Duni Annual Report 2008

DUNI 60 YEARS

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This is Duni

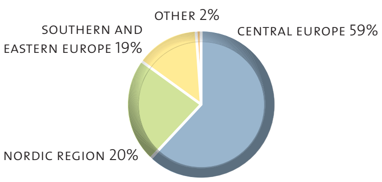
Duni is the leader in Europe in the design, production and marketing of high-quality table covers, napkins, candles and other table setting products. Duni also offers packaging and packaging systems to the growing take-away market.

Almost 70% 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.

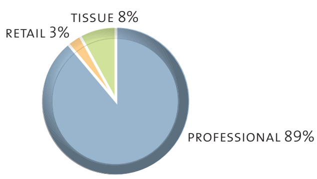
Duni's head office is located in Malmö and the company has in total some 2,000 employees in 17 countries. The largest markets are in Central and Northern Europe, but globally more than 40 markets are covered in Europe, the Middle East, Africa and Asia.

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.

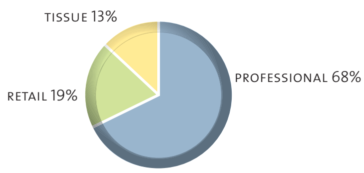
Net sales per geographic region 2008



Operating income per business area 2008



Net sales per business area 2008



Geographically, Duni divides sales into four geographic regions: Central Europe (Germany, Austria, Switzerland, UK, Ireland, Belgium, The Netherlands and Luxemburg), the Nordic region (Sweden, Norway, Finland and Denmark), South and Eastern Europe (France, Italy, Spain, Portugal, Greece, Hungary, Slovenia, Poland and the Baltic States), and Other (Duni's sales outside Europe).

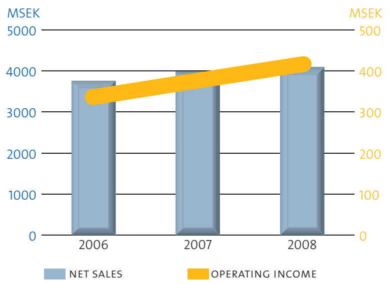
The Year in Brief

Net sales for the financial year January 1–December 31, 2008 increased by 2.9% compared with 2007, to MSEK 4,099 (3,985). Operating income for the financial year increased by 4.8% to MSEK 414 (395), excluding restructuring costs of MSEK 41 (0) and excluding an unrealized valuation effect of derivative instruments of MSEK -48 (-41) due to hedge accounting not being applied. Duni's core business, Professional, continued to demonstrate solid growth. Operating income increased during the first half of the year, and even during the volatile autumn months operating income was maintained at a satisfactory level. The Group also demonstrated a strong cash flow for the year. The economy in general is expected to weaken further and Duni anticipates that 2009 will be a tough year. It is proposed that the dividend be maintained at SEK 1.80 (1.80) per share.

The annual report covers the 2008 financial year. As from January 1 2008, Duni's financial year is the calendar year. The preceding financial year was a split financial year and covered the period July 1 – December 31, 2007. In the annual report for 2008, comparisons made in pages 1-29 refer to the full year of 2007.

Operating income is reported in pages 1-29 exclusive of non-recurring items such as restructuring costs and non-realized valuation effects of derivative instruments. For a table of non-recurring items see page 36.

Net sales and operating income



Key ratios

MSEK	2008	2007	2006
Net sales	4 099	3 985	3 762
EBIT	414	395	328
EBITDA	511	484	411
Income before tax	251	196	1
Net income for the year	191	99	-11
Proposed dividend	1.80	1.80	-
Shareholders' equity	1 544	1 416	838
Return on equity, %	12.37	6.99	-1.31
Number of employees, end of period	1 952	2 001	1 999

A good year despite a tougher market

During Duni's first year as a listed company the market situation changed dramatically. The financial crisis took a firm hold on the global economy after the summer and developed into what increasingly resembles a global recession. The force and speed of the events surprised most observers and market conditions have changed significantly for many industries. In this perspective we managed well and report an improved operating income for 2008.

STABLE FINANCES PROVIDE STRENGTH

In hindsight, the timing of our listing must nevertheless be regarded as good, bearing in mind that Duni thereby obtained a healthy capital structure which is crucial when facing an economic downturn. In addition, a five-year financing agreement was put in place comprising a very satisfactory credit facility on good terms. A healthy balance sheet and long-term financing, together with a clear and committed main shareholder, provide for strength and stability on a volatile credit market.

Notwithstanding more difficult times, 2008 was a good year for Duni, with increasing sales, albeit at a lower rate than previously. We can also take pride in the underlying operating income of MSEK 414. Sales increased primarily following favorable exchange rates by almost three percent for Duni as a whole and we improved our

position in several important areas.

Within our largest business area, Professional, turnover increased by 4.9 percent and we consolidated our position as the leading player within the premium segment. The German market demonstrated continued strength and Duni has achieved successes with a number of new products. The largest sales increases were recorded on growth markets such as France, Italy and Russia. Thanks to the increased turnover, which also reflect an improved product mix, the underlying operating income within Professional continued to improve.

The grocery retail market has become tougher and 2008 was a challenging year for the Retail business area. Retail nevertheless reported a moderate improvement in income following the measures taken to strengthen the gross margin. Duni's category management concept, involving systematic shelf optimization, has gained ground among several important grocery retail chains. The work to optimize the assortment while also reducing its complexity was intensified towards the end of the year. In the UK, competition has been very intensive and we have deliberately turned down certain business in order to improve margins. In the Nordic region, although profitability improved, sales did not fully meet with expectations. In Germany, positions were advanced and, among other things, new business was developed with leading chains such as Lidl and Real. Even if there is some way to go before profitability becomes satisfactory, I believe that Retail is definitely on the right track.

For the Tissue business area, the second half of the year entailed a weaker performance than expected. A certain weakening in demand from our larger contract customers was noted, among other things as regards deliveries to Eastern Europe.

THE BUSINESS CYCLE'S IMPACT ON DUNI

But what will be the impact of the ever deepening recession on Duni's market going forward? Historically, Duni's products have been somewhat less sensitive to downturns in the economy than the restaurant industry as a whole. The explanation for this is that the number of restaurant visits — as compared to the turnover— holds up better in a recession. Thus, restaurants other than those at the very top of the price range are frequented to a greater extent and customers also have a tendency to cut back on the actual bill. The development whereby linen napkins and linen tablecloths are being replaced by paper-based premium quality products is continuing also when restaurants are adapting their offering to a weaker economy. In addition, the take-away segment is still growing as a consequence of changing lifestyles and sales within Duni Food-Solutions increased by 8 percent during the year. This means that Duni's sales are not as sensitive to the state of the economy as one might be led to believe. However, in the short term the uncertainty regarding the market development prevails.

Duni's sales model, with a large sales force visiting end customers, also provides strength which gives us the opportunity to influence our own situation in tougher times and to advance Duni's positions. Interesting opportunities can also arise for strategic advances, possibly involving making inroads into prioritized markets and segments.

FOCUS ON COST EFFICIENCY

On the cost front, as previously announced, measures have been taken to further rationalize our production and to adapt to a weaker market. The full impact of these measures will come in the second half of 2009 and they are expected to lead to annual savings of approximately MSEK 50. We maintain a high level of preparedness to take any further measures that might prove necessary. With the restructuring undertaken a couple of years ago, it is now more a question of fine tuning our efficient operational platform. In the somewhat longer term, we perceive opportunities primarily on the logistics side, where we believe that potential exists for further optimizing inventory and distribution flows.

The lower purchasing prices following in a recession can also help to reduce the impact of the currently tougher market and competitive situation. During the year, we established a purchasing office in China with the aim of strengthening our competitiveness as regards traded goods.

FUTURE DEVELOPMENT

Duni launched several exciting products in 2008, and we will do so this year as well. Innovative product development is vital and constitutes a strength on which we continue to build. The Duni Advisory Board, comprised of experienced restaurateurs, was formed in 2008 and has already made a very constructive contribution to the product development work.

We have taken a major step forward in the environmental field with the adoption of a new environmental policy containing ambitious targets. We shall be a leader in the industry also when it comes to environmental work and ensure that products, production and distribution have as little an impact on the environment as possible. Read more on www.duni.com

A WELL-EQUIPPED COMPANY

Finally, I would like to point out that 2009 will be a challenging year and the uncertainty in the market remains high. I still feel confident, knowing that we are well equipped to withstand the weaker economy and, at the same time, to continue to invest for the future. In this context, our motivated and ambitious employees play a key role.

In addition, Duni will turn 60 in 2009. This is something we will celebrate and create activities around, together with our customers and colleagues.

Malmö in March 2009

Fredrik von Oelreich
President and CEO

Customer and product markets

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

Duni's sales are focused on table top concepts, i.e. matching collections of table covers, napkins and candles. Duni also operates within the growing ready-to-eat and take-away market and offers packaging and packaging systems for that market. The business is primarily focused on three customer markets on which Duni's business areas are also based: Professional, Retail and Tissue. In 2008, these accounted for 68%, 19%, and 13% 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 sales primarily take place through wholesalers, or at cash-and-carry stores, which are self-service stores for business customers, or directly on a more limited scale.

RESTAURANTS

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

Within the restaurant industry there is a trend towards a clearer segmentation, with strategies focused on quality, lifestyle and price level constituting the basis for the business and dictating its focus. Restaurants on higher quality and price levels account for the overwhelming majority of purchases of Duni's premium products, i.e. higher quality products, often deep dyed or with color print.

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 on higher quality and price levels account for the overwhelming majority of purchases of Duni's premium products.

The Amuse-bouche series for appetizers has been developed in collaboration with the Duni Advisory Board.

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 catering 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

Customers are mainly grocery retail chains, but also include chain stores within home furnishings and other specialty 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, in all essential respects, 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 grocery retail trade increased the share of private labels, at the expense of branded goods. In recent years, however, to some extent 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, gardening outlets and home furnishing chain stores. An example of the latter is IKEA, which several years ago diversified its product range to include napkins.

TISSUE

Most of Duni's production of air laid tissue, commonly referred to 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 manufacture of table top products.

PRODUCT MARKETS AND PRODUCT GROUPS

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

PRODUCT MARKETS

DISPOSABLE TABLE TOP PRODUCTS

The table top concept consists of disposable table top products with a coordinated design. Products include, for example, 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 and premium products. Standard products are for example white single-ply napkins while premium products are of a higher quality. The latter is typically made from airlaid and is often deep dyed or printed with a color design.

MEAL PACKAGING

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

TISSUE

Tissue is used as a raw material for processing into various products. Tissue may be wet laid (tissue) or air laid tissue (airlaid). Tissue is used for converting, i.e. the process in which the paper is cut, printed and embossed into various napkins and table covers. 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, but airlaid is also used for converting into higher quality napkins and table covers.

Napkins are Duni's largest product group.

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 a single 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 based on airlaid and tissue. The napkin product group also includes Sacchetto, a product with a napkin and cutlery placed in a purpose-made "pocket". The Sacchetto napkin pocket is available in different colors and two sizes. Duniletto®, a premium napkin ready-folded 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-têtes and placemats.
Different materials
Several different materials are used in the manufacture 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 blend in with Duni's collections, candles are often developed and designed together with external suppliers. The range includes antique candles, pillar candles and tea lights, as well as special candles in various colors and sizes.

SERVING PRODUCTS

In order to be able to deliver a complete concept, serving products are purchased primarily from external suppliers. The range includes cutlery, cups, and plastic glasses, as well as paper plates.

PACKAGING SOLUTIONS

Within packaging solutions for ready-to-eat and take-away food, Duni develops and designs packaging together with external suppliers. Customers are also offered packaging solutions designed in close co-operation between Duni's design department and the customer, in order to suit the customer's brand image. For example, in 2008 Duni developed an exclusive range of packaging for take-away meals together with the Vapiano restaurant chain (see page 19). Within the scope of DuniForm®, customers are also offered sealing film, various types of sealing machinery, and machinery service. Currently, some 600 articles are available in this category, and marketed under the name Duni FoodSolutions.

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 LEADER AND LEADING BRANDS

With respect to the main products, napkins and table covers, Duni has a market share in Europe of approximately 20%. 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 more than twice those of the nearest competitor in the disposable napkins and table cover segments. A difference to its major competitors, is that 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, namely restaurants and hotels. The width and variation in the product range also distinguish Duni from its 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 fragmented restaurant, hotel and catering markets.

The model facilitates a continuous dialogue with 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 customers is also one of the reasons why Duni quickly receives signals and can 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 high sales margins.

Duni is a leader in product development, design and materials.

LEADER IN PRODUCT DEVELOPMENT, DESIGN AND MATERIALS

Duni's development of the colors, design and qualities in its product range is an important component of the business model. Duni's marketing department uses lifecycle management in order to systematically evaluate the company's product range. This approach means that Duni's products are evaluated based on inventory turnover rate, sales and profitability criteria. New and existing products are evaluated using the same criteria. The work on changing and deve-

DUNI 60 YEARS

1950

1949 PRODUCTION OF PAPER CUPS START IN DALSLAND, SWEDEN.

1953 DUNI STARTS PRODUCING WHITE PAPER NAPKINS, THE FOLLOWING YEAR COLORED NAPKINS ARE INTRODUCED.

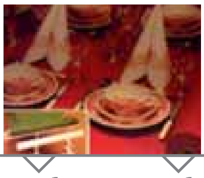
loping the product range, as expressed in Duni's annual assortment guide, begins approximately 14 months prior to the launch of the new guide, when overall targets and strategies are established. During the year, great importance has been placed on developing the concept work within the Company. By introducing a concept development process in which employees, customers and suppliers are involved, several concepts are created and simultaneously assessed for improvements, thereby increasing the likelihood that the concepts will be successful. In this way, resources are focused on those products which have the greatest potential on the market. Duni's design department constantly monitors trends by attending various trade fairs and shows on fashion, design and current trends in Europe and the United States, as well as with the assistance of external trend scouts. The Group also carries out market surveys and operates focus groups in order to obtain information about trends and feedback regarding products.

Duni's sales force participates in the development work by passing on the customers' wishes and views. This provides Duni with the necessary basis for meeting the customers' various demands as regards the product range. The graphic design is carried out largely by Duni's own design department, but design is also purchased and adapted to Duni's needs, or ordered specifically for Duni. Following test production, the color and design are determined approximately eight months prior to the product launch.

HIGH RENEWAL RATE IN THE PRODUCT RANGE

The marketing work also begins around this time. The new collection, together with marketing material, is produced three to four months prior to the launch so that it can be presented to particularly important customers. As regards traded goods, suppliers are as far as possible used who are able, in co-operation with Duni's design department, to contribute with creative designs and solutions which fit in with the company's collections. Duni strives to have the highest product range renewal rate on the market. Approximately 25% of the collection is renewed every year. The target is that approximately one-tenth of sales in 2010 shall be generated by entirely new products launched during the past three years. Product launches during the year include Dunisilk+, Duniletto® and Elegance®. Over the years, the Group has also developed several unique tissue and airlaid materials for table top products.

1960



DUNICEL® IS INTRODUCED ON THE MARKET. 1965

1966 PRODUCTION OF PLASTIC ARTICLES STARTS IN HALMSTAD AND THE FIRST PRODUCT, A CUP, IS AN IMPORTANT DUNI PRODUCT EVEN TODAY.

1970

1972 DUNI STARTS PRODUCTION IN BRAMSCHE, GERMANY.

1977 DUNI BILÅ BECOMES PART OF PUBLICALLY LISTED GRAFOPRINT AB.

Materials development within the table top products category takes place in close co-operation between the marketing department, product developers within Tissue and those responsible for production.

CONTROL OVER VALUE CHAIN AND LOGISTICS

Duni is an integrated company, i.e. apart from raw materials the Company controls the entire value chain for its most important products, napkins and table covers. Other products are purchased from external suppliers. Control of the value chain reduces price risks, increases on-time deliveries and makes it possible to plan renewal of design and materials. In recent years, Duni has restructured and enhanced the efficiency of its operations, while at the same time reducing costs. As an element in the efficiency enhancement, the Company has centralized production and, since 2001, reduced the number of production units from twelve to three.

Approximately 70% of Duni's products are paper-based, and these products are in general produced within the Group. The manufacture of tissue and airlaid takes place in Sweden, while converting to finished table top products takes place in Germany and Poland. Duni's paper mills are specialized in the production and deep dyeing of short runs of high-quality tissue and airlaid, and consequently table top products can be offered in many colors and shades with color matching between different series and different materials. The paper mills are engaged in continuously developing new high-quality materials, thereby enabling Duni to always remain at the forefront of product development. Specialization in short runs means that Duni can quickly adapt the collections to the customers' wishes. Approximately 70% of Duni's production is made for stock, while the remainder 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 approximately 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 opportunities for organic growth. In Southern and Eastern Europe, Duni's most profitable segment, namely premium products, accounts for only one-third of the total market, as compared with Northern Europe where the premium products account for approximately two-thirds of sales. Southern Europe is the largest market region in Europe and market growth

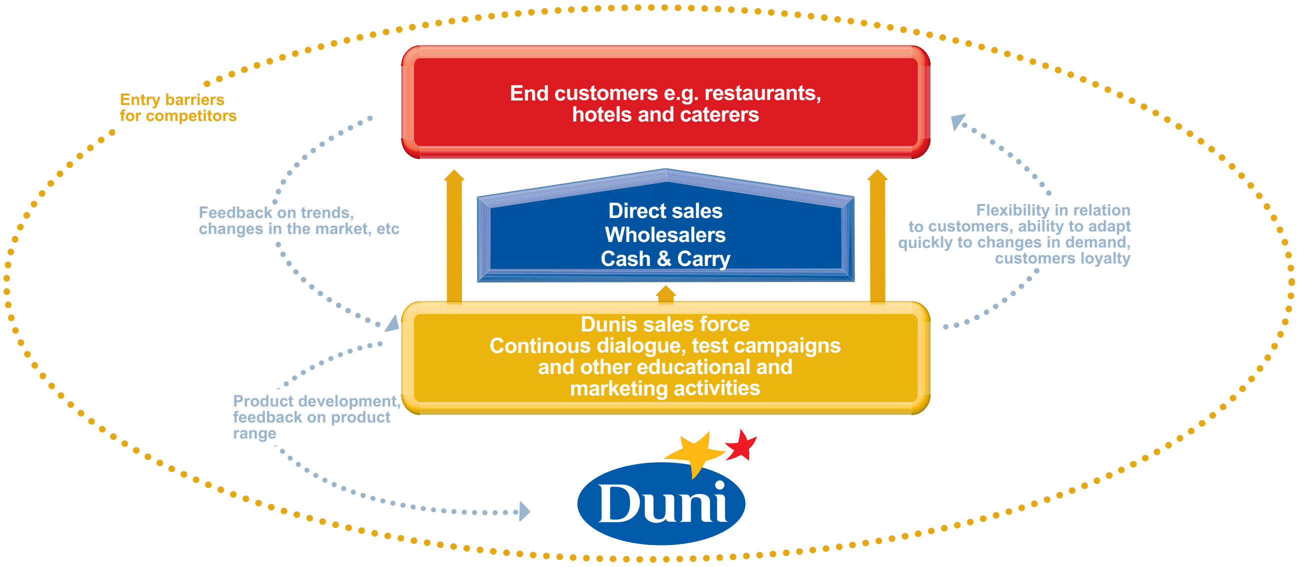
1980

1982 THE MATERIAL DUNILIN® IS INTRODUCED. SWEDISH COMPETITOR JIHÅ PLAST, WHICH MAKES PLASTIC CUPS, IS ACQUIRED.

1985 DUNISILK® IS INTRODUCED ON THE MARKET.

1990 FINESS, SWEDEN'S SECOND LARGEST MAKER OF PAPER NAPKINS, IS ACQUIRED.

1997 TIDNINGS AB MARIEBERG SELLS 50% OF DUNI TO EQT.



Sales model

Duni's sales model involves sales work being focused on end-customers and wholesalers, which creates demand from end-customers vis-à-vis wholesalers. The well-established sales model and established customer relations in Duni's main markets create a natural barrier to entry by competitors.

is expected to exceed average annual GDP growth, driven primarily by growth within premium products. Also in Eastern Europe, market growth is expected to exceed average annual GDP growth.

GROWTH THROUGH ACQUISITIONS

Duni is the only major European company focusing primarily on the table concept market. Competitors consist of relatively small, local companies, as well as a number of larger paper and pulp companies. In addition there are a number of players with similar concepts and product ranges with a focus on the HoReCa market. Accordingly, acquisition opportunities may arise.

BUSINESS MISSION 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 its established targets (see the section entitled "Financial Targets"), Duni has developed a strategy consisting of three main components and a number of related strategic initiatives.

BRAND EQUITY 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. Partnership agreements with major customers, chains and distributors.
- The industry's strongest brand focusing on the premium concept.

PRODUCT DEVELOPMENT

- Continued leadership in design, concept and new materials.
- Accelerate product development based on knowledge of customer needs, consumer insights and systematic concept generation in order to increase the percentage of sales represented by new products significantly.
- Integrate environmental aspects.

INTEGRATION AND PRODUCT SUPPLY

- Consolidate lean operating model.
- Vertical integration within tissue in order to ensure leadership and cost efficiency.
- Strengthen global purchasing expertise and build up product development co-operation.

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.
- Draw benefits from increased demand within take-away and grow within packaging solutions for ready-to-eat food.

RETAIL

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

TISSUE

- Focus on the premium segment and new premium qualities.
- Improved balance in the customer portfolio with increased focus on table top products.

2000

THE NEW HEADQUARTERS IN MALMÖ OPEN. 2005

DUNI AMERICAS IS SOLD. 2006

DUNI DIVESTS DESTER WHICH CONCLUDES THE CONCENTRATION TO CORE BUSINESS. 2007 DUNI MAKES AN IPO AND IS TRADED ON NASDAQ OMX NORDIC FROM NOVEMBER.

DUNI CELEBRATES 60 YEARS MARCH 15. 2009

Market size and growth

The European market for disposable table top products is worth approximately SEK 35 billion. Duni is the leader within the premium segment, which accounts for around 55% of the market.

The European market for disposable table top products is estimated to be worth approximately SEK 35 billion, divided into napkins approximately 37%, table covers approximately 8%, candles approximately 41% and serving products such as plastic cutlery and plastic glasses at approximately 14%. Some two-thirds of the European market for paper-based table top products relates to the Professional customer market. The European market for packaging solutions for ready-to-eat meals is worth close to SEK 9 billion. The assessment of market size and the breakdown between various products and customer markets is based on information from Euromonitor and B Kay-Tissue, as well as Duni's own industry knowledge and estimations.

PREMIUM PRODUCTS LARGEST SEGMENT

Disposable napkins and table covers 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 for napkins and table covers, while premium products account for approximately 55%. The ratio between standard and premium products varies, however, between different regions in Europe. In the Nordic region and Central Europe, premium products account for a higher share of the market for napkins and table covers than in Southern and Eastern Europe.

Germany, Austria and Switzerland together comprise the second largest market region in Europe for paper napkins and table covers, with premium products accounting for approximately two-thirds of the market. The premium products' market share is largely due to the manufacturers' dedicated sales work and historically strong economic growth.

The UK and the Benelux countries together constitute the third largest market region in Europe for paper napkins and table covers. As in Germany, Austria and Switzerland, premium products account for approximately two-thirds of the total market.

Premium products account for approximately two-thirds of the market for paper napkins and table covers in the Nordic region (Sweden, Norway, Finland and Denmark).

Duni's market is driven by economic growth, changing lifestyles and consumption patterns. Duni's largest markets are the Nordic region and Central Europe.

Italy is the single largest market for paper napkins and table covers in Europe. In addition, Southern Europe (Italy, France, Spain, Portugal and Greece) is the largest market region in Europe. In Southern Europe, premium products account for approximately one-third of the total market. The market's size is explained by volumes within standard products.

In Eastern Europe premium products account for approximately one-third of the total market.

Sales of Duni's products are strongly affected by growth within the foodservice industry. During the 2000's, growth has been positive, and on many key markets, exceeded GDP growth.

MAJOR COMPETITORS

The European market for disposable table top products is very fragmented. Duni is the largest European company on this market. Duni's main competitors within the Professional and Retail sectors are large pulp and paper companies for whom disposable table top products represent only a small part of their product portfolio, such as SCA, Georgia-Pacific, Kartogroup, Kimberly-Clark and Metsä Tissue. 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, Celest, Renova, Okay, CGNP and Fato. Within Retail, Duni also encounters competition from the grocery retail chains' own private labels.

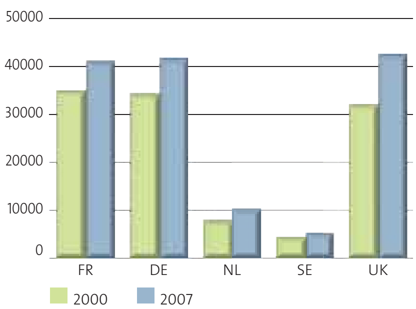
Within the Tissue sector, competition consists of large pulp and paper companies, some of which, e.g. SCA, Georgia-Pacific, Kartogroup, Kimberly-Clark and Metsä Tissue, are also active on the disposable table top products market. In addition, there are a large number of smaller, specialized companies,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

The European market for packaging solutions for ready-to-eat meals is also very fragmented. The largest companies include Færch, Huhtamaki and Sabert.

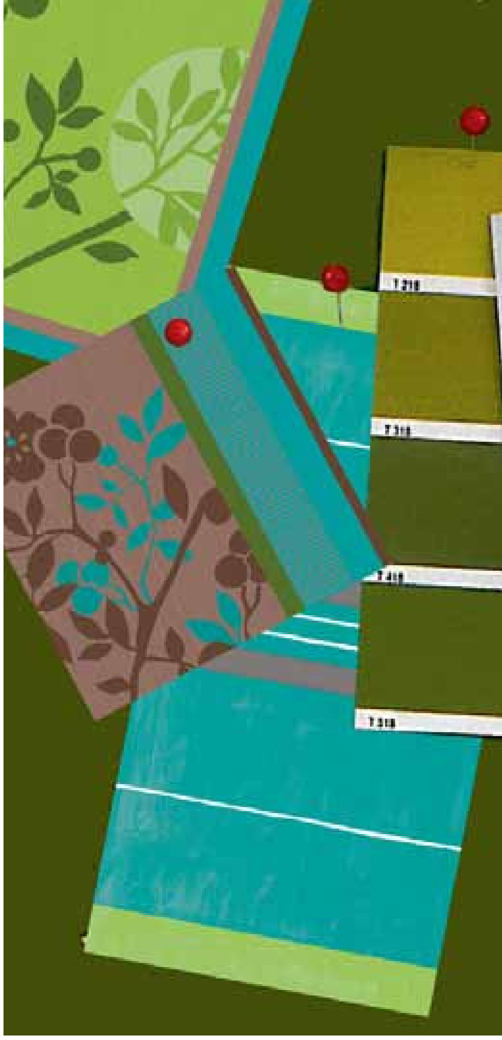
STABLE UNDERLYING GROWTH

Demand for Duni's products is affected by trends in the restaurant, hotel and catering industries, as well as the grocery retail trade. According to a market survey conducted by FACET, the European restaurant industry registered sales growth of 3.86% annually during the period 2000-2007. This is largely due to an increase in disposable incomes, which in itself is a product of economic growth. Over the past few years, average European GDP growth has been 2 – 3% per year. According to FACET, the value of the Swedish private restaurant, hotel and catering markets have increased on average by 3% annually while the number of meals consumed outside the home increased on average by almost 2%.

MEAL DEVELOPMENT 2000–2007 (VALUE, MEUR)



Source: Foodservice Annual Account and Expenditures Tracking 2008 Hotels & Gambling, Restaurants/Bars/Cafés, QSR & Coffee Stores, Leisure Total.



