IN A BETTER MOOD

ANNUAL REPORT 2014

2014

GOODMOODYEAR

In 2014, Duni recorded an increase in sales to more than SEK 4.2 billion, with profitability in excess of 11%. Duni's organic growth of almost 4% outstripped the market and all business areas strengthened their positions. The acquisition of Song Seng in Singapore was followed up with the acquisition of the German company Paper+Design. The supplementation of organic growth with acquisitions is an important element in Duni's long-term growth strategy. The new division of operations into five business areas which was implemented during the year has created more efficient customer relations work and laid the groundwork for continued profitable growth.

GOODFOODMOOD®

Every meal presents a golden opportunity for people to enjoy each other. Or it is the moment you need to recharge and treat yourself. Eating a take-away hamburger can be transformed into a pleasurable moment thanks to practical and creative packaging material. An innovative tablecovering can enhance the experience when visiting an exclusive restaurant, turning it into something out of the ordinary. Duni creates anticipation, excitement and inspiration and a positive mood. During 2014, Duni has summarized this in "Supplier of Goodfoodmood", a new attitude wherever food & drink are consumed.

A MEMORY FOR ALL SENSES

Food is at the heart of every meal. And it should be. Food is a way to connect, it brings people together. Food is common ground.

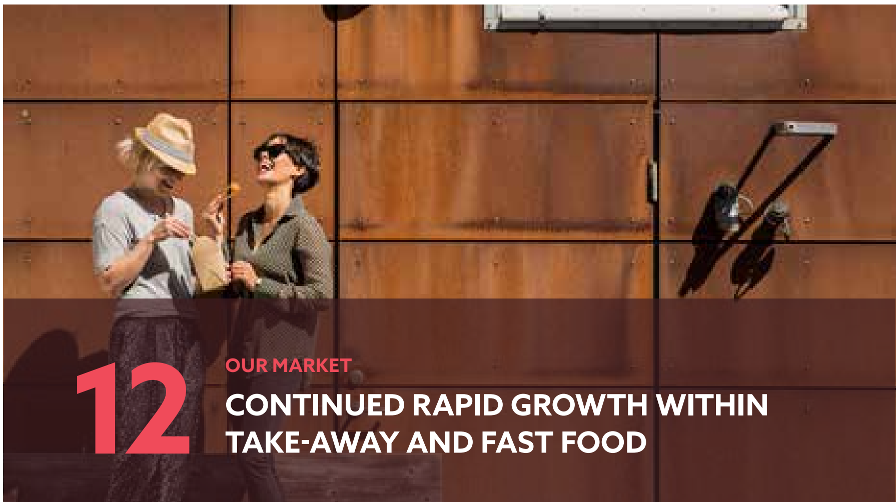
An inspiring setting will enhance any eating or drinking occasion and turn it into a memorable experience – a feast for all senses, not only taste.

We are not merely a provider of napkins, tablecovers, candles, cups, plates and cutlery. We are the creators of anticipation, excitement, inspiration and surprises – all vital parts of a memorable lunch, dinner or party.

Everything we innovate, everything we produce or source, everything we recommend or sell touches human senses – eyes, hand, mouth.

With an innovative and inviting framework we inject a good mood into any meal experience.

We supply goodfoodmood.



THE YEAR IN BRIEF

STRONG GROWTH AND STRATEGICALLY IMPORTANT ACQUISITIONS

EVENTS DURING THE YEAR

- Duni demonstrated strong organic growth in its core business, posting an increase of 3.9% in comparable currency, excluding acquisitions and the hygiene products business.
- Strategically important acquisition of the German company Paper+Design, which enjoys a strong position in the premium segment for designed napkins, especially on the consumer market.
- Development and launch of the new brand platform, Goodfoodmood®.
- Tissue and airlaid production concentrated in Skåpafors and operations in Dals Långed to be discontinued in October 2015.
- With its OK Compost® marking, Duni has the world's first and largest range of compostable, single-color napkins and tablecoverings.
- Launch of a groundbreaking biomaterial for Duniform.
- The "Grünes Band" sustainability award in Germany is a testament to Duni's "Our Blue Mission" corporate responsibility program.
- Cooperation with Gastronomi Sverige and Tommy Myllymäki was initiated during Bocuse d'Or in Sweden 2014, where Duni was a main sponsor. Duni also decided to sponsor the final in Lyon on 27–28 January 2015.

NEW, CUSTOMER-FOCUSED ORGANIZATION

During the year, Duni created a new organization comprising five business areas in order to focus even more on profitable growth. The objective is to strengthen the focus on customers and enhance the degree of specialization in the new business areas.

Table Top Business Area

Net sales increased to SEK 2,179 (2,040) m and accounted for 51% (54%) of Duni's net sales during the year. Operating income increased to SEK 373 (339) m, entailing an operating margin of 17.1% (16.6%).

Meal Service Business Area

Sales increased to SEK 555 (509) m and accounted for 13% (13%) of Duni's net sales during the year. Operating income increased to SEK 19 (13) m, entailing an operating margin of 3.5% (2.5%).

Consumer Business Area

Sales increased to SEK 889 (603) m and accounted for 21% (16%) of Duni's net sales. Operating income increased to SEK 54 (13) m, with the operating margin strengthening to 6.1% (2.2%). As from June 2014, the acquired Paper+Design business is included as part of the Consumer business area.

New Markets Business Area

Net sales increased to SEK 195 (150) m and accounted for 5% (4%) of Duni's net sales during the year. Operating income declined to SEK 1 (3) m, entailing an operating margin of 0.8% (2.2%).

Materials & Services Business Area

Sales declined to SEK 431 (502) m and accounted for 10% (13%) of Duni's net sales during the year. Operating income increased to SEK 27 (17) m, entailing an operating margin of 6.3% (3.3%).

THE OPERATING MARGIN STRENGTHENED TO 11.2% (10.1%)

THE BOARD PROPOSES THAT THE DIVIDEND BE INCREASED TO SEK 4.50 (4.00) PER SHARE

NET SALES INCREASED TO SEK 4 249 (3 803) M

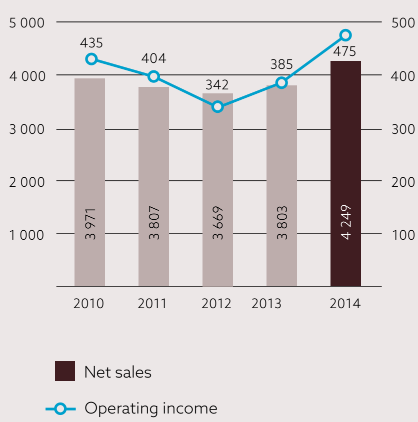
OPERATING INCOME INCREASED TO SEK 475 (385) M

KEY RATIOS, SEK M

	2014	2013	2012	2011	2010
Net sales	**4 249**	3 803	3 669	3 807	3 971
Operating income*	**475**	385	342	404	435
EBITDA*	**596**	503	454	510	537
Net income before tax	**437**	350	204	358	418
Net income for the year	**319**	267	126	261	306
Proposed dividend, SEK/Share	**4,50**	4,00	3,50	3,50	3,50
Shareholders' equity	**2 193**	2 099	1 985	2 082	1 991
Return on equity	**14.55 %**	12.72 %	6.35 %	12.54 %	15.37 %
Number of employees	**2 092**	1 902	1 875	1 888	1 914

* Operating income and EBITDA are adjusted for non-recurring items. Comparison figures for 2012 are recalculated in accordance with new accounting principles.

NET SALES/OPERATING INCOME SEK M



LEADER IN EUROPE

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

FIVE BUSINESS AREAS
During 2014, Duni created a new organization comprising five business areas. The aim is to enhance customer focus and the degree of specialization. The reorganization was also the result of a strategic decision to take advantage of growth opportunities on rapidly expanding markets within and outside Europe.

Duni's operations are now conducted in five business areas:

Table Top focuses on full-service restaurants, hotels and the catering industry, and primarily markets napkins, tablecoverings and candles for the set table.

Meal Service offers Duni's concepts for meal packaging and serving products for fast food, catering, cafes and take-away.

Consumer markets consumer products primarily to the retail trade, but also to certain types of retail outlets in Europe.

New Markets offers Duni's table setting and packaging concepts to hotels, restaurants, the catering industry and retail trade on new markets outside Europe.

Materials & Services comprises those parts that are not accommodated within the other business areas and mainly comprises external sales of tissue.

PRODUCTS
Duni primarily operates on three product markets: single-use table setting products, meal packaging, and tissue. There is a rapid and high rate of renewal in response to current trends and in order to offer seasonal variations.

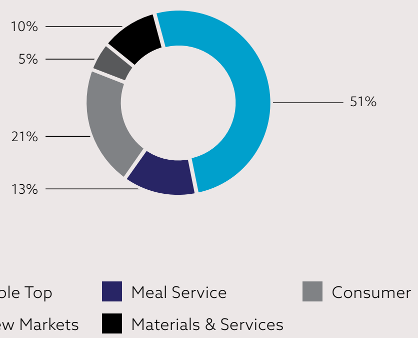
In 2014, Duni produced:

- 2.6 billion m^2 raw materials for the production of napkins and tablecoverings
- 9.3 billion napkins
- 122 million tablecoverings

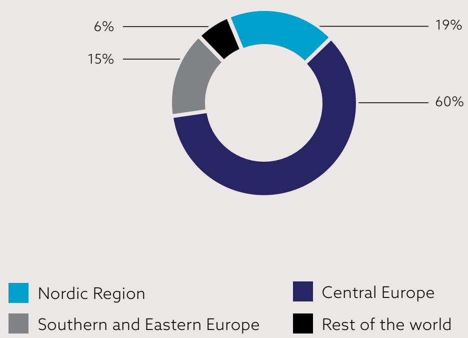
DUNI'S PRESENCE
Tissue and airlaid for napkins and tablecoverings is manufactured in Sweden, while Duni's production of finished table top products takes place in Germany and Poland. Duni's head office is located in Malmö and the Company has approximately 2,100 employees in 18 countries. The largest markets are in Central and Northern Europe, but globally more than 40 markets are covered. There are market offices in Austria, the Czech Republic, Finland, France, Germany, the Netherlands, Poland, Russia, Singapore, Spain, Sweden, Switzerland, and the UK.

OUR BLUE MISSION
Approximately 70% of Duni's products are paper-based, and these products are mainly produced within the Group. Duni engages in long-term environmental and CSR work within the scope of the program entitled Our Blue Mission. 95% of paper-based products are FSC®-certified (Forest Stewardship Council) and a significant portion of products bear the Svanen Ecolabel, a labelling system for the Scandinavian markets.

NET SALES PER BUSINESS AREA, %



NET SALES PER GEOGRAPHIC REGION, %



ENVIRONMENTAL TARGETS

The environmental targets below for 2020 are reviewed regularly. A scheduled major review will take place in 2015.

100%

The energy in Duni's production will be 100% fossil-free.

100%

Renewable or compostable alternatives shall be available in 100% of Duni's product groups.

80%

Monitored suppliers shall account for 80% of the value of raw materials and end-products. All new suppliers of end-products shall be monitored.

100%

All employees shall be involved in improvements, be familiar with the ethical rules, and participate in the work relating to values.

0%

No product complaints shall relate to potential health hazards.

20%

Energy use shall be reduced by 20%.

MORE EFFICIENT BUSINESS AREAS AND STRONG ACQUISITIONS CREATE PROFITABLE GROWTH

Our ambition for 2014 was to continue to focus on growth, efficiency and attractiveness. In 2013, we implemented a series of structural changes which resulted in improvements in efficiency in prioritized areas. The new division into five business areas has created more efficient customer relations work and provided greater understanding of what the customers expect of Duni. We have improved our internal routines and established a clear, long-term ambition to be the leader in customer service in our industry. In 2015, we will remain focused on growth, efficiency and attractiveness. There is still a great deal to develop within these areas.

Duni's objective is to grow by 5% per year over a business cycle. During the year, we achieved organic growth of 3.9% at fixed exchange rates (excluding acquisitions) – faster than in recent years and outstripping the market in general. The acquisition of Song Seng in Singapore in 2013 was followed up in 2014 with the acquisition of the German company Paper+Design. The supplementation of organic growth with acquisitions represents an important aspect of our long-term growth strategy.

All business areas strengthened their positions during the year. Duni's total net sales were 11.7% higher than in the preceding year and amounted to SEK 4,249 m. Operating income increased to SEK 475 (385) m, with the increase being driven mainly by acquisitions, organic growth and a more favorable exchange rate.

TABLE TOP INCREASED ITS MARKET SHARES WHILE MEAL SERVICE ACCELERATED THE PACE OF INNOVATION

The market is continuing to consolidate, the major wholesalers are becoming larger and increasingly international, and consequently we must coordinate and have control over our communication in different countries. The increase in sales within Table Top is being driven by increased market shares and improved efficiency in our sales work. Several successful products and concepts were launched during the year and Table Top is continuing to grow, despite a stagnating market.

Within the Meal Service business area, we have built up an entirely new organization while at the same time focusing our strategy towards products with unique functionality or a high level of innovation. Meal Service works close to the market in order to foresee the customers' future needs at an early stage. Environmentally adapted products such as biomaterial for Duniform and the ecoecho™-range are examples of this. The Meal Service market is growing and we expect to grow at a faster pace than the market.

"Duni contributes to **GOODFOODMOOD** in all contexts where food is involved: breakfast, lunch, coffee break, at the restaurant, at home in the evening or at a party."

ACQUISITIONS LIFT CONSUMER AND NEW MARKETS

The Consumer business area demonstrated organic growth in 2014 and margins gradually improved. With the strategically important acquisition of Paper+Design, altogether the business area will achieve net sales of almost SEK 1 billion, with a margin of almost 10%.

Our presence on several geographic markets is important for our long-term growth. Southeast Asia is prioritized and the acquisition of Song Seng in 2013 has been followed up in 2014 with the launch of our Duni range. Customers have displayed initial strong interest. It is a challenge to create a new premium market, and thus a long-term focus is required in order to achieve our ambitious objectives.

The unstable situation in Russia remains challenging. Our sales in 2014 were stable, but in light of the prevailing uncertainty we need to constantly review our presence and our business model.

Our hygiene product operations will be discontinued during the first quarter of 2015. In so doing, we will obtain a more streamlined production process, concentrated in Skåpafors. The next phase will involve strengthening our competitiveness through, among other things, skills development, investments, and new material development initiatives.

During 2014, we continued to focus on providing even better customer service. It goes without saying that we must be the leader in customer service within our industry. That is the ultimate measure of how we live up to the customers' expectations from us, and therefore it is an important building block in our work of enhancing Duni's attractiveness.

DUNI CONTRIBUTES TO GOODFOODMOOD®

During 2014, we conducted a review of Duni's brand. We are proud of our history and the brand has grown and expanded to cover much more than previously. Today, we are endeavoring to be the leader in many areas. We must offer a palette of colors and designs that are both trendy and appealing. We must develop materials that are kind to our planet. In addition, we must be quickest at discovering and adapting to future trends, be a positive partner and a good employer. All of these factors must be reflected in the brand.

There is a high, but splintered, level of awareness of Duni's brand among our stakeholders. We perceived a need to clarify the brand, to transfer the perception from the head to the heart. The result is a new, creative approach to what we do: Duni contributes to Goodfoodmood in all contexts where food is involved: breakfast, lunch, coffee break, at the restaurant, at home in the evening or at a party.

A STRONG PLATFORM FOR PROFITABLE GROWTH

During 2014, Duni has taken several important steps to strengthen growth, efficiency and attractiveness. We have made an additional acquisition and, through Goodfoodmood,we have broadened and clarified our overarching business.

All in all, I perceive great opportunities for further developing the strong growth Duni achieved in 2014.

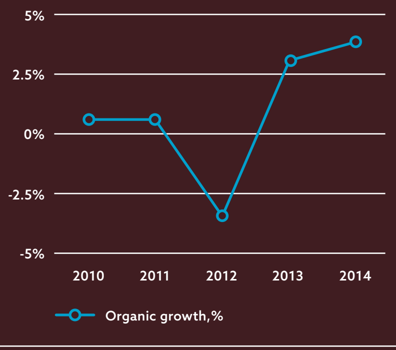
Malmö, March 2015
Thomas Gustafsson
President and CEO

FINANCIAL TARGETS

Duni has financial targets as regards growth, profitability and dividends. During 2014, Duni has seen strong growth, both organically and through acquisitions.

SALES GROWTH, 5%

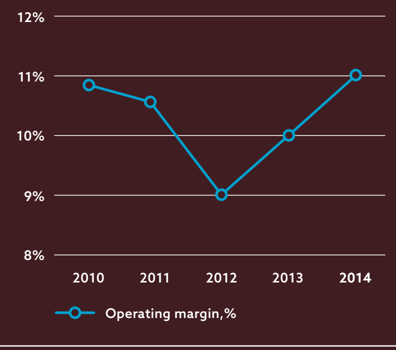
TARGET
Duni's target is to achieve average organic growth in sales in excess of 5% per year over a business cycle. In addition, Duni may consider acquisitions in order to access new growth markets or strengthen its position on existing markets.



TARGET FULFILLMENT IN 2014
The core business (excluding acquisitions and the hygiene product business) achieved currency-adjusted organic growth of 3.9%. The division into business areas closer to the customers create a more nimble, customer-oriented sales organization with improved knowledge and understanding of market needs.

OPERATING MARGIN, 10%

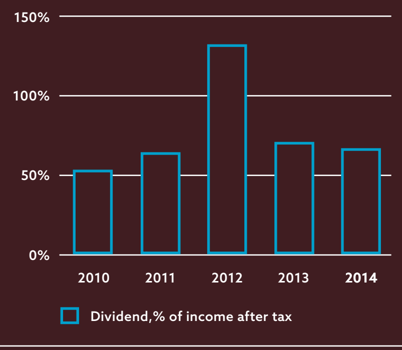
TARGET
Duni's target is an operating margin of 10% or more. Profitability is to be increased through sales growth, continued focus on premium products, and continued improvements within purchasing and production.



TARGET FULFILLMENT IN 2014
The operating margin target was exceeded and reached 11.2%. The strengthened margin is largely due to continued efficiency improvements and the acquisition of Paper+Design.

DIVIDEND, 40% OF INCOME AFTER TAX

TARGET
It is the Board's intention that, in the long term, dividends shall amount to at least 40% of income after tax.



TARGET FULFILLMENT IN 2014
Solid earnings continue to be generated and thus the Board proposes a dividend of SEK 4.50, i.e. dividends for 2014 shall equal 66% of income after tax.

VISION, BUSINESS CONCEPT AND STRATEGIES

VISION

Duni shall be a market leader in premium quality table top concepts and packaging solutions for take-away, with Europe as a main market.

BUSINESS CONCEPT

By providing inspiring and innovative products and concepts, Duni will enhance the ambiance and bring convenience to any eating and drinking occasion.

STRATEGIES

Duni shall be unique in its entire commercial model. This involves the sales force engaging in regular dialogue with the end customers concerning the selection and use of Duni's products, while orders are placed with retailers, cash-and-carries, distributors and wholesalers. The close relationship with customers creates customer loyalty and enables Duni to quickly recognize signals and adapt its range to new trends and changes in demand.

The division into small business areas is a way of coming closer to the market and customers. Duni's employees will be more focused on their business and better understand their customers' current and future needs. Due to the rapid product development taking place on the market, Duni must be flexible, proactive, and stay one step ahead of its competitors.

Duni's development of colors, designs and materials is an important component of the business model. The product range is evaluated regularly based on sales, profitability and turnover rate criteria. New and existing products are evaluated using the same criteria. In recent years, Duni has attached great importance to developing the innovation work. A product concept development process has been implemented in which employees, customers and suppliers cooperate in order to create and evaluate product concepts. This increases the likelihood of success and of resources being focused on those products with the greatest potential on the market.

High renewal rate creates possibilities to adapt the product range quickly to shifting trends, while at the same time providing Duni with a competitive advantage over its competitors. Thus, Duni endeavors to have the highest product range renewal rate on the market. Approximately 25% of the collection is renewed every year. Materials development within the table top products category takes place in close cooperation between the marketing department, product developer and production managers.

Control over the value chain reduces the price risk, increases delivery certainty, and provides possibilities to plan design and material renewal. Thus, Duni is an integrated company which controls the entire value chain (apart from raw materials) for its most important products, namely napkins and tablecoverings. Approximately 70% of Duni's products are paper-based, with essentially all of these products being produced within the Group, while other products are purchased from external suppliers.

Specialization in short runs provides an opportunity to quickly adapt the collections to the customers' wishes. Most of Duni's production is made for stock. Duni's central warehouses in Germany and a number of distribution centers handle distribution to customers.

OUR MARKET

CONTINUED RAPID GROWTH WITHIN TAKE-AWAY AND FAST FOOD

The West European market for single-use table top products is worth around SEK 75 billion*. Duni is the leader within the premium segment and market leader on many of its core markets, which creates conditions for acting as a trendsetter and proactively promoting the trend within the industry towards increased use of single-use products. The market is fragmented and Duni, which enjoys a leading position, is believed to have a market share of around 5%**.

* Sources: Euromonitor, Freedonia and ECA. ** Sources: Euromonitor and CHD Expert.

The restaurant market is undergoing rapid change, driven by trends such as increasingly mobile lifestyles and the fact that, to an ever increasing extent, we are eating "on the go". The trend is also partially influenced by the same basic factors as underlie the general increase in meals consumed outside the home: continued urbanization, an increase in the number of single households and in the proportion of the population in gainful employment, and an increase in disposable incomes.

An increasing number of restaurant chains with clear concepts and strong brands are springing up in response to the trend for "good fast-food". North America is dominant in terms of restaurant chains as a proportion of the total restaurant offering, with a penetration level of 50%. In Europe, restaurant chains account for almost 20% of the total offering. Eastern Europe and Asia are expected to account for most of the growth as prosperity increases in countries in those regions.

RESTAURANT CHAINS ARE INCREASING

The percentage of sales in Europe attributable to restaurant chains is continuing to increase, while the percentage attributable to independent restaurants has declined marginally. There is a uniform trend in almost all countries, but with variations in the percentages and rates of increase. Over the course of five years, the chains increased from 35% to 37% in the UK, from 25% to 28% in France, and from 26% to 28% in Germany. In Southern Europe, the percentages are lower and the change somewhat slower. In Spain and Italy, the chains increased their percentage from 6% to 7%. In total, chains in Western Europe increased from 17% to 19% during the same period (Source: Euromonitor).

The percentage of take-away is continuing to increase. In a short time, take-away has increased in the five largest countries in Europe and Duni sees the same trend in other countries. Growth is expected to continue within both chain concepts and take-away.

DEVELOPING TAKE-AWAY CONCEPTS

Duni is responding to the growing demand within take-away by developing – in close cooperation with expanding restaurant chains – take-away packaging concepts which strengthen the customers' brand profile. For several years, Duni has been cooperating with restaurant chains such as Vapiano throughout Europe, Cojean and Resto In in France, as well as Nordsee, Dean & David and Jim Block in Germany.

The strategy is based on Duni developing products and solutions for customers with international concepts, and creating customized solutions that support the customer's brand. Duni adds value by offering product concepts or product families that are unique in form, design, function and material. Geographic growth within the area often takes place by Duni following existing international chains into new markets.

EUROPEAN MARKET LEADER WITHIN TABLE TOP PRODUCTS

In Europe, Duni is the only major international player focusing mainly on the table top concepts market. Competitors mainly comprise relatively small, local companies, as well as a number of larger paper and pulp companies. Some of these companies have concepts and product ranges which, similar to Duni's, are focused on the HoReCa market.

By increasing its sales of premium products, Duni is creating possibilities for increased profit margins. Standard products account for 45% of total estimated sales on the European napkin and tablecovering market, while premium products account for approximately 55%.

Southern Europe is the largest market region in Europe. This is due to the large consumer sector, a high percentage of meals eaten outside the home, and tourism in the region. Here, premium products account for approximately one-third of the total market. Italy is the largest single market for standard paper napkins and tablecoverings.

The Nordic region, Germany, Austria and Switzerland together comprise the second largest market region in Europe for single-use napkins and tablecoverings. Premium products account for approximately 2/3 of the market. The high market share enjoyed by premium products 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 for napkins and tablecoverings. As in the Nordic region, Germany, Austria and Switzerland, premium products account for approximately 2/3 of the total market in the Benelux countries. In the UK, premium products are believed to account for a smaller share of the total market.

Duni is the clear market leader in Central and Northern Europe and the Benelux countries, i.e. markets where the premium segment is dominant. In Southern and Eastern Europe, simpler paper products are dominant. It is in those countries that Duni perceives great growth potential.

Since the beginning of the 2000's, gross retail sales of private label products have increased at the expense of branded goods. In the single-use table top products sector, this has resulted in focus on simpler, lower price products. As a consequence of this trend, total retail sales within the table top products category have stagnated on most European markets. Retail private labels are overrepresented in the table top products category and often account for more than 50% of sales.

This creates opportunities for a strong brand such as Duni to contribute to increased value growth in the category by means of unique, premium-based product concepts aimed at quality-conscious consumers.

POTENTIAL IN THE LINEN MARKET

Textile and linen tablecoverings still account for more than 80% of all tablecoverings used by restaurants and table service establishments in northern Europe. However, many of them are seeking alternatives to linen in order to avoid all the work and high costs associated with the use of linen. Thus, premium products constitute a growth area, primarily thanks to the trend whereby table linen is being replaced by high-quality single-use solutions. Duni is promoting this trend by constantly investing in product development of napkins, placemats and tablecoverings. Customers appreciate the design, variation and simple handling of the tablecoverings offered by Duni, and consequently many customers are replacing cloth-based products with Duni's products.

Duni has several products which replace linen. Evolin® combines the feel of textile and linen tablecoverings with the advantages of single-use products. Evolin is targeted at restaurants and catering firms which currently use linen. The successful rolling out of Evolin on the market has continued during 2014. The product constitutes one of the cornerstones for future growth by converting customers currently using linen.

DUNI'S CUSTOMER CATEGORIES

THE PROFESSIONAL MARKET

BARS
Are divided into three types: bars, lounge bars and wine bars, with a focus on the sale of alcoholic beverages. The food offering is limited to simple food. Beer halls and pubs, where beer is most important beverage. Nightclub bars and discotheques.

CAFÉS
Cafés usually offer a wider range of food and drink, with waiter service. Focus is on alcohol-free beverages, with more than half of sales being derived from beverages.

EVENT AND CATERING
Catering provides food & drink for parties, banquets, events and institutions. Usually catering for a large number of people.

FAST FOOD
Fast food has limited menus and quickly prepared food. Customers order, pay and take food and drink with them. They tend to specialize in hamburgers, pizza or chicken, as well as salads and simple desserts such as ice cream. Food preparation is usually simple.

FULL SERVICE RESTAURANTS
Restaurants with waiter service and where focus is placed on the food. The quality of the food is generally high. Menus offer several choices and may include breakfast, lunch and dinner.

STAFF RESTAURANTS
Staff restaurants provided by the employer. The restaurants are managed by external companies such as Sodexo or Kompass or by the company itself. On average, approximately 70% of the employees eat in the staff restaurant. The larger the company, the more likely it is that that there is a staff restaurant.

HOTELS
The hotel industry is less fragmented than the restaurant industry. Hotel operations – usually with integrated restaurant operations – are often conducted in chains with centralized purchasing. Hotels on higher quality and price levels account for the overwhelming majority of purchasers of Duni's premium products.

CONFERENCES AND TRADE FAIRS
Exhibition centers and conference halls. Wide range of food and drink. The number of attendees can vary from small to very large groups. Hotels with conference centers are included in the hotel category.

PUBLIC SECTOR
The hospital category includes all hospitals and clinics, both public and private, which offer long-term and short-term care. Senior housing/care housing covers patients and employees within all institutions which are categorized as nursing homes.

TAKE-AWAY
The food is collected by the customer or delivered, usually at an extra cost. The food offered normally comprises, e.g. pizza or Chinese, Indian, Mexican, West Indian or North African food. Do not offer food and drink to be consumed on the premises.

THE CONSUMER MARKET

RETAIL GROCERY TRADE
The European retail grocery trade is concentrated in the hands of a small number of large players in each country, such as Tesco (UK), Aldi (Germany), Carrefour (France) and ICA (Sweden). The larger players have centralized purchasing and some of them have joined forces in international purchasing organizations.

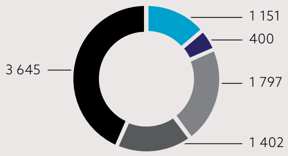
RETAIL OUTLETS
Retail outlets comprise pharmacies, various types of specialty stores, garden centers, gas stations, as well as department stores and home furnishing chains.

DUNI'S RELEVANT MARKETS

THE MARKET IN WESTERN EUROPE

In total, EUR 8 395 m

Duni's relevant markets are worth approx. EUR 8,395 m, with Germany being the largest geographic market. The largest categories, which also have the highest growth, are serving products, packaging solutions and candles. Duni's total market share in Western Europe is approx. 5%.

