Duni Annual Report 2007

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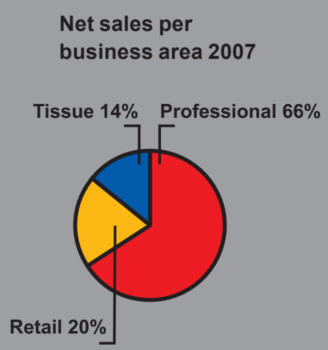
This is Duni

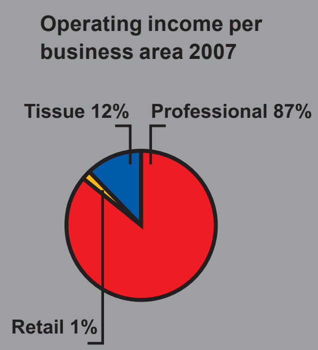
Duni is the leader in Europe in the design, production and marketing of high-quality table covers, napkins, candles and other table setting products. Duni also offers packaging and packaging systems to the growing take-away market.

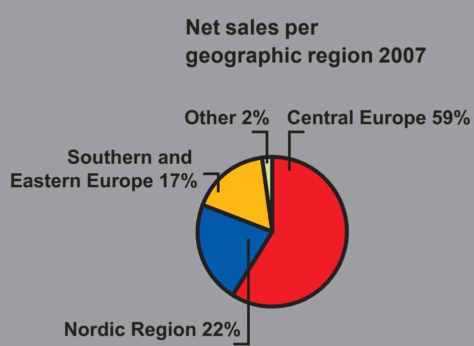
Almost 75% of Duni's products are paper-based, and these products are almost entirely produced within the Group. Tissue for napkins and table covers, is manufactured in Sweden, while Duni's production of finished table setting products takes place in Germany and Poland.

Duni's head office is located in Malmö and the company has in total some 2,000 employees in 17 countries. The largest markets are in Central and Northern Europe, but globally more than 40 markets are covered in Europe, the Middle East, Africa and Asia.

The business is divided into three business areas: Professional, covering sales to hotels, restaurants and catering firms; Retail, primarily focusing on the grocery retail trade; and Tissue, producing wet laid and air laid tissue for table setting products and hygiene products.







Geographically, Duni divides sales into four geographic regions: Central Europe (Germany, Austria, Switzerland, the UK, Ireland, Belgium, the Netherlands, and Luxembourg), the Nordic Region (Sweden, Norway, Finland and Denmark), Southern and Eastern Europe (France, Italy, Spain, Portugal, Poland, Russia, Czech Republic, Hungary and the rest of Eastern Europe) and Other (Duni's sales outside Europe).

The Year in Brief

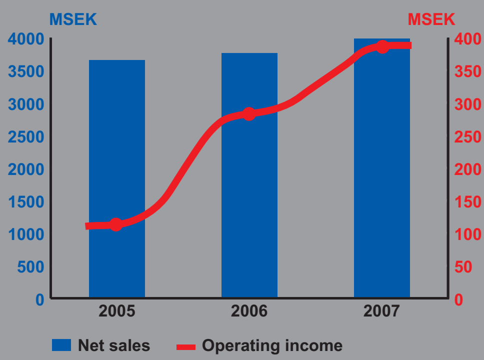
Net sales for the split financial year[1] 1 July – 31 December increased by 4.7% to MSEK 2,091 (1,997), compared with 1 July – 31 December, 2006. Net sales for the period 1 January – 31 December increased by 5.9% to MSEK 3,985 (3,762).

Operating income for the split financial year increased to MSEK 242 (172). Operating income for the period 1 January - 31 December increased to MSEK 394 (277).

Duni's positive sales trend continued during the above periods, primarily as regards the Professional business area, but also for Retail. Generally favorable market conditions combined with shares captured on a number of markets are the primary driving forces behind the continued growth.

The proposed dividend is SEK 1.80 (0) per share.

Net sales and operating income



Key ratios

MSEK	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 31 Dec 2007	1 Jul 2006 – 31 Dec 2006	1 Jan 2006 – 31 Dec 2006	1 Jul 2005 – 31 Dec 2005	1 Jan 2005 – 31 Dec 2005
Net sales	2 091	3 985	1 997	3 762	1 997	3 656
EBIT	242	394	172	277	165	119
EBITDA	288	484	213	360	206	202
Income before tax	165	196	28	1	36	-134
Net income for the year	96	99	15	-11	-19	-137
Proposed dividend, MSEK	85	0	0	0	0	0
Shareholders' equity	1 416	1 416	838	838	816	816
Return on equity, %	6.78	6.99	1.79	-1.31	-2.33	-16.79
Average number of employees, at end of period	2 001	2 001	1 999	1 999	2 112	2 112

1) The annual report covers a split financial year for the period 1 July – 31 December 2007. On 1 January 2008, the company will revert to the calendar year. In order to provide a comprehensive view of Duni's operations, in many cases summarized figures are also reproduced for the past 12 months.

On 14 November, Duni was listed on the OMX Nordic Exchange in Stockholm. The IPO aroused strong interest among Swedish and international investors, despite volatile financial markets.

CEO's Comments

A Focused and Growth-oriented Duni

2007 saw the completion of the concentration of our operations to the profitable core business in Europe. Based on the efficient operating platform that we established during the same period, focus is now placed on top-line growth for continued value creation.

A STRONG YEAR

2007[1] will go down in history as one of Duni's best years ever. We succeeded in strengthening our positions on several markets and a number of new products were introduced, especially during the second half of the year. Sales during the year increased by 5.9% and operating income rose by just over 20% (excluding non-recurring expenses in 2006) to MSEK 394. At the same time, the operating margin reached 9.9%, just short of our profitability target of 10%. It is also worth noting that all business areas reported improved results during the year, with the core area, Professional, accounting for most of the improvement.

MARKET LEADER ON A GROWING MARKET

Duni operates on a market which is growing due to the fact that meals are increasingly being eaten outside the home and that linen napkins and table cloths are being replaced by premium quality tissue based products. Converting restaurants to these types of solutions is a prime target for Duni, and a process in which we get full benefit from our unique product range.

Within the Professional business area, sales during the year increased by 6.3%. First and foremost, we gained territory on our growth markets in Southern and Eastern Europe, where the sales organizations were strengthened. Generally speaking, we grew on all of our major markets, with the highest rates of growth being recorded in France, the Benelux countries and the UK.

The development of our business within the rapidly growing take-away segment is continuing to pay off. This niche has been successfully established in the Nordic region for several years. In recent times, the Duni FoodSolutions concept has been introduced on our main markets in Central Europe, where we are growing rapidly.

The Retail and Tissue business areas also reported increased sales during the year. Following the structural change that took place on the Retail market some years ago with the strong penetration of private labels, it is especially encouraging to note the positive trend within the Retail area. The work to create growth and increase profitability in the Retail area is based on that Duni, together with the grocery retail trade, introduces a new approach to the table top products' category. This involves creating an offering for different types of consumers and different user occasions. We realize that hard and long-term work lies ahead of us, but we feel that we have embarked on the right path when leading chains, such as ICA, adopt our category approach and once again give the Duni brand a dominant place on the shelves.

OUR SUCCESS FACTORS

Duni's leading position has been built up thanks to hard work with a clear direction over time. Compared with major competitors, we have the advantage that table top products and concepts are our core business. Our organization and investments are entirely focused on strengthening our position on this market, which distinguishes us from these competitors with their core business in other areas.

Our route-to-market, with the industry's largest sales force, which spends most of its time presenting and selling our comprehensive solutions to end users, is one of the absolutely most important factors in our success. We place a product range that is second to none in the hands of the sales force. Duni is the trendsetter in the industry and I am proud and inspired every time I hold our annual assortment guide in my hands.

This means that we must be the benchmark with regard to new **collections and product development**. Major resources are dedicated to this essential area. We have our own designers and a strong team of product developers at our marketing department who are engaged in creating new products. Our objective is to significantly increase the share of total sales represented by new products.

The high pace of new products and design puts pressure on our supply of goods. Consequently, managing complexity and securing **an efficient supply chain** represent an additional important success factor for Duni.

With Duni, we also possess the **strongest brand on the market**. We must protect and invest in this asset, which constitutes a cornerstone in the creation of strong customer loyalty. All in all, Duni stands for added value for our customers and consumers.

Naturally, **our personnel and the corporate culture we jointly represent** are prerequisites for these success factors and represent the spirit of the company. It is of utmost importance for our competitiveness that we have skilled and motivated employees. Thus, we spend time and resourses on fostering the Duni spirit, including our core values, which implies that we take ownership, have an open mind, have a will to win and that everything we do shall add value.

PROSPECTS

Our business model functions well and we shall continue on the path chosen in order to expand the business.

Organically, we will grow fastest in, primarily, Southern and Eastern Europe. Within Duni FoodSolutions, growth will be driven by the increasing proportion of take-away meals. A continued strong investment in new collections and product development, focusing on premium concepts, is an important ingredient in supporting growth within both table top products and packaging solutions for take-away. We also keep our eyes open for potential acquisitions, primarily on the prioritized markets on which we currently do not enjoy a leading position.

Now that the major structural changes have been implemented, increased efficiency is more a question of continuous improvements. This is the case with respect to both production and purchasing. As regards our traded goods, there is potential to shift more purchasing towards low-cost countries, which is a prioritized area.

During the restructuring process, we have also brought together all support functions under one roof at our new head office in Malmö and centralized the finance function at a Group service center in Poland. The objective is to create a Duni in which we coordinate and standardize everything which generates economies of scale. This includes business support and systems as well as product range and marketing. We have already come quite far and, here too, it is now a question of making continuous improvements.

All in all, I believe that Duni is in an exciting phase with great potential for creating value for its shareholders. Our success inspires us to do more. The activity level is high and I see good possibilities for continued profitable growth in 2008.

Malmö, March 2008

Fredrik von Oelreich
President and CEO

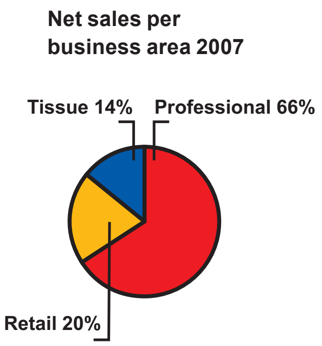
1) Duni's 2007 financial year was a split financial year due to a refinancing undertaken by the company in the first quarter. The first period was 1 January 2007 – 30 June 2007 and the second period 1 July 2007 – 31 December 2007. In these comments by the CEO, reference has been made to both periods jointly.

The Operations

»» Customer Markets

Duni's customers consist primarily of restaurants, hotels and catering firms as well as grocery retail trade and a number of global manufacturers of hygiene products.

Duni's sales are focused on table concepts, i.e. matching collections of table covers, napkins and candles. Duni also operates within the growing take-away segment and offers packaging and packaging systems for that segment. The business is primarily focused on three customer segments, also respresenting Duni's business areas: Professional, Retail and Tissue.



Duni divides its operations into three business areas, Professional, Retail and Tissue, which in 2007 accounted for 66%, 20% and 14% respectively of Duni's net sales.

PROFESSIONAL

Duni's end customers are mainly restaurants, hotels and catering firms. Within these industries, there are hundreds of thousands of customers in Europe, to whom Duni sells directly, through wholesalers, or at cash-and-carry stores where the customers themselves collect and pay the goods.

Restaurants

The restaurant industry is very fragmented, but also some chains exist in the market. These are sometimes operated, entirely or partly, on a franchise basis with well-defined business concepts.

There is a trend within the restaurant industry towards a clearer segmentation, where the differences to a large extent relates to lifestyle, quality and price level. Restaurants with higher quality and price levels account for the overwhelming majority of purchases of Duni's premium products, i.e. deep tone unicolor or with multi-colored design.

Hotels

The hotel industry is less fragmented than the restaurant industry. Hotel operations – usually with integrated restaurant operations – are often conducted in chains, many of which have centralized their purchasing. Hotels of a higher quality and price level account for the overwhelming majority of purchases of Duni's premium products.

Catering

In addition to catering, the larger firms in the catering industry also offer and operate commercial kitchens within both the private and public sector. Within the areas of contract and concession catering, the market is dominated by a small number of large companies with international operations. In addition, there are a very large number of smaller companies primarily focused on less extensive undertakings.

RETAIL

Our customers are mainly grocery retail trade chains and single stores, but also include chain stores within home furnishings and other specialist stores.

Grocery retail trade

The European grocery retail trade is concentrated on a small number of large companies in each country, such as Tesco (the UK), Aldi (Germany), Carrefour (France), and ICA (Sweden). The larger companies have centralized their purchasing and some have joined together in international purchasing associations. During the 1990's and at the beginning of the 2000's, the retail trade increased the share of private labels, at the expense of branded goods. In recent years, however, there has been a return to selling branded goods within the area of disposable table top products.

Other

Other customers within Retail consist of pharmacies, various specialty stores, garden centers and home furnishing chains. An example of the latter is IKEA, which several years ago diversified its product range to include, among other things, table top products.

TISSUE

Most of Duni's production of air laid tissue, commonly referred to only as airlaid, is sold externally as an input material to manufacturers of hygiene products for the consumer market. Customers within this category are often global companies with their own organizations for product development, manufacturing and distribution. Duni's production of wet laid tissue, commonly referred to as tissue is mainly used internally and meets Duni's own needs for the manufacturing of table top products.

Duni's product groups consist of napkins and table covers in different materials, candles, serving products and packaging solutions.

Product Segments and Product Groups

Duni primarily operates on three product segments: disposable table top products, food packaging and tissue. Duni has approximately 4,500 articles, which are regularly replaced to suit current trends and seasonal variations. Duni's product segments and product groups are presented in brief below.

PRODUCT SEGMENTS

Disposable table top products

Table top concepts consist of disposable table top products with coordinated designs. Products include napkins, table covers, placemats, runners, plates, glasses, cups, cutlery and candles in matching colors and designs. Disposable table top products can be divided into standard products, e.g. white, single-ply napkins, and premium products which are of higher quality and often with a deep tone color or with a color printed design.

Food packaging

Duni markets packaging solutions for take-away meals, as well as storage of both hot and cold meals, and meals for heating up. The segment also includes sealing machinery, trays and sealing film. The meal packaging market is growing fast, driven by an increased demand for ready-to-eat and take-away meals.

Tissue

Tissue is used as a raw material for further processing into various tissue-based products. Tissue may be wet laid (tissue) or air laid tissue (airlaid). Tissue is used for converting, i.e. the process in which the material is cut, printed and embossed into various table top products. The excellent absorption quality of airlaid makes it particularly suitable as an input material for intimate hygiene products, such as sanitary towels, and incontinence protection products. Airlaid is also used for higher quality napkins and table covers.

PRODUCT GROUPS

Napkins

Single and multi-ply napkins

Duni produces napkins with one to four plies. Airlaid is a premium material and airlaid napkins are always manufactured in one ply. High-quality tissue napkins have at least three plies.

Different materials

Several different materials are used to produce napkins, but they are mainly manufactured of tissue. High-quality napkins are manufactured based on both airlaid (Dunilin®) and tissue (the new Elegance). The napkin product group also includes Sacchetto, a product in which napkin and cutlery are placed in a purpose-made "pocket". The Sacchetto napkin pocket is available in different colors and in two sizes. Duniletto, a Dunilin® napkin with a fold for cutlery, is a newcomer in the product group.

Table covers

Different designs

The table cover product category includes table covers in many different sizes and variations, as well as runners, tête-à- tête (see glossary) and placemats.

Different materials

Several different materials are used in the production of table covers. These include Dunicel®, a robust material based on tissue which resembles cotton and linen tablecloths in feel, and Dunisilk®, a laminated material based on tissue which has been developed to protect tables and which can be wiped off after use.

Candles

In order to be able to offer candles that fit in with Duni's collections, we often develop and design candles together with external suppliers. The range includes antique candles, pillar candles and tea lights, as well as "Mood candles" in various colors and sizes.

Serving products

To complete the concept, serving products are purchased mainly from external suppliers. The range includes cutlery, cups, and plastic glasses, as well as paper plates.

Packaging solutions

Within packaging solutions for take-away food, Duni develops and designs packaging together with external suppliers. Our customers are also offered packaging designed in close cooperation between Duni's design department and the customer, to suit the customer's brand image. Within the scope of DuniForm®, our customers are also offered packaging with sealing solutions, consisting of various types of machines, with corresponding trays and sealing films as well as machinery service. At present, some 600 articles are available in this category.

»» Strategy

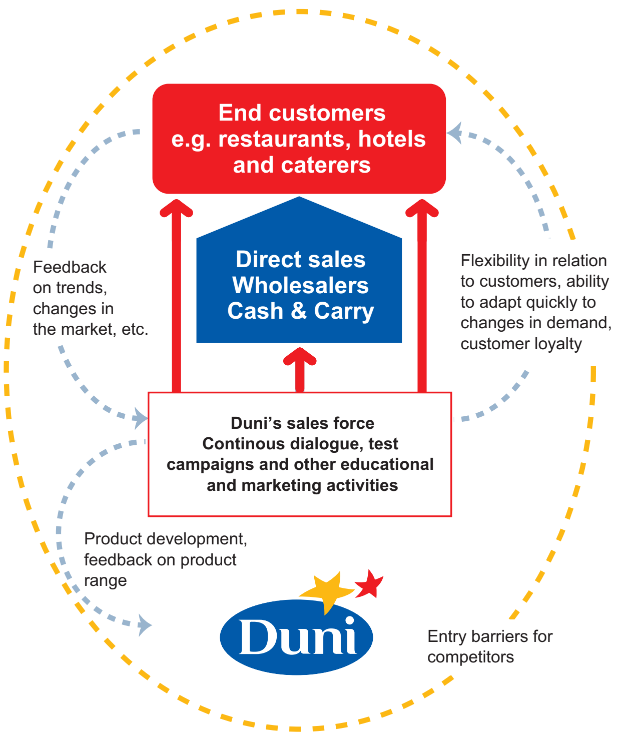
Duni is the best known brand in the industry. Through its unique sales model involving some 300,000 customer visits per year, Duni creates strong customer loyalty.

MARKET LEADING POSITION AND BRANDS

With respect to the main products, napkins and table covers, Duni has a market share in Europe of approximately 19%. The Group's position is particularly strong in the Nordic region and Central Europe. There are few large companies on the market and Duni's sales are twice those of the nearest competitor in the disposable napkins and table cover segments. As apposed to most of its major competitors, Duni also enjoys a strong position within the premium products segment, where prices and margins are higher.

Duni is by far the best known brand on the market and the brand is particularly strong among Duni's most important customers: restaurants and hotels. Width and depth in the product range also distinguishes Duni from its competitors.

Sales model



With Duni's sales model, the sales work is focused both on end customers and wholesalers, creating demand from end customers vis-à-vis the wholesalers. The well-established sales model and established customer relations in Duni's main markets create a natural barrier to entry for competitors.

UNIQUE AND EFFICIENT SALES MODEL

Duni has a large sales force which each year makes approximately 300,000 customer visits, of which approximately 250,000 are on the restaurant, hotel and catering markets.

The model offers continuous dialogue with our customers concerning the selection and use of Duni's products. It creates strong customer loyalty and is an important reason for Duni's high market penetration.

The close relationship with our customers is one of the reasons why Duni is able to quickly identify signals and adapt its range to new trends and changes in demand. The high market share and the broad range, combined with the strong brand, also explain Duni's ability to maintain attractive sales margins.

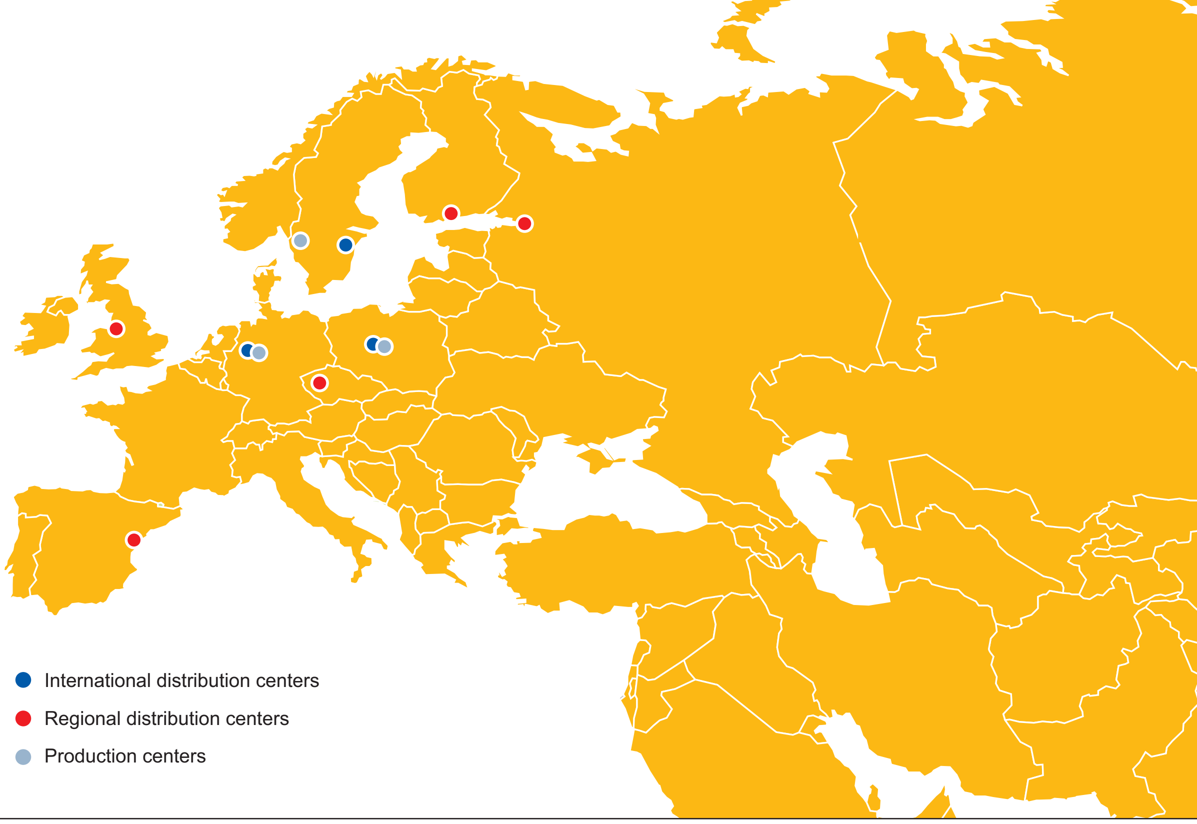
LEADER IN PRODUCT DEVELOPMENT, DESIGN AND MATERIALS

Duni's development of colors, designs and content in its product range is an important component of the business model. Duni's marketing department uses a method based on the lifecycle of the products, referred to as lifecycle management, to systematically evaluate the company's range within the table top products' category. This method entails evaluation based on stock, sales and profitability criteria. New and existing products are evaluated using the same criteria.

The work on changing and developing the product range, as shown in Duni's annual assortment guide, begins approximately 14 months prior to the launch of the new assortment, when overall targets and strategies are established.

Duni's design department constantly monitors trends by attending various trade fairs and shows on fashion, interior design and current trends in Europe and the United States, as well as through the use of external trend scouts. The Group also carries out market surveys and operates focus groups in order to obtain information regarding trends and feedback regarding products. Duni's sales force participates in the development work by passing on the customer's wishes and views.

This provides Duni with the necessary input to meet the various customer demands. The graphic design is carried out partly by Duni's own design department, but design is also purchased and adapted to Duni's needs, or ordered specifically for Duni. After test production, the color and designs are decided approximately eight months prior to the product launch. Marketing activities are also commenced at this time. The new collection, together with the marketing material, is available three to four months prior to launch so that it can be presented to important customers.



In recent years, Duni has rationalized and restructured its operations and reduced its costs. As part of the rationalization, the Company has centralized production and, since 2001, reduced the number of production centers from 12 to 3.

For purchased articles, Duni use suppliers who can contribute, in cooperation with Duni's design department, to develop creative designs and solutions which fit in with the total collections.

Duni strives to maintain the highest product range renewal rate on the market. Approximately one-third of sales are attributable to newly-designed collections. Moreover, the target is for approximately one-tenth of sales to be generated by products with new materials or solutions which are launched during the three immediately preceding years.

Duni's three most important recent product launches are Elegance, Sacchetto and Tête-à- tête. The Group has also developed several unique tissue and airlaid materials for table top products, such as Dunicel®, Dunilin® and Dunisilk®. Materials development within the table top products category takes place in close cooperation between the marketing department, Duni's product developers within Tissue and production responsibles for the converting.

CONTROL OVER VALUE CHAIN AND LOGISTICS

Duni is an integrated company and controls the entire value chain, apart from raw materials, for its most important products: napkins and table covers. Other products are purchased from external suppliers. Control of the value chain reduces price risk, increases on-time deliveries and makes it possible to plan renewal of design and materials.

Approximately 75% of Duni's products are paper-based, and these products are in general produced within the Group. The manufacturing of tissue and airlaid takes place in Sweden, while Duni's converting to finished table top products takes place in Germany and Poland.

Duni's paper mills are specialized in the production of

deep-tone tissue in high-quality tissue and airlaid. As a consequense, table top products can be offered in many colors and shades with color matching between different materials. The paper mills continuously develop new high-quality materials, thereby enabling Duni to always remain at the forefront of product development. Specialization on short runs means that Duni can quickly adapt the collections to the customers' needs.

Approximately 70% of Duni's production takes place for stock, while the remaining share is produced based on customer orders or according to contracts. Duni's central warehouses in Germany and a number of distribution centers handle distribution to customers. The 4,500 articles that are produced for stock can be supplied to most of our customers within 24 hours and to all customers in Europe within 48 hours.

EXPANSION ON NEW GROWTH MARKETS

Duni is established on a number of markets which offer good possibilities for organic growth. In Southern and Eastern Europe, with a population of approximately 240 million, Duni's most profitable segment, accounts for only one-third of the total market, as compared with Northern Europe where the premium products account for almost two-thirds of sales.

Southern Europe is the largest market region in Europe and market growth is expected to exceed average annual GDP growth by a wide margin during the period until 2010, driven primarily by growth within premium products. In Eastern Europe, average GDP growth is expected to exceed that in the rest of Europe during the period up to 2010, and market growth is expected to exceed average annual GDP growth during the period by a wide margin.

Duni's sales in Southern and Eastern Europe in 2007 reached MSEK 711, an increase of approximately 9.7% compared with 2006.

GROWTH THROUGH ACQUISITIONS

Duni is the only major European company focusing primarily on the table top market. Competitors consist of relatively small, local companies, as well as a number of larger paper and pulp companies. The market thus offers certain opportunities for consolidation that, for example, allow Duni to increase its presence in Southern and Eastern Europe in the long term through acquisitions.

BUSINESS CONCEPT AND VISION

Mission

Duni shall enhance atmosphere and bring convenience to any eating and drinking occasion by providing inspiring and innovative products and concepts.

Vision

Duni shall be Europe's leading supplier of premium table top concepts and packaging solutions for take-away.

STRATEGY

In order to achieve the objectives (see the section entitled Financial Targets), Duni has developed a strategy consisting of three main components and a number of related strategic initiatives.

Strengthen brand and customer relations

» Consistently continue with the implementation of the unique sales model focusing on end-customers.
» Duni's organization will be strengthened on the growth markets.
» Strive to become sole supplier for table setting concepts, primarily to leading wholesalers.
» The industry's strongest brand with partnership agreements with major customers, chains and distributors.

Product development

» Continued leadership in design, concepts and new materials.
» Accelerate product development based on knowledge of customer needs, consumer insights and systematic idea generation in order to markedly increase the percentage of sales represented by new products.

Integration and product supply

» Consolidate the cost-efficient business model.
» Vertical integration within tissue in order to ensure leadership and cost efficiency.
» Strengthen global purchasing expertise and create product development cooperations.

STRATEGIC FOCUS

Duni's strategic focus within each business area:

Professional

» Leader within the premium segment.
» Growth in Southern and Eastern Europe as well as the UK.
» Benefit from increased demand in take-away and grow within Duni FoodSolutions.

Retail

» Create increased profitability by focusing on the brand and optimizing the category together with the grocery retail trade from a customer and consumer perspective.
» Private label only as a complement to Duni's own brands.

Tissue

» Focus on product development in order to win new customers within the intimate hygiene area.
» Increase external sales of tissue within the premium segment.

Duni is continuously developing its product range. Approximately 25% of the collection is renewed each year.

Market Size and Growth

Duni is the largest European company focusing on disposable table top products. Southern and Eastern Europe account for the largest percentage growth.

The European market for disposable table top products amounts to approximately EUR 3,250 M, divided into napkins (approximately EUR 1,250 M), table covers (approx, EUR 250 M), candles (approximately EUR 1,350 M) and food service products such as plastic cutlery and plastic glasses (approximately EUR 450 M). Approximately two-thirds of the European market for disposable table top products relates to the Professional customer segment.[1)] The European market for packaging solutions for ready-to-eat meals amounts to approximately EUR 800 M.

Napkins and disposable table top products can be divided into standard and premium products, with the latter being produced in at least three-ply tissue, or airlaid. Standard products account for approximately 45% of the total estimated sales on the European market, while premium products account for approximately 55%. The relationship between standard and premium products varies, however, between different regions in Europe. In Northern and Central Europe, premium products account for a higher share than in Southern and Eastern Europe.

The European market for tissue napkins and table covers[2)]

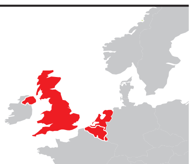
Germany, Austria and Switzerland

Population (millions)	98
Market size (EUR millions)	475
Growth (CAGR) in % 2000–2005	3.3
Market volume (thousand tons)	121
Share of premium products	2/3

Germany, Austria and Switzerland together comprise the second largest market region for tissue napkins and table covers in Europe (EUR 475 M), with premium products accounting for approximately two-thirds of the market. The premium products' market share is largely thanks to manufacturers' dedicated sales work as well as historically strong economic growth. Average annual growth within tissue napkins and table covers in the region during the period 2000-2005 was 3.3%, as compared with the region's average annual GDP growth of 2.1% during the same period.

The UK, Belgium, the Netherlands and Luxembourg

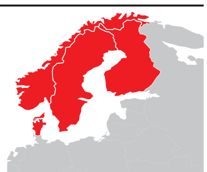
Population (millions)	87
Market size (EUR millions)	250
Growth (CAGR) in % 2000–2005	2.7
Market volume (thousand tons)	80
Share of premium products	2/3



The UK and the Benelux countries together constitute the third largest market region for paper napkins and table covers in Europe (EUR 250 M). As in Germany, Austria and Switzerland, premium products account for approximately two-thirds of the total market. Average annual growth within tissue napkins and table covers in the region during the period 2000-2005 was 2.7%, as compared with the region's average annual GDP growth of 3.6% during the same period.

Sweden, Norway, Finland and Denmark

Population (millions)	24
Market size (EUR millions)	125
Growth (CAGR) in % 2000–2005	4.8
Market volume (thousand tons)	31
Share of premium products	2/3



The market for tissue napkins and table covers in the Nordic region (Sweden, Norway, Finland and Denmark) amounts to approximately EUR 125 M. Premium products account for approximately two-thirds of the Nordic market. Average annual growth within paper napkins and table covers in the region during the period 2000-2005 was 4.8%, as compared with the region's average annual GDP growth of 4.4% during the same period.

Italy, France, Spain, Portugal and Greece

Population (millions)	166
Market size (EUR millions)	540
Growth (CAGR) in % 2000–2005	4.0
Market volume (thousand tons)	236
Share of premium products	1/3

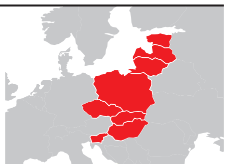
Italy is the single largest market for tissue napkins and table covers in Europe. In addition, Southern Europe (Italy, France, Spain, Portugal and Greece) is the largest market region in Europe (EUR 540 M). In Southern Europe, premium products account for approximately one-third of the total market.

The market's size is explained by the volume within standard products. Average annual growth within tissue napkins and table covers in the region during the period 2000-2005 was 4.0%, as compared with the region's average annual GDP growth of 4.5% during the same period.

1) Duni's assessment regarding the size of the market and breakdown between different products and customer markets is based on information from Euromonitor and B Kay-Tissue, as well as industry knowledge.
2) In Duni's estimation, the European market for tissue napkins and table covers is representative also as regards other products in Duni's range.

Poland, Hungary, Czech Republic, Slovakia, Slovenia, Estonia, Latvia and Lithuania

Population (millions)	74
Market size (EUR millions)	70
Growth (CAGR) in % 2000–2005	6.7
Market volume (thousand tons)	33
Share of premium products	1/3



The market for tissue napkins and table covers in Eastern Europe (Poland, Hungary, Czech Republic, Slovakia, Slovenia, Estonia, Latvia and Lithuania) amounts to approximately EUR 70 M. In Eastern Europe, premium products account for approximately one-third of the total market. Average annual growth within tissue napkins and table covers in the region during the period 2000-2005 was 6.7%, as compared with the region's average annual GDP growth of 8.8% during the same period.

For the market as a whole, average annual growth within tissue napkins is expected to exceed the average annual GDP growth by a wide margin in the coming years, primarily driven by growth within premium products.

MAJOR COMPETITORS

The European market for disposable table top products is very fragmented. Duni is the largest European actor focusing on disposable table top products. Duni's main competitors within the Professional and Retail sectors are large pulp and paper companies, such as SCA, Georgia-Pacific, Kartogroup, Kimberly-Clark and Metsä Tissue, with disposable table top products representing only a small part of their product portfolio. In addition, there are a large number of smaller regional and local companies. In central Europe, mention may be made of Papstar, Benders, Swan and Mank; in the Nordic region, of Papstar, Celest and Fiblon; and in Southern and Eastern Europe, of Garcia de Pou, Paloma, Renova, Okay, CGMP and Fato. Within Retail, Duni also encounters competition from the retailers' private labels.

Within the Tissue sector, competition consists of large pulp and paper companies, some of which, e.g. SCA, Georgia-Pacific, Kartogroup, Kimberly-Clark and Metsä Tissue, are active on the disposable table top market. In addition, there are a large number of smaller, specialized companies, such as Buckeye, Concert, McAirlaid, LPC and Fiberweb.

The European market for packaging solutions for take-away is also very fragmented. The largest companies include Færch, Comatec, Huhtamäki and Sabert.

Market Trends

Demand for Duni's products is affected by various trends, e.g. people are increasingly eating their meals outside the home and replacing linen with paper based products.

INCREASED SHARE OF MEALS TAKEN OUTSIDE THE HOME

The trend of an increasing number of meals being taken outside the home is expected to continue, among other things based on an expected raise of single households, continued urbanization and an anticipated increase in the proportion of people employed. More meals outside the home means increasing demand for products which enhance comfort and atmosphere in conjunction with restaurant visits, for example napkins and table covers.

SUBSTITUTION OF LINEN NAPKINS AND TABLE CLOTHS

Sales of linen napkins and tablecloths declined on average by 6% per year during the period 2003 to 2005. Premium tissue napkins and table covers are one of the main alternatives to linen.

Demand for linen table top products is affected by the fact that the restaurant industry in Europe is, to an ever increasing extent, using concepts to attract customers and increase sales. The use of concepts, entailing that the food and drink offering is matched by table setting and decorations, for example at Christmas, Easter, October festivals and wine harvests, is in practice conditional on the availability of disposable table top products which can be purchased without major investments. The declining market for linen napkins and tablecloths can also be explained by the cost and time required for the laundering and other handling of linen, and the fact that disposable table covers and napkins are more hygienic.

INCREASED DEMAND FOR TAKE-AWAY

The number of take-away meals is increasing, driven in part by the same factors as for meals taken outside the home, i.e. an increase in the percentage of single households, continued urbanization and an increase in the proportion of people employed. Take-away accounts for an increased share of restaurant sales.[1)] In addition, grocery stores are selling take-away meals to an ever increasing degree. Consumption of take-away meals (excluding frozen, conserved and freeze-dried food) in Western Europe increased on average by over 6.5% annually during the period 2000-2005. Duni estimates that increased demand for prepared food and take-away will lead to a corresponding growth in the market for take-away packaging, on which Duni operates.