Market trends

Demand for Duni's products is affected by various trends, such as people eating an increasing number of meals outside their home and paper products replacing linen.

INCREASED SHARE OF MEALS CONSUMED OUTSIDE THE HOME

The trend of an increasing number of meals being consumed outside the home is expected to continue, among other things based on an expected increase of the share of single households, continued urbanization and an anticipated increase in the proportion of people employed. Between 2002 and 2007, the number of meals consumed in the home declined by 1%, at the same time as the number of meals outside the home increased by 3%. An international comparison demonstrates large variations between different countries. In the US, for example, no less than 50 percent of total food budget is spent outside the home; in Germany the figure is 35 percent, while in Poland and the Czech Republic it is only five percent. As prosperity increases in those countries, the percentage is expected to increase.

An increased share of meals outside the home means growing demand for products which enhance the ambience and atmosphere in conjunction with restaurant visits, for example napkins and table covers.

SUBSTITUTION OF LINEN NAPKINS AND LINEN TABLE COVERS

Sales of linen napkins and table covers have declined steadily during the 2000's.

Take-away is enjoying steady growth in the European market.

Premium paper napkins and premium paper 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 increasingly using concepts to attract customers and increase sales. A well thought through concept involves the food and drink offering being matched by an appropriate table setting and decorations, depending on the season and occasion. In practice, this is conditional on the availability of disposable table top products which do not require any investments in inventory. The declining market for linen napkins and linen table covers can be explained also by the cost and time required for the laundering and handling of linen, and the fact that disposable solutions are more hygienic.

INCREASED DEMAND FOR TAKE-AWAY

Take-away meals are increasing on the European market. According to the trade journal Foodservice Europe & Middle East, fast-food restaurants (Quick Service Restaurants, QSR), which constitute a large part of the take-away segment, accounted for 33.9% of sales in the European foodservice industry in 2007. Growth has been steady since 2000 and, from 2006 to 2007, the increase was no less than 9.9%. In part this is induced by the same factors that drive growth in meals taken outside

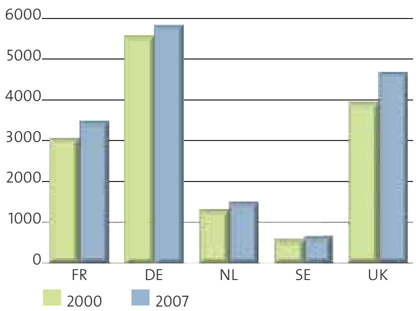
Duni's Design Manager, Karin Nyhuis, ensures that Duni's range is always at the forefront on the market and constantly renewed. Integration of color and design throughout the entire product range is also important for Duni.

the home; an increasing share of single households, continued urbanization and an increase in the proportion of people in gainful employment. Take-aways also account for an increased share of restaurant sales, while ready-to-eat meals are increasingly being sold in grocery stores. According to a growth analysis for the coming two-three years conducted by Foodservice Europe & Middle East, growth in the foodservice industry will primarily take place within take-aways and coffee bars. Duni believes that increased demand for ready-to-eat meals and take-aways will lead to a corresponding growth in the market for packaging for ready-to-eat meals, on which Duni operates.

INCREASE IN BRANDED GOODS WITHIN TABLE TOP PRODUCTS IN THE GROCERY RETAIL SECTOR

During the 1990's and at the beginning of the 2000's, grocery retail sales of private label products increased at the expense of branded goods. In the disposable table top products sector, this trend resulted in simpler products such as thin, single-color napkins. As a consequence of this increase, total retail sales within the table top products sector have stagnated. In general terms, it can be said that retail private labels are over-represented in the table top products category, and often account for more than 40% of sales. The benchmark for the grocery retail chains is often that private labels should account for between 20 and 25%. This creates possibilities for a strong brand such as Duni and, in recent times, certain grocery retail chains have increased the share of branded goods within disposable table top products at the expense of their own private labels. In addition, the non-food category – i.e. products other than foodstuffs – has become increasingly important for the retail trade.

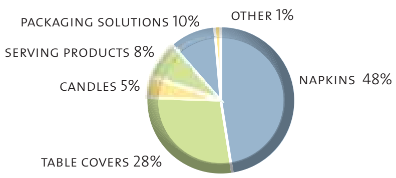
MEAL DEVELOPMENT 2000–2007 (MILLIONS)



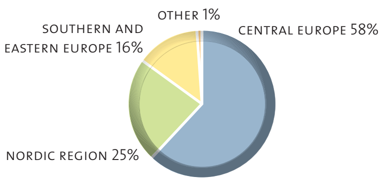
Source: Foodservice Annual Account and Expenditures Tracking 2008 Hotels & Gambling, Restaurants/Bars/Cafés, QSR & Coffee Stores, Leisure Total.

PROFESSIONAL BUSINESS AREA

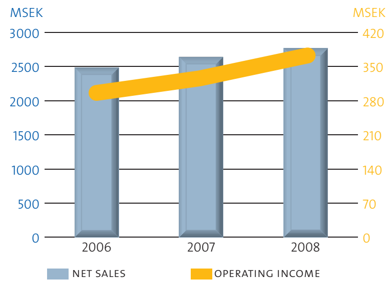
Net sales per product group 2008



Net sales per geographic region 2008



Net sales and operating income



Professional – improved result in a tougher market

The Professional business area offers customers, primarily within restaurants, hotels and catering, a wide range of table top products, normally brought together in a complete concept consisting of napkins, table covers and other products in matching colors and designs.

Approximately nine-tenths of Duni's sales to restaurants, hotels and catering firms take place via wholesalers and cash-and-carry stores. The number of end customers is estimated at approximately 200,000.

Duni also offers packaging solutions to restaurants, the grocery retail trade, industrial kitchens, the public sector and catering firms. These comprise primarily plastic dishes of varying models and sizes for different types of ready-to-eat food. Both designed and standardized meal packaging solutions are available. Duni also provides sealing machinery for sealing food boxes for part of the DuniForm® range.

DEVELOPMENT IN 2008

Within the Professional business area, net sales increased by 4.9% to MSEK 2,771 (2, 641). Operating income increased by 7.6% to MSEK 368 (342). This entailed an operating margin of 13.3% (12.9%).

The improvement in income is primarily due to a continued improvement in the product mix combined with some price increases to off-set increased costs for input materials. The downturn in the economy had a negative impact on growth during the latter part of the year on a number of markets.

The markets in Eastern Europe demonstrated continued solid growth, with Russia in the lead with double-digit growth figures. Growth in Eastern Europe was based on a strong market during most of the year, combined with Duni's unique sales model and strong product portfolio. The cooperation with Metro Cash & Carry made a positive contribution in Eastern Europe. Sales growth was also strong on the important markets in Germany, Benelux and France. Switzerland and Austria also grew strongly, with double-digit growth in Austria.

Southern Europe was impeded to a certain extent by a clear weakening on the Spanish market due to the state of the economy. The British and Danish markets were also somewhat weaker as a consequence of the downturn in the economy.

For the business area as a whole, table top products accounted for approximately 90.1% of net sales, with food packaging representing the remaining approximately 9.9%. Central Europe accounted for MSEK 1,616 (58.3 %) of net sales, while the Nordic region accounted for MSEK 664 (24.0%). Southern and Eastern Europe accounted for MSEK 469 (16.9%) and other markets for MSEK 22 (0.8%).

The economic downturn on global markets is expected to have a negative impact on the HoReCa segment as a consequence of a decline in travel, corporate events and private consumption. However, thanks to Duni's strong brands and product range combined with a large sales force, Duni is better equipped to cope with changes on the market than many of its competitors. In addition, demand for Duni's products is determined by the number of restaurant visits, and not by sales per guest.


Clubs such as Liverpool FC use specially designed Duniletto® napkins in their VIP restaurants and conference facilities.

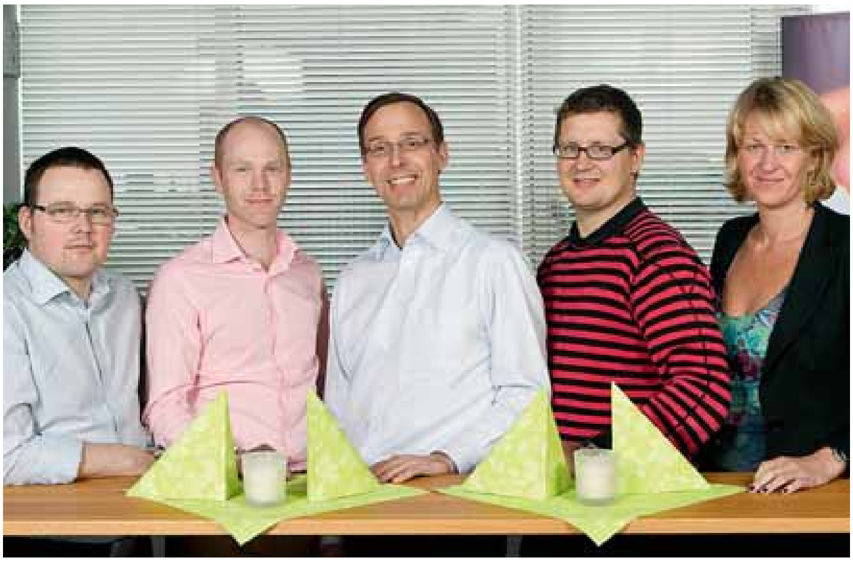
EVENTS DURING 2008

Sales within the take-away and meal service segment, Duni Food Solutions, continued to grow at a faster rate than the business area as a whole. This was particularly the case on the German market where, among other things, cooperation started up well with the fast-growing co-operation Vapiano restaurant chain, for which Duni has produced a special take-away range. There is a clear trend toward more take-away and what are referred to as fast casual, i.e. value-for-money restaurant chains with modern concepts. Duni enjoys a strong position within the area thanks to its broad range of products and the possibility to produce customer-specific concepts within packaging. In Germany, a focus on tailored category partnerships with selected retailers for various channels contributed to maintaining and strengthening Duni's position on the market.

Premium products such as the new Elegance and Duniletto® napkin have been well received on the market. They also further strengthen Duni's profile as the leading premium concept supplier. Duni's core products, napkins, placemats and table covers, have now reached such a quality and feel that the advantages of flexible design, variations in table laying and a high hygienic standard are paving the way for gaining additional market shares.

In Eastern Europe, the Professional business area has continued to strengthen the sales organization and its distributor network. Among other things, development of a separate sales force in the Moscow area has begun. The sales force has also been strengthened on the Italian market. On the British market, the work on securing new business with larger restaurant and pub chains has been successful. Furthermore, Duni has attracted well-known prestige customers such as the Manchester United and Liverpool football clubs, thereby further strengthening the brand. In the Nordic region, a new organization has been introduced which creates a simpler structure and makes better use of resources in canvassing end customers and large wholesalers.

Within Duni, focus is continuing on packaging for ready-to-eat meals, particularly in the superior segment where Duni's overall



Duni Advisory Board together with Duni's CEO, Fredrik von Oelreich. From left: Magnus Lindström, Andreas Wadlund, Fredrik von Oelreich, Peter J Skogström and Lena Björck.

concept and the possibility for tailored solutions come into their own. The general trend towards eating out and take-aways is generally creating favorable conditions for continued expansion in the longer term.

2008 also saw the formation of the Duni Advisory Board, which is a group of experienced restaurant entrepreneurs who assist Duni in the development of new products, concepts and designs. In addition, the Board functions as an ambassador in various contexts and events.

MARKETING, SALES AND CUSTOMERS

Duni's sales model is based on a large sales organization which devotes most of its time to marketing to end users. Parallel with this, wholesalers and cash-and-carry stores are also canvassed. The canvassing of end users distinguishes Duni from its competitors, whose sales are primarily focused on wholesalers and cash and carry stores.

The model was introduced in Germany in the 1980s and has made an important contribution to Duni's strong position on the markets in Central Europe. The work of extending the model to the UK, Southern and Eastern Europe is continuing. The sales force in the Professional business area conducts a total of approximately 250,000 customer visits annually. Although approximately 90% of Duni's sales within the Professional business area take place to wholesalers and cash-and-carry stores, approximately one half of customer visits take place to the end customers, where various table setting possibilities are presented and orders are booked and passed on to the wholesalers. The customers are also registered in Duni's database. Consequently, the direct relations with end customers constitute important capital for Duni and create an added value for the wholesalers. The strength of Duni's concept is reflected in the following success factors:

- full flexibility – table setting adapted to current trends, holidays or the customer's profile, with small investments
- high quality and hygienic solutions
- matching overall solutions in many different colors and designs
- reduced time spent on folding napkins and resetting tables compared with linen products provides a 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 own database, but probably reaches significantly more than 200,000 customers within the HoReCa market. End customers include major hotel chains such as Dorint, Kempinski and Accor. Wholesalers are becoming increasingly important for Duni and, in recent years, have accounted for 50% of sales. In order to further strengthen the relationship and enhance efficiency, Duni trains the wholesalers' sales staff in the selling of table setting concepts.

Duni takes orders directly from the end customer and passes them on to the wholesalers, thereby creating a fruitful partnership. Joint visits to large end users are also carried out. Within the cash and carry segment, customers are canvassed centrally by key account management.

In the Nordic region, packaging systems are sold directly to end customers, while end customers in other regions are mainly covered via wholesalers. Duni has also begun to canvass certain cash-and-carry stores regarding meal packaging. Packaging solutions within the ready-to-eat meals area are sold primarily to the public sector, the grocery retail trade and restaurants offering take-away.

BRAND POSITIONING

Duni believes that it has the strongest brand on the European market for paper napkins and table covers. According to a survey conducted by CHD in 2006, no less than 76% of the customers in Germany mention Duni when asked which napkins they use; this is three times the figure for the closest competitor. This gives Duni a very strong position among wholesalers and cash-and-carry stores, since many customers specifically ask for Duni's products. This also creates barriers to entry for competitors with weaker brands. The brand also creates strong loyalty among end customers, with a position as the preeminent premium product supplier. Duni is endeavoring to further strengthen 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® each represent a particular quality, style and price level and are differentiated through clear packaging design.

We are eating out more frequently than previously and increasing numbers of restaurants are developing their own clear concepts in which design and flexibility play an important part. With Duni's premium products, restaurants can quickly and easily change their table settings and atmosphere.

CASE

Vapiano – when design gives a taste for more

Vapiano is one of the fastest growing restaurant chains in Europe. Take-away is an important part of the business and it is here that Duni has helped with a tailored packaging concept which further strengthens Vapiano's sales.

Vapiano has enjoyed great success throughout the world thanks to a clear concept as regards both food and design of its premises. The basic concept is well prepared Italian plain cooking, with pasta and pizza as a base. The meal should be fast if one wishes, but at the same time relaxed – this is what Vapiano calls "Fresh and fast casual".

Naturally, it is also possible to take home food and here Vapiano wished to devote the same care and attention to design as it has done in its restaurants. Duni was commissioned to produce take-away food packaging which matches the design in general while at the same time, of course, being functional.

RESEMBLES PORCELAIN

Through very close cooperation with Vapiano, a concept was developed. It is based on a storage box to take the food in; the design of the box is based on the Villeroy & Bosch porcelain used in the restaurants. The box closely resembles the regular porcelain in both color and design. The design of the porcelain is a special characteristic of Vapiano and the red cover which is part of the packaging is in the same hue as regularly used in the restaurant.

Thanks to the design of the packaging, it is easy to sense the contents immediately. In placing great importance on the take-away

A specially designed packaging concept from Duni.

packaging, one important objective was, of course, also to increase sales. A success factor for the project was that both Vapiano and Duni were focused on a solution which was not merely appealing but also created an added value for the customer and, by extension, also for Vapiano.

SALES INCREASED

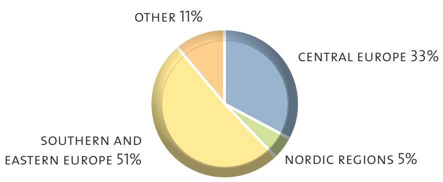
Thus far, the result has exceeded expectations. Since the launch of Duni's concept, Vapiano's take-away sales have increased significantly more than total sales.

It is this type of result which confirms that there is a new and exciting niche market for similar projects. There is a strong trend among restaurants to profile themselves, and those who offer take-away food naturally wish to profile themselves in that area as well. Vapiano's example clearly shows that it pays off. Duni's strength within both design and production, as well as its strong position within the premium segment for table top products, vouch for continued successes on a growing niche market.

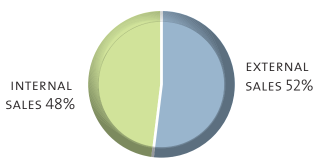
The cooperation with Vapiano is ongoing and deliveries are increasing constantly – as the new packaging begins to be used at ever more restaurants, and also due to the fact that the chain is expanding rapidly. Today, Vapiano already has a presence in more than ten countries and growth is very strong. Some 100 new restaurants are planned in, among other places, the US and the Middle East.

TISSUE BUSINESS AREA

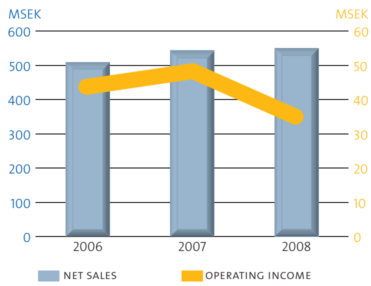
Net sales per geographic region 2008



Internal och external sales 2008



Net sales and operating income



Tissue – the basis for Duni's market-leading products

The Tissue business area produces tissue and airlaid and is the basis for Duni's manufacturing of table top products. Half of the production is sold to external customers.

Duni's Tissue business area consists of the subsidiary, Rexcell Tissue & Airlaid AB, with production plants at Skåpafors and Dals Långed in Dalsland, Sweden. These paper mills are relatively small but specialized in the production and deep dyeing of high-quality wet laid tissue (referred to as tissue) and air laid tissue (referred to as airlaid) for use in many areas such as paper napkins, table covers and hygiene products.

DEVELOPMENT IN 2008

Net sales within the Tissue business area increased somewhat, by 1.3% to MSEK 551 (544). Operating income declined to MSEK 35 (49). The operating margin was 6.3% (9.0%). During 2008, similarly to many other businesses, the Tissue business area was detrimentally affected by increasing energy costs, at the same time as pulp prices remained relatively high, especially in Swedish kronor. Towards the end of the year, demand weakened somewhat as regards external sales. A certain weakening in volumes from major contract customers was discernable, among other things as regards deliveries to Eastern Europe. The lower profit within the Tissue business area is due primarily to higher energy prices.

EVENTS DURING 2008

Cost reductions have continued within the business area and are taking place largely through improved processes within production and new capital expenditures. The implementation of the Six Sigma efficiency program was accelerated in 2008 and made a clearly positive contribution, among other things through increased production efficiency. The production process was further developed through an increase in the degree of automation, at the same time as quality control was integrated into the production process. This resulted in reduced costs.

The work on energy savings has continued and energy consumption in 2008 was reduced by 3% for comparable production. With respect to energy, a major step will be taken with the planned investment of approximately MSEK 55 in a new bioboiler. The work is expected to commence in the second half of 2009 and it can be brought into commission in the middle of 2010. The new bioboiler means lower and more predictable energy costs and the use of fossil fuel will decline appreciably. It will be fired primarily using forestry waste products supplemented by waste products from own production.

The search for improved paper qualities is constantly in progress. Development of new materials represents an important competitive factor for Duni.

Within purchasing and product development, work has intensified during the year in order to reduce costs while creating new opportunities for growth.

TABLE TOP PRODUCTS AND HYGIENE PRODUCTS

Duni's own production of tissue meets most of the Group's 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 top products and has a feel which resembles cotton and linen table covers. 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. Production of airlaid meets Duni's own needs for the production of table top products. The unique premium material, Dunilin®, is used, for example, for napkins. This is a material with incredibly good absorption quality combined with a very soft finish and feel. Most of the airlaid production is, however, sold to a number of external customers. Since airlaid has a very good absorption quality it is particularly suitable as an input material for various types of intimate hygiene products, such as sanitary towels and incontinence protection products. Duni works closely with its customers in the production of airlaid for intimate hygiene products and the material is manufactured according to the customer's specifications. Here too, intensive work is underway to develop existing products and find new qualities.

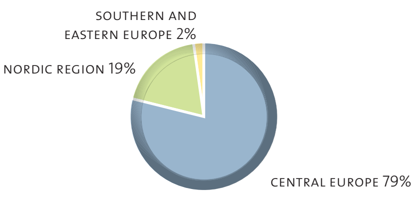
CUSTOMERS AND EXTERNAL SALES

Tissue business area's customers consist mainly of converting companies within table top products and leading companies within the hygiene products industry. Approximately one-half of the total production value of tissue and airlaid is used for processing within Duni, while the remainder is sold to external customers.

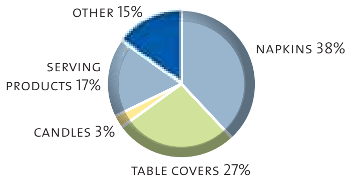
Although Duni has a number of external customers within tissue, the overwhelming share of production in this product category is used to meet the Group's own needs. However, within the airlaid product category for intimate hygiene products, the entire production is sold externally as an input material to a small number of manufacturers of sanitary towels and incontinence protection products. Customer relations are long term and based on close cooperation between Duni and our customers, who usually also participate in the product development work. External customers are also affected by the tougher economic climate, but product areas such as intimate hygiene products tend to be less sensitive to fluctuations in the business cycle.

RETAIL BUSINESS AREA

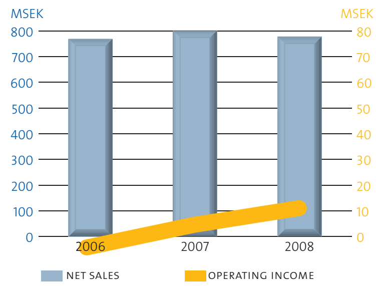
Net sales per geographic region 2008



Net sales per product group 2008



Net sales and operating income



Retail business area — continued focus on improved profitability

Within the Retail business area, Duni offers products to individual consumers via the grocery retail trade, specialty stores and home furnishings stores.

The range of table top products within the Retail business area is largely the same as within the Professional business area, but is adapted to consumers' special needs and conditions, and with different packaging design. The product range creatively combines design and functionality to create pleasant environments for all occasions when enjoying food and drink. It includes everything from napkins, candles and table covers to plastic products such as glasses, mugs, cutlery and plates. Within the Retail business area, Duni also sells paper-based hygiene products and gift wrapping paper. To a limited extent, Duni also supplies products which are resold under the customer's own brand (private labels).

DEVELOPMENT IN 2008

In 2008 sales declined by 2.9% to MSEK 777 (800) MSEK. Operating income improved somewhat to MSEK 11 (5). The operating margin increased to 1.5% (0.6%). The decline in sales is partly due to the significantly weaker economic climate, which suppressed private consumption. The situation on the UK market has been particularly difficult, combined with a weak currency. The Nordic market also lost volume towards the end of the year. Nevertheless, income improved somewhat thanks to the focus on profitable customers and an improved product mix, combined with necessary price increases.

In addition, cost control has continued to be sound, which also contributed to the improvement in income. The share of branded goods has increased at the expense of private labels, which is also beneficial for the margin trend. Also, volumes ordered by many existing customers have grown at the same time as a number of unprofitable customer contracts have been terminated.

Duni can also note that on markets such as Sweden and Norway, the category in general has grown in value as a consequence of the increase in the share of branded goods and a decrease in the share of private labels. This is a trend that benefits Duni, which possesses a strong brand and a high share of branded goods.

EVENTS IN 2008

Focus continued on a systematic work method in order to increase the shift towards branded goods, together with investments in improved shelf optimization in stores ("category management"). The Retail business area has enjoyed positive development in Benelux and the Nordic region, with the share of Duni products increasing relative to private labels. At the same time, sales in Germany and Benelux have demonstrated strength despite the leaner times. Interesting new customers for Duni include the Real hypermarket stores belonging to the German chain, Metro, which further strengthens Duni's position on the German market. In the Nordic region, Duni's products have made a small scale comeback at chains which have not carried the products in recent years. Hygiene products and gift wrapping paper also got a new start in 2008 through a re-launch on the German market under a spruced-up concept. The shapes, designs and patterns for gift wrapping paper are now matched to a greater extent with the table-setting products, in order to create even more interesting combination possibilities for the customers.

In Germany, the Duni Concept Store was started which is a realization of Duni's vision for the optimal store solution for the category. At the end of the year, there were three Duni Concept Stores and results have been very positive, in terms of both sales increases for these stores and interest from other customers.

Central Europe accounted for MSEK 610 (78.5%) of net sales within the Retail business area, while the Nordic region accounted for MSEK 148 (19%) and Southern and Eastern Europe for MSEK 19 (2.5%).

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 customer account manager at Duni. In addition to key account management, there is also a sales force in each region which spends a large part of its time in the field visiting the customers.

The sales force within the Retail business area makes in total approximately 40,000 customer visits annually. These customer visits often concern merchandising, whereby Duni assists its customers in building, sorting and filling the shelves and handling sales campaigns and offers. Merchandising personnel include both in-house and external sales staff, whose services are bought by Duni as required.

In addition to the grocery retail trade, sales take place to pharmacies, chain stores in the home furnishings sector as well as various specialty stores and gardening outlets. Sales to grocery retail chains and hypermarkets in 2008 accounted for approximately 72% of sales within the Retail business area. Duni's brand accounted for approximately 2/3 of Duni's net sales to the grocery retail market for the year, while the retail industry's private labels accounted for the remaining 1/3. Duni works together with the retail trade to optimize sales in the product category. Individual products are brought together into a concept based on the customers' different needs and uses. This process also includes replacing private labels with Duni branded goods and increasing the share of premium products in order to create category growth.

The customers are pleased to purchase Duni's products based on needs driven by special holidays, seasons or activities, e.g. eating outdoors.

CASE

Duni Concept Store – a vision becomes reality

Last year, Duni's Retail business area introduced the "Duni Concept Store" on the German market. In selected stores a part of the space has been allocated exclusively for Duni's products.

Duni uses the allocated space as a display window, based on conclusions reached following extensive consumer analyses. Duni's products can be combined and presented in a creative and effective manner in order to suit different themes and occasions. The aim is to increase the number of consumer purchases and the size of the average purchase through a customer-adapted offering.

The Duni Concept Store is a realization of Duni's vision of the optimal store solution for Duni's types of products. It is designed based on consumer behavior in the store and on the needs of the consumers on different occasions. When customers enter a store, they want to find what they are looking for as quickly as possible, but at the same time often don't really know what it is they are after. On the other hand, they often know the context in which the products are to be used, e.g. a dinner party or a picnic.

DIFFERENT BASIC CONCEPTS

The Duni Concept Store uses special store communication involving, among other things, flat screens and décor. Duni has abandoned the traditional system of arranging goods by color and, instead, has organized them based on different occasions of use, events or themes. This helps the customers to quickly find attractive overall solutions and thereby make quick purchasing decisions. The basic concepts used in the Duni Concept Store are: "Formal Quality", "Everyday", "Contemporary", "Seasonal & Events", "Kids" and "Summer/ Outdoor". Within each of the different concepts, there is then space for different themes and variations which can be used in conjunction with activities conducted outside the ordinary place on the shelf. For example, within "Kids" there is a Superman theme, while "Seasonal & Events" may be Christmas or Easter. New combinations, themes and patterns are presented regularly and the seasons are utilized to create additional activity and dynamics within the product category.

Within each category, a clear selection of table settings is presented, which can also be supplemented depending on the season. In addition, in the middle of the modules there is space for a shelf on which table settings can be arranged. The location of the shelves is carefully planned, with the most common products being at eye and waist level, while the more striking themes and products are placed on the lower shelves. The most popular design must also be available in a number of different colors. It must be quick and easy to find what is needed for a special occasion, e.g. a birthday party. All presentation solutions are based on extensive customer analyses.