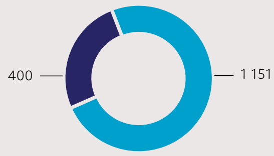


Paper napkins · Paper tablecoverings · Packaging solutions · Candles · Serving products

TABLE TOP PRODUCTS

In total, EUR 1,551 m (+0.3 % per year 2008-2013)

The West European table top products market is worth approximately EUR 1,551 m and comprises paper napkins and tablecoverings. The market can be divided into two channels: "Away from home" (HoReCa and public sector) and the retail grocery trade (the consumer market). Private labels dominate the very fragmented retail grocery trade.



Paper napkins · Paper tablecoverings

PAPER NAPKINS

AWAY FROM HOME IN WESTERN EUROPE

Market share, %

Duni · Other

RETAIL GROCERY TRADE IN WESTERN EUROPE

Market share, %

Duni · Other

GEOGRAPHIC BREAKDOWN

%

Western Europe · Eastern Europe

MARKET GROWTH PER YEAR

Average, %

Western Europe	
2008–2013	**0.5**
2014–2018	**2.1**

Eastern Europe	
2008–2013	**2.9**
2014–2018	**7.8**

PAPER TABLECOVERINGS

AWAY FROM HOME IN WESTERN EUROPE

Market share, %

Duni · Other

RETAIL GROCERY TRADE IN WESTERN EUROPE

Market share, %

Duni · Other

GEOGRAPHIC BREAKDOWN

%

Western Europe · Eastern Europe

MARKET GROWTH PER YEAR

Average, %

Western Europe	
2008–2013	**-0.2**
2014–2018	**1.3**

Eastern Europe	
2008–2013	**2.9**
2014–2018	**3.8**

THE BRAND

SUPPLIER OF GOODFOODMOOD®

Duni and the world around are constantly changing. For several years, the company's "Designing Atmosphere" brand platform has worked extremely well. But, as the company changes, the relevance of that platform as regards all products and business areas has gradually diminished. Therefore, during 2014 Duni has developed the brand platform "Supplier of Goodfoodmood".

Duni worked on developing the new brand platform towards the end of 2013 and at the beginning of 2014. The aim was to strengthen and expand the platform so that all business areas could draw benefit from it and it could be used throughout Duni, irrespective of geography or market category.

During the year, considerable work has been expended on listening to customers and end users. It was important that they should participate in the change. Together with them, it became clear that Duni and its customers have a shared interest: food and drink.

Eating and drinking occasions are special occasions made for enjoyment, alone or together with others. When eating a hamburger from a take-away, it's important to have proper packaging material – that way, even such a moment can be enhanced. A creative, colorfully laid table in a fine restaurant transforms the occasion into something special.

CONVEYS THE RIGHT ASSOCIATIONS

"Supplier of Goodfoodmood" stands for a new attitude. Duni is much more than merely a producer of napkins. Duni creates expectations, excitement, inspiration, as well a convivial atmosphere and positive mood on all occasions when food and drink are prepared and served. Goodfoodmood conveys the right associations to Duni and creates opportunities to do things together with the customers. Thus, for example, Duni sponsors the Bocuse d'Or European cooking championship, is a Gold Partner with Gastronomi Sverige, and has been involved in Min Stora Dag (My Big Day) in which children prepare food together with a top Swedish chef. Goodfoodmood is also a good platform for our CSR work, in which it is important that Duni conveys the fact that it is doing its utmost for the environment.

DESIGN EXPERTISE AND UNIQUE MATERIALS

An important element of the platform is that Duni shall continue to be experts in design, both for the broad products as well as the premium segment.

An example of this is provided by a new napkin which is the size of a towel napkin and can be folded in the same way. Many restaurants fold towel napkins and place them as napkins on the plate. Therefore, Duni has produced this product – proof that Duni has become even better at predicting trends and developing products in dialogue with the customers.

The groundbreaking bio-based material for Duniform, which replaces PP-plastic, is another example. Yet a further example is provided by Designs for Duni®, where both expertise and trend consciousness are required in order to find those persons who can make designs which attract attention, while at the same time fitting in the market.

GOODFO

EXCITING COOPERATION WITH BOCUSE D'OR

During 2014, Duni was one of the main sponsors of the European final of Bocuse d'Or 2014, the European cooking championship, which was arranged in Stockholm. 20 of the most prominent chefs in Europe participated, and the winner was Tommy Myllymäki from Sweden.

The cooperation with Bocuse d'Or is very exciting. The chefs endeavor to create spectacular food experiences and contribute inspiration and new ideas within the art of cooking. This fits in perfectly with Duni's desire to be at the forefront in the development of products and trends for how food & drink are presented. Duni contributes to creating a positive food experience every time food and drink are served – a Goodfoodmood.

TABLE TOP BUSINESS AREA

FOCUS ON LARGER CUSTOMERS GENERATES INCREASED COST EFFICIENCY

The Table Top business area offers Duni's concept and products primarily to hotels and restaurants, and mainly markets napkins, tablecoverings and candles for the set table. Duni is a market leader within the premium segment in Europe.

Net sales increased to SEK 2,179 (2,040) m. Operating income increased to SEK 373 (339) m and the operating margin to 17.1% (16.6%). The operational leverage from increased volumes and the improved cost efficiency are the most important factors behind the stronger operating income. In 2014, Table Top accounted for approximately 51% (54%) of Duni's net sales.

The business area carried out a radical reorganization towards the end of 2013, with focus being placed on larger customers. This has contributed to increased volumes and improved earnings in 2014. The market remains dominated by local restaurants, but global chains are demonstrating strong growth and gaining market shares.

The strategy of having pan-European customer relations managers is a way for Table Top to address this trend. In order to increase the efficiency of their purchasing operations, these customers are seeking a partner who is established throughout Europe. During the year, Duni gained contracts with major wholesalers, hotel chains and catering firms operating across Europe.

For several years, Table Top has focused on premium products. We will continue to develop this segment, but sales of value range products – i.e. products that are not unique to Duni – must increase in order to achieve the Group's growth targets.

The business area has continued to focus efforts on Southern Europe, yielding successful results especially in Italy and Spain. Double-digit percentage growth figures have been achieved on markets that have been weak for several years.

CONTINUED ROLL-OUT OF EVOLIN®

The continued roll-out of the new table-covering material Evolin resulted in an increase in sales of approximately 60%. The Evolin range is being constantly expanded with, among other things, several formats. During the year, the business area also commenced work on revitalizing the Dunicel® and Dunilin® brands.

One of the challenges for Table Top is also to move towards growth customer categories such as bars, cafes and fast-food that do not represent the business area's traditional customer groups. During the year, Table Top successfully launched concepts for this segment, for example a cocktail napkin that can be used as a coaster, napkin, or for finger food.

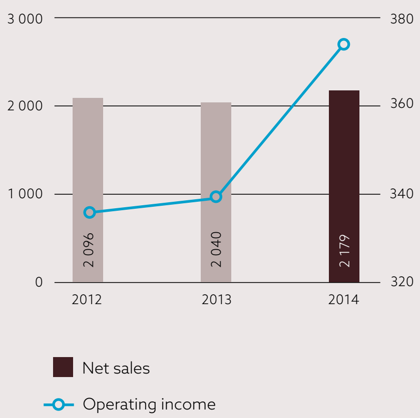
A napkin looking like a towel napkin is an example of product development within the business area's traditional customer segments. There is a need to address the "bare table" trend. The towel napkin is a good way of creating an atmosphere, but it quickly becomes stained, loses color and form – but, with Duni's product, the customer has something that is always fresh on the table.

The "naked table" problem isn't one that presents itself within the events industry. Thus, for this segment the business area has now introduced a large circular table-covering in Evolin. The laundering of large linen tablecoverings is often regarded as a problem, being time-consuming and carrying with it major costs.

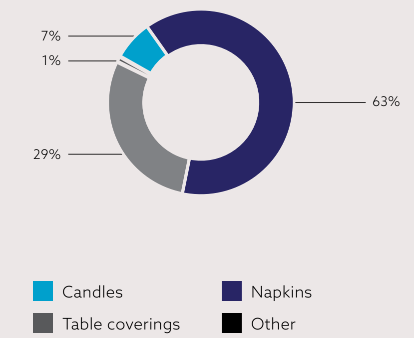
Table Top believes that there is a trend towards customers once again valuing quality. The trend involves fewer – but higher value – guests, thereby providing greater opportunities for Duni to sell higher quality products.

Breakfast consumption outside the home is increasing rapidly. Table Top has developed products specifically for breakfast, for example a napkin with a pocket for cutlery. This allows for simple and quick table setting, which is important for our customers since a rapid and high-volume guest turnover is required during a couple of intensive hours.

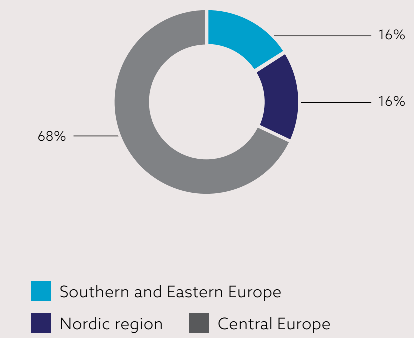
NET SALES AND OPERATING INCOME, SEK M



NET SALES PER PRODUCT GROUP, %



NET SALES PER GEOGRAPHIC REGION, %



THE WORLD'S FIRST COMPOSTABLE PRODUCT RANGE

Thanks to the OK Compost® marking, during the year Duni was able to offer the world's first compostable product range. An ever-increasing number of restaurants in Europe are sorting their food waste, and there is a need to be able to compost also colorful premium products such as Duni's. This has aroused major interest during the year.

CUSTOMER CATEGORIES

- EVENTS AND CATERING
- FULL SERVICE RESTAURANTS
- HOTELS
- PUBLIC SECTOR
- CONFERENCES AND TRADE FAIRS
- COMPANIES

GOODFOODMOOD®

"Goodfoodmood® is a vitamin kick for Table Top. It's an important step in an updated Duni and entails an improvement both for our traditional and new customer categories. Visually, it creates clearly greater relevance."

Maria Wahlgren, Director business area Table Top

THE BUSINESS AREA'S STRATEGY IN BRIEF:

- Leader within the premium segment.
- Growth through geographic expansion focused on increased market shares in Southern and Eastern Europe, as well as the UK.
- Take advantage of new trends and concepts on the HoReCa market, such as increased demand within bars, cafes and fast-food.

MEAL SERVICE BUSINESS AREA

PROFITABLE GROWTH THROUGH FOCUS ON SALES, UNIQUE CONCEPTS, AND PURCHASING ACTIVITIES

The Meal Service business area offers food packaging concepts and serving products for, e.g. take-away, fresh ready to eat food, and catering. Customers mainly comprise companies operating within the restaurant, catering or food production industries. Duni enjoys a leading position in the Nordic region and has a clear growth agenda on selected markets in Europe.

Sales amounted to SEK 555 (509) m. At fixed exchange rates, this corresponds to an increase in sales of 6.3%. Most of the markets on which Meal Service operates demonstrated growth during the year.

Operating income was SEK 19 (13) m and the operating margin was 3.5% (2.5%). The cost efficiency measures implemented at the end of 2013 and in 2014 have played an important role in improving the operating margin. The business area accounted for approximately 13% (13%) of Duni's net sales during the period.

One of Meal Service's most important success factors lies in constantly being at the forefront with customized solutions and unique concepts. Maintaining a leading position demands a high pace of innovation. A large part of the products are purchased externally, and the strategy is to purchase from suppliers who are flexible and have a correct cost structure.

Geographically, Meal Service is exhibiting growth in large parts of Europe. On the handful of markets which experienced weaker growth in 2014, it is important to return to profitable growth. This is particularly true as regards our domestic market of Sweden, which is the business area's largest market. In the rest of the Nordic region, there was positive sales growth. In Eastern Europe, growth is being felt first and foremost in Poland, while in Central Europe Germany, Austria and Switzerland developed well. In Western Europe, the Benelux countries in particular have demonstrated solid growth. In Southern Europe, Italy and Spain have performed very well.

FOCUS AREAS FOR PROFITABLE GROWTH

Meal Service has focused on four areas in order to achieve profitable growth.

It will develop unique concepts that solve the customers' challenges and problems. Customized solutions have grown by 13%, among other things through increased cooperation with the global restaurant chain Vapiano.

Sales focus and efficiency. Meal Service has its own sales organization focused on the business area's products and this has been an important contributory factor to the solid growth seen in 2014. The strategy has been to focus on larger customers and contracts, which has driven improved cost efficiency.

Purchasing. Among other things, it is important to reduce the number of suppliers in order to become a larger partner, with the aim of thereby obtaining the best possible purchasing price. It is also important to improve innovation and product development in close cooperation with suppliers and Duni's category organization.

Culture of constant improvements. All employees within Meal Service have a responsibility to point out problems and improve procedures. This may, for example, involve incorrect pricing or cumbersome delivery flows.

TRENDS AFFECTING THE BUSINESS AREA'S GROWTH

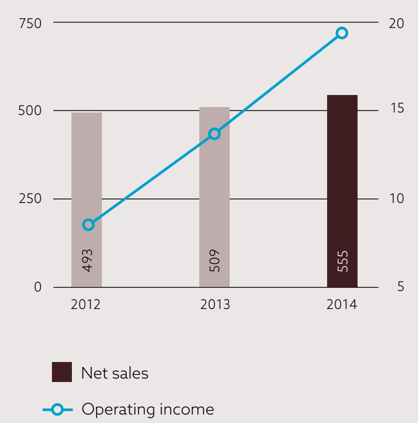
Meal Service's market is primarily affected by four general trends:

Mobile lifestyle. The boundaries between day-to-day activities are becoming blurred. People are living on the go, thereby increasing the need for take-away solutions. The trend towards take-away restaurants gaining market shares at the expense of full-service restaurants is continuing across Europe.

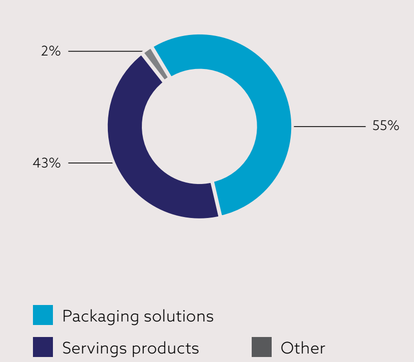
From 'fast food' to 'good food fast'. 10 years ago, fast-food was junk food. Now, an accelerating 'premiumization' is underway. A clear example of this is provided by Melker Andersson's Swedish hamburger chain Vigårda, with its use of improved quality raw materials, ecological meat and handmade french fries. The average price increases, and the packaging must reflect this.

There is increased demand for packaging with an environmental profile. In pace with the growth of environmentally

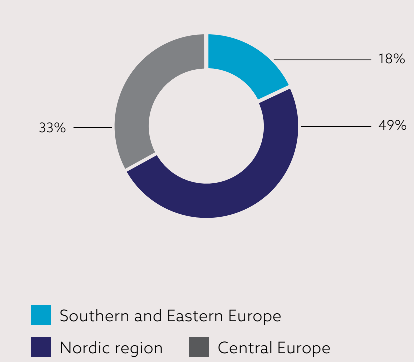
NET SALES AND OPERATING INCOME, SEK M



NET SALES PER PRODUCT GROUP, %



NET SALES PER GEOGRAPHIC REGION, %



EXAMPLES OF PRODUCTS WHICH MEET THE NEED FOR SOLUTIONS WITH A REDUCED CARBON FOOTPRINT:

- New groundbreaking tray series manufactured of plant-based bioplastic within the Duniform sealing concept.
- The environmentally adapted ecoecho™ offering, with a broad range of products made from, for example, renewable or recycled material, as well as compostable products.

conscious restaurant concepts such as Dean & David in Germany, there is an increased demand for solutions with a reduced carbon footprint. Duni is addressing this with its environmentally adapted ecoecho range, which has grown by 30% during the year.

The boundary between stores and restaurants is being blurred. Grocery stores are competing with restaurants by selling fresh, ready to eat food; stores are employing their own cooks who prepare food to be sold in the store. The market hall of old is back, but with a new appearance, for example, the Italian Eataly, which is rapidly conquering the world. Fresh, ready to eat food requires new packaging, to which Duni provides an answer with solutions such as Duniform.

CUSTOMER CATEGORIES

- CAFES
- EVENTS AND CATERING
- FAST FOOD
- PUBLIC SECTOR
- TAKE-AWAY

GOODFOODMOOD®

"Goodfoodmood® means that we now have a brand platform for Duni as a whole. Our focus is on food and drink, and we assist in enhancing the experience. Our customer groups are at the forefront of the trend and Goodfoodmood makes us modern, with a graphic and design language which our customers recognize."

Linus Lemark, Director business area Meal Service

THE BUSINESS AREA'S STRATEGY IN BRIEF:

- To develop, in a flexible manner, unique solutions that solve the customers' problems and meet their needs.
- To seek larger contracts generating increased sales and improved cost efficiency.
- To reduce the number of suppliers to its own purchasing organization in order to achieve more favorable purchasing prices and closer dialogue concerning innovation and development.

CONSUMER BUSINESS AREA

STRONG GROWTH AND STRATEGICALLY IMPORTANT ACQUISITION

The Consumer business area supplies consumer products to, primarily, the retail trade in Europe. Customers consist of grocery retail chains, as well as other channels such as various specialty stores, for example, garden centers, home furnishing stores, and DIY stores. As from June 2014, the acquired German company Paper+Design is included in the business area.

Net sales amounted to SEK 889 (603) m. At fixed exchange rates, this represents an increase in sales of 40.1%. The acquisition of Paper+Design has laid the groundwork for offering a stronger product range, including smaller runs of unique customized products.

Operating income was SEK 54 (13) m and the operating margin was 6.1% (2.2%). The business area accounted for 21% (16%) of Duni's net sales for the period.

The most important event in 2014 was the acquisition of Paper+Design. At the same time, sales grew by 14% in the rest of the business area. The Nordic region experienced extremely strong growth in sales of 32%. Together with improved efficiency in the organization, profitability has increased significantly. Germany exhibited marginal growth, while the Benelux countries and the UK were stable.

Consumer enjoyed great success within the retail trade's private labels in 2014. This trend shows that sales of private label products, in tandem with our own premium segment products creates potential for improved profitability.

PRIORITIES FOR PROFITABLE GROWTH

In order to develop and access new geographic markets, focus has been placed on France and Poland. Poland developed well during the year, not least in terms of profitability.

Consumer's change in strategy involves gradually focusing on premium products. Designs for Duni®, a unique concept in which Duni develops specially designed products in cooperation with well-known designers, was created in 2013 in order to strengthen the Duni brand as an innovative player. The concept is contributing to greater profitability, positioning Duni as a leader within design, and supporting the business area's endeavours to create Goodfoodmood®. During 2014, the business area continued to invest in the concept, with well-known designers such as Swedish Hanna Werning, Dutch Melli Mello and Finnish Vallila. In 2015, Duni will work together with Glööckler and Graziela Preiser, both from Germany.

MORE AND MORE EATING OUT

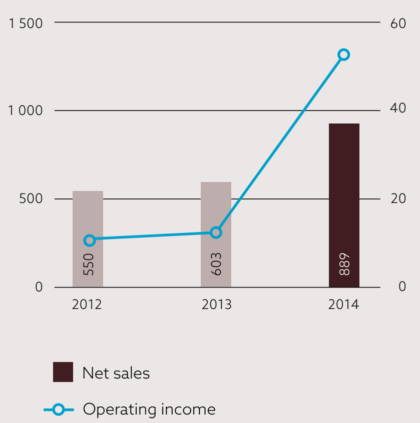
The overall pan-European food trend in recent years has been that increasing numbers of people are eating outside the home more frequently. In addition, food products are moving from the grocery store to other points of purchase. Although the total market has stagnated or even declined slightly, it is still extremely large and the business area is working on finding and developing new channels for reaching the end consumer.

PAPER+DESIGN COMPLEMENTS AND STRENGTHENS

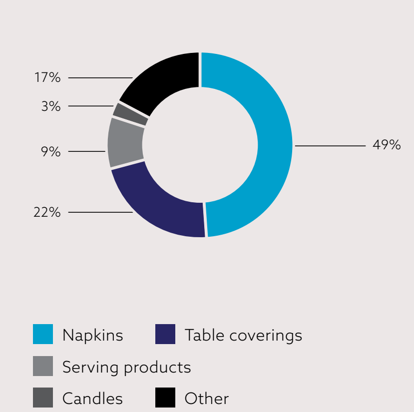
The acquisition of German Paper+Design constitues an important part of this strategy. The company enjoys a strong position in the premium segment for designed napkins, particularly on the consumer market. The products are sold mainly through specialty stores such as garden centers, office supplies stores, florists and home furnishing stores, thereby complementing Duni's sales channels. Approximately 50% of sales are exported to more than 80 markets outside Germany, the most important of which are North America, Scandinavia, France and Switzerland.

Paper+Design is based in Wolkenstein in eastern Germany, has approximately 210 employees, and recorded sales in 2014 of SEK 354 m, of which SEK 204 m since Duni took over the business on June 11. The operating margin is approximately 20%. The products mainly comprise design paper napkins, manufactured in-house.

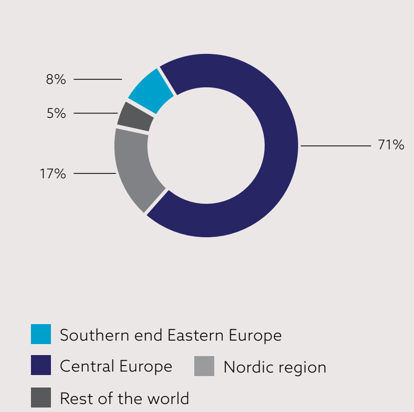
NET SALES AND OPERATING INCOME, SEK M



NET SALES PER PRODUCT GROUP, %



NET SALES PER GEOGRAPHIC REGION, %



CUSTOMER CATEGORIES

- GROCERY RETAIL TRADE
- RETAIL OUTLETS

PAPER+DESIGN

Paper+Design produces between 500 and 600 new design prints each year and carries a total portfolio of approximately 6,000 design prints.

The acquisition of Paper+Design provides possibilities for synergies, for example within purchasing, materials know-how, and market collaboration.

During the second half of the year, integration with Duni has taken place rapidly and this will be intensified in 2015. The strategy is to retain the strengths of both Paper+Design and Duni and realize as many synergies as possible in the form of purchasing, materials know-how and collaboration on certain markets.

PAPER+DESIGN

"The acquisition of Paper+Design fits in extremely well with Duni's consumer offering and strengthens us in many areas. First and foremost, its strength within specialty stores complements our market channels. In addition, their high-level design skills contribute to Duni's efficiency and breadth in our total offering."

Robert Dackeskog, Director business area Consumer

THE BUSINESS AREA'S STRATEGY IN BRIEF:

- Duni shall be the natural business partner for Europe's grocery retail trade.
- Drive the category together with the grocery retail trade based on a customer and consumer perspective.
- Through a high level of flexibility and service offering, to be a part of the customer's business model, both within the trade's private labels and Duni's own brand.

NEW MARKETS BUSINESS AREA

CONTINUED FOCUS ON SOUTHEAST ASIA, RUSSIA AND THE MIDDLE EAST

The New Markets business area offers Duni's concept of attractive quality products and table setting concepts, as well as packaging solutions, focusing on non-European markets. The business area is responsible for the subsidiaries Duni Song Seng in Singapore and Duni in Russia, as well as other exports outside Europe. In addition to customer segments such as hotels, restaurants and catering, the business area also markets its offering to the grocery retail trade.

Net sales amounted to SEK 195 (150) m. At fixed exchange rates, this represents an increase in sales of 29.6%. With the exception of Russia, the business area has developed positively.

Operating income was SEK 1 (3) m and the operating margin was 0.8% (2.2%). The business area accounted for 5% (4%) of Duni's net sales in 2014.

CONTINUED GROWTH OF THE BUSINESS IN SINGAPORE

The business area's largest market is Singapore, where Duni currently has its own sales organization through the acquisition of Song Seng. With the establishment of Duni Song Seng in 2013, a stable basis was created for building up Duni's business in Singapore and Southeast Asia. The business area was further developed during 2014, at the same time as contacts were created to grow sales of Duni's premium products in the region. In the process, during 2014 Duni allocated new resources to Singapore, leading to a twofold increase in sales of premium products.

Approximately 25% of Duni Song Seng's sales go to other countries in the region. The company has several global fast-food and cafe chains as customers. Hygiene is important on these markets – a trend which is being maintained. Sustainability and the environment are becoming increasingly important, and this is one of Duni's strengths.

At the end of 2014, Duni Song Seng in Singapore had 35 employees. The business area has also recruited one employee, stationed in Hong Kong, to grow sales in the rest of the region. Other countries – from Japan in the North to Australia in the South – are controlled through some 15 distributors.

CHALLENGES IN RUSSIA

2014 was a very turbulent year in Russia. During the year, the ruble lost approximately 40% of its value against the euro. This has had a significant impact on Duni's business in Russia.

Russians are spending significantly less on restaurant visits, and restaurants are being forced to make savings, which in the long-term may lead to cheaper products replacing Duni's range. A number of activities have been carried out to counteract the negative changes on the market.

OWN RESOURCES IN DUBAI

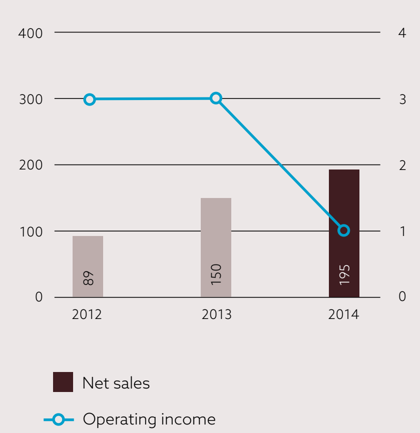
Middle East and North Africa grew by approximately 30% in 2014. In 2013, the business area stationed an employee in Dubai, and a second one is planned for 2015. Focus is on napkins, tablecoverings and candles. The market is large and interesting, but occupancy rates at hotels in Dubai have fallen somewhat, and with that also demand for Duni's premium products within the hotel sector.

The Duni brand has a strong reputation also in these regions. It is important to continue to increase awareness of Duni's products. It is also important to have our own employees on-site in selected markets.

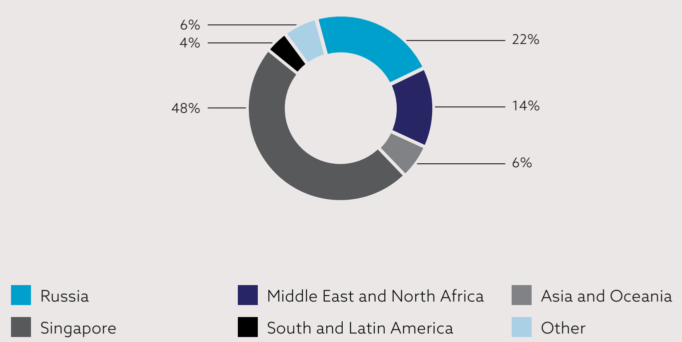
STRONG GROWTH IN AUSTRALIA

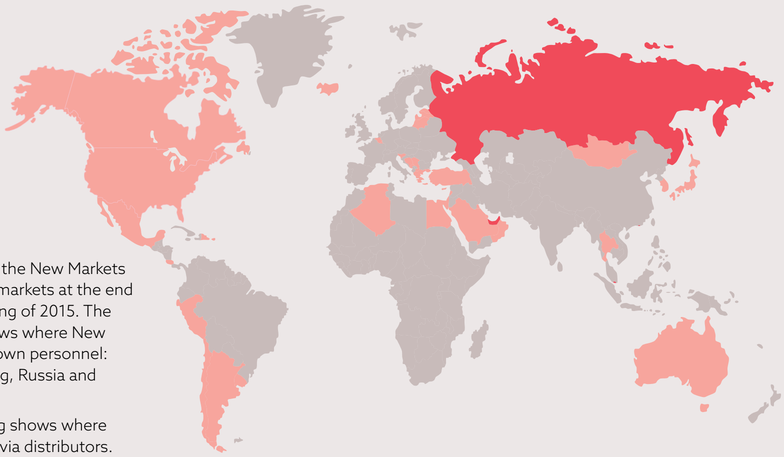
Australia recorded the strongest growth among the distributor-led markets. Other markets are also continuing to develop well. Variations in demand are considerably larger than on the European continent, a factor which places greater demands for flexibility.

NET SALES AND OPERATING INCOME, SEK M



NET SALES PER GEOGRAPHIC REGION, %





The map shows the New Markets business area's markets at the end of 2014/beginning of 2015. The red shading shows where New Markets has its own personnel: Dubai, Hongkong, Russia and Singapore.