INCREASE OF TABLE TOP BRANDED GOODS WITHIN THE GROCERY RETAIL TRADE

During the 1990's and at the beginning of the 2000's, the sales of private labels within the grocery retail trade increased at the expense of branded goods. In the disposable table top products sector, this trend resulted in simpler products such as low-grade, uni-color napkins. The trend led to a reduction in total retail sales in the table top products category. At the same time, the non-food category has become increasingly important for the retail sector.[2)] In order to reverse the trend, certain grocery retail chains have recently increased the share of branded goods within disposable table top products at the expense of their own private labels.

STABLE UNDERLYING MARKETS

Demand for Duni's products is affected by trends in the restaurant, hotel and catering industries, as well as in retail trade. Over the past five years, the European restaurant industry has demonstrated sales growth of 2.8% per year and sales growth is expected to continue at the same pace.[3)] This is largely driven by increased disposable income, which itself is a result of economic growth. Over the past five years, average European GDP growth has been 2-3% per year and GDP growth is expected to continue at the same pace. In Eastern Europe, GDP is expected to be significantly higher than in the rest of Europe.

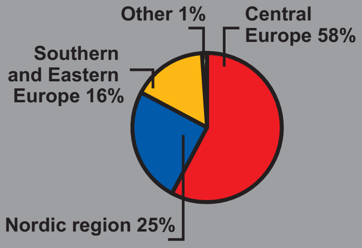
Germany, which is Duni's single largest market, has experienced several years of weak economic growth and weak demand in the restaurant, hotel and catering industries. Since 2006, the German economy has recovered and the GDP has grown at a rate of 4% and the restaurant industry has undergone a transition from decline to growth. During the period of weak economic growth in Germany, Duni succeeded in expanding at a faster rate than Germany's GDP. In Sweden, the restaurant, hotel and catering markets have grown on average by 2% per year over the past five years and growth in 2006 exceeded 6%.

1) Source: Crest, Datamonitor.
2) Source: AC Nielsen, Duni's management.
3) Source: Euromonitor, Eurostat.

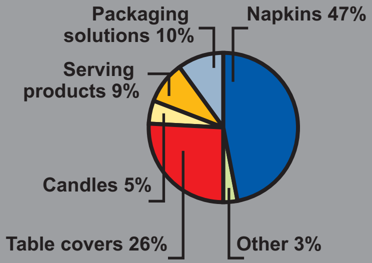

Duni
DUNICEL
PREMIUM QUALITY

Professional Business Area

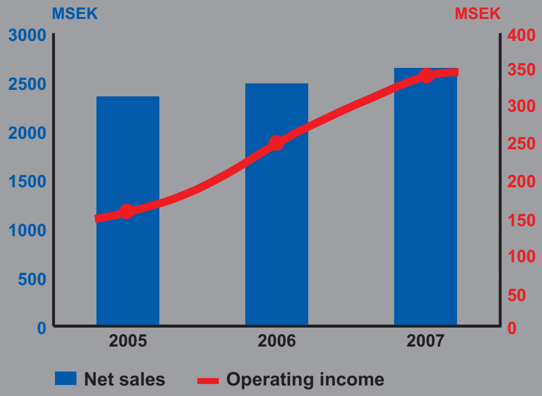
Net sales per
geographic region 2007



Net sales per
product group 2007



Net sales and operating income



››› Most sales in the Professional business area take place via wholesalers and cash-and-carries to more than 200,000 end-customers.

The Professional business area offers restaurants, hotels and catering companies a wide range of table top products, normally brought together in a complete table setting concept consisting of napkins, table covers and other products in matching colors and designs. Duni's high-quality products, combined with the continuous renewal and adaptation of the product range for which the company's own design department is responsible, provide the sales force with the possibility to offer customers a broad spectrum of table setting concepts adapted to different types of current trends, holidays or campaigns or the customer's own profile. Approximately 90% of sales to restaurants, hotels and catering firms take place via wholesalers and cash-and-carries.

Within the Professional business area, the public sector, retail trade, and restaurants are also offered packaging for take-away meals as well as sealing machinery for one part of the range (DuniForm®). Food packages are designed or standardized and are available in different designs and sizes adapted to many different types of food.

EVENTS DURING 2007

Net sales increased by 6.6% to MSEK 1,380 (1,295) for the period 1 July – 31 December and by 6.3% to MSEK 2,641 (2,485) for the period 1 January – 31 December. Operating income increased to MSEK 202 (146) for the period 1 July – 31 December and to MSEK 341 (255) for the period 1 January – 31 December. The operating margin was 14.6% (11.3%) and 12.9% (10.3%) respectively. The increase in operating income is explained primarily by increased volumes combined with price increases.

The markets in Southern and Eastern Europe demonstrated very strong growth. Sales growth was also strong on the important markets of Benelux and the UK, while the more mature markets in the Nordic region and Germany grew at a more modest rate. It is worth noting that VAT in Germany was increased to 19% on 1 January 2007 and that sales in 2006 were boosted by the Football World Cup. In Germany, sales in the take-away segment continued to perform strongly. Among other things, an agreement was reached with the fast-growing Vapiano restaurant chain, for which a unique take-away range has been developed.

In Benelux, continued successes were achieved with premium products such as Sachetto and Tête-à- tête. On the market in the UK, Duni has gained market shares, primarily within the premium segment, and both regionally and nationally thanks to closer distribution cooperation activities, for example with Brakes Ltd.

Growth in Eastern Europe was driven by a fast growing market combined with success for Duni's unique sales model and strong product portfolio. An expanded cooperation with Metro Cash & Carry to also cover the Czech Republic and Russia contributed to the increased sales during the final quarter of the year. This illustrates how Duni's status as a prioritized supplier to Metro in Germany since 1996 is providing support for growth on new markets. In Southern Europe, it was primarily in France and Italy that sales continued to develop very positively. The Spanish sales company underwent certain reorganization during the year and the existing logistics solution was overhauled in order to create conditions for improved profitability and goods supply.

Seen in total for the business area, table top products accounted for approximately 90.2% of net sales, while food packaging accounted for the remainder, approximately 9.8%.

Central Europe accounted for MSEK 1,538 (58%) of net sales. The Nordic region accounted for MSEK 673 (25%) of net sales. Southern and Eastern Europe accounted for MSEK 412 (16%). Other markets accounted for MSEK 18 (1%).

MARKETING, SALES AND CUSTOMERS

Duni's sales model is developed around, and is conditional on, a relatively large sales organization which devotes most of its time to marketing a wide range of products to end-users. Parallel with sales visits at end-customers, marketing and sales in the Professional business area are also focused on wholesalers and cash-and-carries. This distinguishes the Group from its competitors, whose sales work takes place with small sales organizations and is primarily focused on wholesalers and cash-and-carries.

The sales model was developed and introduced originally in Germany in the 1980's and has thereafter been further developed. The model has contributed significantly to Duni's strong position in Central Europe. The Group is presently engaged in the continued introduction of this sales approach in the UK as well as in Southern and Eastern Europe.

The sales force in the Professional business area, which on 31 December 2007 equaled approximately 257 full-time positions, makes a total of approximately 250,000 customer visits each year. Although approximately 90% of Duni's sales in the Professional business area take place to wholesalers and cash-and-carries, approximately one-half of customer visits take place to the end-customers, registered in Duni's customer database. This allows the sales force to directly show and present to the end-customer the advantages of Duni's table top products and how they can create value.

Examples of advantages with Duni's products:

» full flexibility – possibility to adapt the table setting to current trends, various celebrations, campaigns or the customer's own profile without significant investments;
» high quality and hygienic solutions;
» matching table setting concepts in many different colors and designs;
» reduced time spent on folding napkins and re-setting tables provides the possibility to serve more guests;
» lower laundry and personnel expenses;
» no lock-ups through multi-year investments or long-term rental contracts for linen products.

Duni actively follows up the approximately 100,000 end-customers registered in its database, but believes that the Group in total reaches significantly more than 200,000 customers in the Professional business area. End-customers in the Professional business area include major hotel chains such as Hilton, Accor and Kempinski.

Wholesalers have become increasingly important for Duni since, in recent years, they have accounted for approximately 50% of sales in the Professional business area. In order to further strengthen the relationship with wholesalers, Duni trains the wholesalers' sales staff in the selling of table setting concepts. By taking orders directly from end-customers and passing on these orders to the wholesalers, an attractive, mutually beneficial partnership is created between Duni and the wholesalers. Cash-and-carries accounted for approximately 40% of sales in 2007. The customers in this channel are handled centrally by key account management. Sales staff also assist cash-and-carries with shelf planning and merchandizing.

Marketing also takes place through participation at various national and local trade fairs. Apart from Duni's annual assortment guides, customers are also provided with seasonal brochures covering the entire product range. To a certain extent, marketing also takes place through advertising in the wholesalers' trade magazines and flyers. Duni's sales force also passes on the customers' wishes and views to Duni's design and marketing departments – this is an important source of ideas for product development.

The sales force in the Professional business area also markets and sells parts of Duni's range within packaging solutions for take-away. Since sales of packaging systems require specific know-how, Duni has specially trained sales staff focusing exclusively on DuniForm®. The sales force for DuniForm® offers the customers, among other things, test periods which enable the customer to try out the DuniForm® concept during a limited period of time. This sales force is currently being expanded.

In the Nordic region, packaging systems are sold directly to end-customers, while end-customers in other regions are covered via wholesalers. Duni has also initiated relations with certain cash-and-carries regarding Duni's packaging products for take-away. Packaging solutions within the prepared meals area are sold primarily to the public sector, the retail sector and restaurants offering take-away.

BRAND POSITIONING

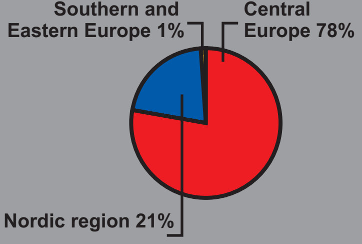
It is the Group's view that Duni is the strongest brand on the European market for tissue napkins and table covers. In Germany, Duni's single most important market, 76% of the customers mention Duni when asked which napkins they use, compared with 25% for the closest competitor. This gives Duni a strong position among wholesalers and cash-and-carries, since many customers specifically ask for Duni's products. This also creates entry barriers for competitors with weaker brands. The brand also creates a strong customer loyalty, which is very important since Duni has succeeded in positioning the company and its brands within the premium segment. Duni is striving to further strengthening its brands through a clear positioning between the brands. Duni is used as a main brand, while the company's other brands such as Dunicel®, Dunilin®, and Dunisilk® represent a certain quality, style and price level and are separated through clear packaging design.

1) Source: CHD, market survey, Germany 2006.

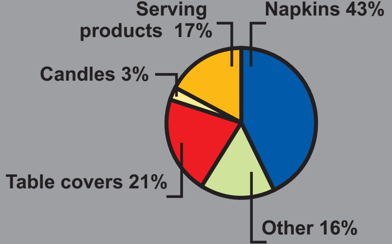
Many customers specifically ask for Duni's products, which creates a very strong position among wholesalers and cash-and-carries.

Retail Business Area

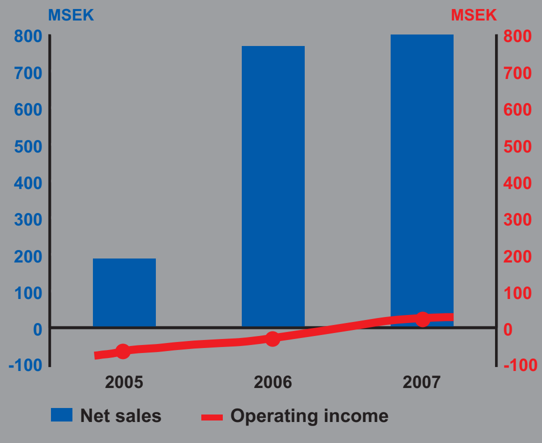
Net sales per geographic region 2007



Net sales per product group 2007



Net sales and operating income



»» Within the Retail business area, Duni focuses on close cooperation with key customers, aimed at creating profitable category growth.

Within the Retail area, Duni offers a wide product range of table top products which is largely the same as the Professional range, but in certain respects is adapted to take into account the customers' specific needs and conditions, and with different packaging design. The Professional and Retail business areas share resources in terms of production, design, product development and evaluation of the product range.

The Retail range also includes hygienic wipes in tissue and gift wrapping paper. Within the Retail business area, Duni also delivers products which are sold under the customer's own brand (private labels).

EVENTS IN 2007

During the half year 1 July – 31 December, net sales declined by 0.5% to MSEK 441 (443), while for the period 1 January – 31 December net sales increased by 4.2% to MSEK 800 (768). Operating income increased to MSEK 14 (1) for the period 1 July – 31 December and to MSEK 4 (-18) for the period 1 January – 31 December. The operating margin was 3.2% (0.2%). The increase in operating income is explained primarily by sound cost control, increased productivity and volume growth for the full year.

Generally speaking, the proportion of premium products sold in stores has increased at the same time as the overall volume at existing customers has grown. The success is due primarily to a systematic work method for creating category growth based on identifying customer needs, together with investments in improved shelf optimization in stores ("category management"). The trend has been particularly positive in Germany and the Nordic region, where the proportion of Duni products compared with private labels has increased, at the same time as total sales have increased. In Norway, too, the cooperation with Coop has resulted in increased sales of products under the Duni brand. On the other hand, the UK continues to represent a challenge in light of the hard competition and a high share of private labels. This has led to a reorganization of the sales force, termination of unprofitable contracts and efforts are now being made to increase the sale of premium products, primarily under the Duni brand.

On 17 September 2007, Duni and ICA publicized that the companies were entering into a cooperation. ICA has approved approximately 13 articles under Duni's brand for central listing at ICA, with the listing of an additional approximately 15 articles commencing February 2008. In addition, sales to IKEA during the year have been strong thanks to deliveries of napkins to more markets than last year and new, seasonal-based promotional activities.

Of net sales within the Retail area, Central Europe accounted for MSEK 621 (78%), the Nordic region for MSEK 168 (21%) and Southern and Eastern Europe for MSEK 11 (1%).

MARKETING, SALES AND CUSTOMERS

Marketing and sales within Retail are based on key account management which, among other things, means that particularly important customers – primarily grocery retail chains – have their own key account manager at Duni, each of whom is responsible for five to ten customers. In addition to key account management, there is also a sales force in each region which spends a large part of its time visiting the individual customers.

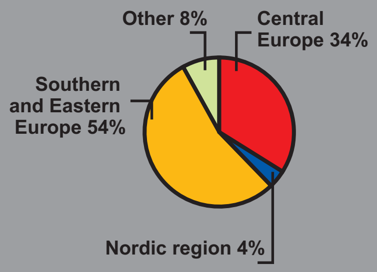
The sales force within the Retail area makes approximately 43,000 customer visits annually. A central feature of Duni's sales strategy consists of merchandising, whereby Duni assists the customer in building, sorting and filling the shelves and handling sales campaigns and offers. Merchandising personnel include both in-house staff and external sales staff who are hired by Duni on a consulting basis. In addition to the retail trade, sales take place to pharmacies, chain stores in the home furnishings sector as well as various specialist stores and gardening centers. Sales to grocery retail chains and hypermarkets in 2007 accounted for approximately 70% of sales within the Retail area. Approximately 68% of net sales for the year consisted of Duni's brand, with private labels accounting for the remaining one-third.

In order to create growth within the Retail area, Duni works together with the retail trade to optimize sales in the product category. Based on various needs and uses, individual products are brought together into a concept, at the same time as the category is segmented based on the user occasions in order to make purchasing decisions easier. This optimization process also includes replacing private labels with branded goods and increasing the share of premium products based on a comprehensive view of product range, price strategies as well as shelf planning.

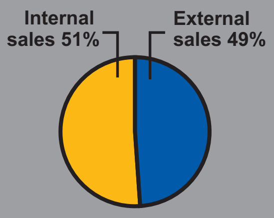
Assortment guides and seasonal brochures are key tools for Duni's marketing within the Retail area. Marketing also takes place through, among other things, campaigns and communication to consumers via the Internet and PR, participation at trade fairs, and advertisements in the trade magazines and product sheets.

Tissue Business Area

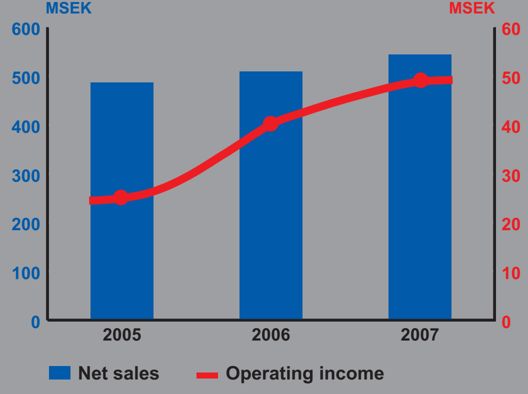
Net sales per geographic region 2007



Internal and external sales 2007



Net sales and operating income



The Tissue business area produces high-quality tissue and airlaid for the manufacturing of table top products. 50% of the production is sold to external customers.

The core of the Tissue business area consists of Duni's paper mills in Dals Långed and Skåpafors in Dalsland, Sweden. The paper mills are relatively small and specialized, focusing on the production and deep dyeing of high-quality wet laid tissue (referred to as tissue) and air laid tissue (referred to as airlaid). Approximately 50% of the total production of tissue and airlaid is further processed within Duni, while the remainder is sold to external customers.

EVENTS IN 2007

External sales within Tissue increased by 4.2% to MSEK 270 (259) for the period 1 July – 31 December and by 7.1% to MSEK 544 (508) for the period 1 January – 31 December. Operating income increased to MSEK 26 (25) for the period 1 July – 31 December and to MSEK 49 (40) for the period 1 January – 31 December. The operating margin was 9.6% (4.9%) and 9% (7.9%) respectively. In 2007, Tissue benefited from lower energy costs, primarily during the first half of the year. The situation was the reverse regarding pulp purchases, with prices increasing significantly during 2007.

With regard to external sales, demand for airlaid remained strong. The product development work intensified during the year in order to create conditions for additional growth going forward. In addition, cost reductions have continued through improved processes and new investments. Furthermore, additional savings have been made regarding energy and successful work has also been carried out in procurement. Volume increases combined with cost savings have been the main contributors to the increased profit within Tissue.

PRODUCTS AND PRODUCT DEVELOPMENT

Duni's production of tissue meets most of Duni's own needs for the manufacture of table top products. Tissue is produced in different qualities and processed into various materials, such as Dunicel® and Dunisilk®. Dunicel® is a robust material which is suitable for the production of table covers and has a feel which resembles cotton and linen tablecloths. Dunisilk® is a material which is used for table covers and has been produced to protect the table and can be wiped off after use.

The production of airlaid is partially used to fully meet Duni's own needs for the production of table top products. Dunilin®, a material which offers good absorption quality combined with a soft finish, is produced for table top products. Most of the production of airlaid is, however, sold to external customers. The very good absorption quality of airlaid makes it particularly suitable as an input material for various types of intimate hygiene products, such as sanitary pads and incontinence protection products. Duni works closely with its customers in the development of airlaid for intimate hygiene products and the material is manufactured according to the customer's specifications.

CUSTOMERS AND SALES

Duni has a number of external customers within tissue and airlaid for table top products, but in this product category most of the production is used to meet the Group's own needs.

Within the airlaid product category for intimate hygiene products, however, the entire production is sold externally as an input material to a small number of manufacturers of sanitary pads and incontinence protection products. Sales to external customers take place focusing on key customers. Customer relations are long term and based on close cooperation between Duni and the customers, who usually also participate in the product development work.

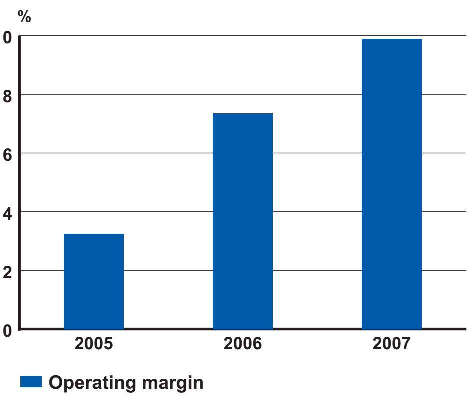
Financial Targets

GROWTH
Duni's target is an annual organic growth in sales in excess of 5% per year over a business cycle. In addition to this, Duni will consider acquisitions in order to reach new growth markets or strengthen its position on existing markets.

PROFITABILITY
Profitability within all business areas is to be enhanced through sales growth, continued focus on premium products and continued improvements within purchasing and production. The target is that Duni's operating margin shall be 10% or more.

DIVIDEND POLICY
The Board of Directors intends that, in the long term, dividends shall amount to at least 40% of income after tax. In limited companies, decisions regarding dividends are taken by the annual general meeting and, normally (other than in certain special cases) based on proposals from, or following approval by, the Board of Directors. When the board decides whether to propose the payment of a dividend and when establishing the amount, the board must take into consideration the legal restrictions set forth in the Swedish Companies Act, as well as any contractual restrictions on what may be distributed to the shareholders or from subsidiaries to the Parent Company. The Board of Directors must take into consideration the company's financial position, operating results, capital requirements and other factors that the board considers relevant. No guarantees can be provided that a decision regarding dividends will be proposed or that a decision will be taken for a particular year.

Operating margin



The Share

PERFORMANCE AND TURNOVER

Duni was listed on the OMX Nordic Exchange in Stockholm on 14 November 2007 in the Midcap, Consumer Discretionary list with the ticker name ”DUNI” and the ISIN code SE0000616716. The final share price was set at SEK 50 per share, equal to a market capitalization for Duni of SEK 2.35 billion.

The price of Duni's shares decreased by 1 percent up to 31 December, entailing a market capitalization of SEK 2.33 billion at the end of 2007. During the period, the share price varied between a high of SEK 51 on 14 November and a low of SEK 45.10 on 23 November. Earnings per share for the period were SEK 2.04.

During the period 14 November to 31 December, 10 million Duni shares changed hands, valued at MSEK 497.

NUMBER OF SHARES AND SHARE CAPITAL

On 31 December 2007, Duni AB (publ) had 46,999,032 outstanding shares.

Each share entitles the holder to one vote and to an equal share in the company's assets and earnings. The quotient value is SEK 1.25 and the share capital is SEK 58,748,790.

DIVIDEND POLICY AND DIVIDENDS

The Board of Directors intends that, in the long term, dividends shall amount to at least 40% of income after tax. However, when deciding whether to propose any dividend, consideration shall be given to Duni's possibilities for expansion, the need to strengthen the balance sheet, liquidity as well as financial position in general. The Board of Directors proposes to the annual general meeting that a dividend be paid of SEK 1.80 per share for the 2007 financial year.

External analyses are published by:
SEB Enskilda, Daniel Schmidt
ABG Sundal Collier, Mattias Karlkjell
Handelsbanken Capital Markets, Andreas Lundberg

More information about the Duni share is available on **www.duni.com**

Shareholder structure 31 Dec 2007

	Number of shareholders	Number of shares	% of shares
1 – 500	2 569	702 307	1.49
501 – 2 000	1 280	1 174 244	2.50
2 001 – 10 000	189	767 193	1.63
10 001 – 50 000	33	703 847	1.50
50 001 – 100 000	18	1 239 460	2.64
100 001 –	36	42 411 981	90.24
Total	**4 125**	**46 999 032**	**100.00**

Data per share

Amount, SEK	31 Dec 2007
No. of shares at end of period ('000)	46 999
Average no. of shares before dilution for continuing operations ('000)	46 999
Average no. of shares after dilution for continuing operations ('000)	46 999
Price on 31 December	49.50
Earnings per share before dilution	2.36
– of which continuing operations	2.04
Earnings per share after dilution	2.36
– of which continuing operations	2.04
Equity per share	30.14
P/E ratio	20.97

Shareholders 31 Dec 2007

	No. of shares	%
Duni Holding AB, EQT	18 258 644	38.85
Mellby Gård Investerings AB	10 404 500	22.14
SEB Investment Management	2 669 755	5.68
Cominvest	1 155 184	2.46
SEB Copenhagen	1 022 089	2.17
SSB CL Omnibus AC	1 003 273	2.13
JP Morgan Chase Bank	895 400	1.91
Bank of New York	723 514	1.54
Livförsäkringsaktiebolaget	656 000	1.40
Clearstream Banking SA	600 400	1.28
Total of 10 largest shareholders		
– in terms of holding	37 388 759	79.55
Other shareholders	9 610 273	20.45
Total	**46 999 032**	**100.00**

The Environment

The environment and environmental issues constitute an integral part of Duni's business operations. Thus, there is a close connection between Duni's ongoing ambition to improve the business's environmental performance and Duni's commercial development. Duni focuses its environmental work on an efficient use of resources and energy, while at the same time minimizing emissions into the air and water.

Since the beginning of the 1990's, Duni's work has been carried out based on an environmental policy. In accordance with this policy, Duni has implemented a control system which assists the company in complying with environmental legislation and ensuring that improvements are made. Duni's largest production units have certified environmental management systems in accordance with ISO 14001. These are the paper mills in Skåpafors and Dals Långed, Sweden, as well as the plant in Bramsche, Germany. In 2007, work began on ISO 14001 certification for the plant in Poznan, Poland. The plant in Skåpafors participates in the Ministry of Energy's energy efficiency program (PFE) and is thereby certified in accordance with Energy Management System SS 62 77 50.

Duni is constantly working on improvements in order to reduce the use of energy, heating, water and gas, as well as waste water generation at all production units. In many aspects, Duni's disposable products have environmental advantages compared with linen alternatives, primarily regarding the use of water and energy. Many customers choose Duni as a cooperation partner, among other things due to the environmental benefits associated with Duni's products.

In all countries in which Duni conducts operations, the company complies with local environmental legislation and regulations. Such laws and regulations mean that the company must comply with stringent requirements regarding, among other things, use of chemicals and materials that may be environmentally hazardous. Duni will comply with the EU's new chemicals legislation, REACH. Duni believes that the company's production plants and operations in all material respects meet the requirements imposed by environmental legislation and applicable to the company, but Duni cannot guarantee that obligations which are presently unknown, for example regarding clean-up or restoration of property owned or previously owned by the company, might not arise in the future.

Duni intends to work continuously in accordance with, and to comply with, any environmental legislation to which it is subject.

Personnel

On 31 December 2007, Duni had 2,001 employees, equal to 1,981 full-time positions. The geographic and functional breakdown of Duni's employees is shown below.

Country	Blue collar staff	White collar staff	Total
Sweden	231	192	423
Germany	568	303	871
Poland	326	89	415
The Netherlands	0	49	49
The UK	21	32	53
Other	4	166	170
Total	**1 150**	**831**	**1 981**

	Average no. of employees
2005	2 120
2006	2 185
2007	2 104

The blue collar staff work within logistics, manufacturing and maintenance. Approximately 73%, of blue collar staff work within manufacturing at the plants in Dals Långed, Skåpafors, Bramsche and Poznan. Approximately 28% of blue collar staff in Germany work within logistics at the international distribution center in Bramsche. All blue collar staff in the UK work within logistics at the distribution center in Speke.

White collar staff are divided into sales and business support. Approximately 53% of white collar staff work within sales. The remaining white collar staff work within business support involving finance, marketing, planning, purchasing and IT, primarily in Sweden, Germany and Poland.

Duni's employees belong to different trade unions depending on their position and country of employment. The employees are organized in a European employee council. Duni's relations with the trade unions are substantially positive and Duni considers the personnel turnover for the Group to be relatively low as a whole.

SKILLS AND MANAGEMENT DEVELOPMENT

Skills and management development are prioritized issues at Duni. Duni strives to ensure that each employee has a personal development plan. These development plans are prepared by the employees themselves together with their managers and are adopted at annual individual planning and performance talks.

RECRUITMENT

Recruitment is an important issue for the company's future. Duni requires well-qualified and motivated personnel in order to ensure that we reach our targets and succeed in our operations. The recruitment processing structure contributes to the recruitment of qualified personnel.

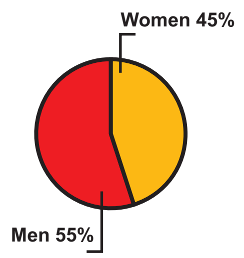
EQUAL OPPORTUNITIES

The work climate at Duni is characterized by respect for the equal value of each individual, irrespective of gender, ethnic background, nationality, religion, disability or other differences which are unrelated to good work performance.

SALARIES AND REWARD SYSTEMS

Duni applies individual salaries and in several subsidiaries there are incentive programs based on a combination of financial targets and other business targets.

Gender breakdown 2007



Corporate Governance Report for Duni AB (publ)

Duni AB is a Swedish limited public company which, since 14 November 2007 has been listed on the OMX Nordic Exchange in Stockholm. Governance of Duni takes place through general shareholders' meetings, the Board of Directors and CEO as well as the group management of Duni in accordance with, among other things, the Swedish Companies Act, the company's articles of association and the working procedure for the Board of Directors. In light of Duni's group structure, the composition of the boards of operational subsidiaries, often with representatives from group management, constitutes a further component in the governance of Duni.

Duni applies the Swedish Code of Corporate Governance. This corporate governance report does not constitute a part of the formal annual report and has not been reviewed by the company's auditor.

ARTICLES OF ASSOCIATION

The articles of association are adopted by the general shareholders' meeting and contain certain mandatory information of a fundamental nature for the company. The complete articles of association are available on Duni's website, www.duni.com.

Duni's articles of association provide, among other things, that the directors are elected each year at the annual general meeting for a term until the close of the next annual general meeting. All shares in Duni carry equal voting rights.

GENERAL SHAREHOLDERS' MEETINGS

The general meeting is the highest decision-making body at which the shareholders exercise their influence by voting on central issues, such as the adoption of the income statements and balance sheets, allocation of the company's profits, discharge from liability for the directors and the CEO, election of the Board of Directors and auditors, as well as compensation to the Board of Directors and auditors.

Pursuant to the Swedish Companies Act, notice to attend Duni's annual general meeting must be given not earlier than six weeks and not later than four weeks prior to the meeting. Notice shall be given through an announcement in Post och Inrikes Tidningar (The Official Gazette) and in Svenska Dagbladet. In order to participate at a general meeting, a shareholder must notify the company thereof not later than the date stated in the notice.

2007 Annual General Meeting

The annual general meeting of the shareholders of Duni was held on 1 October 2007 in Malmö.

2008 Annual General Meeting

The next annual general meeting of the shareholders of Duni will be held at 3 pm on 7 May 2008, at Palladium (Södergatan 15) in Malmö, Sweden.

Duni's Nomination Committee comprises four members: Peter Nilsson (Chairman of Duni AB and Chairman of the Nomination Committee), Harry Klagsbrun (EQT Partners), Rune Andersson (Mellby Gård) and Anders Oscarsson (SEB Fonder). The Nomination Committee is a shareholders' committee which is responsible for nominating the persons to be proposed at the annual general meeting for election to Duni's Board of Directors. The Nomination Committee provides proposals as regards the Chairman of the Board and other directors. It also produces proposals regarding board fees, including the allocation between the Chairman and other directors, as well as compensation for committee work. These proposals are presented at the annual general meeting and set forth in the notice and on the website prior to the annual general meeting.

THE BOARD OF DIRECTORS

After the general meeting, the Board of Directors is the company's highest decision-making body. The board's overarching duties are to decide on the company's business focus, the company's resources and capital structure, as well as the company's organization and management of the company's affairs. The board's general obligations also include regular assessment of the company's financial situation and approval of the company's business plan. The general obligations include decisions by the board on general issues, for example the company's strategy, acquisitions, major investments, divestments, issuance of the annual report and interim reports, as well as appointment of the CEO, etc.

The directors

The directors are elected each year by the annual general meeting for a term until the close of the next annual general meeting. The board comprises of not less than three and not more than twelve directors. In addition, there may be employee representatives.

Duni's board consists of seven directors elected by the annual general meeting on 1 October 2007 and two employee representatives, plus one alternate. Duni's CEO is not a member of the board but, similarly to the CFO, regularly participates as a presenter at board meetings. The Chairman of the Board does not participate in the executive management of the company.

The directors are presented in greater detail on page 94 of the Annual Report.

The board's work

The board complies with a written working procedure which is adapted annually at the initial board meeting. The rules of procedure state the allocation of work, where appropriate, between the directors and the frequency of board meetings. In addition, the rules of procedure govern the board's obligations, quorum, and the allocation of responsibilities between the board and the CEO, etc.

Board meetings are held in accordance with a predetermined annual schedule. In addition to these meetings, further meetings may be arranged if unusually important events occur. During the split financial year 1 July – 31 December 2007, five board meetings were held at which minutes were taken.

In addition to the board meetings, the Chairman of the Board and the CEO maintain regular contact concerning the management of the company. The allocation of work between the board and the CEO is governed by the board's working procedure and instructions for the CEO. The CEO is responsible for the execution of the business plan and the day-to-day management of the company's affairs, as well as the day-to-day business in the company. Accordingly, the CEO may also, without the board's authorization, take measures which, in light of the scope and nature of the company's operations, are not extraordinary or of major significance for the company's operations . The instructions to the CEO also govern his responsibility for reporting to the Board of Directors.

The Board receives each month written information in the form of a monthly report containing follow-up of the company's sales, operating income and working capital trends. In addition, the material contains comments by the CEO and CFO, for example brief comments on the various markets. The months in which Board meetings are held, the monthly report is more extensive and includes, among other things, also balance sheets and cash flow.

Once per year, the entire board undertakes a systematic evaluation of the senior executives. In this context, 'senior executives' include also certain second line managers, i.e. a broader group of employees than those defined as senior executives in other parts of the annual report.

The main owners, board members and CEO conduct an annual detailed evaluation of the Board of Directors. The evaluation includes, among other things, the composition of the board, individual directors and the board's work and routines.

CEO

Duni's CEO is Fredrik von Oelreich. The Board has adopted instructions for the CEO's work and role. The CEO is responsible for the day-to-day management of the company's operations pursuant to the board's guidelines. Further details regarding the CEO are provided in Note 13 in the Annual Report.

SWEDISH CORPORATE GOVERNANCE CODE

The Swedish Corporate Governance Code (the "Code") must be applied by all companies on the OMX Nordic Exchange in Stockholm with a market capitalization in excess of MSEK 3,000. Duni has undertaken vis-à-vis the OMX Nordic Exchange in Stockholm to comply with the Code. The Code is based on the principle "comply or explain", entailing that a company which applies the Code may deviate from its provisions provided that each derogation can be explained in a satisfactory manner.

Duni applies the Code subject to one deviation, namely that the Chairman of the Board, Peter Nilsson, is also the Chairman of Duni's Nomination Committee. Duni's largest shareholder, EQT, has explained that the reason for the deviation is that the Chairman of the Board, Peter Nilsson, is very suitable to preside over the work of the Nomination Committee in an efficient manner in order to achieve the best result for Duni's shareholders.

Due to the fact that Duni first began applying the Code in conjunction with the listing on 14 November 2007, Duni published the composition of the Nomination Committee and the date and place of the 2008 annual general meeting at a later date than stated in the Code.

Pursuant to the Code, the company must, among other things, have a Nomination Committee, an Audit Committee and a Remuneration Committee. The Code also states how these committees are to be comprised.

The Code also contains rules regarding the independence of the directors and imposes the requirement that a majority of the directors must be independent of the company and

The Board of Directors

	Presence	Independence 1)	Presence Audit Committee	Presence Remuneration Committee	Compensation SEK
Peter Nilsson	5/5	3)		1/1	83 333
Harry Klagsbrun	5/5	2)	1/4	1/1	0
Gerold Linzbach	3/5	x			100 000
Göran Lundqvist	5/5	x			100 000
Gun Nilsson	5/5	3)	4/4		100 000
Pia Rudengren	5/5	x	3/4		87 500
Sanna Suvanto-Harsaae	5/5	x		1/1	100 000
Per-Åke Halvordsson (employee representative)	4/5	3)			3 000
Göran Andréasson (employee representative)	4/5	3)			3 000
Inge Larsson (employee representative)	3/5	3)			2 250

1) As defined in the Swedish Corporate Governance Code.
2) Not independent (in relation to Duni's major shareholders).
3) Not independent (in relation to Duni).

company management. A board member is not considered to be independent in a number of situations, among others if the board member (i) is the CEO of the company or has been so during the past five years; (ii) receives, from the company or an affiliated company or from any member of company management, not insignificant compensation for advice or services over and above the board appointment; (iii) has, or has had during the past year, extensive commercial relations or other extensive business dealings with the company or an affiliated company; or (iv) has been a director of the company for more than twelve years. At least two of the directors who are independent of the company and company management must also be independent in relation to all shareholders who control ten percent or more of the share capital or voting capital of the company. Not more than one member of company management may be a member of the board.

