| 40 170           | 6 212          | 9 893        | 1 440       |      |
| <b>123 136</b>   | <b>19 040</b>  | 152 907      | 22 250      |      |
| <b>214 833</b>   | <b>33 217</b>  | 267 163      | 38 875      |      |
| <b>605 599</b>   | <b>93 637</b>  | 437 976      | 63 729      |      |
| 2 937 307        | 454 164        | 2 592 089    | 377 167     |      |
| 7 844            | 1 213          | 2 592        | 377         |      |
| 7 604            | 1 176          | 7 732        | 1 125       |      |
| 61 853           | 9 564          | 70 062       | 10 195      |      |
| 72 086           | 11 146         | 59 693       | 8 686       |      |
| <b>3 086 694</b> | <b>477 263</b> | 2 732 168    | 397 550     |      |
| <b>0</b>         | <b>0</b>       | 1            | 0           |      |
| <b>255 971</b>   | <b>39 578</b>  | 229 946      | 33 459      |      |
| <b>3 948 264</b> | <b>610 478</b> | 3 400 091    | 494 738     |      |
| <b>4 163 097</b> | <b>643 695</b> | 3 667 254    | 533 613     |      |



## Consolidated Balance Sheet

## EQUITY AND LIABILITIES

### Equity

#### Restricted Equity

Share Capital, I 718 367/I 658 534 shares á 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

Provisions for Pension

#### Total Provisions

#### 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

### Contingent Liabilities

\*Based on closing day rate of exchange

I USD = SEK 6.4675

\*\*Based on closing day rate of exchange

I USD = SEK 6.8725

| Dec 31, 2007     |                | Dec 31, 2006 |             | Note |
|------------------|----------------|--------------|-------------|------|
| SEK (000)        | USD (000)*     | SEK (000)    | USD (000)** |      |
| 172              | 27             | 166          | 24          |      |
| 104 661          | 16 183         | 102 127      | 14 860      |      |
| <b>104 833</b>   | <b>16 210</b>  | 102 293      | 14 884      |      |
| 542 722          | 83 915         | 415 926      | 60 521      |      |
| 143 952          | 22 258         | 131 948      | 19 199      |      |
| <b>686 674</b>   | <b>106 173</b> | 547 874      | 79 720      |      |
| <b>791 507</b>   | <b>122 382</b> | 650 167      | 94 604      |      |
| <b>693</b>       | <b>107</b>     | 702          | 102         |      |
| 4 780            | 739            | 6 394        | 930         |      |
| 10 422           | 1 611          | 0            | 0           |      |
| <b>15 202</b>    | <b>2 350</b>   | 6 394        | 930         |      |
| 68 552           | 10 599         | 71 043       | 10 337      |      |
| 3 202            | 495            | 222          | 32          |      |
| <b>71 754</b>    | <b>11 094</b>  | 71 265       | 10 369      |      |
| 1 766 581        | 273 147        | 1 679 511    | 244 381     |      |
| 1 079 677        | 166 940        | 919 208      | 133 753     |      |
| 13 444           | 2 079          | 13 634       | 1 984       |      |
| 62 377           | 9 645          | 28 941       | 4 211       |      |
| 112 912          | 17 458         | 100 662      | 14 647      |      |
| 248 950          | 38 493         | 196 770      | 28 632      |      |
| <b>3 283 941</b> | <b>507 762</b> | 2 938 726    | 427 608     |      |
| <b>4 163 097</b> | <b>643 695</b> | 3 667 254    | 533 613     |      |
| 3 221 921        | 498 171        | 1 823 724    | 265 365     | 12   |
| 826 404          | 127 778        | 583 683      | 84 930      | 12   |



## **Consolidated Cash Flow Statement**

### **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 Intangible Fixed 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**