The pink shading shows where sales take place via distributors.

CUSTOMER CATEGORIES

- CAFES
- FAST FOOD
- FULL-SERVICE RESTAURANTS
- HOTELS
- TAKE-AWAY

GOODFOODMOOD®

"Duni Song Seng in Singapore quickly adopted the new communication; with Goodfoodmood® we have a platform which can strengthen our unique position."

Patrik Söderstjerna, Director business area New Markets

THE BUSINESS AREA'S STRATEGY IN BRIEF:

- Focus on three geographic areas: Singapore, Russia and MENA (Middle East and North Africa).
- Continue to build on the acquisition of Song Seng and grow sales of premium products.
- Further develop the distributor network in regions where global customers demand that we are able to deliver.

MATERIALS & SERVICES BUSINESS AREA

PRODUCTION FOCUSED IN SKÅPAFORS

The provisions made in connection with the transfer of production to Skåpafors, which is expected to be completed during the second half of 2015, have had only a marginal negative effect on the business area's results for 2014. The investments planned in connection with the relocation are deemed accommodated within the scope of Duni's normal investments.

Net sales amounted to SEK 431 (502) m. At fixed exchange rates, this represents a fall in sales of 14.2%.

Operating income was SEK 27 (17) m and the operating margin was 6.3% (3.3%). The lower operating income reflects first and foremost the lower sales. The business area accounted for approximately 10% (13%) of Duni's net sales in 2014.

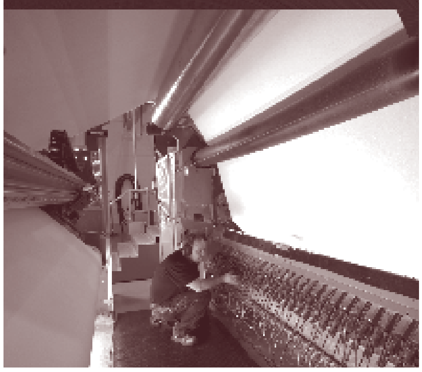
The Materials & Services business area comprises those elements within Duni that are not accommodated within the other business areas. The business area is mainly responsible for external sales of tissue produced by the subsidiary Rexcell Tissue & Airlaid AB. Some time ago, Duni decided to discontinue sales of hygiene products, which will take place at the end of the first quarter of 2015. These products accounted for approximately 90% of Materials & Services in 2014 .

CONCENTRATION IN SKÅPAFORS

Demand for Duni's premium products is increasing, which will lead to a need for greater capacity in the future. Since production capacity for premium products is larger in Skåpafors than in Dals Långed, future production will be concentrated at the plant in Skåpafors. It is estimated that the operations in Dals Långed will be discontinued in October 2015.

IMPORTANT FOR THE FUTURE

Going forward, Skåpafors will have only those parts of the business that belong to Duni's core business. Production will consist of sales of goods to other business areas within Duni, and thus the Materials & Services business area's sales to external customers will decline by approximately 90%. Those areas that remain in Skåpafors are highly prioritized and it is there that Duni's work on its unique materials, for example, the important materials development, will be carried out. Thus, Skåpafors is a plant in which Duni intends to invest in the future.



REXCELL TISSUE & AIRLAID AB

"Rexcell is an important element in Duni's business offering. Its materials and production know-how are fundamental factors behind our leading market position. In order to ensure future capacity needs and create effective synergies, it was natural to concentrate the future production of soft paper (tissue and airlaid) at one production plant."

Mats Lindroth, CFO Duni

PRODUCTION AND DISTRIBUTION

AN INTEGRATED VALUE CHAIN

Short lead times are an important competitive factor, and thus Duni also has smaller distribution centers in Finland, Russia and Singapore.

RAW MATERIALS AND PRODUCTION

Hygiene products production within Duni is being discontinued at the end of the first quarter of 2015. All production of tissue and airlaid paper will then be focused on Skåpafors, Sweden. The paper-production machinery used is capital intensive and thus it is important that the machinery be used to full capacity.

CONVERTING

Duni has converting plants in Bramsche, Germany, in Poznan, Poland and Paper+Design's plant in Wolkenstein in Germany. Converting involves Duni manufacturing finished products based on the paper material (tissue or suchlike) which is produced in Skåpafors. Transportation costs account for a large portion of total production costs and thus it is important that the converting plants be geographically located in proximity to the end markets. The German plant in Bramsche enjoys a strategically favorable location. Germany is one of Duni's main markets, and other important markets such as the Benelux countries, France, Austria and Switzerland can be reached with short transportation times. In recent years, Duni has regularly carried out improvement measures aimed at increasing the productivity and efficiency of the plants.

DISTRIBUTION

Logistics and warehousing

The logistics function handles both internal transportation between Duni's strategically located warehouses and external transportation from Duni to its customers. Duni has six distribution centers of varying sizes. The largest is located at the plant in Bramsche, Germany. Eastern Europe is covered by the warehousing and distribution center at the plant in Poznan, Poland. Distribution in Sweden and Norway takes place from a center in Norrköping, Sweden.

Production Distribution

CORPORATE SOCIAL RESPONSIBILITY, RULED BY HEART AND HEAD

Duni is continuing with its corporate social responsibility work. The Company's corporate social responsibility program, Our Blue Mission, contains targets and work methods extending until 2020.

FOSSIL-FREE ENERGY PROJECT
Duni attaches great importance to having good working conditions at its manufacturing plants, a limited impact on the environment, as well as safe and hygienic products. One important objective in Duni's sustainability work is for the Company's production to be 100% fossil-free by 2020. Together with the regional cluster organization The Paper Province, Valmet AB, Karlstad University, Södra Skog and Svenskt Gastekniskt Center AB, during the year Duni initiated a project aimed at finding a new way of allowing soft paper to be dried without the use of fossil fuel.

The drying process constitutes an energy-intensive stage in the manufacture of paper products, such as napkins. Presently, natural gas (LPG) is used in this process, but the possibility is now being investigated of manufacturing gas on-site from biomass. The Swedish Energy Agency considers the project to be innovative and, during the year, granted support to the pilot project. If the technology proves to be viable, this will allow Duni's own production to be 90% fossil-free. The project represents a success factor in Duni's sustainability work and can lead to a substantial reduction in dependence on fossil fuel, in favor of locally-produced biomass.

COMPOSTABLE MATERIAL
Duni aims to be a leader on the market for compostable and renewable (i.e. plant-based) material. During the year, two innovative products were launched – the world's largest range of compostable, single-color napkins and tablecoverings bearing the OK Compost® marking, as well as the biomaterial, ecoecho™ bioplastic. Both are the result of many years' development work.

Duni's OK Compost-marked products are the first compostable range on the market to include napkins and tablecoverings. The marking guarantees that the napkins and tablecoverings are biologically decomposable in an industrial composting facility. In other words, restaurants do not need to separately sort out napkins and tablecoverings. Duni's products meet the European standard (EN 13432) for sorting together with food waste. The products have been launched on a large scale on the market and have been positively received by Duni's customers.

Ecoecho™ bioplastic, which is manufactured from plantlife, represents an exciting choice for a reduced environmental impact. It is a bio-based material which, in terms of function, provides the same advantages as traditional polypropylene (PP), while at the same time being recyclable like ordinary plastic. The material is initially being used in Duni's sealable take-away trays for Duniform®, and several products are in the pipeline.

SOCIAL RESPONSIBILITY, INWARDLY AND OUTWARDS
For many years, Duni has been working to ensure good social and safety conditions at its suppliers', as well as in its own operations. Duni's code of conduct, which is based on the ILO's principles, is regularly monitored through audits conducted by Duni at its suppliers. As regards Duni's own operations, internal involvement and commitment are crucial for realizing the objectives. Duni is striving to establish a broad sustainability awareness mindset throughout the Company – in matters large and small. An internal CSR competition was arranged in order to stimulate involvement. Employees were able to nominate implemented activities and propose new CSR activities. Duni intends to repeat the competition next year as well. Duni's social responsibility is linked to the Company's core business – creating a pleasant atmosphere and positive mood on all occasions when food and drink are prepared and served – a Goodfoodmood®. Together with the Min Stora Dag (My Big Day) Foundation, during the year Duni chose to arrange a weekend for some 20 or so enthusiastic children, in which the focus was on food. Min Stora Dag is a foundation whose primary aim is to help realize the dreams of sick children. Several children had dreams of preparing food together with a celebrity chef, and Duni naturally wanted to help make the children's dreams come true.

MIN STORA DAG
GÖR SJUKA BARNS DRÖMMAR TILL VERKLIGHET

CSR

"It is Duni's ambition that information about the environmental and safety profile of the products shall be based on facts and be easy for the consumer to understand."

Elisabeth Gierow,
Corporate CSR & Quality Director

2020 TARGETS FOR DUNI'S CSR WORK

- The energy used in Duni's production processes shall be 100% fossil-free.
- A 20% reduction in energy use.
- There shall be renewable or compostable alternatives in 100% of Duni's product groups.
- There shall be no complaints about products with potential health hazards.
- Monitored suppliers shall account for 80% of the value of raw materials and end products.
- All new suppliers of end products shall be monitored.
- All employees shall be involved in improvements, be familiar with our ethical rules, and participate in the work on issues concerning values.

EMPLOYEES

FURTHER FOCUS ON BUSINESS SUPPORT

An important skills development program was started in 2013 aimed at strengthening what Duni refers to as businessmanship. Specifically, this involves creating improved tools and enhanced skills in Duni's sales organization in order to gain larger customer contracts, locally and internationally.

During 2014, Duni reinstated the role of HR Director, thereby expressing Duni's desire to invest even more in personnel and skills.

EMPLOYEE SURVEY

An employee survey was carried out during the year, providing measurability, objectivity and transparency. The survey will be carried out on a recurring basis and will primarily pose questions concerning leadership, work climate, involvement and ambassadorship.

INCREASED INTERNAL MOBILITY

During the year, a review was also carried out in order to identify talent and discover how employees would like to move internally. The objective is to have candidates on all levels who are willing to take over and possess the requisite ability to do so. It is important to encourage internal mobility.

Duni's growth will take place internationally, and thus it is important to create conditions for placing the right person in the right country, and to having policies and well-functioning procedures in place. Compared with many other companies, Duni's international operations provide it with an advantage, enabling it to attract talented employees.

CUSTOMER SERVICE IS DUNI'S FACE TO THE MARKET

With approx. 110 employees, customer service is one of the most important parts of Duni's organization. The staff deal mainly with order processing, but also handle other customer issues and provide support to Duni's sales personnel when they need any type of help. By further developing the staff and by providing them with improved tools (primarily IT support), Duni perceives great potential for this group to become even more efficient and proactive, and in supporting Duni's campaign work.

AS A COMPANY AND A BUSINESS, DUNI IS PERMEATED BY FOUR CORE VALUES:

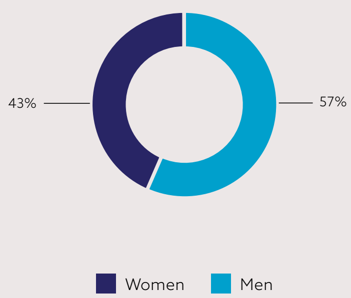
Open mind
We trust and empower our colleagues. We have the courage to change. We listen, learn and share.

Ownership
We keep our promises and are committed to delivering results. We dare to try. We create value for our stakeholders while respecting sustainable development.

Added value
We put our customers first. Speed is of the essence and we cross borders to find the solution. Innovation and quality are part of our mindset.

Will to win
We are always one step ahead. We seek opportunities and take action. We celebrate success.

GENDER BREAKDOWN



FACTS

- On December 31, 2014, Duni had 2,092 (1,902) employees, equal to 2,082 (1,861) full-time positions.
- The blue collar employees work within logistics, manufacturing and maintenance. Most blue collar employees (76.5%) work within manufacturing and maintenance at the plants in Dals Långed and Skåpafors in Sweden, Bramsche and Wolkenstein in Germany, and Poznan in Poland. 32.8% of blue collar employees in Germany work within logistics at the international distribution center in Bramsche. 52.2% of white collar staff work within sales. The remaining white collar personnel 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 Workers Council. Duni enjoys good relations with the labor unions, and personnel turnover for the Group as a whole is relatively low.

CORE VALUES

OPEN MIND
OWNERSHIP
ADDED VALUE
WILL TO WIN

GEOGRAPHIC AND FUNCTIONAL BREAKDOWN

Country	Blue collar employees	White collar staff	Total
Sweden	200	167	367
Germany	689	346	1 035
Poland	315	101	416
The Netherlands	–	55	55
UK	–	19	19
Other	18	172	190
Total	**1 222**	**860**	**2 082**

AVERAGE NUMBER OF EMPLOYEES

2014	**2 184**
2013	1 902
2012	1 889
2011	1 928
2010	1 948

THE SHARE

SHARE PERFORMANCE

During 2014, the share price rose by 39%, with a closing price of SEK 116.00 (83.25) being recorded on December 31, 2014. Since being listed on the exchange, Duni's share price had increased by 132% up to December 31, 2014, entailing a market capitalization of SEK 5,452 billion. During 2014, the closing price varied between a high of SEK 120.75 on December 18 and a low of SEK 83.00 on January 2. Earnings per share for the year were SEK 6.80 (5.68). During 2014, 15 (14) million Duni shares were traded, valued at SEK 1,430 (869) million.

NUMBER OF SHARES AND SHARE CAPITAL

On December 31, 2014, Duni AB (publ) had 46,999,032 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 should 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 4.50 (4.00) per share for the 2014 financial year, corresponding to 66% (70%) of income after tax.

OWNERSHIP STRUCTURE, DEC 31, 2014

	Number of shareholders	Number of shares	% of shares
1 – 500	5 195	785 205	1.67%
501 – 1 000	803	670 512	1.43%
1 001 – 5 000	565	1 270 078	2.70%
5 001 – 10 000	78	586 393	1.25%
10 001 – 15 000	27	350 509	0.75%
15 001 – 20 000	10	173 481	0.37%
20 001 –	98	43 162 854	91.84%
Total	**6 776**	**46 999 032**	**100.00%**

SHAREHOLDERS DEC 31, 2014

	Number of shares	% of shares
Mellby Gård Investerings AB	14 094 500	29.99 %
Carnegie fonder	4 400 082	9.36 %
Polaris Capital Management, LLC	4 071 792	8.66 %
Swedbank Robur fonder	3 202 852	6.81 %
Lannebo Fonder	2 326 168	4.95 %
State Street Bank & Trust Com	2 126 943	4.53 %
JPM Chase NA	1 829 280	3.89 %
Handelsbanken Fonder AB	1 693 747	3.60 %
SSB Client Omnibus AC OM07	1 357 797	2.89 %
Odin Fonder	1 159 160	2.47 %
Total, the 10 largest owners		
– In terms of holdings	36 262 321	77.16 %
Other shareholders	10 736 711	22.84 %
Total	**46 999 032**	**100.00 %**

DATA PER SHARE

Amount, SEK	Dec 31, 2014
Number of shares at end of period (thousands)	46 999
Average number of shares before and after dilution (thousands)	46 999
Price on December 31	116.00
Earnings per share before and after dilution	6.80
Equity per share	46.66
P/E ratio per Dec 31, 2014	17.06

EXTERNAL ANALYSES ARE PUBLISHED BY:

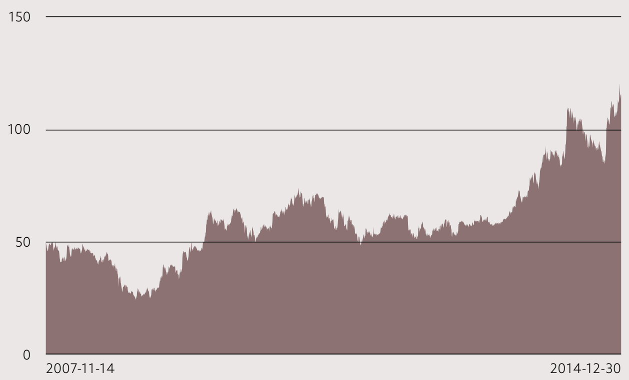
- SEB Enskilda Equities, Stefan Cederberg
- ABG Sundal Collier, Andreas Lundberg
- Handelsbanken Capital Markets, Karri Rinta

Duni has been listed on NASDAQ Stockholm since November 14, 2007 in the Midcap, Consumer Discretionary list with the ticker name "DUNI" and ISIN-code SE0000616716.

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

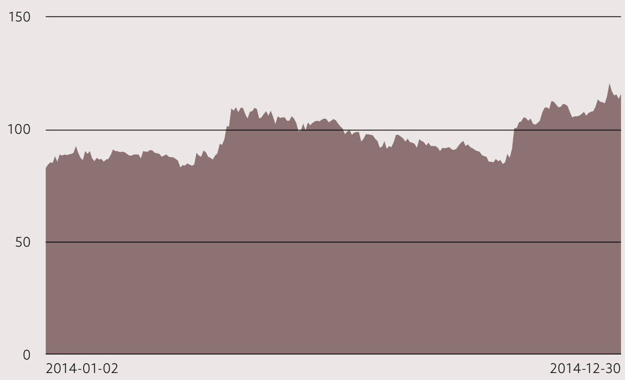
SHARE PERFORMANCE 2007 – 2014

SEK, closing price



SHARE PERFORMANCE 2014

SEK, closing price



ANNUAL REPORT

CONTENT

DIRECTORS' REPORT

DIRECTORS' REPORT – THE GROUP

Duni is Europe's leading supplier of inspiring table setting concepts and creative packaging solutions for take-away. The Group's strong position has been achieved by focusing on food, people and design, and always aiming to help our customers create positive food and drink experiences. Thanks to a combination of high quality products, a well-reputed brand, established customer relations, value-enhancing designs, as well as a strong local presence on most European markets, Duni is a market leader in Europe. Operations are conducted within five business areas: Table Top, Meal Service, Consumer, New Markets och Materials & Services.

The **Table Top** business area offers Duni's concepts and products primarily to hotels, restaurants and catering companies. Table Top Primarily markets napkins, tablecoverings and candles for the set table. Duni is a market leader within the premium segment in Europe. The business area accounted for approximately 51% (54%) of Duni's net sales during the year.

The **Meal Service** business area offers concepts for food packaging and serving products for, e.g. take-away, fresh ready to eat food and various types of catering. Customers are mainly companies operating within the restaurant, catering or food production industries. As a niche player in this area, Duni holds a leading position in the Nordic region and has a clear growth agenda on prioritized markets in Europe. The business area accounted for approximately 13% (13%) of Duni's net sales during the year.

The **Consumer** business area offers consumer products primarily to the retail trade and retail outlets in Europe. Customers comprise grocery retail chains, as well as other channels such as various types of retail outlets, for example, garden centers, home furnishing stores, and DIY stores. The business area accounted for approximately 21% (16%) of Duni's net sales during the year. As from June 2014, the acquired company Paper+Design is included as part of the Consumer business area.

The **New Markets** business area offers Duni's concepts of attractive quality products and concepts for table setting and packaging, focused on new markets outside Europe. In addition to customer segments such as hotels, restaurants and catering, the business area also addresses its offering to the retail trade. The business area accounted for approximately 5% (4%) of Duni's net sales during the year.

The **Materials & Services** business area comprises those elements that are not accommodated in the other business areas. The business area mainly comprises sales of tissue to external customers; some time ago, a decision was taken to discontinue the sale of hygiene products during the first quarter of 2015. Sales of hygiene products accounted for 80% of Materials & Services' sales in 2014 2014. The business area accounted for approximately 10% (13%) of Duni's net sales during the year.

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.

DESIGNS FOR DUNI®

In order to strengthen the Duni brand as an innovative player, 2013 saw the creation of "Designs for Duni®", a unique concept whereby Duni develops products in cooperation with well-known European designers and design houses. The concept positions Duni as the leading design partner at the retailers. It creates an opportunity for higher margin contracts, while at the same time strengthening drawing power and a higher degree of innovation in the product range. During 2014, design cooperation agreements were signed in Germany with well-known designers such Harald Glööckler and Graziela.

CONTINUOUS INNOVATION

Products in the Duni ecoecho™ premium range are manufactured in innovative materials with a clearly improved environmental profile compared with the standard product range. Focus is placed on aspects such as resource efficiency, renewability, compostability, and responsible forest management.

In 2014, Duni launched Europe's first range of compostable napkins and tablecoverings in a broad range of colours. The range carries the OK Kompost marking, and represents a fine example of long-term work on environmental issues.

Duni has a number of materials that replace linen. Evolin®, an entirely new tablecovering material which combines the look and feel of textile and linen tablecoverings with the advantages of the single-use product, was launched at the end of 2011. Evolin is aimed at those restaurants and catering firms that currently use linen. The product constitutes one of the cornerstones for future growth by converting customers currently using linen. 2014 saw the launch of Evolin Round, which has been developed specially to meet the need for round linen-like tablecoverings for catering events.

MARKET DEVELOPMENT

Global economic prospects are a main indicator as regards the state of health of the HoReCa market. Broad economic growth is positive for the HoReCa industry since it stimulates consumption within HoReCa and demand for single-use products. The long-term trend continues, though, to point to more restaurant visits and an increase in the number of hotel nights spent, primarily driven by changing consumption patterns. New restaurant concepts, as well as ready prepared food in grocery stores, take-aways and quick service restaurants, are increasing in number and these concepts are gaining ever larger market shares. After a number of years of stagnating economic growth, consumers on the mature European markets are seeking greater value and HoReCa companies are competing harder in order to gain even larger shares of total meal experiences. On the customer side we are witnessing continued structural changes within the restaurant industry, with the restaurant chains operating under a common brand growing more quickly than the market in general. This development benefits Duni's sales of customized concepts.

Duni's product categories in the retail sector demonstrate a low to flat rate of growth (AC Nielsen), with a major focus on cut-price products and private labels. Parts of the categories have also obtained an expanded distribution base in new channels, such as garden centers, home furnishing stores and DIY stores. These are the retailer categories to which the acquired company Paper+Design is successful in its marketing.

PROSPECTS FOR THE FUTURE

The HoReCa industry is greatly influenced by lifestyle changes and trends. Long-term demand is being driven primarily by greater purchasing power combined with changed habits, including an increased proportion of meals being eaten outside the home. In addition, demand for Duni's products benefits from the fact that more restaurants are choosing to replace linen with premium quality single-use solutions. The launch of Evolin® also opens up a new, potential market for Duni among a larger part of the traditional linen market. Furthermore, the trend towards increased accessibility and convenience connected with meals is continuing, and thus the take-away alternative is continuing to grow. This trend is reinforced by the increase in the number of single households and the fact that urbanization is continuing.

From a macroeconomic perspective, there is continued uncertainty as regards 2015, but a degree of growth is anticipated.

REPORTING

The annual report covers the 2014 financial year. 'Preceding year' means the 2013 financial year. Duni controls its operations based on what Duni refers to as operating income. Operating income means operating income before restructuring costs and non-realised valuation effects of currency derivatives, fair value allocations and amortization of intangible assets identified in connection with business acquisitions. "Operating income" is the designation used as from January 1, 2014 and corresponds to Duni's previously communicated "Underlying operating income". For all periods up to and including 31 December 2013, the operating income corresponds to the previously communicated "underlying operating income".

Restructuring costs amount to SEK 0 (17) m. The preceding year's restructuring costs comprise SEK 11 m in termination costs in connection with Duni dividing up the Professional business area's sales and marketing departments between Table Top And Meal Service. In addition, SEK 6 m relates to efficiency improvements within the logistics operations. For more information regarding restructuring costs, see Note 9.

The non-realized valuation effect of currency derivatives reported in the operating income amounts to SEK 0 (0) m.

The operating income is commented on in the text below, exclusive of these non-recurring items.

BRIDGE BETWEEN OPERATING INCOME AND EBIT

SEK m	2014	2013
Operating income	**475**	**385**
Non-realized valuation changes, derivative instruments	0	0
Restructuring costs	0	-17
Amortization of intangible assets identified in connection with business acquisitions	-14	–
Fair value allocation in connection with acquisitions	-4	–
Reported operating income (EBIT)	**456**	**369**

NET SALES

Duni's net sales amounted to SEK 4,249 (3,803) m, an increase in sales of 11.7%. At unchanged exchange rates from the preceding year, net sales would have been SEK 159 m lower compared with the outcome for 2013, representing an increase in sales of 7.5%. Organic growth excluding structural changes amounted to 3.9% at fixed exchange rates.

The **Table Top** business area reported net sales of SEK 2,179 (2,040) m. At fixed exchange rates,this corresponds to an increase in sales of 1.9%. A clear feature of the year is that Table Top has turned around a negative trend within the table setting segment, where Duni holds a unique position on the market with exclusive materials as a value offering to customers.

The **Meal Service** business area reported net sales of SEK 555 (509) m. At fixed exchange rates, this corresponds to an increase in sales of 6.3%. During the year, Meal Service experienced strong growth on all markets.

The **Consumer** business area reported net sales of SEK 889 (603) m. At fixed exchange rates, this corresponds to an increase in sales of 40.1%. The sales growth is to a large extent explained by the acquisition of the German company Paper+Design.

The **New Markets** business area reported net sales of SEK 195 (150) m. At fixed exchange rates, this corresponds to an increase in sales of 29.6%. Duni's position in Asia continues to strengthen, not least through the acquisition of Song Seng, which was completed at the end of the first half of 2013.

The **Materials & Services** business area reported net sales of SEK 431 (502) m. At fixed exchange rates, this corresponds to a decrease in sales of 14.2%. The hygiene products business, which will be discontinued after the first quarter of 2015, had lower sales during the year, which were according to plan draw.

INCOME

Operating income amounted to SEK 475 (385) m. At unchanged exchange rates from the preceding year, operating income for the year would have been SEK 31 m lower. The operating margin strengthened from 10.1% 11.2%. Operating income strengthened within all business areas compared with the preceding year, with the exception of New Markets where general disquiet, especially in Russia, had a negative impact.

The finance net was SEK -19 (-19) m. Income before tax was SEK 437 (350) m.

A tax expense of SEK 118 (83) m is reported for the financial year. The effective tax rate is 27.0% (23.7%). The tax expense for the year includes adjustments and one-off effects from the preceding year of SEK -8.2 (-0.3) m. During the year, the deferred tax assets relating to loss carry-forwards was reduced by SEK 40 (40) m.

Net income for the year amounted to SEK 319 (267) m.

INVESTMENTS

The Group's net investments, excluding acquisitions, amounted to SEK 90 (82) m. Depreciation/amortization amounted to SEK 121 (117) m. Investments carried out related primarily to the Group's production plants in Poland, Germany and Sweden.

CASH FLOW AND FINANCIAL POSITION

The Group's operating cash flow was SEK 533 (463) m. Duni's strong cash flow is a result of improved earnings as well as sound control over accounts receivable, accounts payable and inventories.

The Group's balance sheet total on December 31 was SEK 4,328 (3,695) m.

The Group's interest-bearing net debt amounted to SEK 888 m. On December 31, 2013, the net debt was SEK 491 m. The increase is due to the acquisition of Paper+Design.

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 very important in order for Duni to achieve satisfactory 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, and to create, new trends.

A weaker economic climate over an extended period of time in Europe could lead to a reduction in the number of restaurant visits, reduced consumption and increased price competition, which can impact on volumes and gross margins.

Duni's finance management and its handling of financial risks are regulated by a finance policy adopted by the Board of Directors. This work is 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 market risks, consisting of currency risks, price risks and interest rate risks, as well as credit risks 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. See also Note 3 regarding risk management.

LEGAL DISPUTES

Upon closing of the accounts, there were a few disputes with customers and suppliers involving small amounts. Provisions have been made in the annual accounts which, in the management's opinion, cover any negative outcome of these disputes. See also Note 35, Pledged assets and contingent liabilities.

ENVIRONMENT

In accordance with an adopted environmental strategy, Duni works according to policies and goals covering development and information concerning products, efficiency and controlled production, as well as knowledge and communication from an environmental perspective.

Environmental and quality systems in accordance with ISO 14001 and ISO 9001 have been implemented and certified at all of the Group's production units. Suppliers are evaluated in accordance with the Group's Code of Conduct, which covers both environmental and social responsibility.

Duni has also been granted FSC. license number FSC-C014985 (Forest Stewardship Council) certification regarding the sale, production and distribution of, among other products, napkins, table covers and serving products. This means that Duni's cellulose products are sourced from sustainable forests.

Rexcell Tissue & Airlaid AB conducts two operations which are subject to permit requirements pursuant to the Swedish Environmental Code. The Group holds permits for the production of 65,000 tonnes of wet laid tissue per year and 52,000 tonnes of airlaid tissue per year at the mill in Skåpafors and 10,000 tonnes of airlaid tissue in Dals Långed. The mills hold permits issued by the Administrative Board in Västra Götaland County regarding emissions of carbon dioxide, CO_2. The allocation of emission rights comprises 2,278 tonnes in 2014 for Dals Långed and 19,495 tonnes for 2014 in Skåpafors. The total number of emission rights will decline each year up to 2020, when Dals Långed will be granted emission rights equivalent to 2,027 tonnes per year and Skåpafors 17,349 tonnes per year.