THE BOARD'S COMMITTEES

In April 2007, the Board resolved to appoint a Remuneration Committee. The Remuneration Committee will prepare issues regarding compensation to Duni's senior executives based on guidelines for senior executives adopted at the annual general meeting and will negotiate with the CEO regarding his compensation. The Board of Directors has also appointed an Audit Committee. The Audit Committee prepares the board's work by reviewing guidelines for the Group's risk management, governance and control, financial reporting and tax situation. In this work, the Audit Committee maintains regular contacts with the CFO and the auditors.

Remuneration Committee

Duni has a Remuneration Committee comprising three members: Peter Nilsson (Chairman), Sanna Suvanto-Harsaae and Harry Klagsbrun. The Remuneration Committee and its chairman are appointed annually at the constitutional board meeting. The committee comprises at least three of Duni's directors, one of whom shall be the Chairman of the Board. Pursuant to Duni's rules of procedure, the members of the Remuneration Committee must be independent of the company and company management. The Remuneration Committee must meet at least three times per year. Duni's CEO participates at the Remuneration Committee's meetings apart from when questions regarding his own compensation are addressed.

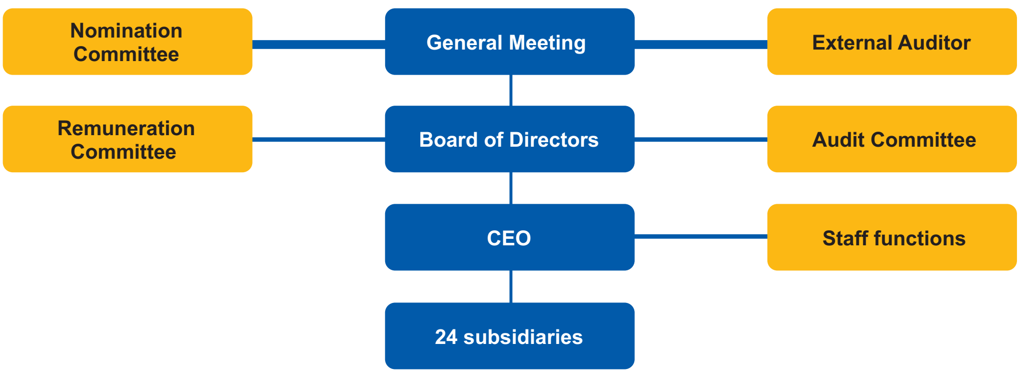
Duni's Remuneration Committee is responsible for preparing matters concerning compensation and other benefits for company management. Decisions are thereafter taken by Duni's Board of Directors. The Remuneration Committee also participates in the preparation and proposals for adoption of any share-related incentive programs at Duni.

Audit Committee

Duni has an Audit Committee comprising three members: Gun Nilsson (Chairman), Pia Rudengren and Harry Klagsbrun. The Audit Committee and its chairman are appointed annually at the constitutional board meeting and the committee consists of at least three of Duni's directors. Duni's Group Accountant serves as secretary to the committee. A majority of the members of the Audit Committee must be independent of the company and company management. At least one member of the Audit Committee must be independent of the company's largest shareholders. Executive directors may not be members of the Audit Committee. A member of the committee must possess such skills and experience in accounting, auditing and/or risk management that he/she can perform the duties imposed on the committee. Duni's board chooses the chairman of the committee. The company's Audit Committee meets at least three times per year.

Duni's Audit Committee is responsible for ensuring the quality of the company's financial and business reporting. The Audit Committee also evaluates Duni's internal control processes and management of financial and operating risks. The committee regularly meets with the company's auditors in order to obtain information regarding the focus and scope of the external audit and to evaluate the work of the external auditors. The evaluation also includes the scope of any non-

Corporate governance within Duni



audit-related work performed by the auditors for Duni. When preparing a proposal regarding the election of auditors and compensation for audit work, the Nomination Committee is assisted by the Audit Committee.

COMPENSATION TO THE BOARD AND SENIOR EXECUTIVES

Fees and other compensation to the board, including the Chairman of Duni's Board of Directors, are decided upon by the annual general meeting. According to compensation guidelines for senior executives adopted by the annual general meeting on 1 October 2007, compensation to the CEO and other members of the above management group must be on market terms and comprises fixed and variable salary, long-term share-related incentive programs, other benefits as well as pension. It shall never be possible for the variable salary to exceed the fixed salary. At present, there are no long-term incentive programs.

In accordance with a resolution adopted by the annual general meeting on 1 October 2007, the annual fee for the current Chairman of the Board was set at MSEK 0.5, while the annual fee for other directors was set at MSEK 0.25 per director, apart from directors employed by EQT Partners. During the period 1 July - 31 December 2007, the directors received compensation totaling MSEK 0.6, of which MSEK 0.1 was paid to the Chairman of the Board and MSEK 0.5 to other directors, apart from directors employed by EQT Partners, who receive no compensation.

The total disbursed gross compensation to the management group, including salaries, pension payments and other benefits, amounted to MSEK 11.2 in the second half of 2007. Of the total gross compensation paid to the management group, MSEK 2.7 comprised compensation to Duni's current CEO, while MSEK 8.5 comprised compensation to other members of the management group. Each month, Duni pays in a cash pension contribution in accordance with the individual pension plan for each senior executive. The total cost for Duni for these pension payments during the second half of 2007 was MSEK 2.3.

Duni's CEO, Fredrik von Oelreich, receives an annual gross salary of CHF 567,000 as well as a bonus equivalent to not more than 50% of his annual base salary, based on predetermined targets for the Group. In addition, he is entitled to certain other employment benefits such as company car and per diem. Both Duni and von Oelreich may terminate the agreement subject to six months' written notice of termination. In addition, in the event of termination by the company due to negligence, or termination by von Oelreich, von Oelreich is entitled an amount equal to 12 times his monthly salary. Von Oelreich participates in a contributions-based pension program, on the basis of which Duni grants an annual contribution equal to 35% of his annual gross salary until termination of the agreement. Von Oelreich's retirement age is 62.

Duni has not granted any loans, or extended or issued any guarantees or provided any security to the benefit of Duni's directors, senior executives or auditors. None of the directors, senior executives or auditors has, directly or indirectly through any closely-related company, entered into transactions with Duni which are not at arm's length conditions.

FINANCIAL REPORTING

The company has an information policy pursuant to which the company publishes quarterly reports, a half-yearly report, a report of unaudited annual results and an annual report. In connection with the publication of half-yearly reports and unaudited reports of annual results, the company may arrange analyst meetings and meetings with the media to discuss the company's operations, results and financial position. The board assesses and approves the content of the financial reporting based on monthly reports, management reports and discussions at board meetings, as well as the auditor's opinions.

AUDIT

The auditor shall review the company's annual report and bookkeeping as well as management by the Board of Directors and CEO. After each financial year, the auditors shall submit an auditor's report to the general meeting.

The general meeting appoints the auditors for four years. At an extraordinary general meeting held on 28 August 2007, PricewaterhouseCoopers AB was elected auditor, with accountant Bo Hjalmarsson as auditor-in-charge, for the next four years. The company's auditor reviews the annual accounts and the annual report as well as the company's ongoing operations and routines in order to express an opinion regarding the accounts and management by the Board of Directors and the CEO. The audit of the annual accounts and annual report is conducted in January-February.

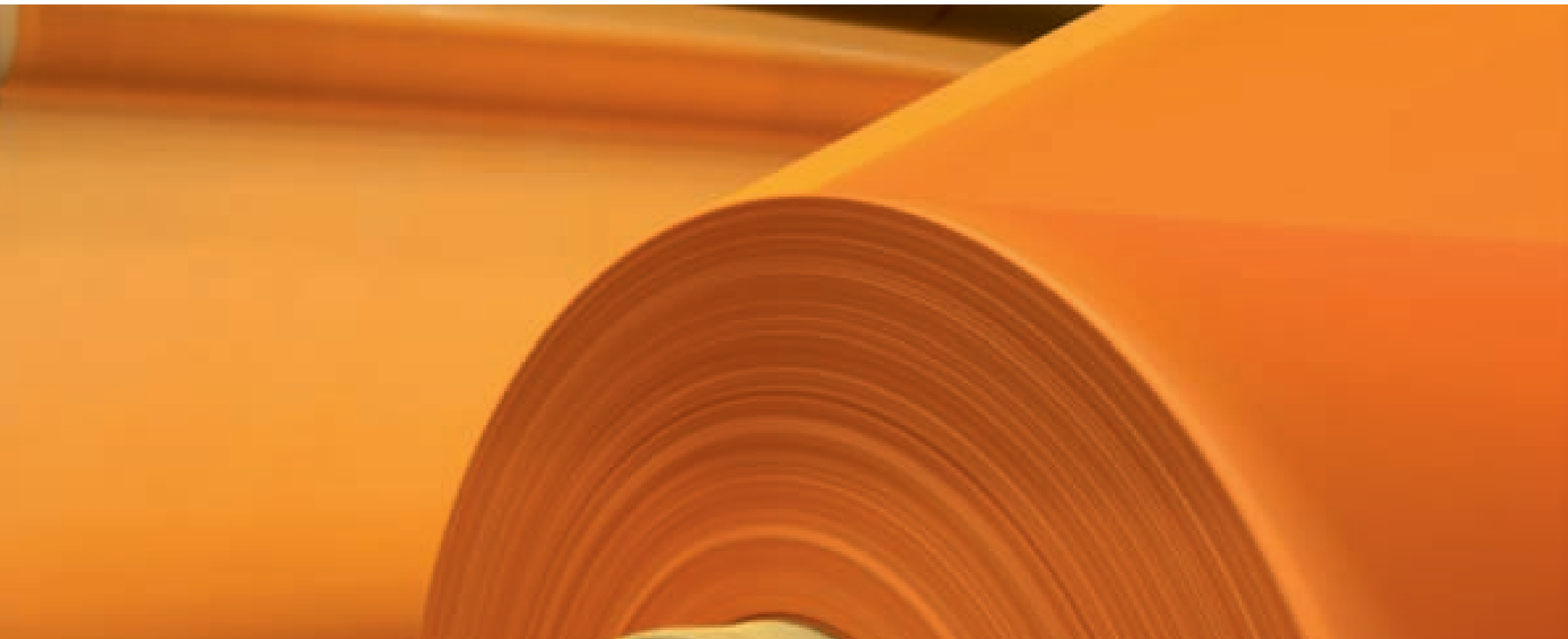
Other than Duni, Bo Hjalmarsson has no engagements in companies over which Duni's main owners (before the diversification of ownership in conjunction with the IPO), directors or CEO have a significant influence. Bo Hjalmarsson is an authorized public accountant and member of FAR SRS. Apart from the audit engagement, fees to PricewaterhouseCoopers AB for other engagements during 2007 amounted to MSEK 4.3.

Compensation to auditors

	Group			Parent Company		
MSEK	2007[1)]	2006	2005	2007[1)]	2006	2005
Compensation for audit engagement	6.6	4.8	5.7	2.6	1.3	1.3
Compensation for other consulting services	4.3	2.8	10.7	2.1	0.7	2.2

1) Relates to closing accounts for two six-month periods.

Annual Report



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Directors' Report 1 July 2007 – 31 December 2007

The Group

Duni is the leading company in Europe within attractive quality products and concepts for table setting as well as packaging for take-aways. The Group enjoys a leading position thanks to a combination of high quality, established customer relations and a well-reputed brand, as well as strong local presence in Europe.

At the end of March 2007, the deSter business was divested. With this divestment and the earlier sale of the Duni Americas business in 2006, the streamlining of Duni's European core operations has been completed in full. Operations are currently conducted within three business areas: Professional, Retail and Tissue.

In the **Professional** business area, Duni's concepts and products are offered primarily to hotels, restaurants and catering companies. The offering includes table and serving products such as napkins, table covers, placemats, candles, as well as serving products such as glasses, cups and cutlery, produced either in plastic or paper. Duni is a market leader in the Benelux countries, the Nordic region, Germany, Switzerland, France and the UK. The Professional business area also offers customer-adapted packaging solutions for food storage in conjunction with sales of take-away meals and catering. As a niche player within this area, Duni enjoys a leading position in the Nordic region. The Professional business area accounts for approximately 66% of Duni's sales.

Within the **Retail** business area, Duni offers consumer products to the retail trade. The range includes napkins, table covers, candles, glasses, cutlery and, to an increasing extent, various product range offerings. The products are marketed primarily under the Duni brand. In addition, Finess is used as a supplementary brand on certain markets. Duni also develops and manufactures products for customers which market them under private labels. Duni enjoys a leading position in the Benelux countries, the Nordic region, Germany, Switzerland and the UK. The business area accounts for approximately 21% of Duni's sales.

The **Tissue** business area produces airlaid and tissue based material which is used in products within the other market areas and is a subcontractor to external customers within the hygiene products industry. Tissue accounts for approximately 13% of Duni's sales.

PRODUCT AND CONCEPT DEVELOPMENT

Within product development, Duni's work involves new designs and color schemes, as well as new materials and solutions. Duni focuses on product and concept development, and possesses a unique strength within form, design and functionality. Duni's innovation process is characterized by the ability to quickly and flexibly develop new collections, concepts and products which create a clear added value for the various customer categories on the market.

Duni primarily engages in development within the market segments in which the Group traditionally enjoys a leading position. At the same time, the Group continues to further develop new products and concepts for new segments.

MARKET DEVELOPMENT

Demand on Duni's major markets has developed strongly as a consequence of a generally favorable economic climate.

The hotel and restaurant industry has enjoyed continued positive growth. More restaurant visits and an increased occupancy rate at hotels are, in terms of volume, positive factors for Duni's growth. The strong growth within take-aways has continued. New restaurant concepts, as well as ready-to-eat food in grocery stores, take-away and fast-food restaurants continue to increase in number and these concepts are gaining ever-greater market shares.

Demand within Retail increased somewhat during the year on most markets. The trend in the grocery retail trade towards developing and marketing private labels within Duni's segment has stagnated somewhat and branded products are regaining space in the product range. Within Tissue, demand for airlaid material has been strong, particularly from the hygiene products industry.

PROSPECTS

Demand is driven primarily by increased purchasing power combined with changed behavior patterns which are leading to an increasing share of meals being eaten outside the home. In addition, demand for Duni's products is positively affected by the fact that an increasing number of restaurants are choosing to replace linen with disposable, premium quality solutions. In addition, growth within the take-away segment is expected to remain strong since the number of single-person households is increasing and urbanization is continuing.

The economy in Europe has recently shown signs of a slow down but the market situation for Duni's products is nevertheless believed to be good on the whole and Duni sees favorable possibilities for continued growth.

REPORTING

The annual report covers the split financial year July – December 2007. The preceding financial year covered the period January – June 2007. Thus, in order to compare with the same period last year, in certain cases the analysis is supplemented with the results for July - December 2006. Commencing 2008, Duni's financial year will be the calendar year.

Sales

Net sales amounted to MSEK 2,091 (1,894). Net sales for the period July – December 2006 amounted to MSEK 1,997 for comparable units. Sales for the period entail an increase of MSEK 94, or 4.7%. Exchange rate changes had an insignificant impact on net sales. The increase in sales is due to price increases, which had an impact in 2007, as well as volume growth.

Duni's stable position within the Professional business area is emphasized by continued strong sales growth of 6.6 % compared with the same period of last year, primarily due to increased volume, entailing growth in line with, or outpacing, the market. Growth has been particularly strong in Southern and Eastern Europe and in the Benelux countries, France and the UK. Sales of packaging solutions for ready-to-eat food are growing more quickly than the business area as a whole.

Within the Retail business area, the sales trend was negative, with a decline of 0.5% compared with the same period of last year. The decline is mainly due to tough competition in the UK. During the period, Retail terminated certain unprofitable customer contracts. Going forward, this will impact certain sales growth but will have no major consequences as regards operating income.

Growth within the Tissue business area has been stable, with an increase of 4.2%.

Income

Operating income amounted to MSEK 242 (151). Compared with the period July – December 2006, income increased by MSEK 70. Exchange rate changes have had a marginal impact on income, thereby income adjusted for exchange rate changes equaling reported income, i.e. MSEK 242. The increase in income is primarily attributable to volume growth and price increases, as well as the fact that Duni's restructuring program, which commenced in 2004, has now been completed and implementation costs no longer affect income but, rather, have a fully positive effect. All business areas reported increased income, with the largest increase in absolute terms being within the Professional area.

Net financial items amounted to MSEK -77 (-120) and, for the corresponding period in 2006, to MSEK -144. With the new financing in November, previous transaction costs were realized in connection with the raising of loans, which had a non-cash effect of MSEK 21 on net financial items. Income before tax amounted to MSEK 165 (31) and, for the corresponding period of 2006, to MSEK 28.

A tax expense of MSEK -68 (-28) was reported for the financial year. In countries in which losses were incurred, the value of future loss carry-forwards has been calculated and reported as deferred tax claims. The high tax cost is a direct consequence of the improved income, but tax for the year has also been affected by further provision of MSEK 5.5 regarding an ongoing tax audit in Germany and a write down of MSEK 4.5 for loss carry-forwards which it will not be possible to utilize in connection with the closure of Duni's branch in Turkey.

Income for the year for continuing operations amounted to MSEK 96 (3). Income from divested operations amounted to MSEK 15 (457). The Group's total income amounted to MSEK 111 (460). Income in the preceding period included a capital gain of MSEK 471 on the sale of deSter.

Investments

The Group's gross investments amounted to MSEK 83 (49) for the continuing operations. In the corresponding period of 2006, investments for comparable units were MSEK 73. Investments relate primarily to the Group's major production plants in Poland, Germany and Sweden. Depreciation and write-downs for continuing operations amounted to MSEK 46 (44) and, for the corresponding period of 2006, to MSEK 41.

Cash flow and financial position

The Group's operational cash flow amounted to MSEK 350 (-86). For the period July – December 2006, the operational cash flow amounted to MSEK 242. Most of Duni's operational cash flow is generated during the second half of the year, and consequently cash flow is stronger during that period. The Group's total assets as per 31 December amounted to MSEK 3,541. In June 2007, total assets amounted to MSEK 3,535 and, in December 2006, to MSEK 5,313. The reduction in total assets is primarily due to the sale of deSter and the new Group structure.

The Group's interest-bearing net debt amounted to MSEK 1,085. In June 2007, the interest-bearing net debt amounted to MSEK 1,339, a reduction of MSEK 254. The reduction is attributable to Duni's seasonally strong cash flow during the second half of the year.

OPERATIONAL AND FINANCIAL RISKS

Duni is exposed to a number of operational risks which it is important to manage.

Control and management of fluctuations and prices for raw materials and energy have a major impact on Duni's competitiveness. The development of attractive ranges of products, particularly the Christmas collection, is extremely important in order for Duni to achieve good sales and income growth.

The fact that Duni does not apply hedge accounting pursuant entails increased accounting exposure as regards exchange rate changes in assets and liabilities in foreign currency, as well as positions in foreign currency and energy derivatives.

Duni's finance management and its handling of financial risks are regulated by a finance policy adopted by the Board of Directors. This work is managed and handled by the Group's Treasury, which is included as a unit within the Parent Company. The Group shares the financial risks associated with currency risks, exchange rate risks, credit risks, financing and liquidity risks. Regarding risk management, see also Note 3.

LEGAL DISPUTES

In November 2007, Duni and Innoware LLC reached a final agreement regarding the purchase price for the American operations, Duni Corporation and Duni Supply Corporation, and thus it was possible to avoid arbitration proceedings.

As a consequence of the agreement, Duni was able to dissolve provisions made in the annual accounts valued at MSEK 15. At the end of the accounting period, a few disputes were pending with customers and suppliers involving small amounts, as well as regarding intellectual property rights. Provisions have been made in the annual accounts, which, in management's opinion, amply cover any negative outcome of these disputes.

ENVIRONMENT

Since the beginning of the 1990s, Duni's work has been carried out based on an environmental policy. The environment and environmental issues constitute an integral part of Duni's operations. Consequently, there is a close connection between the Group's ongoing ambition to improve Duni's environmental performance and Duni's commercial development. Duni focuses its environmental work on an efficient use of resources and energy, while at the same time minimizing emissions into the air and water.

A program for the implementation of environmental management systems is underway at all production units. Duni's largest production units are certified in accordance with ISO 14001. These are the paper mills in Skåpafors and Dals Långed, Sweden, as well as the plant in Bramsche, Germany. During the year, work began on ISO 14001 certification for the plant in Poznan, Poland.

ISO 9000 has been chosen as the quality management system within the Duni Group. The plants in Bramsche, Poznan, Dals Långed and Skåpafors are all certified in accordance with this system.

Duni conducts two operations which are subject to permit requirements pursuant to the Swedish Environmental Code. The Group holds permits for the production of 45,000 tonnes of wet laid tissue per year and 26,000 tonnes of dry laid tissue per year at the mill in Skåpafors and 10,000 tonnes of dry laid tissue in Dals Långed. The paper mill in Skåpafors, Sweden, has held a provisional permit regarding water emissions since 1997. The final terms were established by the Environmental Court in 2004.

The County Administrative Board in Västra Götaland County has granted the mill a permit regarding emissions of carbon dioxide, CO_2. The allocation of emission rights involves 3,057 tonnes in Dals Långed and 15,657 tonnes in Skåpafors.

THE BOARD'S WORK

Pursuant to the articles of association, the Board of Directors shall comprise at least three and not more than twelve directors. During the year, the board comprised seven directors and two employee representatives with one alternate. During the financial year, the board held five meetings at which minutes were taken.

At an extraordinary general meeting held on 10 August 2007, Harry Klagsbrun was elected as director to replace Juha Lindfors. In addition, Pia Rudengren was elected as a new ordinary director.

Rules of procedure set forth guidelines for the work of the board and describe the allocation of work between the board and the CEO. The guidelines for the board's work shall ensure that the board possesses comprehensive information and that all important aspects of the Group's operations are addressed. The rules of procedure are revised and adopted by the board each year. The auditors report to the board their observations from the audits carried out and their assessment of the Group's internal control. In April 2007, the board appointed a Remuneration Committee. The Remuneration Committee will address issues concerning compensation to senior executives and negotiate with the CEO regarding the latter's compensation, based on guidelines adopted at the annual general meeting. On 1 October 2007, the general meeting adopted the guidelines for the coming year proposed by the Remuneration Committee regarding the CEO and other senior executives (see also Note 13).

The board has also appointed an audit committee. The audit committee prepares the board's work of reviewing routines for the Group's risk management, governance and control, financial reporting and tax situation. In this work, the audit committee maintains regular contacts with the CFO and the auditors.

EMPLOYEES

Initiatives and contributions by personnel are of crucial significance for Duni's continued development, presentation and marketing of successful products and concepts within table setting and packaging for take-away meals. Thus, Duni works regularly to recruit and develop employees. Development work is carried out with respect to both skills and management development and Duni strives to ensure that personal development plan is in place for each employee.

On 31 December 2007 there were 2,001 (1,967) employees. In December 2006, there were 1,999 employees.

COMPENSATION TO CEO AND SENIOR EXECUTIVES

It is proposed that the general meeting adopt the following guidelines regarding compensation to senior executives:

"Compensation to the CEO and senior executives shall consist of fixed salary, variable salary, long-term incentive programs and other benefits as well as pension. The total compensation shall be on market terms and competitive and be in relation to responsibilities and authority. The variable salary shall be based on results related to defined and measurable goals. It shall never be possible for the variable salary to exceed the fixed salary. In the event of termination of employment by the company, the termination salary and severance compensation together shall not exceed 18 months' salary. The pension benefits shall be contribution-based, unless special reasons otherwise justify. The retirement age for the management group shall normally be 65, but in no circumstances earlier than 62. The board may deviate from these guidelines only where special cause exists in an individual case."

For more information regarding compensation to the CEO and senior executives, see also Note 13.

FOREIGN COMPANIES AND BRANCHES

The Group has operations in 17 countries, including the Parent Company's branches in Mexico and Turkey. However, these branches are being wound up.

IMPORTANT EVENTS SINCE 31 DECEMBER 2007

No important events have occurred since 31 December 2007.

The Parent Company

SALES, INCOME AND FINANCIAL POSITION

The Parent Company, Duni AB, contains group management and joint Group functions such as finance, purchasing, marketing and IT. Parts of the Group's development and manufacturing resources are located in the Parent Company. The company's products are mainly distributed to other units within the Group, but the company is also responsible for the Group's sales on the Nordic market.

Net sales amounted to MSEK 701 (576). Operating income is reported at MSEK -20 (-127) and net financial items at MSEK -61 (-22). The Parent Company's net income was MSEK -75 (-113).

The Parent Company's gross investments in fixed assets amount to MSEK 16 (15).

The Parent Company's equity ratio at year-end was 44.3% (40.7). The Parent Company's cash and cash equivalents as well as current external financial receivables on 31 December 2007 amounted to MSEK 116 (67).

OPERATIONAL AND FINANCIAL RISKS IN THE PARENT COMPANY

The Parent Company's risks correspond in all essential respects to the Group's risks.

Due to the fact that hedge accounting pursuant is not applied, Duni AB has an increased accounting exposure to exchange rate changes in assets and liabilities in foreign currency as well as in positions in foreign currencies.

Duni's finance management and its handling of financial risks are regulated by a finance policy adopted by the Board of Directors. This work is led and managed by the Group's Treasury, which is included as a unit within the Parent Company. The Group shares in the financial risks associated with currency risks, interest rate risks, credit risks, financial risks and liquidity risks.

OWNERSHIP STRUCTURE ON 31 DECEMBER 2007

Duni is listed on the OMX Nordic Exchange Stockholm under the ticker name "DUNI". The ownership structure on 31 December 2007 consists primarily of Duni Holding AB (EQT), 39%, Mellby Gård, 22% and SEB fonder, 6%.

DUNI'S SHARE

At an extraordinary general meeting held on 28 August 2007, a resolution was adopted regarding an 8:1 split. Accordingly, the share capital currently consists of 46,999,032 outstanding common shares, each carrying a voting right of one vote per share. The quotient value of the shares is SEK 1.25 per share.

There shall be not less than 32,008,000 and not more than 128,032,000 shares.

There are no outstanding warrants or convertible debentures. Duni Holding AB (EQT) has undertaken not to sell its remaining holding of shares in Duni until after publication of the interim report for the period 1 January – 31 March 2008, on 29 April 2008, at the earliest.

Senior executives together own 1 percent of the shares in Duni. They have also undertaken not to sell their holdings until after publication of the interim report for 1 January – 30 September 2008, on 29 October 2008, at the earliest.

On 1 October 2007, the annual general meeting resolved to authorize Duni's Board of Directors, on one or more occasions until the next annual general meeting, to resolve on issues of new shares, with or without any deviation from the shareholders' preemptive rights.

DIVIDEND PROPOSED BY THE BOARD OF DIRECTORS AND CEO

Dividend, the Parent Company (SEK)

Unrestricted equity in the Parent Company	
Retained earnings	1 296 915 278
Profit for the year	-75 474 932
Total unrestricted equity in the Parent Company	**1 221 440 346**
The board of directors and CEO propose:	
a dividend to the shareholders of SEK 1.80 per share	84 598 257
and that the remaining amount be carried forward	1 136 842 089
Total	**1 221 440 346**

The Board of Directors proposes to the 2008 annual general meeting that a resolution be adopted entailing that a dividend of SEK 1.80 per share, equal in total to SEK 84,598,257, be paid to shareholders registered on the record date, 12 May 2008, and that the remaining unrestricted equity be carried forward.

The Parent Company's retained earnings amount to SEK 1,296,915,278 and income for the year amounts to SEK -75,474,932. Provided that the annual general meeting resolves in accordance with the Board's dividend proposal, SEK 1,136,842,089 will be carried forward. After the proposed dividend, there is full coverage for the Parent Company's restricted equity. The Group's shareholders' equity amounts to MSEK 1,416.

As a basis for its dividend proposal, pursuant to Chapter 18, section 4 of the Swedish Companies Act (2005:551), the Board has assessed that the proposed dividend is defensible in light of the demands imposed by the business as regards the size of the shareholders' equity in the Parent Company and the Group, as well as the needs of the Parent Company and the Group to strengthen the balance sheet, and as regards their liquidity and financial position in general. The Board believes that the dividend also provides scope for the Group to perform its obligations and carry out planned investments. Based on the pro forma results for Duni's continuing operations, i.e. excluding the divested operations in the USA and the divested deSter group, the proposed dividend is well in line with the Group's dividend policy.

The equity ratio of the Parent Company and the Group, even after the dividend, is believed to be sound in relation to the industry in which the Group operates. The proposed dividend will not affect the ability of the Parent Company and the Group to discharge their payment obligations.

The Parent Company and the Group have ample access to both short and long-term credit facilities. Credit facilities may be used on short notice and thus the Board considers that the Parent Company and the Group are well prepared to manage changes with respect to liquidity and contingencies.

The Board believes that the Parent Company and the Group possess the conditions to take future commercial risks and also carry any losses.

THE BOARD'S ASSURANCE

The Board of Directors and CEO hereby affirm that the consolidated financial statements have been prepared in accordance with international accounting standards, IFRS, as adopted by the EU and provide a fair and true view of the Group's financial position and results. The annual report has been prepared in accordance with generally accepted accounting practices and provides a true and fair view of the Parent Company's financial position and results.

The Directors' Report for the Group and the Parent Company provides a fair and true overview of the development of the operations, financial position and results of the Group and the Parent Company and describes significant risks and uncertainty factors facing the Parent Company and the companies in the Group.

Malmö 25 March 2008

Peter Nilsson, *Chairman of the Board*

Fredrik von Oelreich, *President and CEO*

Sanna Suvanto-Harsaae

Harry Klagsbrun

Dr. Gerold Linzbach

Göran Lundqvist

Gun Nilsson

Pia Rudengren

Göran Andréasson, *Employee representative*

Per-Åke Halvordsson, *Employee representative*

Consolidated Income Statement

MSEK	Notes 1-5,12-14	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006
Continuing operations				
Net sales	5-6	2 091	1 894	3 762
Cost of goods sold	6-10	-1 525	-1 423	-2 812
Gross profit		**566**	**471**	**950**
Selling expenses	7-9	-219	-227	-459
Administrative expenses	7-9,11	-111	-98	-219
Research and development expenses	7-8	-6	-6	-6
Other operating incomes	15-16	29	26	44
Other operating expenses	7-8,17	-17	-15	-33
Operating income	5,18	**242**	**151**	**277**
Income from financial items	18-19			
Financial income		9	19	59
Financial expenses		-86	-139	-335
Net financial items		**-77**	**-120**	**-276**
Income after financial items		**165**	**31**	**1**
Income tax	21	-68	-28	-12
Net income for the year, continuing operations		**96**	**3**	**-11**
Net income for the year, discontinued operations	44	15	457	77
Net income for the year		**111**	**460**	**66**
Attributable to:				
Equity holders of the Parent Company		111	460	66
Minority interest		-	0	0
Earnings per share (expressed in SEK per share), calculated on the net income for the year from continuing operations:				
Before dilution	22	2.04	0.06	-0.23
After dilution	22	2.04	0.06	-0.23
Earnings per share (expressed in SEK per share), calculated on the net income for the year from discontinued operations attributable to equity holders of the Parent Company during the year:				
Before dilution	22	0.32	9.72	1.64
After dilution	22	0.32	9.59	1.64
Earnings per share (expressed in SEK per share), calculated on net income for the year attributable to equity holders of the Parent Company during the year:				
Before dilution	22	2.36	9.78	1.41
After dilution	22	2.36	9.65	1.41

Consolidated Balance Sheet

MSEK	Note	31 Dec 2007	30 Jun 2007	31 Dec 2006
ASSETS	1-5			
Fixed assets				
Intangible fixed assets	23			
Goodwill		1 199	1 199	2 145
Capitalized development expences		22	16	7
Trademarks and licenses		7	5	8
Total intangible fixed assets		**1 228**	**1 220**	**2 160**
Tangible fixed assets				
Buildings, land and land improvements	24	55	58	134
Machinery and other technical equipment	25	288	270	431
Equipment, tools and installations	26	47	54	56
Construction in progress and advanced payments for tangible fixed assets	27	43	17	71
Total tangible fixed assets		**433**	**399**	**692**
Financial fixed assets				
Deferred tax assets	21	395	432	483
Other long-term receivables	29	3	2	13
Total financial fixed assets		**398**	**434**	**496**
Total fixed assets		**2 059**	**2 053**	**3 348**
Current assets				
Inventories	10			
Raw materials and supplies		100	104	114
Products progress		23	17	45
Finished goods and goods for resale		373	382	476
Advances to suppliers		4	0	4
		500	503	639
Current receivables				
Accounts receivables	30	546	653	900
Derivatives	31	11	16	17
Tax assets		14	36	57
Other receivables	30	156	135	128
Prepaid expenses and accrued incomes	32	26	27	31
		753	867	1 133
Cash and cash equivalents		202	112	193
Total current asset		**1 455**	**1 482**	**1 965**
TOTAL ASSETS		**3 514**	**3 535**	**5 313**

Consolidated Balance Sheet, continued

MSEK	Note	31 Dec 2007	30 Jun 2007	31 Dec 2006
SHAREHOLDERS' EQUITY AND LIABILITIES	1-5			
Shareholders' equity				
Share capital	33	59	59	59
Other injected capital		1 681	1 681	1 681
Reserves		39	34	28
Loss carried forward, incl. net income for the year		-363	-474	-934
Total shareholders' equity attributable to equity Holders of the Parent Company		**1 416**	**1 300**	**834**
Minority interests		-	-	4
Total shareholders' equity		**1 416**	**1 300**	**838**
Long-term liabilities	34			
Overdraft facility	34	-	45	22
Bank loans	34	1 092	1 045	435
Subordinated debts	34	-	144	1 879
Convertible subordinated debts	34	-	-	13
Deferred tax liability	21	19	28	68
Pension provisions	36	200	204	237
Total long-term liabilities		**1 311**	**1 466**	**2 654**
Short-term liabilities				
Accounts payable		305	256	472
Liabilities to credit institutions	34	-	15	700
Tax liabilities		51	55	90
Derivative instruments	31	9	16	20
Other liabilities		50	69	73
Allocation to restructuring reserve	37	4	6	21
Accrued expenses and deferred incomes	38	368	352	445
Total short-term liabilities		**787**	**769**	**1 821**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3 514**	**3 535**	**5 313**
Pledged assets	39	151	2 510	3 863
Contingent liabilities	39	11	12	21

Statement of Change in Group's Shareholders' Equity

MSEK	Attributable to equity holders of the Parent Company: Share capital	Other injected capital	Reserves	Loss carried forward incl. net income for the year	TOTAL	Minority interest	Total equity
Closing balance, 31 December 2005	**59**	**1 681**	**74**	**-1 000**	**814**	**2**	**816**
Exchange rate differences – Translation of subsidiaries	-	-	-12	-	-12	-	-12
Exchange rate differences – Transfers to income statement upon closure of subsidiary	-	-	-34	-	-34	-	-34
Business combinations	-	-	-	-	0	2	2
Total transactions reported directly against shareholders' equity	**0**	**0**	**-46**	**0**	**-46**	**2**	**-44**
Net income for the year	-	-	-	66	66	-	66
Total recognized income and expense	**0**	**0**	**-46**	**66**	**20**	**2**	**22**
Closing balance, 31 December 2006	**59**	**1 681**	**28**	**-934**	**834**	**4**	**838**
Exchange rate differences – Translation of subsidiaries	-	-	24	-	24	-	24
Exchange rate differences – Transfer to income statement upon closure of subsidiary	-	-	-18	-	-18	-	-18
Divested business	-	-	-	-	0	-4	-4
Total transactions reported directly against shareholders' equity	**0**	**0**	**6**	**0**	**6**	**-4**	**2**
Net income for the year	-	-	-	460	460	-	460
Total recognized income and expense	**0**	**0**	**6**	**460**	**466**	**-4**	**462**
Closing balance, 30 June 2007	**59**	**1 681**	**34**	**-474**	**1 300**	**0**	**1 300**
Exchange rate differences – Translation of subsidiaries	-	-	5	-	5	-	5
Total transactions reported directly against shareholders' equity	**0**	**0**	**5**	**0**	**5**	**0**	**5**
Net income for the year	-	-	-	111	111	-	111
Total recognized income and expense	**0**	**0**	**5**	**111**	**116**	**0**	**116**
Closing balance, 31 December 2007	**59**	**1 681**	**39**	**-363**	**1 416**	**0**	**1 416**

Changes in the Group's Reserves

	Exchange rate difference	Other reserves	Reserves
Closing balance, 31 December 2005	**61**	**13**	**74**
Exchange rate differences	-46	-	-46
Closing balance, 31 December 2006	**15**	**13**	**28**
Exchange rate differences	6	-	6
Closing balance, 30 June 2007	**21**	**13**	**34**
Exchange rate differences	5	-	5
Closing balance 31 Dec 2007	**26**	**13**	**39**

Other reserves' means revaluation of land in accordance with previous accounting principles. The revalued amount is adopted as acquisition value in accordance with the transitional rules in IFRS 1.