### **Cash Flow from Purchase of Subsidiaries**

Purchase Price Paid  
Cash and Cash Equivalents in Purchased Company

### **Cash Flow from Purchase of Subsidiaries**

| 2007            | 2006     |
|-----------------|----------|
| 232 940         | 248 977  |
| 12 600          | 13 968   |
| 8 016           | 3 654    |
| 261             | -318     |
| 11              | -1 929   |
| <b>253 828</b>  | 264 352  |
| 22 675          | 18 266   |
| -139 841        | -120 567 |
| -39 397         | -31 032  |
| <b>97 265</b>   | 131 019  |
| -188 010        | -27 436  |
| -447 481        | -515 700 |
| 51 347          | 9 124    |
| 181 014         | -83 280  |
| 153 499         | 662 449  |
| <b>-152 366</b> | 176 176  |
| -13 933         | -7 795   |
| -21 040         | -6 989   |
| -679            | -216     |
| 0               | -6 727   |
| 1               | 0        |
| 20 670          | 6 982    |
| 153 738         | 2 302    |
| 7 036           | 5 704    |
| 13 243          | -23 744  |
| <b>159 036</b>  | -30 483  |
| 17 657          | 26 712   |
| 2 878           | 10 270   |
| -605            | 0        |
| <b>19 930</b>   | 36 982   |
| <b>26 600</b>   | 182 675  |
| <b>229 947</b>  | 56 800   |
| <b>-576</b>     | -9 528   |
| <b>255 971</b>  | 229 947  |
| -679            | -3 738   |
| 0               | 3 522    |
| <b>-679</b>     | -216     |



# 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  
Recycling  
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.

| <b>2007</b>       | 2006       |
|-------------------|------------|
| 5 677 329         | 5 028 431  |
| 5 082 932         | 5 286 297  |
| 2 616 903         | 1 873 405  |
| 2 194 218         | 1 686 280  |
| 56                | 599        |
| <b>15 571 438</b> | 13 875 012 |

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**

Note 4  
Tax on Profit for the Year

**Group**  
Income Tax  
Deferred Tax

| <b>2007</b> | <b>Men</b> | 2006 | Men |
|-------------|------------|------|-----|
| 97          | 43         | 80   | 36  |
| 189         | 115        | 179  | 105 |
| 65          | 27         | 58   | 23  |
| <b>351</b>  | <b>185</b> | 317  | 164 |

| <b>2007</b> | <b>Men</b> | 2006 | Men |
|-------------|------------|------|-----|
| 21          | 20         | 21   | 20  |
| 14          | 12         | 14   | 12  |

| <b>2007</b>    | 2006    |
|----------------|---------|
| 251 085        | 227 442 |
| 37 686         | 32 434  |
| 26 488         | 24 946  |
| <b>315 259</b> | 284 822 |

0 0

| <b>2007</b>  | 2006  |
|--------------|-------|
| 769          | 720   |
| 265          | 228   |
| 3 900        | 2 160 |
| 4 228        | 3 982 |
| <b>9 162</b> | 7 090 |

| <b>2007</b>   | 2006   |
|---------------|--------|
| 44 968        | 43 515 |
| -5 874        | -5 656 |
| <b>39 094</b> | 37 859 |



*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**

*Note 6*

Acquisition Values and Depreciation, etc. for Computer Software

**Group**

Acquisition Value Brought Forward

Purchases

Reclassifications

Exchange Rate Differences

**Accumulated Acquisition Value Carried Forward**

Depreciation Brought Forward

Reclassifications

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

Sales/Disposals

Exchange Rate Differences

Depreciation for the Period

**Accumulated Depreciation Carried Forward**

**Book Value**

| <b>Dec 31, 2007</b> | Dec 31, 2006 |
|---------------------|--------------|
| 28 270              | 31 034       |
| 711                 | 3 446        |
| 0                   | -2 381       |
| -1 940              | -3 829       |
| <b>27 041</b>       | 28 270       |
| -24 570             | -26 795      |
| 0                   | 75           |
| 2 272               | 3 839        |
| -1 009              | -1 689       |
| <b>-23 307</b>      | -24 570      |
| <b>3 734</b>        | 3 700        |
| 11 054              | 7 625        |
| 3 157               | 3 966        |
| 26                  | 0            |
| -200                | -537         |
| <b>14 037</b>       | 11 054       |
| -3 573              | -1 481       |
| -23                 | 0            |
| 105                 | 147          |
| -2 841              | -2 239       |
| <b>-6 332</b>       | -3 573       |
| <b>7 705</b>        | 7 481        |
| 10 333              | 11 938       |
| 10 348              | 101          |
| -11                 | -154         |
| -636                | -1 552       |
| <b>20 034</b>       | 10 333       |
| -6 947              | -6 626       |
| 10                  | 154          |
| 434                 | 889          |
| -1 222              | -1 364       |
| <b>-7 725</b>       | -6 947       |
| <b>12 309</b>       | 3 386        |