THE BOARD'S WORK

Since the Annual General Meeting held on May 6, 2014, the Board of Directors comprises five members and two employee representatives. During the year, the Board held 10 meetings at which minutes were taken. For further information on the work of the Board, see the Corporate Governance Report.

EMPLOYEES

Good working conditions, clear goals and structures combined with regular support to employees constitute the foundations for creating growth and profit. Human Resources (HR) has the task of supporting management, supervisors and employees in order to stimulate employee development, increase involvement, and drive and coordinate work regarding change. HR also assists in the work of ensuring a sound work environment for all employees.

Duni operates based on four core values which provide guidance in the day-to-day work and clarify how things are done "the Duni way". The core values – Ownership, Added value, Open mind, and Will to win – find concrete expression in a number of operational principles which, taken together, are aimed at creating profitable growth, organizational efficiency, and increased customer satisfaction.

On December 31, 2014, there were 2,092 employees. On December 31, 2013, there were 1,902 employees.

REMUNERATION FOR THE CEO AND SENIOR EXECUTIVES

Principles regarding the CEO and senior executives, as proposed to the 2015 Annual General Meeting, to be applicable in 2015, correspond in all essential respects to the established principles which were adopted by the 2014 annual general meeting. For information regarding remuneration to the CEO and senior executives and relevant guidelines, see the Corporate Governance Report and Note 13.

FOREIGN COMPANIES AND BRANCHES

Duni conducts operations under its own management and has employees in 17 European countries and in Singapore.

IMPORTANT EVENT SINCE DECEMBER 31, 2014

On February 18, 2015, Duni announced through a press release that Ulfert Rott was resigning as Director of Production & Supply Chain and that Fredrik Malmgren would take up the position commencing March 1, 2015.

DIRECTORS' REPORT – THE PARENT COMPANY

SALES, INCOME AND FINANCIAL POSITION

The Parent Company, Duni AB, is responsible for the Group's sales and customer support on the Nordic market. The Parent Company also contains Group management and joint Group staff functions such as finance, personnel, purchasing, communication, marketing and IT. Parts of the Group's development resources are located in the Parent Company.

Net sales amounted to SEK 1,166 (1,113) m. Operating income was reported at SEK -56 (-86) m, and net financial items at SEK 237 (262) m. The finance net includes internal dividends received during the year of SEK 95 (109) m and a received group contribution of SEK 118 (146) m. Net income for the year was SEK 134 (138) m.

The Parent Company's investments in fixed assets amounted to SEK 14 (9) m.

The Parent Company's equity ratio at year-end was 57.5% (65.4%). The Parent Company's cash and equivalents on December 31, 2014 amounted to SEK 140 (164) m.

OPERATIONAL AND FINANCIAL RISKS IN THE PARENT COMPANY

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

Duni's finance management and its management 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 shares in the financial risks in market risks, comprising currency risk, price risk and interest rate risk, as well as credit risk and liquidity risk.

OWNERSHIP AND SHARE

OWNERSHIP STRUCTURE ON DECEMBER 31, 2014

Duni is listed on NASDAQ in Stockholm under the ticker name "DUNI". The larger owners on December 31, 2014 were Mellby Gård Investerings AB (29.99%), Carnegie fonder (9.36%) and Polaris Capital Management, LLC (8.66%).

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 no fewer than 32,008,000 and no more than 128,032,000 shares. There are no outstanding warrants or convertible debentures. Senior executives together own 0.2% of the shares in Duni as per December 31, 2014.

Further information concerning Duni's share and owners is provided in the Corporate Governance Report.

ALLOCATION OF EARNINGS PROPOSED BY THE BOARD OF DIRECTORS AND THE CEO

Allocation of earnings, Parent Company (SEK)	2014
Unrestricted equity in the Parent Company	
Retained earnings	1 674 087 513
Income for the year	133 962 539
Total unrestricted equity in the Parent Company	**1 808 050 052**
The Board and CEO propose:	
A dividend to the shareholders of SEK 4.50 per share	211 495 644
and that the remaining amount be carried forward	1 596 554 408
Total	**1 808 050 052**

The Board of Directors proposes to the 2015 Annual General Meeting that a resolution be adopted regarding allocation of earnings entailing that a dividend of SEK 4.50 per share, equal in total to SEK 211,495,644, be paid to shareholders registered on the record date, May 7, 2015, and that the remaining unrestricted shareholders' equity be carried forward.

Provided that the 2015 Annual General Meeting resolves in accordance with the Board's dividend proposal, SEK 1,597 m 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 SEK 2,193 m.

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 defensible in light of the demands imposed by the business as regards the size of the shareholders' equity in the Parent Company and the Group, as well as the needs of the Parent Company and the Group to strengthen the balance sheet, and as regards their liquidity and financial position in general. The proposed dividend represents in total 11.2% of the shareholder's equity of the Parent Company and 9.6% of the shareholders' equity in the Group. The Group generates strong cash flows, and the Board makes the assessment that Duni has a strong balance sheet. After the dividend, the equity ratio of the Parent Company and the Group will be 51.1% and 45.8% respectively. Thus, even after the dividend the equity ratio and liquidity will be satisfactory relative to the industry in which the Company and the Group operate, and it is believed that the Company and the Group will be able to perform their obligations in the short term and long term, and be able to implement planned investments.

The proposed dividend will not affect the ability of the Parent Company and the Group to discharge their payment obligations. The Board considers that the Parent Company and the Group are well prepared to manage changes in liquidity and any contingencies. The Board believes that the Parent Company and the Group possess the conditions to take future commercial risks and also carry any losses. In making the proposal, the Board has also taken into account the currently ongoing process regarding the signing of a new credit facility. Based on Duni's income after tax, the proposed dividend is well in line with the Group's dividend policy.

Had financial instruments been valued at fair value pursuant to Chapter 4, section 14 of the Annual Accounts Act, instead of being valued at the lower of cost or market, shareholders' equity would have been unchanged.

CORPORATE GOVERNANCE REPORT FOR DUNI AB (PUBL)

Duni AB is a Swedish limited public company which has been listed on NASDAQ in Stockholm since November 14, 2007. 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 rules of procedure for the Board of Directors and the CEO. Representatives from Duni's group management also serve as directors on the boards of subsidiaries.

Duni has undertaken to NASDAQ Stockholm to apply the Swedish Corporate Governance Code (the "Code"), which is applied by all Swedish companies whose shares are admitted to trading on a regulated market in Sweden. Duni applies the Code in its entirety.

ARTICLES OF ASSOCIATION

The current articles of association were adopted at the Annual General Meeting held on May 6, 2009. They provide, among other things, that the registered office shall be in Malmö, that members of the Board of Directors shall be elected each year for a term of office until the close of the next Annual General Meeting, and that each share shall carry one vote. The complete articles of association are available on Duni's website, www.duni.com.

GENERAL MEETINGS

At the General Meeting, the shareholders decide upon key issues. Among other things, the General Meeting adopts the income statements and balance sheets, resolves upon allocation of the Company's earnings, discharge from liability for the directors and the CEO, election of the Board of Directors and auditors, as well as remuneration to the Board of Directors and auditors.

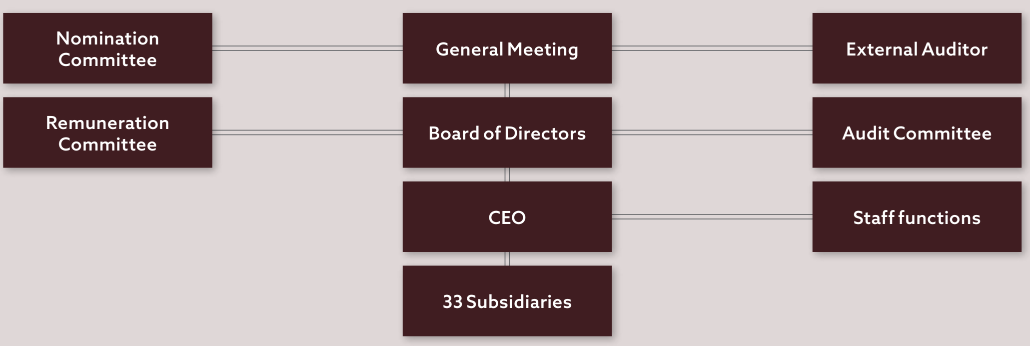
Pursuant to the Swedish Companies Act, notice to attend Duni's Annual General Meeting must be given not earlier than six weeks and not later than four weeks prior to the meeting. Notice shall be given through an announcement in Post and Inrikes Tidningar (The Official Gazette) and on Duni's website. The fact that notice has been given shall be announced in Svenska Dagbladet and in Sydsvenska Dagbladet. In order to participate at the Annual General Meeting, a shareholder must notify the Company not later than the date stated in the notice.

2014 Annual General Meeting

Duni's 2014 Annual General Meeting was held on Tuesday, May 6, 2014 in Malmö. 189 shareholders, representing approximately 72.0% of the voting rights, were present at the General meeting in person or through proxies. The Chairman of the Board, Anders Bülow, was elected to chair the meeting. Directors present were Anders Bülow, Alex Myers and Magnus Yngen; Pia Rudengren was absent. Members of group management and the auditor were also present, as was Pauline Lindwall, proposed by the Nomination Committee for election as a new director. The minutes from the meeting are available on Duni's website, www.duni.com. All resolutions were adopted in accordance with the Nomination Committee's proposals. Some of the resolutions adopted at the General Meeting were:

- a dividend of SEK 4.00 per share for the 2013 financial year;
- that the Board shall comprise five directors without alternates;
- the re-election of the directors Anders Bülow, Pia Rudengren, Magnus Yngen, Alex Myers and election of Pauline Lindwall as a new director;
- the re-election of Anders Bülow as Chairman of the Board;
- the re-election of PwC as auditors;
- that fees to be paid to the Chairman of the Board in the amount of SEK 500,000 and to other directors in the amount of SEK 265,000 each;
- that remuneration be paid to the chairman of the Audit Committee in the amount of SEK 107,000 and to the chairman of the Remuneration Committee in the amount of SEK 55,000;
- that remuneration be paid to other members of the Audit Committee in the amount of SEK 50,000 each, and to other members of the Remuneration Committee in the amount of SEK 25,000 each;
- that all Board fees, including remuneration for committee work, be unchanged from the preceding year;
- adoption of the Board's proposals for guidelines for remuneration to senior executives;
- procedures regarding the composition and work of the Nomination Committee;
- that the Board be authorized, on one or more occasions until the next annual general meeting, to decide upon an increase in the Company's share capital not exceeding SEK 5,800,000, through the issuance of not more than 4,640,000 shares.

CORPORATE GOVERNANCE



2015 Annual General Meeting

The next Annual General Meeting of the shareholders of Duni will be held at 3pm on Tuesday, May 5, 2015 at Skånes Dansteater, Östra Varvsgatan 13A i Malmö. More information about the Annual General Meeting, notice a participation, etc is available on Duni's website.

Nomination Committee

The Nomination Committee nominates the persons to be proposed at the Annual General Meeting for election to Duni's Board. Proposals are also produced regarding auditor fees, Board fees for the Chairman of the Board and other directors, as well as compensation for committee work. All proposals are presented at the Annual General Meeting as well as in the notice to attend and on the website prior to the Annual General Meeting. The Nomination Committee shall be comprised of representatives of Duni's three largest shareholders as per September 30. Board Chairman Anders Bülow convened the Nomination Committee in October 2014 and the composition was presented on November 4, 2014.

During the period pending the 2015 Annual General Meeting, the Nomination Committee held two meetings at which minutes were taken. The work of the Nomination Committee begins by reviewing the independent evaluation of the current Board, which is carried out each year. The Nomination Committee considers that the Board functions well, that a composition comprising only five members provides for an effective Board of Directors, and that all directors are duly engaged and committed. The Nomination Committee proposes the re-election of all directors. At the 2015 Annual General Meeting.

The Nomination Committee comprises the following members:

Name	Represents	Ownership stake, Dec 31, 2014
Anders Bülow	Chairman of the Board	
Rune Andersson (Chairman)	Mellby Gård Investerings AB	29.99 %
Hans Hedström	Carnegie fonder	9.36 %
Bernard R. Horn Jr	Polaris Capital Management, LLC	8.66 %
Totalt		**48.01 %**

THE BOARD OF DIRECTORS

Duni's Board decides on the Company's business focus, strategy, business plans, resources and capital structure, organization, acquisitions, major investments, divestments, the annual report and interim reports, and other overarching issues of a strategic nature. The Board also appoints the CEO, who is responsible for the day-to-day management in accordance with the Board's instructions.

The directors

The directors are elected each year by the Annual General Meeting for a term of office until the close of the next annual general meeting. Pursuant to the Articles of Association, the Board shall comprise no fewer than three and no more than twelve directors, as well as two employee representatives. Since the Annual General Meeting held on May 6, 2014, the Board comprises five directors and two employee representatives. Duni's CEO is not a member of the Board but usually participates at board meetings to present matters, as does the CFO. The Board comprises the following members

The Board's work

At the first ordinary board meeting which is held after the Annual General Meeting, Duni's Board adopts written instructions which describe the Board's rules of procedure. The adopted rules of procedure state how the work is to be allocated between the Board's members, and how often the Board shall meet. In addition, the rules of procedure regulate the Board's obligations, quorum, instructions to the CEO, the allocation of responsibility between the Board and the CEO, etc. The Board has also established two committees from among its members: the Audit Committee and the Remuneration Committee.

The Board meets in accordance with a predetermined yearly plan, and additional meetings are arranged as needed. During 2014, the Board held ten meetings at which minutes were taken.

The following items, among others, were on the agenda in 2014:

- Annual accounts, including reports from the auditors, proposed allocation of earnings, and Year-End report;
- Annual report and preparations pending the Annual General Meeting;
- Follow-up of the audit performed with responsible auditor;
- Interim reports;
- Rules of procedure for the Board and the CEO;
- Annual review of the policy manual;
- Review of business plans;
- Strategic issues and risks;
- Good supply and logistics issues;
- Acquisition of the German company Paper+Design;
- Regular forecasts for 2014;
- Strategies concerning the closure of the hygiene products business and structural issues concerning the operations in Dalsland
- Growth issues and acquisition issues;
- The economic climate and economic conditions

ATTENDANCE AT BOARD MEETINGS IN 2014:

	Function	Independent [1]	Board meetings	Audit Committee	Remuneration Committee
Anders Bülow	Chairman	[2]	10 of 10	4 of 4	4 of 4
Pauline Lindwall	Director	x	6 of 6	–	2 of 2
Alex Myers	Director	x	9 of 10	4 of 4	2 of 2
Pia Rudengren	Director	x	9 of 10	4 of 4	–
Magnus Yngen	Director	x	10 of 10	–	4 of 4
Per-Åke Halvordsson	Employee representative	[3]	10 of 10	–	–
Henry Olsen	Employee representative	[3]	10 of 10	–	–
Åsa Lundqvist	Employee representative	[3]	9 of 10	–	–
Inge Larsson	Employee representative	[3]	10 of 10	–	–

[1] As defined in the Swedish Corporate Governance Code. [2] Not independent (in relation to Duni's largest shareholder). [3] Not independent (in relation to Duni).

In addition to the board meetings, the Chairman of the Board and the CEO hold regular discussions concerning the management of the Company.The CEO, Thomas Gustafsson, is responsible for implementation of the business plan as well as the regular management of the Company's affairs, and also the day-to-day operations in the Company.

The Board receives monthly written information in the form of a monthly report containing monitoring of the Company's sales, operating income and working capital trend, as well as comments on how the various markets are developing. Prior to board meetings, the Board also reviews the balance sheet and cash flow.

The main owners, the directors and the CEO also 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, as well as the Board's work and routines.

The "Code" 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.

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 Duni AB. Not more than one member of company management may be a member of the Board.

Remuneration Committee

The Remuneration Committee prepares issues concerning remuneration and other benefits for corporate management, while decisions thereon are taken by Duni's Board of Directors. Compensation and benefits for corporate management are evaluated through comparisons with market data provided by external sources. Such data demonstrates that Duni has competitive compensation levels and that the total compensation package is reasonable and not excessively high. Once a year, the Remuneration Committee evaluates the performance of senior executives and also certain second-tier managers in accordance with a systematic procedure.

The Remuneration Committee held four meetings in 2014. At the initial meeting held following the Annual General Meeting on May 6, 2014, Pauline Lindwall was appointed as a member of the Remuneration Committee. The other two members are: Magnus Yngen (Chairman) and Anders Bülow. The CEO participates at the meetings, as does the HR Director, who serves as a secretary at meetings of the Remuneration Committee.

Audit Committee

Duni's Audit Committee is responsible for ensuring the quality of the Company's financial and business reporting. The 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 on behalf of Duni. When preparing a proposal regarding the election of auditors and compensation for audit work, the Nomination Committee is assisted by the Audit Committee.

The Audit Committee held four meetings in 2014 and comprises three members: Pia Rudengren (Chairman), Anders Bülow and Alex Myers. The CFO and the Group Accounting manager, as well as the auditors, participate at all meetings.

REMUNERATION TO THE BOARD OF DIRECTORS

Fees and other remuneration to the Board, including the Chairman of the Board, are decided upon by the Annual General Meeting. In accordance with a resolution adopted by the Annual General Meeting on May 6, 2014, the annual fee was set at a total of SEK 1.6 m, of which SEK 0.5 m is payable to the Chairman of the Board. In addition, a resolution was adopted regarding fees for committee work totaling SEK 0.3 m.

The allocation of the remuneration among the members of the Board is shown in the table below.

CEO

Duni's CEO is Thomas Gustafsson (1965), Diploma in Business Administration. 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, 2014 Thomas Gustafsson held 26,400 shares in Duni AB. No party closely related to the CEO has any significant shareholding in Duni AB. Thomas Gustafsson has no ownership interests in companies with which Duni has significant commercial relations. Further information regarding the CEO is provided in Note 13 in the Annual Report.

BOARD REMUNERATION FOR THE PERIOD MAY 2014 – APRIL 2015

SEK	Board meetings	Audit committee	Remuneration committee	Total
Anders Bülow	500 000	50 000	25 000	575 000
Pauline Lindwall	265 000	–	25 000	290 000
Alex Myers	265 000	50 000	–	315 000
Pia Rudengren	265 000	107 000	–	372 000
Magnus Yngen	265 000	–	55 000	320 000
Total	**1 560 000**	**207 000**	**105 000**	**1 872 000**

REMUNERATION TO SENIOR EXECUTIVES

2014, SEK m	Basic salary	Variable remuneration	Other benefits	Pension cost	Total
CEO – Thomas Gustafsson	3.7	1.9	0.0	1.1	6.7
Other senior executives	13.1	5.4	0.6	3.3	22.3
Total	**16.7**	**7.3**	**0.6**	**4.4**	**29.0**

GROUP MANAGEMENT

Thomas Gustafsson presides over the work of group management and adopts decisions, in consultation with other members of group management, consisting of the heads of business areas and heads of staff functions. Group management comprises 10 persons. Group management held six meetings in 2014. The year's meetings have been characterized by discussions concerning organization structure, growth, profitability and how to create customer focus. At each meeting, the following items are on the agenda: Financial review, updates from each business area, issues of an operational, strategic or market nature of importance for Duni, as well as innovation program , brand, investments and follow-up of them. Other matters addressed include business plans, strategic issues and strategic plans, as well as regular forecasts for the coming year. Group management also addresses concerning the Group as a whole, as well as individual business areas. Regular visits made to subsidiaries, of which at least one such visit is carried out jointly. In 2014, a group management meeting was held in Salzburg.

REMUNERATION TO SENIOR EXECUTIVES

Remuneration to the CEO and other members of group management is in accordance with guidelines regarding remuneration to senior executives adopted by the Annual General Meeting on May 6, 2014 and which apply until the next Annual General Meeting. The guidelines proposed to the 2015 Annual General Meeting are in all essential respects equivalent to the guidelines which applied in 2014. Remuneration shall be on market terms and comprise fixed and variable salary, other benefits as well as pension. The variable salary may never exceed the fixed salary.

The table on the previous page shows the total gross remuneration paid to group management, including basic salaries, variable remuneration, pension payments and other benefits. Thomas Gustafsson receives an annual gross salary of SEK 3,660,000 and has a possibility to achieve a bonus not exceeding 55% of his annual basic salary, based on predetermined targets for the Group. In addition, he is entitled to certain other employment benefits such as a company car. Both Duni and Thomas Gustafsson may terminate the agreement upon six months' written notice. In addition, except in the event of termination by the Company due to negligence, Thomas Gustafsson is entitled to an amount equal to twelve times his monthly salary. Thomas Gustafsson participates in a contribution-based pension scheme to which Duni makes an annual contribution equal to 35% of his annual gross salary and a three-year average of bonus payments, until termination of the agreement. Thomas Gustafsson's retirement age is 65.

Duni has not granted any loans, 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.

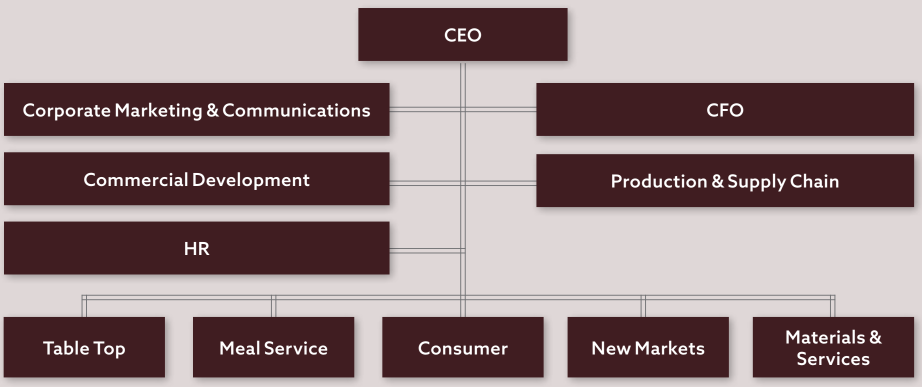
AUDIT

At the Annual General Meeting held on May 6, 2014, PricewaterhouseCoopers AB was elected auditor, with Eva Carlsvi as auditor-in-charge. The auditors review 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. Thereafter, compliance with the Annual General Meeting's guidelines regarding remuneration for senior executives is audited. The auditors participate at all meetings of the Audit Committee during the year. In October, an interim audit is carried out in combination with a general review of Duni's report for the third quarter. Other than Duni, Eva Carlsvi has no engagements in companies over which Duni's major owners, directors or the CEO have a significant influence. Eva Carlsvi is an authorized public accountant and member of FAR SRS. Apart from the audit engagement, fees to PwC for other engagements during 2104 totalled SEK 5.6 m (2013: SEK 2.4 m).

COMPENSATION TO ACCOUNTING FIRM

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Compensation for audit engagement	4.4	4.1	1.9	1.9
Compensation for auditing work other than audit engagement	0.4	0.2	0.4	0.1
Compensation for tax consultation	2.6	0.9	0.4	0.2
Compensation for other consultations	3.0	1.5	2.7	1.0
Total compensation, accounting firm	**10.4**	**6.7**	**5.4**	**3.2**

GROUP MANAGEMENT 2014



THE BOARD'S DESCRIPTION OF THE INTERNAL CONTROL WITH RESPECT TO THE FINANCIAL REPORTING FOR THE 2014 FINANCIAL YEAR

Pursuant to the Swedish Companies Act and the Swedish Corporate Governance Code, the Board of Directors is responsible for the internal control. This entails, among other things, monitoring Duni's financial reporting and efficiency in the Company's internal control and risk assessment.

Internal control as regards financial reporting is aimed at providing reasonable certainty regarding the reliability of the external financial reporting in the form of annual reports and interim reports published by Duni each year, and to ensure that the financial reporting is prepared in accordance with law, applicable accounting principles, and other requirements imposed on listed companies. The internal control is also aimed at ensuring the quality of the financial reporting to company management and the Board of Directors so that decisions are taken based on correct grounds.

Duni describes the internal control system with respect to financial reporting based on the areas that constitute the basis for internal control in accordance with the framework issued by COSO, "Internal Control – Integrated Framework", namely the following areas: control environment, risk assessment, control activities, information and communication, as well as monitoring. Duni is currently engaged in a review of the existing internal control framework in order to ensure that it complies with the updated specifications in the form of 17 fundamental principles in COSO 2013. This work is expected to be completed in 2015. The description below thus relates to Duni's internal control system in relation to the 1992 version of the COSO framework.

CONTROL ENVIRONMENT

The rules of procedure of the Board and the instructions issued by the Board regarding the work of the CEO and board committees clearly define the allocation of responsibilities and powers, with the aim of ensuring efficient management of risks in the business operations. Duni has established an Audit Committee 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. Internal control instruments for the financial reporting consist primarily of finance policy, communications policy, and the Group's finance handbook, which defines accounting and reporting rules.

In addition, Group management has formulated its view on how the business is conducted in an ethics policy, which is reviewed each year by the Board of Directors. During the course of the year, this policy has been translated so as to cover most of the languages spoken in the Group. The Board of Directors has requested that Duni establish a whistleblower system, and this will be implemented together with a whistleblower policy during the first quarter of 2015.

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 risk areas are evaluated by the Audit Committee at least once per year.

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 profit centers. 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.

MONITORING

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. The Board receives a monthly written financial report covering sales, operating income, market trend, as well as other material information regarding the operations, and a review of current financial reports constitutes a standing item on the agenda at all meetings. Group management analyses each month the financial trend within the Group's business areas. Monitoring through comparisons with the preceding year, against budget and plans, and through evaluation of the key performance indicators, takes place generally at all levels in the organization.

STATEMENT REGARDING INTERNAL AUDIT

Duni has found no need for a formal internal audit department. Duni has an accounting center in Poznan in Polen which functions as a centralized European accounting function providing accounting services to all subsidiaries in Europe, apart from Russia. The accounting center serves as a consulting agency to the countries in the Group which are not included in the center, namely, Russia, Singapore and Paper+Design. The accounting center operates based on standardized processes and routines, is independent of the operational business, 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. Duni's group accounts department also performs certain internal audit work in the form of, among other things, controls at subsidiaries. During the year, Duni acquired a business in Germany, Paper+Design. Focus during the year has been placed on following up the acquisition in Singapore which was the carried out in 2013 and on understanding and ensuring that the new acquisition, Paper+Design, complies with Duni's accounting principles.

THE BOARD OF DIRECTORS

Duni's Board of Directors comprises five members elected by the Annual General Meeting as well as two employee representatives and two alternates.

The Board of Directors is the Company's highest decision-making body after the General Meeting. The Board's overarching duty is to decide upon 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 directors are elected each year at the Annual General Meeting for a term of office until the close of the next Annual General Meeting. The Board shall comprise no fewer than three and no more than 12 ordinary members. In addition, there may be employee representatives.

ANDERS BÜLOW *Born 1953*

Chairman of the Board since 2009.

Board Chairman: KappAhl AB, Cale Access AB and Feralco Holding AB.

Director: Mellby Gård AB, Roxtec AB, Meet Your Future Group AB and Älvsbyhus AB.

WORK EXPERIENCE: President, Mellby gård Industri AB 2002-2013. President and CEO, Boliden. Vice president,Trelleborg AB.

EDUCATION: Mr Bülow holds a BA in Business Economics from the University of Stockholm.

Elected 2008

SHARES IN DUNI: 10 000

Not independent in relation to Duni's largest shareholder.

PAULINE LINDWALL *Born 1961*

Category Director Coffee, Mondelez International, Zürich.

Director: Celesio AG.

WORK EXPERIENCE: Many years' experience in various senior positions within the Nestlé Group, both in Asia and in Europe, such as Country Business Manager Nestlé Nutrition in Germany and in Indonesia.

EDUCATION: Ms Lindwall holds an MBA from the University of Växjö.

Elected 2014

SHARES IN DUNI: 0

Independent of the Company, company management and Duni's larger shareholders.

ALEX MYERS *Born 1963*

President and CEO, Getinge AB.

WORK EXPERIENCE: President and CEO, Hilding Anders Group. President, ArjoHuntleigh / Executive Vice President Getinge Group. Senior Vice President, Western Europe and Global Sales & Marketing as well as member of the management group of Carlsberg Breweries. Vice President Marketing & Innovation and member of the management group of Pripps-Ringnes (Orkla Drinks). Several middle management positions at Unilever in Sweden and Germany.

EDUCATION: Mr Myers holds a BA in Organizational Behavior from Yale University, USA.

Elected 2013

SHARES IN DUNI: 0

Independent of the Company, company management and Duni's largest shareholders.

PIA RUDENGREN *Born 1965*

Board Chairman: Social Initiative AB.

Director: KappAhl AB, Swedbank AB and Tikkurila Oyj.