Consolidated Cash Flow Statement

MSEK	Note	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006
Cash flow from operating activities				
Operating income from continuing operations		242	151	277
Operating income from discontinued operations		15	465	202
Adjustments for items not included in cash flow	40	25	-399	41
Interest received		9	7	9
Interest paid		-67	-106	-184
Paid income tax		-24	-33	-66
Cash flow from operating activities before changes in working capital		**200**	**85**	**279**
Changes in working capital				
Increase (-) / decrease (+) in inventories		11	-65	29
Increase (-) / decrease (+) in accounts receivable		114	-90	-19
Increase (-) / decrease (+) in receivables		2	-50	-83
Increase (+) / decrease (-) in accounts payable		42	29	-81
Increase (+) / decrease (-) in short-term liabilities		-19	4	6
Cash flow from operating activities		**350**	**-86**	**131**
Cash flow from investing activities				
Acquisition of intangible fixed assets	23	-10	-1	-6
Acquisition of tangible fixed assets	24-27	-73	-62	-204
Sale of tangible fixed assets		0	1	19
Acquisition of shares in subsidiaries, less deduction for cash and cash equivalents	42	-	-	-
Divested operations	44	-	1 209	441
Change in other long-term receivables		-1	9	-9
Cash flow from investing activities		**-84**	**1 156**	**241**
Cash flow from financing activities				
Net change, overdraft facilities		-45	23	-106
Repayment of loans		-1 373	-2 400	-497
Loans received		1 241	1 234	270
Cash flow from financing activities		**-177**	**-1 143**	**-333**
Cash flow for the year		**89**	**-73**	**39**
Cash and cash equivalents, opening balance		112	184	153
Exchange rate difference, cash and cash equivalents		1	1	-8
Cash and cash equivalents, closing balance [1)		**202**	**112**	**184**

The cash flow statement contains elements of both continuing and discontinued operations.

1) According to the balance sheet, cash and cash equivalents at the end of 2006 were 193. The difference relates to part of funds in escrow which are expected to be received within 12 months but later than in three months.

Parent Company Income Statement

MSEK	Note	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006
Net sales	5, 6	701	576	1 050
Cost of goods sold	6-10	-637	-534	-925
Net profit		**64**	**42**	**125**
Selling expenses	8-9	-58	-60	-122
Administrative expenses	8-9, 11	-74	-71	-181
Research and development expenses	8-9	-1	-1	0
Other operating incomes	15-16	126	63	185
Other operating expenses	8, 17	-77	-100	-160
Operating income	18	**-20**	**-127**	**-153**
Income from financial items	18-19			
Income from participations in Group companies	20	-	77	28
Other interest income and similar income		19	28	74
Interest expenses and similar expenses		-80	-127	-326
Net financial items		**-61**	**-22**	**-224**
Income after financial items		**-81**	**-149**	**-377**
Appropriations		-	-	30
Tax on income for the year	21	6	36	98
Net income for the year		**-75**	**-113**	**-249**

Parent Company Balance Sheet

MSEK	Note	31 Dec 2007	30 Jun 2007	31 Dec 2006
ASSETS	1-5			
Fixed assets				
Intangible fixed assets	23			
Goodwill		899	949	999
Capitalized development expenditures		21	-	-
Trademarks and licenses		7	5	5
Total intangible fixed assets		**927**	**954**	**1 004**
Tangible fixed assets				
Buildings, land and land improvements	24	49	51	55
Machinery and other technical equipment	25	11	11	12
Equipment, tools and installations	26	7	8	9
Construction in progress and advanced payments for tangible fixed assets	27	4	5	14
Total tangible fixed assets		**71**	**75**	**90**
Financial assets				
Participations in Group companies	28, 42	744	744	2 000
Deferred tax asset	21	354	395	365
Other long-term receivables	29	2	0	1
Total financial fixed assets		**1 100**	**1 139**	**2 366**
Total fixed assets		**2 098**	**2 168**	**3 460**
Current assets				
Inventories	10			
Raw materials and supplies		-	0	0
Products in progress		9	9	9
Finished goods and goods for resale		124	124	105
		133	133	114
Current receivables				
Accounts receivables	30	129	148	133
Derivatives	31	9	16	17
Receivables from Group companies	30	113	138	118
Tax assets		9	14	9
Other receivables	30	33	59	45
Prepaid expenses and accrued incomes	32	14	9	13
		307	384	335
Current financial receivables, externally	30	0	3	2
Current financial receivables, internally	30	288	349	1 077
Cash and bank balances		116	64	54
Total current assets		**844**	**933**	**1 582**
TOTAL ASSETS		**2 942**	**3 101**	**5 042**

Parent Company Balance Sheet, continued

MSEK	Note 1-5, 12-14	31 Dec 2007	30 Jun 2007	31 Dec 2006
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES				
Shareholders' equity				
Restricted shareholders' equity				
Share capital	33	59	59	59
Statutory reserve		11	11	1 409
Revaluation reserve		13	13	13
Total restricted shareholders' equity		**83**	**83**	**1 481**
Unrestricted shareholders' equity				
Retained earnings		1 296	1 291	143
Net income for the year		-75	-113	-249
Total unrestricted shareholders' equity		1 221	1 178	-106
Total shareholders' equity		**1 304**	**1 261**	**1 375**
Provisions				
Pension provisions	36	111	111	109
Restructuring reserve	37	0	0	0
Deferred tax liability	21	2	4	11
Total provisions		**113**	**115**	**120**
Long-term liabilities	34			
Overdraft facility	34	-	36	21
Bank loans	34	1 092	1 045	435
Liabilities to Group companies	34	215	168	226
Subordinated debts	34	-	144	1 879
Convertible subordinated debts	34	-	0	13
Total long-term liabilities		**1 307**	**1 393**	**2 574**
Short-term liabilities				
Liabilities to credit institutions	34		15	700
Accounts payable		64	42	48
Liabilities to Group companies		47	128	87
Tax liabilities		1	1	1
Derivatives	31	9	15	14
Other liabilities		12	13	7
Allocation to restructuring reserve	37	0	0	3
Accrued expenses and deferred incomes	38	85	118	113
Total short-term liabilities		**218**	**332**	**973**
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		**2 942**	**3 101**	**5 042**
Pledged assets	39	91	2 557	4 049
Contingent liabilities	39	19	42	89

Statement of Change in Parent Company's Shareholders' Equity

MSEK	Share capital	Share premium reserve	Statutory reserve	Revaluation reserve	Accumulated income	Total shareholders' equity
Closing balance, 31 Dec 2005	**59**	**0**	**1 409**	**13**	**17**	**1 498**
Group contributions received after tax	-	-	-	-	116	116
Translation difference regarding branch offices	-	-	-	-	10	10
Net income for the year	-	-	-	-	-249	-249
Closing balance 31 Dec 2006	**59**	**0**	**1 409**	**13**	**-106**	**1 375**
Translation difference regarding branch offices	-	-	-	-	-1	-1
Write-down of statutory reserve	-	-	-1 398	-	1 398	0
Net income for the year	-	-	-	-	-113	-113
Closing balance 30 Jun 2007	**59**	**0**	**11**	**13**	**1 178**	**1 261**
Group contributions received after tax	-	-	-	-	116	116
Translation difference regarding branch offices	-	-	-	-	2	2
Net income for the year	-	-	-	-	-75	-75
Closing balance 31 Dec 2007	**59**	**0**	**11**	**13**	**1 221**	**1 304**

Accumulated translation differences in the Parent Company which are reported directly against shareholders' equity were MSEK 24 (June 2007: 22; 2006: 23).

Parent Company Cash Flow Statement

MSEK	Note	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006
Cash flow from operating activities				
Operating income		-20	-127	-153
Adjustments for items not included in cash flow	40	40	70	44
Interest received		19	33	74
Dividend received		-	77	28
Interest paid		-56	-109	-173
Paid income tax		-	-5	-
Cash flow from operating activities before changes in working capital		**-17**	**-61**	**-180**
Changes in working capital				
Increase (-) / decrease (+) in inventories		3	-19	-17
Increase (-) / decrease (+) in accounts receivable		46	-15	-1
Increase (-) / decrease (+) in receivables		30	-23	-40
Increase (+) / decrease (-) in accounts payable		-60	35	-18
Increase (+) / decrease (-) in short-term liabilities		-27	0	-29
Cash flow from operating activities		**-25**	**-83**	**-285**
Cash flow from investing activities				
Acquisition of tangible fixed assets	23	-28	-15	-24
Sale of tangible fixed assets	24-27	-7	-	-
Acquisition of shares in subsidiaries		3	16	-
Divestment of subsidiaries	44	-	1 254	441
Change in net lending to Group companies		277	-95	135
Change in non-interest-bearing receivables		0	0	114
Change in interest-bearing receivables		0	0	10
Cash flow from investing activities		**245**	**1 160**	**676**
Cash flow from financing activities				
Net change, overdraft facilities		-36	15	-114
Repayment of loans		-1 373	-2 316	-524
Loans received		1 241	1 234	282
Cash flow from financing activities		**-168**	**-1 067**	**-356**
Cash flow for the year		**52**	**10**	**35**
Cash and cash equivalents, opening balance		64	54	19
Cash and cash equivalents, closing balance		**116**	**64**	**54**

Notes

NOTE 1 | GENERAL INFORMATION

Duni AB and its subsidiaries operate internationally and are leaders within attractive quality products and concepts for table setting as well as packaging for take-aways. The Group develops, manufactures and sells functional and attractive concepts and products for serving and packaging of meals. The Group enjoys a leading position thanks to a combination of high-quality, established customer relations, a well-reputed brand, and strong local presence in Europe.

The Parent Company is a registered limited company with its registered office in Malmö, Sweden. The address of the head office is Box 237, 201 22 Malmö, Sweden, and the web address is www.duni.com. Duni is listed on the OMX Nordic Exchange Stockholm under the ticker name "DUNI".

These consolidated financial statements were approved for publication by the Board of Directors on 25 March 2008. The consolidated financial statements may be changed by the Company's owners after approval by the Board.

Unless otherwise specifically stated, all amounts are reported in million kronor (MSEK). Information in brackets relates to the preceding financial years, viz. 1 January 2007–30 June 2007 and 1 January 2006–31 December 2006.

NOTE 2 | SUMMARY OF IMPORTANT ACCOUNTING PRINCIPLES

Accounting principles

The most important accounting principles applied in the preparation of these consolidated financial statements are stated below. Unless otherwise stated, these principles have been applied consistently for all presented years.

2.1 Bases for preparation of the financial statements

The consolidated financial statements for the Duni Group have been prepared in accordance with the Swedish Annual Reports Act, RR 30:06 "Supplementary reporting rules for groups", and International Financial Reporting Standards (IFRS) as adopted by the EU, as well as interpretation statements issued by the International Financial Reporting Interpretations Committee (IFRIC). The consolidated financial statements have been prepared in accordance with the purchase method, other than with respect to financial assets and liabilities (including derivative instruments) valued at fair value via the income statement.

The preparation of financial statements in compliance with IFRS requires the use of a number of important estimations for accounting purposes. Furthermore, when applying the Group's accounting principles, management must make certain assessments. The areas which involve a high degree of assessment, which are complex, or such areas in which assumptions and estimations are of material significance for the consolidated financial statements, are set forth in Note 4.

The Parent Company applies the Swedish Annual Accounts Act and RR 32:06, Reporting for legal entities. In those cases where the Parent Company applies different accounting principles than the Group, such fact is stated separately at the end of this note.

2.1.1 Implementation of new accounting standards

At the time of the preparation of the consolidated financial statements as of 31 December 2007, several standards and interpretations have been published which have not yet entered into force. Duni will not apply any of these standards and interpretations prematurely. Presented below is a preliminary assessment of the impact that the implementation of these standards and opinions may have on Duni's financial statements:

IAS 1 (Revised) Presentation of financial statements[1)]
The revision, which is aimed at improving the user's ability to analyze and compare information in the financial statements, enters into force on 1 January 2009 and applies to financial years commencing after that date. Duni has not yet evaluated how the revision will affect the presentation of the Group's financial statements.

IAS 23 (Revised) Borrowing costs[1)]
The main change is that the possibility to book certain borrowing costs directly has been removed. This applies to borrowing costs related to assets which take an appreciable time to complete for use or sale. Such borrowing costs must be capitalized. The revision enters into force on 1 January 2009. Duni's preliminary assessment is that the application of this revision is not expected to have any impact on the Group's financial statements.

IFRS 2 Share-based payment (Revised) – vesting conditions and cancellations[1)]
The revision enters into force on 1 January 2009. The revision affects the definition of vesting conditions and introduces a new concept, "non-vesting conditions". The standard states that non-vesting conditions must be taken into account when estimating the fair value of the equity instrument. Goods or services which are received by a counterparty who satisfies all other vesting conditions shall be reported irrespective of whether or not non-vesting conditions are satisfied. This revision is not expected to have any impact on Duni's financial statements.

IAS 27 (Revised) Consolidated and separate financial statements[1)]
The revision enters into force on 1 July 2009 and applies to financial years commencing after that date. The revision entails, among other things, that the income relating to minority owners must always be reported even if this entails that the minority share is negative; that transactions with minority shareholders must always be reported in shareholders' equity; and that in the event a parent company loses its controlling influence, the remaining share shall be revalued at fair value. The revision of the standard will affect reporting of future transactions.

IFRS 3 (Revised) Business combinations[1)]
The standard enters into force on 1 July 2009 and applies to financial years commencing after that date. The standard is to be applied going forward, i.e. it is to be applied to business combinations which take place after the standard enters into force. The standard entails a number of changes upon the preparation of acquisition analyses. The biggest changes occur within the definition of business, goodwill and valuation of Minority interest, conditional purchase prices, transaction costs, transactions with minority owners, as well as step acquisitions. The definition of business clarifies which criteria are to apply when the acquisition is deemed to relate to a business; in the case of an acquisition including a minority interest, an alternative valuation method is introduced entailing that the minority interest may be valued at fair value, as a consequence of which the minority interest will include a proportionate share of goodwill. Transaction costs may no longer be included in the acquisition value but, rather, are to be booked as costs when incurred.

Changes in the Parent Company's ownership stake are to be reported as a transaction within shareholders' equity and thus will not lead to a profit or loss in the income statement or to a change in reported goodwill; and in the case of step acquisitions, previously owned shares are to be revalued as per the date when a controlling influence arises, and not as presently where valuation takes place in conjunction with each acquisition. Duni will apply the standard commencing 1 January 2010. The

1) These standards and interpretation statements have not yet been adopted by the EU.

revision of the standard will not have any effect on previously implemented acquisitions, but will affect the reporting of future transactions.

IFRS 8 Operating segments
The standard enters into force on 1 January 2009 and applies to financial years commencing after that date. The standard addresses the division of a company's business into various segments. According to the standard, the Company must apply the internal reporting structure as a basis and define reportable segments based on this structure. Duni's preliminary assessment is that this standard will not entail the reporting of any new segment.

IFRIC 12 Service concession arrangements [1)]
The interpretation statement enters into force on 1 January 2008 and applies to financial years commencing after that date. The statement addresses the arrangements where a private company is to construct infrastructure for the provision of a public service for a specified period of time. The company receives payment for such service during the term of the agreement. IFRIC 12 is not expected to have any impact on the consolidated financial statements.

IFRIC 13 Customer loyalty programs [1)]
The interpretation statement enters into force on 1 January 2008 and applies to financial years commencing after that date. The interpretation clarifies how obligations to deliver cost-free or discounted goods or services to customers who qualify for such through points, etc. earned on their purchases are to be reported and valued. IFRIC 13 is not expected to have any impact on the consolidated financial statements.

IFRIC 14 The limit on a defined benefit asset, minimum funding requirements and their interaction [1)]
The interpretation opinion enters into force on 1 January 2008 and applies to financial years commencing after that date. IFRIC 14 is not expected to have any impact on the consolidated financial statements.

2.2 Consolidated reporting

Subsidiaries
Subsidiaries are all companies (including companies for specific purposes) where the Group is entitled to formulate financial and operational strategies in a manner which normally is a concomitant of a shareholding in excess of 50% of the voting rights of shares or participating interests or where the Group, through agreements, exercises a sole controlling influence. Subsidiaries are included in the consolidated financial statements commencing the day on which the controlling influence is transferred to the Company. They are removed from the consolidated financial statements as of the day on which the controlling influence ceases.

The purchase method is used for reporting the Group's acquisitions of subsidiaries. The purchase method for an acquisition consists of fair value of assets which are provided as payment, issued equity instruments, and incurred or assumed liabilities as per the transfer date, plus expenditures directly related to the acquisition. Identifiable acquired assets and assumed liabilities and contingent liabilities in a business combination are initially valued at fair value on the acquisition date, irrespective of the scope of any minority interest. The surplus, consisting of the difference between the acquisition value and the fair value of the Group's share of the identifiable acquired assets, liabilities and contingent liabilities, is reported as goodwill. Where the acquisition value is less than the fair value for the acquired subsidiary's assets, liabilities and contingent liabilities, the difference is reported directly in the income statement.

Intra-group transactions and balance sheet items, as well as unrealized profits on transactions between Group companies, are eliminated. Unrealized losses are also eliminated, but any losses are regarded as an indication that a need for a write-down may exist. Where appropriate, the accounting principles for subsidiaries have been changed to ensure consistent application of the Group's principles.

Transactions involving minority shares
The Group applies the principle of reporting transactions with minority shareholders as transactions with third parties. Upon the acquisition of minority shares, where the received purchase price exceeds the acquired share of reported value of the subsidiary's net assets, the difference is reported as goodwill. Upon sales to minority shareholders, where the received purchase price differs from the reported value of the share of the net assets which are sold, a profit or loss arises. This profit or loss is reported in the income statement.

Affiliated companies
Affiliated companies are all companies in which the Group has a significant, but not controlling, influence, which generally is the case with stakes of between 20% and 50% of the voting capital. Holdings in affiliated companies are reported in accordance with the equity method and initially valued at the acquisition value. At present, the Group has no affiliated companies.

2.3 Segment reporting

A line of business consists of a group of assets and operations which provide products or services that are exposed to risks and possibilities which differ from those applicable to other lines of business. Geographic areas provide products or services within an economic environment which is exposed to risks and possibilities which differ from those applicable to other economic environments. For a detailed description, see Note 5.

2.4 Translation of foreign currency

Functional currency and reporting currency
Items included in the financial statements for the various units in the Group are valued in the currency which is used in the economic environment in which the relevant company primarily operates (functional currency). In the consolidated financial statements, Swedish kronor (SEK) are used; this is the Parent Company's functional currency and reporting currency.

Transactions and balance sheet items
Transactions in foreign currency are translated to the functional currency in accordance with the exchange rates applicable on the transaction date. Currency gains and losses which arise in conjunction with payments of such transactions and in conjunction with translation of monetary assets and liabilities in foreign currency at the closing day rate are reported in the income statement. Exchange rate differences on lending and borrowing are reported in the net financial items, while other exchange rate differences are included in the operating income.

Group companies
The results and financial position of all Group companies (of which none have a high inflation currency as functional currency) which have a different functional currency than the reporting currency, are translated to the Group's reporting currency in accordance with the following:
a) assets and liabilities for each of the balance sheets are translated at the closing day rate;
b) income and expenses for each of the income statements are translated at the average exchange rate;
c) all exchange rate differences which arise are reported as a separate part of shareholders' equity.

Upon consolidation, exchange rate differences which arise as a consequence of translation of net investments in foreign operations are transferred to shareholders' equity. Upon the full or partial divestment of a foreign business, the exchange rate differences which are reported in shareholders' equity are transferred to the income statement and reported as a part of capital gains/losses.

Goodwill and adjustments of fair value which arise upon the acquisition of a foreign business are treated as assets and liabilities of such business and translated at the closing day rate.

2.5 Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. The reported cash flow covers only transactions which result in payments being received or made. Cash and cash equivalents in the cash flow statement accord with the definition of cash and cash equivalents in the balance sheet, subject to the exception that in 2006 no escrow bank balances are included since these funds are expected to be settled 3 months after the balance sheet date.

2.6 Revenue

Revenue recognition

Revenue include the fair value of what has been, or is to be, received for sold goods in the Group's current operations. Revenue are reported exclusive of value added tax, returns and discounts and after elimination of intra-group sales.

Duni reports revenue when the amount when can be measured in a reliable manner and it is likely that future economic benefits will accrue to the Company. The revenue amount is not deemed measurable in a reliable manner until all obligations associated with the sale have been fulfilled or have lapsed. Duni bases its assessments on historic results and thereupon takes into consideration the type of customer, type of transaction and special circumstances in each individual case.

Sales of goods are reported as revenue when a Group company has delivered products to customers and when responsibility for the products has passed to the customer. The responsibility is governed by the delivery terms and conditions. The customer's acceptance consists of delivery approval, conditions for approval having expired, or the fact that the Group has objective evidence for all criteria for approval being fulfilled. Delivery does not occur before the products have been dispatched to a designed place and the risks and possibilities associated with the products (obsolescence, result upon future sale) have passed to the customer.

Dividend income

Dividend income is reported when the right to receive the payment has been established.

2.7 Intangible assets

Goodwill

Goodwill comprises the amount by which the acquisition value exceeds the fair value of the Group's share of the identifiable net assets of acquired subsidiaries at the time of acquisition. Goodwill on acquisition of subsidiaries is reported as intangible assets. Goodwill is reviewed annually to identify any need for write-down and reported at acquisition value less accumulated write-downs. Write-downs of goodwill are not reversed. Profits or losses upon the divestment of a unit include remaining reported value on the goodwill which relates to the divested unit.

When assessing any need for write-down, goodwill is allocated over cash-generating units. The allocation is made on the cash-generating units or groups of cash-generating units which are expected to benefit from the business combination which gives rise to the goodwill item. Detailed information regarding Duni's definition of cash-generating units upon the allocation of goodwill is provided in Note 23.

Trademarks and licenses

Acquired trademarks and licenses are reported at acquisition value. Trademarks and licenses have a determinable useful life and are reported at acquisition value less accumulated amortization. Amortization takes place on a straight-line basis in order to allocate the cost for trademarks and licenses over their assessed useful life (3-10 years).

Research and development

Capitalized research expenditures relate primarily to expenditures for the implementation of the SAP business system. Research expenditures are booked when incurred.

Expenditures incurred in development projects (relating to design and testing of new or improved products) are reported as intangible assets when the following criteria are fulfilled:

(a) it is technically feasible to finish the intangible asset so that it can be used or sold;
(b) management intends to finish the intangible asset and use or sell it;
(c) conditions exist to use or sell the intangible asset;
(d) the way in which the intangible asset will generate probable future economic benefits can be demonstrated;
(e) adequate technical, financial and other resources exist to complete the development and to use or sell the intangible asset; and
(f) the expenditures which relate to the intangible asset during its development can be calculated in a reliable manner.

Other development expenditures which do not fulfill these conditions are reported as expenses when incurred. Development expenditures previously reported as an expense are not reported as an asset in a subsequent period. Capitalized development expenditures are reported as intangible assets and amortization takes place from the time when the asset is finished for use, on a straight-line basis over the assessed useful life (3-10) years.

2.8 Tangible fixed assets

Buildings and land include primarily plants and offices. All tangible fixed assets are reported at acquisition value less depreciation. The acquisition value includes expenditures directly related to the acquisition of the asset.

Additional expenditures are added to the reported value of the asset or reported as a separate asset only where it is likely that the future economic benefits associated with the asset will vest in the Group and the asset's acquisition value can be measured in a reliable manner. Reported value for the replaced part is removed from the balance sheet. All other forms of repairs and maintenance are reported as expenses in the income statement during the period in which they are incurred.

No depreciation takes place for land. Depreciation on other assets, in order to allocate their acquisition value down to the estimated residual value over the estimated useful life, takes place on a straight-line basis in accordance with the following:

Type of asset	Useful life
Buildings	20–40 year
Paper machinery	17 year
Other machinery	10 year
Vehicles	5 year
Equipment, tools and installations	3–8 year

The residual value and useful life of the assets are assessed on each balance sheet date and adjusted as required.

Profits or losses from divestments are established through a comparison between the sales revenue and the reported value, and are reported in other operating revenue or other operating expenses in the income statemen.

2.9 Write-down of non-financial assets

With respect to goodwill and other assets with an undetermined useful life, an annual assessment is conducted to ascertain that the recovery value, i.e. the net realizable value or the use value, whichever is higher, exceeds the reported value. With respect to other non-financial assets, a similar assessment is carried out as soon as there are indications that the reported value is too high. The asset's value is written down to the recovery value as soon as it is shown that it is lower than the reported value.

2.10 Leasing

Fixed assets which are used via leasing are classified in accordance with the financial terms of the leasing agreement. Leasing of fixed assets, where the Group in all essential respects holds the financial risks and benefits associated with ownership, is classified as financial leasing. Financial leasing is reported at the beginning of the leasing period at the fair value of the leasing object or the present value of the minimum leasing fees, whichever is the lower. Other leasing agreements are classified as operational leasing. Payments made during the leasing term (less deductions for any incentives from the lessor) are reported as an expense in the income statement on a straight-line basis over the leasing term.

2.11 Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial asset was acquired. Management determines the classification of the financial assets on the first reporting occasion and reviews this decision on each subsequent reporting occasion.

General principles

Purchase and sales of financial assets are reported on the transaction day – the date on which the Group undertakes to purchase or sell the asset. Financial instruments are initially reported at fair value plus transaction expenses, which applies to all financial assets which are not reported at fair value through profit or loss. Financial assets at fair value through profit or loss are initially reported at actual value, while related transaction expenses are reported in the income statement. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or has been transferred and the Group has largely transferred all risks and benefits associated with the ownership. Financial assets at fair value through profit or loss are reported after the acquisition date at fair value. Loans and receivables are reported at accrued acquisition value applying the effective annual interest rate method.

Fair value of listed financial assets corresponds to the listed bid price on the balance sheet date. Fair value of unlisted financial assets is determined by using valuation techniques, for example recently completed transactions, the price of similar instruments or discounted cash flows. Fair value of forward currency contracts is determined based on the applicable futures rate on the balance sheet date, while interest rate swaps are valued based on future discounted cash flows.

The Group assesses on each balance sheet date whether there is any objective evidence of the need for a write-down of a financial asset or a group of financial assets, such as the discontinuation of an active market or that it is unlikely that the debtor will be to meet its obligations. An assessment of write-down of accounts receivable is described below in ”Loans and receivables”.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets that are held for trading. A financial asset is classified in this category if it is acquired primarily in order to be sold within a short time. Derivatives are classified as held for trading if they are not identified as hedge instruments. Duni holds derivatives in the form of futures contracts, interest rate swaps on borrowing as well as financial contracts in the form of energy derivatives. Duni does not apply hedge accounting pursuant to IAS 39 and thus these derivatives are placed in this category with the change in value being reported through profit or loss. Changes in value of derivatives held to hedge components attributable to lending and borrowing are reported as financial items. Other changes in value of derivatives are reported in the operating income.

Loans and receivables

Loans and receivables are financial assets which are not derivatives. They have determined or determinable payments and are not listed on an active market. They are included in current assets, with the exception of items with maturity dates occurring more than 12 months after the balance sheet date, which are classified as fixed assets. A write-down of accounts receivable is reported in the income statement in the sales function and a write-down of loan claims is reported as a financial item.

Loans and receivables are initially reported at fair value and thereafter at accrued acquisition value applying the effective annual interest rate method, less any provisions for depreciation. Provision is made for depreciation of accounts receivable when there is objective evidence that the Group will be unable to receive all amounts which are due and payable according to the original terms of the receivable. Significant financial difficulties of the debtor, the probability that the debtor will go into insolvent liquidation or undergo financial restructuring, and non-payment or delayed payment (in default of payment more than 30 days) are regarded as indications that a need for write-down may exist. The size of the provision is determined by the difference between the reported value of the asset and the present value of the assessed future cash flows.

2.12 Inventories

Inventories are reported at the acquisition value or the net realizable value, whichever is lower. The acquisition value is determined using the first in, first out method (FIFO). The acquisition value of finished goods and work in progress consists of design expenses, raw materials, direct salaries, other direct expenses and associated indirect manufacturing expenses (based on normal production capacity). Loan expenses are not included. The net sales value is the estimated sales price in the current operations, less applicable variable selling expenses.

2.13 Cash and cash equivalents

Cash and cash equivalents in the balance sheet include cash and bank balances as well as escrow bank balances which are expected to be settled within 12 months of the balance sheet date. Cash and cash equivalents in the cash flow analysis include only cash and bank balances; see section 2.5.

2.14 Financial liabilities

The Group classifies its financial liabilities in the following categories: Financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. The classification depends on the purpose for which the financial liability was acquired. Management determines the specification of the financial liabilities on the first reporting occasion and reviews this decision on each subsequent reporting occasion.

Financial liabilities at fair value through profit or loss

Derivative instruments with a negative fair value which do not meet the criteria for hedge accounting are valued at fair value through profit or loss. For a description of the derivative instruments held by Duni and for further information regarding reporting, see section 2.11 ”Financial assets at fair value through profit or loss”.

Financial liabilities valued at amortised cost

Borrowing and other financial liabilities, e.g. accounts payable, are included in this category. Financial liabilities are valued initially at fair value, net after transaction expenses. Financial liabilities are thereafter valued at amortised cost and any difference between the received amount (net after transaction expenses) and the repayment amount is reported in the income statement, allocated over the period of the loan, applying the effective annual interest rate method. The prepayment fee upon premature redemption of loans is reported in the income statement at the time of redemption. Loan expenses affects the result for the period to which they relate. Issued dividends are reported as loans after the Annual General Meeting has approved the dividend.

The fair value of the debt part of the mezzanine loan with related warrants is determined through use of a market interest rate for an equivalent debt without warrants. This amount is reported as a liability at amortised cost. The remaining part of the received amount relates to the warrants. This is reported in shareholders' equity, net after tax. The Duni Group's mezzanine loan and attached warrants were redeemed during the financial year 1 January 2007 – 30 June 2007. For a description of these loans, see Note 34, the section entitled ”Borrowing before March 2007”.

Borrowing and other financial liabilities are classified as short-term liabilities unless the Group has an unconditional right to defer payment of the liability for at least 12 months after the balance sheet date.

2.15 Income tax

Reported income tax includes tax which is to be paid or received regarding the current year, adjustments regarding the relevant tax for previous years, and changes in deferred taxes.

All tax liabilities/tax assets are valued at the nominal amount in accordance with the tax rules and tax rates decided upon or announced and which in all likelihood will be established.

With respect to items reported in the income statement, the associated tax consequences are also reported in the income statement. The tax consequences of items which are reported directly against shareholders' equity are reported against shareholders' equity.

Deferred tax is calculated in accordance with the balance sheet method on all temporary liabilities which arise between reported and tax values of assets and liabilities.

Deferred tax assets with respect to loss carry-forwards and other future taxable deductions are reported to the extent it is likely that the deduction may be set off against surpluses in conjunction with future payments. Deferred tax liabilities relating to temporary differences attributable to investments in subsidiaries and branches are not reported in the consolidated financial statements since the Parent Company can, in all cases, determine the date for reversal of the temporary differences and it is not deemed likely that a reversal will take within the foreseeable future.

2.16 Compensation to employees

Pensions

Duni has various pension plans. The pension plans are normally financed through payments to insurance companies or manager-administered funds, where the payments are determined based on periodic actuarial calculations. Duni has both defined benefit plan and defined contribution plan. A defined contribution pension plan is a pension plan pursuant to which Duni pays fixed fees to a separate legal entity. Duni has no legal or informal obligations to pay additional fees if the legal entity has insufficient assets to pay all compensation to employees relating to the employee's service during a current or earlier period. A defined benefit pension plan is a pension plan which is not a defined contribution plan. The distinguishing feature of defined benefit plans is that they state an amount for the pension benefit an employee will receive after retirement, normally based on one or more factors such as age, period of employment and salary.

The liability reported in the balance sheet with respect to defined benefit pension plans is the present value of the defined benefit plan obligation on the balance sheet date, less the fair value of the plan assets and adjusted for non-reported actuarial profits and losses, as well as unreported expenses relating to employment during previous periods. A defined benefit plan obligation is calculated annually by independent actuaries applying the projected union credit method. The present value of a defined contribution plan obligation is determined by discounting the estimated future pension payments using the rate of interest on first class corporate bonds issued in the same currency as the currency in which payments are to be made, with terms to maturity comparable to the relevant pension liability.

Actuarial profits and losses arising from experienced-based adjustments and changes in actuarial assumptions in excess of 10% to the value of the plan assets, and 10% of the obligation, are booked as expenses or income over the estimated average remaining period of employment of the employees.

Expenses relating to employment in earlier periods are reported directly in the income statement unless changes in the pension plan are conditional on the employees remaining in service during a stated period (the vesting period). In such cases, the expenses regarding employment during earlier periods are allocated on a straight-line basis over the vesting period.

In respect of defined contribution pension plans, Duni pays fees to publicly or privately administered pension insurance plans pursuant to contractual obligations or on a voluntary basis. The Group has no further payment obligations when the contributions are paid. The contributions are reported as personnel expenses when they fall due for payment. Prepaid contributions are reported as an asset to the extent the Company may benefit from cash repayments or a reduction in future payments.

Compensation upon termination of employment

Compensation upon termination of employment is paid when an employee's employment is terminated by Duni prior to the normal retirement date or when an employee accepts voluntary severance in exchange for certain compensation. Duni reports severance compensation when the Group is demonstrably obliged either to terminate an employee pursuant to a detailed formal plan without the possibility of recall, or to provide compensation upon termination as a result of an offer made to encourage voluntary retirement. Contributions which fall due more than 12 months after the balance sheet date are discounted to present value.

2.17 Provisions

Provisions for, primarily, restructuring expenses but also any legal claims are reported when, as a consequence of earlier events, the Group has a legal or informal obligation, it is likely that an outflow of resources will be required to settle the obligation, and the amount can be calculated in a reliable manner. Duni reports allocations for restructuring expenses; see Notes 9 and 37. No provisions are made for future operating losses.

2.18 Fixed assets held for sale and divested businesses

Fixed assets which are held for sale (or divestment groups) are classified as fixed assets held for sale if their reported value will primarily be recovered through a sales transaction, not through ongoing use. Fixed assets (or divestment groups) classified as fixed assets which are held for sale are reported at the reported value or the fair value less sales costs, whichever is the lower. Such assets may constitute a part of a company, a divestment group or an individual fixed asset. As regards the reported financial year, Duni has no assets which meet the criteria for reporting as fixed assets held for sale.