MORE DUNI CONCEPT STORES ARE PLANNED

It is not possible to have fully developed Duni Concept Stores everywhere, but the lessons learned from the Concept Stores that are in place are extremely useable in other contexts. It has also proved to be the case that sales in the stores that have adopted the Duni Concept Store have increased strongly, which shows that there appears to have been success in attracting more customers and increasing sales per customer. Duni also monitors how these customers react to different arrangements, in order to be able to make improvements at all times. This knowledge will then be passed on to other stores. The target for 2009 is to develop more concept stores, both inside and outside Germany.

Personell

Duni's number of staff was largely unchanged during 2008. The gender distribution is even and almost half of the 1,952 employees are women. The largest group of employees is found in Germany.

On December 31, 2008, Duni had 1,952 employees, equal to 1,912 full-time positions. The geographic and functional breakdown of Duni's employees is shown below.

COUNTRY	BLUE COLLAR EMPLOYEES	WHITE COLLAR STAFF	TOTAL
Sweden	232	179	411
Germany	541	318	859
Poland	285	93	378
The Netherlands	0	54	54
The UK	18	35	53
Other	4	153	157
Total	**1 080**	**832**	**1 912**

	AVERAGE NO. OF EMPLOYEES
2006	2 185
2007	2 104
2008	2 041

The blue collar employees work within logistics, manufacturing and maintenance. Most, approximately 72%, of blue collar employees work within manufacturing at the plants in Dals Långed, Skåpafors, Bramsche and Poznan. Approximately 28% of blue collar employees in Germany work within logistics at the international distribution center in Bramsche. All blue collar employees 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 accounts, marketing, planning, purchasing and IT, primarily in Sweden, Germany and Poland. Duni's employees belong to different labor unions depending on their position and country of employment. The employees are organized in a European employee council.

Each Duni employee has a personal development plan. Personnel turnover in the Group is relatively low.

Duni's relations with the labor unions are in all essential respects positive and Duni considers the personnel turnover for the Group as a whole to be relatively low.

SKILLS AND MANAGEMENT DEVELOPMENT

Skills and management development are prioritized issues at Duni. Duni endeavors to ensure that each employee has a personal development plan. These development plans are prepared by the employees themselves in consultation with their supervisors and are adopted at the annual individual planning and performance reviews.

RECRUITMENT

Recruitment is a central issue for the company's future. Duni requires well-qualified and motivated personnel to ensure that we reach our goals and operate our business successfully. A qualitative recruitment process and structure contribute to the recruitment of the very best personnel.

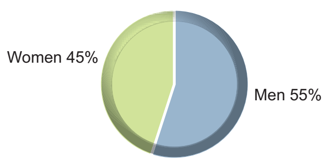
EQUAL OPPORTUNITIES

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 SYSTEM

Duni applies individual salaries and in several subsidiaries there are incentive programs based on a combination of financial targets and other business targets, in accordance with the Group's policy.

GENDER BREAKDOWN 2008



The environment

Environmental issues constitute an integral part of Duni's business operations and are high on the agenda. There is a close connection between Duni's ongoing endeavors to improve the business's environmental performance and Duni's product development. 2008 saw the start of "Our Green Challenge" – an ambitious series of targets aimed at making Duni a leading company within the industry in the environmental field.

Last year, Duni established ambitious targets for its environmental work and, under the motto "Our Green Challenge", Duni's overall objective is to be "a leading company within the industry in reducing the environmental impact from our products and operations".

RENEWABLE MATERIAL

Already today, approximately 70% of Duni's products are produced using renewable material. Many customers see certain environmental advantages with Duni's disposable products as compared with linen or porcelain alternatives, primarily as regards the use of water and energy. Some customers also choose Duni as a co-operation partner, among other things thanks to the environmental benefits associated with Duni's products. Duni also has a series comprising cellulose-based, and thereby renewable and biologically degradable, cups, glasses, plates and cutlery, and is continuing to develop this category in pace with the increase in demand.

Consumption of water and energy has been steadily reduced in recent years. The target is to further reduce energy consumption by 15% by 2012, as compared with 2007. Duni's net emissions of the greenhouse gas carbon dioxide, shall diminish by 25% in the production of Duni's products and by 15% in transportation of the products. Duni is constantly working to achieve improvements in order to reduce energy, heating, water and gas consumption as well as waste water generation at all production units.

Duni's paper mill in Skåpafors in Dalsland is installing a new bioboiler powered primarily by biopulp and waste products from paper manufacturing. This substantially reduces the use of fossil fuels and thereby the impact on the climate.

DUNI AND THE ENVIRONMENT

- ▶ *Around 70% of Duni's products are made of renewable materials.*
- ▶ *All production units are certified in accordance with ISO 14001.*
- ▶ *Duni intends to reduce CO2 emissions from the operations by 25% by 2012.*
- ▶ *Duni intends to reduce CO2 emissions from transportation by 15% by 2012.*
- ▶ *Duni intends to reduce its energy use by 15% by 2012.*
- ▶ *Waste from production shall be reduced by 80% by 2012.*

All targets are compared with 2007.

NEW BIOBOILER IN SKÅPAFORS

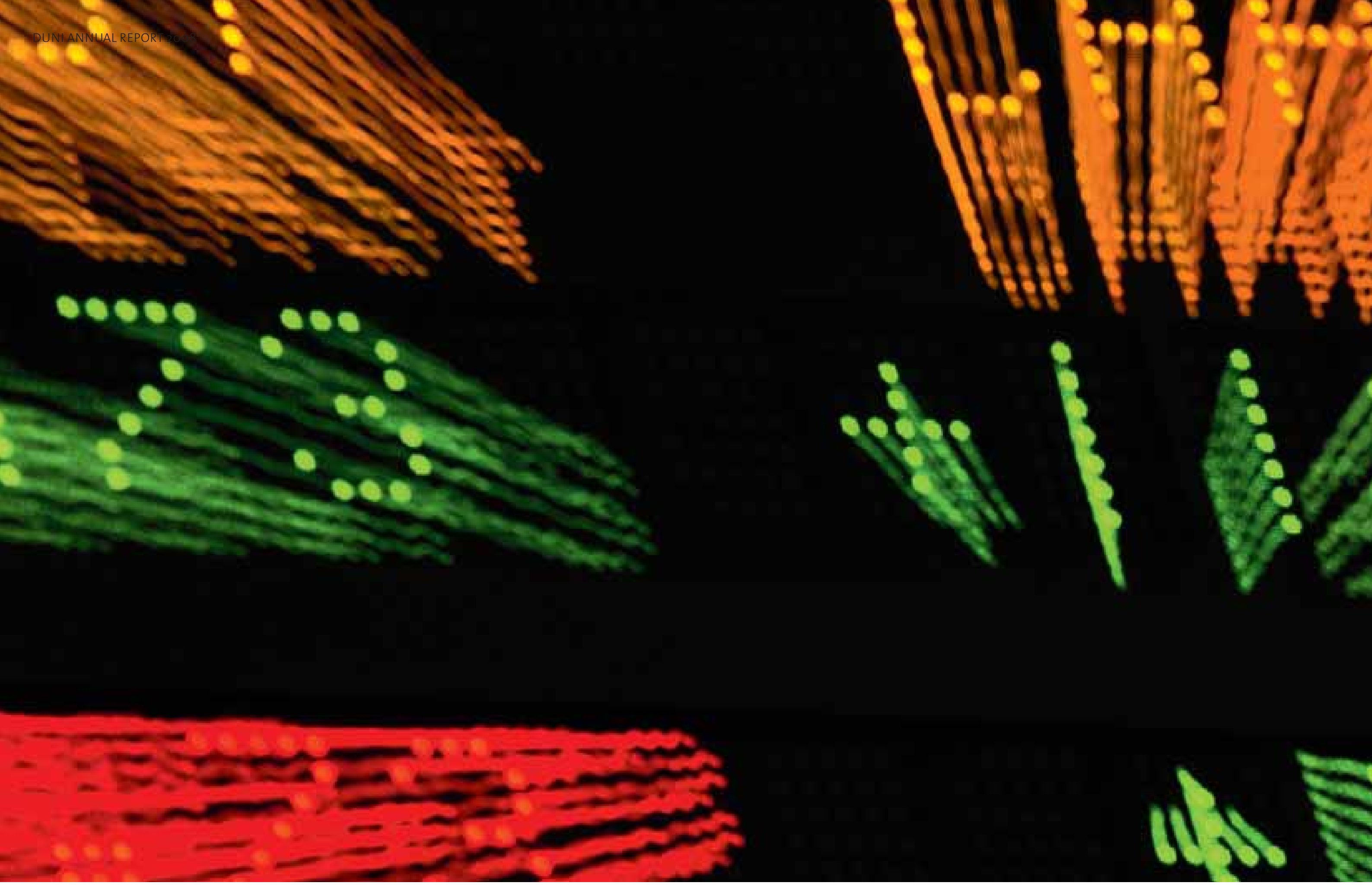
A new bioboiler is planned at the mill in Skåpafors. The work on the new boiler is expected to commence during the second half of 2009 and it is scheduled to be in operation at the middle of of 2010. The new bioboiler means lower and more predictable energy costs and the use of fossil fuels will diminish considerably. It will primarily be fired using forestry waste, complemented with waste products from the mill's own production. This will replace much of the current electricity and oil.

Since the beginning of the 1990's, Duni has had a central environmental policy for the Company. 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, the paper mills in Skåpafors and Dals Långed, as well as the plant in Bramsche, Germany have had certified environmental management systems in accordance with ISO 14001 for many years. In 2008, the plant in Poznan, Poland was granted certification in accordance with ISO 14001 and thus all plants are certified.

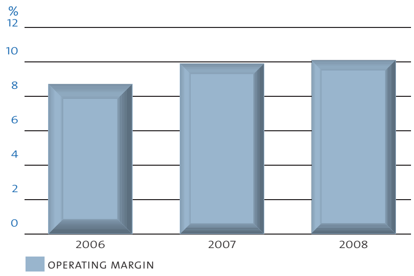
The plant in Skåpafors also participates in the Swedish Ministry of Energy's energy efficiency program and is thereby certified in accordance with the Energy Management System SS 62 77 50.

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 complies with the EU's new chemicals legislation, REACH.

Duni's ambitions go much further than applicable regulations and legislation and the Company is constantly endeavoring to advance its positions in the environmental area. In this context, interested, committed and knowledgeable employees are of extraordinary importance and Duni engages in systematic training work for employees within the environmental area.



Operating margin



Financial targets

Duni has an operating margin target of at least 10% and an organizational growth target of more than 5% per year.

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

It is the Board's intention 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 general meeting and, normally speaking (other than in certain special cases) based on proposals from, or following approval by, the Board of Directors. When deciding 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 resolution regarding dividends will be proposed or that a resolution will be adopted for a particular year.

Shareholder structure Dec. 31, 2008

	Number of shareholders	Number of shares	% of shares
1 – 500	2 028	535 216	1.14
501 – 2 000	890	835 350	1.78
2 001 – 10 000	141	635 858	1.35
10 001 – 50 000	38	831 042	1.77
50 001 – 100 000	17	1 123 271	2.39
100 001 –	50	43 038 295	91.57
Total	**3 164**	**46 999 032**	**100.00**

Data per share Dec. 31, 2008

	Amount, SEK
No. of shares at end of period (thousands):	*46 999*
Average number of shares before dilution for remaining operations (thousands):	*46 999*
Average number of shares after dilution for remaining operations (thousands):	*46 999*
Price on December 31:	*25.00*
Earnings per share before dilution:	*4.19*
– of which continuing operations:	*4.06*
Earnings per share after dilution:	*4.19*
– of which continuing operations:	*4.06*
Equity per share:	*32.84*
P/E-ratio:	*5.97*

The share

The Duni share has developed in line with the broader market during 2008. For 2008 Duni proposes an unchanged dividend of SEK 1.80 per share.

PERFORMANCE AND TURNOVER

On November 14, 2007 Duni was listed on NASDAQ OMX Nordic Exchange in Stockholm in the Midcap, Consumer Discretionary list with the ticker name "DUNI" and the ISIN code SE0000616716. The market capitalization of the Duni share was SEK 1.17 billion at the end of 2008. During 2008, the share price varied between a high of SEK 50.00 on January 2 and a low of SEK 24.10 on December 22. Earnings per share for the year were SEK 4.06 for the continuing operations. During 2008, 28 million Duni shares changed hands, valued at SEK 1.183 billion.

NUMBER OF SHARES AND SHARE CAPITAL

On December 31, 2008, 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.

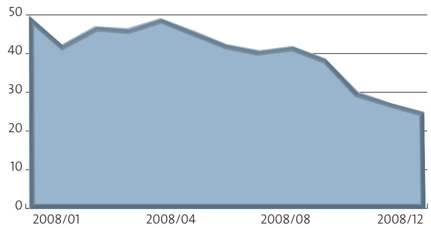
DIVIDEND POLICY AND DIVIDENDS

It is the intention of the Board of Directors 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 2008 financial year.

EXTERNAL ANALYSES WERE PUBLISHED BY:

SEB Enskilda, *Daniel Schmidt*
ABG Sundal Collier, *Christian Andersson*
Handelsbanken Capital Markets, *Andreas Lundberg*
Further information about the Duni share is available on *www.duni.com*

Share Price



Shareholders Dec. 31, 2008

	No. of shares	%
Mellby Gård Investerings AB	*14 094 500*	*29.99 %*
Polaris Capital Management. LLC	*4 521 000*	*9.62 %*
Lannebo Fonder	*4 105 000*	*8.73 %*
SEB Investment Management	*3 591 287*	*7.64 %*
Cominvest	*2 274 779*	*4.84 %*
Livförsäkringsaktiebolaget	*2 171 200*	*4.62 %*
Odin Fonder	*2 084 200*	*4.43 %*
Confederation of Swedish Enterprise	*1 700 000*	*3.62 %*
JP Morgan Chase Bank	*1 409 300*	*3.00 %*
SSB CL Omnibus AC	*1 399 700*	*2.98 %*
Total, the 10 largest owners		
– in terms of holdings	*37 350 966*	*79.47 %*
Other shareholders	*9 648 066*	*20.53 %*
Total	**46 999 032**	

Corporate Governance Report for Duni AB (publ)

Duni AB is a Swedish limited public company which, since November 14, 2007, has been listed on NASDAQ OMX Nordic in Stockholm. Governance of Duni takes place through general meetings, the Board of Directors and the CEO, as well as Duni's group management, in accordance with, among other things, the Swedish Companies Act, the company's Articles of Association and working procedures for the Board of Directors and the CEO. 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 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 MEETINGS

The general meeting is the highest decision-making body at which the shareholders exercise their influence by voting on key 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.

2008 Annual General Meeting

The annual general meeting of the shareholders of Duni was held on May 7, 2008 in Malmö.

2009 Annual General Meeting

The next annual general meeting of the shareholders of Duni will be held at 3 pm on May 6, 2009 at Skånes Dansteater (Östra Varvsgatan 13 A) in Malmö.

The Chairman of the Board convenes a Nomination Committee. The intention is that the Nomination Committee shall be composed of representatives of at least three of Duni's largest owners. Duni's Nomination Committee comprises four members: Peter Nilsson (Chairman of the Board of Duni AB and Chairman of the Nomination Committee), Rune Andersson (Mellby Gård Investerings AB), Bernard R. Horn Jr (Polaris Capital Management, LLC) and Göran Espelund (Lannebo 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 any 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

The Board of Directors is the company's highest decision-making body after the general meeting. 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 position and approval of the company's business plan. The general obligations include decisions by the board on overarching 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.

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 shall comprise not less than three and not more than twelve directors. In addition, there may be employee representatives.

Duni's board consists of six directors elected by the annual general meeting on May 7, 2008 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 94-95 of the Annual Report.

The board's work

The board complies with written rules of procedure which are 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 2008 financial year, 10 board meetings were held at which minutes were taken.

In addition to the board meetings, the Chairman of the Board and the CEO maintain a regular dialogue concerning the management of the company. The allocation of work between the board and the CEO is governed by the board's working procedures and instructions for the CEO. The CEO is responsible for the execution of the business plan and the continuous 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 are extraordinary in nature or of major significance for the company's operations, in light of the scope and nature of the company's operations presumed that a decision by the Board of Directors can not be waited for without major disadvantages for the company. In these cases the Board of Directors shall immediately be informed of any actions taken. The instructions to the CEO also govern the CEO's 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. Those 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, the directors and the CEO conduct each year a detailed evaluation of the Board of Directors, based on the adopted rules of procedure. The evaluation covers, 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 (1961), MBA. The board has adopted instructions regarding the work and role of the CEO. The CEO is responsible for the day-to-day management of the company's operations in accordance with guidelines issued by the Board of Directors. On December 31, 2008, Fredrik von Oelreich held 201,482 shares in Duni AB. No party closely related to the CEO has any significant shareholding in Duni AB. Fredrik von Oelreich has no ownership interests in companies with which Duni has significant commercial relations and holds no important appointments outside Duni. Further information regarding the CEO is provided in Note 13 in the Annual Report.

SWEDISH CORPORATE GOVERNANCE CODE

The Swedish Corporate Governance Code (the "Code") must be applied by all Swedish companies whose shares are admitted to trading on a regulated market in Sweden. Duni has undertaken vis-à-vis NASDAQ OMX Nordic 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 derogate from its provisions provided that each derogation can be explained in a satisfactory manner.

Duni applies the Code subject to a single derogation, namely that the Chairman of the Board, Peter Nilsson, is also the Chairman of Duni's Nomination Committee. Duni's major shareholders have explained that the reason for the derogation 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.

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 company management.

A director is not considered to be independent in a number of situations, among others if the director (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

The Remuneration Committee prepares issues regarding compensation to Duni's senior executives based on guidelines for compensation to senior executives adopted at the annual general meeting and negotiates with the CEO regarding his compensation. 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

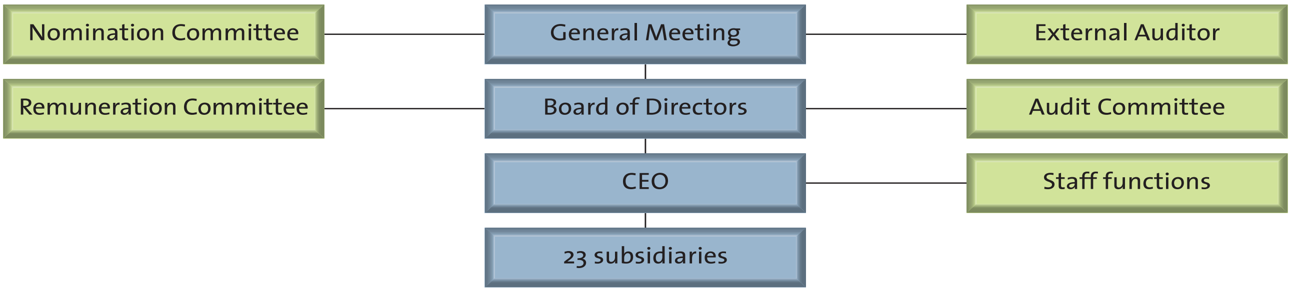
The Remuneration Committee comprises four members: Peter Nilsson (Chairman), Anders Bülow, Sanna Suvanto-Harsaae and Harry Klagsbrun. The Chairman of the Board may be the chairman of the Compensation Committee.

Board of Directors

	Presence	Independent1)	Presence Audit Committee	Presence Remuneration Committee	Compensation (SEK)
Peter Nilsson	10/10	3)		4/4	533,333
Harry Klagsbrun	7/10	4)	5/5	3/4	-
Pia Rudengren	10/10	x	5/5		316,667
Sanna Suvanto-Harsaae	10/10	x		4/4	266,667
Anders Bülow	7/10	2)	3/5	3/4	-
Magnus Yngen	6/10	x			166,667
Gerold Linzbach	1/10	x			83,333
Göran Lundqvist	3/10	x			83,333
Gun Nilsson	3/10	3)	2/5		83,333
Per-Åke Halvordsson (employee representative)	10/10	3)			
Göran Andreasson (employee representative)	10/10	3)			
Inge Larsson (employee representative)	9/10	3)			

1) As defined in the Swedish Code of Corporate Governance
2) Not independent (in relation to Duni's major owners)
3) Not independent (in relation to Duni)
4) Not independent in relation to Duni's largest shareholder up to August 27, 2008, when EQT Partners divested its entire shareholding in Duni

Corporate governance within Duni



The other members of the Remuneration Committee must be independent of the company and company management. The Remuneration Committee and its chairman shall be elected annually at the initial board meeting and shall comprise at least three of Duni's directors, one of whom shall be the Chairman of the Board. 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 of, and proposals for, the adoption of any share-related incentive programs at Duni.

Audit Committee

Duni has an Audit Committee comprising three members: Pia Rudengren (Chairman), Anders Bülow and Harry Klagsbrun. The Audit Committee and its chairman are appointed annually at the initial board meeting and consist of at least three of Duni's directors. Duni's Group Accounting Manager 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 major 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 meets regularly 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 covers the scope of any non-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 the Board, are decided upon by the annual general meeting. According to guidelines regarding compensation to senior executives adopted by the annual general meeting on May 7, 2008, compensation to the CEO and other members of the management group shall be on market terms and comprise 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 May 7, 2008, 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 (with the exception of Anders Bülow and Harry Klagsbrun, who receive no compensation). For the financial year 2008 the directors shall receive compensation including committee work totaling MSEK 1.5, of which MSEK 0.5 shall be paid to the Chairman of the Board and MSEK 1.0 to other directors.

The total gross compensation paid to the management group in 2008, including salaries, pension payments and other benefits, amounted to MSEK 24.4. Of the total gross compensation paid to the management group, MSEK 5.7 comprised compensation to Duni's current CEO, while MSEK 18.7 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. In 2008, the total cost for Duni for these pension payments was MSEK 4.1.

Duni's CEO, Fredrik von Oelreich, receives an annual gross salary of CHF 587,000 and has a possibility to achieve 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. Both Duni and von Oelreich may terminate the agreement subject to six months' written notice of termination. In addition, except in the event of termination by the company due to negligence, von Oelreich is entitled to an amount equal to 12 times his monthly salary. Von Oelreich participates in a contribution-based pension plan to which Duni makes 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 entered into transactions with Duni, whether directly or indirectly through any affiliated company.

FINANCIAL REPORTING

The company has an information policy pursuant to which the company shall publish quarterly reports, a half-yearly report, a report of unaudited annual results and an annual report. In connection with the publication of earnings reports, the company may arrange analyst meetings and meetings with the media to discuss the company's operations, earnings 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 opinions issued by the auditor.

AUDIT

The auditor shall review the company's annual report and bookkeeping as well as management by the Board of Directors and CEO. There shall be a general review of Duni's interim report for the third quarter. 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 August 28, 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 major owners, directors or the 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 2008 totaled MSEK 6.5.

THE BOARD'S DESCRIPTION OF THE INTERNAL CONTROL WITH RESPECT TO THE FINANCIAL REPORTING FOR THE 2008 FINANCIAL YEAR

Pursuant to the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board of Directors is responsible for the internal control. This description has been prepared in accordance with sections 10.5 and 10.6 of the Swedish Code of Corporate Governance and is thus limited to the internal control with respect to financial reporting. This description does not constitute a part of the formal annual report documents and has not been reviewed by the company's auditor.

The internal control system with respect to the financial reporting constitutes a part of the general business procedures and is structured to ensure that the financial reports are prepared in accordance with statutes and recommendations.

The internal control system is often described based on the Internal Control – Integrated Framework issued by COSO. Duni has based it's description on the areas that constitute the basis for an internal control: control environment, risk assessment, control activities, information and communication, as well as follow-up.

Control environment

The rules of procedure of the board and the instructions issued by the board regarding the work of the CEO and the board committees clearly define the allocation of responsibilities and powers, with the aim of ensuring efficient management of risks in the business operations. An Audit Committee has been established to review the instructions and routines used in the financial reporting process, as well as accounting principles and changes therein. Group management reports each month to the board in accordance with established routines. Furthermore, in a business ethics policy group management has formulated its view on how the operations are to be conducted.

Risk assessment and control structure

Material risks for the operations are analyzed by the board as a part of the financial reporting. In addition, group management provides the Audit Committee with an overall risk analysis of income statements and balance sheets as well as the factors which impact on them. Risk areas are documented and assessed based on likelihood and impact. Based on this, control processes are structured to ensure high quality in the financial reporting.

The organization structure together with the allocation of responsibilities and payment authorization procedure are clearly described and communicated by means of instructions and policies. The operations are organized into business areas with responsibility for earnings. The Audit Committee regularly communicates with the auditors in order to evaluate and improve the internal control. Duni has established a European accounting function which independently provides accounting services to the operations. This function complies with standardized procedures and routines. The head of the accounting function reports to the CFO.

Information and communication

Information, both externally and internally, is governed by Duni's communications and IR policy. A specific section addresses responsibility, routines and rules. The policy is regularly evaluated to ensure that information to the stock market is constantly of a high quality and in accordance with the stock exchange rules. Financial information such as quarterly reports, annual reports and important events are published through press releases and on the company's website. Meetings with financial analysts are arranged regularly in connection with publication of quarterly reports. The intranet is the main source of information internally in the company. Accounting handbooks and instructions regarding financial reporting are available on the intranet and these are regularly updated in light of changes to IFRS and other recommendations.

Follow-up

The board and Audit Committee review all financial reports before they are formally approved by the board. The Audit Committee receives regular reports from the auditor regarding the internal control and monitors significant issues. Review of monthly financial reports constitutes a standing item on the agenda at all board meetings and each month group management analyses financial trends within the business areas. Regular follow-up compared with budget and plans, as well as an evaluation of key ratios, takes place generally at all levels in the organization.

Statement regarding internal audit

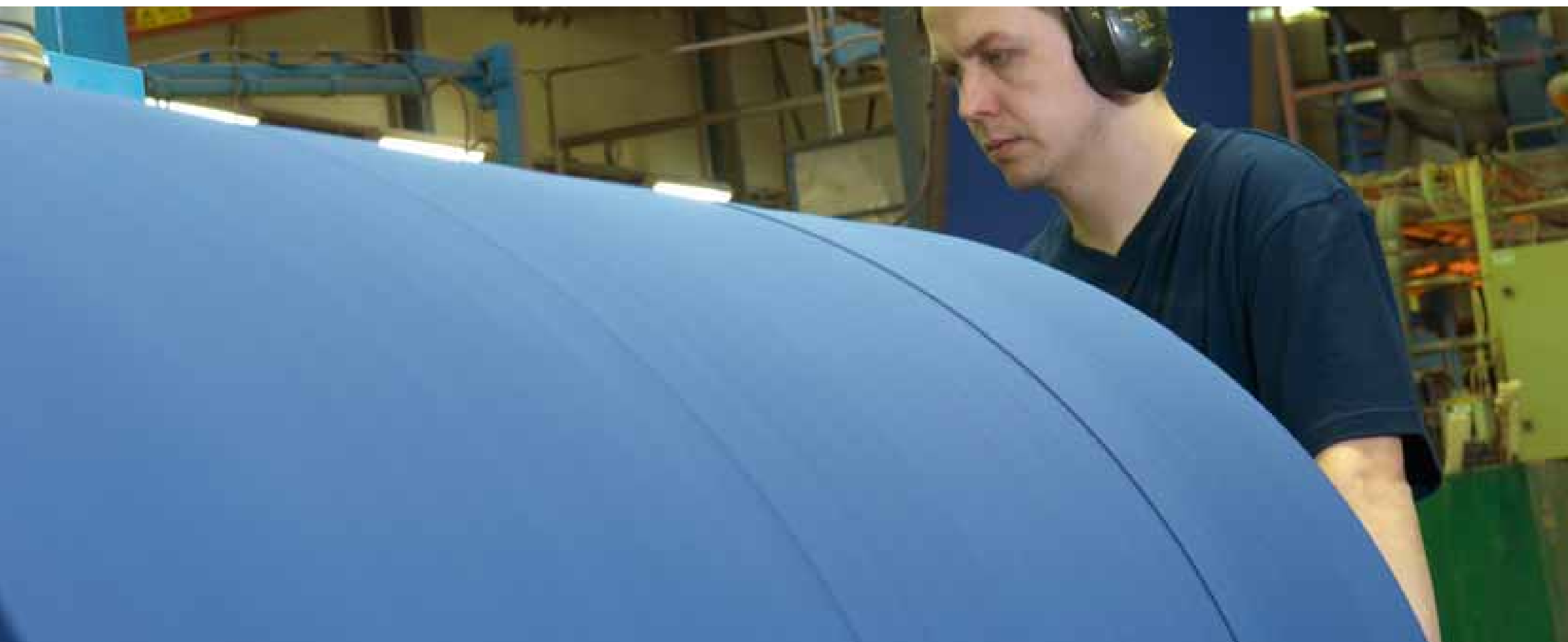
Duni has found no need for a formal internal audit department. The primary reason for this is that the centralized European accounting function provides accounting services to the operations based on standardized processes and routines, is independent of the business operations, and reports directly to the CFO. This centralized and independent process for accounting and financial reporting is considered to constitute a platform for sound internal control with respect to the financial reporting.