WORK EXPERIENCE: Full-time executive director. Vice President, W Capital Management AB. CFO and member of the management group of Investor AB.

EDUCATION: Ms Rudengren holds an MBA from the Stockholm School of Economics.

Elected 2007

SHARES IN DUNI: 1 200

Independent of the Company, company management and Duni's larger shareholders.

MAGNUS YNGEN *Born 1958*

President and CEO, Camfil.

Board Chairman: Sveba Dahlen AB.

Director: Dometic Group and Intrum Justitia.

WORK EXPERIENCE: President and CEO, Dometic. President and CEO, Husqvarna. Vice President, Electrolux.

EDUCATION: Mr Yngen holds a Master of Engineering and Licentiate of Technology from the Royal Institute of Technology, Stockholm.

Elected 2008

SHARES IN DUNI: 3 000

Independent in relation to the Company, company management and Duni's larger shareholders.

HENRY OLSEN *Born 1953*

Employee representative for LO.

Employee representative on the Board of Rexcell Tissue & Airlaid AB.

Mr Olsen is employed as an operator at Airlaid TM3 at Rexcell Tissue & Airlaid AB.

Mr Olsen has undertaken Pappers' board training.

Elected 2012

SHARES IN DUNI: 0

Not independent in relation to the Company.

PER-ÅKE HALVORDSSON *Born 1959*

Employee representative for PTK.

Mr Halvordsson is employed as Production Manager Airlaid TM2 at Rexcell Tissue & Airlaid AB.

Mr Halvordsson has undertaken PTK board training.

Elected 2005

SHARES IN DUNI: 0

Not independent in relation to the Company.

GROUP MANAGEMENT

MATS LINDROTH

Born 1960

Chief Financial Officer of Duni since 2009 and has been employed at Duni since 1987.

Mats Lindroth holds an MSc in Economics and Business Administration from the Stockholm School of Economics.

SHARES IN DUNI: 25 200

ULFERT ROTT

Born 1960

Director of Production & Supply Chain since June 2008.

Before that Director of Converting & Logistics at Duni. He has been employed at Duni since 2004.

Ulfert Rott was previously CEO and Plant Manager of Nylstar GmbH.

Ulfert Rott holds a PhD in Mechanical Engineering and an MSc in Business Administration.

SHARES IN DUNI: 22 018

MARIA WAHLGREN

Born 1963

Director Table Top business area since October 2012.

Maria Wahlgren comes from the Amcor group and most recently from a position as Commercial Director for High Performance Laminates at Amcor Flexibles.

Marie Wahlgren holds a Master of Science, Chemical Engineering from the University of Lund.

SHARES IN DUNI: 2 000

KETTIL WEDIN

Born 1965

HR Director at Duni since April 2014.

Kettil Wedin's most recent position was as a partner at the management recruitment agency, Headlight International AB. Before that he was for many years Group Controller and Head of Sales at Spendrups AB.

Kettil Wedin holds an MBA from the University of Uppsala.

SHARES IN DUNI: 2 000

THOMAS GUSTAFSSON

Born 1965

President and Chief Executive Officer of Duni since December 2012.

Thomas Gustafsson's most recent position was at Mellby Gård AB overseeing their consumer goods companies and, before that, he served as President and CEO of 2E Group AB (publ). Prior to that, he has served in senior executive positions at Spendrups Bryggeri AB, Brämhults Juice AB and Eckes Granini GmbH.

Thomas Gustafsson is a director of Smarteyes AB and was a director of Duni between 2009 and November 2012.

Thomas Gustafsson holds a Diploma in Business Administration.

SHARES IN DUNI: 26 400

LINUS LEMARK

Born 1977

Director Meal Service business area since May 2012.

Linus Lemark joined Duni in 2007 as Corporate Development Manager and subsequently Marketing Manager Duni Food Solutions.

Linus Lemark has experience as Innovation Director at The Absolut Company AB and Vice President at Aquavit in New York.

Linus Lemark holds an MSc in Economics and Business Administration from the Stockholm School of Economics.

SHARES IN DUNI: 4 000

ROBERT DACKESKOG

Born 1971

Director Consumer business area since August 2012

Robert Dackeskog comes from the Findus group, most recently Managing Director Findus Denmark / Foodservice & Export Director within Findus Sweden.

Robert Dackeskog holds an MSc in Business Administration from the University of Gothenburg.

SHARES IN DUNI: 5 000

PATRIK SÖDERSTJERNA

Born 1964

Director New Markets business area since January 2014.

Previously Director Business Development /New Markets and, before that, President Rexcell Tissue & Airlaid AB since 2007.

Before that Mr. Söderstjerna was CEO of Zarlink Semiconductor AB, Advanced Printing Ascherleben GmbH and Finotech Verbundstoffe GmbH.

Patrik Söderstjerna has an MSc in Mechanical Engineering from the Faculty of Engineering at Lund University.

SHARES IN DUNI: 5 000

LEENDERT AMERSFOORT

Born 1958

Director Commercial Development since August 2013.

Before then was Director of Sales Professional as from 2006. Has been employed at Duni since 1995.

Leendert Amersfoort holds a degree in marketing and business administration from Hoge Economische School Utrecht BA in Holland.

SHARES IN DUNI: 22 018

TINA ANDERSSON

Born 1969

Corporate Marketing & Communications Director at Duni with responsibility for branding, PR, Investor Relations, quality and environment since September 2013.

Tina Andersson was most recently Market and Innovation Director at Hilding Anders and, before that, held the position of Market and Innovation Director at Findus.

Tina Andersson is a director of Midsona AB and Wihlborgs Fastighets AB and was a director of Duni between 2011 and August 2013.

Tina Andersson holds a Master of Science in Business and Economics from Lund University.

SHARES IN DUNI: 0

FIVE-YEAR SUMMARY, CONSOLIDATED INCOME STATEMENTS

SEK m	2014	2013	2012	2011	2010
Net sales	**4 249**	**3 803**	**3 669**	**3 807**	**3 971**
Costs of goods sold	-3 091	-2 798	-2 724	-2 776	-2 919
Gross profit	**1 158**	**1 005**	**945**	**1 031**	**1 052**
Selling expenses	-456	-437	-438	-441	-434
Administrative expenses	-211	-173	-176	-172	-174
Research and development expenses	-12	-19	-26	-30	-25
Other operating incomes	4	2	4	15	76
Other operating expenses	-28	-10	-81	-15	-58
EBIT	**456**	**369**	**229**	**388**	**436**
Financial income	5	7	5	3	1
Financial expenses	-24	-26	-30	-33	-19
Net financial items	**-19**	**-19**	**-25**	**-30**	**-18**
Income after financial items	**437**	**350**	**204**	**358**	**418**
Income tax	-118	-83	-79	-98	-112
Net income for the year	**319**	**267**	**126**	**261**	**306**

FIVE-YEAR SUMMARY, CONSOLIDATED BALANCE SHEETS

SEK m	2014-12-31	2013-12-31	2012-12-31	2011-12-31	2010-12-31
ASSETS					
Goodwill	1 463	1 249	1 199	1 199	1 199
Other intangible fixed assets	311	78	51	57	44
Tangible fixed assets	851	723	744	830	588
Financial fixed assets	140	180	219	243	289
Total fixed assets	**2 765**	**2 230**	**2 213**	**2 329**	**2 120**
Inventories	503	434	387	470	437
Accounts receivables	743	658	624	663	634
Other receivables	112	148	126	134	174
Cash and cash equivalents	205	225	181	85	122
Total current assets	**1 563**	**1 465**	**1 318**	**1 352**	**1 367**
TOTAL ASSETS	**4 328**	**3 695**	**3 531**	**3 681**	**3 487**
SHAREHOLDER'S EQUITY AND LIABILTIES					
Shareholders' equity	**2 193**	**2 099**	**1 985**	**2 082**	**1 991**
Long-term financial liabilities	11	492	576	26	530
Other long-term liabilities	388	263	275	212	211
Total long-term liabilities	**399**	**755**	**851**	**238**	**741**
Accounts payable	341	348	301	302	315
Short-term financial liabilities	818	–	–	633	–
Other short-term financial liabilities	578	493	394	426	440
Total short-term liabilities	**1 737**	**841**	**695**	**1 361**	**755**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**4 328**	**3 695**	**3 531**	**3 681**	**3 487**

KEY RATIOS IN BRIEF, GROUP

	2014	2013	2012	2011	2010
Net sales, SEK m	4 249	3 803	3 669	3 807	3 971
Gross profit, SEK m	1 158	1 005	945	1 031	1 052
Operating income*, SEK m	475	385	342	404	435
EBITDA*, SEK m	596	503	454	510	537
Interest-bearing net debt, SEK m	888	491	638	745	582
Number of employees	2 092	1 902	1 875	1 888	1 914
Gross margin*	27.2 %	26.4 %	25.8 %	27.1 %	26.5 %
Operating margin*	11.2 %	10.1 %	9.3 %	10.6 %	10.9 %
EBITDA margin*	14.0 %	13.2 %	12.4 %	13.4 %	13.5 %

* Calculated based on underlying operating income

CONSOLIDATED INCOME STATEMENT

SEK m	Note	2014	2013
Net sales	*5, 6*	4 249	3 803
Costs of goods sold	*6, 7, 8, 9, 10*	-3 091	-2 798
Gross profit		**1 158**	**1 005**
Selling expenses	*7, 8, 9*	-456	-437
Administrative expenses	*7, 8, 9, 11*	-211	-173
Research and development expenses	*7, 8*	-12	-19
Other operating incomes	*14*	4	2
Other operating expenses	*7, 8, 15*	-28	-10
EBIT	*5, 16*	**456**	**369**
Income from financial items	*16, 17*		
Financial income		5	7
Financial expenses		-24	-26
Net financial items		**-19**	**-19**
Income after financial items		**437**	**350**
Income tax	*19*	-118	-83
Net income for the year		**319**	**267**
Income attributable to:			
Equity holders of the Parent Company		319	267
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 and after dilution	*20*	6.80	5.68

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	2014	2013
Net income for the year	**319**	**267**
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Actuarial loss on post employment benefit obligations	-40	15
Total	**-40**	**15**
Items that may be reclassified subsequently to profit or loss:		
Exchange rate differences for the year – translation of foreign subsidiaries	6	-5
Cash flow hedge	-4	1
Total	**2**	**-4**
Other comprehensive income for the year, net after tax:	**-38**	**11**
Total comprehensive income for the year	**281**	**278**
Total comprehensive for the year attributable to:		
Equity holders of the Parent Company	281	278

CONSOLIDATED BALANCE SHEET

SEK m	Note	2014-12-31	2013-12-31
ASSETS	1, 2, 3, 4, 5		
Fixed assets			
Intangible fixed assets	21		
Goodwill		1 463	1 249
Customer relations		256	25
Capitalized development expenses		41	48
Trademarks and licenses		14	6
Total intangible fixed assets		**1 774**	**1 327**
Tangible fixed assets			
Buildings, land and land improvements	22	275	191
Machinery and other technical equipment	23	456	436
Equipment, tools and installations	24	72	62
Construction in progress and advance payments for tangible fixed assets	25	48	34
Total tangible fixed assets		**851**	**723**
Financial fixed assets			
Deferred tax assets	19	139	178
Other long-term receivables	27	1	1
Total financial fixed assets		**140**	**179**
Total fixed assets		**2 765**	**2 230**
Current assets			
Inventories	10		
Raw materials and supplies		127	102
Products in progress		6	5
Finished goods and goods for resale		362	323
Advances to suppliers		8	4
Total inventories		**503**	**434**
Current receivables			
Accounts receivable	28	743	658
Derivative instruments	29	1	5
Tax assets		11	37
Other receivables	28	69	75
Prepaid expenses and accrued income	30	31	32
Total current assets		**855**	**806**
Cash and cash equivalents		205	225
Total current assets		**1 563**	**1 465**
TOTAL ASSETS		**4 328**	**3 695**

SEK m	Note	2014-12-31	2013-12-31
SHAREHOLDERS' EQUITY AND LIABILITIES	1, 2, 3, 4, 5		
Shareholders' equity			
Share capital	20	59	59
Other contributed capital		1 681	1 681
Reserves		63	61
Retained earnings including profit for the year		389	298
Total shareholder's equity attributable to equity holders of the Parent Company		**2 193**	**2 099**
Long-term liabilities	31		
Overdraft facility	31	8	0
Bank loans	31	–	490
Financial leasing liabilities		3	2
Deferred tax liabilities	19	122	40
Pension provisions	33	266	223
Total long-term liabilities		**399**	**755**
Short-term liabilities			
Accounts payable		341	348
Tax liabilities		29	9
Bank loans	31	818	–
Derivative instruments	29	17	3
Other liabilities		94	79
Allocation to restructuring reserve	9	4	21
Accrued expenses and deferred income	34	434	381
Total short-term liabilities		**1 737**	**841**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**4 328**	**3 695**
Pledged assets	35	–	–
Contingent liabilities	35	56	55

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to equity holders of the Parent Company						
SEK m	Share capital	Other contributed capital	Other reserves	Cash flow reserve	Fair value reserve*	Retained earnings, incl. net income for the year	Total equity
Opening balance Jan 1, 2013	**59**	**1 681**	**54**	**-2**	**13**	**180**	**1 985**
Comprehensive income							
Net income for the year	–	–	-5	1	–	282	278
Total comprehensive income for the year	**0**	**0**	**-5**	**1**	**0**	**282**	**278**
Transactions with owners							
Dividends relating to 2012	–	–	–	–	–	-164	-164
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**-164**	**-164**
Opening balance, Jan 1, 2014	**59**	**1 681**	**49**	**-1**	**13**	**298**	**2 099**
Comprehensive income							
Income for the year	–	–	6	-4	–	279	281
Total comprehensive income for the year	**0**	**0**	**6**	**-4**	**0**	**279**	**281**
Transactions with owners							
Dividends relating to 2013	–	–	–	–	–	-188	-188
Transactions with owners	**0**	**0**	**0**	**0**	**0**	**-188**	**-188**
Closing balance, Dec 31, 2014	**59**	**1 681**	**55**	**-5**	**13**	**389**	**2 193**

* Fair value reserve means a reappraisal of land in accordance with early accounting principles. The reappraisal value is adopted as the acquisition value in accordance with the transition rules in IFRS 1.

CONSOLIDATED CASH FLOW STATEMENT

SEK m	Note	2014	2013
Cash flow from operating activities:			
Operating income		456	369
Adjustments for items not included in cash flow	36	98	106
Interest received		5	7
Interest paid		-14	-17
Paid income tax		-4	-52
Cash flow from operating activities before changes in working capital		**541**	**413**
Changes in working capital:			
Increase (-)/decrease (+) in inventories		6	-35
Increase (-)/decrease (+) in accounts receivable		-8	-4
Increase (-)/decrease (+) in receivables		13	53
Increase (+)/decrease (-) in accounts payable		-28	30
Increase (+)/decrease (-) in short-term liabilities		9	6
Cash flow from operating activities		**533**	**463**
Cash flow used in investing activities:			
Acquisition of tangible fixed assets	22, 23, 24, 25	-88	-76
Acquisition of intangible fixed assets		-2	-7
Sale of tangible fixed assets		3	1
Sale of intangible fixed assets		0	0
Acquisition of subsidiaries		-397	-57
Change in other long-term receivables		0	1
Cash flow used in investing activities		**-484**	**-138**
Cash flow used in financing activities:			
Dividends to shareholders		-188	-164
Net change, overdraft facility and other financial liabilities		-17	-28
Repayment of loans		-834	-254
Loans received		967	164
Cash flow used in financing activities		**-72**	**-283**
Cash flow for the year		**-23**	**42**
Cash and cash equivalents, opening balance		225	181
Exchange rate differences, cash and cash equivalents		3	1
Cash and cash equivalents, closing balance		**205**	**225**

PARENT COMPANY, INCOME STATEMENT

SEK m	Note	2014	2013
Net sales	5, 6	1 166	1 113
Costs of goods sold	6, 8, 9, 10	-1 020	-980
Gross profit		**147**	**133**
Selling expenses	8, 9	-130	-118
Administrative expenses	8, 9, 11	-137	-122
Research and development expenses	8	-6	-8
Other operating income	14	233	198
Other operating expenses	8, 15	-163	-168
Operating income	16	**-56**	**-86**
Income from financial items	16, 17		
Income from participations in Group companies	18	213	255
Other interest income and similar income		36	31
Interest expenses and similar expenses		-13	-24
Net financial items		**237**	**262**
Income after financial items		**180**	**176**
Tax on income for the year	19	-46	-37
Income for the year		**134**	**138**

PARENT COMPANY, STATEMENT OF COMPREHENSIVE INCOME

SEK m	2014	2013
Net income for the year	**134**	**138**
Other comprehensive income*		
Items that may be reclssified subsequently to profit or loss:		
Exchange rate differences for the period – translation of foreign subsidiaries**	-2	3
Cash flow hedge	-4	1
Other comprehensive income for the year, net after tax	**-6**	**4**
Total comprehensive income for the year	**128**	**143**
Total comprehensive income for the year attributable to:		
Equity holders of the Parent Company	128	143

* The Parent Company does not have any items that will "not be reclssified to profit or loss".
** Relates to a Turkish branch which has no tax effect.

PARENT COMPANY, BALANCE SHEET

SEK m	Note	2014-12-31	2013-12-31
ASSETS	1, 2, 3, 4, 5		
Fixed assets			
Intangible fixed assets	21		
Goodwill		200	300
Capitalized development expenditures		23	30
Trademarks and licenses		6	5
Total intangible fixed assets		**229**	**335**
Tangible fixed assets			
Buildings, land and land improvements	22	15	15
Machinery and other technical equipment	23	11	12
Equipment, tools and installations	24	3	3
Construction in progress and advance payments for tangible fixed assets	25	2	2
Total tangible fixed assets		**31**	**32**
Financial fixed assets			
Participations in Group companies	26, 38	772	770
Deferred tax assets	19	87	132
Other long-term receivables, internal	27	1 654	1 073
Total financial fixed assets		**2 513**	**1 975**
Total fixed assets		**2 773**	**2 342**
Current assets			
Inventories	10		
Products in progress		–	–
Finished goods and goods for resale		87	88
Advances to suppliers		6	3
Total inventories		**93**	**91**
Current receivables			
Accounts receivable	28	96	94
Derivative instruments	29	1	5
Receivables from Group companies	28	42	51
Tax assets		5	5
Other receivables	28	17	18
Prepaid expenses and accrued income	30	12	11
Total current receivables		**173**	**184**
Current financial receivables, from Group companies	28	109	201
Cash and bank balances		140	164
Total current receivables		**515**	**640**
TOTAL ASSETS		**3 288**	**2 982**

PARENT COMPANY, BALANCE SHEET, CONTINUED

SEK m	Note	2014-12-31	2013-12-31
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Shareholders equity			
Restricted shareholders' equity			
Share capital	20	59	59
Statutory reserve		11	11
Revaluation reserve		13	13
Total restricted shareholders' equity		**83**	**83**
Unrestricted shareholders' equity			
Retained earnings		1 674	1 729
Net income for the year		134	138
Total unrestricted shareholders' equity		*1 808*	*1 868*
Total shareholders' equity		**1 891**	**1 951**
Provisions			
Pension provisions	33	107	109
Total provisions		**107**	**109**
Long-term liabilities	31		
Bank loans	31	–	490
Total long-term liabilities		**0**	**490**
Short-term liabilities			
Accounts payable		64	52
Liabilities to Group companies		293	272
Bank loans	31	818	–
Derivative instruments	29	17	3
Other liabilities		11	18
Allocation to restructuring reserve	9	1	5
Accrued expenses and deferred income	34	87	83
Total short-term liabilities		**1 290**	**432**
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		**3 288**	**2 982**
Pledged assets	35	–	–
Contingent liabilities	35	53	52

PARENT COMPANY, CHANGES IN SHAREHOLDERS' EQUITY

SEK m	Share capital	Stature to reserve	Translation reserve	Cash flow reserve	Revaluation reserve	Unrestricted shareholders' equity	Total shareholders' equity
Opening balance, Jan 1, 2013	**59**	**11**	**3**	**-2**	**13**	**1 891**	**1 972**
Comprehensive income							
Comprehensive income for the year	–	–	3	1	–	138	143
Total comprehensive income for the year	**0**	**0**	**3**	**1**	**0**	**138**	**143**
Transactions with owners							
Dividends relating to 2012	–	–	–	–	–	-164	-164
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**-164**	**-164**
Opening balance, Jan 1, 2014	**59**	**11**	**6**	**-1**	**13**	**1 865**	**1 951**
Comprehensive income							
Comprehensive income for the year	–	–	-2	-4	–	134	128
Total comprehensive income for the year	**0**	**0**	**-2**	**-4**	**0**	**134**	**128**
Transactions with owners							
Dividends relating to 2013	–	–	–	–	–	-188	-188
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**-188**	**-188**
Closing balance, Dec 31, 2014	**59**	**11**	**4**	**-5**	**13**	**1 811**	**1 891**

Accumulated translation differences in the Parent company which were reported directly against shareholders' equity amounted to SEK 30 m (2013: SEK 32 m).

PARENT COMPANY, CASH FLOW STATEMENT

SEK m	Note	2014	2013
Cash flow from operating activities:			
Operating income		-56	-86
Adjustments for items not included in cash flow	36	136	133
Interest received		36	31
Dividends received		95	104
Interest paid		5	-24
Paid income tax		0	0
Cash flow from operating activities before changes in working capital		**216**	**158**
Changes in working capital:			
Increase (-)/decrease (+) in inventories		-5	-12
Increase (-)/decrease (+) in accounts receivable		4	11
Increase (-)/decrease (+) in receivables		-5	-11
Increase (+)/decrease (-) in accounts payable		12	11
Increase (+)/decrease(-) in short-term liabilities		-14	15
Cash flow from operating activities		**208**	**172**
Cash flow used in investing activities:			
Acquisition of intangible fixed assets	21	-7	-9
Acquisition of tangible fixed assets	22, 23, 24, 25	-7	-1
Sale of tangible fixed assets		0	0
Change in net lending to Group companies		-346	106
Change in non-interest-bearing receivables		6	-1
Acquisition of subsidiaries		-2	–
Change in interest-bearing receivables		0	1
Cash flow used in investing activities		**-354**	**96**
Cash flow use in financing activities:			
Dividends to shareholders		-188	-164
Net change, overdraft facilities and other financial liabilities		177	20
Repayment of loans		-834	-254
Loans received		967	164
Cash flow used in financing activities		**122**	**-234**
Cash flow for the year		-24	34
Cash and cash equivalents, opening balance		164	130
Cash and cash equivalents, closing balance		**140**	**164**

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 the 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 a 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 in Stockholm under the ticker name "DUNI".

On March 19, 2015, the Board of Directors approved this Annual Report for publication. The Annual Report may be changed by the Company's owners after approval by the Board.

Unless otherwise specifically stated, all amounts are reported in million kronor (SEK m) and relate to the period January 1-December 31 with respect to income statement items and December 31 with respect to balance sheet items. Information in brackets relates to the preceding financial year, i.e. January 1, 2013 – December 31, 2013.

NOTE 2 – SUMMARY OF IMPORTANT ACCOUNTING PRINCIPLES

This Note sets forth the most important accounting principles applied in the preparation of the Annual Report. 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 Accounts Act, RFR 1, "Supplementary Accounting Rules for Groups", and International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU. The consolidated financial statements had been prepared in accordance with the purchase method, other than with respect to reappraisals of buildings and land, valuation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss and financial assets and liabilities (including derivative instruments) classified as hedge instruments.

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, Reporting for Legal Entities. In those cases where the Parent Company applies different accounting principles than the Group, such fact is stated separately in section 2.22, Parent Company's accounting principles.

2.1.1 Changes in accounting principles and disclosure

Duni applies the new and amended standards and interpretations from IASB and statements from IFRIC as adopted by the EU and which are mandatory commencing January 1, 2014. No standards or interpretations have been applied prematurely. Presented below are the standards that Duni applies for the first time with respect to the financial year commencing January 1, 2014, and which have had a material impact on the Group's financial statements:

IFRS 10 Consolidated Financial Statements is based on already existing principles since it identifies control which constitutes the decisive factor for determining whether a company is to be included in the consolidated financial statements. The standard provides further guidance in order to assist in determining control when it is difficult to assess. This change is not considered to have any material impact on the reporting by the Group.

IFRS 11 Joint Arrangements focuses on the rights and obligations of parties to a cooperation agreement, rather than on the legal form of the cooperation agreement. There are two types of cooperation agreements – joint ventures and joint operations. Joint operations arise when one party in a joint operation is directly entitled to the assets and liable for the debts in a co-arrangement. In such an arrangement, assets, liabilities, revenues and expenses are reported based on the holder's share thereof. A joint venture is a cooperation arrangement through which the parties who have shared controlling influence over the arrangement are entitled to the net assets in the arrangement. Joint ventures are reported in accordance with the equity method; the proportional method is no longer permitted. This change is not considered to have any material impact on the reporting by the Group.

IFRS 12 Full Disclosure of Interests in Other Entities covers disclosure requirements regarding all types of holdings in other companies, such as subsidiaries, cooperation arrangements, affiliated companies, and non-consolidated structured. This change is not considered to have any material impact on the reporting by the Group.

Other standards, changes and interpretations which enter into force as regards the financial year commencing January 1, 2014 have no material impact on the consolidated financial statements. A number of new standards and amendments of interpretations and existing standards enter into force as regards financial years beginning after January 1, 2014, and these have not been applied in conjunction with the preparation of the consolidated financial statements. None of the aforementioned is expected to have any material impact on the consolidated financial statements, except as stated below:

IFRS 9 Financial Instruments addresses the classification, valuation and reporting of financial assets and liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the parts of IAS 39 covering the classification and valuation of financial instruments. IFRS 9 maintains a mixed valuation approach but simplifies the approach in certain respects. There will be 3 valuation categories for financial assets: accrued acquisition value, fair value in other comprehensive income, and fair value in the income statement. The way in which an instrument is to be classified depends on the company's business model and the characteristics of the instrument. Investments in equity instruments are to be reported at fair value in the income statement, but there is also a possibility, on the first reporting occasion, to report the instrument at fair value in other comprehensive income. No reclassification to the income statement will then take place upon divestment of the instrument. IFRS 9 also introduces a new model for calculating credit loss provisions which is based on anticipated credit losses. As regards financial liabilities, the classification and evaluation are not changed, except in the case when a liability is reported at fair value in the income statement based on the fair value alternative. Changes in value attributable to changes in own credit risk shall thereupon be reported in other comprehensive income. IFRS 9 reduces requirements for application of hedge accounting through the 80-125 criterion being replaced by a requirement of a financial relationship between hedge instrument and hedged object and that the hedging ratio must be the same as used in the risk management. Hedge documentation is also changed slightly compared with the method under IAS 39. The standard is to be applied to financial years commencing January 1, 2018. Earlier application is permitted. Duni has not yet evaluated the effects of the introduction of the standard.

IFRS 15 Revenue from Contracts with Customers regulates how revenues are to be reported. The principles on which IFRS 15 is based should provide users of financial statements with more useful regarding the company's revenues. The expanded disclosure obligation entails that information must be disclosed regarding type of revenue, date of payment, uncertainties associated with revenue recognition, as well as cash flow relating to the company's customer contracts. According to IFRS 15, revenue must be recognized when the customer has obtained control over the sold product or service and has the possibility to use or obtain benefit from the product or service. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts , as well as related SIC and IFRIC. IFRS 15enters into force on January 1, 2017. Earlier application is permitted. Duni has not yet evaluated the effects of the introduction of the standard.

None of the other IFRS or IFRIC interpretations which have not yet entered into force are expected to have any material impact on Duni.

2.2 CONSOLIDATED REPORTING

2.2.1 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 Group. They are removed from the consolidated financial statements as of the day on which the controlling influence ceases.

The purchase method is used for reporting the Group's acquisitions of subsidiaries. The purchase price for the acquisition of a subsidiary consists of fair value of transferred assets, debts and the shares issued by the Group. The purchase price also includes the fair value of all assets or liabilities which are a consequence of an agreement regarding a conditional purchase price. Acquisition-related costs are booked when incurred. Identifiable acquired assets and assumed liabilities in a business acquisition are initially valued at fair value on the acquisition date. For each acquisition, the Group determines whether all holdings without a controlling interest in the acquired company shall be reported at fair value, or proportionately to the share in the net assets of the acquired company represented by the holding.

The amount by which purchase price, any holding without controlling interest, as well as the value on the acquisition date of earlier shareholdings exceeds the fair value of the Group's share of identifiable acquired net assets, is reported as goodwill. If the amount is less than fair value for the assets of the acquired subsidiary, in the event of a "bargain purchase", the difference is reported directly in the Consolidated statement of comprehensive income. Acquisition costs are expensed as incurred.

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.

