

SCA Graphic Paper Holdings 1991 Limited
Directors' report and financial statements
for the year ended 31 December 2006

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SCA Graphic Paper Holdings 1991 Limited

Directors' report and financial statements

for the year ended 31 December 2006

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SCA Graphic Paper Holdings 1991 Limited

Directors and advisors for the year ended 31 December 2006

Directors

D Lucas
R F Johannesson
M Lunabba

Secretary

M C West

Auditors

PricewaterhouseCoopers LLP
First Point
Buckingham Gate
Gatwick RH6 0PP

Bankers

National Westminster Bank plc
City of London Office
P O Box 12258
1 Princes Street
London EC2R 8PA

Registered office

543 New Hythe Lane
Larkfield
Kent
ME20 9PB

Registered number

02486025

SCA Graphic Paper Holdings 1991 Limited

Directors' report for the year ended 31 December 2006

The directors present their report and the audited financial statements of the company for the year ended 31 December 2006

Principal activities

The principal activity of the company is that of a holding company for SCA Graphic Paper UK Ltd

Review of business, future developments and key performance indicators

The company has not traded during the year and has continued to act as a holding company for SCA Graphic Paper UK Ltd. The directors do not expect this to change in the foreseeable future and accordingly no profit and loss account has been presented in these financial statements. In the directors' opinion there are no relevant key financial performance measures that would add value to these financial statements.

Commercial risks

The group's solid growth in sales volumes in recent years could be jeopardised by any failure to renew long term publisher supply contracts, which are scheduled for renegotiation during the first quarter of 2007. Loss of volume here would be difficult to replace in the short term, given the current over-supply situation.

Financial risk management

The group's operations expose it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and foreign currency risk.

Given the size of the group, the directors have not delegated the responsibility for monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the group's finance department.

Credit Risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity Risk

The group maintains appropriate debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Interest Rate Risk

The group has both interest bearing assets and interest bearing liabilities. Interest bearing assets are cash balances and interest bearing liabilities are bank loans. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

SCA Graphic Paper Holdings 1991 Limited

Foreign currency risk

Some group sales take place in the year in Euros which would be subject to exchange rate fluctuations. However this risk is considered minimal.

Dividends

No dividends were paid during the year (2005 £nil). No dividends are proposed for the current year (2005 £nil).

Directors and their interests

The directors who served during the year ended 31 December 2006, all of whom have been directors for the whole year ended on that date are listed below.

D R Lucas

R F Johannesson

M Lunabba

No directors held beneficial interests in the shares of the company or its subsidiary company, SCA Graphic Paper UK Ltd, at 31 December 2006 or at any time during the year.

Taxation Status

As far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company and there has been no change in this respect since the end of the financial year.

Statement of directors' responsibilities in respect of the Annual Report and financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

SCA Graphic Paper Holdings 1991 Limited

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the Company's auditors are unaware, and each director has taken all steps that he ought to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Through elective resolutions the company has dispense with the holding of annual general meetings, the laying of accounts before annual general meetings and the appointment of auditors annually

By Order of the Board



M C West

Secretary

25 October 2007

SCA Graphic Paper Holdings 1991 Limited

Independent auditors' report to the members of SCA Graphic Paper Holdings 1991 Limited

We have audited the financial statements of SCA Graphic Paper Holdings 1991 Limited for the year ended 31 December 2006 which comprise the balance sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

SCA Graphic Paper Holdings 1991 Limited

Opinion

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Gatwick


29 October 2007

SCA Graphic Paper Holdings 1991 Limited

Balance sheet as at 31 December 2006

	Note	2006 £	2005 £
Fixed assets			
Investments	4	200,000	200,000
Current assets			
Debtors amounts falling due within one year	5	273,703	273,703
Net assets		473,703	473,703
Capital and reserves			
Called up share capital	6	338,035	338,035
Capital contribution	7	135,668	135,668
Equity shareholders' funds	8	473,703	473,703

The financial statements which comprise the balance sheet and related notes were approved on 25 October 2007 and were signed on its behalf by



D Lucas
Director

Notes to the financial statements for the year ended 31 December 2006

1 Principal accounting policies

These financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and Companies Act 1985

Cash flow statement

As the SCA group controls in excess of 90% of the voting rights of the company and the consolidated financial statements in which the company's results are included are publicly available, the company is exempt from preparing a cash flow statement under the provisions of Financial Reporting Standards No 1 (revised)

Deferred taxation

The company's policy is to make full provision for deferred taxation in respect of all timing differences that have originated but not reversed by the balance sheet date, using the incremental liability approach. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets and liabilities are not subject to discounting.

Consolidation

In accordance with Section 228 (1) (2) of the Companies Act 1985, the company has not prepared consolidated financial statements, as its results are included in the consolidated financial statements of Svenska Cellulosa Aktiebolaget, SCA, a company incorporated in the European Economic Area.

Investments

The Company's investments in subsidiary undertakings are stated at cost less any provision for impairment.

2 Directors' emoluments

The directors did not receive any emoluments from the company in respect of their services during the year (2005 nil).

3 Employee information

The company does not employ any personnel, other than the directors.

SCA Graphic Paper Holdings 1991 Limited

4 Investments

	Shares in group undertakings	
	2006	2005
	£	£
Cost		
At 1 January and 31 December	200,000	200,000

At 31 December 2006 the company directly controlled the following group undertaking

Name of Company	Description of shares held	Proportion of nominal value of issued shares held	Principal activities
SCA Graphic Paper UK Limited	Ordinary shares of £1 each	100%	UK agent for sale of paper

The above company is registered in England and Wales and operating principally in the country of incorporation

In the opinion of the directors the value of the company's investment in the subsidiary undertaking is not less than the amount at which it is stated in the company's balance sheet

5 Debtors

	2006	2005
	£	£
Amounts falling due within one year		
Amounts owed by group undertakings	273,703	273,703

The amounts owed by group undertakings represent an unsecured interest free loan to the company's wholly owned subsidiary undertaking

SCA Graphic Paper Holdings 1991 Limited

6 Share capital

	2006 £	2005 £
Authorised:		
340,000 ordinary shares of £1 each (2005 340,000)	340,000	340,000
Allotted, called-up and fully paid:		
338,035 ordinary shares of £1 each (2005 338,035)	338,035	338,035

7 Reserves

	Capital contribution £
At 1 January 2006 and 31 December 2006	135,668

8 Reconciliation of movements in shareholders' funds

	Shareholders' funds £
At 1 January 2006 and 31 December 2006	473,703

9 Group banking facility

The UK group of companies, of which the company is a member has given joint and several guarantees to its principal clearing banker in respect of banking facilities

10 Related party transactions

The company has taken advantage of the exemptions available under Financial Reporting Standard No 8, Related Party Transactions, from disclosing transactions with 90% or more controlled subsidiary undertakings which eliminate on consolidation

There were no other related party transactions during the current or prior year

11 Ultimate controlling party

The company is a subsidiary of SCA UK Holdings Limited, a company registered in England

The directors regard Svenska Cellulosa Aktiebolaget SCA, incorporated in Sweden, as the ultimate parent company and ultimate controlling party. Copies of the ultimate parent's consolidated accounts may be obtained from the Company Secretary, SCA UK Holdings Limited, 543 New Hythe Lane, Aylesford, Kent, ME20 7PB