Compensation to audit companies

	Group		*Parent company*	
MSEK	*2008*	*2007 1)*	*2008*	*2007 1)*
Compensation for audit engagements	4.7	6.6	1.8	2.6
Compensation for other consultations	7.9	4.3	4.3	2.1

1) Relates to two six-month closing accounts.

ANNUAL REPORT



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Directors' Report, January 1, 2008–December 31, 2008

The Group

Duni is one of the leading companies 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. The operations are 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 firms. The offering includes table and serving products such as napkins, table covers, placemats, and 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 ready made food 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 68% 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 combination offers. 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, to a limited extent, 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 19% of Duni's sales.

The **Tissue** business area produces airlaid and tissue-based material which is used in products within the other business 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 grown as a consequence of a generally favorable economic climate. However, a weakening in demand as a consequence of the downturn in the economy was noted during the latter part of the year.

The hotel and restaurant industry has been affected by the general state of the economy, which weakened gradually during the year. However, the long-term trend points to a continued increase in the number of restaurant visits and an increase in the number of hotel nights, primarily driven by changing patterns of consumption and economic growth. Within the take-away sector, the growth has continued. New restaurant concepts, as well as ready-to-eat food in grocery stores, take-away and fast-food restaurants are continuing to increase in number and these concepts are gaining market shares.

During the year, demand within the Retail business area was stable 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 the Tissue business area, demand for airlaid material, primarily from the hygiene products industry, increased somewhat but a weakening was noted during the second half of the year.

PROSPECTS

Demand in the long term is driven primarily by increased purchasing power combined with changing 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. Furthermore, growth within the take-away segment is expected to continue since the number of single-person households is increasing and urbanization is continuing.

In the short term, however, the economy has weakened significantly and we anticipate that 2009 will be a tough year. In light of this, measures were taken at an early stage and as a consequence, a restructuring cost was incurred in the fourth quarter.

REPORTING

The annual report covers the 2008 financial year. The preceding year consisted of two financial years which covered the period January-June 2007 and July-December 2007. To enable a comparison with the same period of the preceding year, figures are shown in brackets for the full year of 2007.

The reported operating income includes two non-recurring items.

A restructuring expense of MSEK 41 (0) relates primarily to rationalization measures within production. Other operating expenses include a non-realized valuation effect of electricity and currency derivatives of MSEK 48 (1). The operating income reported in the text below does not include these non-recurring items.

Non-recurring items

Bridge non-recurring items (MSEK)	2008	2007
Reported operating income	**326**	**394**
Non-realized value changes, derivative instruments	-48	-1
Restructuring expenses	-41	0
Underlying operating income	**414**	**395**

SALES

Net sales amounted to MSEK 4,099 (3,985). Sales for the year entail an increase of MSEK 114, or 2.9%. With unchanged exchange rates from the preceding year, net sales would have been MSEK 84 lower for the year. The higher turnover is explained primarily by increased prices in order to offset higher costs for input materials as well as an improved product mix, despite a certain volume decrease in Retail.

Duni's stable position within the Professional business area is emphasized by sales growth of 4.9%, entailing growth in line with, or outpacing, the market. Growth has been particularly strong in Eastern Europe as well as in the Benelux countries, France, Germany, Austria and Switzerland. 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 trend was negative, with a downturn of 2.9% compared with the same period of last year. The decline is due primarily to tough competition in the UK. During the period, Retail terminated certain unprofitable customer contracts; this impacted on sales but had no major consequences as regards operating income.

Sales within the Tissue business area has been stable, with an increase of 1.3%.

INCOME

The underlying operating income amounted to MSEK 414 (395). With unchanged exchange rates from the preceding year, the operating income would have been MSEK 19 lower for the year. Improved product mix and price increases, combined with firm cost control have had a positive impact on the operating result. The improvement in operating income is largely derived from the Professional business area.

Net financial items amounted to MSEK -75 (-198). The external interest expenses are lower than last year thanks to a lower level of indebtedness and improved financing terms. Income before tax was MSEK 251 (196).

A tax expense of MSEK 60 (97) was reported for the financial year. On January 1, 2008, the company income tax rate in Germany was reduced, which resulted in a lower tax rate for Duni. The difference in tax burden between the years is also due to adjustments with respect to earlier periods.

The deferred tax asset relating to loss carry-forwards has been reduced by MSEK 45, of which MSEK 24 relates to actual utilization of loss carry-forwards and MSEK 21 relates to impairment of deferred tax assets due to a reduction in the tax rate in Sweden, from 28% to 26.3%, as of January 1, 2009.

During the fourth quarter of the year, Duni received a final decision regarding the German tax audit. In the spring of 2009, a final payment will be made to the German tax authorities of approximately MSEK 14. Duni Germany has now adjusted the provision and was able to reverse MSEK 11 to the tax reported for the year. In connection with the settlement of the German tax audit, Duni has also recorded a deferred tax asset based on established temporary differences of MSEK 9. In total, the reported tax is thus positively affected by MSEK 20 for the year.

Net income for the year for the continuing operations amounted to MSEK 191 (99). Income from discontinued operations amounted to MSEK 6 (472). The Group's total net income amounted to MSEK 197 (571). Net income for the preceding year included a capital gain of MSEK 471 from the sale of deSter.

INVESTMENTS

The Group's net investments amounted to MSEK 139 (132) for the continuing operations. The 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 97 (90).

With respect to energy, a major step will be taken with the planned investment of approximately MSEK 55 in a new bioboiler. The work is expected to commence in the second half of 2009 and it can be brought into operation in the middle of 2010.

CASH FLOW AND FINANCIAL POSITION

The Group's operational cash flow amounted to MSEK 274 (263). Most of Duni's operating income 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 December 31 amounted to MSEK 3,811. In December 2007, total assets amounted to MSEK 3,514. The increase in total assets relates primarily to the item, accounts receivable, and is attributable to terminated factoring agreements in Germany.

The Group's interest-bearing net debt amounted to MSEK 1,100, an increase of MSEK 15 on the interest-bearing net debt of MSEK 1,085 in December 2007. Thanks to the strong cash flow, it was possible to incorporate the terminated factoring agreements in Germany in the net debt with only a marginal increase.

OPERATIONAL AND FINANCIAL RISKS

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

The development of attractive product ranges, particularly the Christmas collection, is extremely important in order for Duni to achieve good sales and income growth. Duni addresses this issue by constantly developing its range. Approximately 25% of the collection is replaced each year in response to trends.

Control and management of fluctuations in prices of raw materials and energy have a major impact on Duni's competitiveness.

Due to the fact that hedge accounting is not applied, Duni has an increased accounting exposure, as unrealized profit or losses related to derivative instruments are accounted for in the income statement. Duni's finance management and its handling of financial risks are regulated by a finance policy adopted by the Board of Directors. This works is presided over and managed by the Group's Treasury, which is included as a unit within the Parent Company. The Group divided into financial risks associated with currency risks, interest rate risks, credit risks, financing and liquidity risks. These risks are controlled in an overall risk management policy which focuses on unforeseeability on the financial markets and endeavors to minimize potential adverse effects on the Group's financial results.

With respect to Duni's long-term financing, as of last year this is secured through a financing agreement which extends until 2012. Regarding risk management, see also Note 3.

LEGAL DISPUTES

Upon closing of the accounts, there were a few disputes with customers and suppliers involving small amounts, as well as regarding intellectual property rights. Provisions have been made in the annual accounts which, in the management's opinion, 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. During the fourth quarter, Duni adopted a new, more ambitious environmental strategy in which clear goals are established as to how Duni will concretely reduce damage to the environment.

An environmental management systems program has been implemented at all production units. For several years, Duni's largest production units have been certified in accordance with ISO 14001. These are the paper mills in Skåpafors and Dals Långed, as well as the plant in Bramsche, Germany. The plant in Poznan in Poland achieved ISO 14001 certification during 2008.

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 tons of wet laid tissue per year and 26,000 tons of airlaid tissue per year at the mill in Skåpafors and 10,000 tons of airlaid 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 2,779 tons in Dals Långed and 14,154 tons 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 until the annual general meeting, the board comprised seven members, and thereafter six members and two employee representatives with one deputy member. During the financial year, the board held ten meetings at which minutes were taken.

At the annual general meeting on May 7, 2008, Anders Bülow and Magnus Yngen were elected as new directors. The former directors, Gun Nilsson, Gerold Linzbach and Göran Lundqvist declined re-election at the annual general meeting.

The 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 audits carried out and their assessment of the Group's internal control.

The board has two committees: The Remuneration Committee and the Audit Committee. The Remuneration Committee addresses issues concerning compensation for senior executives and negotiates with the CEO regarding the latter's compensation, based on guidelines adopted at the annual general meeting. At the annual general meeting held on May 7, 2008, the Boards proposal was adopted regarding guidelines for the coming year with respect to the CEO and other senior executives (see also Note 13).

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 contact 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 endeavors to ensure that each employee has a personal development plan in place.

On December 31, 2008, there were 1,952 employees. In December 2007, there were 2,001 employees.

COMPENSATION FOR THE CEO AND SENIOR EXECUTIVES

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

"Remuneration to the managing director and the other individuals in the executive management shall normally consist of base salary, a variable remuneration, long-term incentive programs and additional benefits and pensions. The total remuneration shall correspond to market practice and be competitive and be related to responsibility and authority. The variable remuneration shall be based on the outcome in proportion to defined and measurable profit targets. The variable remuneration shall not exceed the base salary. In the event of termination of employment initiated by the Company, salary during the notice period together with severance pay shall not exceed 18 months salaries. Pension benefits shall be contribution based, unless specific reasons exist. The age of retirement for the senior management shall normally be 65 years, but in no case lower than 62 years. The Board of directors may deviate from these guidelines only if special causes exist 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 16 countries, including the Parent Company's branch in Turkey. However, this branch is being wound up.

IMPORTANT EVENTS SINCE DECEMBER 31, 2008

No important events have occurred since December 31, 2008.

The Parent Company

SALES, INCOME AND FINANCIAL POSITION

The Parent Company, Duni AB, contains Group management and joint Group staff functions such as finance, information, purchasing, marketing and IT. Parts of the Group's development 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 1,244 (1,277). Operating income was reported at MSEK -143 (-147), and net financial items at MSEK 324 (-83). The Parent Company's net income was MSEK 184 (-188).

The Parent Company's investments in fixed assets amounted to MSEK 16 (23).

The Parent Company's equity ratio at year-end was 46.7% (44.3). The Parent Company's cash and cash equivalents as well as current external financial receivables on December 31, 2008 amounted to MSEK 153 (116).

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 is not applied, Duni AB has an increased accounting exposure as unrealized profit or losses related to derivative instruments are accounted for in the income statement.

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

OWNERSHIP STRUCTURE ON DECEMBER 31, 2008

Duni is listed on NASDAQ OMX Nordic in Stockholm under the ticker name "DUNI". The largest owners on December 31, 2008 were Mellby Gård Investerings AB (29.99%), Polaris Capital Management, LLC (9.62%) and Lannebo Fonder (8.73%).

DUNI'S SHARE

Duni's share capital consists of 46,999,032 outstanding common shares, each carrying 1 vote per share. The quotient value of the shares is SEK 1.25. Duni holds no shares in treasury. 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) divested its entire holding in Duni during the third quarter of the year.

Senior executives together own 1% of the shares in Duni. They have been under an undertaking not to sell their holdings until after the interim report for January 1-September 30, 2008 was published on October 29, 2008. No sales were made up to and including December 31, 2008.

DIVIDEND PROPOSED BY THE BOARD OF DIRECTORS AND CEO

Dividend, the Parent Company (SEK)

Unrestricted equity in the Parent Company	
Retained earnings	1,215,126,336
Profit for the year	183,502,926
Total unrestricted equity in the Parent Company	**1,398,629,262**
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	1,314,031,005
Total	**1,398,629,262**

The Board of Directors proposes to the 2009 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, May 11, 2009, and that the remaining unrestricted shareholders' equity be carried forward.

The Parent Company's retained earnings amount to MSEK 1,215 and income for the year amounts to MSEK 184. Provided that the 2009 annual general meeting resolves in accordance with the board's dividend proposal, MSEK 1,314 will be carried forward. After the proposed dividend, there will be full coverage for the Parent Company's restricted equity. The Group's shareholders' equity amounts to MSEK 1,544.

As a basis for its dividend proposal, pursuant to Chapter 18, section 4 of the Swedish Companies Act (2005:551), the board has made the assessment that the proposed dividend is defendable 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 liquidity and financial position in general. The board also believes that the dividend provides scope for the Group to perform its obligations and carry out planned investments. Based on Duni's income after tax, 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 strong relative 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-term 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 in 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 a true view of the Group's financial position and results. The annual report has been prepared in accordance with generally accepted accounting principles and provides a fair and true view of the Parent Company's financial position and results.

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

Malmö 25 March 2009

Peter Nilsson, *Chairman of the Board*

Fredrik von Oelreich, *President and CEO*

Harry Klagsbrun

Sanna Suvanto-Harsaae

Anders Bülow

Magnus Yngen

Pia Rudengren

Göran Andreasson, *Employee Representative*

Per-Åke Halvordsson, *Employee Representative*

Consolidated Income Statement

MSEK	Note 1-5, 12-14	Jan 1, 2008 -Dec 31, 2008	Jul 1, 2007 -Dec 31, 2007	Jan 1, 2007 -Jun 30, 2007
Continuing operations				
Net sales	5,6	4 099	2 091	1 894
Cost of goods sold	6-10	-3 020	-1 525	-1 423
Gross profit		**1 079**	**566**	**471**
Selling expenses	7-9	-465	-219	-227
Administrative expenses	7-9,11	-198	-111	-98
Research and development expenses	7,8	-23	-6	-6
Other operating incomes	15,16	57	29	26
Other operating expenses	7,8,17	-124	-17	-15
Operating income	5,18	**326**	**242**	**151**
Income from financial items	18,19			
Financial income		8	9	19
Financial expenses		-83	-86	-139
Net financial items		**-75**	**-77**	**-120**
Income after financial items		**251**	**165**	**31**
Income tax	21	-60	-68	-28
Net income for the year, continuing operations		**191**	**96**	**3**
Net income for the year, discontinued operations	43	6	15	457
Net income for the year		**197**	**111**	**460**
Attributable to:				
Equity holders of the Parent Company		197	111	460
Minority interest		-	-	0
Earnings per share (expressed in SEK per share), calculated on net income for the year from continuing operations:				
– Before dilution	22	4.06	2.04	0.06
– After dilution	22	4.06	2.04	0.06
Earnings per share (expressed in SEK per share) calculated on net income for the year from discontinued operations attributable to quity holders of the Parent Company during the year:				
– Before dilution	22	0.13	0.32	9.72
– After dilution	22	0.13	0.32	9.59
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	4.19	2.36	9.78
– After dilution	22	4.19	2.36	9.65

Consolidated Balance Sheet

MSEK	Note	2008-12-31	2007-12-31	2007-06-30
ASSETS	1-5			
Fixed assets				
Intangible fixed assets	23			
Goodwill		1 199	1 199	1 199
Capitalized development expenses		20	22	16
Trademarks and licenses		5	7	5
Total intangible fixed assets		**1 224**	**1 228**	**1 220**
Tangible fixed assets				
Buildings, land and land improvements	24	52	55	58
Machinery and other technical equipment	25	331	288	270
Equipment, tools and installations	26	64	47	54
Construction in progress and advanced payments for tangible fixed assets	27	67	43	17
Total tangible fixed assets		**514**	**433**	**399**
Financial fixed assets				
Deferred tax assets	21	367	395	432
Other long-term receivables	29	2	3	2
Total financial fixed assets		**369**	**398**	**434**
Total fixed assets		**2 107**	**2 059**	**2 053**
Current assets				
Inventories	10			
Raw materials and supplies		103	100	104
Products in progress		22	23	17
Finished goods and goods for resale		412	373	382
Advances to suppliers		5	4	0
		542	500	503
Current receivables				
Accounts receivable	30	731	546	653
Derivative instruments	31	12	11	16
Tax assets		31	14	36
Other receivables	30	98	156	135
Prepaid expenses and accrued incomes	32	41	26	27
		913	753	867
Cash and cash equivalents		249	202	112
Total current assets		**1 704**	**1 455**	**1 482**
TOTAL ASSETS		**3 811**	**3 514**	**3 535**

Consolidated Balance Sheet, continued

MSEK	Note	Dec 31, 2008	Dec 31, 2007	Jun 30, 2007
SHAREHOLDERS' EQUITY AND LIABILITIES		1-5		
Shareholders' equity				
Share capital	33	59	59	59
Other injected capital		1 681	1 681	1 681
Reserves		55	39	34
Loss carried forward, incl. net income for the year		-251	-363	-474
Total shareholders' equity attributable to equity holders of the Parent Company		**1 544**	**1 416**	**1 300**
Minority interests		-	-	-
Total shareholders' equity		**1 544**	**1 416**	**1 300**
Long-term liabilities	34			
Overdraft facility	34	5	-	45
Bank loans	34	1 146	1 092	1 045
Subordinated debts	34	-	-	144
Deferred tax liabilities	21	28	19	28
Pension provisions	36	201	200	204
Total long-term liabilities		**1 380**	**1 311**	**1 466**
Short-term liabilities				
Liabilities to credit institutions	34	-	-	15
Accounts payable		358	305	256
Tax liabilities		3	51	55
Derivative instruments	31	59	9	16
Other liabilities		59	50	69
Allocation to restructuring reserve	9	44	4	6
Accrued expenses and deferred incomes	37	364	368	352
Total short-term liabilities		**887**	**787**	**769**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3 811**	**3 514**	**3 535**
Pledged assets	38	-	151	2 510
Contingent liabilities	38	42	11	12

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
Opening balance, January 1, 2007	**59**	**1 681**	**28**	**-934**	**834**	**4**	**838**
Exchange rate differences - translation of subsidiaries	-	-	24	-	24	-	24
Exchange rate differences - transfers to income statement upon closure of subsidiary	-	-	-18	-	-18	-	-18
Business combinations	-	-	-	-	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 expenses	**0**	**0**	**6**	**460**	**466**	**-4**	**462**
Closing balance, June 30, 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 expenses	**0**	**0**	**5**	**111**	**116**	**0**	**116**
Closing balance, December 31, 2007	**59**	**1 681**	**39**	**-363**	**1 416**	**0**	**1 416**
Exchange rate differences - translation of subsidiaries	-	-	16	-	16	-	16
Total transactions reported directly against shareholders' equity	**0**	**0**	**16**	**0**	**16**	**0**	**16**
Net income for the year	-	-	-	197	197	-	197
Total recognized income and expenses	**0**	**0**	**16**	**197**	**213**	**0**	**213**
Dividends to shareholders	-	-	-	-85	-85	-	-85
Closing balance, December 31, 2008	**59**	**1 681**	**55**	**-251**	**1 544**	**0**	**1 544**

Changes in the Group's reserves

	Exchange rate difference	Other reserves	Reserves
Opening balance, January 1, 2007	**15**	**13**	**28**
Exchange rate differences	6	-	6
Closing balance, June 30, 2007	**21**	**13**	**34**
Exchange rate differences	5	-	5
Closing balance, December 31, 2007	**26**	**13**	**39**
Exchange rate differences	16	-	16
Closing balance, December 31, 2008	**42**	**13**	**55**

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	Jan 1, 2008 - Dec 31, 2008	Jul 1, 2007 - Dec 31, 2007	Jan 1, 2007 - Jun 30, 2007[1]
Cash flow from operating activities				
Operating income from continuing operations		326	242	151
Operating income from discontinued operations		6	15	465
Adjustments for items not included in cash flow	39	159	25	-399
Interest received		8	9	7
Interest paid		-65	-67	-106
Paid income tax		-85	-24	-33
Cash flow from operating activities before changes in working capital		**349**	**200**	**85**
Changes in working capital				
Increase (-)/decrease (+) in inventories		-3	11	-65
Increase (-)/decrease (+) in accounts receivable		-114	114	-90
Increase (-)/decrease (+) in receivables		22	2	-50
Increase (+)/decrease (-) in accounts payable		15	42	29
Increase (+)/decrease (-) in short-term liabilities		5	-19	4
Cash flow from operating activities		**274**	**350**	**-86**
Cash flow from investing activities				
Acquisition of intangible fixed assets	23	0	-10	-1
Acquisition of tangible fixed assets	24, 25, 26, 27	-145	-73	-62
Sale of tangible fixed assets		6	0	1
Divested operations	43	-	-	1 209
Change in other long-term receivables		-	-1	9
Cash flow from investing activities		**-139**	**-84**	**1 156**
Cash flow from financing activities				
Dividends to shareholders		-85	-	-
Net change, overdraft facilities		-13	-45	23
Repayment of loans		-300	-1 373	-2 400
Loans received		302	1 241	1 234
Cash flow from financing activities		**-96**	**-177**	**-1 143**
Cash flow for the year		**38**	**89**	**-73**
Cash and cash equivalents, opening balance		202	112	184
Exchange rate difference, cash and cash equivalents		9	1	1
Cash and cash equivalents, closing balance		**249**	**202**	**112**

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

Parent Company, Income Statement

MSEK	Note 1-5, 12-14	Jan 1, 2008 - Dec 31, 2008	Jul 1, 2007 -Dec 31, 2007	Jan 1, 2007 -Jun 30, 2007
Net sales	6	1 244	701	576
Cost of goods sold	6-10	-1 104	-637	-534
Gross profit		**140**	**64**	**42**
Selling expenses	8, 9	-121	-58	-60
Administrative expenses	8, 9, 11	-149	-74	-71
Research and development expenses	8	-12	-1	-1
Other operating incomes	15	224	126	63
Other operating expenses	8, 17	-225	-77	-100
Operating income	18	**-143**	**-20**	**-127**
Income from financial items	18, 19			
Income from participations in Group companies	20	351	-	77
Other interest income and similar income		42	19	28
Interest expenses and similar expenses		-69	-80	-127
Net financial items		**324**	**-61**	**-22**
Income after financial items		**181**	**-81**	**-149**
Appropriations		-	-	-
Tax on income for the year	21	3	6	36
Net income for the year		**184**	**-75**	**-113**

Parent Company, Balance Sheet

MSEK	Note	Dec 31, 2008	Dec 31, 2007	Jun 30, 2007
ASSETS	1-5			
Fixed assets				
Intangible fixed assets	23			
Goodwill		799	899	949
Capitalized development expenditures		20	21	-
Trademarks and licenses		5	7	5
Total intangible fixed assets		**824**	**927**	**954**
Tangible fixed assets				
Buildings, land and land improvements	24	45	49	51
Machinery and other technical equipment	25	8	11	11
Equipment, tools and installations	26	8	7	8
Construction in progress and advanced payments for tangible fixed assets	27	8	4	5
Total tangible fixed assets		**69**	**71**	**75**
Financial assets				
Participations in Group companies	28, 41	744	744	744
Deferred tax assets	21	326	354	395
Other long-term receivables	29	1	2	0
Total financial fixed assets		**1 071**	**1 100**	**1 139**
Total fixed assets		**1 964**	**2 098**	**2 168**
Current assets				
Inventories	10			
Raw materials and supplies		-	-	0
Products in progress		8	9	9
Finished goods and goods for resale		98	124	124
		106	133	133
Current receivable				
Accounts receivable	30	126	129	148
Derivative instruments	31	12	9	16
Receivables from Group companies	30	82	113	138
Tax assets		10	9	14
Other receivables	30	30	33	59
Prepaid expenses and accrued incomes	32	17	14	9
		277	307	384
Current financial receivables, externally	30	-	0	3
Current financial receivables, internally	30	672	288	349
Cash and bank balances		153	116	64
Total current assets		**1 208**	**844**	**933**
TOTAL ASSETS		**3 172**	**2 942**	**3 101**

Parent Company's Balance Sheet, continued

MSEK	Note	Dec 31, 2008	Dec 31, 2007	Jun 30, 2007
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES				
Shareholders' equity				
Restricted shareholder's equity				
Share capital	33	59	59	59
Statutory reserve		11	11	11
Revaluation reserve		13	13	13
Total restricted shareholders' equity		**83**	**83**	**83**
Unrestricted shareholders' equity				
Retained earnings		1 214	1 296	1 291
Net income for the year		184	-75	-113
Total unrestricted shareholders' equity		1 398	1 221	1 178
Total shareholders' equity		**1 481**	**1 304**	**1 261**
Provisions				
Pension provisions	36	113	111	111
Restructuring reserve	9	-	0	0
Deferred tax liability	21	2	2	4
Total provisions		**115**	**113**	**115**
Long-term liabilities	34			
Overdraft facility	34	-	-	36
Bank loans	34	1 145	1 092	1 045
Liabilities to Group companies	34	131	215	168
Subordinated debts	34	-	-	144
Convertible subordinated debts	34	-	-	0
Total long-term liabilities		**1 276**	**1 307**	**1 393**
Short-term liabilities				
Liabilities to credit institutions	34	-	-	15
Accounts payable		71	64	42
Liabilities to Group companies		63	47	128
Tax liabilities		-	1	1
Derivative instruments	31	52	9	15
Other liabilities		17	12	13
Allocation to restructuring reserve	9	14	0	0
Accrued expenses and deferred incomes	37	83	85	118
Total short-term liabilities		**300**	**218**	**332**
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		**3 172**	**2 942**	**3 101**
Pledged assets	38	-	91	2 557
Contingent liabilities	38	41	19	42

Statement of Change in Parent Company's Shareholders' Equity

MSEK	Share capital	Statutory reserve	Revaluation reserve	Unrestricted Shareholders equity	Total share-holders' equity
Opening balance, January 1, 2007	**59**	**1 409**	**13**	**-106**	**1 375**
Translation difference regarding branch offices	-	-	-	-1	-1
Reduction in statutory reserve	-	-1 398	-	1 398	0
Net income for the year	-	-	-	-113	-113
Closing balance, June 30, 2007	**59**	**11**	**13**	**1 178**	**1 261**
Group contributions received	-	-	-	116	116
Translation difference regarding branch offices	-	-	-	2	2
Net income for the year	-	-	-	-75	-75
Closing balance, December 31, 2007	**59**	**11**	**13**	**1 221**	**1 304**
Group contributions received	-	-	-	79	79
Dividends to shareholders	-	-	-	-85	-85
Translation difference regarding branch offices	-	-	-	-1	-1
Net income for the year	-	-	-	184	184
Closing balance, December 31, 2008	**59**	**11**	**13**	**1 398**	**1 481**

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

Parent Company, Cash Flow Statement

MSEK	Note	Jan 1, 2008 - Dec 31, 2008	Jul 1, 2007 - Dec 31, 2007	Jan 1, 2007 - Jun 30, 2007
Cash flow from operating activities				
Operating income		-143	-20	-127
Adjustments for items not included in cash flow	40	171	40	70
Interest received		42	19	33
Dividends received		351	-	77
Interest paid		-62	-56	-109
Paid income tax	-	-	-5	
Cash flow from operating activities before changes in working capital		**359**	**-17**	**-61**
Changes in working capital				
Increase (-)/decrease (+) in inventories		46	3	-19
Increase (-)/decrease (+) in accounts receivable		37	46	-15
Increase (-)/decrease (+) in receivables		-15	30	-23
Increase (+)/decrease (-) in accounts payable		21	-60	35
Increase (+)/decrease (-) in short-term liabilities		7	-27	0
Cash flow from operating activities		**455**	**-25**	**-83**
Cash flow from investing activities				
Acquisition of tangible fixed assets	23	-	-28	-15
Sale of tangible fixed assets	24–27	-22	-7	-
Acquisition of shares in subsidiaries		7	3	16
Divestment of subsidiaries	43	-	-	1 254
Change in net lending to Group companies		-320	277	-95
Change in non-interest-bearing receivables		-	0	0
Change in interest-bearing receivables		6	0	0
Cash flow from investing activities		**-329**	**245**	**1 160**
Cash flow from financing activities				
Dividends to shareholders		-85	-	-
Net change, overdraft facilities		-	-36	15
Repayment of loans		-304	-1 373	-2 316
Loans received		300	1 241	1 234
Cash flow from financing activities		**-89**	**-168**	**-1 067**
Cash flow for the year		**37**	**52**	**10**
Cash and cash equivalents, opening balance		116	64	54
Cash and cash equivalents, closing balance		**153**	**116**	**64**

Notes

NOTE 1 | GENERAL INFORMATION

Duni AB and its subsidiaries operate internationally and are leaders within attractive quality table setting products and concepts 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. The address of the head office is Box 237, 201 22 Malmö. The website is www.duni.com. Duni is listed on NASDAQ OMX Nordic in Stockholm under the ticker name ”DUNI”.