A discontinued operation is a part of a company which either has been sold or is classified as held for sale and (a) constitutes an independent line of business or a significant operation which is conducted within a geographic area; (b) constitutes a part of a single, coordinated plan for sale of an independent line of business or a geographic area; or (c) is a subsidiary which was acquired exclusively in order to be sold on. Divestments of the sub-groups, Duni Americas and deSter, are reported as divested businesses. The consolidated income statement includes the result after tax (including the capital gain) reported as a separate item, "Net income for the year from divested businesses". Reclassification has taken place of comparison figures in the income statement. Information is provided in Note 44 regarding sales, operating income and cash flows for discontinued operations. Divestments for each year are not reported in the balance sheet as divestment groups which are held for sale, since decisions and divestments have taken place within the same financial year.

2.19 Government subsidies

Government subsidy is reported at fair value where it is reasonably certain that subsidy will be received and that Duni will meet the requirements associated with the subsidy. Government subsidy which relates to expenses is allocated over the period and reported in the income statement over the same periods as the expenses which the subsidy is intended to cover. Regarding valuation of received emission rights, see section 2.20.

2.20 Emission rights

Duni participates in the EU's emission rights trading system. Received emission rights are initially valued at the acquisition value, i.e. SEK 0. Revaluations do not take place. A provision is made if an emission rights deficit is identified between owned rights and the rights which will need to be delivered due to emissions made. The value of any surplus emission rights is reported only when realized upon an external sale.

2.21 Earnings per share

The calculation of earnings per share is based on the income for the period (total, from continuing and discontinued operations) in the Group relating to the equity holders of the Parent Company and on the weighted average number of shares outstanding during the period. When calculating earnings per share after dilution, the earnings and the average number of shares are adjusted to take into consideration the dilution effects of potential shares of common stock, which during the periods reported consist of convertible debentures and warrants. Dilution from warrants arises only where the exercise price is lower than the market value of the shares, and the degree of dilution is greater, the greater the difference between the exercise price and the market value. Convertible debentures and warrants are not deemed to have a dilution effect if they result in improved earnings per share from continuing operations (greater profit or smaller loss) after dilution than before dilution.

2.22 The Parent Company's accounting principles

The Parent Company prepares its annual report pursuant to the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's Recommendation RR 32:06, Reporting for legal entities. RR 32:06 entails that the Parent Company's annual report for the legal entity shall apply all IFRS and statements approved by the EU, insofar as possible within the scope of the Swedish Annual Accounts Act and taking into consideration the connection between reporting and taxation. The Recommendation states which exceptions and supplements are to be made compared with reporting pursuant to IFRS.

The principles as regards the Parent Company are unchanged compared with the preceding year.

Differences between the Group's and Parent Company's accounting principles

Differences between the Group's and Parent Company's accounting principles are set forth below. The accounting principles stated below have been applied consistently to all periods presented in the Parent Company's financial statements.

Subsidiaries

Participating interests in subsidiaries are reported in the Parent Company pursuant to the purchase method. Dividend received reported as income only on condition that it has been earned since the acquisition. Dividends which exceed such earned profits are regarded as a repayment of the investment and reduce the reported value of the participating interest.

Group contributions and shareholders' contributions

The Parent Company reports shareholders' contributions and group contributions in accordance with the opinion issued by the Emergency Issues Task Force of the Swedish Financial Accounting Standards Council. Shareholder contributions are reported directly against shareholder equity at the recipient and capitalized in shares and participating interests at the provider, insofar as write-down is not required. Group contributions are reported in accordance with their financial purport. Group contributions which are provided and received in order to reduce the Group's total tax are reported directly against retained earnings, less deduction for the relevant tax effect. Group contributions which can be equated with dividends are reported as a reduction in shareholders' equity of the provider and as financial income at the recipient. A Group contribution which can be equated with a shareholder's contribution is reported in the manner stated above.

Intangible fixed assets

Intangible fixed assets in the Parent Company are reported at acquisition value less deduction for accumulated amortization and any write-downs. Amortization of goodwill takes place on a straight-line basis over an assessed useful life of 20 years.

Tangible fixed assets

Tangible fixed assets in the Parent Company are reported at acquisition value less deduction for accumulated depreciation and any write-downs in the same manner as for the Group, but with a supplement for any write-ups.

Leased assets

All leasing agreements are reported in the Parent Company pursuant to the rules for operational leasing.

Pension provisions

The Parent Company reports pension liabilities based on a calculation pursuant to the Swedish Pension Obligations (Security) Act.

Income tax

Due to the connection between reporting and taxation, in the Parent Company the deferred tax liability on untaxed reserves is reported as a part of the untaxed reserves.

Presentation of income statement and balance sheet

The Parent Company complies with the form for presentation of income statements and balance sheets as set forth in the Swedish Annual Reports Act. This entails, among other things, a different presentation as regards shareholders' equity and that provisions are reported as a separate main heading in the balance sheet.

NOTE 3 | FINANCIAL RISK FACTORS

3.1 Financial risk factors

Duni is exposed to a number of different financial risks: market risks (including currency risks, interest rate risks in real value, interest rate risks in the cash flow as well as price risks regarding energy consumption and purchasing of pulp by the subsidiary, Rexcell Tissue & Airlaid AB's), credit risks and liquidity risks. Duni's overall risk management policy focuses on contingencies on the financial markets and endeavors to minimize potential unfavorable effects on the Group's financial results. The Group uses derivatives in order to reduce certain risk exposure.

Risk management is handled by a central finance department (Treasury) in accordance with policies adopted by the Board. Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operational units. The Board prepares specific policies regarding the overall risk management and for specific areas, such as currency risks, interest rate risks, credit risks, the use of derivative and non-derivative financial instruments, as well as investment of surplus liquidity. The financial hedge established by Duni as an element in its risk management do not qualify for hedge accounting pursuant to the rules in IAS 39.

(a) Market risks

i) Currency risks

Duni operates internationally and is exposed to currency risks which arise from various currency exposures. The Group's exposure to changes in exchange rates may be described as translation exposure and transaction exposure.

Duni manages its translation exposure and transaction exposure by minimizing the exposure in the individual group companies. Currency risk is minimized, among other things through commercial transactions primarily being carried out in the Group's own functional currency. Group companies' purchases, primarily internal, may however take place in currencies other than the functional currency and thus these companies are exposed to a currency risk. Financial lending and borrowing in the individual group companies takes place primarily with the Parent Company and is carried out in the individual group company's functional currency. In accordance with Duni's policy, the Parent Company uses forward currency contracts in order to reduce the currency risk in the internal net flows and in borrowing from and lending to group companies.

• *Recalculation exposure*

Items included in each individual subsidiary's annual report are calculated based on the currency of the country where the subsidiary has its primary financial and/or legal domicile (functional currency). The Parent Company's annual report is presented in Swedish kronor (SEK), which is the Group's presentation currency. Translation from each company's functional currency to SEK does not give risk to any cash flow and thus this exposure is not hedged.

The Group is, however, exposed to another type of translation exposure which occurs in the balance sheets of the individual group companies due to the fact that such balance sheets may include items in a currency other than such group company's functional currency. Revaluation of these items to the closing day rate is included in the Group's result. This type of translation exposure is addressed in the sections below. The financial borrowing and lending in the individual group companies is primarily internal through the Parent Company and in the respective group company's functional currency. In this manner, currency exposure regarding these items has been centralized on the Parent Company. In the Parent Company, 100% of the financial borrowing and lending is hedged in accordance with the Group's policy, and thus a change in exchange rates has no effect on the result. Note 31 presents the value and nominal amounts regarding forward currency contracts relating to financial borrowing and lending in the Parent Company. Commencing the refinancing in November 2007, all external borrowing have been made in SEK.

With respect to the consolidated group, apart from that which is stated below the translation exposure in the individual group companies' working capital is assessed as minor since these items are, in all essential respects, denominated in each individual group company's functional currency. Such currency exposure as does exist is assessed as relating to the Group's accounts receivable to some extent, but mainly to the Group's accounts payable, primarily internal but also to a smaller extent external. The internal receivables and liabilities are eliminated in the consolidated Group and any translation is reported in the income statement, similarly to the external receivables and liabilities,

Had all currencies been 5% higher/lower, the Group's result due to exposure in the individual group companies and the consolidated balance sheet items would have been approximately +/- MSEK 13 (June 2007: +/- MSEK 24; 2006: +/- MSEK 21). Corresponding figures for the Parent Company are +/- MSEK 21 (June 2007: +/- MSEK 18; 2006: +/- MSEK 13).

• *Transaction exposure*

As mentioned above, each individual group company endeavors to minimize the number of transactions in currencies other than its own functional currency. Thus, when one company purchases from another company, the internal flows may take place in currencies other than the company's own functional currency. The exposure internally is minimized through netting agreements; internal transactions are netted in order to reduce the number of transactions. The netting system is handled centrally by Treasury. Duni's risk management policy is to hedge 75% of the anticipated internal cash flows during a period of 0-6 months, 50% during a period of 7-12 months and 10% during the coming 13-18 months, with a possible variation of +/- 10%. Note 31 sets forth the value and nominal amounts regarding the currency futures taken out with respect to future purchases and sales.

Duni's exposure in future internal cash flows broken down by the largest currency calculated in terms of amount are stated below. The currency risk in each currency relates to the open position, i.e. the portion of cash flow which is not hedged through the use of forward currency contracts. The analysis below shows how a change in the respective exchange rate of +/- 5% would affect the result.

	31 Dec 2007		30 Jun 2007		31 Dec 2006	
Currency	Exposed flow	5% +/-	Exposed flow	5% +/-	Exposed flow	5% +/-
CHF	28%	1	65%	2	15%	1
EUR	45%	1	36%	3	39%	2
GBP	67%	2	13%	1	31%	3
PLN	12%	-2	44%	-2	52%	-3

The Group has an indirect currency risk in USD through the subsidiary, Rexcell Tissue & Airlaid AB. Internationally, pulp is priced in USD; a strengthening/weakening of USD results in higher or lower purchasing costs for the Group. However, this risk is neutralized to a certain extent since the pulp price becomes lower or higher in the event of a strengthening/weakening of USD.

The Group's external borrowing corresponds to approximately 5% of the internal net lending. The Group does not have a policy of hedging interest payments, whether internal or external. Prior to March 2007, the exposure in interest payments related primarily to EUR and USD; since March 2007, the exposure relates primarily to EUR. Following the refinancing in November 2007, all external borrowing is in SEK. Had the exchange rate during 1 July – 31 December 2007 been 5% higher/lower, the result would have been affected by -/+ MSEK 0.2 (June 2007: -/+ MSEK 2; 2006: -/+ MSEK 1). The analysis relates both to the Group and the Parent Company.

ii) Price risks

• *Energy price risks*

The subsidiary, Rexcell Tissue & Airlaid AB, purchased approximately 127,305 MWh in 2007 at a cost of approximately MSEK 52; 5,106 tonnes of LPG for approximately MSEK 20; and consumed oil for approximately MSEK 1 (2006: 113,600 MWh, MSEK 52; 5,435 tonnes LPG, MSEK 27; and oil, MSEK 8).

Due to its energy-intensive operations, Rexcell Tissue & Airlaid AB is exposed to risks associated with price changes for energy, primarily gas and electricity. In those cases where the energy risk is not hedged, price changes on the energy market will have a direct impact on the company's results. Rexcell Tissue & Airlaid AB reduces the risk regarding variations in the price of electricity through use of derivatives in order to hedge the electricity price. An energy price change of +/- 5% for the energy used by Rexcell Tissue & Airlaid AB affects the results for 2007 by -/+ approx. MSEK 1 (June 2007: -/+ MSEK 2; 2006: -/+ MSEK 5).

As per 31 December 2007, Rexcell Tissue & Airlaid AB had 5,274 unused discharge rights with a market value of MSEK 0.

The assessment for 2008 is that the year's allocation, including unused rights, will cover the year's discharge.

• *Pulp prices*

OTC trading in financial contracts takes place with respect to certain paper and pulp products, i.e. there is a possibility to reduce the risk of fluctuations in the paper and pulp price. Purchases of paper and pulp are carried out by the subsidiary, Rexcell Tissue & Airlaid AB. Duni currently has not signed any such contracts. A change in the price of pulp during 1 July – 31 December 2007 of +/- 1 % per tonne affects the result by -/+ MSEK 1.5 (June 2007: -/+ MSEK 1.5; 2006: -/+ MSEK 3).

iii) Interest rate risks with respect to cash flows and fair value

Duni is exposed to interest rate risks, primarily in STIBOR. Since all external borrowing is at variable interest rates (see Note 34 for more details), the Group is only exposed to cash flow risks with respect to the financial borrowing. The Parent Company's internal lending and borrowing also take place at variable rates with rate adjustment each quarter.

Duni has no significant interest-bearing assets and thus the Group's revenue and cash flows from the ongoing operations are, in all essential respects, independent of changes in market interest rates.

The Group's interest risk with respect to cash flow arises through long-term borrowing at variable rates of interest. In 2006 and 2005, the Group's variable rate borrowing consisted of SEK, EUR and USD. Following the refinancing in March 2007, in connection with the divestment of the deSter business area, loans were taken up in EUR and SEK at variable rates. Following the refinancing in March 2007, Duni has chosen, via interest rate swaps, to convert all interest to fixed rates. In connection with the IPO in November 2007, a refinancing was carried out in which total borrowing took place in SEK at a variable rate. Through use of interest swaps, Duni has converted part of the variable rate to fixed rate; as per 31 December 2007, the breakdown was 46 % fixed rate and the remaining 54 % variable rate.

Interest rate swaps entail that the Group agrees with other parties to swap, at stated intervals (normally each quarter), the difference between interest amounts at a fixed contract rate and variable interest amounts, calculated on the contracted nominal amounts.

With respect to the Group's interest rate derivatives, there is also exposure to changes in the fair value since the Group currently does not apply hedge accounting pursuant and thereby values its interest rate swaps at fair value.

Had interest rates on the Group's borrowing as per 31 December 2007 been 100 points higher/lower with all other variables constant and consideration being given to interest rate swaps, the Group's result for the period 2007 would have been MSEK 1 higher/lower (June 2007: MSEK 5; 2006: MSEK 19). All loans during the period 1 July 2007 and until the refinancing in November 2007 were hedged at a fixed rate of interest.

Since Duni does not apply hedge accounting pursuant, in addition to an effect on income related to higher or lower interest expenses, the Group is also exposed to a change in fair value of the interest rate swaps entered into by the Group. Had interest rates as per 31 December 2007 been 100 points higher/lower with all other variables being constant, the result would have varied by +/- MSEK 5 (June 2007: +/- MSEK 12; 2006: +/- MSEK 3) due to the change in fair value of the Group's interest rate swaps reported in the income statement. The analysis relates to both the Group and the Parent Company.

(b) Credit risk

Credit risks are managed on a Group level. Credit risks arise through cash or cash equivalents, derivatives and balances held with banks and financial institutions as well as credit exposures vis-à-vis the Group's customers, including outstanding receivables and agreed transactions.

Only banks and financial institutions with a long-term credit rating from an independent valuer of at least A- (minus) are accepted. The total amount deposited or invested in a bank or in a single finance company may not exceed MSEK 150.

All new customers are subjected to a credit rating assessment by an independent valuer. In those cases where there is no independent credit rating, a risk assessment is made regarding the customer's creditworthiness with consideration being given to the customer's financial position, previous experiences and other factors. Individual risk limits are established based on internal or external credit assessments in accordance with the limits established by the Board. The use of credit limits is monitored regularly.

The maximum credit risk consists of the book value of the exposed assets including derivatives with a positive market value.

Receivables due and payable for more than 180 days accounted for 1% of total accounts receivable (June 2007: 1 %; 2006 1 %). For the Parent Company, the corresponding percentage is 0% for all years.

(c) Liquidity risk

Duni's liquidity risks consist of the Group means of cash or cash equivalents for payment of its obligations. The risk is handled in the Group by Treasury ensuring that sufficient cash and cash equivalents are available, that financing is available through agreed credit facilities (these are described in greater detail in Note 34) and the possibility to close market positions.

As per 31 December 2007, Duni had cash and cash equivalents of MSEK 202 as well as a non-utilized credit facility of MSEK 1,086. Payments for coming periods relating to financial liabilities are shown below.

Duni's credit facility is subject to covenants which consist of a financial key ratio as well as a number of non-financial conditions. The financial key ratio is financial net debt in relation to EBITDA. The interest margin is calculated based on the same key ratio and adjusted based on given levels each quarter.

The table below shows the Group's financial liabilities which will be settled net, broken down according to the time outstanding , on the balance sheet date until the agreed due date. The amounts stated are the contractual non-discounted amounts. Apart from certain accounts payable and energy derivatives, all tables concerning liquidity risks are relevant also as regards the Parent Company.

	Book value	Due within one year	Due later than one year but within five years	Due later than five years
31 Dec 2007				
Borrowing, short and long-term (Note 34)	1 092	-	1 092	-
Derivatives debts (Note 31)	9	9	-	-
Accounts payable and other short-term liabilities	748	748	-	-
Total	**1 849**	**757**	**1 092**	**0**
30 Jun 2007				
Borrowing, short and long-term (Note 34)	1 249	15	1 234	-
Derivatives debts (Note 31)	16	16	-	-
Accounts payable and other short-term liabilities	705	705	-	-
Total	**1 970**	**736**	**1 234**	**0**
31 Dec 2006				
Borrowing, short and long-term (Note 34)	3 049	700	2 349	-
Derivatives debts (Note 31)	20	19	1	-
Accounts payable and other short-term liabilities	1 049	1 049	-	-
Total	**4 118**	**1 768**	**2 350**	**0**

The market value of derivative instruments is per type of derivative is broken down as follows:

	31 Dec 2007	30 Jun 2007	31 Dec 2006
Interest rate swaps	0	1	1
Currency forwards	9	14	13
Energy derivatives	0	1	6
Total	**9**	**16**	**20**

The Group's interest rate swaps and electricity derivatives are settled net. Amounts booked as liabilities relate to individual contracts with a negative fair value. Currency forwards are settled gross. The table below shows these currency forward conracts broken down by the time outstanding on the balance sheet date until the contractual due date. The amounts stated below are the contractual non-discounted amounts.

	31 Dec 2007	30 Jun 2007	31 Dec 2006
Currency forward contracts			
– Inflow regarding contracts for future purchasing and sales	521	644	612
– Outflow regarding contracts for future purchasing and sales	-520	-642	-604
– Inflow regarding contracts for financial assets and liabilities	235	1 266	1 194
– Outflow regarding contracts for financial assets and liabilities	-236	-1 275	-1 199

All flows are due and payable within one year. Currency forward contracts in financial liabilities and assets relate to both external and internal contracts.

The table below shows the Group's contracted non-discounted interest payments and repayments regarding financial liabilities as well as assets and liabilities regarding derivative instruments:

	Book value	Within one year		Later than one year but within five years		Later than five years	
		Interest	**Repayment**	**Interest**	**Repayment**	**Interest**	**Repayment**
Bank loan	-1 092	-59	-	-238	-1 100	-	-
Overdraft facility	-	-	-	-	-	-	-
Accounts payable and other liabilities	-748	0	-748	-	-	-	-
– Currency forwards[1)]	-9	0	-9	0	0	-	-
– Interest rate swaps	0	0	-	-	-	-	-
– Energy derivatives	0	0	0	0	0	-	-
Derivatives – Liabilities	**-9**	**0**	**-9**	**0**	**0**	**0**	**0**
– Currency forwards[1)]	9	0	9	-	-	-	-
– Interest rate swaps	0	0	-	-	-	-	-
– Energy derivatives	2	-	2	-	0	-	-
Derivatives – Assets	**11**	**0**	**11**	**0**	**0**	**0**	**0**
Total	**-1 838**	**-59**	**-746**	**-238**	**-1 100**	**0**	**0**

1) Gross flows are reported in the preceding table.

The above presentation includes all financial liabilities and derivative instruments with negative and positive values. Amounts in foreign currency and amounts paid based on a variable interest rate have been estimated through the use of the prevailing exchange rates on the balance sheet date and the most recent interest rate adjustments. Total repayment does not always correspond to the book value. This is due to the fact that the Group's transaction costs in connection with the arrangement of loans are booked against loans.

3.2 Management of capital risk

Duni's objective with respect to the capital structure is to ensure the Group's ability to continue its operations. The objective is to be able to generate returns for the shareholders, benefit for other interested parties and to maintain an optimal capital structure in order to keep down costs of capital.

The Group assesses capital on the basis of the debt/equity ratio. This key ratio is calculated as net debt divided by total capital. The net debt is calculated as total borrowing less cash and cash equivalents. Total capital is calculated as shareholders' equity in the consolidated balance sheet plus net debt.

The debt/equity ratio is as follows:

	Group			Parent Company		
	31 Dec 2007	**30 Jun 2007**	**31 Dec 2006**	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
Total borrowing	**-1 092**	**-1 249**	**-3 049**	**-1 307**	**-1 408**	**-3 274**
Derivatives – net	2	0	-3	0	1	3
Other long-term receivables	3	2	13	1	0	1
Pension provisions	-200	-204	-237	-111	-111	-109
Less: cash and cash equivalents	202	112	193	116	64	54
Net debt	-1 085	-1 339	-3 083	-1 301	-1 454	-3 325
Total shareholders' equity	**1 416**	**1 300**	**838**	**1 304**	**1 261**	**1 375**
Total capital	**2 501**	**2 639**	**3 921**	**2 605**	**2 715**	**4 700**
Debt/equity ratio	43%	51%	79%	50%	54%	71%

The reduction in the debt/equity ratio in 2007 is due primarily to the sale of the deSter Group.

3.3 Calculation of fair value

Fair value of derivatives traded on an active market is based on the listed market prices on the balance sheet date. The listed market price which is used for the Group's financial assets is the relevant ask price.

Fair value of financial instruments which are not traded on an active market (e.g. OTC derivatives) is determined through use of valuation techniques. The Group uses a number of different methods and makes assumptions based on the market conditions prevailing on the balance sheet date. Listed market prices or broker listings for similar instruments are used with respect to long-term liabilities. Other techniques, such as calculation of discounted cash flows, are used to establish fair value for remaining financial instruments. Fair value for interest rate swaps is calculated as the present value of assessed future cash flows. Fair value for currency futures is established through the use of listed prices for currency futures on the balance sheet date.

Reported value, less any write downs, for accounts receivable and accounts payable is assumed to correspond to fair value since these items are short-term in nature. For the sake of information, fair value of financial liabilities is calculated by discounting the future contracted cash flow to the current market interest rate which is available to the Group for similar financial instruments.

NOTE 4 | IMPORTANT ESTIMATIONS AND ASSESSMENTS FOR ACCOUNTING PURPOSES

Estimations and assessments are evaluated regularly based on historical experience and other factors, including expectations of future events which may be deemed reasonable under prevailing circumstances.

4.1 Important estimations and assumptions for accounting purposes

The Group makes estimations and assumptions regarding the future. From a definition perspective, the estimations for accounting purposes which follow therefrom rarely correspond to the actual outcome. The estimations and assumptions which entail a significant risk of material adjustments in reported values for assets and liabilities during the following accounting period are outlined below.

Useful life, intangible and tangible fixed assets

Group management determines assessed useful life and thereby associated amortization/depreciation on the Group's intangible and tangible fixed assets. These estimations are based on historical knowledge of the useful life of corresponding assets. Useful life and assessed residual value are reviewed on each balance sheet date and adjusted as required.

Regarding reported values for each balance sheet date for intangible and tangible fixed assets, see Notes 23-27.

Assessment of write-down for goodwill

The Group investigates each year whether any need exists for write-down with respect to goodwill, in accordance with the accounting principle described in the section "Write-down of non-financial assets" (Note 2.9). The recovery value of cash-generating units has been determined by calculating the use value. For these calculations, certain estimations must be made (Note 23).

Reported values as per the balance sheet date for goodwill are allocated per cash-generating unit; see Note 23.

Even if the estimated rate of growth which is applied to discounted cash flows after the forecast 5-year period had been 0% instead of the management's assessment of 1%, no need write-down of goodwill would exist.

Even if the estimated discount rate before tax which is applied to discounted cash flows had been 10% instead of the management's assessment of 9%, no need for write-down of goodwill would exist.

Valuation of loss-carry forwards

Each year, the Group considers whether any need for write-down exists with respect to deferred tax assets regarding taxable loss carry-forwards. In addition, the Group considers the possibility to capitalize new deferred tax assets with respect to the year's taxable loss carry-forwards, where appropriate. Deferred tax assets are reported only in those cases where it is likely that in the future there will, from a tax perspective, be surpluses against which the temporary difference may be utilized.

Reported values for deferred tax assets for each balance sheet date are set forth in Note 21 "Income taxes". Note 21 states that non-appraised loss carry-forwards as per 31 December 2007 amount to MSEK 0 (June 2007: MSEK 0; 2006: MSEK 23). Non-appraised loss carry-forwards are primarily attributable to discontinued operations.

Pensions

Expenses and the value of pension obligations with respect to defined benefit plans are based on actuarial calculations based on assumptions regarding the discount rate, anticipated return on plan assets, future salary increases, inflation and demographic conditions. Assumptions regarding the discount rate are based on high quality investments at fixed interest with a term to maturity corresponding to the Group's existing pension obligations.

Reported values for pension liabilities for each balance sheet day are set forth in Note 36, "Pension provisions".

4.2 Important assessments upon application of the Company's accounting principles

Allocation of fixed assets per segment and goodwill to cash-generating units

The primary segments utilize common fixed assets. When reporting the common fixed assets per segment, these have been allocated based on the operational volume of each segment; this is deemed to constitute a reasonable basis for allocation since the utilization of the asset by each segment is proven. Corresponding allocations have also taken place when allocating common group expenses. Acquisition goodwill has been allocated to the cash-generating units and segments based on an assessment of which units will benefit from the synergies, etc. created by the business combination. When carrying out the allocation, management has considered the estimated operational volumes of the units and made an assessment of the market trend for each unit.

NOTE 5 | SEGMENT INFORMATION

Primary segment – business areas

A line of business is a group of assets and operations which provide products or services that are exposed to risks and opportunities which differ from those applicable to other lines of business. Duni regards the lines of business, i.e. the Professional, Retail and Tissue business areas, as primary segments.

Professional covers sales within the business-to-business sector, mainly restaurants, hotels, catering and industrial kitchens. Retail covers sales within the business-to-consumer sector; grocery retail trade trade as well as grocery stores and supermarkets. Tissue is responsible for sales of tissue and airlaid material to Duni and to other customers. At arm's length pricing is applied between the various Group segments.

Common expenses have been allocated on the estimated utilization of resources, which normally corresponds to the operational volume.

The assets and liabilities included in each business area cover all working capital used, primarily inventories, accounts receivables and accounts payables. In addition, certain common assets, primarily fixed assets, are allocated. We have chosen to report financial liabilities, excluding accounts payable and derivatives, on an unallocated basis. See also Note 4.2.

Secondary segments – geographic areas

Geographic areas provide products and services within an economic environment which is exposed to risks and opportunities which differ from those applicable to other economic environments. Duni regards the geographic areas as secondary areas and reports external net sales from customers based on the location of the customers. Assets are measured based on the physical location of the assets.

Primary segment – business areas

1 Jul 2007 – 31 Dec 2007	Professional	Retail	Tissue	Unallocated	Continuing operations	Discontinued operations	TOTAL
Segment's total net sales	1 380	441	575	-	2 396	-	2 396
Sales between segments	0	-	-305	-	-305	-	-305
Net sales	**1 380**	**441**	**270**	**-**	**2 091**	**-**	**2 091**
Operating income	202	14	26	-	242	15	257
Financial incomes					9	-	9
Financial expenses					-86	-	-86
Income tax					-68	-	-68
Net income for the year					**96**	**15**	**111**
Total assets	2 569	438	507	-	3 514	-	3 514
Total liability	584	186	236	1 092	2 098	-	2 098
Investments	57	18	8	-	83	-	83
Depreciation	-24	-8	-14	-	-46	-	-46

1 Jan 2007 – 30 Jun 2007	Professional	Retail	Tissue	Unallocated	Continuing operations	Discontinued operations	TOTAL
Segment's total net sales	1 265	359	541	-	2 165	474	2 639
Sales between segments	-4	-	-267	-	-271	-40	-311
Net sales	**1 261**	**359**	**274**	**-**	**1 894**	**434**	**2 328**
Operating income	139	-10	22	-	151	465	616
Financial incomes					19	3	22
Financial expenses					-139	0	-139
Income tax					-28	-11	-39
Net income for the year					**3**	**457**	**460**
Total assets	2 585	395	555	-	3 535	-	3 535
Total liability	604	172	211	1 248	2 235	-	2 235
Investments	34	9	6	-	49	14	63
Depreciation	-24	-7	-13	-	-44	-17	-61

1 Jan 2006 – 31 Dec 2006	Professional	Retail	Tissue	Unallocated	Continuing operations	Discontinued operations	TOTAL
Segment's total net sales	2 511	768	1 057	-	4 336	2 656	6 992
Sales between segments	-26	-	-548	-	-574	-164	-738
Net sales	**2 485**	**768**	**509**	**-**	**3 762**	**2 492**	**6 254**
Operating income	255	-18	40	-	277	202	479
Financial incomes					59	14	73
Financial expenses					-335	-51	-386
Income tax					-12	-88	-100
Net income for the year					**-11**	**77**	**66**
Total assets	2 708	468	559	-	3 735	1 578	5 313
Total liability	578	179	194	2 318	3 269	1 206	4 475
Investments	81	24	25	-	130	80	210
Depreciation	-44	-13	-26	-	-83	-84	-167

Secondary segment – geographic areas

	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006
Net sales			
Nordic region	462	404	817
Central Europe	1 230	1 113	2 250
Southern & Eastern Europe	365	346	648
Rest of the world	34	30	47
Discontinued operations	-	434	2 492
Total net sales	**2 091**	**2 328**	**6 254**

	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006
Assets			
Nordic region	2 217	2 273	2 488
Central Europe	1 024	944	950
Southern & Eastern Europe	272	318	298
Rest of the world	1	0	0
Discontinued operations	-	0	1 578
Total assets	**3 514**	**3 535**	**5 313**

	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006
Investments			
Nordic region	24	21	51
Central Europe	51	27	63
Southern & Eastern Europe	8	1	16
Rest of the world	-	0	0
Discontinued operations	-	14	80
Total investments	**83**	**63**	**210**

Parent Company's breakdown of net sales is reported below:

		Primary segment – Business areas	
	1 Jul 2007 – 31 Dec 2007	**1 Jan 2007 – 30 Jun 2007**	**1 Jan 2006 – 31 Dec 2006**
Professional	539	445	815
Retail	159	126	226
Tissue	3	5	9
Non-allocated	-	-	-
Discontinued operations	-	-	-
Total	**701**	**576**	**1 050**

		Secondary segments – geographic areas	
	1 Jul 2007 – 31 Dec 2007	**1 Jan 2007 – 30 Jun 2007**	**1 Jan 2006 – 31 Dec 2006**
Nordic region	443	390	792
Central Europe	184	119	157
Southern & Eastern Europe	74	67	99
Rest of the world	-	0	2
Discontinued operations	-	-	-
Total	**701**	**576**	**1 050**

NOTE 6 | INTRA-GROUP PURCHASES AND SALES

The transactions below relate to transactions between continuing operations:

Intra-Group purchases and sales amounted to MSEK 1,323 (June 2006: MSEK 1,117; 2006: MSEK 2,077). The Parent Company sold goods to its own subsidiaries for MSEK 271 (June 2007: MSEK 185; 2006: MSEK 277) and purchased goods from subsidiaries at a value of MSEK 360 (June 2007: MSEK 193; 2006: MSEK 349). At arm's length pricing has been applied in conjunction with intra-Group purchases and sales.

NOTE 7 | EXPENSES BY NATURE

			Group
	1 Jul 2007 – 31 Dec 2007	**1 Jan 2007 – 30 Jun 2007**	**1 Jan 2006 – 31 Dec 2006**
Change in inventories of finished products and product in progress	336	291	583
Raw materials and consumables	529	504	960
Expenses for compensation to employees	421	422	790
Depreciation and write-downs	46	44	83
Other expenses	546	508	1 113
Total operating expenses	**1 878**	**1 769**	**3 529**

All of the above operating expenses relate to continuing operations. "Other expenses" relate to expenses for real estate, rents, logistics expenses, marketing, travelling, etc.

NOTE 8 | DEPRECIATION/AMORTISATION

	Group			Parent Company		
MSEK	**1 Jul 2007 – 31 Dec 2007**	**1 Jan 2007 – 30 Jun 2007**	**1 Jan 2006 – 31 Dec 2006**	**1 Jul 2007 – 31 Dec 2007**	**1 Jan 2007 – 30 Jun 2007**	**1 Jan 2006 – 31 Dec 2006**
Goodwill	-	-	-	50	50	100
Capitalized development expenditures	2	2	2	4	-	-
Trademarks and licenses	2	2	4	1	1	2
Buildings, land and land improvements	2	4	12	2	4	2
Plant and equipment	40	53	149	5	6	13
Total depreciation/amortization	**46**	**61**	**167**	**62**	**61**	**117**
Depreciation/amortization in discontinued operations	-	17	84			
Depreciation/amortization in continuing operations	46	44	83			

Depreciation/amortization includes costs for each function as follows:

	Group			Parent Company		
MSEK	**1 Jul 2007 – 31 Dec 2007**	**1 Jan 2007 – 30 Jun 2007**	**1 Jan 2006 – 31 Dec 2006**	**1 Jul 2007 – 31 Dec 2007**	**1 Jan 2007 – 30 Jun 2007**	**1 Jan 2006 – 31 Dec 2006**
Cost of goods sold	37	36	68	5	5	10
Selling expenses	-	7	13	-	1	0
Administrative expenses	9	1	2	7	5	7
Other operating expenses	-	-	-	50	50	100
Total depreciation/amortization in continuing operations	**46**	**44**	**83**	**62**	**61**	**117**

Depreciation/amortization reported under the heading ”Other operating expenses” for the Parent Company in the table above relates in its entirety to amortization of goodwill.

NOTE 9 | RESTRUCTURING EXPENSES

In the middle of 2004, the Board decided to implement a restructuring program aimed at significantly reducing expenses and increasing efficiency through a reduction in production capacity and centralization of indirect support functions. The total cost for the program, which commenced in 2004 and is expected to extend until 2007, amounts to almost MSEK 400.

The restructuring program relates, among other things, to restructuring of logistics, closure of production in Halmstad, closure of the converting plant in Skåpafors and closure of a number of sales offices in Europe.

Restructuring expenses are included in each function as follows:

	Group			Parent Company		
MSEK	**1 Jul 2007 – 31 Dec 2007**	**1 Jan 2007 – 30 Jun 2007**	**1 Jan 2006 – 31 Dec 2006**	**1 Jul 2007 – 31 Dec 2007**	**1 Jan 2007 – 30 Jun 2007**	**1 Jan 2006 – 31 Dec 2006**
Cost of goods sold	-	-	21	-	-	3
Selling expenses	-	-	4	-	-	5
Administrative expenses	-	-	25	-	-	21
Total expenses in continuing operations	**0**	**0**	**50**	**0**	**0**	**29**

NOTE 10 | INVENTORIES

Expenditures for changes in inventories and goods purchased and sold during the year are included in the item ”Costs of goods sold” and for the Group amounted to MSEK 1,393 (June 2007: MSEK 1,259; 2006: MSEK 2,427). Corresponding items for the Parent Company are MSEK 500 (June 2007: MSEK 390; 2006: MSEK 676).

The Group’s write-downs of inventories to the net realizable value amounted to MSEK 9 (June 2007: MSEK 7; 2006: MSEK 10). The Parent Company’s reported write-downs for inventory amount to MSEK 8 (June 2007: MSEK 5; 2006: MSEK 4).

The Group reversed MSEK 5 (June 2007: MSEK 4; 2006: MSEK 2) of the write-down on inventory, most of which was carried out at the end of 2007. The reversed amount is included in costs of goods sold in the income statement.