2.2.2 Transactions with holders of non-controlling interest

The Group applies the principle of reporting transactions holders of non-controlling interests as transactions with the Group's equity holders. Upon acquisitions from holders of non-controlling interests, the difference between the purchase price paid and the actual acquired portion of the reported value of the subsidiary's net assets is reported in shareholders' equity. Profits or losses upon divestments to holders of non-controlling interests are also reported in shareholders' equity. Duni has no holdings which are without a controlling interest.

2.2.3 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

Operating segments are reported in a manner which is consistent with the internal reporting provided to the highest executive decision-maker. The highest executive decision-maker is the function which is responsible for allocation of resources and assessment of the income of the operating segment. In Duni, this function has been identified as the group management which takes strategic decisions. As from January 1, 2014, Duni's segment reporting covers five business areas, based on operating income following allocation of shared expenses to each business area. For a detailed description, see Note 5.

2.4 TRANSLATION OF FOREIGN CURRENCY

2.4.1 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.

2.4.2 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. Exceptions apply when the transactions constitute hedging which satisfies the conditions for hedge accounting of cash flows or of net investments, since profits/losses are reported in other comprehensive income. Duni applies hedge accounting via interest rate swaps, with part of the interest rate risk being hedged at a fixed rate.

2.4.3 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 in the Consolidated statement of comprehensive income.

Upon consolidation, exchange rate differences which arise as a consequence of translation of net investments in foreign operations are transferred to the Consolidated statement of comprehensive income. Upon the full or partial divestment of a foreign business, the exchange rate differences which are reported in the Consolidated statement of comprehensive income 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, see 2.13.

2.6 REVENUE

2.6.1 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.

In those cases where Duni's products are sold with volume rebates and the customers are entitled to return defective products, the sales revenues are reported based on the price stated in the sales contract, net after estimated volume rebates and returns at the time of the sale. Accumulated experience is used to assess and make provision for rebates and returns. The assessment of volume rebates is based on expected annual purchases. No financial component is deemed to be involved since the sale takes place with an average credit period of 46 days, which is in accordance with market practice.

2.6.2 Dividend income

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

2.7 INTANGIBLE ASSETS

2.7.1 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.

Detailed information regarding Duni's definition of cash-generating units upon the allocation of goodwill is provided in Note 21.

2.7.2 Customer relations, trademarks and licenses

Identifiable acquired customer relations are reported at fair value and related to acquisitions made from 2013 onwards. Depreciations takes place on a straight-line basis over an assessed useful life of 10 years.

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).

2.7.3 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, as well as interest expenses in conjunction with the construction of qualifying assets.

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	15–17 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 .

2.11.1 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 be to meet its obligations. The impairment is calculated as the difference between the reported value of the asset and the present value of estimated future cash flows, discounted to the financial asset's original effective rate of interest. The reported value of the asset is written down and the impairment charge is reported in the consolidated income statement. If a loan or an investment which is held to maturity carries valuable interest, the relevant effect rate of interest established in accordance with the agreement is used as the discount rate when establishing impairment. As an expediency, the Group can establish impairment on the basis of the fair value of the instrument applying an observable market price. Impairment of accounts receivable is described below in the section on loans and receivables.

Financial assets and liabilities are set off and reported in a net amount in the balance sheet only when there is a legal right to set off the reported amounts and there is an intention to settle them with a net amount or to simultaneously realize the asset and settle the debt. The legal right may not be dependent on future events and must be legally binding on the company and the counterparty, both in normal business operations and in the event of suspension of payments, insolvency or bankruptcy.

2.11.2 Financial assets are valued at fair value through profit or loss

Financial assets 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 applies hedge accounting in accordance with IAS 39 on the interest rate swaps entered for hedging payments of variable interest. Changes in value of derivatives designated for hedge accounting are reported in Other comprehensive income.

Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as fixed assets.

2.11.3 Hedge accounting

The effective partof changes in fair value on a derivative instrument which is identified as cash flow hedging and which satisfies the conditions for hedge accounting is reported in Other comprehensive income. The profit or loss attributable to the ineffective part is reported immediately in the income statement under Other net profits/losses. The profit or loss attributable to the effective part of an interest rate swap which hedges borrowing at a variable rate is reported in the income statement in Financial expenses.

Information regarding fair value for various derivative instruments used for hedging purposes is provided in Note 29. Changes in hedging provisions in equity are set forth in the Statement of changes in shareholders' equity.

2.11.4 Loan receivables and accounts receivable

Loan receivables and accounts receivable 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. Cash and cash equivalents in the balance sheet are also included in this classification.

Accounts receivable and loans 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 receivables. 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

In both the balance sheet and the cash flow statement, cash and cash equivalents include cash, bank balances and other short-term investments which mature within three months of the date of acquisition.

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.

2.14.1 Financial liabilities and fair value through profit or loss

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

Derivative instruments which satisfy the rules for hedge accounting, including the interest rate swaps taken out by Duni, are reported at fair value via Other comprehensive income. For a more detailed description of the reporting of derivative instruments designated for hedging, see 2.11.3.

Liabilities in this category are classified as short-term liabilities if they are expected to be settled within 12 months; otherwise they are classified as long-term liabilities.

2.14.2 Financial liabilities valued at amortized cost

Borrowing as well as other financial liabilities, e.g. accounts payable, is included in this category. Accounts payable comprise obligations to pay for goods or services which have been acquired from suppliers in the course of ongoing operations. Accounts payable are classified as short-term liabilities if they fall due for payment within one year or less (or during a normal operational cycle if longer). If not, they are reported as long-term liabilities.

Financial liabilities are initially valued at fair value, net after transaction costs. Thereafter, financial liabilities are valued at accrued acquisition value, and any difference between the amount received (net after transaction costs) and the repayment amount is reported in the income statement allocated over the loan period, applying the effective interest rate method. In the event of an early repayment of loans, any pre-payment interest penalties are reported in the income statement at the time of settlement. Loan expenses are charged to earnings for the period to which they relate. Distributed dividends are reported as a liability after the Annual General Meeting has approved the dividend.

Borrowing as well as other financial liabilities are classified as short-term liabilities unless the Group is unconditionally entitled to defer payment of the debt for at least 12 months after the balance sheet date.

2.15 INCOME TAXES

Reported income taxes 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 reported in the Consolidated statement of comprehensive income are reported in the Consolidated statement of comprehensive income.

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 EMPLOYEE BENEFITS

2.16.1 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. 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. Approximately one half of pension obligations relate to Sweden. Swedish mortgage bonds considered to be corporate bonds.

Swedish mortgage bonds correspond to investment-grade corporate bonds in the sense that the market for mortgage bonds has a high turnover and is considered to be liquid and deep; furthermore, these bonds often have a triple A rating and thus are extremely creditworthy.

Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are reported in "Other comprehensive income" during the period in which they arise.

Expenses relating to employment in earlier periods are reported directly in the income statement.

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.

2.16.2 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, environmental restoration measures, restructuring expenses and 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 Note 9. No provisions are made for future operating losses.

2.18 FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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.

2.19 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.

2.20 GOVERNMENT AID

Government aid is reported at fair value when there is reasonable certainty that the aid will be received and that Duni will satisfy the conditions associated with the aid. Government aid relating to costs is allocated over periods and reported in the income statement in the same periods as the costs which the aid is intended to cover.

2.21 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, Reporting for Legal Entities. RFR 2 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 regarding the Parent Company are unchanged compared with the preceding year.

2.21.1 Differences between the group's and the parent company' 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. Received dividends and group contributions are reported as financial incomes.

INTANGIBLE FIXED ASSETS
Intangible fixed assets in the Parent Company are reported at acquisition value less deduction for accumulated amortization and any impairment. Reported goodwill in the parent company relates to acquisition goodwill; the useful life is thus assessed by company management at not more than 20 years. 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 (Security) Act.

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

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

NOTE 3 – FINANCIAL RISKS

3.1 FINANCIAL RISK FACTORS
Duni is exposed through its operations to a large number of different risk factors: market risks (including currency risks, price risks regarding energy consumption and pulp purchases by the subsidiary, Rexcell Tissue & Airlaid AB, interest rate risks in cash flow, as well as interest rate risks in fair value). Duni's overall risk management policy focuses on contingencies on the financial markets.

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 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 the investment 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. However, there is one exception: in 2013 Duni designated an interest rate swap as a hedge instrument. The interest rate swap is reported in accordance with the rules governing cash flow hedging.

3.1.1 Market risks
Currency risk

Duni operates internationally and is exposed to currency risks which arise from various currencies 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 concentrating the exposure to a small number of Group companies and through a finance policy adopted by the Board of Directors.

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 significant cash flow and thus this exposure is not hedged. Translation exposure arises when the income statements of subsidiaries are translated to SEK. At unchanged exchange rates compared with 2013, net sales for the year would have been SEK 159 m lower and the underlying operating income would have been SEK 31 m lower.

Duni is also 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 subsidiaries is primarily internal through the Parent Company and in the respective subsidiary'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 essential effect on the result. The Parent Company's external borrowing is matched to approximately 43% by internal net lending with the same currency breakdown. The remaining 57% of internal net lending is hedged on the currency futures market in accordance with Duni's policy. Note 29 presents the value and nominal amounts regarding currency forward contracts entered into regarding borrowing and lending in the Parent Company.

As described in greater detail below in the section addressing transaction exposures, Duni manages its currency risks primarily by concentrating commercial transactions to take place essentially in the functional currencies of the subsidiaries. Thus, as regards the consolidated Group, the translation exposure in the working capital of the individual subsidiaries is assessed as minor.

Had all currencies been 5% higher/lower, due to exposure in the individual subsidiaries and the consolidated balance sheet items the Group's earnings would have been approximately +/- SEK 3 m (2013: +/- SEK 0 m). Corresponding figures for the Parent Company are approximately +/- SEK 1 m (2013: +/- SEK 0 m).

Transaction exposure

The transaction exposure is minimized primarily through external commercial transactions essentially being carried out in the functional currencies of the subsidiaries. Purchases by subsidiaries, primarily internal, may however take place in currencies other than the subsidiary's own functional currency, and thus these purchases are exposed to a currency risk. By also directing the internal flows as far as possible to the functional currency of the recipient subsidiary, the currency risk is concentrated to a small number of subsidiaries. The Group's external flows are primarily in SEK and PLN, while external inward flows are primarily in DKK, NOK, CHF and GBP.

Duni does not have a policy to hedge interest payments, whether internal or external.

Duni has an indirect currency risk in USD through the subsidiary Rexcell Tissue & Airlaid AB. Internationally, pulp is priced in USD, and thus a strengthening/weakening of USD gives rise to increased or reduced purchasing costs for the Group. The total purchasing volume is approx. 40-45 tonne per year and thus a 1% strengthening/ weakening of USD increases/decreases purchasing costs by SEK 3 m.

Price risks

Energy price risks

During 2014, the subsidiary Rexcell Tissue & Airlaid AB purchased approximately MWh 71,900 of electricity at a cost of approximately SEK 28 m; 4,400 tonnes of LPG for approximately SEK 27 m; and woodchips for the biofuel boiler were bought for approximately SEK 12 m (2013: MWh 80,600 of electricity for SEK 35 m; 4,700 tonnes of LPG for SEK 30 m; and woodchips for SEK 11 m).

Through its energy-intensive operations, Rexcell Tissue & Airlaid AB is exposed to risks associated with changes in the price of energy, particularly gas and electricity. In those cases where the energy price is not hedged, price changes on the energy market have a direct impact on the company's income. A change of+/- 5 % in the price of the electricity used by Rexcell Tissue & Airlaid AB affects earnings by approx. -/+ SEK 2 m (2013: -/+ SEK 2 m) and, with respect to LPG consumption, by -/+ SEK 2 m (2013: -/+ SEK 1 m).

Rexcell Tissue & Airlaid AB has been allocated emission rights for the period 2013 to 2020, divided between Dals Långed and Skåpafors. The allocation for 2014 was as follows: 2,278 tonnes for Dals-Långed and 19,495 tonnes for Skåpafors. The total number of emission rights will diminish each year up to 2020.

Excess emission rights are carried over to the following year, while support purchases are made if the emission rights are insufficient. In the event support purchases take place in 2015, the assessment is that they will not amount to any significant sum. On December 31, 2014, Rexcell Tissue & Airlaid AB had 8,716 (8,054) unused emission rights with a market value of SEK 0 (0) m.

Pulp price risks

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 of +/- 1% per tonne in the price of pulp during 2014 affects earnings by -/+ SEK 3 m (2013: -/+ SEK 3 m).

Interest rate risks with respect to cash flows and fair value

Since all external borrowing is at variable interest rates (see Note 31 for more details), Duni is exposed to interest rate risks regarding cash flows, primarily in EURIBOR. The Parent Company's internal lending and borrowing also takes place at variable rates. Part of the interest rate risk has been hedged at a fixed rate through 5-year interest rate swaps, expiring in August 2019.

Duni has no significant interest-bearing assets. The Group's revenues and cash flows from the ongoing operations are, in all essential respects, independent of changes in market interest rates.The Group's interest rate risk with respect to cash flows arises through external borrowing at a variable rate. Outstanding loans are entirely in EUR.

Had interest rates on the Group's borrowing on December 31, 2014 been 100 points higher/lower, with all other variables being constant and taking into account swap agreements, Duni's financial net for 2014 would have been SEK 4 m lower/higher (2013: SEK 5 m). Other components in equity would have been SEK 17 m (2013: SEK 3 m) lower/higher, primarily as a consequence of a decrease/increase in fair value of interest rate derivatives used as hedging instruments.

3.1.2 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 exposure in relation to the Group's customers, including outstanding receivables and agreed transactions.

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

All new customers are subject to a credit rating assessment by an independent rating agency. 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 experience 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 positive market values.

Receivables overdue by more than 180 days accounted for 0.02% of total accounts receivable (2013: 1.17%). For the Parent Company, the corresponding portion is 0.0% (2013: 0.0%).

3.1.3 Liquidity risk

Duni's liquidity risk consists of the possibility of the Group lacking cash or equivalents for the payment of its obligations. The risk is managed within Duni by Treasury ensuring that sufficient cash and equivalents are available through financing under agreed credit facilities (these are described in greater detail in Note 31).

As per December 31, 2014, Duni had cash and equivalents of SEK 205 m (2013: SEK 225 m) as well as a non-utilized credit facility of SEK 799 m (2013: SEK 733 m). Payments for coming periods relating to financial liabilities are shown in the tables below.

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

Current financing consists of a revolving credit facility of EUR 130 m, which has not been fully utilized. In addition to this financing, there is a loan agreement totaling EUR 40 m which matures in May 2015 and overdraft facilities totaling SEK 7 m and PLN 10 m. Duni's long-term financing is secured through a financing agreement which extends until July 2015. Duni is in the final stage of negotiations concerning a new financing agreement, to be signed in the first quarter 2015. The table below shows the Group's contracted outstanding non-discounted interest payments and repayments of principal on financial liabilities, as well as assets and liabilities regarding derivative instruments:

		1-3 months		3-12 months		Later than 1 year but within 5 years	
SEK m	Book value	Interest	Repayment	Interest	Repayment	Interest	Repayment
Bank loans	-818	-1	-818	–	–	–	–
Overdraft facility	-8	0	-8	–	–	–	–
Accounts payable and other liabilities	-435	–	-435	–	–	–	–
- Currency forward contracts*	-10	–	-1	–	-9	–	–
- Interest rate swaps	-6	0	0	0	–	0	-6
Derivative instruments – Liabilities	**-17**	**0**	**-1**	**0**	**-9**	**0**	**-6**
- Currency forward contracts*	1	–	1	–	–	–	–
- Interest rate swaps	0	0	–	–	–	–	–
Derivative instruments – Assets	**1**	**0**	**1**	**0**	**0**	**0**	**0**
Total	**-1 277**	**-1**	**-1 261**	**0**	**-9**	**0**	**-6**

* Gross flows are shown in the table below.

The market value of derivative instruments above regarding liabilities is broken down as follows:

SEK m	2014	2013
Currency forward contracts	-10	3
Interest rate swaps	-6	-1
Total	**-17**	**2**

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 expiration date. The amounts stated below are the contractual non-discounted amounts.

SEK m	2014	2013
Currency forward contracts		
– Inflow regarding contracts for financial assets and liabilities	710	529
– Outflow regarding contracts for financial assets and liabilities	-719	-529

All flows are due and payable within one year. Financial currency forward contracts relate to both internal and external liabilities and receivables.

The above presentation includes all financial liabilities and derivatives 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 loan.

3.2 MANAGEMENT OF CAPITAL RISK

Duni's objective with respect to the capital structure is to ensure the Group's ability to continue its operations. The 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	
SEK m	2014	2013	2014	2013
Total borrowing	**818**	**490**	**818**	**490**
Overdraft facility	8	–	–	–
Other long-term receivables	1	0	0	0
Pension provisions	266	223	107	109
Group loans/receivables	–	–	-1 529	-1 062
Less: cash and cash equivalents	-205	-225	-140	-164
Net debt*	888	491	-744	-627
Total shareholder's Equity	**2 193**	**2 099**	**1 891**	**1 951**
Total capital	**3 081**	**2 590**	**1 147**	**1 324**
Net debt/equity ratio	29 %	19 %	-65 %	-47 %

* Calculation of net debt is exclusive of derivative instruments.

3.3 CALCULATION OF FAIR VALUE

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

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 flows to the current market interest rate which is available to the Group for similar financial instruments.

As from January 1, 2009, Duni applies the amended IFRS 7 as regards financial instruments valued at fair value in the balance sheet. Disclosure is thereupon required regarding valuation at fair value per level in the following fair value hierarchy :

Level 1 – Listed prices (unadjusted) on active markets for identical assets or liabilities.

Level 2 – Other observable data for assets or liabilities comprises listed prices included in Level 1, either directly (as price) or indirectly (derived from price).

Level 3 – Data for assets or liabilities which is not based on observable market data.

As stated in Note 32, Duni has derivative instruments valued at fair value and for hedging purposes; all derivative instruments are classified in Level 2.

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.

4.1.1 Useful life, tangible and intangible fixed assets

Group management determines assessed useful life and thereby 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 21–25.

4.1.2 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 Note to under section 2.9. " 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; see Note 21.

Reported values for goodwill as per the balance sheet date are allocated per cash-generating unit; see Note 21.

Even if the estimated rate of growth which is applied to discounted cash flows after the forecast five-year period had been 0% instead of the management's assessment of 1%, there would be no impairment of goodwill.

The estimated discount rate before tax which Duni applies is within a range of 11.0% – 13.0%, with the lower percentage rate being used when calculating the need for any impairment of goodwill in the Table Top business area.

Even if the estimated discount rate before tax which is applied to discounted cash flows had been 1% higher than the management's assessment, there would be no impairment of goodwill.

4.1.3 Valuation of loss carry-forwards

Every year, the Group assesses whether there is any impairment of deferred tax assets regarding loss carry-forwards for tax purposes. In making the assessment, consideration is also given to applicable tax legislation, for example regarding transfer pricing rules, as well as known future changes to legislation. 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 Noted 19 " Income taxes". As stated in Note 19, non-appraised loss carry-forwards as per December 31, 2014 amount to SEK 0 m (2013: SEK 0 m).

4.1.4 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, futures salary increases, inflation and demographic considerations. 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. Other demographic conditions are based on accepted industry practice.

The largest pension plan (approximately one half of pension obligations) is in Sweden, where there is no sufficiently liquid market for corporate bonds. Accordingly, the discount rate for the Swedish pension liability is based on mortgage bonds with a term to maturity corresponding to the pension plan. Duni believes that it is possible to equate Swedish mortgage bonds with investment-grade corporate bonds since the market for such bonds has a high turnover and is considered to be liquid and deep; furthermore, these bonds often have a triple A rating and thus are extremely creditworthy.

Reported values for pension liabilities for each balance sheet date are set forth in Note 33, "Pension provisions".

4.2 IMPORTANT ASSESSMENTS UPON APPLICATION OF THE COMPANY'S ACCOUNTING PRINCIPLES

4.2.1 Allocation of fixed assets per operating segments and goodwill to cash-generating units

The operating segments utilize common fixed assets. When reporting the common fixed assets per operating segment, they have been allocated based on the business volume of each operating segment; this is deemed to constitute a reasonable basis for allocation since the utilization of the asset by each operating 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 operating 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 business volumes of the units and made an assessment of market growth for each unit.

NOTE 5 – OPERATING SEGMENTS

Company management has established operating segments based on the information which is addressed by the strategic decision-making group and used to take strategic decisions. Since January 1, 2014, operations in Duni are divided into five operating segments.

The strategic decision-making group addresses and evaluates the operations based on lines of business to which the same risks and opportunities apply. Duni regards the Table Top, Meal Service, Consumer, New Markets and Materials & Services lines of business as operating segments; internally within Duni they are designated as business areas.

Table Top provides Duni's concepts and products to, primarily, hotels, restaurants and the catering trade. Table Top mainly markets napkins, tablecoverings and candles for the set table.

Meal Service provides concepts for food packaging and serving products, e.g. for take-away, fresh ready to eat food and various types of customers in the catering trade. Customers mainly comprise companies with operations in the restaurant, catering or food production industries.

Consumer provides consumer products to, primarily, the retail trade in Europe. Customers comprise grocery retail chains, as well as other channels such as various types of retail outlets, e.g. garden centers, home furnishing stores, and DIY stores.

New Markets provides Duni's attractive quality product concepts and table setting concepts, as well as packaging solutions, focused on new markets outside Europe. In addition to customer segments such as hotels, restaurants and catering, the business area also directs its offering to the retail trade.

Materials & Services comprises those part of the business that are not accommodated within the other business areas. The business area largely comprises external sales of tissue, an area in which Duni decided some time ago to discontinue sales of hygiene products during the first quarter of 2015. Sales of hygiene products accounted for 88% (91%) of Materials & Services' sales in 2014.

With the exception of Materials & Services, the business areas largely have a common product offering. Design and packaging solutions are, however, adapted to suit the different sales channels. To a large extent, production and support functions are shared between the business areas. Sales between the business areas take place on market terms.

Shared costs had been allocated based on estimated utilization of resources, which normally corresponds to actual business volumes. The goodwill reported in the former Professional business area has – in light of the background to the goodwill – been essentially allocated to Table Top, while the goodwill attributable to the acquisition of Song Seng has been allocated to New Markets.

Group management constitutes the strategic decision-making body in Duni and decides on the allocation of resources within Duni and evaluates the results of the operations. Duni's group management monitors the operations divided into the five business areas, which are evaluated and controlled based on the underlying operating income, i.e. reported income before restructuring expenses, non-realized valuation effects of currency derivatives, fair value allocations and amortization of intangible assets which are identified in connection with business acquisitions. Interest income and interest expenses are not allocated per segment since they are affected by measures taken by the central treasury function, which manages the Group's cash liquidity.

Operating segments							
2014, SEK m	Table Top	Meal Service	Consumer	New Markets	Materials & Services	Non-allocated	TOTAL
Total net sales	2 179	555	890	195	989	–	4 808
Net sales from other segments	–	–	1	0	558	–	559
Net sales from external customers	**2 179**	**555**	**889**	**195**	**431**	**0**	**4 249**
Operating income	373	19	54	1	27	–	475
Non-recurring items	0	0	-18	-3	2	–	-19
EBIT	**373**	**19**	**36**	**-1**	**29**	**0**	**456**
Financial incomes							5
Financial expenses							-24
Income tax							-118
Net income for the year							**319**
Total assets	2 687	183	1 199	163	96	–	4 328
Total liabilities	754	94	329	63	67	828	2 135
Investments	46	11	27	2	2	–	88
Depreciation/amortization	-75	-6	-46	-4	-4	–	-135

Operating segments							
2013, SEK m	Table Top	Meal Service	Consumer	New Markets	Materials & Services	Non-allocated	TOTAL
Total net sales	2 041	509	603	151	1 058	–	4 361
Net sales from other segments	1	0	–	1	556	–	558
Net sales from external customers	**2 040**	**509**	**603**	**150**	**502**	**0**	**3 803**
Operating income	339	13	13	3	17	–	385
Non-recurring items	-5	-2	-3	1	-7	–	-17
EBIT	**334**	**11**	**10**	**4**	**10**	**0**	**369**
Financial incomes							7
Financial expenses							-26
Income tax							-83
Net income for the year							**267**
Total assets	2 732	181	493	158	131	–	3 694
Total liabilities	681	62	212	60	87	493	1 595
Investments	42	5	16	1	18	–	82
Depreciation/amortization	-73	-6	-22	-2	-15	–	-118

Duni controls its operations based on what Duni refers to as underlying operating income. Underlying operating income means operating income before restructuring expenses, non-realized valuation effects of currency derivatives, fair value allocations and amortization in connection with business acquisition. See the table below for these items.

SEK, m	2014	2013
Non-recurring items		
Operating income	475	385
Restructuring costs	0	-17
Unrealized value changes, derivative instruments	0	0
Amortization of intangible assets identified in connection with business acquisitions	-14	–
Fair value allocations in connection with business acquisitions	-4	–
EBIT	**457**	**369**

The assets and liabilities included in each business area includes all operating capital which is used – primarily inventories, accounts receivable and accounts payable. In addition, certain assets which are shared (primarily fixed assets) have been allocated. Duni has chosen not to allocate financial liabilities, with the exception of accounts payable and derivative instruments. See also the table on non-allocated liabilities below and Note 4.2.

SEK, m	2014	2013
Non-allocated liabilities		
Overdraft facility	8	0
Leasing	3	2
Bank loans	818	490
Total non-allocated liabilities	**828**	**492**

Total net sales from external customers broken down per product group:

SEK, m	2014	2013
Product group		
Napkins	1 901	1 604
Tablecoverings	871	812
Candles	181	172
Serving products	405	345
Packaging solutions	307	284
Other	584	588
Net sales from external customers	**4 249**	**3 803**

Total net sales from external customers broken down per geographic area:

SEK, m	2014	2013
Net sales		
Sweden	298	291
Rest of Nordic region	492	439
Germany	1 485	1 222
Rest of central Europe	1 049	930
Southern and Eastern Europe	661	743
Rest of the world	265	179
Net sales from external customers	**4 249**	**3 803**

Total tangible and intangible fixed assets broken down per geographic area:

SEK, m	2014	2013
Tangible and intangible fixed assets		
Sweden	1 453	1 476
Germany	977	392
Rest of central Europe	2	2
Central and Eastern Europe	108	105
Rest of the world	85	76
Total tangible and intangible fixed assets	**2 625**	**2 050**

Parent company's breakdown of net sales per operating segment and geographic area:

Parent Company, SEK m	2014	2013
Operating segment		
Table Top	578	574
Meal Service	330	321
Consumer	184	136
New Markets	29	25
Materials & Services	45	56
Total net sales	**1 166**	**1 113**

Parent Company, SEK m	2014	2013
Geographic area		
Nordic region	719	684
Central Europe	314	316
Southern and Eastern Europe	133	113
Total net sales	**1 166**	**1 113**

NOTE 6 – INTRA-GROUP PURCHASES AND SALES

Intra-group purchases and sales amounted to SEK 2,655 m (2013: SEK 2,409) m. The Parent Company sold goods to its subsidiaries for SEK 419 m (2013: SEK 401 m) and purchased goods from subsidiaries in the value of SEK 598 m (2013: SEK 534 m). At arm's length pricing has been applied in conjunction with intra-group purchases and sales.

NOTE 7 – EXPENSES BY NATURE

In the consolidated income statement, expenses are grouped by function. Presented below is information regarding significant types of expenses.

		Group	
SEK, m	Note	2014	2013
Change in inventories of finished products and products in progress		690	557
Raw materials and consumables		1 028	951
Expenses for remuneration to employees	13	935	869
Depreciation/amortization and impairment	8	135	118
Other expenses		1 032	979
Total operating expenses		**3 821**	**3 474**

"Other expenses" means expenses for real estate, rents, logistics expenses, marketing, travel expenses, etc.

NOTE 8 – DEPRECIATION/AMORTIZATION

Depreciation/Amortization	Group		Parent Company	
SEK m	2014	2013	2014	2013
Goodwill	–	–	100	100
Customer relations	14	–	–	–
Capitalized development expenditures	14	13	11	12
Trademarks and licenses	3	1	1	1
Buildings and land improvements	8	6	0	1
Plant and equipment	96	98	6	6
Total depreciation/amortization	**135**	**118**	**119**	**120**

Depreciation/amortization are included in the cost for each function as follows:

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Cost of goods sold	91	94	4	5
Selling expenses	2	0	–	–
Administrative expenses	27	24	14	15
Research and development expenses	1	–	1	–
Other operating expenses	14	–	100	100
Total depreciation/amortization	**135**	**118**	**119**	**120**

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

NOTE 9 – RESTRUCTURING EXPENSES – ALLOCATION TO RESTRUCTURING RESERVE

No new restructuring program has been initiated in 2014. In 2013, Duni implemented a restructuring program whereby the sales and marketing departments within the former Professional business area were divided up between Table Top and Meal Service. In total, restructuring expenses of SEK 11 were incurred. Taken together, the measures are expected to generate annual savings on par with the structural expenses, with the full impact on earnings expected during the second half of 2014. In addition, SEK 6 m in expenses were incurred relating to efficiency improvements within the logistics operations.