*Note 7*

Acquisition Values and Depreciation, etc. for Land and Buildings

**Group**

Acquisition Value Brought Forward

Acquisition Value Revaluation

Purchases

Sales/Disposals

Exchange Rate Differences

**Accumulated Acquisition Value Carried Forward**

Depreciation Brought Forward

Depreciation Revaluation Brought Forward

Sales/Disposals

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

*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**

| <b>Dec 31, 2007</b> | Dec 31, 2006  |
|---------------------|---------------|
| 77 954              | 85 379        |
| 22 871              | 22 871        |
| 8 086               | 0             |
| -48 574             | -1 359        |
| -2 195              | -6 066        |
| <b>58 142</b>       | 100 825       |
| -15 422             | -14 078       |
| -1 158              | -586          |
| 6 712               | 105           |
| 401                 | 858           |
| -1 702              | -2 307        |
| 0                   | -572          |
| <b>-11 169</b>      | -16 580       |
| <b>46 973</b>       | 84 245        |
| 45 935              | 81 994        |
| 1 038               | 2 251         |
| <b>46 973</b>       | <b>84 245</b> |
| 10 967              | 24 358        |
| 8 625               | 18 367        |

| <b>Dec 31, 2007</b> | Dec 31, 2006 |
|---------------------|--------------|
| 66 125              | 73 398       |
| 12 209              | 6 194        |
| 0                   | 1 369        |
| -5 261              | -8 523       |
| -106                | 52           |
| -2 817              | -6 365       |
| <b>70 150</b>       | 66 125       |
| -50 681             | -55 298      |
| 0                   | -978         |
| 4 574               | 6 459        |
| 103                 | -52          |
| 2 656               | 4 985        |
| -5 826              | -5 797       |
| <b>-49 174</b>      | -50 681      |
| <b>20 976</b>       | 15 444       |

*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/

Celltorp 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/

CellMark UK/par GBP 1/

CellMark Paper Peru SRL/par PEN 3 500/

**Book Value**

| <b>Country/<br/>Reg office</b> | <b>Share of<br/>Capital</b> | <b>Dec 31, 2007<br/>Book Value</b> | Dec 31, 2006<br>Book Value |
|--------------------------------|-----------------------------|------------------------------------|----------------------------|
| Gothenburg                     | 100%                        | 23 015                             | 23 015                     |
|                                |                             | <b>23 015</b>                      | 23 015                     |

| <b>Country/<br/>Reg office</b> | <b>Share of<br/>Capital</b> | <b>Dec 31, 2007<br/>Book Value</b> | Dec 31, 2006<br>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%                        | 1 894                              | 1 215                      |
| Mexico                         | 100%                        | 2 285                              | 2 285                      |
| The Netherlands                | 100%                        | 30 538                             | 30 538                     |
| USA                            | 100%                        | 67                                 | 67                         |
| Canada                         | 100%                        | 0                                  | 0                          |
| UK                             | 100%                        | 14                                 | 0                          |
| Peru                           | 100%                        | 3 765                              | 0                          |
|                                |                             | <b>213 036</b>                     | 208 578                    |



*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

**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

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/

Birmingham Recycling and Recovery LLC

Urban Impact Recycling Ltd/par CAD 1 501 580/

Bren-Mar Properties LLC

41st Street Associates

**Book Value**

| <b>Dec 31, 2007</b> | Dec 31, 2006 |
|---------------------|--------------|
| 85 858              | 82 924       |
| 0                   | 6 088        |
| 11 757              | 18 495       |
| -7 028              | -5 899       |
| 0                   | -3 999       |
| -99                 | -10 142      |
| -65 611             | -1 609       |
| <b>24 877</b>       | 85 858       |