These consolidated financial statements were approved for publication by the Board of Directors on 25 March 2009. 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. July 1, 2007–December 31, 2007 and January 1, 2007–June 30, 2007.

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. Subject to the exceptions stated below, 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, RFR 1.1 ”Supplementary Accounting 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) at fair value through profit or loss.

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 RFR 2:1, 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

During the year, the Group has implemented the following new and amended standards from IASB and statements from IFRIC as from January 1, 2008:

IFRIC 11 Group and Treasury Share Transactions, including intra-group (approved by the EU on June 1, 2007). The Group has implemented IFIRC 11 to the extent it is applicable to the financial statements. The interpretation requires that agreements wherein an employee is allocated a right to a company's equity instruments shall be reported as share-related compensation, even if the company purchases instruments from a third party, or if the shareholders provide the required equity instruments. The Group has updated the accounting principles in accordance therewith. The Group has not issued any instruments which are affected by this interpretation.

IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (approved by the EU on December 16, 2008). The interpretation addresses the issue of how limits on assets and minimum funding requirements in accordance with defined benefit plans shall be calculated in accordance with IAS 19, Employee Benefits. The Group has updated the accounting principles in accordance therewith. The Group's defined benefit plans have a deficit, and thus the application of this interpretation has had no impact on the Group's financial position or earnings.

IAS 39 and IFRS 7 (supplement) Reclassification of Financial Instruments (approved by the EU on October 15, 2008). The supplement entails that certain financial instruments may be reclassified from one category to another under specific circumstances, something which was previously allowed in accordance with US GAAP. The instruments which may be reclassified are financial instruments in the category 'fair value through profit or loss', with the exception of derivative instruments and assets which are designated by the company as in the category 'fair value through profit or loss' when first reported. The supplement also allows a company to reclassify a financial asset from the category, 'financial assets available for sale', to loans and receivables, if the asset satisfies the definition for loans and receivables (unless the financial asset is designated as a financial asset available for sale), and provided the company has the intention and possibility to hold the financial asset during the foreseeable future.

The company has held no such assets, and thus the application of this supplement has had no impact on the Group's financial position or earnings.

At the time of the preparation of the consolidated financial statements as per December 31, 2008, 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 standards and statements may have on the financial statements:

Revised IAS 1 Presentation of Financial Statements (approved by the EU on December 17, 2008).

The revised standard is applicable to financial years commencing January 1, 2009 onwards. The standard divides up changes in shareholders' equity as a consequence of transactions with equity holders and other changes. The presentation of changes in shareholders' equity is changed to contain details regarding transactions with equity holders. Changes in shareholders' equity other than those arising from transactions with equity holders must be presented on one line in the presentation of changes in shareholders' equity. In addition, the standard introduces the concept of ”statement of comprehensive income” which presents all items regarding income and expenses, either in a single presentation or in two connected presentations. Duni has not yet evaluated whether one or two presentations will be used.

IAS 23 (revised) Borrowing Costs (approved by the EU on December 10, 2008).

The revised version is applicable to financial years commencing January 1, 2009 onwards. The standard requires capitalization of borrowing costs directly related to the purchase, construction or production of an asset which necessarily takes a significant time to complete for its intended use or sale. Duni's provisional assessment is that the application of this change is not expected to have any impact on the consolidated financial statements.

IFRS 2 (revised) Share-based Payment: Vesting Conditions and Cancellations (approved by the EU on December 16, 2008). The amendment enters into force on January 1, 2009. The amendment affects the definition of vesting conditions and introduces a new concept, ”non-vesting conditions” (conditions which are not defined as vesting conditions). The standard states that non-vesting conditions shall be taken into account when estimating the fair value of the equity instrument. Goods or services received from a counterparty which satisfy all other vesting conditions shall be reported irrespective of whether or not non-vesting conditions are fulfilled. This change is not expected to have any impact on Duni's financial statements.

IFRS 3R Business Combinations and IAS 27R Consolidated Financial Statements and Separate Financial Statements (expected to be approved by the EU during the second quarter of 2009). The changes will be applicable to financial years commencing July 1, 2009 onwards. IFRS 3 introduces a number of changes in the reporting of business combinations made after that date, which will impact on the size of reported goodwill, income reported in the period in which the combination was carried out, as well as future reported income. IAS 27R requires that changes in participations in a subsidiary, where the majority owner does not relinquish controlling influence, shall be reported as equity transactions. Consequently, these transactions will no longer give rise to goodwill, or lead to any profits or losses. In addition, IAS 27R changes the reporting of losses incurred in subsidiaries, as well as the loss of control of a subsidiary.

As a consequence of this supplement, changes have also been made in IAS 7 Statement of Cash Flows, IAS 12 Income Taxes, IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures. The changes in IFRS 3R and IAS 27R will affect the reporting of future acquisitions, loss of control and transactions with minority owners.

IFRS 8 Operating Segments (approved by the EU on November 21, 2007). This standard will be applicable to financial years commencing January 1, 2009 onwards. This standard contains disclosure requirements concerning the Group's operating segments and replaces the requirement to define primary and secondary segments based on lines of business and geographic areas in accordance with IAS 14. The new standard requires, instead, that operating segments be presented based on the management's perspective, entailing that it is presented in the manner used in the internal reporting. Duni's assessment is that this standard will not entail the reporting of any new segments.

IFRIC 12 Service Concession Arrangements (expected to be approved by the EU during the first quarter of 2009). The interpretation relates to operators holding concessions for social services and describes the reporting of obligations and rights granted in concession agreements for social services. IFRIC 12 will have no impact on the consolidated financial statements.

IFRIC 13 Customer Loyalty Programs (approved by the EU on December 16, 2008). The interpretation statement will be applicable to financial years commencing July 1, 2009 onwards. The interpretation requires that rewards from customer loyalty programs be reported as a separate component in the sales transaction when they are allocated, and that these parts of received compensation be calculated at fair value, reported as deferred income and booked as income over the periods in which the obligation is performed. IFRIC 13 will have no impact on the consolidated financial statements.

IAS 32 (supplement) Financial Instruments: Presentation and IAS 1(supplement) Presentation of Financial Statements – Puttable Financial Investments and Obligations Arising on Liquidation (approved by the EU on January 21, 2009). These supplements will be applicable to financial years commencing January 1, 2009 onwards. The revision allows for a few exceptions for classifying puttable financial instruments as shareholders' equity, but applies only if they satisfy a number of specific requirements. This supplement will have no impact on the consolidated financial statements.

IAS 39 (supplement) Financial Instruments: Recognition and Measurement – Eligible Hedged Items (expected to be approved by the EU during the second quarter of 2009). This supplement will be applicable to financial years commencing July 1, 2009 onwards. This supplement addresses the designation of unilateral risks in a hedged item, and the designation of inflation as a hedged risk or part of a hedged risk in a specific situation. It is clarified that a company may designate a part of the fair value changes or cash flow changes in a financial instrument as a hedged item. The supplement will have no impact on the consolidated financial statements.

IFRIC 15 Agreements for the Construction of Real Estate (expected to be approved by the EU during the second quarter of 2009). The interpretation will be applicable to financial years commencing January 1, 2009 onwards and shall be applied retroactively. The interpretation clarifies when and how income and associated expenses shall be reported in connection with a sale of real estate, if there is a purchase agreement between the developer and purchaser before construction of the property is completed. In addition, guidance is provided as to whether the agreement shall be reported in accordance with IAS 11 or IAS 18. IFRIC 15 will have no impact on the consolidated financial statements.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation (expected to be approved by the EU during the second quarter of 2009). The interpretation will be applicable to financial years commencing October 1, 2008 onwards. The interpretation is to be applied to going forward. IFRIC 16 provides guidance as to how hedging of a net investment in a foreign subsidiary is to be reported as regards identification of currency risks which qualify for hedge accounting of net investments; which company within a group shall hold the relevant hedge instrument; and how the company shall establish the value of the currency profits or losses in relation to the net investment and the hedge instrument which is to be reversed upon the sale of the foreign operations. IFRIC 16 will have no impact on the consolidated financial statements.

IFRS 1 (supplement) and IAS 27 (supplement) Consolidated and Separate Financial Statements (approved by the EU on January 23, 2009). This supplement will be applicable to financial years commencing January 1, 2009 onwards. The supplement to IFRS 1 allows a company to determine the acquisition value of holdings in subsidiaries, joint ventures or affiliated companies in the opening balance in the financial reports prepared in accordance with IFRS, in compliance with IAS 27, or through use of an assumed acquisition value. The supplement to IAS 27 requires that all dividends from subsidiaries, joint ventures or affiliated companies be reported in the income statement in the separate financial statements. The new requirements affect only the parent company's separate financial statements and have no impact on the consolidated financial statements.

Improvements to IFRSs (approved by the EU on January 23, 2009). During 2008, IASB issued the first compilation of supplements to current standards with the primary aim of removing inconsistencies and clarifying formulas. Each supplement contains separate transitional rules but these shall normally be applicable commencing January 1, 2009. It is believed made that these supplements will have no material impact on the consolidated financial statements.

2.2 Consolidated reporting

Subsidiaries

Subsidiaries are all companies (including companies for specific purposes) in which 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 acquisition value 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 of possible impairment. Where appropriate, the accounting principles for subsidiaries have been changed to ensure consistent application of the Group's principles.

Transactions involving minority Shareholders

The Group applies the principle of reporting transactions with minority shareholders as transactions with third parties. Upon the acquisition of minority shares, where the paid 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 has a high inflation currency as functional currency) which have a functional currency other 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.

2.6 Revenue

Revenue recognition

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

Duni reports revenue when the amount thereof can be measured in a reliable manner and it is likely that future economic benefits will accrue to the Company. The amount of revenue 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 that all criteria for approval are 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 impairment and reported at acquisition value less accumulated impairment. Impairment of goodwill is 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 testing for any impairment, 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 that 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 years
Paper machinery	17 years
Other machinery	10 years
Vehicles	5 years
Equipment, tools, and installations	3-8 years

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 income or other operating expenses in the income statement.

2.9 Impairment 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 valued at fair value through profit or loss are reported initially at fair 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 valued 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 currency forwards is determined based on the applicable forward 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 impairment 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 meet its obligations. Impairment of accounts receivable is described below in the section on loans and receivables.

Financial assets valued at fair value through profit or loss

Financial assets valued at fair value through profit or loss consist of 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. Derivative instruments are classified as held for trading if they are not identified as hedge instruments. Duni holds derivative instruments in the form of currency forward contracts, interest rate swaps on long-term lending as well as financial contracts in the form of energy derivatives. Duni does not apply hedge accounting pursuant to IAS 39 and thus these derivative instruments are placed in this category with the change in value being reported via the income statement. Changes in value of derivative instruments held to hedge components attributable to lending and borrowing are reported as financial items. Other changes in the value of derivative instruments are reported in the operating income.

Loans and receivables

Loans and receivables are financial assets which are not derivative instruments. 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 payable more than 12 months after the balance sheet date, which are classified as fixed assets. Impairment of accounts receivable is reported in the income statement in the sales function and impairment of loan receivables 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 impairment 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 bankruptcy or undergo financial restructuring, and non-payment or delayed payment (payment overdue by more than 30 days) are regarded as indications that impairment may exist. The size of the provision is determined by the difference between the reported value of the asset and the present value of 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 realizable 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 statement 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 valued at fair value through profit or loss and financial liabilities valued at accrued acquisition value. 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 valued 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 valued at fair value through profit or loss.

Financial liabilities valued at accrued acquisition value

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 accrued acquisition value, 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 affect the result for the period to which they relate. Issued dividends are reported as loans after the Annual General Meeting has approved the dividend. Borrowing and other financial liabilities are classified as current 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 adopted.

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 and defined contribution pension plans. 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 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 plans is the present value of the defined benefit obligation on the balance sheet date, less the fair value of the managed assets and adjusted for non-reported actuarial profits and losses, as well as unreported expenses relating to employment during previous periods. The defined benefit pension obligation is calculated annually by independent actuaries applying the projected union credit method. The present value of a defined benefit 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 managed assets, and 10% of the defined benefit obligation, are booked as expenses or revenue 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 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. Benefits payable 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 the Group has a legal or informal obligation as a consequence of earlier events, 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. 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 selling expenses, 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. In the consolidated income statement, income after tax (including the capital gain) is 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 43 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 subsidies are reported at fair value where it is reasonably certain that the subsidy will be received and that Duni will meet the requirements associated with the subsidy. Government subsidies which relate to expenses are allocated over the period and reported in the income statement over the same periods as the expenses which the subsidies are 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; the greater the difference between the exercise price and the market value, the greater the degree of dilution. 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 Reporting Board's Recommendation RFR 2.1, Reporting for Legal Entities. RFR 2.1 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 years.

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 income is reported as revenue 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 Reporting Board. Shareholders' contributions are reported directly against shareholder equity at the recipient and capitalized in shares and participating interests at the provider, insofar as impairment 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 impairment. 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 impairment in the same manner as for the Group, but with a supplement for any revaluations.

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 (Tryggandelagen) 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 through its operations to a large number of different risk factors: market risks (including currency risks, interest rate risks in fair 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), 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 derivative instruments 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 of Directors. Treasury identifies, evaluates and hedges financial risks in close cooperation 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, use of derivative and non-derivative financial instruments, as well as investments of surplus liquidity. The financial hedge relations 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 each group company takes place primarily with the Parent Company and is carried out in the functional currency of the individual group company. In accordance with Duni's policy, the Parent Company uses currency forward contracts in order to reduce the currency risk in the internal net flows and in borrowing from and lending to Group companies.

• Translation exposure

Items included in each individual subsidiary's annual report are calculated based on the currency of the country in which 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 rise 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 section 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 currency forward contracts relating to financial borrowing and lending in the parent company.

With respect to the consolidated Group, apart from that which is stated below the translation exposure in the individual group company's 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 small 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, due to exposure in the individual group companies and the consolidated balance sheet items the Group's income would have been approximately +/- MSEK 17 (Dec 2007: +/- MSEK 13; Jun 2007: +/- MSEK 24). Corresponding figures for the Parent Company are +/- MSEK 19 (Dec 2007: +/- MSEK 21; Jun 2007 +/- MSEK 18).

• 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 forward contracts taken out with respect to future purchases and sales.

Duni's exposure in future internal cash flows broken down by the largest currency flows calculated in terms of amount is 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 currency forward contracts. The analysis below shows how a change in the respective exchange rate of +/- 5% would affect the income.

MSEK	Dec 31, 2008		Dec 31, 2007		Jun 30, 2007	
Currency	**Exposed flow**	**5 % +/-**	**Exposed flow**	**5 % +/-**	**Exposed flow**	**5 % +/-**
CHF	30%	2	28%	1	65%	2
EUR	20%	2	45%	1	36%	3
GBP	38%	3	67%	2	13%	1
PLN	38%	-3	12%	-2	44%	-2

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 50% of the internal net lending. The Group does not have a policy of hedging interest payments, whether internal or external. Following the refinancing in November 2007, all external borrowing takes under a multicurrency revolving credit facility.

ii) Price risks

• Energy price risks

The subsidiary, Rexcell Tissue & Airlaid AB, purchased approximately 117,304 MWh electricity in 2008 at a cost of approximately MSEK 58; 5,191 tonnes of LPG for approximately MSEK 32; and consumed oil for approximately MSEK 6 (2007: 127,305 MWh electricity, MSEK 52; 5,106 tonnes of LPG, MSEK 20; and oil, MSEK 1).

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 income. Rexcell Tissue & Airlaid AB reduces the risk regarding variations in the price of electricity through the use of electricity derivatives in order to hedge the electricity price. An electricity price change of +/- 5% for the energy used by Rexcell Tissue & Airlaid AB affects the net income for 2007 by approx. -/+ MSEK 3 (Dec 2007: -/+ MSEK 1; Jun 2007: -/+ MSEK 2).

As per December 31, 2007, Rexcell Tissue & Airlaid AB had 1,153 (5,274) unused emission rights with a market value of MSEK 0 (0).

The assessment for 2009 is that the year's allocation, including unused rights, will be insufficient. In Duni's assessment, any supplementary purchases in 2009 will involve insignificant sums.

• 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 2008 of +/- 1% per ton affects income by -/+ MSEK 2 (Dec 2007: -/+ MSEK 1.5; Jun 2007 -/+ MSEK 1.5).

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 adjustments 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 flows arises through long-term borrowing at a variable rate of interest. 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. 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 rate swaps, Duni has converted part of the variable rate to fixed rate; as per December 31, 2008, the breakdown was 29% fixed rate and the remaining 71% 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 contracted nominal amounts.

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

Had interest rates on the Group's borrowing as per December 31, 2008 been 100 points higher/lower with all other variables constant and consideration being given to interest rate swaps, the Group's net income for 2008 would have been MSEK 9 lower/higher (Dec 2007: MSEK 1; Jun 2007: MSEK 5).

Since Duni does not apply hedge accounting, 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 December 31, 2008 been 100 points higher/lower with all other variables being constant, income would have been +/- MSEK 2.5 (Dec 2007: +/- MSEK 5; Jun 2007: +/- MSEK 12) 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 risks

Credit risks are managed on a group level. Credit risks arise through cash or cash equivalents, derivative instruments 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 a single finance company may not exceed MSEK 150.

All new customers are subject 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 overdue by 180 days accounted for 1% of total accounts receivable (Dec 2007: 1%; Jun 2007: 1%). For the Parent Company, the corresponding portion is 2%.

(c) Liquidity risks

Duni's liquidity risks consist of the Group lacking cash or cash equivalents for payment of its obligations. The risk is managed by 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 December 31, 2008 Duni had cash and cash equivalents of MSEK 249 (202) as well as a non-utilized credit facility of MSEK 1,115 (1,086). Payments for coming periods relating to financial liabilities are shown in tables below.

Duni's credit facility is subject to covenants which consist of a key financial 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 time which, on the balance sheet date, remains until the contractual due date. The amounts stated are 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.

Long-term borrowing consists of a credit facility with a term in excess of 5 years. Through this credit facility, loans may be taken up and repaid, e.g. in order to change currency breakdown and interest rate fixing. The table below shows the credit facility in its entirety as long-term.

MSEK	Book value	Due within one year	Due later than one year but within five years	Due later than five years
Dec 31, 2008				
Borrowing, short and long-term (Note 34)	1 151	-	1 151	-
Derivative instrument debts (Note 31)	59	59	-	-
Accounts payable and other short-term liabilities	744	744	-	-
Total	**1 954**	**803**	**1 151**	**0**
Dec 31, 2007				
Borrowing, short and long-term (Note 34)	1 092	-	1 092	-
Derivative instrument debts (Note 31)	9	9	-	-
Accounts payable and other short-term liabilities	748	748	-	-
Total	**1 849**	**757**	**1 092**	**0**
Jun 30, 2007				
Borrowing, short and long-term (Note 34)	1 249	15	1 234	-
Derivative instrument debts (Note 31)	16	16	-	-
Accounts payable and other short-term liabilities	705	705	-	-
Total	**1 970**	**736**	**1 234**	**0**

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

MSEK	Dec 31, 2008	Dec 31, 2007	Jun 30, 2007
Interest rate swaps	4	0	1
Currency forward contracts	48	9	14
Energy derivatives	7	0	1
Total	**59**	**9**	**16**

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 forward contracts are settled gross. The table below shows these currency forward contracts broken down by the time which, on the balance sheet date, remains until the contractual due date. The amounts stated below are the contractual non-discounted amounts.

MSEK	Dec 31, 2008	Dec 31, 2007	Jun 30, 2007
Currency forward contracts			
- Inflow regarding contracts for future purchases and sales	579	521	644
- Outflow regarding contracts for future purchases and sales	-619	-520	-642
- Inflow regarding contracts for financial assets and liabilities	196	235	1 266
- Outflow regarding contracts for financial assets and liabilities	-193	-236	-1 275

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

Current financing comprises a multicurrency facility of MEUR 220 which is not fully used, matures in 2012; in addition to this financing, there is an overdraft facility totaling MSEK 125. In the table below, under repayment of bank loans, it should be noted that this relates to period maturity/rolling of drawn loans under our multicurrency facility and not repayment, since the loan runs with a total amount until maturity in 2012.

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:

		Within one year		Later than one year but within five years		Later than five years	
MSEK	**Book value**	**Interest**	**Repayment**	**Interest**	**Repayment**	**Interest**	**Repayment**
Bank loan	-1 146	-35	- 1 151	0	-	-	-
Overdraft facility	-5	0	5	-	-	-	-
Accounts payable and other liabilities	-744	-	-744	-	-	-	-
– Currency forward contracts1)	-48	0	-48	0	0	-	-
– Interest rate swaps	-4	-4	-	-	-	-	-
– Energy derivatives	-7	-	-7	-	-	-	-
Derivative instruments - Liabilities	**-59**	**-4**	**-55**	**0**	**0**	**0**	**0**
– Currency forward contracts1)	12	0	12	0	0	-	-
– Interest rate swaps	0	0	-	-	-	-	-
– Energy derivatives	0	-	-	-	-	-	-
Derivative instruments - Assets	**12**	**0**	**12**	**0**	**0**	**0**	**0**
Total	**-1 942**	**-39**	**-1943**	**0**	**0**	**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 rate of interest 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 the loans.

3.2 Management of risk capital

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 stakeholders and to maintain an optimal capital structure in order to keep down costs of capital.

The Group assesses capital on the basis of the net/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 net debt/equity ratio is as follows:

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Total borrowing	-1 151	-1 092	-1 249	-1 145	-1 307	-1 408
Other long-term receivables	2	3	2	1	1	0
Pension provisions	-201	-200	-204	-113	-111	-111
Less: cash and cash equivalents	249	202	112	152	116	64
Net debt*	-1 100	-1 087	-1 339	-1 104	-1 301	-1 453
Total shareholders' equity	1 544	1 416	1 300	1 481	1 304	1 261
Total capital	**2 644**	**2 503**	**2 639**	**2 585**	**2 605**	**2 714**
Net debt/equity ratio	**42%**	**43%**	**51%**	**43%**	**50%**	**54%**

* The calculation of net debt is excluding derivative instruments. An adjustment has been made regarding comparison years.

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 the 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 forward contracts is established through the use of listed prices for currency forward contracts on the balance sheet date.

Reported value for accounts receivable and accounts payable, less any impairment, is assumed to correspond to fair value since these items are short-term in nature. For information purposes, 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 values 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.

Test of impairment of goodwill

Each year, the Group assesses whether there is any impairment of goodwill, in accordance with the accounting principle described in the section "Impairment of non-financial assets". 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%, there would be no impairment of goodwill.

Even if the estimated discount rate before tax which is applied to discounted cash flows had been 11% instead of the management's assessment of 9.7%, there would be no impairment of goodwill.

Valuation of loss-carry forwards

Each year, the Group assesses whether there is any impairment of deferred tax assets regarding loss carry-forwards for tax purposes. In addition, the Group assesses the possibility to capitalize new deferred tax assets with respect to the year's loss carry-forwards for tax purposes, where appropriate. Deferred tax assets are reported only in those cases where it is likely that, in the future, from a tax perspective there will 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". As set forth in Note 21, non-appraised loss carry-forwards as per December 31, 2008 amounted to MSEK 0 (Dec 2007: MSEK 0; Jun 2007: MSEK 0).

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 managed 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 date 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 market growth for each unit.

NOTE 5 | SEGMENT INFORMATION

Primary segments – 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; the retail grocery trade as well as grocery stores and hypermarkets. 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 based 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 receivable and accounts payable. In addition, certain common assets, primarily fixed assets, are allocated. Duni have chosen to report financial liabilities, excluding accounts payable and derivative instruments, 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 that differ from those applicable to other economic environments. Duni regards the geographic areas as secondary segments and reports external revenue from customers based on the location of the customers. Assets are measured based on the physical location of the assets.