NOTE 11 | COMPENSATION TO AUDITORS

	Group			Parent Company		
MSEK	**1 Jul 2007 – 31 Dec 2007**	**1 Jan 2007 – 30 Jun 2007**	**1 Jan 2006 – 31 Dec 2006**	**1 Jul 2007 – 31 Dec 2007**	**1 Jan 2007 – 30 Jun 2007**	**1 Jan 2006 – 31 Dec 2006**
Audit fees						
– PricewaterhouseCoopers	3.8	2.8	4.7	1.5	1.1	1.3
– Others	0	0	0.1	-	-	-
Total audit fees	**3.8**	**2.8**	**4.8**	**1.5**	**1.1**	**1.3**
Of which discontinued operations	-	0	1.5			
Continuing operations	**3.8**	**2.8**	**3.3**			
Fees, consultancy services						
– PricewaterhouseCoopers	2.0	2.3	2.8	0.4	1.7	0.7
Total fees, consultancy services	**2.0**	**2.3**	**2.8**	**0.4**	**1.7**	**0.7**
Of which discontinued operations	-	0	1			
Continuing operations	2.0	2.3	1.8			

”Audit engagement” means audit of the annual report and bookkeeping as well as management by the Board of Directors and CEO, other work which the Company’s auditors are required to perform, as well as advice or other assistance resulting from observations in connection with such audit or the performance of such other work. Everything else constitutes other engagements.

NOTE 12 | PERSONNEL (AVERAGE NUMBER)

	1 Jul 2007 – 31 Dec 2007		
	Men	**Women**	**Total**
Parent Company			
Sweden			
Malmö	80	58	138
Total Parent Company	**80**	**58**	**138**
Subsidiaries			
Austria	6	2	8
Belgium	10	3	13
Czech Republic	8	7	15
Denmark	13	5	18
Finland	14	6	20
France	17	29	46
Germany	504	429	933
Hungary	2	-	2
Italy	1	1	2
Netherlands	28	21	49
Norway	15	5	20
Poland	157	277	434
Russia	5	8	13
Spain	14	3	17
Sweden	233	69	302
Switzerland	13	8	21
United Kingdom	34	19	53
Total, subsidiaries	**1 074**	**892**	**1 966**
Total, continuing operations	**1 154**	**950**	**2 104**

	1 Jan 2007 – 30 Jun 2007			1 Jan 2006 – 31 Dec 2006		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Parent Company						
Sweden						
Malmö	90	65	155	98	66	164
Halmstad	11	6	17	13	12	25
Stockholm	-	-	0	7	1	8
Total Parent Company, Sweden	**101**	**71**	**172**	**118**	**79**	**197**
Abroad						
Turkey[1)]	-	-	0	4	9	13
Total Parent Company, abroad	**0**	**0**	**0**	**4**	**9**	**13**
Total Parent Company	**101**	**71**	**172**	**122**	**88**	**210**
Subsidiary						
Austria	6	2	8	6	2	8
Belgium	9	4	13	8	4	12
Czech Republic	7	7	14	7	11	18
Denmark	15	10	25	15	6	21
Finland	10	9	19	10	10	20
France	18	25	43	16	24	40
Germany	489	442	931	483	488	971
Italy	1	1	2	1	1	2
Netherlands	29	21	50	29	19	48
Norway	16	6	22	13	5	18
Poland	147	243	390	146	244	390
Russia	4	8	12	4	8	12
Spain	16	3	19	4	14	18
Sweden	241	76	317	245	73	318
Switzerland	14	7	21	13	7	20
United Kingdom	36	20	56	39	20	59
Total, subsidiaries	**1 058**	**884**	**1 942**	**1 039**	**936**	**1 975**
Total, continuing operations	**1 159**	**955**	**2 114**	**1 161**	**1 024**	**2 185**

1) Branch office in Turkey, being closed down as from 31 Dec 2006.

NOTE 13 | SALARIES AND OTHER COMPENSATION

	1 Jul 2007 – 31 Dec 2007		
MSEK	**Salaries and compensation**	**Social security**	**Of which pension**
Parent Company			
Sweden	33	19	8
Total Parent Company	**33**	**19**	**8**
Subsidiaries			
Austria	2	0	-
Belgium	2	1	0
Czech Republic	1	0	-
Denmark	12	0	0
Finland	4	1	1
France	8	3	1
Germany	139	30	0
Hungary	0	-	-
Italy	1	0	-
Netherlands	10	3	2
Norway	7	1	0
Poland	23	4	0
Russia	2	0	0
Spain	2	1	-
Sweden	57	32	2
Switzerland	7	2	1
United Kingdom	10	4	3
Total, subsidiaries	**287**	**82**	**10**
Total, continuing operations	**320**	**101**	**18**

MSEK	1 Jan 2007 – 30 Jun 2007 Salaries and compensation	Social security	of which pension	1 Jan 2006 – 31 Dec 2006 Salaries and compensation	Social security	of which pension
Parent Company						
Sweden	49	28	8	78	46	20
Turkey	0	0	0	3	0	0
Total Parent Company	**49**	**28**	**8**	**81**	**46**	**20**
Subsidiaries						
Austria	1	0	0	3	1	0
Belgium	3	1	0	5	2	0
Czech Republic	1	0	0	2	0	0
Denmark	8	0	0	14	1	1
Finland	4	1	1	8	2	1
France	7	3	1	13	6	1
Germany	139	28	0	277	60	1
Italy	0	0	0	2	0	0
Netherlands	10	2	1	19	4	1
Norway	6	1	0	9	2	0
Poland	19	18	0	30	5	0
Russia	0	0	0	2	0	0
Spain	3	1	0	5	2	0
Sweden	50	20	4	106	45	3
Switzerland	6	1	0	11	2	0
United Kingdom	10	2	2	21	4	2
Total, subsidiaries	**267**	**78**	**9**	**527**	**136**	**10**
Total, continuing operations	**316**	**106**	**17**	**608**	**182**	**30**

Salaries and compensation broken down by country and between the directors, etc. and employees:

MSEK	1 Jul 2007 – 31 Dec 2007 Board, CEO, VPs (of which bonus)	Other employees	1 Jan 2007 – 30 Jun 2007 Board, CEO, VPs (of which bonus)	Other employees	1 Jan 2006 – 31 Dec 2006 Board, CEO, VPs (of which bonus)	Other employees
Parent Company						
Sweden	1 (0)	32	14 (2)	35	5 (1)	73
Turkey	- (-)	-	- (-)	-	- (-)	3
Total Parent Company	**1 (0)**	**32**	**14 (2)**	**35**	**5 (1)**	**76**
Subsidiaries						
Austria	0 (0)	2	0 (0)	1	1 (0)	2
Belgium	1 (-)	1	- (-)	3	- (-)	5
Czech Republic	- (-)	1	- (-)	1	1 (0)	1
Denmark	- (-)	12	- (-)	8	- (-)	14
Finland	- (-)	4	- (-)	4	- (-)	8
France	- (-)	8	- (-)	7	- (-)	13
Germany	1 (0)	138	1 (0)	138	1 (0)	276
Italy	- (-)	1	- (-)	0	- (-)	2
Netherlands	0 (-)	10	1 (0)	9	1 (0)	18
Norway	- (-)	7	- (-)	6	- (-)	9
Poland	1 (0)	22	1 (0)	18	2 (0)	28
Russia	0 (-)	2	- (-)	0	- (-)	2
Spain	- (-)	2	- (-)	3	- (-)	5
Sweden	- (-)	57	- (-)	50	1 (0)	105
Switzerland	3 (1)	4	1 (-)	5	1 (0)	10
United Kingdom	1 (0)	9	1 (0)	9	1 (1)	20
Total, subsidiaries	**7 (1)**	**280**	**5 (0)**	**262**	**9 (0)**	**518**
Total, continuing operations	**8 (1)**	**312**	**19 (2)**	**297**	**14 (1)**	**594**

Board fees and employment and termination terms and conditions for senior executives

The Group's Board of Directors comprises 7 (June 2007: 7; 2006: 8) persons, of whom 71% are men (June 2007: 71%; 2006: 75%). Other senior executives comprise 10 (June 2007:10; 2006: 3) persons, including the CEO, of whom 100% are men (June 2007: 100%; 2006: 33%).

Principles

Fees and other compensation to the Board of Directors, including the Chairman of the Board, are decided upon by the annual general meeting. Pursuant to guidelines adopted by the annual general meeting on 1 October 2007, compensation to the CEO and other senior executives shall be on market terms and consist of basic salary, other benefits (including car benefit), other compensation (including bonus, car compensation and holiday pay), long-term incentive programs and pension. At present there are no long-term share-related incentive programs. "Other senior executives" are those persons who, together with the CEO, constitute company management. Pension benefits and other compensation to the CEO and other senior executives are payable as part of a total compensation package.

In accordance with a resolution adopted by the annual general meeting on 1 October 2007, the yearly fee to the Chairman of the Board is set at MSEK 0.5, while the yearly fee to other directors of the Board amounts to MSEK 0.25 per director, apart from directors employed by EQT Partners.

Compensation and other benefits during the year

1 Jul 2007 – 31 Dec 2007 SEK '000	Basic salary/ Board fee	Pension expense[1)]	Other benefits	Other compensation	Total
Chairman of the Board – Peter Nilsson	83	-	-	-	83
Director – Göran Lundqvist	100	-	-	-	100
Director – Sanna Suvanto-Harsaae	100	-	-	-	100
Director – Harry Klagsbrun commencing 10 August 2007	-	-	-	-	0
Director – Pia Rudengren commencing 10 August 2007	88	-	-	-	88
Director – Gerold Linzbach	100	-	-	-	100
Director – Gun Nilsson	100	-	-	-	100
CEO – Fredrik von Oelreich	1 602	562	14	533	2 711
Other senior executives	5 402	1 694	175	1 270	8 541
	7 575	**2 256**	**189**	**1 803**	**11 823**

1) Of the Group's pension expenses above, MSEK 1.1 relate to the Parent Company.

1 Jan 2007– 30 Jun 2007 SEK '000	Basic salary/ Board fee	Pension expense[1)]	Other benefits	Other compensation	Total
Chairman of the Board – Göran Lundberg until 7 March 2007	83	-	-	-	83
Chairman of the Board – Peter Nilsson from 7 March 2007	125	-	-	-	125
Director – Göran Lundqvist	75	-	-	-	75
Director – Sanna Suvanto-Harsaae	75	-	-	-	75
Director – Juha Lindfors resigned 10 August 2007	-	-	-	-	0
Director – Thomas Von Koch resigned 7 March 2007	-	-	-	-	0
Director – Patrick De Muynck resigned 7 March 2007	-	-	-	-	0
Director – Gerold Linzbach commencing 7 March 2007	50	-	-	-	50
Director – Gun Nilsson commencing 7 March 2007	50	-	-	-	50
CEO – Peter Nilsson resigned 31 March 2007	825	288	18	9 374	10 505
CEO – Fredrik von Oelreich commencing 1 April 2007	801	279	9	14	1 103
Other senior executives 1 January 2007 – 31 March 2007	600	324	37	3 486	4 447
Other senior executives 1 April 2007 – 30 June 2007	2 697	568	83	900	4 248
	5 381	**1 459**	**147**	**13 774**	**20 761**

1) Of the Group's pension expenses above, MSEK 1.2 relate to the Parent Company .

1 Jan– 31 Dec 2006 SEK '000	Basic salary/ Board fee	Pension expense[1)]	Other benefits	Other compensation	Total
Chairman of the Board – Göran Lundberg	500	-	-	-	500
Director – Göran Lundqvist	150	-	-	-	150
Director – Thomas Von Koch	-	-	-	-	0
Director – Sanna Suvanto-Harsaae	150	-	-	-	150
Director – Juha Lindfors	-	-	-	-	0
Director – Patrick De Muynck	-	-	-	-	0
CEO - Peter Nilsson	3 300	1 223	-	820	5 343
Other senior executives	2 326	1 768	167	207	4 468
	6 426	**2 991**	**167**	**1 027**	**10 611**

1) All pension expenses above relate to the Parent Company.

Bonuses

The CEO and all senior executives are included in bonus system based on profitability and capital tie-up targets, primarily with respect to their individual operational area but also Group targets. The bonus system covers only one year each time, following a decision by the Board of Directors. During the year, a bonus of MSEK 0.5 was paid to the CEO; nothing was paid in previous years, since the CEO took up his position in April 2007. No bonus was paid to the former CEO during the year (June 2006: MSEK 1.5; 2006: MSEK 0.7).

Pensions

CEO

There is a separate pension agreement for the CEO. The agreed retirement age is 62. Until the agreed retirement age, the Company shall allocate each month an amount equal to 35% of the CEO's monthly salary to a designated occupational pension insurance scheme. The pension expense corresponds to the costs for defined contribution plan. Provision to the occupational pension shall, however, never exceed an amount which is fully tax-deductible for the Company. Any excess non-deductible premiums shall be agreed upon as direct pension, secured through an endowment policy owned by the Company but pledged to the CEO. There are no other outstanding pension obligations to the CEO.

Other senior executives

One of the senior executives has an agreed retirement age of 60 and an enhanced pension entitlement which supplements the collectively agreed ITP plan. Decisions regarding enhanced pension entitlement are taken by the CEO or the Chairman of the Board. Pension-base salary means fixed annual salary plus holiday pay, increased by the average of bonuses paid for the last 3 preceding years. In addition, there are undertakings regarding health insurance and survivor's pension.

Pension is earned on a straight-line basis during the employment period, i.e. from the date of employment until retirement age. The pension expense corresponds to the costs for defined contribution plans. For other senior executives, the retirement age is 65 and normal ITP plans are in place; see information regarding management by Alecta in the note entitled "Pension provisions". Two persons in this group have, however, premium-based agreements, i.e. they are reported as defined contribution plans. There are no outstanding pension obligations to other senior executives.
Each month, Duni pays in a cash pension contribution in accordance with each senior executive's individual pension plan. The new guidelines were adopted at the general meeting held on 1 October 2007 and entail that the pension contribution to the Company's senior executives may never exceed 35% of salary.

Severance compensation

CEO

The CEO has a separate agreement regarding severance compensation which provides an entitlement to severance compensation for 12 months following a termination period of 6 months. Only the Company is entitled to trigger the agreement. The CEO is entitled to terminate his employment subject to 6 months' notice. There is no entitlement to severance compensation in the event the CEO terminates the employment.

Other senior executives

Severance compensation amounts to between 6 and 18 months' salary following a termination period of 3–12 months, with only the Company being entitled to trigger the agreements.

Preparation and decision-making process

In April 2007, the Board of Directors decided to appoint a Remuneration Committee. In previous years, there had been no such committee. Rather, remuneration to the CEO was decided upon by the Board. Remuneration to senior executives has been decided upon by the CEO in consultation with the Board. The Remuneration Committee will prepare questions regarding remuneration to senior executives based on the guidelines adopted by the annual general meeting regarding remuneration to senior executives and negotiate with the CEO regarding his remuneration.

The Remuneration Committee and its chairman shall be appointed annually at the initial board meeting and comprise at least three of Duni's directors, one of whom shall be Duni's Chairman. According to Duni's rules of procedure, the members of the Remuneration Committee shall be independent in relation to the company and its management. The Remuneration Committee shall meet at least three times per year. Duni's CEO shall participate in the meetings of the Remuneration Committee, apart from when the issue of his own compensation is addressed.

The Remuneration Committee is responsible for preparing questions concerning compensation and other benefits for company management. Decisions are thereafter taken by Duni's Board of Directors. The committee also participates in the preparation of proposals regarding the adoption of any share-related incentive program within Duni.

NOTE 14 | SICK LEAVE, PARENT COMPANY

	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006
Sick leave	1.2%	1.2%	2.3%
– long-term sick leave	1.0%	1.1%	2.2%
– sick leave, men	1.1%	1.1%	2.1%
– sick leave, women	1.3%	1.4%	2.6%
– employees aged up to 29	0.7%	0.6%	1.3%
– employees aged 30 – 49	1.4%	1.4%	2.1%
– employees aged 50 +	0.8%	1.0%	3.1%

NOTE 15 | OTHER OPERATING INCOME

	Group			Parent Company		
MSEK	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006
Government sudsidies	-	-	4	-	-	4
Rental income	4	4	0	4	4	-
Exchange gains	13	15	11	5	5	0
Change in fair value – energy derivatives	2	5	-	-	-	-
Change in fair value – currency derivatives	7	-	13	7	-	13
Administrative services	-	0	11	95	53	115
Capital gain, Duni Americas	-	-	-	15	-	52
Other items	3	2	5	-	1	1
Total other operating income	**29**	**26**	**44**	**126**	**63**	**185**

The Group capital gain upon the divestment of Duni Americas is reported in the result for discontinued operations (see separately Note 44).

NOTE 16 | GOVERNMENT SUDSIDIES

In 2006, the Group received contributions from Nutek in the amount of MSEK 4. These are included in the income statement under ”Other revenue”. The contribution is a regional development policy company subsidy. No subsidy was received in 2007. The Parent Company has not received any government subsidy.

NOTE 17 | OTHER OPERATING EXPENSES

	Group			Parent Company		
MSEK	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006
Change in fair value – energy derivatives	-	-	-7	-	-	-
Change in fair value – currency derivatives	-8	-6	-	-8	-6	-
Exchange losses	-6	-6	-14	-2	-3	-
Depreciation/amortization	-	-	-	-50	-50	-100
Administrative services	-	-	-	-17	-12	-56
Other items	-3	-3	-12	0	-29	-4
Total other operating expenses	**-17**	**-15**	**-33**	**-77**	**-100**	**-160**

NOT 18 | NET EXCHANGE RATE DIFFERENCES

	Group			Parent Company		
MSEK	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006
Operating profit						
Change in fair value – currency derivatives	-1	-6	13	-1	-6	13
Other exchange rate differences in operating income	7	9	-3	3	2	0
Total exchange rate differences in operating income	**6**	**3**	**10**	**2**	**-4**	**13**
Financial items						
Change in fair value – currency derivatives	9	-4	-11	9	-4	-11
Exchange rate differences in financial items	-13	-3	-5	-11	1	2
Total exchange rate differences in financial items	**-4**	**-7**	**-16**	**-2**	**-3**	**-9**
Total net exchange rate differences in income statement	**2**	**-4**	**-6**	**0**	**-7**	**4**

NOTE 19 | INCOME FROM FINANCIAL ITEMS

	Group			Parent Company		
MSEK	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006
Financial income						
Interest income, external investments	9	19	59	7	7	7
Interest income, Group companies	-	-	-	12	21	67
Total financial income	**9**	**19**	**59**	**19**	**28**	**74**
Financial expenses						
Interest expenses, external loans	-57	-42	-100	-52	-39	-84
Interest expenses, subordinated debts	-14	-92	-218	-14	-92	-218
Interest expenses, pensions	-4	-4	-10	-2	-3	-5
Interest expenses, Group companies	-	-	-	-3	-4	-6
Change in fair value, interest rate swaps	-7	8	7	-7	8	7
Change in fair value, currency forwards	9	-4	-11	9	-4	-11
Other financial expenses	-13	-5	-3	-11	8	-9
Total financial expenses	**-86**	**-139**	**-335**	**-80**	**-126**	**-326**

In connection with the IPO, in November 2007 Duni underwent a refinancing whereby the subordinated loan in the form of a Mezzanine Loan was repaid.

In March 2007, Duni carried out a refinancing in connection with the divestment of the deSter business area. This refinancing entailed that the subordinated loan from AB Bonnierföretagen was repaid and the old Mezzanine Loan, which was originally taken in 2001, was repaid. In March 2007, a new Mezzanine Loan was signed with the same counterparty; as mentioned above, this loan has now also been repaid.

The interest expenses for the subordinated debts from AB Bonnierföretagen have been capitalized annually and amounted to MSEK 0 (June 2007: MSEK 30; 2006: MSEK 113) of the total interest expenses. This interest, which was capitalized annually, was paid in connection with the refinancing in March 2007 and thus did not affect the net interest between 1 July and 31 December.

Interest on the mezzanine debt amounts to MSEK 6 (June 2007: MSEK 56; 2006: MSEK 87), of which MSEK 2 was capitalized in the second half of 2007 (June 2007: MSEK 0; 2006: MSEK 30). The interest expense for the subordinated debts from Svenska Handelsbanken, which were repaid in conjunction with the refinancing in March 2007, thus constituted MSEK 0 (June 2007: MSEK 6; 2006: MSEK 18) of the total interest expenses. The interest portion in the year's pension expenses is reported among interest expenses. The rate of interest used in the Parent Company is 4.2% set by PRI (June 2007: 4.2%; 2006: 4.2%) calculated on the average of opening and closing balances on the item "Pension provisions".

Financial income and expenses include reported bank charges as well as exchange rate effects on financial loans and investments. Since Duni is primarily a borrower, the entire effect is reported among interest expenses.

NOTE 20 | INCOME FROM SHARES IN GROUP COMPANIES

During the year, the Parent Company received dividends from subsidiaries amounting to MSEK 0 (June 2007: MSEK 77; 2006: MSEK 28).

NOTE 21 | INCOME TAX

	Group			Parent Company		
MSEK	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006
Current tax for the year	-35	-42	-80	45	0	47
Current tax attributable to previous years	-6	1	-9	0	-	-
Deferred tax	-27	2	-11	-39	36	51
Tax on net income for the year	**-68**	**-39**	**-100**	**6**	**36**	**98**
Of which discontinued operations	-	-11	-88			
Continuing operations	**-68**	**-28**	**-12**			

Deferred tax in continuing operations in the income statement consists of the following items:

	Group			Parent Company		
MSEK	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006
Deferred tax, internal profit on inventory	-3	0	-2	-	-	-
Deferred tax, untaxed reserves	4	1	7	-	-	-
Deferred tax, appraised loss carry-forwards	-27	17	62	-42	32	58
Deferred tax, other	-1	-13	8	3	4	-7
Deferred tax, continuing operations	**-27**	**5**	**75**	**-39**	**36**	**51**
Deferred tax discontinued operations	-	-3	-86			

In December 2007, the Parent Company received a group contribution from Rexcell Tissue & Airlaid AB for all of 2007.

Income tax on the Group's income before tax differs from the theoretical amount which would have arisen upon use of a weighted average tax rate for the results in the consolidated companies in accordance with the following:

Difference between the Group's tax expense and tax expense based on applicable tax rates:

	Group			Parent Company		
MSEK	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006
Reported income before tax, continuing operations	165	31	1	-	-	-
Reported income before tax, discontinued operations (see Note 44)	15	468	165	-	-	-
Reported income before tax	180	499	166	-81	-149	-347
Tax according to applicable tax rate	-50	-140	-46	23	42	98
Tax effect of non-deductible expenses	-8	-32	-10	-17	-22	-29
Tax effect of non-taxable revenue	6	158	48	5	22	25
Utilized, previously unreported tax claims regarding loss carry-forwards	-	-	-75	-	-	-
Revaluation of previously unreported loss carry-forwards	-	-	14	-	-	8
Effect of foreign tax rates	-5	-21	-22	0	0	-4
Tax income/expense due to changed tax rate	1	0	0	-	-	-
Current tax attributable to previous years	-12	-5	-9	-5	-6	-
Tax on income for the year according to income statement	**-68**	**-39**	**-100**	**6**	**36**	**98**
Of which discontinued operations	-	-11	-88			
Tax on income for the year in continuing operations	**-68**	**-28**	**-12**			

Tax rate

The Parent Company's applicable tax rate for income tax is 28% (June 2007: 28%; 2006: 28%).

Temporary differences

Temporary differences exist in those cases where the reported values and tax values of assets or liabilities differ. Changes in deferred tax assets and liabilities during the year, without consideration being given to set-offs made under the same tax law.

Deferred tax assets

MSEK, Group	Loss carry-forwards	Internal profit	Other[1)]	Total
As per 31 Dec 2006	**431**	**9**	**43**	**483**
Reported in income statement, continuing operations	11	0	-12	-1
Reported in income statement, discontinued operations	-3	-	-	-3
Reported directly in shareholders' equity	-	-	-	0
Decrease through divestment of business	-36	-	-13	-49
Exchange rate differences	1	1	0	2
As per 30 Jun 2007	**404**	**10**	**18**	**432**
Reported in income statement, continuing operations	-27	-3	-5	-35
Reported directly in shareholders' equity	-	-	-	0
Decrease through divestment of business	-	-	-	0
Exchange rate differences	-1	-1	0	-2
As per 31 Dec 2007	**376**	**6**	**13**	**395**

Loss carry-forwards relate essentially to implemented restructurings. As regards the valuation of loss carry-forwards, see Note 4.1.

It is currently the management's assessment that the implementation of restructuring measures in the future will lead to taxable surpluses against which loss carry-forwards might be utilized.

Duni AB's branch in Turkey has loss-carry forwards of approx. MSEK 4.5. However, no deferred tax is reported on these loss-carry forwards because Duni has made the assessment that it will not be possible to utilize them, since the branch in Turkey is being closed down.

Deferred tax liabilities

MSEK, Group	Untaxed reserves	Financial instruments	Other[1)]	Total
As per 31 Dec 2006	**24**	**10**	**34**	**68**
Reported in income statement, continuing operations	-5	-6	5	-6
Reported in income statement, discontinued operations	-	-	-	0
Reported directly in shareholders' equity	-	-	-	0
Decrease through divestment of business	-1	-	-35	-36
Exchange rate differences	1	-	1	2
As per 30 Jun 2007	**19**	**4**	**5**	**28**
Reported in income statement, continuing operations	-4	-2	-2	-8
Reported directly in shareholders' equity	-	-	-	0
Decrease through divestment of businesses	-	-	-	0
Exchange rate differences	-1	-	0	-1
As per 31 Dec 2007	**14**	**2**	**3**	**19**

1) "Other" relates, among other things, to deferred tax on bad debts and provisions for restructuring expenses.

The deferred tax is valued in accordance with the applicable tax rate in each country.

	Deferred tax assets			Deferred tax liabilities
MSEK, Parent Company	**Loss carry -forwards**	**Financial instruments**	**Total**	**Financial instruments**
As per 31 Dec 2006	**360**	**5**	**365**	**11**
Reported in the income statement	32	-3	29	-7
Reported directly in shareholders' equity	-	-	0	-
Exchange rate differences	1	-	1	-
As per 30 Jun 2007	**393**	**2**	**395**	**4**
Reported in the income statement	-42	1	-41	-2
Reported directly in shareholders' equity	-	-	0	-
Exchange rate differences	-	-	0	-
As per 31 Dec 2007	**351**	**3**	**354**	**2**

Deferred tax assets and liabilities are set off when there is a legal right of set-off for the relevant tax assets and liabilities and when deferred taxes relate to the same tax authority. The set-off amounts are as follows:

	Group			Parent Company		
MSEK	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
Deferred tax assets						
Utilized after more than 12 months	376	404	431	351	393	360
Utilized within 12 months	19	28	52	3	2	5
	395	**432**	**483**	**354**	**395**	**365**
Deferred tax liabilities						
Utilized after more than 12 months	14	19	24	-	-	-
Utilized within 12 months	5	9	44	2	4	11
	19	**28**	**68**	**2**	**4**	**11**
Net deferred tax assets/liabilities	**376**	**404**	**415**	**352**	**391**	**354**
Net change regarding deferred taxes are as follows:						
Opening balance	404	415	433	391	354	303
Exchange rate differences	-1	-	-7	0	1	0
Increase through business combinations	-	-	-	-	-	-
Decrease through divestment of business	-	-13	-	-	-	-
Reported in income statement, continuing operations	-27	5	75	-39	36	51
Reported in income statement, discontinued operations	-	-3	-86	-	-	-
Tax reported in shareholders' equity	-	-	-	-	-	-
Closing balance	**376**	**404**	**415**	**352**	**391**	**354**

Tax regarding items reported directly against shareholders' equity
Deferred taxes reported in shareholders' equity during the year are set forth below.

	Group			Parent Company		
MSEK	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
Group contributions	-	-	-	45	-	45
Deferred taxes reported in shareholders' equity	**0**	**0**	**0**	**45**	**0**	**45**

Non-reported deferred tax assets

	Group			Parent Company		
MSEK	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
Deductible differences for which deferred tax assets are not reported						
Loss carry-forwards	-	-	23	-	-	-
Total	**0**	**0**	**23**	**0**	**0**	**0**

Of the loss carry-forwards where deferred tax assets are not reported, MSEK 3 expires in 2011, and the remainder thereafter. The change in 2007 is attributable to loss carry-forwards in the discontinued deSter operations. The change in 2006 is attributable to loss carry-forwards in the discontinued Duni Americas operations.

NOTE 22 | EARNINGS PER SHARE

At an extraordinary general meeting held on 28 August 2007, a resolution was adopted to carry out an 8:1 split. The number of shares thereby increased from 5,874,879 to 46,999,032. This has been taken into consideration for all years when calculating earnings per share below.

(a) Before dilution

Earnings per share before dilution are calculated based on the earnings income and number of shares.

Continuing operations

	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006
Earnings, continuing operations	96	3	-11
Weighted average no. of outstanding shares of common stock (thousands)	46 999	46 999	46 999
Earnings per share before dilution (SEK per share)	2.04	0.06	-0.23

Discontinued operations

	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006
Earnings for discontinued operations attributable to the equity holders of the Parent Company	15	457	77
Weighted average no. of outstanding shares of common stock (thousands)	46 999	46 999	46 999
Earnings per share before dilution (SEK per share)	0.32	9.72	1.64

The operations, total

	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006
Earnings per share before dilution (SEK per share)	2.36	9.78	1.41

b) After dilution

The Parent Company has had two types of potential shares of common stock, namely convertible debentures and warrants (for detailed information, see Note 34). These were redeemed or expired on 31 March 2007 without giving rise to any increase in the number of shares. The potential shares did not give rise to any dilution effect in 2006 since Duni's results at the time were negative. During the first half of 2007, a minor dilution effect occurred, which entailed an adjustment of the average number of shares and income for the year as follows:

	1 Jan 2007 – 30 Jun 2007
Weighted number of outstanding shares of common stock (thousands)	46 999
Adjustments for:	
– convertible debentures (thousands)	108
– warrants (thousands)	560
Weighted average number of shares of common stock for calculation of earnings per share after dilution (thousands)	47 667

Since interest expenses for the convertible debentures were MSEK 0, the numerator was not affected. When calculating the average number of shares, consideration has been given to the fact that the potential shares were only outstanding during the first three months in 2007.

	1 Jul 2007 – 31 Dec 2007	1 Jan 2007 – 30 Jun 2007	1 Jan 2006 – 31 Dec 2006
Earnings per share after dilution for continuing operations (SEK per share)	2.04	0.06	-0.23
Earnings per share after dilution for discontinued operations (SEK per share)	0.32	9.59	1.64
Earnings per share after dilution for the operations, total (SEK per share)	2.36	9.65	1.41

NOTE 23 | INTANGIBLE ASSSETS

	Group			Parent Company		
MSEK	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
Goodwill						
Acquisition values						
Opening acquisition values	1 199	2 145	2 248	2 053	2 053	2 053
Investments	-	0	0	-	-	-
Translation differences	-	14	-17	-	-	-
Sales and disposals	-	-960	-86	-	-	-
Closing accumulated acquisition values	**1 199**	**1 199**	**2 145**	**2 053**	**2 053**	**2 053**
Amortization						
Opening accumulated amortization	-	-	-	-1 104	-1 054	-954
Amortization for the year	-	-	-	-50	-50	-100
Sales and disposals	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-
Closing accumulated amortization	**0**	**0**	**0**	**-1 154**	**-1 104**	**-1 054**
Write-downs						
Opening accumulated write-downs	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-
Closing accumulated write-downs	**0**	**0**	**0**	**0**	**0**	**0**
Closing book value	**1 199**	**1 199**	**2 145**	**899**	**949**	**999**

	Group			Parent Company		
MSEK	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
Trademarks and licenses						
Acquisition values						
Opening acquisition values	72	77	74	71	70	69
Investments	4	1	1	4	1	-
Sales and disposals	-	-6	0	-	-	-
Reclassifications	-	-	2	-	-	-
Translation differences	0	0	0	-	-	1
Closing accumulated acquisition values	**76**	**72**	**77**	**75**	**71**	**70**
Amortization						
Opening accumulated amortization	-67	-69	-65	-66	-65	-63
Amortization for the year	-2	-2	-4	-1	-1	-2
Sales and disposals	-	4	0	-	-	-
Translation differences	0	0	0	-1	-	-
Closing accumulated amortization	**-69**	**-67**	**-69**	**-68**	**-66**	**-65**
Closing book value	**7**	**5**	**8**	**7**	**5**	**5**

	Group			Parent Company		
MSEK	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
Capitalized development expenditures						
Acquisition values						
Opening acquisition values	29	55	54	0	-	-
Investments	6	-	5	25	-	-
Sales and disposals	-	-45	-4	-	-	-
Reclassifications	2	18	3	-	-	-
Translation differences	0	1	-3	-	-	-
Closing accumulated acquisition values	**37**	**29**	**55**	**25**	**0**	**0**
Amortization						
Opening accumulated amortization	-13	-48	-52	0	-	-
Amortization for the year	-2	-2	-2	-4	-	-
Sales and disposals	-	38	3	-	-	-
Translation differences	0	-1	3	-	-	-
Closing accumulated amortization	**-15**	**-13**	**-48**	**-4**	**0**	**0**
Closing book value	**22**	**16**	**7**	**21**	**0**	**0**
Intangible assets, total	**1 228**	**1 220**	**2 160**	**927**	**954**	**1 004**

In 2005, the EU introduced an emission rights system as a method for restricting carbon dioxide emissions. For the period 2005 until 31 December 2007, Duni was allocated 56.2 tonnes and, in addition, purchased 6 tonnes. In total, 19.7 tonnes were consumed in 2005; 21.3 tonnes in 2006; and 15.8 tonnes in 2007. Surplus rights have been cancelled since they cannot be utilized for the future. Received emission rights are reported as intangible assets booked at an acquisition value of zero.

Assessment of need for write-down of goodwill

According to earlier accounting rules, goodwill has not been allocated on the cash-generating units. The impairment test for goodwill has been carried out in conjunction with the closing of the accounts on 31 December 2007, 30 June 2007 and 2006. With the implementation of IFRS, allocation of the Group's goodwill items has taken place through the use of allocation ratios; see Note 4.2. Goodwill is allocated on the Group's cash-generating units identified per business area as follows;

	31 Dec 2007	**30 Jun 2007**	**31 Dec 2006**
Professional	1 199	1 199	1 199
Discontinued operations	-	-	946
Total goodwill	1 199	1 199	2 145

Assessment of the need for write-down of goodwill takes place annually and where there are indications of a need for write-down. Recoverable amounts for cash-generating units are determined based on estimated use values. Upon assessment of any need for write-down, goodwill is allocated on the various business areas identified as separate cash-generating units.

The calculations are based on estimated future cash flows before tax, based on financial forecasts approved by company management and which cover the current year as well as a five-year period. Cash flows beyond this period are extrapolated using assessed growth rates. The growth rate does not exceed the long-term growth rate for the industry as a whole. During the forecast period, the rate of growth for Professional is expected to average 4% per year.

Important assumptions which are used for calculation of use values are primarily profit margin, growth rate and nominal discount rate. The growth rate and discount rate applicable to Professional are set forth below:

	Professional
Growth rate[1)]	1%
Discount rate [2)]	9%

1) Weighted average growth rate is used to extrapolate cash flows beyond the forecast period.
2) Discount rate before tax is used in conjunction with present value calculation of estimated future cash flows.

Management has established profit margin and growth rate based on previous results and its expectations as regards market growth. The discount rates used are stated before tax and reflect specific risks in a business area.

Company management believes that reasonable possible changes in the significant assumptions used in the calculations would not have such a major impact as to reduce per se the recovery value to a value which is below the reported value.