| <b>Country/<br/>Reg. office</b> | <b>Share of<br/>Capital</b> | <b>Dec 31, 2007<br/>Book Value</b> | Dec 31, 2006<br>Book Value |
|---------------------------------|-----------------------------|------------------------------------|----------------------------|
| Taiwan                          | 50%                         | 1 179                              | 1 371                      |
| Germany                         | 50%                         | 566                                | 1 809                      |
| Thailand                        | 0% (49%)                    | 0                                  | 167                        |
| USA                             | 50%                         | 5 633                              | 5 513                      |
| USA                             | 0% (50%)                    | 0                                  | -147                       |
| Gothenburg                      |                             | -1 447                             | -1 714                     |
| USA                             | 50%                         | 4 989                              | 3 084                      |
| Mexico                          | 49.9%                       | 169                                | 211                        |
| USA                             | 50%                         | 2 681                              | 2 960                      |
| USA                             | 0% (10.4276%)               | 0                                  | 65 611                     |
| Switzerland                     | 50%                         | 427                                | 246                        |
| USA                             | 50%                         | 1 407                              | 434                        |
| Canada                          | 50%                         | 9 405                              | 6 317                      |
| USA                             | 50%                         | -136                               | -4                         |
| USA                             | 50%                         | 4                                  | 0                          |
|                                 |                             | <b>24 877</b>                      | 85 858                     |



Note 11  
Equity

|   | Group                     |
|---|---------------------------|
| Amount Brought Forward                                |                           |
| New Share Issue                                       |                           |
| Translation Difference for the Year                   |                           |
| Movement between Restricted and Non-Restricted Equity |                           |
| Redemption  |                           |
| Profit for the Year                                   |                           |
|   | <b>Amount at Year-End</b> |

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                               |                                     |
| Endowment Insurance                                   |                                     |
|   | <b>Total Pledged Assets</b>         |
| Contingent Liabilities                                |                                     |
| Sureties/Guarantees                                   |                                     |
| Pension Obligation                                    |                                     |
| Other Contingent Liabilities                          |                                     |
|   | <b>Total Contingent Liabilities</b> |

| <b>Share Capital</b> | <b>Restricted Reserves</b> | <b>Non-Restricted Equity</b> | <b>Total</b>   |
|----------------------|----------------------------|------------------------------|----------------|
| 166                  | 102 127                    | 547 874                      | 650 167        |
| 6                    |                            | 17 651                       | 17 657         |
|                      | 615                        | -20 279                      | -19 664        |
|                      | 1 919                      | -1 919                       | 0              |
|                      |                            | -605                         | -605           |
|                      |                            | 143 952                      | 143 952        |
| <b>172</b>           | <b>104 661</b>             | <b>686 674</b>               | <b>791 507</b> |

TSEK -90 460 of the total translation difference, TSEK -92 608, is allocated to Non-Restricted Reserves and TSEK -2 148 to Restricted Reserves.

The company has raised debenture loans amounting to TSEK 0.5. Option certificates are attached to these loans and can be converted into shares as follows:

| <b>No of shares</b> | <b>Nominal Value</b> | <b>Exercise price</b> | <b>Exercise period</b> |
|---------------------|----------------------|-----------------------|------------------------|
| 4 833               | 0.1 SEK              | 373.07 SEK            | 080601-080630          |
| 91 000              | 0.1 SEK              | 1.00 SEK              | 060101-081231          |
| <b>95 833</b>       |                      |                       |                        |

| <b>Dec 31, 2007</b> | <b>Dec 31, 2006</b> |
|---------------------|---------------------|
| 30 000              | 30 000              |
| 10 636              | 28 932              |
| 350 134             | 48 524              |
| 2 782 704           | 1 697 988           |
| 8 337               | 2 063               |
| 32 115              | 16 217              |
| 7 995               | 0                   |
| <b>3 221 921</b>    | <b>1 823 724</b>    |
| 593 173             | 534 247             |
| 5 055               | 0                   |
| 228 176             | 49 436              |
| <b>826 404</b>      | <b>583 683</b>      |

Gothenburg, April 21, 2008

Hans Kling  
President

Håkan Björnhage

Thomas Hedberg

Adrian Montague

Our Audit Report was submitted on April 21, 2008

Carl Magnus Kollberg  
Authorized Public Accountant

Ulf Lindesson  
Authorized Public Accountant





# 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 2007. 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 21, 2008

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.