Primary segments - business areas

MSEK, Jan 1, 2008 - Dec 31, 2008	Professional	Retail	Tissue	Unallocated	Continuing operations	Discontinued operations	TOTAL
Segment's total net sales	2 772	777	1 066	-	4 615	-	4 615
Sales between segments	-1	0	-515	-	-516	-	-516
Net sales	**2 771**	**777**	**551**	**-**	**4 099**	**-**	**4 099**
Operating income	307	-7	26	-	326	6	332
Financial incomes					8	-	8
Financial expenses					-83	-	-83
Income tax				-60	-	-60	
Net income for the year					**191**	**6**	**197**
Total assets	2 839	460	512	-	3 811	-	3 811
Total liabilities	689	193	234	1 151	2 267	-	2 267
Investments	87	24	28	-	139	-	139
Depreciation	-54	-15	-28	-	-97	-	-97

MSEK, Jul 1, 2007 - Dec 31, 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 liabilities	584	186	236	1 092	2 098	-	2 098
Investments	57	18	8	-	83	-	83
Depreciation	-24	-8	-14	-	-46	-	-46

MSEK, Jan 1, 2007 - Jun 30, 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 liabilities	604	172	211	1 248	2 235	-	2 235
Investments	34	9	6	-	49	14	63
Depreciation	-24	-7	-13	-	-44	-17	-61

Secondary segments - geographic areas

MSEK	Jan 1, 2008 -Dec 31, 2008	Jul 1, 2007 -Dec 31, 2007	Jan 1, 2007 -Jun 30, 2007
Net sales			
Nordic region	840	462	404
Central Europe	2 409	1 230	1 113
Southern and Eastern Europe	769	365	346
Rest of the world	81	34	30
Discontinued operations	-	-	434
Total net sales	**4 099**	**2 091**	**2 328**

MSEK	Jan 1, 2008 -Dec 31, 2008	Jul 1, 2007 -Dec 31, 2007	Jan 1, 2007 -Jun 30, 2007
Assets			
Nordic region	2 250	2 217	2 273
Central Europe	1 269	1 024	944
Southern and Eastern Europe	292	272	318
Rest of the world	-	1	0
Discontinued operations	-	-	0
Total assets	**3 811**	**3 514**	**3 535**

MSEK	Jan 1, 2008 -Dec 31, 2008	Jul 1, 2007 -Dec 31, 2007	Jan 1, 2007 -Jun 30, 2007
Investments			
Nordic region	45	24	21
Central Europe	48	51	27
Southern and Eastern Europe	46	8	1
Rest of the world	-	-	0
Discontinued operations	-	-	14
Total investments	**139**	**83**	**63**

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

	Primary segments - business areas		
MSEK	Jan 1, 2008 -Dec 31, 2008	Jul 1, 2007 -Dec 31, 2007	Jan 1, 2007 -Jun 30, 2007
Professional	1 013	539	445
Retail	227	159	126
Tissue	4	3	5
Non-allocated	-	-	-
Discontinued operations	-	-	-
Total net sales	**1 244**	**701**	**576**

	Secondary segments - geographic areas		
	Jan 1, 2008 -Dec 31, 2008	Jul 1, 2007 -Dec 31, 2007	Jan 1, 2007 -Jun 30, 2007
Nordic region	806	443	390
Central Europe	329	184	119
Southern and Eastern Europe	109	74	67
Rest of the world	0	-	0
Discontinued operations	-	-	-
Total net sales	**1 244**	**701**	**576**

NOTE 6 | INTRA-GROUP PURCHASES AND SALES

The transactions below relate to transactions between continuing operations:

Intra-group purchases and sales amounted to MSEK 2,386 (Dec 2007: MSEK 1,323; June 2007: MSEK 1,117). The Parent Company sold goods to its own subsidiaries for MSEK 433 (Dec 2007: MSEK 271; June 2007: MSEK 185) and purchased goods from subsidiaries at a value of MSEK 672 (Dec 2007: MSEK 360; June 2007: MSEK 193). At arm's length pricing has been applied in conjunction with intra-group purchases and sales.

NOTE 7 | EXPENSES BY NATURE

	Group		
	Jan 1, 2008 -Dec 31, 2008	Jul 1, 2007 -Dec 31, 2007	Jan 1, 2007 -Jun 30, 2007
Changes in inventories of finished products and products in progress	508	336	291
Raw materials and consumables	1 158	529	504
Expenses for compensation to employees	894	421	422
Depreciation and impairment	97	46	44
Other expenses	1 173	546	508
Total operating expenses	**3 830**	**1 878**	**1 769**

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

NOTE 8 | DEPRECIATION / AMORTIZATION

	Group			Parent company		
MSEK	**Jan 1, 2008 -Dec 31, 2008**	**Jul 1, 2007 -Dec 31, 2007**	**Jan 1, 2007 -Jun 30, 2007**	**Jan 1, 2008 -Dec 31, 2008**	**Jul 1, 2007 -Dec 31, 2007**	**Jan 1, 2007 -Jun 30, 2007**
Goodwill	-	-	-	100	50	50
Capitalized development expenditures	7	2	2	7	4	-
Trademarks and licenses	2	2	2	2	1	1
Buildings and land improvements	4	2	4	4	2	4
Plant and equipment	84	40	53	9	5	6
Total depreciation/amortization	**97**	**46**	**61**	**122**	**62**	**61**
Depreciation/amortization in discontinued operations	-	-	17			
Depreciation/amortization in continuing operations	97	46	44			

Depreciation/amortization includes costs for each function as follows:

	Group			Parent company		
MSEK	**Jan 1, 2008 -Dec 31, 2008**	**Jul 1, 2007 -Dec 31, 2007**	**Jan 1, 2007 -Jun 30, 2007**	**Jan 1, 2008 -Dec 31, 2008**	**Jul 1, 2007 -Dec 31, 2007**	**Jan 1, 2007 -Jun 30, 2007**
Costs of goods sold	79	37	36	9	5	5
Selling expenses	-	-	7	-	-	1
Administrative expenses	18	9	1	13	7	5
Other operating expenses	-	-	-	100	50	50
Total depreciation/amortization in continuing operations	**97**	**46**	**44**	**122**	**62**	**61**

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 / ALLOCATION TO RESTRUCTURING RESERVE

In the fourth quarter of 2008, Duni incurred a restructuring expense of MSEK 41 attributable to rationalization measures affecting just over 100 employees, almost half of whom are white collar staff. These measures relate primarily to production optimization between the German and Polish converting plants. Duni estimates that these restructuring expenses will lead to annual savings of approx. MSEK 50. These will be felt gradually during 2009, with the full impact during the second half of the year.

Restructuring expenses are included in each function as follows:

	Group			Parent Company		
MSEK	**Jan 1, 2008 -Dec 31, 2008**	**Jul 1, 2007 -Dec 31, 2007**	**Jan 1, 2007 -Jun 30, 2007**	**Jan 1, 2008 -Dec 31, 2008**	**Jul 1, 2007 -Dec 31, 2007**	**Jan 1, 2007 -Jun 30, 2007**
Cost of goods sold	21	-	-	-	-	-
Selling expenses	6	-	-	1	-	-
Administrative expenses	4	-	-	3	-	-
Other operating expenses	10	-	-	10	-	-
Total expenses in continuing operations	**41**	**0**	**0**	**14**	**0**	**0**

Allocation to restructuring reserve:

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Opening balance, restructuring reserve	4	6	21	0	0	3
Utilized reserves	-1	-2	-15	0	0	-3
Allocations for the year	41	-	-	14	-	-
Closing balance, restructuring reserve	**44**	**4**	**6**	**14**	**0**	**0**
Of which short-term	44	4	6	14	0	0
Of which long-term	-	0	0	-	0	0

In the middle of 2004, the Board of Directors 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 extended until 2007, was almost MSEK 400. The restructuring program related, 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.
At the end of 2008, the reserve for this restructuring program was only MSEK 3.

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, amount to MSEK 2,779 (Dec 2007: MSEK 1,393; Jun 2007: MSEK 1,259). Corresponding items for the Parent Company are MSEK 849 (Dec 2007: MSEK 500; Jun 2007: MSEK 390).

The Group’s impairment of inventories to the net realizable value amounts to MSEK 10 (Dec 2007: MSEK 9; Jun 2007: MSEK 7).

The Parent Company’s reported impairment of inventories amounts to MSEK 10 (Dec 2007: MSEK 8; Jun 2007: MSEK 5).

The Group reversed MSEK 6 (Dec 2007: MSEK 5; Jun 2007: MSEK 4) of the impairment of inventory, most of which was carried out in quarter 3 2008. The reversed amount is included in the income statement in costs of goods sold.

NOTE 11 | COMPENSATION TO AUDITORS

	Group			Parent Company		
MSEK	**Jan 1, 2008 -Dec 31, 2008**	**Jul 1, 2007 -Dec 31, 2007**	**Jan 1, 2007 -Jun 30, 2007**	**Jan 1, 2008 -Dec 31, 2008**	**Jul 1, 2007 -Dec 31, 2007**	**Jan 1, 2007 -Jun 30, 2007**
Audit fees						
- PricewaterhouseCoopers	4.6	3.8	2.8	1.8	1.5	1.1
- Others	0.1	0	0	-	-	-
Total audit fees	**4.7**	**3.8**	**2.8**	**1.8**	**1.5**	**1.1**
Of which discontinued operations	-	-	0			
Continuing operations	**4.7**	**3.8**	**2.8**			
Fees, consultancy services						
- PricewaterhouseCoopers	6.5	2.0	2.3	4.1	0.4	1.7
Total fees, consultancy services	**6.5**	**2.0**	**2.3**	**4.1**	**0.4**	**1.7**
Of which discontinued operations	-	-	0			
Continuing operations	**6.5**	**2.0**	**2.3**			

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)

	Jan 1, 2008 - Dec 31, 2008		
	Men	**Women**	**Total**
Parent Company			
Sweden			
Malmö	81	60	141
Total, Parent Company	**81**	**60**	**141**
Subsidiaries			
Austria	6	3	9
Belgium	7	7	14
Czech Republic	7	8	15
Denmark	13	13	26
Finland	10	13	23
France	15	28	43
Germany	501	428	929
Hungary	2	0	2
Italy	1	1	2
Netherlands	30	13	43
Norway	13	7	20
Poland	148	238	386
Russia	5	8	13
Spain	11	3	14
Sweden	224	63	287
Switzerland	14	8	22
United Kingdom	31	21	52
Total, subsidiaries	**1 038**	**862**	**1 900**
Total, continuing operations	**1 119**	**922**	**2 041**

	Jul 1, 2007 - Dec 31, 2007			Jan 1, 2007 - Jun 30, 2007		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Parent Company						
Sweden						
Malmö	80	58	138	90	65	155
Halmstad	-	-	-	11	6	17
Stockholm	-	-	-	-	-	0
Total, Parent Company, Sweden	**80**	**58**	**138**	**101**	**71**	**172**
Abroad						
Turkey 1)	-	-	-	-	-	0
Total, Parent Company, abroad	**0**	**0**	**0**	**0**	**0**	**0**
Total, Parent Company	**80**	**58**	**138**	**101**	**71**	**172**
Subsidiaries						
Austria	6	2	8	6	2	8
Belgium	10	3	13	9	4	13
Czech Republic	8	7	15	7	7	14
Denmark	13	5	18	15	10	25
Finland	14	6	20	10	9	19
France	17	29	46	18	25	43
Germany	504	429	933	489	442	931
Hungary	2	-	2	-	-	-
Italy	1	1	2	1	1	2
Netherlands	28	21	49	29	21	50
Norway	15	5	20	16	6	22
Poland	157	277	434	147	243	390
Russia	5	8	13	4	8	12
Spain	14	3	17	16	3	19
Sweden	233	69	302	241	76	317
Switzerland	13	8	21	14	7	21
United Kingdom	34	19	53	36	20	56
Total, subsidiaries	**1 074**	**892**	**1 966**	**1 058**	**884**	**1 942**
Total, continuing operations	**1 154**	**950**	**2 104**	**1 159**	**955**	**2 114**

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

NOTE 13 | SALARIES AND OTHER COMPENSATION

	Jan 1, 2008 - Dec 31, 2008		
MSEK	**Salaries and compensation**	**Social security**	**of which pension**
Parent Company			
Sweden	83	42	15
Total, Parent Company	**83**	**42**	**15**
Subsidiaries			
Austria	4	1	0
Belgium	6	2	1
Czech Republic	2	1	0
Denmark	11	1	1
Finland	9	2	1
France	16	7	1
Germany	312	60	2
Hungary	1	0	0
Italy	2	0	0
Netherlands	21	5	2
Norway	11	3	1
Poland	51	7	0
Russia	2	0	0
Spain	5	1	0
Switzerland	22	4	1
Sweden	109	44	7
United Kingdom	17	3	1
Total, subsidiaries	**601**	**141**	**18**
Total, continuing operations	**684**	**183**	**33**

	Jul 1, 2007 - Dec 31, 2007			Jan 1, 2007 - Jun 30, 2007		
MSEK	**Salaries and Social compensation**	**of which security**	**Salaries and pension**	**Social compensation**	**of which security**	**pension**
Parent Company						
Sweden	33	19	8	49	28	8
Turkey	-	-	-	0	0	0
Total, Parent Company	**33**	**19**	**8**	**49**	**28**	**8**
Subsidiaries						
Austria	2	0	-	1	0	0
Belgium	2	1	0	3	1	0
Czech Republic	1	0	-	1	0	0
Denmark	12	0	0	8	0	0
Finland	4	1	1	4	1	1
France	8	3	1	7	3	1
Germany	139	30	0	139	28	0
Hungary	0	-	-	-	-	-
Italy	1	0	-	0	0	0
Netherlands	10	3	2	10	2	1
Norway	7	1	0	6	1	0
Poland	23	4	0	19	18	0
Russia	2	0	0	0	0	0
Spain	2	1	-	3	1	0
Sweden	57	32	2	50	20	4
Switzerland	7	2	1	6	1	0
United Kingdom	10	4	3	10	2	2
Total, subsidiaries	**287**	**82**	**10**	**267**	**78**	**9**
Total, continuing operations	**320**	**101**	**18**	**316**	**106**	**17**

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

	Jan 1, 2008 -Dec 31, 2008		Jul 1, 2007 -Dec 31, 2007		Jan 1, 2007 - Jun 30, 2007	
MSEK	**Board, CEO, VPs (of which bonus)**	**Other employees**	**Board, CEO, VPs (of which bonus)**	**Other employees**	**Board, CEO, VPs (of which bonus)**	**Other employees**
Parent Company						
Sweden	12(3)	71	1 (0)	32	14 (2)	35
Subsidiaries						
Austria	1(0)	3	0 (0)	2	0 (0)	1
Belgium	-(-)	6	1 (-)	1	- (-)	3
Czech Republic	0(0)	2	- (-)	1	- (-)	1
Denmark	-(-)	11	- (-)	12	- (-)	8
Finland	-(-)	9	- (-)	4	- (-)	4
France	-(-)	16	- (-)	8	- (-)	7
Germany	2(0)	310	1 (0)	138	1 (0)	138
Hungary	-(-)	1	-(-)	-	-(-)	-
Italy	-(-)	2	- (-)	1	- (-)	0
Netherlands	2(0)	19	0 (-)	10	1 (0)	9
Norway	-(-)	11	- (-)	7	- (-)	6
Poland	4(1)	47	1 (0)	22	1 (0)	18
Russia	0(0)	2	0 (-)	2	- (-)	0
Spain	1(0)	4	- (-)	2	- (-)	3
Sweden	-(-)	109	- (-)	57	- (-)	50
Switzerland	4(1)	18	3 (1)	4	1 (-)	5
United Kingdom	1(0)	16	1 (0)	9	1 (0)	9
Total, subsidiaries	**15(2)**	**586**	**7 (1)**	**280**	**5 (0)**	**262**
Total, continuing operations	**27(5)**	**657**	**8 (1)**	**312**	**19 (2)**	**297**

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

The Group's Board of Directors comprises 6 (Dec, 2007: 7; Jun, 2007: 7) persons, of whom 67% are men (Dec, 2007: 71%; Jun, 2007: 71%). Other senior executives comprise 9 (Dec, 2007: 10; Jun, 2007: 10) persons, including the CEO, of whom 100% are men (Dec, 2007: 100%; Jun, 2007: 100%).

Principals

Fees and other compensation to the Board of Directors, including the Chairman of the Board, are decided upon by the Annual General Meeting (AGM). Pursuant to guidelines adopted by the AGM on May 7, 2008, 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 vacation 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 AGM on May 7, 2008, the yearly fee for the current Chairman of the Board was set at MSEK 0.5, while the annual fee for other directors amounts to MSEK 0.25 per director, apart from directors employed by EQT and Mellby Gård. In addition, fees shall be paid for committee work in the amount of SEK 50,000 to the Chairman of the Remuneration Committee and SEK 100,000 to the Chairman of the Audit Committee, with SEK 50,000 each to other members of the Audit Committee.

The table below shows the share of decided fees that have been expensed during 2008.

Compensation and other benefits during the year

TSEK, Jan 1, 2008 - Dec 31, 2008	Basic salary / Board fee	Pension expense1)	Other benefits	Variable compensation	Total
Chairman of the Board - Peter Nilsson	533	-	-	-	533
Director - Göran Lundqvist, resigned May 7, 2008	83	-	-	-	83
Director - Sanna Suvanto-Harsaae	267	-	-	-	267
Director - Harry Klagsbrun	-	-	-	-	0
Director - Pia Rudengren	317	-	-	-	317
Director - Gerold Linzbach, resigned May 7, 2008	83	-	-	-	83
Director - Gun Nilsson, resigned May 7, 2008	83	-	-	-	83
Director - Anders Bülow, commencing May 7, 2008	-	-	-	-	0
Director - Magnus Yngen, commencing May 7, 2008	167	-	-	-	167
CEO - Fredrik von Oelreich	3 435	1 218	68	948	5 669
Other senior executives	11 201	2 867	443	4 272	18 783
	16 169	**4 085**	**511**	**5 220**	**25 985**

1) Of the Group's pension expenses above, MSEK 1.6 relate to the Parent Company.

TSEK, Jul 1, 2007 - Dec 31, 2007	Basic salary / Board fee	Pension expense1)	Other benefits	Variable 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 Aug 10, 2007	-	-	-	-	0
Director - Pia Rudengren, commencing Aug 10, 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.

TSEK, Jan 1, 2007 - Jun 30, 2007	Basic salary / Board fee	Pension expense1)	Other benefits	Variable compensation	Total
Chairman of the Board - Göran Lundberg, resigned Mar 7, 2007	83	-	-	-	83
Chairman of the Board - Peter Nilsson commencing Mar 7, 2007	125	-	-	-	125
Director - Göran Lundqvist	75	-	-	-	75
Director - Sanna Suvanto-Harsaae	75	-	-	-	75
Director - Juha Lindfors, resigned Aug 10, 2007	-	-	-	-	0
Director - Thomas Von Koch, resigned Mar 7, 2007	-	-	-	-	0
Director - Patrick De Muynck, resigned Mar 7, 2007	-	-	-	-	0
Director - Gerold Linzbach, commencing Mar 7, 2007	50	-	-	-	50
Director - Gun Nilsson, commencing Mar 7, 2007	50	-	-	-	50
CEO - Peter Nilsson, resigned Mar 31, 2007	825	288	18	9 374	10 505
CEO - Fredrik von Oelreich, commencing Apr 1, 2007	801	279	9	14	1 103
Other senior executives Jan 1, 2007 - Mar 31, 2007	600	324	37	3 486	4 447
Other senior executives Apr 1, 2007 - Jun 30, 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.

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 0.9 (Dec 2007: MSEK 0.5) was paid to the CEO.

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 a defined contribution plan. Provision for 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 outstanding pension obligations to the CEO.

Other senior executives

Pension-base salary means fixed annual salary plus vacation 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 senior executives, the retirement age is 65 and normal ITP plans are in place; see information regarding the management by Alecta in Note 36 "Pension provisions". Two persons in this group have, however, premium-based agreements, i.e. reported as defined contribution plans. There are no outstanding pension obligations to other senior executives. Until September 2008, one person had an agreed retirement age of 60. This person has an agreement which includes 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 of the Group.

Each month, Duni pays in a cash pension contribution in accordance with the senior executive's individual pension plan. Under the guidelines adopted at the Annual General Meeting on May 7, 2008, 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. The severance compensation comprises payment 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 of termination by the CEO.

Other senior executives

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

Preparation and decision-making process

The Remuneration Committee prepares issues relating to compensation for Duni's senior executives based on the guidelines adopted by the AGM regarding compensation for senior executives, and negotiates with the CEO regarding the latter's salary.

The Remuneration Committee and its Chairman are appointed each year at the initial 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 other members of the Remuneration Committee shall be independent in relation to the company and company management. The Remuneration Committee shall meet at least three times per year. Duni's CEO shall participate at meetings of the Remuneration Committee, except when questions are addressed which relate to the CEO's compensation.

The Remuneration Committee is responsible for preparing issues concerning compensation and other benefits for company management. Decisions are thereafter taken by Duni's board. The Remuneration Committee also participates in the preparation of proposals regarding the adoption of any share-related incentive programs within Duni. In 2008, the Remuneration Committee held four meetings at which minutes were taken.

NOTE 14 | SICK LEAVE, PARENT COMPANY

	Jan 1, 2008 -Dec 31, 2008	Jul 1, 2007 -Dec 31, 2007	Jan 1, 2007 -Jun 30, 2007
Sick leave	1.2%	1.2%	1.2%
- long-term sick leave	1.2%	1.0%	1.1%
- sick leave, men	0.6%	1.1%	1.1%
- sick leave, women	2.2%	1.3%	1.4%
- employees aged up to 29	0.8%	0.7%	0.6%
- employees aged 30-49	1.2%	1.4%	1.4%
- employees aged 50	1.6%	0.8%	1.0%

NOTE 15 | OTHER OPERATING INCOME

	Group			Parent Company		
	Jan 1, 2008 -Dec 31, 2008	**Jul 1, 2007 -Dec 31, 2007**	**Jan 1, 2007 -Jun 30, 2007**	**Jan 1, 2008 -Dec 31, 2008**	**Jul 1, 2007 -Dec 31, 2007**	**Jan 1, 2007 -Jun 30, 2007**
Government subsidies	0	-	-	-	-	-
Rental income	13	4	4	12	4	4
Exchange rate gains	41	13	15	8	5	5
Change in fair value - energy derivatives	-	2	5	-	-	-
Change in fair value - currency derivatives	1	7	-	1	7	-
Administrative services	-	-	0	197	95	53
Capital gain, Duni Americas	-	-	-	6	15	-
Other items	2	3	2	-	-	1
Total other operating income	**57**	**29**	**26**	**224**	**126**	**63**

The Group capital gain upon the sale of Duni Americas is reported in the result for discontinued operations, see separate Note 43.

NOTE 16 | GOVERNMENT SUBSIDIES

During 2007 – 2008, neither the Group nor Parent Company received any government subsidies.

NOTE 17 | OTHER OPERATING EXPENSES

	Group			Parent Company		
MSEK	Jan 1, 2008 -Dec 31, 2008	Jul 1, 2007 -Dec 31, 2007	Jan 1, 2007 -Jun 30, 2007	Jan 1, 2008 -Dec 31, 2008	Jul 1, 2007 -Dec 31, 2007	Jan 1, 2007 -Jun 30, 2007
Change in fair value - energy derivatives	9	-	-	-	-	-
Change in fair value - currency derivatives	40	8	6	40	8	6
Exchange rate losses	42	6	6	18	2	3
Depreciation/amortization	-	-	-	100	50	50
Administrative services	-	-	-	38	17	12
Rental expenses	19	-	-	19	-	-
Other items	14	3	3	10	0	29
Total other operating expenses	**124**	**17**	**15**	**225**	**77**	**100**

NOTE 18 | NET EXCHANGE RATE DIFFERENCES

	Group			Parent Company		
MSEK	Jan 1, 2008 -Dec 31, 2008	Jul 1, 2007 -Dec 31, 2007	Jan 1, 2007 -Jun 30, 2007	Jan 1, 2008 -Dec 31, 2008	Jul 1, 2007 -Dec 31, 2007	Jan 1, 2007 -Jun 30, 2007
Operating profit						
Change in fair value - currency derivatives	-39	-1	-6	-39	-1	-6
Other exchange rate differences in operating income	-2	7	9	-10	3	2
Total exchange rate differences in operating income	**-41**	**6**	**3**	**-49**	**2**	**-4**
Financial items						
Change in fair value - currency derivatives	2	9	-4	2	9	-4
Exchange rate differences in financial items	2	-13	-3	15	-11	1
Total exchange rate differences in financial items	**4**	**-4**	**-7**	**17**	**-2**	**-3**
Total net exchange rate differences in income statement	**-37**	**2**	**-4**	**-32**	**0**	**-7**

NOTE 19 | INCOME FROM FINANCIAL ITEMS

	Group			Parent Company		
MSEK	Jan 1, 2008 -Dec 31, 2008	Jul 1, 2007 -Dec 31, 2007	Jan 1, 2007 -Jun 30, 2007	Jan 1, 2008 -Dec 31, 2008	Jul 1, 2007 -Dec 31, 2007	Jan 1, 2007 -Jun 30, 2007
Financial income						
Interest income, external investments	8	9	19	4	7	7
Interest income, group companies	-	-	-	38	12	21
Total financial income	**8**	**9**	**19**	**42**	**19**	**28**
Financial expenses						
Interest expenses, external loans	-71	-57	-42	-64	-52	-39
Interest expenses, subordinated debts	-	-14	-92	-	-14	-92
Interest expenses, pensions	-10	-4	-4	-7	-2	-3
Interest expenses, group companies	-	-	-	-8	-3	-4
Change in fair value, interest rate swaps	-4	-7	8	-4	-7	8
Change in fair value, currency derivatives	2	9	-4	2	9	-4
Other financial expenses	0	-13	-5	12	-11	8
Total financial expenses	**-83**	**-86**	**-139**	**-69**	**-80**	**-126**

The interest portion in the year's pension expenses is reported among interest expenses. The rate of interest used in the Parent Company is 5.7% set by PRI (Dec 2007: 4.2%; Jun 2007: 4.2%) calculated on the average of opening and closing balances on the item "Pension provisions".

Other 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 PARTICIPATIONS IN GROUP COMPANIES

During the year, the Parent Company received dividends from subsidiaries amounting to MSEK 351 (Dec 2007: MSEK 0; Jun 2007: MSEK 77).

NOTE 21 | INCOME TAX

	Group			Parent Company		
MSEK	**Jan 1, 2008 -Dec 31, 2008**	**Jul 1, 2007 -Dec 31, 2007**	**Jan 1, 2007 -Jun 30, 2007**	**Jan 1, 2008 -Dec 31, 2008**	**Jul 1, 2007 -Dec 31, 2007**	**Jan 1, 2007 -Jun 30, 2007**
Current tax for the year	-41	-35	-42	30	45	0
Current tax attributable to previous year	16	-6	1	0	0	-
Deferred tax	-35	-27	2	-27	-39	36
Tax on net income for the year	**-60**	**-68**	**-39**	**3**	**6**	**36**
of which discontinued operations	-	-	-11			
Continuing operations	**-60**	**-68**	**-28**			

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

	Group			Parent Company		
MSEK	**Jan 1, 2008 -Dec 31, 2008**	**Jul 1, 2007 -Dec 31, 2007**	**Jan 1, 2007 -Jun 30, 2007**	**Jan 1, 2008 -Dec 31, 2008**	**Jul 1, 2007 -Dec 31, 2007**	**Jan 1, 2007 -Jun 30, 2007**
Deferred tax, internal profit on inventories	-3	-3	0	-	-	-
Deferred tax, untaxed reserves	-3	4	1	-	-	-
Deferred tax, appraised loss carry-forwards	-45	-27	17	-39	-42	32
Deferred tax, other	16	-1	-13	12	3	4
Deferred tax, continuing operations	**-35**	**-27**	**5**	**-27**	**-39**	**36**
Deferred tax, discontinued operations	-	-	-3			

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 income in the consolidated companies in accordance with the following:

	Group			Parent Company		
MSEK	**Jan 1, 2008 -Dec 31, 2008**	**Jul 1, 2007 -Dec 31, 2007**	**Jan 1, 2007 -Jun 30, 2007**	**Jan 1, 2008 -Dec 31, 2008**	**Jul 1, 2007 -Dec 31, 2007**	**Jan 1, 2007 -Jun 30, 2007**
Reported income before tax, continuing operations	251	165	31	-	-	-
Reported income before tax, discontinued operations (see Note 43)	6	15	468	-	-	-
Reported income before tax	257	180	499	181	-81	-149
Tax according to applicable tax rate	-72	-50	-140	-51	23	42
Tax effect of non-deductible expenses	-5	-8	-32	-22	-17	-22
Tax effect of non-taxable revenue	9	6	158	101	5	22
Revaluation of previously reported loss carry-forwards	-4	-	-	-	-	-
Effect of foreign tax rates	4	-5	-21	0	0	0
Tax income/expenses due to changed tax rate	-20	1	0	-21	-	-
Current tax rates attributable to previous years	28	-12	-5	-4	-5	-6
Tax on income for the year according to income statement	**-60**	**-68**	**-39**	**3**	**6**	**36**
of which discontinued operations	-	-	-11			
Tax on income for the year in continuing operations	**-60**	**-68**	**-28**			

Tax rate

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

Commencing the 2009 financial year, the Parent Company's tax rate in Sweden has been reduced to 26.3%. The effect thereof has been taken into account in the calculation of deferred tax in the Swedish companies.