NOTE 24 | BUILDINGS, LAND AND LAND IMPROVEMENTS

	Group			Parent Company		
MSEK	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
Buildings						
Acquisition values						
Opening acquisition values	125	321	411	118	118	118
Investments	-	1	11	-	-	-
Sales and disposals	0	-204	-89	-	-	-
Reclassifications	0	0	2	-	-	-
Translation differences	-1	7	-14	-1	-	-
Closing accumulated acquisition values	**124**	**125**	**321**	**117**	**118**	**118**
Depreciation						
Opening accumulated depreciation	-83	-214	-239	-82	-78	-76
Depreciation for the year	-2	-4	-12	-2	-4	-2
Sales and disposals	-	140	28	-	-	-
Reclassifications	-	0	0	-	-	-
Translation differences	0	-5	9	1	-	-
Closing accumulated depreciation	**-85**	**-83**	**-214**	**-83**	**-82**	**-78**
Closing book value	**39**	**42**	**107**	**34**	**36**	**40**
Taxable value, Sweden	**38**	**38**	**38**	**38**	**38**	**38**
Land and land improvements						
Acquisition values						
Opening acquisition values	18	36	41	5	5	5
Investments	-	-	-	-	-	-
Sales and disposals	-	-19	-4	-	-	-
Translation differences	0	1	-1	-	-	-
Closing accumulated acquisition values	**18**	**18**	**36**	**5**	**5**	**5**
Depreciation						
Opening accumulated depreciation	-2	-9	-9	-2	-2	-2
Depreciation for the year	0	0	0	0	0	0
Sales and disposals	-	7	0	-	-	-
Translation differences	-	0	0	-	-	-
Closing accumulated depreciation	**-2**	**-2**	**-9**	**-2**	**-2**	**-2**
Write-ups						
Opening accumulated write-ups	-	-	-	12	12	12
Closing accumulated write-ups	**-**	**-**	**-**	**12**	**12**	**12**
Closing book value	**16**	**16**	**27**	**15**	**15**	**15**
Taxable value, Sweden	**20**	**20**	**20**	**20**	**20**	**20**
Buildings, land and land improvements	**55**	**58**	**134**	**49**	**51**	**55**

Buildings under financial leasing are included in the above table in the amount of MSEK 0 (June 2007: MSEK 0; 2006: MSEK 0) in acquisition value and MSEK 0 (June 2007: MSEK 0; 2006: MSEK 0) in accumulated depreciation.

NOTE 25 | MACHINERY AND OTHER TECHNICAL EQUIPMENT

	Group			Parent Company		
MSEK	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
Acquisition values						
Opening acquisition values	1 010	2 057	2 551	42	41	26
Investments	25	21	56	4	5	6
Sales and disposals	-6	-1 155	-526	-3	-5	-8
Reclassifications	21	43	66	1	1	17
Translation differences	23	45	-90	-	-	-
Closing accumulated acquisition values	**1 073**	**1 010**	**2 057**	**44**	**42**	**41**
Depreciation						
Opening accumulated acquisition values	-737	-1 620	-2 016	-31	-29	-18
Depreciation for the year	-32	-42	-119	-3	-4	-8
Sales and disposals	4	974	443	1	4	6
Reclassifications	1	-15	-1	0	-2	-9
Translation differences	-18	-34	73	-	-	-
Closing accumulated depreciation	**-782**	**-737**	**-1 620**	**-33**	**-31**	**-29**
Write-downs						
Opening accumulated write-downs	-3	-6	-6	-	-	-
Write-downs for the year	-	-	-	-	-	-
Sales and disposals	-	3	-	-	-	-
Translation differences	0	0	0	-	-	-
Closing accumulated write-downs	**-3**	**-3**	**-6**	**0**	**0**	**0**
Closing book value	**288**	**270**	**431**	**11**	**11**	**12**

Machinery and other technical equipment under financial leasing are included in the above table for the Group in the amount of MSEK 0 (June 2007: MSEK 0; 2006: MSEK 0) in acquisition value and MSEK 0 (June 2007: MSEK 0; 2006: MSEK 0) in accumulated depreciation.

In the Parent Company, machinery and other technical equipment reported under financial leasing equal MSEK 0 (June 2007: MSEK 0; 2006: MSEK 0) in acquisition value and MSEK 0 (June 2007: MSEK 0; 2006: MSEK 0M) in accumulated depreciation.

NOTE 26 | EQUIPMENT, TOOLS AND INSTALLATIONS

	Group			Parent Company		
MSEK	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
Acquisition values						
Opening acquisition values	284	367	398	58	57	70
Investments	12	14	32	2	1	5
Sales and disposals	-4	-113	-46	-	-	-
Reclassifications	-23	9	-2	-	-	-18
Translation differences	5	7	-15	-2	-	-
Closing accumulated acquisition values	**274**	**284**	**367**	**58**	**58**	**57**
Depreciation						
Opening accumulated depreciation	-230	-311	-333	-50	-48	-52
Depreciation for the year	-8	-11	-30	-2	-2	-5
Sales and disposals	3	99	39	-	0	-
Reclassifications	12	-2	1	-	-	9
Translation differences	-4	-5	12	1	-	-
Closing accumulated depreciation	**-227**	**-230**	**-311**	**-51**	**-50**	**-48**
Closing book value	**47**	**54**	**56**	**7**	**8**	**9**

NOTE 27 | CONSTRUCTION IN PROGRESS AND ADVANCED PAYMENTS FOR TANGIBLE ASSETS

	Group			Parent Company		
MSEK	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
Acquisition values						
Opening acquisition values	17	71	51	5	14	0
Investments	36	26	105	1	8	14
Sales	-	-44	-12	-	-15	-
Reclassifications	-12	-38	-71	-2	-2	-
Translation differences	1	2	-2	-	-	-
Closing accumulated acquisition values	**42**	**17**	**71**	**4**	**5**	**14**
Closing book value	**42**	**17**	**71**	**4**	**5**	**14**

NOTE 28 | PARTICIPATIONS IN GROUP COMPANIES

	Reg. no.	Registered office	Number of shares & participations	Equity,%	Book value SEK '000
Swedish subsidiaries					
Rexcell Tissue & Airlaid AB	556193-9769	Skåpafors	12 000	100	81 440
Finess Borrby AB	556262-2604	Halmstad	1 000	100	0
					81 440
Foreign subsidiaries					
Duni Holding BV	23068767	Breda, NL	260 731	100	597 856
Duni Verwaltungs GmbH	*Osnabrück HRB 19689*	*Bramsche, DE*		*(100)*	*(€ 20 467)*
Duni Holding S.A.S	*3493099300031*	*Pontcharra, FR*		*(100)*	*(€ 2 871)*
Duni Benelux B.V.	*23052488*	*Breda, NL*		*(100)*	*(€ 7 250)*
Duni Ltd.	*897172*	*Runcorn, GB*		*(100)*	*(€ 14 233)*
Duni A/S	*161.454*	*Copenhagen, DK*		*(100)*	*(€ 1 981)*
Duni Holding Norge A/S	*962346057*	*Oslo, NO*		*(100)*	*(€ 370)*
Duni Holding OY	*-*	*Helsinki, FI*		*(100)*	*(€ 1 578)*
Duni Iberica S.L	-	Tarragona, ES	200 000	100	23 176
Duni Poland s.p.z.o.o	KRS no. 40401	Poznan, PL	15 300	100	22 352
Duni Sales Poland s.p.z.o.o	KRS no. 254481	Poznan, PL	1 000	100	1 190
Duni EFF s.p.z.o.o	KRS no. 249084	Poznan, PL	1 000	100	1 130
Duni (CZ) s.r.o.	65410106	Kladno, CZ	1	100	6 740
Duni AG	-	Rotkreutz, CH	400	100	578
Duni ZAO	7816110025	St Petersburg, RU	1	100	11
Duni Beteiligungsgesellschaft mbH	Osnabrück HR B20099	Bramsche, DE	1	100	3 076
Duni Holding OY	-	Helsinki, FI			6 443
					662 552
Participations in Group companies					**743 992**

The consolidated financial statements will be published in the electronic Swedish Companies Registration Office (Bolagsverket). The consolidated financial statements relieve Duni GmbH & Co. KG from its obligation to publish financial statements in accordance with the effective German regulations for corporate entities in terms of Art. 264b German Commercial Code (HGB).

	Parent Company		
SEK '000	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
Opening value, participations in group companies	743 992	2 000 175	2 238 246
Investments for the year	-	-	2 320
Shareholder's contributions	-	-	708
Divestments for the year	-	-1 253 833	-241 099
Write-downs for the year	-	-2 350	-
Closing value, participations in group companies	**743 992**	**743 992**	**2 000 175**

NOTE 29 | OTHER LONG-TERM RECEIVABLES

	Group			Parent Company		
MSEK	31 Dec 2007	30 Jun 2007	31 Dec 2006	31 Dec 2007	30 Jun 2007	31 Dec 2006
Funds in escrow upon divestment of subsidiaries[1)]	-	-	9	-	-	-
Other items	3	2	4	2	0	1
Total other long-term receivables	**3**	**2**	**13**	**2**	**0**	**1**

1) In escrow until 28 February 2008.

Other items relate primarily to loan claims valued at accrued acquisition value.

Funds in escrow and loan claims mainly carry variable interest and thus the fair value is deemed to correspond to the book value.

NOTE 30 | ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	Group			Parent Company		
MSEK	31 Dec 2007	30 Jun 2007	31 Dec 2006	31 Dec 2007	30 Jun 2007	31 Dec 2006
Accounts receivable	546	653	900	129	148	133
Receivables on Group companies	-	-	-	113	138	118
Other receivables	156	135	128	33	59	45
Current financial receivables, external	-	-	-	0	3	2
Current financial receivables, internal	-	-	-	288	349	1 077
Total accounts receivable and other receivables	**702**	**788**	**1 028**	**563**	**697**	**1 375**

For credit risks and exposures, see Note 3.1.b.

Other receivables above relate to:

	Group			Parent Company		
MSEK	31 Dec 2007	30 Jun 2007	31 Dec 2006	31 Dec 2007	30 Jun 2007	31 Dec 2006
Receivables on suppliers	5	5	17	0	0	4
VAT claims	97	117	82	33	59	33
Factoring	35	-	-	-	-	-
Other receivables	19	13	29	0	0	8
Total other receivables	**156**	**135**	**128**	**33**	**59**	**45**

As per 31 December 2007, Duni has reported a loss relating to write-down of accounts receivable of MSEK 1 (June 2007: MSEK 3; 2006: MSEK 3). The provision for bad debts for continuing operations amounted to MSEK 11 as per 31 December 2007 (June 2007: MSEK 8; 2006: MSEK 9). The individually assessed receivables where a need for write-down exists relate primarily to wholesalers who have unexpectedly encountered economic difficulties. An assessment has been made that a part of the claims can be expected to be recovered.

Credit exposure:

	Group			Parent Company		
MSEK	31 Dec 2007	30 Jun 2007	31 Dec 2006	31 Dec 2007	30 Jun 2007	31 Dec 2006
Accounts receivable not due/not impaired	494	580	506	118	141	100
Accounts receivable overdue/not impaired	52	73	42	11	7	33
Accounts receivable impaired	11	8	9	1	0	1
Provision for bad debts	-11	-8	-9	-1	0	-1
Total accounts receivable	**546**	**653**	**548**	**129**	**148**	**133**
Discontinued operations	**-**	**-**	**352**			

The credit risk associated with accounts receivable that are neither due and payable nor written-down is not deemed to be so great. Due to the geographical spread, the history Duni possesses regarding its customers and the improbability of all customers encountering payment difficulties at the same time, Duni sees no reason for a need for write-down in this category. No individual debt exceeds approximately 5% of the total accounts receivable that are neither due and payable nor written-down.

Ageing of accounts receivable overdue/not impaired

	Group			Parent Company		
MSEK	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
Less than 1 month	36	39	31	8	4	29
1–3 months	11	19	10	3	2	2
3–6 months	5	10	1	2	1	1
More than 6 months	0	5	0	-2	0	1
Total	**52**	**73**	**42**	**11**	**7**	**33**
Discontinued operations	**-**	**-**	**105**			

Ageing of impaired accounts receivables

	Group			Parent Company		
MSEK	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
Less than 3 months	0	2	5	0	0	1
3–6 months	1	2	2	0	-	-
More than 6 months	10	4	2	1	-	-
Total	**11**	**8**	**9**	**1**	**0**	**1**
Discontinued operations	**-**	**-**	**43**			

Specification of bad debts provision income statement, continuing operations

	Group			Parent Company		
MSEK	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
Opening balance	8	9	10	0	1	2
Provision for bad debts	7	6	4	1	-	-
Bad debt losses during the year	-1	-3	-3	0	-	-1
Bad debt recovered during the year	-3	-4	-2	0	-1	0
Closing balance	**11**	**8**	**9**	**1**	**0**	**1**

Provisions to, and reversals of, reserves for bad debts are included in the item “selling expenses” in the income statement.

In other categories within accounts receivable and other receivables there are no assets in respect of which there exists a need for write-down.

The maximum credit risk exposure as per the balance sheet date is the fair value of each category of receivables mentioned above. The Group holds no assets pledged as security.

Reported amount, per currency, for the Group’s accounts receivable, for the continuing operations:

	Group			Parent Company		
MSEK	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
SEK	99	139	80	48	49	43
EUR	270	348	297	12	12	12
GBP	65	45	61	1	0	-
DKK	47	55	47	47	55	47
NOK	20	30	28	20	30	28
PLN	20	15	16	0	-	-
Other currencies[1)]	25	21	19	1	2	3
Total	**546**	**653**	**548**	**129**	**148**	**133**
Discontinued operations	**-**	**-**	**352**			

1)“Other currencies” refers to CZK, RUB, CHF et al

NOTE 31 | DERIVATIVES

	31 Dec 2007		30 Jun 2007		31 Dec 2006	
MSEK	**Asset**	**Liability**	**Asset**	**Liability**	**Asset**	**Liability**
Interest rate swaps	0	-	8	1	1	1
Currency forwards	9	9	7	14	16	13
Energy derivatives	2	0	1	1	0	6
Total	**11**	**9**	**16**	**16**	**17**	**20**

With the exception of energy derivatives, the above table applies also to the Parent Company.

Duni uses interest rate swaps, forward currency contracts and energy derivatives to manage its cash flow risks in borrowing, production, internal purchases and internal sales. Forward currency contracts are used in order to reduce the currency exposure in both internal and external lending and borrowing. All derivative instruments are valued at market value and changes in value are reported in the income statement.

The maximum credit risk exposure on the balance sheet date is the fair value of the derivatives reported as assets in the balance sheet.

(a) Forward currency contracts

Forward currency contracts are entered into with the aim of protecting the Group against changes in exchange rates through the contract determining the exchange rate at which an asset or liability, as well as purchases and sales in foreign currencies, will be realized. An increase or decrease in the amount required to settle the asset/liability is compensated by a corresponding change in value of the currency futures contract.

The weighted average term for the Group's currency futures contracts broken down by purpose is shown in the table below:

	Average term in month		
	1 Jul 2007 – 31 Dec 2007	**1 Jan 2007 – 30 Jun 2007**	**1 Jan 2006 – 31 Dec 2006**
Currency forward contracts for future purchases and sales	6	6	6
Currency forward contracts for financial assets and liabilities	3	2	2

i) Forward currency contracts regarding future purchases and sales

As described in greater detail in Note 3, a certain portion of the internal flows are hedged through forward currency contracts. At the end of 2007, the market value of these forward currency contracts was MSEK 0 (June 2006: MSEK 2; 2006: MSEK 8). In total, the equivalent of MSEK 460 in nominal value was sold and MSEK 58 was purchased.

ii) Forward currency contracts regarding financial assets and liabilities

In addition to forward currency contracts taken out to hedge the internal currency flows, Duni also takes out forward currency contracts as regards internal borrowing and lending in currencies other than SEK. Previously, forward currency contracts were also taken out to hedge external borrowing, but as borrowing since November takes place only in SEK, at the end of 2007 forward currency contracts relate solely to internal receivables and liabilities in the Parent Company. At the end of the period, the market value of these forward currency contracts amounts to MSEK 0 (June 2007: MSEK -9; 2006: MSEK -5). In total, net receivables in foreign currency amounting to MSEK 77 have been hedged through forward currency contracts.

(b) Interest rate swaps

The Group's outstanding interest rate swap agreements from variable to fixed interest are broken down in accordance with the presentation below. Until the refinancing in November, there were interest rate swaps in SEK and EUR; the amounts paid or received are, however, in the same currency for each individual contract. Since the refinancing, the interest rate swaps are denominated exclusively in SEK. The most important variable interest rate is STIBOR.

	31 Dec 2007		
	Nominal amount MSEK1)	**Weighted average interest rate**	**Fair value MSEK**
0–12 months, SEK	-500	4.67 %	0
1–2 years, SEK	-	-	-
Total	**-500**		**0**

	30 Jun 2007			31 Dec 2006		
	Nominal amount MSEK1)	**Weighted average interest rate**	**Fair value MSEK**	**Nominal amount MSEK1)**	**Weighted average interest rate**	**Fair value MSEK**
0–12 months, EUR	-	-	-	-154	2.66 %	1
1–2 years, EUR	-	-	-	-	-	-
0–12 months, SEK	-1 109	4.29 %	8	-100	4.86 %	-1
1–2 years, SEK	-100	4.86 %	0	-	-	-
Total	**- 1 209**		**8**	**-254**		**0**

1) Since all swaps are from variable to fixed interest, the nominal amount reflects the fixed amount.

c) Energy derivatives

Energy derivatives contracts are entered into with the aim of protecting the Group against changes in electricity prices. These derivatives are valued at market value upon the closing of the accounts.
Outstanding energy derivatives are presented in the table below.

	31 Dec 2007		
	Nominal value MWh	**Weighted hedged price SEK/MWh**	**Fair value MSEK**
0–1 years	37	442.13	2
1–2 years	4	432.56	0
2–3 years	-	-	-
	41		**2**

	30 Jun 2007			31 Dec 2006		
	Nominal value MWh	**Weighted hedged price SEK/MWh**	**Fair value MSEK**	**Nominal value MWh**	**Weighted hedged price SEK/MWh**	**Fair value MSEK**
0–1 years	57	422.50	-1	46	447.25	-5
1–2 years	33	399.87	1	18	385.80	0
2–3 years	4	422.06	-	-	-	-
	94		**0**	**64**		**-5**

NOTE 32 | PREPAID EXPENSES AND ACCRUED INCOME

	Group			Parent Company		
MSEK	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
Prepaid rent	3	2	2	1	1	0
Prepaid leasing charges	0	0	2	-	-	1
Prepaid insurance	1	9	1	0	0	0
Accrued commission income	-	0	1	-	-	-
Prepaid pensions	3	4	4	3	3	3
Prepaid catalogue expenses	8	0	8	5	-	-
Other	11	12	13	5	5	9
Total prepaid expenses and accrued income	**26**	**27**	**31**	**14**	**9**	**13**

NOTE 33 | SHARE CAPITAL

Details of changes in shareholders' equity are provided in the report, Change in the Group's shareholders' equity, which is presented immediately after the balance sheet. At the end of July, an 8:1 share split was carried out and consequently the share capital consists of 46,999,032 shares of common stock. As per 31 December 2007, the share capital consisted of 46,999,032 shares (30 June 2007: 5,874,879; 31 December 2006: 5,874,879). Each share entitles the holder to one vote. All registered shares are fully paid up on the balance sheet date. The quotient value of the shares on 31 December 2007 is SEK 1.25 per share.

NOTE 34 | BORROWING

	Group			Parent Company		
MSEK	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
Long-term						
Bank loans	1 092	1 045	435	1 092	1 045	435
Liabilities to Group companies	-	-	-	215	168	226
Overdraft facility	-	45	22	-	36	21
Mezzanine loan1)	-	144	699	-	144	699
AB Bonnierföretagen1)	-	0	1 180	-	0	1 180
Convertible subordinated debt1)	-	0	13	-	0	13
	1 092	**1 234**	**2 349**	**1 307**	**1 393**	**2 574**
Short-term						
Subordinated debt1)	-	0	525	-	0	525
Bank loan	-	15	175	-	15	175
	0	**15**	**700**	**0**	**15**	**700**
Total borrowing	**1 092**	**1 249**	**3 049**	**1 307**	**1 408**	**3 274**

1) Consists of subordinated loans.

Duni has entered an interest rate swap from variable to fixed interest.

For 2006 and the first half of 2007, the mezzanine loan is included in the range 0-12 months. This loan carries a fixed rate of interest which is capitalized and variable interest which is paid quarterly.

With respect to borrowing, on the balance sheet date Duni's exposure as regards changes in interest rates and contractually agreed dates for interest renegotiation, including swap agreements with a term in excess of one year, was as follows:

	31 Dec 2007	**30 Jun 2007**	**31 Dec 2006**
0–12 months	1 092	140	1 869
1–5 years	-	1 109	1 180
More than 5 years	-	-	0
	1 092	**1 249**	**3 049**

Duni's borrowing is valued at the accrued acquisition value applying the effective annual interest rate method. The difference between the values reported in the balance sheets for 31 December 2007 and the nominal values consists of transaction costs. The balance sheet as per 31 December 2006 also includes separate reporting of warrants in old mezzanine loans, as a difference between book value and nominal value. Duni's accrued interest is reported as accrued expenses. Shown below are nominal values for Duni's borrowing, excluding accrued interest and reported values.

Fair value

Earlier financing

Duni's long-term bank loans and overdraft facilities, amounting to MSEK 1,092 (June 2007: MSEK 1,090; 2006: MSEK 457), carry variable interest which is fixed each quarter; the discounting effect for such a relatively short period of time is not material and thus the fair value corresponds to the nominal value plus accrued interest.

The fair value of short-term borrowing of MSEK 0 (June 2006: MSEK 15; 2006: MSEK 700) corresponds to the nominal value thereof plus accrued interest, since the discounting effect is not material.

Earlier financing

The loan from AB Bonnier with a book value of MSEK 0 (June 2007: MSEK 0; 2006: MSEK 1,180) carried fixed interest which was capitalized quarterly. The loan terms included an option which entitled Duni AB not to pay any prepayment fee to AB Bonnier in the event of early redemption. The fair value of this option on each stated occasion corresponded, with reverse signs, to the same value as the difference between the market value and the nominal value of the loan. Given these conditions, the fair value thus corresponded to the nominal value (incl. capitalized interest) of the Bonnier loan. The loan was repaid in conjunction with the refinancing in March 2007.

As stated above, the mezzanine loan carried fixed interest which is capitalized and added to the nominal amount, as well as variable coupon interest. The mezzanine loan which existed up to and including March 2007 was, during the first two years, i.e. up to and including 2003, subject to a prepayment cost condition. In the loan conditions for the mezzanine loan thereafter, and in the conditions for the new mezzanine loan, a possibility was given to repay the loan in conjunction with each payment of interest, without paying any prepayment fee. In principle, this condition makes the loan equivalent to a variable loan since the fair value corresponds to the nominal value (incl. capitalized interest) plus accrued coupon interest. The mezzanine loan was repaid in conjunction with the refinancing in November 2007.

	31 Dec 2007		30 Jun 2007		31 Dec 2006	
	Reported value	**Nominal value**	**Reported value**	**Nominal value**	**Reported value**	**Nominal value**
Bank loans	1 092	1 100	1 060	1 076	1 135	1 141
Mezzanine loan	-	-	144	148	699	741
AB Bonnierföretagen	-	-	-	-	1 180	1 183
Overdraft facility	-	-	45	45	22	22
Convertible subordinated debt	-	-	-	-	13	13
	1 092	**1 100**	**1 249**	**1 269**	**3 049**	**3 100**

Reported amounts, per currency, for the Group's borrowing are as follows:

	31 Dec 2007	30 Jun 2007	31 Dec 2006
SEK	1 092	151	1 832
EUR	-	1 090	1 202
USD	-	-	13
Other currencies	-	8	1
	1 092	**1 249**	**3 049**

Borrowing since November 2007

In November 2007, in connection with the IPO, Duni implemented a refinancing whereby the old loans were repaid and new loans taken up. The refinancing affected Duni's net financial items by MSEK 21, relating to non written-off transaction expenses.

Bank loan

Duni has a multi-currency credit facility of a nominal EUR 220 M, which entitles Duni to borrow in the currency of its choice. This loan extends November 2012. The interest rate is variable and set as IBOR for the period until the next rolling, plus a margin.

Overdraft facility

On behalf of the Group, the Parent Company has taken out an overdraft facility in a nominal amount of MSEK 110. As per 31 December 2007, the sum utilized was MSEK 0.

Borrowing before November 2007

In March 2007, Duni implemented a refinancing in connection with the divestment of the deSter business area. In connection with the refinancing, the Group's net financial items were affected by MSEK 31, relating to non written-off transaction expenses.

Bank loans

In conjunction with the refinancing in March 2007, a new credit facility was signed for a nominal amount of EUR 136.5 M. Of this loan, EUR 38.5 M matured in March 2012 and EUR 65.5 M in March 2013. The interest rate is variable and set as EURIBOR or STIBOR for the period until the next rolling, plus a margin.

Mezzanine loan

A new mezzanine loan of a nominal EUR 16 M was taken up in connection with the refinancing in March 2007. The loan extends until 15 April 2013. On 30 June 2007, the interest rate on the loan was 12.7%. Part of the interest is capitalized quarterly.

Non-utilized credit facilities

The Parent Company had, on behalf of the Group, also taken up a confirmed revolving credit facility amounting to nominal EUR 32.5 M, maturing in March 2012. The utilized amount as per 30 June 2007 was MSEK 168 (MSEK 115 included in bank loans; MSEK 45 related to the Group's overdraft facility; the remainder consisted of issued guarantees).

Borrowing before March 2007

Bank loans

Duni's bank loans carried a variable interest rate and were denominated primarily in EUR and SEK, but also to a smaller extent in USD.

Mezzanine loan with warrants

In connection with the refinancing of the Duni Group in 2001, a mezzanine loan was taken up with Skandinaviska Enskilda Banken AB (publ) and Intermediate Capital Group PLC, London for a nominal EUR 68 M.

At an extraordinary general meeting of Duni AB held on 27 September 2001, a resolution was adopted to issue two debentures with a total of 140,230 detachable warrants. Skandinaviska Enskilda Banken AB (publ) and Intermediate Capital Group PLC were granted an exclusive right to subscribe for the debentures and hold the warrants.

Holders of the warrants were entitled, between 1 October 2001 and 31 December 2020, to subscribe for one share per warrant on condition that Duni AB was sold or floated on a stock exchange and that the mezzanine debt was repaid. The subscription price was set at the market value at the time of the issue.

The loan originally extended until 31 December 2010. At the end of 2006, the interest rate on the loan was 10.6%. Part of the interest was variable and part fixed; the fixed interest was capitalized quarterly. The fair value of the debt, included in long-term liabilities, was calculated using the relevant market interest rate. The remaining amount, which represents the value of the warrants, was included in shareholders' equity in the item, "Provisions", after deduction for income tax.

At the beginning of the loan, the debt was calculated at MSEK 593, and the warrant before tax calculated at MSEK 70.

Subordinated debts

In November 2005, the Group took up a loan of a nominal EUR 28.5 M to finance deSter's acquisition of the Supplair group. The debt was subordinated. The loan matured on 2 May 2007. Interest on the loan was variable and capitalized.

In order to strengthen Duni's liquidity, in April 2006 a loan was taken up of a nominal MSEK 250. This debt was also subordinated and matured on 2 May 2007. Interest on this debt was capitalized.

AB Bonnierföretagen

Duni AB had a subordinated loan from the previous owners, AB Bonnierföretagen, of a nominal MSEK 700, with an interest rate which was capitalized in full each year. At the end of 2006, the debt was MSEK 1,180 (2005: 1,073).

Non-utilized credit facilities

The Parent Company had, on behalf of the Group, signed a confirmed revolving credit facility amounting to the equivalent of a nominal MSEK 500. Credits granted within this facility in the Group amounted to the equivalent of MSEK 341. For the Parent Company, the corresponding amount was MSEK 209. In addition, the Parent Company had, within the scope of the credit facility, the possibility to borrow the equivalent of MSEK 159. At the end of 2006, the credit facility was utilized in the Group in the amount of MSEK 141.

Convertible subordinated debt

In November 2001, an extraordinary general meeting of Duni AB resolved to issue a new convertible subordinated loan, which was subscribed for by some 50 key persons in the Group. This loan amounted, upon subscription, to MSEK 13.8, corresponding to 26,158 convertible debentures, and extends between 30 November 2001 and 1 January 2011. The loan credit limit was SEK 18.7; at the conversion price, this corresponds to 35,448 convertible debentures. The interest rate was variable, with adjustment on 30 November of each year. Interest was set at 360 days STIBOR plus a margin. The interest expense in 2006 was SEK 460,000.

The convertible debenture holders were entitled, during the term up to and including 30 November 2010, to subscribe for 27,065 shares at a price of SEK 527 per share. The price has been set on market terms. Concurrently with the subscription for convertible debentures, the Company's main owner, EQT, sold options on existing shares in Duni AB.

The rate of interest was deemed to be on market terms and thus no division has been made of the principal into shareholders' equity and loan. For the same reason, the fair value is deemed to correspond to the book value.

NOTE 35 | CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Group 31 December 2007			
Assets	Loans and receivables	Assets at fair value through profit or loss	Non-financial assets	TOTAL
Tangible and intangible fixed assets	-	-	1 661	1 661
Deferred tax asset	-	-	395	395
Other long-term receivables	3	-	-	3
Inventories	-	-	500	500
Accounts receivable	546	-	-	546
Derivatives	-	11	-	11
Tax assets	14	-	-	14
Other receivables	156	-	-	156
Prepaid expenses and accrued incomes	-	-	26	26
Cash and cash equivalents	202	-	-	202
Total	**921**	**11**	**2 582**	**3 514**

Duni has no assets which are classified as "Derivative used for hedging" and "Assets held for trading".

	Group 31 December 2007			
Liabilities	Liabilities at amortised cost	Liabilities at fair value through profit or loss	Non-financial liabilities	TOTAL
Overdraft facility	-	-	-	-
Bank loans	1 092	-	-	1 092
Subordinated debt	-	-	-	-
Convertible subordinated debt	-	-	-	-
Deferred tax liabilitiy	-	-	19	19
Pension provisions	-	-	200	200
Allocation to restructuring reserve	-	-	4	4
Accounts payable	305	-	-	305
Liabilities to credit institutions	-	-	-	-
Tax liabilities	51	-	-	51
Derivatives	-	9	-	9
Other liabilities	50	-	-	50
Accrued expenses and deferred incomes	368	-	-	368
Total	**1 866**	**9**	**223**	**2 098**

Duni has no liabilities which are classified as "Derivatives used for hedging".

	Group 30 June 2007			
Assets	Loans and receivables	Assets at fair value through profit or loss	Non-financial assets	TOTAL
Tangible and intangible fixed assets	-	-	1 619	1 619
Deferred tax asset	-	-	432	432
Other long-term receivables	2	-	-	2
Inventories	-	-	503	503
Accounts receivable	653	-	-	653
Derivatives	-	16	-	16
Tax assets	36	-	-	36
Other receivables	135	-	-	135
Prepaid expenses and accrued incomes	-	-	27	27
Cash and cash equivalents	112	-	-	112
Total	**938**	**16**	**2 581**	**3 535**

	Group 30 June 2007			
Liabilities	**Liabilities at amortised cost**	**Liabilities at fair value through profit or loss**	**Non-financial liabilities**	**TOTAL**
Overdraft facility	45	-	-	45
Bank loans	1 045	-	-	1 045
Subordinated debt	144	-	-	144
Convertible subordinated debt	-	-	-	-
Deferred tax liability	-	-	28	28
Pension provisions	-	-	204	204
Allocation to restructuring reserve	-	-	6	6
Accounts payable	256	-	-	256
Liabilities to credit institutions	15	-	-	15
Tax liabilities	55	-	-	55
Derivatives	-	16	-	16
Other liabilities	69	-	-	69
Accrued expenses and deferred incomes	352	-	-	352
Total	**1 981**	**16**	**238**	**2 235**

	Group 31 December 2006			
Assets	**Loans and receivables**	**Assets at fair value through profit or loss**	**Non-financial assets**	**TOTAL**
Tangible and intangible fixed assets	-	-	2 852	2 852
Deferred tax asset	-	-	483	483
Other long-term receivables	13	-	-	13
Inventories	-	-	639	639
Accounts receivable	900	-	-	900
Derivatives	-	17	-	17
Tax assets	57	-	-	57
Other receivables	128	-	-	128
Prepaid expenses and accrued incomes	-	-	31	31
Cash and cash equivalents	193	-	-	193
Total	**1 291**	**17**	**4 005**	**5 313**

	Group 31 December 2006			
Liabilities	**Liabilities at amortised cost**	**Liabilities at fair value through profit or loss**	**Non-financial liabilities**	**TOTAL**
Overdraft facility	22	-	-	22
Bank loans	435	-	-	435
Subordinated debt	1 879	-	-	1 879
Convertible subordinated debt	13	-	-	13
Deferred tax liability	-	-	68	68
Pension provisions	-	-	237	237
Allocations to restructuring reserve	-	-	21	21
Accounts payable	472	-	-	472
Liabilities to credit institutions	700	-	-	700
Tax liabilities	90	-	-	90
Derivatives	-	20	-	20
Other liabilities	73	-	-	73
Accrued expenses and deferred incomes	445	-	-	445
Total	**4 129**	**20**	**326**	**4 475**

	Parent Company 31 December 2007			
Assets	**Loans and receivables**	**Assets at fair value through profit or loss**	**Non-financial assets**	**TOTAL**
Tangible and intangible fixed assets	-	-	998	998
Deferred tax asset	-	-	354	354
Other financial fixed assets	2	-	744	746
Inventories	-	-	133	133
Accounts receivable	129	-	-	129
Derivatives	-	9	-	9
Tax assets	9	-	-	9
Other receivables	33	-	-	33
Receivables to group companies	401	-	-	401
Prepaid expenses and accrued incomes	-	-	14	14
Cash and bank balances	116	-	-	116
Total	**690**	**9**	**2 243**	**2 942**

	Parent Company 31 December 2007			
Liabilities	**Liabilities at amortised cost**	**Liabilities at fair value through profit or loss**	**Non-financial liabilities**	**TOTAL**
Overdraft facility	-	-	-	-
Bank loans	1 092	-	-	1 092
Subordinated debt	-	-	-	-
Convertible subordinated debt	-	-	-	-
Deferred tax liability	-	-	2	2
Pension provisions	-	-	111	111
Allocations to restructuring reserve	-	-	0	0
Accounts payable	64	-	-	64
Liabilities to credit institutions	-	-	-	-
Tax liabilities	1	-	-	1
Derivatives	-	9	-	9
Other liabilities	12	-	-	12
Liabilities to group companies	262	-	-	262
Accrued expenses and deferred incomes	85	-	-	85
Total	**1 516**	**9**	**113**	**1 638**

	Parent Company 30 June 2007			
Assets	**Loans and receivables**	**Assets at fair value through profit or loss**	**Non-financial assets**	**TOTAL**
Tangible and intangible fixed assets	-	-	1 029	1 029
Deferred tax asset	-	-	395	395
Other financial fixed assets	0	-	744	744
Inventories	-	-	133	133
Accounts receivable	148	-	-	148
Derivatives	-	16	-	16
Tax assets	14	-	-	14
Other receivables	62	-	-	62
Receivables to group companies	487	-	-	487
Prepaid expenses and accrued incomes	-	-	9	9
Cash and bank balances	64	-	-	64
Total	**775**	**16**	**2 310**	**3 101**

Liabilities	Parent Company 30 June 2007 Liabilities at amortised cost	Liabilities at fair value through profit or loss	Non-financial liabilities	TOTAL
Overdraft facility	36	-	-	36
Bank loans	1 045	-	-	1 045
Subordinated debt	144	-	-	144
Convertible subordinated debt	-	-	-	-
Deferred tax liability	-	-	4	4
Pension provisions	-	-	111	111
Allocations to restructuring reserve	-	-	0	0
Accounts payable	42	-	-	42
Liabilities to credit institutions	15	-	-	15
Tax liabilities	1	-	-	1
Derivatives	-	15	-	15
Other liabilities	13	-	-	13
Liabilities to group companies	296	-	-	296
Accrued expenses and deferred incomes	118	-	-	118
Total	**1 710**	**15**	**115**	**1 840**

Assets	Parent Company 31 December 2006 Loans and receivables	Assets at fair value through profit or loss	Non-financial assets	TOTAL
Tangible and intangible fixed assets	-	-	1 094	1 094
Deferred tax asset	-	-	365	365
Other financial fixed assets	1	-	2 000	2 001
Inventories	-	-	114	114
Accounts receivable	133	-	-	133
Derivatives	-	17	-	17
Tax assets	9	-	-	9
Other receivables	47	-	-	47
Receivables to group companies	1 195	-	-	1 195
Prepaid expenses and accrued incomes	-	-	13	13
Cash and bank balances	54	-	-	54
Total	**1 439**	**17**	**3 586**	**5 042**

Liabilities	Parent Company 31 December 2006 Liabilities at amortised cost	Liabilities at fair value through profit or loss	Non-financial liabilities	TOTAL
Overdraft facility	21	-	-	21
Bank loans	435	-	-	435
Subordinated debt	1 879	-	-	1 879
Convertible subordinated debt	13	-	-	13
Deferred tax liability	-	-	11	11
Pension provisions	-	-	109	109
Allocations to restructuring reserve	-	-	3	3
Accounts payable	48	-	-	48
Liabilities to credit institutions	700	-	-	700
Tax liabilities	1	-	-	1
Derivatives	-	14	-	14
Other liabilities	7	-	-	7
Liabilities to group companies	313	-	-	313
Accrued expenses and deferred incomes	113	-	-	113
Total	**3 530**	**14**	**123**	**3 667**

NOTE 36 | PENSION PROVISIONS

Provisions for pensions and similar obligations

	Group		
MSEK	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
Defined benefit plan	200	204	237

Defined benefit plans

Within the Group, there are a number of defined benefit plans where, after completion of employment, the employees are entitled to compensation based on final salary and period in employment. The largest plans relate to Sweden, Germany, Belgium, the Netherlands and United Kingdom.