Restructuring expenses are included in each function as follows:

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Costs of goods sold	1	6	1	–
Selling expenses	2	11	–	3
Administrative expenses	–	0	–	–
Other operating expenses	-2	0	-1	–
Total restructuring expenses	**0**	**17**	**0**	**3**

Allocation to restructuring reserve:

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Opening balance, restructuring reserve	21	17	5	6
Utilized reserves	-19	-15	-4	-5
Reversal of reserve	-1	0	-1	0
Allocations for the year	3	19	1	3
Closing balance, restructuring reserve	**4**	**21**	**1**	**5**
Of which short-term	4	21	1	5

NOTE 10 – INVENTORIES

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Raw materials and consumables	127	102	–	–
Work in progress	6	5	–	–
Finished goods and goods for resale	362	323	87	88
Advance payments to suppliers	8	4	6	3
Total	**503**	**434**	**93**	**91**

The change in inventories is reported under the item "Costs of goods sold" and, for the Group, amounts to SEK 2,656 m (2013: SEK 2,460 m). The corresponding item for the Parent Company amounts to SEK 775 m (2013: SEK 715 m). The Group's impairment write-down of inventory to the net realizable value amounts to SEK 11 m (2013: SEK 9 m). The Parent Company's reported impairment write-down of inventory amounts to SEK 4 m (2013: SEK 2 m). Reversal of impairment loss has taken place during 2014 in the amount of SEK 3 m (2013: SEK 0 m).

NOTE 11 – COMPENSATION TO AUDITORS

	Group		Parent Company	
SEK m	2014	2013	2014	2013
PwC				
– Audit engagement	4.3	4.0	1.9	1.9
– Auditing work other than audit engagement	0.4	0.2	0.4	0.1
– Tax advice	2.6	0.7	0.4	0.2
– Other services	3.0	1.5	2.7	1.0
Total	**10.3**	**6.4**	**5.4**	**3.2**

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Other auditors				
– Audit engagement	0.1	0.1	–	–
– Auditing work other than audit engagement	–	–	–	–
– Tax advice	0.0	0.2	–	–
– Other services	0.0	0.0	–	–
Total	**0.1**	**0.3**	**0.0**	**0.0**
Total compensation to auditors	**10.4**	**6.7**	**5.4**	**3.2**

"Audit engagement" means compensation for the statutory audit, i.e. work is central for the issuance of an Audit Report, as well as so-called audit consulting which is performed in connection with the audit engagement.

NOTE 12 – PERSONNEL (AVERAGE NUMBER)

The average number of employees has been calculated as the number of hours worked divided by normal annual work time.

	2014			2013		
	Men	Women	Total	Men	Women	Total
Parent Company						
Sweden	61	70	131	62	68	130
Total, Parent Company	**61**	**70**	**131**	**62**	**68**	**130**
Subsidiaries						
Austria	5	5	10	6	5	11
Belgium	7	3	10	7	4	11
Czech Republic	7	10	17	9	10	19
Denmark	13	27	40	12	29	41
Finland	5	1	6	5	4	9
France	26	24	50	26	21	47
Germany	9	6	15	13	7	20
Hungary	182	272	454	149	230	379
Italy	7	13	20	6	12	18
Netherlands	14	7	21	15	9	24
Norway	26	7	33	26	7	33
Poland	5	5	10	7	5	12
Russia	12	11	23	26	13	39
Singapore	207	57	264	212	59	271
Spain	2	3	5	3	7	10
Sweden	644	420	1 064	491	326	817
Switzerland	1	0	1	1	0	1
UK	6	4	10	6	4	10
Total, subsidiaries	**1 178**	**875**	**2 053**	**1 020**	**752**	**1 772**
Total, Group	**1 239**	**945**	**2 184**	**1 082**	**820**	**1 902**

NOTE 13 – SALARIES AND OTHER REMUNERATION

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Salaries and other remuneration	727	673	91	86
Social security expenses	165	154	29	27
Pension expenses – contribution-based plans	30	31	15	14
Pension expenses – defined benefit plans	12	11	6	4
Total	**934**	**869**	**141**	**131**

Salaries and other remuneration to senior executives and other employees:

	2014		2013	
SEK m	Salaries and other remunera-tion (of which bonuses)	Pension expenses	Salaries and other remunera-tion (of which bonuses)	Pension expenses
Board, CEO, VPs, and other senior executives	27 (10)	4	30 (7)	4
Other employees	700	38	643	38
Group, total	**727**	**42**	**673**	**42**

BOARD FEES AS WELL AS EMPLOYMENT AND TERMINATION TERMS AND CONDITIONS FOR SENIOR EXECUTIVES:
The Group's Board comprises 5 (2013: 4) persons, of whom 60% are men (2013: 75%).

Other senior executives, including the CEO, comprise 10 (2013: 9) persons, of whom 80% are men (2013: 78%). On April 1, 2014, Duni expanded its group management to include a new position. Kettil Wedin was recruited as HR Director and will be a member of Duni's group management.

Principles
Fees and other remuneration to the Board of Directors, including Duni's Board Chairman, are decided upon by the Annual General Meeting (AGM). Pursuant to guidelines adopted by the AGM on May 6, 2014, remuneration to the CEO and other senior executives shall be on market terms and consist of basic salary, other benefits (including car benefit), other remuneration (including bonus, mileage compensation and vacation pay) and pension. At present, there are no long-term share-related incentive schemes. "Other senior executives" are those persons who, together with the CEO, constitute group management. Pension benefits and other remuneration to the CEO and other senior executives are payable as part of the total remuneration package. Guidelines for remuneration to senior executives, which are proposed for adoption at the 2015 AGM, are in all essential respects the same as those which applied in 2014.

In accordance with a resolution adopted by the AGM on May 6, 2014, the annual fee for the current Chairman of the Board shall be SEK 500,000, while other directors shall receive a fee of SEK 265,000 each. In addition, fees shall be paid for committee work in the amount of SEK 55,000 to the Chairman of the Remuneration Committee and SEK 25,000 each to the other members of the Remuneration Committee, as well as SEK 107,000 to the Chairman of the Audit Committee and SEK 50,000 each to other members of the Audit Committee.

The Chairman of the Board received no remuneration other than fees for board work and committee work.

The tables below specify the amount by which the decided fees stated above were incurred in the 2014 and 2013 financial years.

Remuneration and other benefits during the year

2014, SEK '000	Basic salary/ Board fee	Pension expense*	Other benefits	Variable remuneration**	Total
Chairman of the Board – Anders Bülow	575	–	–	–	575
Director – Pauline Lindwall	193	–	–	–	193
Director – Alex Myers	323	–	–	–	323
Director – Pia Rudengren	372	–	–	–	372
Director – Magnus Yngen	320	–	–	–	320
CEO – Thomas Gustafsson	3 660	1 102	8	1 932	6 702
Other senior executives	13 061	3 276	567	5 397	22 301
Total	**18 504**	**4 378**	**575**	**7 329**	**30 786**

* Of the Group's pension expenses above, SEK 3 m relate to the Parent Company.
** Variable remuneration relates to bonuses booked as expenses for the 2014 financial year, which are paid out in 2015.

2013, TSEK	Basic salary/ Board fee	Pension expense*	Other benefits	Variable remuneration**	Total
Chairman of the Board – Anders Bülow	575	–	–	–	575
Director – Tina Andersson	210	–	–	–	210
Director – Alex Myers	210	–	–	–	210
Director – Pia Rudengren	372	–	–	–	372
Director – Magnus Yngen	320	–	–	–	320
CEO – Thomas Gustafsson	3 538	1 232	8	1 946	6 724
Other senior executives	10 658	2 527	461	4 603	18 249
Total	**15 883**	**3 759**	**469**	**6 549**	**26 660**

* Of the Group's pension expenses, SEK 3 m relate to the Parent Company.
** Variable remuneration relates to bonuses booked as expenses for the 2013 financial year, which paid out in 2014.

BONUS
The CEO and all senior executives are included in a bonus system based on profitability and capital tie-up targets, primarily with respect to their individual operational area, but also Group targets. For the CEO and CFO, the variable remuneration is capped at 55% of basic salary. For other senior executives, the variable remuneration is capped at 45% of basic salary. The bonus system covers only one year each time following a decision by the Board of Directors. For the 2014 financial year, a bonus of SEK 1.9 m (2013: SEK 1.9 m) was paid to the CEO.

PENSIONS
CEO
The CEO has an agreed retirement age of 65. The pension expense corresponds to the costs for a defined contribution plan. Until the agreed retirement age, Duni shall allocate each month an amount equal to 35% of the CEO's annual gross salary and a three-year average of the bonus, paid into a designated occupational pension insurance scheme. The allocated occupational pension provision is fully tax-deductible for Duni. There are no other outstanding pension obligations to the CEO.

Other senior executives
Eight other senior executives have defined contribution plans, while two have defined benefit plans. "Pension entitlement salary" means fixed annual salary plus holiday pay, as well as an average of bonus payments received for the past three years. In addition, there are commitments regarding sickness pension and survivor's pension. Each month, Duni pays a cash pension contribution in accordance with each senior executive's individual pension plan. Pension is earned on a straight-line basis during the employment period, i.e. from the date of employment until retirement age. There are no outstanding pension obligations to other senior executives.

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 six months. Only the Company is entitled to trigger the agreement.

The CEO is entitled to terminate his employment on six months' notice. There is no entitlement to severance compensation in the event of termination by the CEO.

Other senior executives

The majority of the other senior executives have employment contracts which are terminable on six months' notice, by either the Company or the executive. In the case of termination by the Company, the executive is entitled to severance compensation equal to 6 monthly salaries, which is included in the basis for pension computation. There are three exceptions to this arrangement: one executive is entitled to terminate on three months' notice, and otherwise on the same terms as above; in the case of another executive, the employment is terminable on 12 months' notice by the executive or the Company, without severance compensation; and in the case of the third executive, the employment is terminable by the executive on six months' notice and by the Company on 12 months' notice, without severance compensation.

Preparation and decision-making process

The Remuneration Committee prepares issues relating to remuneration for Duni's senior executives based on the guidelines adopted by the AGM regarding remuneration 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 constituent Board meeting following election. 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. Thomas Gustafsson participates at meetings of the Remuneration Committee, except when questions are addressed which relate to the CEO's remuneration. The HR Director serves as secretary at meetings of the Remuneration Committee. The Remuneration Committee shall meet at least three times per year.

Duni's Remuneration Committee is responsible for preparing issues concerning remuneration 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 scheme within Duni. In 2014, the Remuneration Committee held four meetings at which minutes were taken.

NOTE 14 – OTHER OPERATING INCOME

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Administrative services	–	–	225	198
Capital gain	–	–	4	–
Other items	4	2	4	0
Total other operating income	**4**	**2**	**233**	**198**

NOTE 15 – OTHER OPERATING EXPENSES

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Exchange rate losses	1	1	0	1
Depreciation/amortization	14	–	100	100
Administrative services	–	–	57	62
Other items	13	8	6	5
Total other operating expenses	**28**	**10**	**163**	**168**

NOTE 16 – NET EXCHANGE RATE DIFFERENCES

Exchange rate differences have been reported in the income statement as follows:

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Operating income				
Change in fair value – currency derivatives	0	0	0	0
Other exchange rate differences in operating income	-1	-1	4	-1
Total exchange rate differences in operating income	**-1**	**-1**	**4**	**-1**
Financial items				
Change in fair value – currency derivatives	–	–	–	–
Exchange rate differences in financial items	-13	-4	-13	-4
Total exchange rate differences in financial items	**-13**	**-4**	**-13**	**-4**
Total net exchange rate differences in income statement	**-14**	**-5**	**9**	**-5**

NOTE 17 – INCOME FROM FINANCIAL ITEMS

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Financial income				
Interest income, external investments	5	7	3	7
Interest income Group companies	–	–	33	24
Total financial income	**5**	**7**	**36**	**31**
Financial expenses				
Interest expenses, external loans	-11	-12	-9	-11
Interest expenses, pensions	-8	-7	-6	-4
Interest expenses, Group companies	–	–	0	0
Interest expenses, interest rate swaps	-1	-2	-1	-2
Change in fair value, currency forwards	-13	3	-13	3
Other financial expenses	8	-8	16	-10
Total financial expenses	**-24**	**-26**	**-13**	**-24**

The interest portion in the year's expenses is reported among interest expenses. The rate of interest used in the Parent Company is 5.8% (2013:4.1%) set by PRI, 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 18 – INCOME FROM PARTICIPATIONS IN GROUP COMPANIES

During the year, the Parent Company received dividends from subsidiaries amounting to SEK 95 m (2013: SEK 109 m).

NOTE 19 – INCOME TAX

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Current tax for the year	-60	-43	0	0
Current tax attributable to previous years	-3	0	0	–
Deferred tax attributable to previous years	-5	–	-5	–
Deferred tax	-50	-40	-41	-37
Tax on net income for the year	**-118**	**-83**	**-46**	**-37**

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

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Deferred tax, internal profit on inventories	0	-1	–	–
Deferred tax, untaxed reserves	7	-4	–	–
Deferred tax, appraised loss carry-forwards	-57	-40	-45	-37
Deferred tax, other	-5	5	-1	0
Total deferred tax	**-55**	**-40**	**-46**	**-37**

The tax attributable to components in other comprehensive income amounts to SEK 11 m (2013: SEK 4), most of which comprises tax on reappraisal of the net pension obligation.

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 income in the consolidated companies in accordance with the following:

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Reported income before tax	437	350	180	176
Tax according to applicable tax rate	-107	-81	-40	-39
Tax effect on non-deductible expenses	-6	-2	-23	-23
Tax effect on non-taxable income	3	3	22	25
Effect of foreign tax rates	0	0	0	0
Tax income/expenses due to changed tax rate	0	-1	0	0
Adjustments relating to previous years	-8	0	-5	–
Tax on net income for the year in accordance with the income statement	**-118**	**-83**	**-46**	**-37**

TAX RATE

The weighted average tax rate in the Group amounted to 24.4% (2013: 23.5%). The increase is attributable to the acquisition in Germany. The Parent Company's applicable income tax rate is 22% (2013: 22%). On January 1, 2013, the tax rate in Sweden (the Parent Company) was reduced from 26.3% to 22%.

TEMPORARY DIFFERENCES

Temporary differences arise 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

SEK m, Group	Loss carry-forwards	Internal profit	Pensions	Structural costs	Other*	Total
Per December 31, 2012	**183**	**1**	**19**	**6**	**7**	**217**
Reported in income statement	-40	-1	–	4	2	-35
Effect of changed tax rates reported in the income statement	–	–	–	–	–	0
Reported in other comprehensive income	–	–	-4	–	–	-4
Exchange rate differences	0	–	–	–	0	0
Per December 31, 2013	**143**	**0**	**15**	**10**	**9**	**178**
Reported in income statement	-57	0	–	1	7	-49
Effect of changes in tax rates reported in the income statement	–	–	–	–	–	0
Reported in other comprehensive income	–	–	10	–	–	10
Exchange rate differences	0	–	–	–	0	0
Per December 31, 2014	**86**	**0**	**25**	**11**	**16**	**139**

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

The reported effect of changes in tax rates relates to the Swedish operations; see also "tax rate" above. Loss carry-forwards relate essentially to completed restructuring. As regards the valuation of loss carry-forwards, see Note 4.1. It is the management's assessment that the implemented restructuring measures will lead to taxable surpluses, against which loss carry-forwards might be utilized.

Deferred tax liabilities

SEK m, Group	Untaxed reserves	Intangible assets	Other	Total
Per December 31, 2012	**16**	**0**	**13**	**29**
Reported in income statement	4	–	3	7
Effect of changes in tax rates reported in the income statement	–	–	–	0
Acquired tax liability	–	4	–	4
Exchange rate differences	–	–	0	0
Per December 31, 2013	**20**	**4**	**16**	**40**
Reported in income statement	7	-4	4	7
Effect of change tax rates reported in the income statement	–	–	–	0
Acquired tax liability	–	76	1	77
Exchange rate difference	–	0	0	0
Per December 31, 2014	**27**	**76**	**21**	**122**

"Intangible assets" refers to deferred tax on acquired customer relations. "Other" refers, among other things, to deferred tax on pensions. The deferred tax is valued in accordance with the applicable tax rate in each country.

	Deferred tax assets				**Deferred tax liabilities**
SEK m, Parent Company	Loss carry-forwards*	Financial instruments	Other	Total	Financial instruments
Per December 31, 2012	**167**	**3**	**0**	**171**	**0**
Reported in income statement	-37	0	0	-37	–
Reported in other comprehensive income	–	–	–	0	–
Exchange rate differences	-1	–	–	-1	–
Per December 31, 2013	**129**	**4**	**0**	**132**	**0**
Reported in income statement	-45	-1	0	-46	–
Reported in other comprehensive income	–	–	–	0	–
Exchange rate differences	1	–	–	1	–
Per December 31, 2014	**85**	**3**	**0**	**87**	**0**

* All loss carry-forwards in the Parent Company are perpetual.

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. No set-off has taken place.

Reporting of expiration dates:

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Deferred tax assets				
Utilized after more than 12 months	83	137	52	106
Utilized within 12 months	56	41	35	26
Total	**139**	**178**	**87**	**132**
Deferred tax liabilities				
Utilized after more than 12 months	94	20	–	–
Utilized within 12 months	28	20	–	–
Total	**122**	**40**	**0**	**0**

The net change regarding deferred taxes is as follows:

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Opening balance	**142**	**188**	**132**	**171**
Reported in income statement	-56	-38	-46	-37
Effect of change tax rates reported in the income statement	–	–	–	–
Reported in other comprehensive income	10	-4	–	–
Acquired tax liability	-77	-4	–	–
Exchange rate differences	-2	0	1	-1
Closing balance	**17**	**142**	**87**	**132**

TAX REGARDING ITEMS REPORTED DIRECTLY AGAINST SHAREHOLDERS' EQUITY

Current tax and deferred tax reported in shareholders' equity amount to SEK 0 m (2013: SEK 0 m) in both the Group and the Parent Company.

NOTE 20 – SHARE CAPITAL AND EARNINGS PER SHARE

On December 31, 2014, the share capital comprised 46,999,032 (2013: 46,999,032) shares. Each share carries an entitlement to one vote. All shares registered on the balance sheet date are fully paid-up. On December 31, 2014, the quotient of the shares was SEK 1.25 per share.

A specification of changes in shareholders equity is provided in the "Consolidated Statement of Changes in Equity", which is presented immediately after the balance sheet. Since Duni has had no outstanding convertible debentures or warrants, there has been no dilution of Duni shares in the 2014 and 2013 financial years.

EARNINGS PER SHARE, BEFORE AND AFTER DILUTION

Earnings per share before and after dilution are calculated based on the following income and number of shares:

	2014	2013
Income attributable to the equity holders of the Parent Company (SEK m)	319	267
Weighted average number of outstanding shares of common stock (thousands)	46 999	46 999
Earnings per share, before and after dilution (SEK per share)	**6.80**	**5.68**

NOTE 21 – INTANGIBLE ASSETS

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Goodwill				
Acquisition values				
Opening acquisition values	1 249	1 199	2 053	2 053
Investments	–	–	–	–
Increase through business acquisitions	197	50	–	–
Sales and disposals	–	–	–	–
Translation differences	17	–	–	–
Closing accumulated acquisition values	**1 463**	**1 249**	**2 053**	**2 053**
Amortization				
Opening accumulated amortization	–	–	-1 753	-1 653
Amortization for the year	–	–	-100	-100
Sales and disposals	–	–	–	–
Translation differences	–	–	–	–
Closing accumulated amortization	**0**	**0**	**-1 853**	**-1 753**
Closing book value	**1 463**	**1 249**	**200**	**300**

SEK m	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Other intangible fixed assets, customer relations				
Acquisition values				
Opening acquisition values	25	–	–	–
Investments	0	–	–	–
Increase through business acquisitions	232	25	–	–
Sales and disposals	–	–	–	–
Translation differences	15	–	–	–
Closing accumulated acquisition values	**271**	**25**	**0**	**0**
Amortization				
Opening accumulation amortization				
Amortization for the year	–	–	–	–
Sales and disposals	-14	–	–	–
Reclassifications	–	–	–	–
Translation differences	-1	–	–	–
Closing accumulated amortization	**-15**	**0**	**0**	**0**
Closing book value	**256**	**25**	**0**	**0**

SEK m	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Trademarks and licenses				
Acquisition value				
Opening acquisition values	49	45	48	43
Investments	0	0	–	0
Increase through business acquisitions	8	–	–	–
Sales and disposals	–	–	–	–
Reclassifications	2	4	2	4
Translation differences	1	0	–	–
Closing accumulated acquisition values	**61**	**49**	**50**	**48**
Amortization				
Opening accumulation amortization	-44	-42	-42	-41
Amortization for the year	-3	-1	-2	-1
Sales and disposals	–	–	–	–
Reclassifications	–	–	–	–
Translation differences	0	0	–	–
Closing accumulated amortization	**-47**	**-44**	**-44**	**-42**
Closing book value	**14**	**6**	**6**	**5**

SEK m	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Capitalized development expenditures				
Acquisition values				
Opening acquisition values	138	126	108	103
Investments	2	7	–	–
Increase through business acquisitions	0	–	–	–
Sales and disposals	–	–	–	–
Reclassifications	5	5	5	5
Translation differences	2	0	–	–
Closing accumulated acquisition values	**146**	**138**	**113**	**108**
Amortization				
Opening accumulated amortization	-87	-75	-75	-63
Amortization for the year	-14	-13	-11	-12
Sales and disposals	–	–	–	–
Reclassifications	–	–	–	–
Translation differences	-1	0	–	–
Closing accumulated amortization	**-102**	**-87**	**-86**	**-75**
Impairment				
Opening accumulated impairment	-3	-3	-3	-3
Impairment for the year	–	–	–	–
Translation differences	–	–	–	–
Closing accumulated impairment	**-3**	**-3**	**-3**	**-3**
Closing book value	**41**	**48**	**23**	**30**
Intangible assets, total	**1 774**	**1 327**	**229**	**335**

In 2005, the EU introduced an emission rights system as a method for restricting carbon dioxide emissions. For the period 2013 up to and including 2020, Rexcell Tissue & Airlaid AB has been allocated a total of 166,246 tonnes. The allocation for 2014 is 2,278 tonnes for Dals Långed and 19,495 tonnes for Skåpafors. The allocation will gradually diminish up to 2020. The 2020 allocation is 2,027 tonnes/year for Dals Långed and 17,349 tonnes/year for Skåpafors. In total, 13,057 tonnes were consumed in 2014 and 14,104 tonnes in 2013. Received emission rights are reported as intangible assets booked at an acquisition value of zero.

TEST FOR IMPAIRMENT OF GOODWILL

Tests for impairment of goodwill were carried out at the end of the financial years on December 31, 2014 and December 31, 2013. With the implementation of IFRS, allocation of the Group's goodwill items has taken place through allocation ratios; see Note 4.2.

During the year, Duni acquired Paper+Design Group, giving rise to an acquisition goodwill of SEK 197 m. During 2013, Duni acquired the assets of Song Seng Associates Pte Ltd, giving rise to an acquisition goodwill of SEK 50 m. For more information, see Note 38 Acquisition Analysis.

Goodwill is allocated on the Group's cash-generating units identified per business area as follows:

SEK m	2014	2013
Table Top	1 199	1 199
Consumer	206	–
New Markets	58	50
Total	**1 463**	**1 249**

On January 1, 2014, Duni reports five business areas instead of the previous three. The goodwill previously attributed to Professional business area is now attributed to Table Top.

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 an assessed growth rate. The growth rate does not exceed the long-term growth rate for the industry as a whole. During the period covered by the forecast, the growth rate for the business areas is estimated at 2.0 (2013: 2.0%) per year on average, and at 1.0% (2013: 1.0%) as a weighted average rate of growth beyond the period covered by the forecast.

Important assumptions which are used for calculations of use values are primarily profit margin, growth rate and a nominal discount rate of 11%-13%, with the lower percentage rate being applied to the Table Top business area (2013: 11.4%). The discount rate before tax is used in conjunction with present value calculation of estimated future cash flows.

Company 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 22 – BUILDINGS, LAND AND LAND IMPROVEMENTS

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Buildings				
Acquisition values				
Opening acquisition values	289	277	120	120
Investments	1	1	–	–
Increase through business acquisitions	60	–	–	–
Sales and disposals	0	–	–	–
Reclassifications	4	6	–	–
Translation differences	13	6	–	–
Closing accumulated acquisition values	**368**	**289**	**120**	**120**
Depreciation				
Opening accumulated depreciation	-116	-109	-102	-101
Depreciation for the year	-8	-6	0	-2
Sales and disposals	0	–	–	–
Reclassifications	-1	–	–	–
Translation differences	-1	0	–	–
Closing accumulated depreciation	**-126**	**-116**	**-102**	**-102**
Impairment				
Opening accumulated impairment	-16	-16	-16	-16
Impairment for the year	–	–	–	–
Translation differences	–	–	–	–
Closing accumulated impairment	**-16**	**-16**	**-16**	**-16**
Closing book value	**226**	**157**	**1**	**1**

SEK m	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Land and land improvements				
Acquisition values				
Opening acquisition values	35	35	2	2
Investments	2	–	–	–
Increase through business acquisitions	12	–	–	–
Sales and disposals	–	–	–	–
Reclassifications	–	-1	–	–
Translation differences	1	0	–	–
Closing accumulated acquisition values	**49**	**35**	**2**	**2**
Write-ups				
Opening accumulated write-ups	–	–	12	12
Closing accumulated write-ups	**0**	**0**	**12**	**12**
Closing book value	**49**	**35**	**14**	**14**
Buildings, land and land improvements	**275**	**191**	**15**	**15**

Duni has no buildings under financial leasing.

NOTE 23 – MACHINERY AND OTHER TECHNICAL EQUIPMENT

SEK m	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Acquisition values				
Opening acquisition values	1 550	1 486	47	45
Investments	12	14	3	2
Increase through business acquisitions	38	–	–	–
Sales and disposals	-52	-2	-3	0
Reclassifications	35	27	3	1
Translation differences	44	25	–	–
Closing accumulated acquisition values	**1 627**	**1 550**	**50**	**47**
Depreciation				
Opening accumulated depreciation	-1 069	-971	-35	-31
Depreciation for the year	-77	-83	-4	-4
Sales and disposals	50	2	1	–
Reclassifications	1	–	–	–
Translation differences	-31	-18	–	–
Closing accumulated depreciation	**-1 126**	**-1 069**	**-38**	**-35**
Impairment				
Opening accumulated impairment	-45	-45	–	–
Impairment for the year	–	–	–	–
Translation differences	0	0	–	–
Closing accumulated impairment	**-45**	**-45**	**0**	**0**
Closing book value	**456**	**436**	**11**	**12**

Machinery and other technical equipment under financial leasing are included in the above table for the Group in the amount of SEK 4 m (2013: SEK 4 m) in acquisition value and SEK 2 m (2013: SEK 3 m) in accumulated depreciation. The Parent Company has no machinery and other technical equipment under financial leasing.