Temporary differences

Temporary differences exist in those cases where the reported values and tax values of assets or liabilities differ. Changes are 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	Financial instruments	Other *	Total
As per Jul 1, 2007	**404**	**10**	**2**	**16**	**432**
Reported in income statement, continuing operations	-27	-3	0	-5	-35
Reported in income statement, discontinued operations	-	-	-	-	0
Reported directly in shareholders' equity	-	-	-	-	0
Decrease through divestment of business	-	-	-	-	0
Exchange rate differences	-1	-1	-	0	-2
As per Dec 31, 2007	**376**	**6**	**2**	**11**	**395**
Reported in income statement, continuing operations	-24	-3	11	10	-6
Reported directly in shareholders' equity	0	0	-	0	0
Reported in income statement, effect of change in tax rates	-21	0	-	1	-20
Exchange rate differences	-2	0	-	0	-2
As per Dec 31, 2008	**329**	**3**	**13**	**22**	**367**

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

The reported effect of changed tax rates relates to the Swedish operation; see also the heading "Tax rates" above. Loss carry-forwards relate essentially to completed restructuring. As regards the valuation of loss carry-forwards, see Note 4.1. It is currently the management's assessment that the implemented 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 4.8. 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 *	Total
As per Jul 1, 2007	**19**	**4**	**5**	**28**
Reported in income statement, continuing operations	-4	-2	-2	-8
Reported in income statement, discontinued operations	-	-	-	0
Reported directly in shareholders' equity	-	-	-	0
Decrease through divestment of business	-	-	-	0
Exchange rate differences	-1	-	0	-1
As per Dec 31, 2007	**14**	**2**	**3**	**19**
Reported in income statement, continuing operations	3	0	6	9
Reported directly in shareholders' equity	-	-	-	0
Decrease through divestment of business	-	-	-	0
Exchange rate differences	-	-	0	0
As per Dec 31, 2008	**17**	**2**	**9**	**28**

*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 Jul 1, 2007	**393**	**2**	**395**	**4**
Reported in income statement	-42	1	-41	-2
Reported directly in shareholders' equity	-	-	0	-
Exchange rate differences	-	-	0	-
As per Dec 31, 2007	**351**	**3**	**354**	**2**
Reported in income statement	-39	12	-27	0
Reported directly in shareholders' equity	-	-	0	-
Exchange rate differences	-1	-	-1	-
As per Dec 31, 2008	**311**	**15**	**326**	**2**

The reduction in loss carry-forwards consists of MSEK 18.5 regarding utilization of loss carry-forwards in the Parent Company and MSEK 21 regarding recalculation of deferred tax assets due to a reduced tax rate from 28% to 26.3% commencing January 1, 2009.

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	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Deferred tax assets						
Utilized after more than 12 months	329	376	404	312	351	393
Utilized within 12 months	38	19	28	14	3	2
	367	**395**	**432**	**326**	**354**	**395**
Deferred tax liabilities						
Utilized after more than 12 months	17	14	19	-	-	-
Utilized within 12 months	11	5	9	2	2	4
	28	**19**	**28**	**2**	**2**	**4**
Net deferred tax assets/liabilities	**339**	**376**	**404**	**324**	**352**	**391**
Net change regarding deferred taxes are as follows:						
Opening balance	376	404	415	352	391	354
Exchange rate differences	-2	-1	-	-1	0	1
Increase through business combinations	-	-	-	-	-	-
Decrease through divestment of business	-	-	-13	-	-	-
Reported in income statement, continuing operations	-35	-27	5	-27	-39	36
Reported in income statement, discontinued operations	-	-	-3	-	-	-
Tax reported in shareholders' equity	-	-	-	-	-	-
Closing balance	**339**	**376**	**404**	**324**	**352**	**391**

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	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Group contributions	-	-	-	31	45	-
Deferred taxes reported in shareholders' equity	0	0	0	31	45	0

NOTE 22 | EARNINGS PER SHARE

At an extraordinary general meeting held on August 28, 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

	Jan 1, 2008 -Dec 31, 2008	Jul 1, 2007 -Dec 31, 2007	Jan 1, 2007 -Jun 30, 2007
Earnings, continuing operations	191	96	3
Weighted average no. of outstanding shares of common stock (thousands)	46 999	46 999	46 999
Earnings per share before dilution (SEK per share)	4.06	2.04	0.06

Discontinued operations

	Jan 1, 2008 -Dec 31, 2008	Jul 1, 2007 -Dec 31, 2007	Jan 1, 2007 -Jun 30, 2007
Earnings, discontinued operations attributable to the equity holders of the Parent Company	6	15	457
Weighted average no. of outstanding shares of common stock (thousands)	46 999	46 999	46 999
Earnings per share before dilution (SEK per share)	0.13	0.32	9.72
The operations, total	**4.19**	**2.36**	**9.78**

b) After dilution

The Parent Company has had two types of potential common shares, namely convertible debentures and warrants (for detailed information, see Note 34). These were redeemed or expired on March 31, 2007 without giving rise to any increase in the number of shares. During the first half of 2007, a minor dilution effect took place, which entailed an adjustment in the average number of shares and earnings for the year as follows:

	Jan 1, 2007 -Jun 30, 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 outstanding only during the first three months of 2007.

	Jan 1, 2008 -Dec 31, 2008	Jul 1, 2007 -Dec 31, 2007	Jan 1, 2007 -Jun 30, 2007
Earnings per share after dilution for continuing operations (SEK per share)	4.06	2.04	0.06
Earnings per share after dilution for discontinued operations (SEK per share)	0.13	0.32	9.59
Earnings per share after dilution for the operations, total (SEK per share)	4.19	2.36	9.65

NOTE 23 | INTANGIBLE ASSETS

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Goodwill						
Acquisition values						
Opening acquisition values	1 199	1 199	2 145	2 053	2 053	2 053
Investments	-	-	0	-	-	-
Translation differences	-	-	14	-	-	-
Sales and disposals	-	-	-960	-	-	-
Closing accumulated acquisition values	**1 199**	**1 199**	**1 199**	**2 053**	**2 053**	**2 053**
Amortization						
Opening accumulated amortization	-	-	-	-1 154	-1 104	-1 054
Amortization for the year	-	-	-	-100	-50	-50
Sales and disposals	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-
Closing accumulated amortization	**0**	**0**	**0**	**-1 254**	**-1 154**	**-1 104**
Impairment						
Opening accumulated impairment	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-
Closing accumulated impairment	**0**	**0**	**0**	**0**	**0**	**0**
Closing book value	**1 199**	**1 199**	**1 199**	**799**	**899**	**949**

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Trademarks and licenses						
Acquisition values						
Opening acquisition values	76	72	77	75	71	70
Investments	0	4	1	-	4	1
Sales and disposals	-3	-	-6	-3	-	-
Reclassifications	-8	-	-	-8	-	-
Translation differences	1	0	0	-	-	-
Closing accumulated acquisition values	**66**	**76**	**72**	**64**	**75**	**71**
Amortization						
Opening accumulated amortization	-69	-67	-69	-68	-66	-65
Amortization for the year	-2	-2	-2	-2	-1	-1
Sales and disposals	3	-	4	3	-	-
Reclassifications	7	-	-	8	-	-
Translation differences	0	0	0	-	-1	-
Closing accumulated amortization	**-61**	**-69**	**-67**	**-59**	**-68**	**-66**
Closing book value	**5**	**7**	**5**	**5**	**7**	**5**

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Capitalized development expenditures						
Acquisition values						
Opening acquisition values	37	29	55	25	0	-
Investments	0	6	-	-	25	-
Sales and disposals	-	-	-45	-	-	-
Reclassifications	13	2	18	14	-	-
Translation differences	0	0	1	-	-	-
Closing accumulated acquisition values	**50**	**37**	**29**	**39**	**25**	**0**
Amortization						
Opening accumulated amortization	-15	-13	-48	-4	0	-
Amortization for the year	-7	-2	-2	-7	-4	-
Sales and disposals	-	-	38	-	-	-
Reclassifications	-8	-	-	-8	-	-
Translation differences	0	0	-1	-	-	-
Closing accumulated amortization	**-30**	**-15**	**-13**	**-19**	**-4**	**0**
Closing book value	**20**	**22**	**16**	**20**	**21**	**0**
Intangible assets, total	**1 224**	**1 228**	**1 220**	**824**	**927**	**954**

In 2005, the EU introduced an emission rights system as a method for restricting carbon dioxide emissions. For the period 2005 until 2007, Duni was allocated 56.2 tonnes and, in addition, purchased 6 tonnes. For the period 2008 up to and including 2012, Duni has been allocated 84.7 tonnes; during 2008 Duni also purchased 3 tonnes. In total, 19.7 tonnes were consumed in 2005; 21.3 tonnes in 2006, 15.8 tonnes in 2007; and 18.8 tonnes in 2008. Surplus rights have been cancelled since they cannot be utilized in the future. Received emission rights are reported as intangible assets booked at an acquisition value of zero.

Test for impairment of goodwill

According to earlier accounting rules, goodwill has not been allocated on the cash-generating units. Test for impairment of goodwill were carried out in conjunction with the closing of the accounts on Dec 31, 2008, Dec 31, 2007 and Jun 30, 2007. 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:

	Dec 31, 2008	**Dec 31, 2007**	**Jun 30, 2007**
Professional	1 199	1 199	1 199

Tests for impairment of goodwill take place annually and where there are indications of impairment. Recoverable amounts for cash-generating units are determined based on estimated use values. 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 period covered by the forecast, growth for the Professional business area is estimated at an average of 2% per year and 1% as weighted average growth rate beyond the forecast period.

Important assumptions which are used for calculation of use values are primarily profit margin, growth rate and nominal discount rate of 9.7%. 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 the 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	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Buildings						
Acquisition values						
Opening acquisition values	124	125	321	117	118	118
Investments	0	-	1	-	-	-
Sales and disposals	-	0	-204	-	-	-
Reclassifications	4	0	0	3	-	-
Translation differences	0	-1	7	0	-1	-
Closing accumulated acquisition values	**128**	**124**	**125**	**120**	**117**	**118**
Depreciation						
Opening accumulated depreciation	-85	-83	-214	-83	-82	-78
Depreciation for the year	-4	-2	-4	-4	-2	-4
Sales and disposals	-	-	140	-	-	-
Reclassifications	-2	-	0	-2	-	-
Translation differences	0	0	-5	-	1	-
Closing accumulated depreciation	**-91**	**-85**	**-83**	**-89**	**-83**	**-82**
Closing book value	**37**	**39**	**42**	**31**	**34**	**36**
Taxable value, Sweden	**35**	**38**	**38**	**35**	**38**	**38**
Land and improvements						
Acquisition values						
Opening acquisition values	18	18	36	5	5	5
Investments	-	-	-	-	-	-
Sales and disposals	-	-	-19	-	-	-
Reclassifications	-3	-	-	-3	-	-
Translation differences	0	0	1	-	-	-
Closing accumulated acquisition values	**15**	**18**	**18**	**2**	**5**	**5**
Depreciation						
Opening accumulated depreciation	-2	-2	-9	-2	-2	-2
Depreciation for the year	0	0	0	0	0	0
Sales and disposals	-	-	7	-	-	-
Reclassifications	2	-	-	2	-	-
Translation differences	-	-	0	-	-	-
Closing accumulated depreciation	**0**	**-2**	**-2**	**0**	**-2**	**-2**
Write-ups						
Opening accumulated write-ups	-	-	-	12	12	12
Closing accumulated write-ups	**-**	**-**	**-**	**12**	**12**	**12**
Closing book value	**15**	**16**	**16**	**14**	**15**	**15**
Taxable value, Sweden	**24**	**20**	**20**	**24**	**20**	**20**
Buildings, land and land improvements	**52**	**55**	**58**	**45**	**49**	**51**

Duni has no buildings under financial lease.

NOTE 25 | MACHINERY AND OTHER TECHNICAL EQUIPMENT

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Acquisition values						
Opening acquisition values	1 073	1 010	2 057	44	42	41
Investments	25	25	21	4	4	5
Sales and disposals	-15	-6	-1 155	-11	-3	-5
Reclassifications	57	21	43	-3	1	1
Translation differences	72	23	45	-	-	-
Closing accumulated acquisition values	**1 212**	**1 073**	**1 010**	**34**	**44**	**42**
Depreciation						
Opening accumulated depreciation	-782	-737	-1 620	-33	-31	-29
Depreciation for the year	-68	-32	-42	-5	-3	-4
Sales and disposals	20	4	974	11	1	4
Reclassifications	3	1	-15	1	0	-2
Translation differences	-51	-18	-34	-	-	-
Closing accumulated depreciation	**-878**	**-782**	**-737**	**-26**	**-33**	**-31**
Impairment						
Opening accumulated impairment	-3	-3	-6	-	-	-
Impairment for the year	-	-	-	-	-	-
Sales and disposals	-	-	3	-	-	-
Translation differences	0	0	0	-	-	-
Closing accumulated impairment	**-3**	**-3**	**-3**	**0**	**0**	**0**
Closing book value	**331**	**288**	**270**	**8**	**11**	**11**

Machinery and other technical equipment under financial leasing are included in the above table for the Group in the amount of MSEK 4 (Dec 2007: MSEK 0; Jun 2007 MSEK 0) in acquisition value and MSEK 2 (Dec 2007: MSEK 0; Jun 2007 MSEK 0) in accumulated depreciation.

The Parent company has no machinery or other technical equipment under financial lease.

NOTE 26 | EQUIPMENT, TOOLS AND INSTALLATIONS

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Acquisition values						
Opening acquisition values	274	284	367	58	58	57
Investments	21	12	14	3	2	1
Sales and disposals	-48	-4	-113	-31	-	-
Reclassifications	8	-23	9	3	-	-
Translation differences	26	5	7	-	-2	-
Closing accumulated acquisition values	**281**	**274**	**284**	**33**	**58**	**58**
Depreciation						
Opening accumulated depreciation	-227	-230	-311	-51	-50	-48
Depreciation for the year	-16	-8	-11	-4	-2	-2
Sales and disposals	48	3	99	31	-	0
Reclassifications	-2	12	-2	-1	-	-
Translation differences	-20	-4	-5	-	1	-
Closing accumulated depreciation	**-217**	**-227**	**-230**	**-25**	**-51**	**-50**
Closing book value	**64**	**47**	**54**	**8**	**7**	**8**

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

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Acquisition values						
Opening acquisition values	42	17	71	4	5	14
Investments	94	36	26	10	1	8
Sales	-	-	-44	-	-	-15
Reclassifications	-71	-12	-38	-6	-2	-2
Translation differences	2	1	2	-	-	-
Closing accumulated acquisition values	**67**	**42**	**17**	**8**	**4**	**5**
Closing book value	**67**	**42**	**17**	**8**	**4**	**5**

NOTE 28 | PARTICIPATIONS IN GROUP COMPANIES

	Registration number	**Registered office**	**Number of shares & participations**	**Equity, %**	**Book value TSEK**
Swedish subsidiaries					
Rexcell Tissue & Airlaid AB	556193-9769	Skåpafors	12 000	100	81 440
Finess Borrby AB	56262-2604	Malmö	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, UK		(100)	(€ 8 395)
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**

This annual report and consolidated financial statements will be available at the Swedish Companies Registration Office (Bolagsverket) and thus Duni GmbH & Co. KG, which is a subsidiary of Duni AB, is relieved from its obligation to publish its annual report in accordance with the German company regulations, Art. 264b of the German Commercial Code (HGB).

	Parent Company		
TSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Opening value, participations in group companies	743 992	743 992	2 000 175
Investments for the year	-	-	-
Shareholders' contributions	-	-	-
Divestments for the year	-	-	-1 253 833
Impairment for the year	-	-	-2 350
Closing value, participations in group companies	**743 992**	**743 992**	**743 992**

NOTE 29 | OTHER LONG-TERM RECEIVABLES

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Other items	2	3	2	1	2	0
Total other long-term receivables	**2**	**3**	**2**	**1**	**2**	**0**

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	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Accounts receivable	731	546	653	126	129	148
Receivables from group companies	-	-	-	82	113	138
Other receivables	98	156	135	30	33	59
Current financial receivables, external	-	-	-	-	0	3
Current financial receivables, internal	-	-	-	672	288	349
Total accounts receivable and other receivables	**829**	**702**	**788**	**910**	**563**	**697**

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

Other receivables above relate to:

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Receivables from suppliers	10	5	5	-	0	0
VAT claims	61	97	117	30	33	59
Factoring	5	35	-	-	-	-
Other receivables	22	19	13	0	0	0
Total other receivables	**98**	**156**	**135**	**30**	**33**	**59**

As per December 31, 2008, Duni has reported a loss relating to impairment of accounts receivable of MSEK 1 (Dec 2007: MSEK 1; Jun 2007: MSEK 3). The provision for bad debts for continuing operations amounted to MSEK 15 as per December 31, 2008 (Dec 2007: MSEK 11; Jun 2007: MSEK 8). The individually assessed impaired receivables relate primarily to wholesalers who have unexpectedly encountered economic difficulties. An assessment has been made that a part of the claims might be recovered.

Credit exposure:

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Accounts receivable not due or impaired	635	494	580	114	118	141
Accounts receivable, overdue / not impaired	95	52	73	12	11	7
Accounts receivable, impaired	16	11	8	1	1	0
Provision for bad debts	-15	-11	-8	-1	-1	0
Total accounts receivable	**731**	**546**	**653**	**126**	**129**	**148**

The credit risk associated with accounts receivable that are neither due nor impaired 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 impairment of this category. No individual debt exceeds approximately 7% of the total accounts receivable that are neither due nor impaired.

Aging of accounts receivable overdue but not impaired:

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Less than 1 month	84	36	39	8	8	4
1-3 months	6	11	19	1	3	2
3-6 months	1	5	10	0	2	1
More than 6 months	4	0	5	3	-2	0
Total	**95**	**52**	**73**	**12**	**11**	**7**

Aging of impaired accounts receivable:

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Less than 3 months	1	0	2	0	0	0
3-6 months	3	1	2	0	0	-
More than 6 months	12	10	4	1	1	-
Total	**16**	**11**	**8**	**1**	**1**	**0**

Specification of bad debts provision in income statement:

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Opening balance	11	8	9	1	0	1
Provision for bad debts	5	7	6	1	1	-
Claims written-off during the year	-1	-1	-3	-1	0	-
Reversed non-utilized amount	1	-3	-4	-	0	-1
Closing balance	**15**	**11**	**8**	**1**	**1**	**0**

Provisions to the respective reversal 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, no assets are included for which a need for write-down exists.

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

Reported amount, per currency, for the Group's accounts receivable:

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
SEK	82	99	139	55	48	49
EUR	493	270	348	11	12	12
GBP	44	65	45	0	1	0
DKK	42	47	55	42	47	55
NOK	18	20	30	18	20	30
PLN	21	20	15	0	0	-
Other currencies *	31	25	21	0	1	2
Total	**731**	**546**	**653**	**126**	**129**	**148**

*Other currencies refers to CHF, CZK, RUB etc.

NOTE 31 | DERIVATIVE INSTRUMENTS

	Dec 31, 2008		Dec 31, 2007		Jun 30, 2007	
MSEK	**Asset**	**Liability**	**Asset**	**Liability**	**Asset**	**Liability**
Interest rate swaps	-	4	0	-	8	1
Currency forwards	12	48	9	9	7	14
Energy derivatives	0	7	2	0	1	1
Total	**12**	**59**	**11**	**9**	**16**	**16**

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

Duni uses interest rate swaps, currency forward contracts and energy derivatives to manage its cash flow risks in borrowing, production, purchases and sales. Currency forward 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 exposure to credit risks on the balance sheet date is the fair value of the derivative instruments reported as assets in the balance sheet.

(a) Currency forward contracts

Currency forward contracts are entered into with the aim of protecting the Group against changes in exchange rates through the contract determining the 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 offset by a corresponding change in value of the currency forward contract.

Weighted average terms for the Group's currency forward contracts broken down by purpose are shown in the table below:

	Average term in months		
	Jan 1, 2008 -Dec 31, 2008	**Jul 1, 2007 -Dec 31, 2007**	**Jan 1, 2007 -Jun 30, 2007**
Currency forward contracts for future purchases and sales	6	6	6
Currency forward contracts for financial assets and liabilities	1	3	2

i) Currency forward contracts for future purchases and sales

As described in greater detail in Note 3, a certain portion of the internal and external flows are hedged through currency forward contracts. At the end of 2008, the market value of these currency forward contracts was MSEK -39 (Dec 2007: MSEK 0; Jun 2007: MSEK 2).

ii) Currency forward contracts for financial assets and liabilities

In addition to the currency forward contracts taken out to hedge the flows, Duni also takes out currency forward contracts as regards borrowing and lending in currencies other than SEK. At the end of the period, the market value of these currency forward contracts was MSEK 2 (Dec 2007: MSEK 0; Jun 2007: MSEK -9).

(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. The most important variable interest rate is STIBOR.

	Dec 31, 2008		
	Nominal amount MSEK1)	**Weighted average interest rate**	**Fair value MSEK**
0–12 months, SEK	-300	4.34 %	-4
1–2 years, SEK	-	-	-
Total	**-300**		**-4**

	Dec 31, 2007			Jun 30, 2007		
	Nominal amount MSEK1)	**Weighted average interest rate**	**Fair value MSEK**	**Nominal amount MSEK1)**	**Weighted average interest rate**	**Fair value MSEK**
0–12 months, EUR	-500	4,67%	0	-	-	-
1–2 years, EUR	-	-	-	-	-	-
0–12 months, SEK	-	-	-	-1 109	4.29%	8
1–2 years, SEK	-	-	-	-100	4.86%	0
Total	**-500**		**0**	**-1 209**		**8**

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

(c) Energy derivatives

Energy derivative 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.

	Dec 31, 2008		
	Nominal value MWh	**Weighted hedged price SEK/MWh**	**Fair value MSEK**
0–1 years	37	589.64	-6
1–2 years	7	622.78	-1
2–3 years	-	-	-
	44		**-7**

	Dec 31, 2007			Jun 30, 2007		
	Nominal value MWh	**Weighted hedge price SEK/MWh**	**Fair value MSEK**	**Nominal value MWh**	**Weighted hedge price SEK/MWh**	**Fair value MSEK**
0–1 years	37	442.13	2	57	422.50	-1
1–2 years	4	432.56	0	33	399.87	1
2–3 years	-	-	-	4	422.06	-
		41		**2**	**94**	**0**

NOTE 32 | PREPAID EXPENSES AND ACCRUED INCOME

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Prepaid rent	4	3	2	1	1	1
Prepaid leasing charges	0	0	0	-	-	-
Prepaid insurance	4	1	9	0	0	0
Accrued commission income	-	-	0	-	-	-
Prepaid pensions	3	3	4	3	3	3
Prepaid catalogue expenses	13	8	0	7	5	-
Other	17	11	12	6	5	5
Total prepaid expenses and accrued income	**41**	**26**	**27**	**17**	**14**	**9**

NOTE 33 | SHARE CAPITAL

Details of changes in shareholders' equity are provided in the report, Consolidated statement of changes in equity, which is presented immediately after the balance sheet.

At the end of July 2007, 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 2008, the share capital consisted of 46,999,032 shares (Dec 2007: 46,999,032; Jun 2007: 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 December 31, 2008 was SEK 1.25 per share.

NOTE 34 | BORROWING

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Long-term						
Bank loans	1 146	1 092	1 045	1 145	1 092	1 045
Liabilities to group companies	-	-	-	131	215	168
Overdraft facility	5	-	45	-	-	36
Mezzanine loan 1)	-	-	144	-	-	144
AB Bonnierföretagen 1)	-	-	0	-	-	0
Convertible subordinated debt 1)	-	-	0	-	-	0
	1 151	**1 092**	**1 234**	**1 275**	**1 307**	**1 393**
Short-term						
Subordinated debt 1)	-	-	0	-	-	0
Bank loan	-	-	15	-	-	15
	0	**0**	**15**	**0**	**0**	**15**
Total borrowing	**1 151**	**1 092**	**1 249**	**1 275**	**1 307**	**1 408**

1) *Consists of subordinated loans*

Duni has entered into an interest rate swap from variable to fixed interest. As regards borrowing, Duni's exposure on the balance sheet date to changes in interest rates and contracted interest renegotiation dates is follows:

	Dec 31, 2008	**Dec 31, 2007**	**Jun 30, 2007**
0–12 months	1 151	1 092	140
1–5 years	-	-	1 109
More than 5 years	-	-	-
	1 151	**1 092**	**1 249**

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 Dec 31, 2008 and the nominal values consists of transaction costs. Duni's accrued interest is reported as accrued expenses. Shown below are the nominal values excluding accrued interest and also reported values for Duni's borrowing.

Fair value

Current financing

Duni's long-term bank loans and overdraft facilities, amounting to MSEK 1 151 (Dec 2007: MSEK 1,092; June 2007: MSEK 1,090) carry variable interest which is determined each quarter; the discount effect for such a relatively short term is insignificant and thus the fair value corresponds to the nominal value plus accrued interest.

	Dec 31, 2008		Dec 31, 2007		Jun 30, 2007	
	Reported value	**Nominal value**	**Reported value**	**Nominal value**	**Reported value**	**Nominal value**
Bank loans	1 146	1 151	1 092	1 100	1 060	1 076
Mezzanine loan	-	-	-	-	144	148
AB Bonnierföretagen	-	-	-	-	-	-
Overdraft facility	5	5	-	-	45	45
Convertible subordinated debt	-	-	-	-	-	-
	1 151	**1 155**	**1 092**	**1 100**	**1 249**	**1 269**

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

	Jan 1, 2008 -Dec 31, 2008	**Jun 1, 2007 -Dec 31, 2007**	**Jan 1, 2007 -Jun 30, 2007**
SEK	545	1 092	151
EUR	601	-	1 090
USD	-	-	-
Other currencies	5	-	8
	1 151	**1 092**	**1 249**

Borrowing since November 2007

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

Bank loans

Duni has a multicurrency credit facility of a nominal MEUR 220, which entitles Duni to borrow in the currency of its choice. This facility extends until November 2012. The interest rate is variable and is set as EURIBOR, STIBOR or another 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 125. As per December 31, 2008, the sum utilized was MSEK 5.

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 none 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 MEUR 136.5. Of this loan, MEUR 38.5 matures in March 2012 and MEUR 65.5 matures 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 MEUR 16 was signed in connection with the refinancing in March 2007. The loan extends until April 15, 2013. On June 30, 2007, interest on the loan was 12.7%. Part of the interest was capitalized quarterly.

Borrowing before March 2007

For a detailed description of the loans and loan terms applicable before March 2007, reference is made to the Annual Report for 2007, Note 34. In brief, it may be mentioned that in addition to the loans that existed up to and including November 2007, there was also a convertible subordinated loan as well as a subordinated bank loan.

NOTE 35 | CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Group Dec 31, 2008			
ASSETS	**Loans and receivables**	**Assets at fair value through profit or loss**	**Non-financial assets**	**TOTAL**
Tangible and intangible fixed assets	-	-	1 738	1 738
Deferred tax assets	-	-	367	367
Other long-term receivables	2	-	-	2
Inventories	-	-	542	542
Accounts receivable	731	-	-	731
Derivative instruments	-	12	-	12
Tax assets	31	-	-	31
Other receivables	98	-	-	98
Prepaid expenses and accrued income	-	-	41	41
Cash and cash equivalents	249	-	-	249
Total	**1 111**	**12**	**2 688**	**3 811**

Duni has no assets which are classified as "Derivatives used for hedging" and "Held for trading".