Pension insurance with Alecta

Obligations regarding retirement pensions and family pensions for white collar staff in Sweden are secured through insurance with the independent insurance company, Alecta. According to a statement issued by the Emergency Issues Task Force of the Swedish Accounting Standards Council, URA 42, this is a defined benefit plan which covers several employers. Duni does not have access to such information as makes it possible to report this plan as a defined benefit plan. The pension plan according to ITP which is secured through insurance with Alecta is thus reported as a defined contribution plan. The year's charges for pension policies taken out with Alecta amount to MSEK 2.1 (June 2007: MSEK 3.4; 2006: MSEK 5.8). Alecta's surplus may be divided among the policy holders and/or the insured. As per 31 December 2007, Alecta's surplus in the form of the collective funding level amounted to 152% (June 2007: 165%; 2006: 143%). The collective funding level consists of the market value of Alecta's assets as a percentage of the insurance obligations calculated in accordance with Alecta's actuarial assumptions, which do not correspond to IAS 19.

	Defined benefit plan		
MSEK	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
The amounts reported in the consolidated balance sheet have been calculated as follows:			
Present value of funded obligations	131	150	197
Fair value of plan assets	-83	-103	-123
Present value of unfunded obligations	173	169	178
Unreported actuarial net losses	-21	-12	-15
Net debt in the balance sheet	**200**	**204**	**237**
Amounts reported in the consolidated income statement are as follows:			
Costs relating to employment during the current year	-4	-3	-11
Interest expenses	-6	-7	-15
Expected return on plan assets	2	3	6
Actuarial net profits reported for the year	0	0	1
	-8	**-7**	**-19**
Of which discontinued operations	-	-	-5
Continuing operations	**-8**	**-7**	**-14**
Total pension expenses reported in the consolidated income statement are as follows:			
Total expenses for defined benefit plan	-8	-7	-19
Total expenses for defined contribution plan	-10	-10	-21
Total pension expenses	**-18**	**-17**	**-40**
Of which discontinued operations	-	-	-10
Continuing operations	**-18**	**-17**	**-30**

	Defined benefit plan		
MSEK	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
The costs are allocated in the consolidated income statement on the following items:			
Operating income	-4	-3	-10
Financial expenses	-4	-4	-9
	-8	**-7**	**-19**
Of which continuing operations:			
Operating income	-4	-3	-8
Financial expenses	-4	-4	-6
	-8	**-7**	**-14**

	Defined benefit plan		
MSEK	**31 Dec 2007**	**30 Jun 2007**	**31 Dec 2006**
The change in the defined benefit obligation during the year is as follows:			
At beginning of year	319	375	384
Less discontinued operations	-	-65	-
Employment expenses for during current year	4	3	11
Interest expenses	6	7	15
Actuarial losses (+)/profits (-)	-2	0	-6
Exchange rate differences	-6	4	-8
Disbursed compensation	-5	-5	-13
Settlements	-12	-	-8
At year-end	**304**	**319**	**375**
The change in fair value of plan assets during the year is as follows:			
At beginning of year	-103	-123	-117
Less discontinued operations	-	26	-
Expected return on plan assets	-2	-2	-6
Actuarial losses (+)/gains (-)	11	0	-1
Exchange rate differences	5	-2	4
Employer's contributions	-8	-2	-10
Employees' contributions	0	0	-2
Disbursed compensation	2	0	5
Settlements	12	-	4
At year-end	**-83**	**-103**	**-123**

The actual return on plan assets amounted to MSEK -9 (June 2007: MSEK 2; 2006: MSEK 7).

Plan assets are located primarily in Belgium, Holland and United Kingdom. Funding of defined benefit plans in Duni consists primarily of insurance contracts. The insurance contracts provide a guaranteed annual return with the possibility of a bonus decided on annually by the insurance company. It is not possible to link Duni's policies so as to constitute a part of the reported portfolio of the insurance company. The assumed return on plan assets is stated at the guaranteed return plus the anticipated bonus.

Contributions to the plan for compensation following completed employment are expected to amount to MSEK 5.2 in 2008.

Principal actuarial assumptions on the balance sheet date	31 Dec 2007	30 Jun 2007	31 Dec 2006
Discount rate	3.8–5.1%	3.8–5.1%	3.8–5.2%
Anticipated return on plan assets	4.0–7.5%	4.0–5.4%	4.0–5.4%
Future annual salary increases	0–3.7%	0–3.0%	0–3.0%
Future annual pension increases	0–2.75%	0–2.3%	0–2.3%
Personnel turnover	0–3.0%	0–3.0%	0–3.0%

Multi-year summary	31 Dec 2007	30 Jun 2007	31 Dec 2006	31 Dec 2005
Present value of defined benefit obligations	304	319	375	384
Fair value of plan assets	-83	-103	-123	-117
Deficit / surpluses	**221**	**216**	**252**	**267**

	Parent Company		
MSEK	31 Dec 2007	30 Jun 2007	31 Dec 2006
Provisions in accordance with the Swedish Pension Obligations (Security) Act			
FPG/PRI pensions	111	111	109
Liability in the balance sheet	**111**	**111**	**109**
The following amounts are reported in the Parent Company's income statement:			
Earned during the year	0	0	0
Interest expenses	-2	-3	-5
Pension expenses for the year	**-2**	**-3**	**-5**
The change in the defined benefit obligation during the year is as follows:			
At beginning of year	111	109	138
Net expense reported in the income statement	2	3	5
Disbursed compensation	-2	-1	-4
Settlements	0	0	-30
At year-end	**111**	**111**	**109**

Liabilities in the Parent Company relate to pension obligations at PRI.

NOTE 37 | ALLOCATIONS TO RESTRUCTURING RESERVE

	Group			Parent Company		
MSEK	31 Dec 2007	30 Jun 2007	31 Dec 2006	31 Dec 2007	30 Jun 2007	31 Dec 2006
Opening balance, restructuring reserve	6	21	50	0	3	23
Utilized reserves	-2	-15	-33	0	-3	-20
Allocations for the year	-	-	4	-	-	-
Closing balance, restructuring reserve	**4**	**6**	**21**	**0**	**0**	**3**
of which short part	4	6	21	0	0	3
of which long part	0	0	0	0	0	0

For a description of the nature of the restructuring reserve and estimated date for settlement, see Note 9.

NOTE 38 | ACCRUED EXPENSES AND DEFERRED INCOME

	Group			Parent Company		
MSEK	31 Dec 2007	30 Jun 2007	31 Dec 2006	31 Dec 2007	30 Jun 2007	31 Dec 2006
Accrued personnel expenses	110	98	124	23	25	17
Accrued interest expenses	6	22	24	5	12	13
Accrued expense invoices	43	42	72	19	17	20
Accrued liabilities to customers	140	102	155	20	10	19
Other items	69	88	70	18	54	44
Other accrued liabilities and deferred income	**368**	**352**	**445**	**85**	**118**	**113**

NOTE 39 | PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group			Parent Company		
MSEK	31 Dec 2007	30 Jun 2007	31 Dec 2006	31 Dec 2007	30 Jun 2007	31 Dec 2006
Pledged security						
Property mortgages	11	11	11	11	11	11
Floating charges	140	752	1 204	80	672	692
Net assets in subsidiaries	0	1 540	2 093	-	-	-
Shares in subsidiaries	-	-	-	0	1 667	2 791
Other pledged assets	0	207	555	0	207	555
Total pledged security	**151**	**2 510**	**3 863**	**91**	**2 557**	**4 049**

MSEK	Group 31 Dec 2007	Group 30 Jun 2007	Group 31 Dec 2006	Parent Company 31 Dec 2007	Parent Company 30 Jun 2007	Parent Company 31 Dec 2006
Contingent liabilities						
Guarantees	8	9	18	16	39	86
FPG/PRI	3	3	3	3	3	3
Other	-	-	-	-	-	-
Total contingent liabilities	**11**	**12**	**21**	**19**	**42**	**89**

Of the guarantees in the Parent Company, MSEK 15 (June 2007: MSEK 32; 2006: MSEK 77) is pledged to the benefit of group companies. Guarantees in the Parent Company relate primarily to local customs and excise, MSEK 11 (June 2007: MSEK 11; 2006: MSEK 8).

No significant liabilities are expected to arise as a consequence of any of the above types of contingent liabilities.

Duni AB has also issued floating charges to Pensionsgaranti FPG/AMFK as security of MSEK 80 (June 2007: MSEK 80; 2006: MSEK 140) ranking senior to other claims.

NOTE 40 | ADJUSTMENTS FOR ITEMS NOT INCLUDED IN THE CASH FLOW

MSEK	Group 1 Jul 2007 – 31 Dec 2007	Group 1 Jan 2007 – 30 Jun 2007	Group 1 Jan 2006 – 31 Dec 2006	Parent Company 1 Jul 2007 – 31 Dec 2007	Parent Company 1 Jan 2007 – 30 Jun 2007	Parent Company 1 Jan 2006 – 31 Dec 2006
Depreciation/amortization	46	61	167	62	59	117
Capital gains/losses, discontinued operations	-15	-453	-98	-15	23	-
Capital gains/losses, other	-	-	-12	-	8	-61
Restructuring	-2	-4	-27	-	-	-20
Pension provisions	0	3	-3	0	-3	-6
Change in value, derivatives	-3	-2	-7	-1	2	-13
Other	-1	-4	21	-6	-19	27
Total	**25**	**-399**	**41**	**40**	**70**	**44**

NOTE 41 | OBLIGATIONS

Operational leasing agreements

Duni rents a number of offices and warehouses as well as passenger cars, primarily for the sales organization. In addition, certain machinery is leased in the production operations. Agreements relate to non-terminable operational leasing agreements. Leasing agreements have varying terms, index clauses and rights of extension. The terms are market terms as relate to prices and length of the agreements.

The nominal value of future minimum leasing fees, with respect to non-terminable leasing agreements, is broken down as follows:

All amounts below relate to continuing operations.

MSEK	Group 31 Dec 2007	Group 30 Jun 2007	Group 31 Dec 2006	Parent Company 31 Dec 2007	Parent Company 30 Jun 2007	Parent Company 31 Dec 2006
Payable within one year	74	73	67	21	19	16
Payable later than one but within five years	181	202	195	50	49	51
Payable later than five years	114	128	141	31	31	42
Total	**369**	**403**	**403**	**102**	**99**	**109**
Of which leasing contracts signed during the year	19	31	28	2	5	12

Total expenses relating to operational leasing agreements during the year amount to MSEK 51 (June 2007: MSEK 49; 2006: MSEK 122) in the Group and MSEK 13 (June 2007: MSEK 11; 2006: MSEK 21) in the Parent Company.

Financial leasing agreements

The nominal value of future minimum leasing fees, with respect to non-terminable leasing agreements, is broken down as follows:

MSEK	Group 31 Dec 2007	Group 30 Jun 2007	Group 31 Dec 2006	Parent Company 31 Dec 2007	Parent Company 30 Jun 2007	Parent Company 31 Dec 2006
Payable within one year	-	-	-	-	-	-
Payable later than one but within five years	-	-	0	-	-	-
Total	**0**	**0**	**0**	**0**	**0**	**0**
Present value of future leasing charges	**0**	**0**	**0**	**0**	**0**	**0**

NOTE 42 | BUSINESS COMBINATIONS

During the financial year 1 July 2007 – 31 December 2007, and the financial years 1 January 2007 – 30 June 2007 and 2006, no business combinations have taken place.

NOTE 43 | RELATED-PARTY TRANSACTIONS

Purchases and sales to and from related-party transactions amounted to MSEK 0 (June 2007: MSEK 40; 2006: MSEK 158). "Related-party transactions" here means the deSter Group. Receivables and liabilities regarding deSter are included in the Parent Company's balance sheet as Group transactions; for other information see Note 44, "Discontinued operations".

Commencing 14 November 2007, when Duni AB was listed on the Stockholm Stock Exchange, the deSter group and Duni are no longer related parties.

"Related-party transactions" refers to Duni Holding AB. During the period, transactions of a financial nature have been carried out. Duni AB has made net payments of MSEK 11 on behalf of Duni holding AB and subsequently debited Duni Holding AB therefor.

Other than the information above and information in Note 13 regarding compensation to senior executives and in Note 6 regarding intra-Group purchases and sales, there are no related-party transactions.

NOTE 44 | DISCONTINUED OPERATIONS

Duni Americas

(a) Description of circumstances concerning the divestment

On 31 August 2006, an agreement was reached and Duni's holdings in Duni Americas, covering Duni Corporation and Duni Supply Corporation, were sold. Duni owned 100% of the shares in both companies. The purchase price was at market price and amounted to MSEK 290. As a consequence of the sale of Duni Americas, the purchaser brought a claim against Duni for approximately USD 10.5 M based on accounts for closing prepared by the purchaser.

In December 2006, Duni requested that a complete review be carried out of the accounts for closing and underlying vouchers. Thereafter, arbitration proceedings were commenced in accordance with the provisions in the sale and purchase agreement. Duni contested the amount of the claim and made provision for an amount that Duni's management believed that Duni might reasonably pay as a consequence of this dispute.

In November 2007, Duni and the purchaser reached an agreement and it was possible to avoid arbitration proceedings. The final purchase price was adjusted by MSEK 31, within the scope of the provision made for the dispute. The cash flow effect was MSEK -29, which was paid out from an escrow account. In connection with the agreement, the provision was adjusted and MSEK 15 dissolved as additional capital gain on the sale of Duni Americas.

Since the date of the divestment, Duni's holding in Duni Americas is reported as a discontinued operation, entailing that Duni Americas' net income is presented on a line in the consolidated income statement. Duni Americas constituted a separate segment.

No reclassification has taken place of assets and liabilities in the balance sheet as per 31 December 2006 attributable to Duni Americas, since decision and divestment took place during the same period.

(b) Net cash flows from Duni Americas

	1 Jan 2006 – 31 Dec 2006
Cash flow from current operations	27
Cash flow from investment activities	4
Cash flow from financing activities	-67
Total cash flows	**-36**

The above cash flows relate to the current operations of Duni Americas and include internal transactions between Duni Americas and the Duni Group. Financing activities in the net cash flow above comprise entirely internal financing from Duni AB.

(c) Analysis of income from Duni Americas

Presented below is a summary of Duni Americas' income statements:

	1 Jul 2007 –31 Dec 2007	1 Jan 2006 –31 Dec 2006
Net sales	-	466
Operating expenses	-	-444
Other income/expenses – net	-	1
Operating income	**-**	**23**
Financial items – net	-	-24
Income before tax	**-**	**-1**
Income tax	-	-66
Net income for the year	**-**	**-67**
Capital gain on divestment of Duni Americas – operating income	15	98
Capital gain on divestment of Duni Americas – financial income	-	12
Net income for the year from discontinued operations	**15**	**43**

Capital gain - financial income relates to translation differences attributable to the discontinued operations.

deSter

(a) Description of circumstances surrounding the divestment

On 29 March 2007, an agreement was reached with a company owned by EQT, and Duni's holdings in the deSter Group were divested. The purchase price was the market price and amounted to MSEK 1,254. Since the date of the divestment, Duni's holdings in the deSter Group is reported as a discontinued operation, entailing that the deSter Group's net income is presented on a line in the consolidated income statement. The deSter Group constituted a separate segment.

No reclassification has taken place of assets and liabilities in the balance sheet as per 30 June 2007 attributable to deSter, since the decision and divestment took place during the same period.

(b) Net cash flows from deSter

	1 Jan 2007 –30 Jun 2007	1 Jan 2006 –31 Dec 2006
Cash flow from current operations	11	22
Cash flow from investing activities	-13	-26
Cash flow from financing activities	28	38
Total cash flows	**26**	**34**

The above cash flows relate to the current operations of deSter and include internal transactions between deSter and the Duni Group. Financing activities in the net cash flow above comprise entirely internal financing from Duni AB.

(c) Analysis of the income from deSter

Presented below is a summary of the deSter Group's income statements.

	1 Jan 2007 –30 Jun 2007	1 Jan 2006 –31 Dec 2006
Net sales	434	2 026
Operating expenses	-424	-1 923
Other income/expenses – net	2	-22
Operating income	**12**	**81**
Financial items – net	-15	-25
Income before tax	**-3**	**56**
Income tax	-11	-22
Net income for the year	**-14**	**34**
Capital gain on divestment of the deSter Group – operating income	453	-
Capital gain from divestment of the deSter Group – financial income	18	-
Net income for the year from discontinued operations	**457**	**34**

Capital gain – financial income means translation differences attributable to the discontinued operations.

(d) Analysis of impact on the Group's cash and cash equivalents at the time of the divestment

The total value of divested assets, liabilities, purchase price and impact on the Group's cash and cash equivalents are as follows:

	31 Dec 2007 Duni Americas	30 Jun 2007 deSter Group	31 Dec 2006 Duni Americas
Goodwill	77	962	77
Tangible fixed assets	135	301	135
Financial fixed assets	1	55	1
Inventories	144	207	144
Other current assets	65	450	65
Long-term liabilities	-156	-713	-156
Current liabilities	-74	-461	-74
Capital gain	113	453	98
Total purchase price	**305**	**1 254**	**290**
Reduction in claims regarding sold subsidiaries	151	-	151
Cash and cash equivalents in divested companies	0	-45	0
Total cash flow related to discontinued operations	**456**	**1 209**	**441**

Investments

Duni's net investments as a whole during the year amounted to MSEK 83 (June 2007: MSEK 63; 2006: MSEK 210). Of the net investments, MSEK 83 (June 2007: MSEK 49; 2006: MSEK 130) relate to continuing operations. Investments in the continuing operations have primarily related to maintenance of machinery and implementation of the SAP business system.

Changes in working capital

Duni's net change in operational working capital, inventories/accounts receivable/accounts payable during the year amounted to MSEK 167 (June 2007: MSEK -126; 2006: MSEK – 71). Of the change, MSEK 11 (June 2007: MSEK 35; 2006: MSEK -26) relates to net change in inventories, MSEK 114 (June 2007: MSEK -76; 2006: MSEK 8) to net change in accounts receivable and MSEK 42 (June 2007: MSEK -16; 2006: MSEK 66) to net change in accounts payable for the continuing operation.

NOTE 45 | EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred after the balance sheet date.

Auditor's Report

To the annual general meeting of the shareholders of Duni AB (publ), corporate identity number 556536-7488.

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 Duni AB (publ) for the year 2007 The company's annual accounts and the consolidated accounts are included in the printed version on pages 35-93. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on my 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 and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts 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 have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The Board of Directors' report is consistent with the other parts of the annual accounts and the consolidated accounts.

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

Our audit report was submitted on 25 March 2008.

PricewaterhouseCoopers AB

Bo Hjalmarsson
Authorized Public Accountant


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Board of Directors

Duni's Board presently comprises seven directors elected by the annual general meeting, including the Chairman of the Board, as well as two employee representatives and one alternate. The name, position and year of election to the Board of the current directors are set forth below.

ELECTED BY THE GENERAL MEETING

1 Peter Nilsson (1962)
MSc in economics and business adminstration
Chairman since 2007, formerly President and CEO of Duni
Chairman of the Board: CBR Fashion Holding GmbH
Director: New Wave Group AB, deSter Holding BV, JH Tidbacks AB and Team Tråd & Galler Holding AB
Elected 2007
Shares: 0

2 Harry Klagsbrun (1954)
MSc in journalism and MSc in economics and business administration, MBA
Senior Partner, EQT Partners AB
Elected 2007
Shares: 0

3 Gerold Linzbach (1956)
PhD Chemical Engineering
President of Symrise AG
Elected 2007
Shares: 0
Independent of the Company, company management and Duni's major shareholders

4 Göran Lundqvist (1941)
Degree in economics and business administration
Chairman of the Board: Historical Museum of Wines and Spirits (foundation)
Director: New Nordic Health AB, Siljan Wood Products AB, Varuverket AB
Elected 2002
Shares: 0
Independent of the Company, company management and Duni's major shareholders.

5 Gun Nilsson (1955)
MSc in economics and business administration
CEO of Gambro Holding AB
Director: Husqvarna Aktiebolag and LFV.
Formerly Vice President and CFO of Duni
Elected 2007
Shares: 600

6 Pia Rudengren (1965)
MSc in economics and business administration
Chairman of the Board of Q-Med AB
Director: BioPhausia AB, Varyag Resources AB, Zodiak Television AB and WeMind Digital Psykologi AB
Elected 2007
Shares: 1 200
Independent of the Company, company management and Duni's major shareholders

7 Sanna Suvanto-Harsaae (1966)
Degree in business administration
General Manager for Scandinavia of Reckitt Benckiser AS
Chairman of the Board: Sunset Boulevard AS
Director: Jetpak AB, Symrise AG
Elected 2004
Shares: 0
Independent of the Company, company management and Duni's major shareholders

APPOINTED BY THE EMPLOYEES

8 Per-Åke Halvordsson (1959)
Employee representative for Unionen. Employed as production manager at Rexcell Tissue & Airlaid AB
Alternate employee representative on the Board of Rexcell Tissue & Airlaid AB
Elected 2005
Shares: 0

9 Göran Andréasson (1947)
Employee representative for SPIAF (Swedish Paper Industry Workers' Union). Employed as machine mechanic and work environment manager at Rexcell Tissue & Airlaid AB. Employee representative on the Board of Rexcell Tissue & Airlaid AB. Director of Bengtforshus AB and Majberget Utveckling AB. Alternate director of Bengtfors Energi Handel AB, Bengtsfors Energi Nat AB and Bengtsfors Teknik AB
Elected 2001
Shares: 0

AUDITORS

PricewaterhouseCoopers AB
Auditor-in-charge: Bo Hjalmarsson, Authorized Public Accountant.
Shares: 0

1	2	
3	4	5
6	7	8
9	10	

Group Management

SENIOR EXECUTIVES

1 Fredrik von Oelreich (1961)
CEO
MSc in economics and business administration
Engaged since 2005
Shares: 198,482

2 Johan L. Malmqvist (1975)
CFO
MSc in finance and a BA in international economics
Employed since 1998
Shares: 66,054

3 Mats Lindroth (1960)
Director of Corporate Development
MSc in economics and business administration
Employed since 1987
Shares: 22,018

4 Øyvind Førland (1962)
Director of Marketing
Degree in economics and business administration
Employed since 1987
Shares: 22,018

5 Lars-Erik Ewertz (1954)
Director of Supply Chain and IS
MSc in engineering physics and microelectronics
Employed since 2003
Shares: 11,009

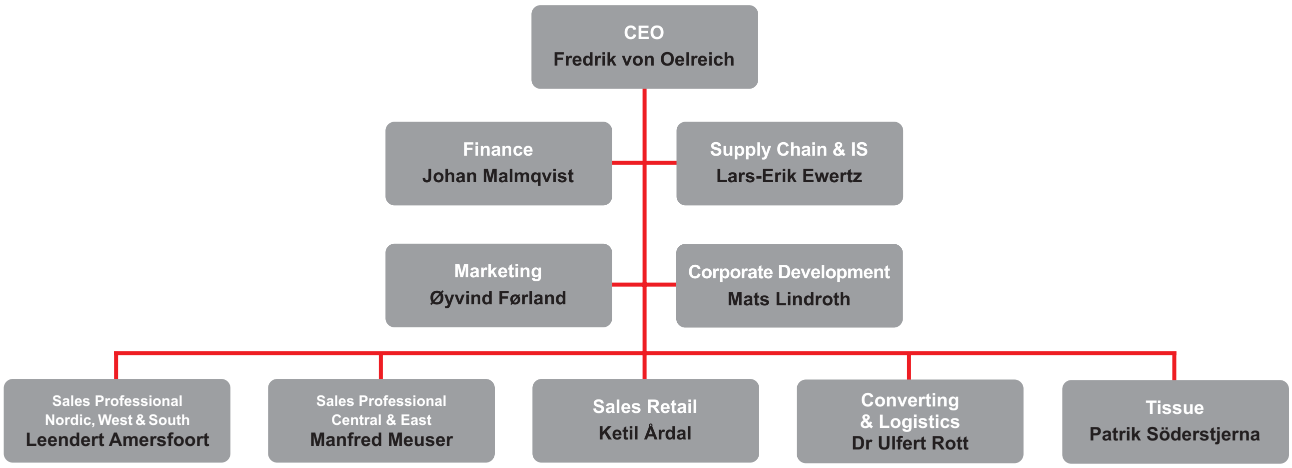
6 Leendert Amersfoort (1958)
Director of Sales, Professional Nordic West & South
Degree in marketing and business administration
Employed since 1995
Shares: 22,018

7 Manfred Meuser (1948)
Director of Sales, Professional Central & East
Diploma in industrial engineering and management
Employed since 1971
Shares: 22,018

8 Ketil Årdal (1970)
Director of Sales, Retail
Diploma in business and marketing
Employed since 2005
Shares: 23,818

9 Dr Ulfert Rott (1960)
Director of Converting and Logistics
PhD in mechanical engineering and a MSc in business administration
Employed since 2004
Shares: 22,018

10 Patrik Söderstjerna (1964)
President of Rexcell Tissue & Airlaid AB
MSc in mechanical engineering
Employed since 2007
Shares: 22,018



Three-year Summary, Consolidated Income Statements

MSEK	1 Jan 2007 –31 Dec 2007	1 Jan 2006 –31 Dec 2006	1 Jan 2005 –31 Dec 2005
Net sales	**3 985**	**3 762**	**3 656**
Costs of goods sold	-2 948	-2 812	-2 829
Gross profit	**1 037**	**950**	**827**
Selling expenses	-446	-459	-510
Administrative expenses	-208	-219	-185
Research and development expenses	-13	-6	-
Other operating incomes	57	44	20
Other operating expenses	-33	-33	-33
Operating income	**394**	**277**	**119**
Financial incomes	37	59	47
Financial expenses	-235	-335	-300
Net financial items	**-198**	**-276**	**-253**
Income after financial items	**196**	**1**	**-134**
Income tax	-97	-12	-3
Net income, continuing operations	**99**	**-11**	**-137**
Net income for the period from discontinued operations	**472**	**77**	**70**
Net income for the period	**571**	**66**	**-67**

Summary Consolidated Balance Sheets

MSEK	31 Dec 2007	31 Dec 2006[1)]	31 Dec 2005[1)]
ASSETS			
Goodwill	1 199	2 145	2 248
Other intangible fixed assets	29	15	11
Tangible fixed assets	433	692	849
Financial fixed assets	398	496	526
Total fixed assets	**2 059**	**3 348**	**3 634**
Inventories	500	639	801
Accounts receivables	546	900	995
Other receivables	207	233	187
Cash and cash equivalents	202	193	152
Total current assets	**1 455**	**1 965**	**2 135**
TOTAL ASSETS	**3 514**	**5 313**	**5 769**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	1 416	838	816
Long-term loans	1 092	2 349	2 922
Other long-term liabilities	219	305	346
Total long-term liabilities	**1 311**	**2 654**	**3 268**
Accounts payable	305	472	616
Current financial liabilities	0	700	341
Other short-term liabilities	482	649	728
Total short-term liabilities	**787**	**1 821**	**1 685**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3 514**	**5 313**	**5 769**

Key Ratios in Brief, Group

MSEK	1 Jan 2007 –31 Dec 2007	1 Jan 2006 –31 Dec 2006	1 Jan 2005 –31 Dec 2005
Net sales, MSEK	3 985	3 762	3 656
Gross profit, MSEK	1 037	950	827
EBIT, MSEK	394	277	119
EBITDA, MSEK	484	360	202
Number of employees	2 001	1 999	2 112
Gross margin, %	26%	25%	23%
EBIT margin, %	9.9%	7.4%	3.3%
EBITDA margin, %	12.1%	9.6%	5.5%

1) The balance sheet as per December 2006 and 2005 includes the discontinued operation, deSter, which was sold in March 2007. The balance sheet as per December 2005 includes the discontinued operation, Duni Americas, which was sold in August 2006.

Key Ratio Definitions

Capital employed
Non-interest-bearing fixed assets and current assets less non-interest-bearing liabilities.

Costs of goods sold
Costs of goods sold, including production and logistics expenses.

Currency adjusted
Figures adjusted for the effects of exchange rate differences. Figures for 2007 are calculated applying exchange rates for 2006.

Earnings per share
Profit for the period divided by the average number of shares outstanding.

EBIT
Operating income.

EBIT margin
EBIT as a percentage of sales.

EBITA
Operating income adjusted for amortization of intangible fixed assets and write-down of goodwill.

EBITA margin
EBITA as a percentage of sales.

EBITDA
Operating income adjusted for total amortization, depreciation and write-downs.

EBITDA margin
EBITDA as a percentage of sales.

Gross margin
Gross profit as a percentage of sales.

Number of employees
The number of employees at end of period.

Return on capital employed
Operating income as a percentage of capital employed.

Return on equity
Income for the period as a percentage of shareholders' equity.

Glossary

Airlaid
A material, known for its wetness allocation, absorption capability and softness. The process is based on using air in order to divide the fibers in the material, instead of water as in traditional production. Airlaid is used for table covers, placemats, napkins as well as an input good for various types of intimate hygiene products.

BRC
BRC is a management system for hygiene and foodstuffs safety. The units in Bramsche and Poznan are BRC-certified.

CAGR
Annual growth.

Cash-and-carries
Hypermarkets at which commercial customers personally collect their goods.

Concession catering
Operation of a restaurant or café on behalf of another organization in a fixed sales area.

Contract catering
Operation of restaurant, café, catering on behalf of another organization.

Converting
The manufacturing phase in which tissue and airlaid in large rolls are cut, printed, embossed and folded into prepared napkins and table coverings.

Dunicel®
Dunicel is a unique material with a fall similar to cloth. Thanks to a special patented production method, the feel is entirely different from ordinary paper table covers.

DuniForm®
DuniForm is a system for food distribution and covers everything from packaging machines to heat maintenance bags.

Duniletto
Premium napkin and cutlery bag in one.

Dunilin®
Dunilin feels and folds like linen and is used for the most luxurious napkins. A unique material with a woven effect to look like linen, but is based on paper pulp. Dunilin combines strength with high absorption capability and is perfect for napkin folding.

Dunisilk®
Dunisilk is a wipeable material and can also be used outdoors. Is available as slipcover and ordinary table cover.

Elegance
Duni Elegance is a linen-like exclusive napkin produced with a new patented production process. It is twice as heavy as a high-quality paper napkin, has an appealing structure, linen-like embossment and high absorption capability.

Focus groups
A research method in which questions regarding a product or idea are put to a group of persons. The group is led by a moderator and the method is a tool for obtaining feedback regarding, e.g. new products prior to launching.

ISO 14001
ISO 14001 is the only international standard for environmental management systems and has been chosen as a standard within Duni. Units in Bramsche, Dals Långed and Skåpafors are ISO 14001-certified.

ISO 9001
ISO 9001 is an international standard for quality management. The units in Bramsche, Poznan, Dals Långed and Skåpafors are ISO 9001-cerfified.

Key account management
Key account management ensures long-term and profitable relations with the most important customers.

Life cycle management
New and existing products evaluated based on criteria for stock maintenance, sales and profitability.

Merchandizing
Duni assists store owners fill the shelves, build displays and deals with sales campaigns and offers.

Mood candle
A candle-holder which creates a mood. A LED lamp means that the light holder changes color.

Private label
Products marketed under customer's own label.

Professional
One of Duni's three business areas – sales to hotels, restaurants, catering companies and wholesalers.

REACH
REACH is an acronym for Registration Evaluation Authorization and Restriction of Chemicals. It constitutes new chemicals legislation throughout the European Union (EEA countries) and entered into force in June 2007.

Retail
One of Duni's three business areas – sales to primarily the retail trade.

Sacchetto
Cutlery pockets made of paper with place for a napkin.

Take-away
Packaging for collected food and delicatessen.

Tête-à- tête
Table cover roll, 40 cm in width, with perforation. Can be used as table runner, placemat or placed across the table.

Tissue
One of Duni's three business areas – produces tissue. The material tissue is used for table covers, placemats, and napkins. Different qualities by combining 1 to 4 plies of tissue.

Calendar

ANNUAL GENERAL MEETING, 7 MAY 2008

The annual general meeting will be held at Palladium, Södergatan 15, Malmö at 3.00 pm on Wednesday, 7 May 2008. Registration commences at 2.15 pm.

Applications

Shareholders who wish to participate must be entered in the share register maintained by VPC AB not later than 30 April 2008 and must give notice of their participation the same day, in any of the following ways:

» by telephone +46 40 10 62 00
» by letter to Duni AB, Bolagstämma
  Box 237, 201 22 Malmö, Sweden
» by email bolagstamma@duni.com
» by fax +46 40 396630

In the notice, the shareholder should state:

» name
» personal ID no./registration no.
» address and telephone number
» number of shares

A shareholder whose shares are nominee-registered must, in order to vote at the annual general meeting, request that the bank or nominee managing the shares effects temporary ownership registration a couple of business days prior to 30 April 2008.

Dividend

The Board of Directors proposes a dividend of SEK 1.80 per share, equal to MSEK 85. 12 May 2008 is proposed as the record date for the right to receive dividends. Should the general meeting adopt a resolution in accordance with the proposal, it is estimated that the dividend will be paid out on 15 May.

Duni AB's Nomination Committee

Duni AB's Nomination Committee is composed as follows:
Peter Nilsson, Chairman of the Board
Harry Klagsbrun, EQT Partners
Rune Andersson, Mellby Gård AB
Anders Oscarsson, SEB Fonder
The Nomination Committee has the task of submitting proposals to the annual general meeting regarding election of the Board, auditors and alternate auditors, and the fees therefor.

Complete information regarding the annual general meeting is available on the Company's website, **www.duni.com**

Timetable for financial information:

Publication dates	
Interim report, Jan – Mar 2008	29 Apr 2008
Interim report, Jan – Jun 2008	30 Jul 2008
Interim report, Jan – Sep 2008	29 Oct 2008

Closing accounts and interim reports are published in Swedish and English and can be downloaded from Duni's website, www.duni.com. The reports can also be ordered from Duni AB at the address on the next page.

The Annual Report is produced in Swedish and English. In the event of any discrepancy between the versions, reference is made to the Swedish text.

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Fax +46 40 396630

E-mail general enquiries: **info@duni.com**

For addresses of Duni's subsidiaries and distributors, kindly see **www.duni.com**

Contact, Investor Relations:
Johan Malmqvist, CFO, johan.malmqvist@duni.com

Contact, press, marketing and communication:
Fredrik Wahrolén, Marketing and Communications Manager, fredrik.wahrolen@duni.com

Duni AB (publ) Annual Report 2007 Reg. no. 556536-7488

Production, text and graphic form: Comir AB
Print: Trosa Tryckeri, 2008

«Duni enhances atmosphere and brings convenience to any eating and drinking occasion by providing inspiring and innovative products and concepts.»