	Group Dec 31, 2008			
LIABILITIES	**Liabilities at amortized cost**	**Liabilities at fair value through profit or loss**	**Non-financial liabilities**	**TOTAL**
Overdraft facility	5	-	-	5
Bank loans	1 146	-	-	1 146
Deferred tax liabilities	-	-	28	28
Pension provisions	-	-	201	201
Allocation to restructuring reserve	-	-	44	44
Accounts payable	358	-	-	358
Tax liabilities	3	-	-	3
Derivative instruments	-	59	-	59
Other liabilities	59	-	-	59
Accrued expenses and deferred income	364	-	-	364
Total	**1 935**	**59**	**273**	**2 267**

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

	Group Dec 31, 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 assets	-	-	395	395
Other long-term receivables	3	-	-	3
Inventories	-	-	500	500
Accounts receivable	546	-	-	546
Derivative instruments	-	11	-	11
Tax assets	14	-	-	14
Other receivables	156	-	-	156
Prepaid expenses and accrued income	-	-	26	26
Cash and cash equivalents	202	-	-	202
Total	**921**	**11**	**2 582**	**3 514**

LIABILITIES	Group Dec 31, 2007 Liabilities at amortized cost	Liabilities at fair value through profit or loss	Non-financial liabilities	TOTAL
Overdraft facility	-	-	-	-
Bank loans	1 092	-	-	1 092
Deferred tax liabilities	-	-	19	19
Pension provisions	-	-	200	200
Allocation to restructuring reserve	-	-	4	4
Accounts payable	305	-	-	305
Tax liabilities	51	-	-	51
Derivative instruments	-	9	-	9
Other liabilities	50	-	-	50
Accrued expenses and deferred income	368	-	-	368
Total	**1 866**	**9**	**223**	**2 098**

ASSETS	Group Jun 30, 2007 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 assets	-	-	432	432
Other long-term receivables	2	-	-	2
Inventories	-	-	503	503
Accounts receivable	653	-	-	653
Derivative instruments	-	16	-	16
Tax assets	36	-	-	36
Other receivables	135	-	-	135
Prepaid expenses and accrued income	-	-	27	27
Cash and cash equivalents	112	-	-	112
Total	**938**	**16**	**2 581**	**3 535**

LIABILITIES	Group Jun 30, 2007 Liabilities at amortized 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
Deferred tax liabilities	-	-	28	28
Pension provisions	-	-	204	204
Allocations to restructuring reserve	-	-	6	6
Accounts payable	256	-	-	256
Liabilities to credit institutions	15	-	-	15
Tax liabilities	55	-	-	55
Derivative instruments	-	16	-	16
Other liabilities	69	-	-	69
Accrued expenses and deferred income	352	-	-	352
Total	**1 981**	**16**	**238**	**2 235**

	Parent Company Dec 31, 2008			
ASSETS	**Loans and receivables**	**Assets at fair value through profit or loss**	**Non-financial assets**	**TOTAL**
Tangible and intangible fixed assets	-	-	893	893
Deferred tax assets	-	-	326	326
Other financial fixed assets	1	-	744	745
Inventories	-	-	106	106
Accounts receivable	126	-	-	126
Derivative instruments	-	12	-	12
Tax assets	10	-	-	10
Other receivables	30	-	-	30
Receivables to group companies	754	-	-	754
Prepaid expenses and accrued income	-	-	17	17
Cash and bank balances	153	-	-	153
Total	**1 074**	**12**	**2 086**	**3 172**

	Parent Company Dec 31, 2008			
LIABILITIES	**Liabilities at amortized cost**	**Liabilities at fair value through profit or loss**	**Non-financial liabilities**	**TOTAL**
Overdraft facility	-	-	-	-
Bank loans	1 145	-	-	1 145
Deferred tax liabilities	-	-	2	2
Pension provisions	-	-	113	113
Allocations to restructuring reserve	-	-	14	14
Accounts payable	71	-	-	71
Tax liabilities	-	-	-	0
Derivative instruments	-	52	-	52
Other liabilities	17	-	-	17
Liabilities to group companies	194	-	-	194
Accrued expenses and deferred income	83	-	-	83
Total	**1 510**	**52**	**129**	**1 691**

	Parent Company Dec 31, 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 assets	-	-	354	354
Other financial fixed assets	2	-	744	746
Inventories	-	-	133	133
Accounts receivable	129	-	-	129
Derivative instruments	-	9	-	9
Tax assets	9	-	-	9
Other receivables	33	-	-	33
Receivables to group companies	401	-	-	401
Prepaid expenses and accrued income	-	-	14	14
Cash and bank balances	116	-	-	116
Total	**690**	**9**	**2 243**	**2 942**

LIABILITIES	Parent Company Dec 31, 2007 Liabilities at amortized cost	Liabilities at fair value through profit or loss	Non-financial liabilities	TOTAL
Overdraft facility	-	-	-	-
Bank loans	1 092	-	-	1 092
Deferred tax liabilities	-	-	2	2
Pension provisions	-	-	111	111
Allocations to restructuring reserve	-	-	0	0
Accounts payable	64	-	-	64
Tax liabilities	1	-	-	1
Derivative instruments	-	9	-	9
Other liabilities	12	-	-	12
Liabilities to group companies	262	-	-	262
Accrued expenses and deferred income	85	-	-	85
Total	**1 516**	**9**	**113**	**1 638**

ASSETS	Parent Company Jun 30, 2007 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 assets	-	-	395	395
Other financial fixed assets	0	-	744	744
Inventories	-	-	133	133
Accounts receivable	148	-	-	148
Derivative instruments	-	16	-	16
Tax assets	14	-	-	14
Other receivables	62	-	-	62
Receivables to group companies	487	-	-	487
Prepaid expenses and accrued income	-	-	9	9
Cash and bank balances	64	-	-	64
Total	**775**	**16**	**2 310**	**3 101**

LIABILITIES	Parent Company Jun 30, 2007 Liabilities at amortized 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
Deferred tax liabilities	-	-	4	4
Pension provisions	-	-	111	111
Allocations to restructuring reserves	-	-	0	0
Accounts payable	42	-	-	42
Liabilities to credit institutions	15	-	-	15
Tax liabilities	1	-	-	1
Derivative instruments	-	15	-	15
Other liabilities	13	-	-	13
Liabilities to group companies	296	-	-	296
Accrued expenses and deferred income	118	-	-	118
Total	**1 710**	**15**	**115**	**1 840**

NOTE 36 | PENSION PROVISIONS

Provisions for pensions and similar obligations

	Group		
	Dec 31, 2008	**Dec 31, 2007**	**Jun 30, 2007**
Defined benefit plans	201	200	204

Benefit-based pension 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 the UK.

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 Financial Reporting Board, UFR 3, 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 (Dec 2007: MSEK 2.1; Jun 2007: MSEK 3.4). Alecta's surplus may be divided among the policy holders and/or the insured. As per December 31, 2008, Alecta's surplus in the form of the collective funding level amounted to 112% (Dec 2007: 152%; Jun 2007: 165%). 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 plans		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
The amounts reported in the consolidated balance sheet have been calculated as follows:			
Present value of funded obligations	130	131	150
Fair value of plan assets	-84	-83	-103
Present value of unfunded obligations	205	173	169
Unreported actuarial net losses	-50	-21	-12
Net debt in the balance sheet	**201**	**200**	**204**
Amounts reported in the consolidated income statement as follows:			
Costs relating to employment during the current year	-4	-4	-3
Interest expenses	-14	-6	-7
Expected return on plan assets	4	2	3
Actuarial net profits reported for the year	0	0	0
	-14	**-8**	**-7**
Of which discontinued operations	-	-	-
Continuing operations	**-14**	**-8**	**-7**
Total pension expenses reported in the consolidated income statement are as follows:			
Total expenses for defined benefit plans	-14	-8	-7
Total expenses for defined contribution plans	-19	-10	-10
Total pension expenses	**-33**	**-18**	**-17**
Of which discontinued operations	-	-	-
Continuing operations	**-33**	**-18**	**-17**

	Defined benefit plans		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
The costs are allocated in the consolidated income statement as follows:			
Operating income	-5	-4	-3
Financial expenses	-10	-4	-4
	-15	**-8**	**-7**
Of which continuing operations:			
Operating income	-5	-4	-3
Financial expenses	-10	-4	-4
	-15	**-8**	**-7**

	Defined benefit plans		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
The change in the defined benefit obligation during the year is as follows:			
At beginning of year	304	319	375
Less discontinued operations	-	-	-65
Employment expenses during current year	4	4	3
Interest expenses	14	6	7
Actuarial losses(+)/profits(-)	20	-2	0
Exchange rate differences	5	-6	4
Disbursed compensation	-12	-5	-5
Settlements	-1	-12	-
At year-end	**334**	**304**	**319**
The change in fair value of plan assets during the year is as follows:			
At beginning of year	-83	-103	-123
Less discontinued operations	-	-	26
Expected return on plan assets	-4	-2	-2
Actuarial losses(+)/gains(-)	9	11	0
Exchange rate differences	2	5	-2
Employer's contributions	-12	-8	-2
Employees' contributions	-1	0	0
Disbursed compensation	2	2	0
Settlement	2	12	-
At year- end	**-85**	**-83**	**-103**

The actual return on managed assets amounted to MSEK -5 (Dec 2007: MSEK -9; Jun 2007: MSEK 2).

Managed assets are located primarily in Belgium, Holland and UK. 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. The assumed return on managed assets is stated at the guaranteed return plus the anticipated bonus.

Contributions to defined benefit plans are expected to amount to MSEK 3.9 in 2009.

Principal actuarial assumptions on the balance sheet date	Dec 31, 2008	Dec 31, 2007	Jun 30, 2007
Discount rate	3.0-6.6 %	3.8-5.1 %	3.8-5.1 %
Anticipated return on plan assets	4,5-6.5 %	4.0-7.5 %	4.0-5.4 %
Future annual salary increases	0-4.5 %	0-3.7 %	0-3.0 %
Future annual pension increases	0-3.5 %	0-2.75 %	0-2.3 %
Personnel turnover	0-3.0 %	0-3.0 %	0-3.0 %

Multi-year summary	Dec 31, 2008	Dec 31, 2007	Jun 30, 2007	Dec 31, 2006	Dec 31, 2005
Present value of defined benefit obligations	334	304	319	375	384
Fair value of plan assets	-85	-83	-103	-123	-117
Deficit/Surpluses	**249**	**221**	**216**	**252**	**267**

	Parent Company		
MSK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Provisions in accordance with the Swedish Pension Obligations (Security) Act			
FPG/PRI pensions	113	111	111
Liability in the balance sheet	**113**	**111**	**111**
The following amounts are reported in the Parent Company's income statement:			
Earned during the year	0	0	0
Interest expenses	-7	-2	-3
Pension expenses for the year	**-7**	**-2**	**-3**
The change in the defined benefit obligation during the year is as follows:			
At beginning of year	111	111	109
Net expense reported in the income statement	7	2	3
Disbursed compensation	-5	-2	-1
Settlements	0	0	0
At year-end	**113**	**111**	**111**

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

NOTE 37 | ACCRUED EXPENSES AND DEFERRED INCOME

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Accrued personnel expenses	99	110	98	25	23	25
Accrued interest expenses	12	6	22	11	5	12
Accrued expenses, invoices	61	43	42	24	19	17
Accrued liabilities to customers	160	140	102	15	20	10
Other items	32	69	88	8	18	54
Accrued liabilities and deferred income	**364**	**368**	**352**	**83**	**85**	**118**

NOTE 38 | PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged security

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Property mortgages	-	11	11	-	11	11
Floating charges	-	140	752	-	80	672
Net assets in subsidiaries	-	0	1 540	-	-	-
Shares in subsidiaries	-	-	-	-	0	1 667
Other pledged assets	-	0	207	-	0	207
Total pledged assets	**0**	**151**	**2 510**	**0**	**91**	**2 557**

Contingent liabilities

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Guarantees	39	8	9	39	16	39
FPG/PRI	3	3	3	2	3	3
Other	-	-	-	-	-	-
Total contingent liabilities	**42**	**11**	**12**	**41**	**19**	**42**

The change in pledged assets in the Group relates primarily to the release of floating charges of MSEK 140, of which MSEK 80 relates to the Parent Company, pledged to the benefit of PRI.

Of the guarantees in the Parent Company, MSEK 29 (Dec 2007: MSEK 15; Jun 2007: MSEK 32) is pledged to the benefit of group companies. Guarantees in the Parent Company relate primarily to local customs, MSEK 11 (Dec 2007: MSEK 11; Jun 2007: MSEK 11).

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

NOTE 39 | ADJUSTMENTS FOR ITEMS NOT INCLUDED IN THE CASH FLOW

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Depreciation/amortization	97	46	61	122	62	59
Capital gains/losses, discontinued operations	-6	-15	-453	-6	-15	23
Capital gains/losses, other	-	-	-	-	-	8
Restructuring	38	-2	-4	14	-	-
Pension provisions	-6	0	3	7	0	-3
Change in value, derivatives	48	-3	-2	43	-1	2
Other	-12	-1	-4	-9	-6	-19
Total	**159**	**25**	**-399**	**171**	**40**	**70**

NOTE 40 | 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 regards 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.

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Payable within one year	80	74	73	22	21	19
Payable later than one but within five years	165	181	202	45	50	49
Payable later than five years	93	114	128	20	31	31
Total	**338**	**369**	**403**	**87**	**102**	**99**
Of which leasing agreements signed during the year	21	19	31	7	2	5

Total expenses relating to operational leasing agreements during the year amount to MSEK 97 (Dec 2007: MSEK 51; Jun 2007: MSEK 49) in the Group and MSEK 24 (Dec 2007: MSEK 13; Jun 2007: MSEK 11) 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:

	Group			Parent Company		
MSEK	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**	**Dec 31, 2008**	**Dec 31, 2007**	**Jun 30, 2007**
Payable within one year	0	-	-	-	-	-
Payable later than one but within five years	1	-	-	-	-	-
Total	**1**	**0**	**0**	**0**	**0**	**0**
Present value of future leasing charges	**0**	**0**	**0**	**0**	**0**	**0**

NOTE 41 | ACQUISITIONS

No acquisitions have taken place during the financial year Jan 1, 2008 – Dec 31, 2008, and the financial years Jul 1, 2007 - Dec 31, 2007 and Jan 1, 2007 – Jun 30, 2007.

NOTE 42 | RELATED-PARTY TRANSACTIONS

On August 27, 2008 Duni Holding AB, EQT Partners divested all shares in Duni AB. Duni has, however, been closely related to EQT during the entire year since EQT have had a representative on Duni's board. No related-party transactions have been carried out other than Duni's repayment of a debt of MSEK 5.9 to Duni Holding AB during the first quarter of 2008.

Since November 14, 2007 when Duni AB was listed on the Stockholm Exchange, the deSter Group and Duni no longer have any close relations.

Purchases and sales with the deSter Group amounted to MSEK 0 Dec 2007 and MSEK 40 Jun 2007. Until March 29, 2007, receivables and liabilities vis-à-vis deSter were included in the Parent Company's balance sheet as intra-group dealings; for further information, see Note 43 Discontinued operations.

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 43 | DISCONTINUED OPERATIONS

Duni Americas – divested August 31, 2006

(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 divested. Duni owned 100% of the shares in both companies. The purchase price was a 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 MUSD 10.5 based on accounts for closing prepared by the purchaser.

In December 2006, Duni requested that a complete review of the accounts for closing and underlying vouchers be carried out. Arbitration proceedings were thereafter 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 Duni might reasonably pay as a consequence of this dispute.

In November 2007, Duni and the purchaser agreed that arbitration might be avoided. The final purchase price was adjusted by MSEK 31, within the scope of the provision made for the dispute. The effect on cash flow was MSEK -29, which was paid from an escrow account. In connection with the settlement, the provision was settled and MSEK 15 dissolved as further capital gain on the sale of Duni Americas.

The deadline expired in 2008 and all obligations in the Duni Americas transaction have now ceased. The final legal fees have been paid and Duni was thereby able to dissolve the remaining MSEK 6 to capital gain, which was finally established at MSEK 119. The escrow account has been closed and Duni has received payment of MSEK 4, which was transferred from restricted assets to cash and bank balances within cash and cash equivalents.

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 one 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 December 31, 2006 attributable to Duni Americas, since the decision and divestment took place during the same period.

b) Net cash flows from Duni Americas

	Jan 1, 2006 -Dec 31, 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 flow relates to the current operations of Duni Americas and includes 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:

Income statement	Jan 1, 2008 Dec 31, 2008	July 1, 2007 -Dec 31, 2007	Jan 1, 2006 -Dec 31, 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	6	15	98
Capital gain on divestment of Duni Americas - financial income	-	-	12
Net income for the year from discontinued operations	**6**	**15**	**43**

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

deSter - divested March 29, 2007

(a) Description of circumstances surrounding the divestment

On March 29, 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 are reported as a discontinued operation, entailing that the deSter Group's net income is presented on one 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 June 30, 2007 attributable to deSter, since the decision and divestment took place during the same period.

(b) Net cash flows from deSter

	Jan 1, 2007 -Jun 30, 2007	Jan 1, 2006 -Dec 31, 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.

Income statement	Jan 1, 2007 -Jun 30, 2007	Jan 1, 2006 -Dec 31, 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 on 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:

	Dec 31, 2008	Dec 31, 2007	Jun 30, 2007	Dec 31, 2006
	Duni Americas	Duni Americas	deSter Group	Duni Americas
Goodwill	77	77	962	77
Tangible fixed assets	135	135	301	135
Financial fixed assets	1	1	55	1
Inventories	144	144	207	144
Other current assets	65	65	450	65
Long-term liabilities	-156	-156	-713	-156
Current liabilities	-74	-74	-461	-74
Capital gain	119	113	453	98
Total purchase price	**311**	**305**	**1 254**	**290**
Reduction in claims regarding sold subsidiaries	151	151	-	151
Cash and cash equivalents in divested companies	0	0	-45	0
Total cash flow related to discontinued operations	**462**	**456**	**1 209**	**441**

NOTE 44 | 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 (publl) for the year 2008 The company's annual accounts and the consolidated accounts are included in the printed version on pages 35–92. 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 26 March 2009.

PricewaterhouseCoopers AB

Bo Hjalmarsson
Authorized Public Accountant

Board of Directors

Duni's Board presently comprises six 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.

PETER NILSSON (1962)

Chairman of Duni since 2007, formerly President and CEO of Duni
Senior Industrial Advisor in Poleved Industrial Performance AB
Chairman of the Board: Securitas Direct and Sanitec
Director: Granngården
University studies at Stockholm School of Economics
Elected 2007
Shares: 1,200

ANDERS BÜLOW (1953)

CEO of Mellby Gård Industri AB
BA in Business Administration
Elected 2008
Shares: 0

HARRY KLAGSBRUN (1954)

Senior partner, EQT Partners AB. Member of the Government's Finance Market Council
Director: Securitas Direct AB and Dako A/S
MSc in Journalism and MSc in Economics and Business Administration, MBA
Elected 2007
Shares: 0

PIA RUDENGREN (1965)

Director: BioPhausia AB, Varyag Resources AB, WeMind Digital Psykologi AB, Social Initiative AB and Tikkurila Oy
MSc in Economics and Business Administration
Elected 2007
Shares: 1,200
Independent of the Company, company management and Duni's major shareholders

SANNA SUVANTO-HARSAAE (1966)

Chairman of the Board: Babysam AS and Sunset Boulevard AS
Director: Jetpak AB, CandyKing AB, Paulig AB and Symrise AG
Degree in Business Administration
Elected 2004
Shares: 0
Independent of the Company, company management and Duni's major shareholders

MAGNUS YNGEN (1958)

President and CEO, Husqvarna AB
M Eng. LicTech
Elected 2008
Shares: 0
Independent of the company, company management and Duni's major shareholders

GÖRAN ANDREASSON (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
Chairman of the Board: Bengtsforshus AB and Majberget Utveckling AB
Director: Bengtsfors Energi Handel AB, Bengtsfors Energi Nät AB and Bengtsfors Teknik AB
Elected 2001
Shares: 0

PER-ÅKE HALVORDSSON (1959)

Employee Representative for PTK (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

AUDITORS

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

Group Management

SENIOR EXECUTIVES

FREDRIK VON OELREICH (1961)
CEO
MSc in economics and business administration
Engaged since 2005
Shares: 201,482

JOHAN L. MALMQVIST (1975)
CFO
(Will leave Duni in May 2009)
MSc in finance and BA in international economics
Employed since 1998
Shares: 66,054

MATS LINDROTH (1960)
Director of Corporate Development
(CFO from May 2009)
MSc in economics and business administration
Employed since 1987
Shares: 22,018

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

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

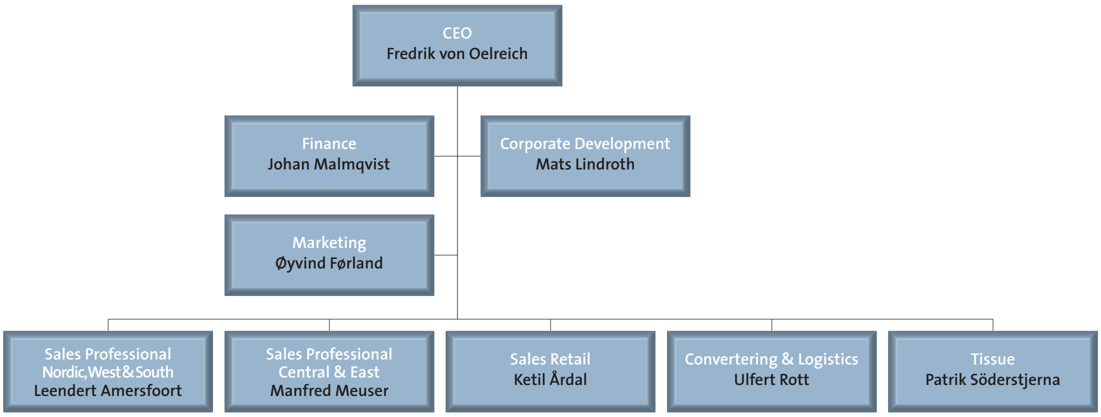
PATRIK SÖDERSTJERNA (1964)
President of Rexcell Tissue & Airlaid AB
MSc in mechanical engineering
Employed since 2007
Shares: 22,018

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

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

DR ULFERT ROTT (1960)
Director of Converting and Logistics
PhD in Mechanical Engineering and MSc in business administration
Employed since 2004
Shares: 22,018

LARS-ERIK EWERTZ (1954)
Director of Supply Chain and IS
(until August 31, 2008)



As of April 1 the main part of corporate development and IT functions will be integrated with the finance department.

Three-year Summary, Consolidated Income Statements

MSEK	Jan 1, 2008 Dec 31, 2008	Jan 1, 2007 Dec 31, 2007	Jan 1, 2006 Dec 31, 2006
Net sales	**4 099**	**3 985**	**3 762**
Costs of goods sold	-3 020	-2 948	-2 812
Gross profit	**1079**	**1 037**	**950**
Selling expenses	-465	-446	-459
Administrative expenses	-198	-208	-219
Research and development expenses	-23	-13	-6
Other operating incomes	57	57	44
Other operating expenses	-124	-33	-33
Operating income	**326**	**394**	**277**
Financial incomes	8	37	59
Financial expenses	-83	-235	-335
Net financial items	**-75**	**-198**	**-276**
Income after financial items	**251**	**196**	**1**
Income tax	-60	-97	-12
Net income for the period, continuing operations	**191**	**99**	**-11**
Net income for the period from discontinued operations	**6**	**472**	**77**
Net income for the period	**197**	**571**	**66**

Summary, Consolidated Balance Sheets

MSEK	Dec 31, 2008	Dec 31, 2007	Dec 31, 2006 1)
ASSETS			
Goodwill	1 199	1 199	2 145
Other intangible fixed assets	25	29	15
Tangible fixed assets	514	433	692
Financial fixed assets	369	398	496
Total fixed assets	**2 107**	**2 059**	**3 348**
Inventories	542	500	639
Accounts receivable	731	546	900
Other receivables	182	207	233
Cash and cash equivalents	249	202	193
Total current assets	**1 704**	**1 455**	**1 965**
TOTAL ASSETS	3 811	3 514	5 313
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	1 544	1 416	838
Long-term loans	1 151	1 092	2 349
Other long-term liabilities	229	219	305
Total long-term liabilities	**1 380**	**1 311**	**2 654**
Accounts payable	358	305	472
Current financial liabilities	-	0	700
Other short-term liabilities	529	482	649
Total short-term liabilities	**887**	**787**	**1 821**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3 811**	**3 514**	**5 313**

Key ratios in brief, Group

	Jan 1, 2008 Dec 31, 2008	Jan 1, 2007 Dec 31, 2007	Jan 1, 2006 Dec 31, 2006
Net sales, MSEK	4 099	3 985	3 762
Gross profit, MSEK	1 079	1 037	950
EBIT, MSEK	326	394	277
EBITDA, MSEK	422	484	360
Number of employees	1 952	2 001	1 999
Gross margin	26%	26%	25%
EBIT margin	8.0%	9.9%	7.4%
EBITDA margin	10.3%	12.1%	9.6%

1) The balance sheet as per December 2006 includes the discontinued operations deSter, which were sold in March 2007.

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 2008 are calculated applying exchange rates for 2007.

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 impairment of goodwill.

EBITA margin
EBITA as a percentage of sales.

EBITDA
Operating income adjusted for total amortization, depreciation and impairment.

EBITDA margin
EBITDA as a percentage of sales.

Gross margin
Gross profit as a percentage of sales.

Net debt/equity ratio
Net debt relative to total capital, where the net debt is the total borrowing less cash and cash equivalents and the total capital is shareholders' equity and the net debt.

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

P/E ratio
Current share price relative to earnings per share.

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 material 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-carry stores
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.

HoReCa
Is an acronym for Hotel, Restaurant and Catering.

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, Poznan, 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-certified.

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.

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

Private label
Products marketed under customer's own label.

Professional
One of Duni's three business areas – sales to hotels, restaurants, catering firms 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 primarily to the retail trade.

Sachetto
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 wall hanging, 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 are produced by combining 1 to 4 plies of tissue.

Calendar

ANNUAL GENERAL MEETING, MAY 6, 2009

The Annual General Meeting will be held at Skånes Dansteater, Östra Varvsgatan 13 A, Malmö, at 3.00pm on Wednesday, May 6, 2009. Registration commences at 2.15pm.

Applications

Shareholders who wish to participate must be entered in the share register maintained by Euroclear AB not later than April 29, 2009 and must give notice of their participation not later than the same date in any of the following ways:
– by telephone +46 40 10 62 00
– by letter to Duni AB, Bolagstämma, Box 237, 201 22 Malmö
– by email bolagstamma@duni.com
– by fax +46 40 39 66 30

In the notice, the shareholder shall 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 AGM, request that the bank or nominee managing the shares effects temporary ownership registration a couple of business days prior to April 29, 2009.

Dividend

The Board of Directors proposes a dividend of SEK 1.80 per share, equal to MSEK 85. May 11, 2009 is proposed as the record date for the right to receive dividends. In the event the AGM resolves in accordance with the proposal, dividends will be disbursed on May 14.

Duni AB's Nomination Committee

Duni AB's Nomination Committee is composed as follows:
Peter Nilsson, Chairman of the Board of Duni AB, and Chairman of the Nomination Committee
Rune Andersson, Mellby Gård Investerings AB
Bernard R. Horn Jr, Polaris Capital Managment, LLC
Göran Espelund, Lannebo Fonder

The Nomination Committee has the task of submitting proposals to the AGM regarding the election of the Board, auditors and alternate auditors, and the fees therefor.

Complete information regarding the AGM is available on the Company's website, *www.duni.com*.

Timetable for financial information:

Publication dates	
Interim report, January – March 2009	April 24, 2009
Interim report, January – June 2009	July 29, 2009
Interim report, January – September 2009	October 28, 2009
Unaudited annual results, January – December 2009	February 17, 2010

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.

Addresses

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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**

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Mats Lindroth, CFO, mats.lindroth@duni.com

Contact, press, marketing and communication:
Fredrik Wahrolén, Marketing and Communications Manager, fredrik.wahrolen@duni.com

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Duni

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