NOTE 24 – EQUIPMENT, TOOLS AND INSTALLATIONS

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Acquisition values				
Opening acquisition values	279	251	22	23
Investments	14	20	0	0
Increase through business acquisitions	7	–	–	–
Sales and disposals	-28	-4	0	-3
Reclassifications	5	5	1	2
Translation differences	15	7	–	–
Closing accumulated acquisition values	**291**	**279**	**23**	**22**
Depreciation				
Opening accumulated depreciation	-217	-201	-19	-21
Depreciation for the year	-19	-15	-2	-1
Sales and disposals	28	4	0	3
Reclassifications	–	–	–	–
Translation differences	-11	-5	–	–
Closing accumulated depreciation	**-220**	**-217**	**-21**	**-19**
Closing book value	**72**	**62**	**3**	**3**

NOTE 25 – CONSTRUCTION IN PROGRESS AND ADVANCE PAYMENTS FOR TANGIBLE ASSETS

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Acquisition values				
Opening acquisition values	55	59	3	8
Investments	59	41	11	7
Increase through business acquisitions	4	–	–	–
Sales and disposals	-1	0	–	0
Reclassifications	-50	-46	-11	-12
Translation differences	2	1	–	–
Closing accumulated acquisition values	**69**	**55**	**3**	**3**
Impairment				
Opening accumulated impairment	-21	-21	-1	-1
Impairment for the year	–	–	–	–
Translation differences	–	–	–	–
Closing accumulated impairment	**-21**	**-21**	**-1**	**-1**
Closing book value	**48**	**34**	**2**	**2**

NOTE 26 – PARTICIPATIONS IN GROUP COMPANIES

	Registration number	Registered office	Number of shares and participations	Equity,%	Book value, SEK '000
Swedish subsidiaries					
Rexcell Tissue & Airlaid AB	556193-9769	Bengtsfors	12 000	100	81 440
Finess Borrby AB	556262-2604	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	3493 0993 000064	Ste Helene du Lac, FR		(100)	(€ 2 871)
– Duni Benelux B.V.	23052488	Breda, NL		(100)	(€ 7 250)
– Duni Ltd.	897172	Runcorn, GB		(100)	(€ 8 395)
– Duni A/S	10 99 98 98	Köpenhamn, DK		(100)	(€ 1 377)
– Duni AS	962346057	Oslo, NO		(100)	(€ 370)
– Duni OY	0864585-8	Helsingfors, FI		(100)	(€ 1 578)
– Duni Holding Asia & Pacific Pte Ltd.	201316245E	Singapore, SG		(100)	(€ 62)
Duni Iberica S.L.	B60689692	Barcelona, ES	200 000	100	23 176
Duni Poland Sp. z o.o.	KRS no. 40401	Poznan, PL	15 300	100	48 133
Duni Sales Poland Sp. z o.o.	KRS no. 254481	Poznan, PL	1 000	100	1 190
Duni EFF Sp. z o.o.	KRS no. 249084	Poznan, PL	1 000	100	1 130
Duni (CZ) s.r.o.	65410106	Kladno, CZ	1	100	8 818
Duni AG	212544	Rotkreutz, CH	200	100	578
Duni ZAO	7816110025	Moskva, RU	1	100	11
Duni Beteiligungsgesellschaft mbH	Osnabrück HRB 20099	Bramsche, DE	1	100	3 076
Duni Holding GmbH	Chemnitz HRB 29017	Wolkenstein, DE	1	100	226
– Paper+Design Beteiligungsgesellschaft mbH	Chemnitz HRB 26488	Wolkenstein, DE		(100)	(€12 221)
Duni OY	–	Helsingfors, FI			6 443
					690 637
Participations in Group Companies					**772 077**

	Parent Company	
SEK '000	2014	2013
Opening value, participations in Group companies	769 773	769 773
Investments for the year	226	–
Shareholders' contributions	2 078	–
Divestments for the year	–	–
Impairment for the year	–	–
Closing value, participations in Group companies	**772 077**	**769 773**

NOTE 27 – OTHER LONG-TERM RECEIVABLES

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Loan claims	1	1	0	0
Financial receivables from Group companies	–	–	1 654	1 073
Total other long-term receivables	**1**	**1**	**1 654**	**1 073**

Loan claims are valued at accrued acquisition value. Loan claims mainly carry variable interest thus the fair value is assessed as corresponding to the book value.

NOTE 28 – ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Accounts receivable	743	658	96	94
Receivables from Group companies	–	–	42	51
Other receivables	69	75	17	18
Current financial receivables, internal	–	–	109	201
Total accounts receivable and other receivables	**812**	**733**	**264**	**364**

Regarding credit risks and exposures, see Note 3.1.2.

Other receivables above relate to:

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Receivables from suppliers	8	6	–	–
VAT claims	41	50	17	18
Factoring	9	5	–	–
Other receivables	11	14	–	–
Total other receivables	**69**	**75**	**17**	**18**

Credit exposure:

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Accounts receivable neither due nor impaired	667	598	91	90
Accounts receivable due but not impaired	76	56	5	5
Impaired accounts receivable	23	16	1	1
Provision for bad debts	-23	-12	-1	-1
Total accounts receivable	**743**	**658**	**96**	**94**

The credit risk associated with accounts receivable that are neither due nor impaired is not considered to be large. 33% (2013: 29%) of total accounts receivable that are neither due nor impaired have a rating of AA or higher. 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 in this category. No individual debt exceeds 5.0% (2013: 4.4%) of the total accounts receivable that are neither due nor impaired.

Aging of accounts receivable overdue but not impaired:

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Less than 1 month	56	39	5	4
1-3 months	19	18	1	2
3-6 months	0	1	0	0
More than 6 months	1	-1	0	-1
Total	**76**	**56**	**5**	**5**

On December 31, 2014, provisions for bad debts amounted to SEK 23 m (2013: SEK 12 m). The individually assessed receivables in respect of which the need for impairment is deemed to exist relate primarily to wholesalers who have unexpectedly encountered financial difficulties. The assessment has been made that some of the claims are expected to be recoverable.

Aging of impaired accounts receivable:

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Less than 3 months	5	3	–	–
3-6 months	4	4	–	–
More than 6 months	14	10	1	1
Total	**23**	**16**	**1**	**1**

Specification of bad debt provisions:

	Group		Parent Company	
SEK m	2014	2013	2014	2013
At beginning of year	12	9	1	1
Provisions for bad debts	16	7	0	0
Claims written-off during the year	-2	-1	0	0
Reversed non-utilized amount	-4	-4	0	–
At year-end	**23**	**12**	**1**	**1**

Provisions for 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 a write-down exists.

The maximum exposure to 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 amounts, the currency, for the group's accounts receivable:

	Group		Parent Company	
SEK m	2014	2013	2014	2013
SEK	63	65	35	33
EUR	492	406	15	13
GBP	70	60	–	–
DKK	25	24	25	24
NOK	21	24	21	23
PLN	22	26	–	–
Other currencies*	50	54	–	–
Total	**743**	**658**	**96**	**94**

* "Other currencies" refers to CHF, CZK, RUB, SGD, USD, etc.

NOTE 29 – DERIVATIVE INSTRUMENTS

	2014		2013	
SEK m	Asset	Liability	Asset	Liability
Interest rate swaps – cash flow hedge	0	6	0	1
Currency forward contracts	1	11	5	2
Total reported in the balance sheet	**1**	**17**	**5**	**3**
Financial instruments covered by set-off master agreement	**0**		**-2**	
Total after taking into consideration set-off master agreement	**1**		**3**	

Duni uses interest rate swaps and currency forward contracts to manage its translation risk. All derivative instruments are valued at market value and changes in value are reported in the income statement, whereas changes in the value of interest rate swaps are reported in "Other comprehensive income".

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.

INTEREST RATE SWAPS

The finance policy prescribes that the average interest term shall be six months for the total loan portfolio, with the possibility of a variation of +/-six months.

Duni has chosen to hedge part of outstanding loans through interest rate swaps, variable against fixed interest rates. Reporting of interest rate swaps is classified as cash flow hedging and handled as hedge accounting in accordance with IAS 39.

Outstanding nominal amounts on December 31, 2014 are EUR 70 m. Profits and losses on interest rate swaps as per December 31, 2014, which are reported in the hedging reserve in shareholders' equity, "Consolidated Statement of Changes in Equity", will be regularly transferred to financial expenses in the income statement until such time as the swap has expired.

CURRENCY FORWARD CONTRACTS

Currency forward contracts are entered into with the aim of protecting the Group against exchange rate movements through the contract determining the rate at which an asset or liability in foreign currency 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 to expiration for the Group's currency forward contracts broken down by purpose are shown in the table below:

	Average term in months	
	2014	2013
Currency forward contracts for financial assets and liabilities	1	1

At the end of the period, the market value of these forward contracts was SEK -10 m (2013: SEK 1 m).

NOTE 30 – PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Prepaid rent	3	3	1	1
Prepaid insurance	6	4	–	–
Prepay pensions	5	4	4	4
Prepaid catalog expenses	3	2	3	2
Other items	14	19	4	4
Total prepaid expenses and accrued income	**31**	**32**	**12**	**11**

NOTE 31 – BORROWING

SEK m	Group 2014	Group 2013	Parent Company 2014	Parent Company 2013
Long-term				
Bank loans	–	490	–	490
Liabilities to Group companies	–	–	235	213
Overdraft facility	8	0	0	0
Total long-term borrowing	**8**	**490**	**235**	**703**
Short-term				
Bank loans	818	–	818	–
Total short-term borrowing	**818**	**–**	**818**	**–**
Total borrowing	**826**	**490**	**1 053**	**703**

The outstanding loan facility matures in July 2015; however, periodic maturity (so-called rolling of drawn loans) takes place regularly. The average rate of interest on bank loans was 1.063% per year (2013: 1.285% per year).

With respect to borrowing, Duni's exposure on the balance sheet date to changes in interest rates and contractual dates for interest renegotiation was as follows:

SEK m	2014	2013
Six months or less	381	0
6-12 months	57	–
More than one year	381	490
Total	**818**	**490**

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 December 31, 2014 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 reported values for Duni's borrowing.

FAIR VALUES CURRENT FINANCING

Duni's bank loans and overdrafts facility, amounting to SEK 826 m (2013: SEK 490 m), carry variable interest which is determined in conjunction with each new loan period. The discount effect for such a relatively short period of time is insignificant, and thus the fair value corresponds to the nominal value plus accrued interest.

	2014		2013	
SEK m	Reported value	Nominal value	Reported value	Nominal value
ank loans	818	818	490	492
Overdraft facility	8	8	0	0
Leasing	3	3	2	2
Total	**829**	**829**	**493**	**494**

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

SEK m	2014	2013
EUR	821	490
Other currencies	8	3
Total	**829**	**493**

BANKS LOANS

Duni has a revolving credit facility in a nominal amount of EUR 130 m which extends until July 2015. Duni also has an EUR 40 m credit facility which extends until May 2015. Duni is now engaged in final negotiations regarding a new financing solution. The interest rate is variable and set as EURIBOR plus a margin, until the next rolling.

OVERDRAFT FACILITY

On behalf of the Group, the Parent Company has arranged an overdraft facility in a nominal amount of SEK 81 m. as per December 31, 2014, the amount drawn was SEK 8 m.

NOTE 32 – CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Assets				
Non-financial assets				
Tangible and intangible fixed assets	2 625	2 050	260	367
Deferred tax assets	139	178	87	132
Other financial fixed assets	–	–	772	770
Inventory	503	434	93	91
Prepaid expenses and accrued income	31	32	12	11
Total non-financial assets	**3 298**	**2 694**	**1 224**	**1 371**
Loans and receivables				
Other long-term receivables	1	1	0	1
Accounts receivable	743	658	96	94
Tax asset	11	37	5	5
Other receivables	70	75	17	18
Receivables from Group companies	–	–	1 804	1 324
Cash and cash equivalents / Cash and bank balances	205	225	140	164
Total loans and receivables	**1 029**	**996**	**2 063**	**1 606**
Total assets at fair value through profit or loss				
Derivative instruments	1	5	1	5
Total assets at fair value through profit or loss	**1**	**5**	**1**	**5**
Total assets	**4 328**	**3 695**	**3 288**	**2 982**

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

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Liabilities				
Non-financial liabilities				
Deferred tax liability	122	40	–	–
Pension provisions	266	223	107	109
Allocation to restructuring reserve	4	21	1	5
Total non-financial liabilities	**392**	**284**	**108**	**114**
Liabilities at amortized cost				
Overdraft facility	8	0	0	0
Bank loans	818	490	818	490
Accounts payable	341	348	64	52
Tax liabilities	29	9	–	–
Other liabilities	96	82	11	18
Liabilities to Group companies	–	–	293	272
Accrued expenses and deferred income	434	381	87	83
Total liabilities at amortized cost	**1 726**	**1 310**	**1 273**	**915**
Derivative instruments used for hedging purposes				
Derivative instruments	6	2	6	3
Total derivative instruments use for hedging purposes	**6**	**2**	**6**	**3**
Liabilities valued at fair value through profit or loss				
Derivative instruments	10	0	10	0
Total liabilities at fair value through profit or loss	**10**	**0**	**10**	**0**
Total liabilities	**2 135**	**1 596**	**1 398**	**1 032**

NOTE 33 – PENSION PROVISIONS

Compensation for pensions and other compensation after employment is mainly paid through contribution-based plans in which regular payments are made to authorities and insurance companies. These independent bodies thereby assume the obligations to the employees. Within the Group, there are also a number of benefits-based plans under which employees are guaranteed a pension corresponding to a percentage of salary.

Provisions for pensions and similar obligations

	Group	
SEK m	2014	2013
Defined benefit plans	266	223

DEFINED BENEFIT PLANS

Within the Group, there are a number of defined benefit plans where, after completion of employment, the employees are entitled to compensation based on final salary and period of employment. The largest plans relate to Sweden, Germany, the UK, the Netherlands and Belgium. The plans in the UK and the Netherlands are consolidated externally, with the plan assets being held by foundations or similar legal entities. The activities of the foundations are governed by national rules and practice as regards the relationship between the Group and the manager (or equivalent) of the foundation's plan assets and the composition of plan assets in terms of different types of assets.

Commencing January 1, 2013, Duni applies the revised IAS 19 Employee Benefits (IAS19R). Consequently, previously non-reported actuarial losses are reported at the time of transition and actuarial gains and losses which arise in the future will be reported in "Other comprehensive income".

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 Swedish Financial Reporting Board, URF 3, this is a defined benefit plan covering 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 ITP2, which is secured through insurance with Alecta, is thus reported as a defined contribution plan. The premium for the defined benefit retirement and family pension is calculated on an individual basis and depends, among other things, on salary, previously earned pension entitlement, and expected remaining period of employment. Expected fees for the next reporting period for ITP2 policies taken out with Alecta amount to SEK 2 m (2013: SEK 3 m).

Alecta's surplus may be divided among the policyholders and/or the insured. As per December 31, 2014, Alecta's surplus in the form of the collective funding level amounted to 143% (2013: 148%). The collective funding level constitutes the market value of Alecta's assets as a percentage of the insurance obligations, calculated in accordance with Alecta's actuarial calculation assumptions, which do not correspond to IAS 19.

The amounts reported in the consolidated balance sheet consist of:

	Defined benefit plans	
SEK m	2014	2013
Present value of funded obligations	280	181
Fair value of plan assets	-211	-156
Present value of underfunded obligations	197	198
Net debt in the balance sheet	**266**	**223**

Total pension expenses reported in the consolidated income statement are as follows:

SEK m	2014	2013
Costs relating to employment during the current year	-5	-4
Interest expenses	-14	-12
Interest income	7	5
Total pension expenses regarding defined benefit plans	**-12**	**-11**
Pension expenses for the year regarding defined contribution plans	-30	-31
Total pension expenses for the year, including personnel expenses (Note 13)	**-42**	**-42**
The year's reappraisal of pension plans reported in "Other comprehensive income"	**-40**	**17**

The expenses regarding defined benefit plans are allocated in the consolidated income statement on the following items:

	Defined benefit plans	
SEK m	2014	2013
Operating income	-4	-4
Financial expenses	-8	-7
Total expenses from defined benefit plans in the income statement	**-12**	**-11**

The change in the defined benefit obligations during the year is as follows:

	Defined benefit plans	
SEK m	2014	2013
At beginning of year	379	381
Employment expenses during current year	5	4
Interest expenses	14	12
Reappraisals, losses (+)/gains (-)	72	-12
Exchange rate differences	24	8
Disbursed benefits	-18	-15
Settlements	1	1
At year-end	**477**	**379**
Experienced-based adjustments of defined benefit obligations	**2**	**-2**

Reappraisals entail gains/losses as a consequence of changed demographic assumptions, financial assumptions and experience-based gains/losses.

The change in fair value of plan assets during the year is as follows:

SEK m	2014	2013
At beginning of year	-156	-135
Anticipated return on plan assets	-7	-5
Reappraisals, losses (+)/gains (-)	-26	-5
Exchange rate differences	-18	-5
Employer's contributions	-8	-8
Employees' contributions	-1	-1
Disbursed benefits	4	3
Settlements	1	0
At year-end	**-211**	**-156**
Experience-based adjustments of plan assets	**-26**	**-5**

The plan assets are located primarily in the UK and Holland. In Holland and Germany, funding consists primarily of insurance contracts which provide a guaranteed annual return with a possibility of a bonus decided on annually by the insurance company. In the UK, 67% (65%) of the plan assets are invested in equity instruments, 19% (20%) in bonds, and 14% (14%) in real estate. The assumed return on the plan assets is stated as the guaranteed return plus the anticipated bonus.

Contributions to defined benefit plans are expected to be on the same level as in 2014.

The weighted average term for pension obligations is 17.4 years.

Actuarial assumptions on the balance sheet date

	Sweden	Germany	UK	Netherlands	Belgium
Discount rate	2.0 % (3.6)	1.6 % (2.8)	3.8 % (4.5)	2.2 % (3.6)	1.6 % (2.8)
Expected return on plan assets	–	1.6 % (2.8)	3.8 % (4.5)	2.2 % (3.6)	1.6 % (2.8)
Future annual salary increases	–	–	4.0 % (4.1)	2.5 % (2.5)	3.0 % (3.0)
Future annual pension increases	1.2 % (1.4)	2.0 % (2.0)	3.25 % (3.35)	0.0 % (0.0)	0.0 % (0.0)
Personnel turnover	–	–	0.0 % (0.0)	0.0 % (0.0)	0.0 % (0.0)

The assumptions regarding future lifespan are based on public statistics and experiences from mortality studies in each country, and are established in consultation with actuarial experts.

Through its defined benefit pension plan, Duni is exposed to a number of risks, the most important of which are the following:

Asset volatility: The plan's liabilities are calculated applying a discount rate which is based on corporate bonds. If the plan assets do not achieve a corresponding return, a deficit arises. In the short term, this can result in volatility, but since the liability in the pension plan is long-term in nature, investments in, e.g. equity instruments are appropriate for managing the plan efficiently and obtaining the best return. Duni has no independent control over the way in which plan assets are invested. They are held by foundations whose activities are governed by national regulations and practice.

Changes in the yield on bonds: A reduction in the interest rate paid on corporate bonds will result in an increase in the liabilities in the plans.
Inflation risk: Certain of the plan's obligations are linked to inflation, with high inflation resulting in greater liabilities. Most of the plan assets are either unaffected by inflation (fixed interest on bonds) or have a weak correlation to inflation (equities), entailing that an increase in inflation will also increase the deficit.
Lifespan assumptions: Most of the pension obligations entail that the employees covered by the plan will receive lifelong benefits, and consequently increased lifespan assumptions result in higher pension liabilities. This is particularly important in the Swedish plans, with increases in inflation resulting in greater sensitivity to changes in lifespan assumptions.

Summary per country, 2014 SEK m

SEK m	Sweden	Germany	UK	Netherlands	Belgium	Total
Present value of defined benefit obligations	167	61	135	108	6	477
Fair value of plan assets	–	-1	-115	-91	-4	-211
Total, the defined benefit pension plans, per country	**167**	**60**	**20**	**17**	**2**	**266**

Discount rate sensitivity in the determined benefit obligation (DBO):

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+/- 0.5%	Decreased by 7.4%	Increase by 8.9%

If the expected lifespan in the Swedish pension plan were to increase by 1 year from the assumption, the Swedish pension plan would increase by 5.3%. If the pension increases in the Swedish pension plan were to increase by 0.5% from the assumption, the Swedish pension plan would increase by 7.0%. If the pension increases in the Swedish pension plan were to decrease by 0.5% from the assumption, the Swedish pension plan would decrease by 6.4%. The sensitivity analysis assumes that all other assumptions are unchanged.

Provisions in accordance with the Swedish Pension Obligations (Security) Act

	Parent Company	
SEK m	2014	2013
FPG/PRI pensions	107	109
Liability in the balance sheet	**107**	**109**

The following amounts are reported in the Parent Company's income statement:

SEK m	2014	2013
Earned during the year	0	0
Interest expenses	-6	-4
Pension expenses for the year	**-6**	**-4**

The change in the defined benefit during the year is as follows:

SEK m	2014	2013
At the beginning of year	109	112
Net expenses reported in the income statement	6	4
Disbursed benefits	-8	-7
Settlements	0	0
At year-end	**107**	**109**

The liability in the Parent Company relates to pension obligations at PRI.

NOTE 34 – ACCRUED EXPENSES AND DEFERRED INCOME

	Group		**Parent Company**	
SEK m	2014	2013	2014	2013
Accrued personnel expenses	146	135	39	33
Accrued interest expenses	1	1	0	0
Accrued expenses, invoices	80	61	19	20
Accrued expenses, freight	0	9	0	2
Accrued liabilities to customers	185	156	24	23
Other items	22	20	5	5
Total accrued liabilities and deferred income	**434**	**381**	**87**	**83**

NOTE 35 – PLEDGED ASSETS AND CONTINGENT LIABILITIES

PLEDGED ASSETS

The Group and the Parent Company had no pledged assets in 2014 or 2013.

Contingent liabilities

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Guarantees	53	52	51	50
FPG/PRI	3	3	2	2
Total contingent liabilities	**56**	**55**	**53**	**52**

Of the guarantees in the Parent Company, SEK 50 m (2013: SEK 50 m) are pledged the benefit of group companies. Guarantees in the Parent Company, relating primarily to local customs and excise, amount to SEK 12 m (2013: SEK 12 m).

Duni has an environmental policy and has implemented control systems which assist Duni in ensuring compliance with environmental legislation. Duni considers the existing operations and production plants to fulfil in all essential respects requirements stipulated in environmental legislation and provisions which extend to Duni. However, Duni cannot guarantee that currently unknown obligations, for example cleanup or restoration of property owned or previously owned by Duni, cannot arise in the future. Discussions are taking place with responsible authorities concerning allocation of responsibility and technical investigation of suspected past soil contamination on a property owned by Duni AB.

Through an amalgamated company which is no longer owned by the Group, Duni AB became a party to a preliminary investigation concerning suspected past soil contamination. A technical investigation has been completed and a decision has also been received from the authorities to the effect that Duni does not bear the risk.

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

NOTE 36 – ADJUSTMENTS FOR ITEMS NOT INCLUDED IN THE CASH FLOW

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Depreciation/amortization	135	118	119	120
Impairment, inventory	–	–	1	0
Restructuring	-17	3	6	1
Pension provisions	-16	-12	5	4
Other	-4	-3	5	8
Total	**98**	**106**	**136**	**133**

NOTE 37 – 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" means 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 lengths of the agreements.

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

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Payable within one year	57	53	10	9
Payable later than one but within five years	118	72	6	8
Payable later than five years	21	26	–	–
Total	**196**	**151**	**16**	**17**
Of which leasing agreements signed during the year	25	18	7	4

Total expenses relating to operational leasing agreements during the year amount to SEK 76 m (2013: SEK 75 m) in the Group and SEK 21 m (2013: SEK 20 m) in the Parent Company.

FINANCIAL LEASING AGREEMENTS

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

	Group		Parent Company	
SEK m	2014	2013	2014	2013
Payable within one year	1	0	–	–
Payable later than one but within five years	2	1	–	–
Total	**3**	**1**	**0**	**0**
Present value of future leasing charges	0	0	0	0

NOTE 38 – ACQUISITIONS

On June 11, Duni acquired all of the shares and voting rights in Paper+Design Group, a business with a strong position in the premium segment for designed printed napkins, particularly on the consumer market. The products are mainly produced in-house and sold primarily to retail outlets such as home furnishing stores, garden centers and florists.

Adopted acquisition analysis:

Acquired net assets, SEK '000	
Intangible fixed assets	436 452
Tangible fixed assets	120 021
Deferred tax asset/liability, net	-69 575
Inventory	60 858
Accounts receivable	35 848
Other current receivables	4 141
Deferred income and prepaid costs, net	-118
Cash	28 526
Borrowing	-473 215
Leasing liabilities	-5 238
Accounts payable	-8 898
Other current liabilities	-17 154
Other liabilities	-906
Total acquired net assets	**110 742**

Paper+Design is based in Wolkenstein in eastern Germany and has approximately 200 employees, mainly engaged in production, logistics and sales. Net sales in 2013 amounted to EUR 38 m, with an operating margin of approximately 20%. Paper+Design is consolidated in the Consumer business area. The business comprises four legal entities.

The purchase price was paid as a lump sum cash payment in conjunction with the takeover. Duni's net debt increased by approximately EUR 63 m as a consequence of the acquisition; this is accommodated within the scope of current loan agreements.

Acquisition costs amounted to SEK 6 m, of which SEK 4 m are incurred in the income statement for 2014. These costs are included in the item "Other operating expenses" in the accounts of both the parent company and the Group.

The fair value of acquired net assets is SEK 111 m. Apart from goodwill, intangible fixed assets also include customer contracts and, to a certain extent, also the brand. The acquisition of Paper+Design strengthens Duni's product offering and allows for synergies within product range, markets and sales. Not least, Paper+Design's know-how within design and production provides enhanced conditions and flexibility in conjunction with the sale of high quality customized products. In addition to the sales and market-oriented synergies, there are possibilities for efficiency improvements also within other areas, such as purchasing, production, administration and logistics.

No part of the reported goodwill or intangible fixed assets is expected to be deductible in conjunction with income taxation.

Since June 11, 2014, Paper+Design has contributed SEK 204 m to the Group's net sales and income after tax for the same period is estimated at SEK 14 m. Had Paper+Design been consolidated as from January 1, 2014, Duni's income statement would have shown additional revenues of SEK 150 m and income after tax of SEK 11 m.

Accounts receivable and other current receivables correspond to the contractual amounts, since it is anticipated that it will be possible to collect all accounts receivable and other current receivables.

On July 1, 2013, Duni acquired the assets of Song Seng Associates Pte Ltd in Singapore, a leading supplier of single-use packaging for food and drink in Singapore with an expanding export market in Southeast Asia. As a result of the acquisition, Duni is expected to strengthen its presence on these markets. Duni Song Seng is consolidated within the New Markets business area; during 2013 it was consolidated in the Professional Business area.

Purchase price, SEK '000	
Cash and equivalents	57 151
Conditional purchase price	19 152
Total purchase price	**76 302**

Reported amount of identifiable net assets, SEK '000	
Intangible fixed assets, customer relations	25 116
Tangible fixed assets	944
Inventories	4 969
Accounts receivable	10 247
Other current receivables	77
Deferred tax liability	-4 375
Accounts payable	-10 329
Other current liabilities	-593
Total identifiable net assets	**26 055**

Goodwill	50 247
Total	**76 302**

Acquisition-related expenses of SEK 2.8 m are included in "Other operating expenses" in the income statement for the 2013 financial year.

The total purchase price amounts to SEK 76 m, of which SEK 57 m was paid in cash, and SEK 19 m constitutes a supplemental purchase price which is conditional on the earnings trend in the company. The fair value of the supplemental purchase price constitutes an assessment of the likelihood that the earnings trend will be achieved during the coming three years.

The fair value of identifiable net assets amounted to SEK 26 m, of which an intangible asset in the form of customer relations has been identified totalling SEK 25 m. In addition, goodwill of SEK 54 m arises through the acquisition. This relates to acquired purchasing channels as well as a platform for Duni in Asia. No part of the reported goodwill is expected to be deductible in conjunction with income taxation.

Sales from Duni Song Seng, which are included in the consolidated income statement since July 1, 2013, amount to SEK 52 m. Duni Song Sen has also contributed income after tax of SEK 4 m for the same period. Had Duni Song Sen been consolidated commencing January 1, 2013, the consolidated income statement would have reported additional sales of SEK 47 m.

Accounts receivable and other current receivables correspond to the contractual amounts, since it is anticipated that it will be possible to collect all accounts receivable and other current receivables.

NOTE 39 – RELATED-PARTY TRANSACTIONS

No material transactions with related parties have taken place during the 2014 financial year or the 2013 financial year. Other than the information above and in Note 13 regarding Remuneration to senior executives and in Note 6 regarding Intra-group purchases and sales, there are no transactions with closely related companies.

NOTE 40 – EVENTS SINCE THE BALANCE SHEET DATE

On February 18, 2015, Duni announced in a press release that Ulfert Rott was resigning as Director of Production & Supply Chain and that Fredrik Malmgren would take up the position as from March 1, 2015.

THE BOARD'S ASSURANCE AND SIGNATURES

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 Directors' Report for the Parent Company provide fair and true overviews of the development of the operations, financial position and results of the Group and Parent Company and describe significant risks and uncertainty factors facing the Parent Company and the Group, as well as companies in the Group.

Malmö, March 19, 2015

Anders Bülow
Chairman of the Board

Pauline Lindwall
Director

Alex Myers
Director

Pia Rudengren
Director

Magnus Yngen
Director

Per-Åke Halvordsson
Employee representative, PTK

Henry Olsen
Employee representative, LO

Our audit report was submitted on March 26, 2015

PricewaterhouseCoopers AB

Eva Carlsvi
Authorized Public Accountant
Main auditor

AUDITOR'S REPORT

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Duni AB (publ) for the year 2014 except for the corporate governance statement on pages 39–43. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 34–95.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards , as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 39–43. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Duni AB (publ) for the year 2014. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Malmö 26 March 2015

PricewaterhouseCoopers AB

Eva Carlsvi
Authorized Public Accountant
Main auditor

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 tissue production. Airlaid is used for table covers, placemats, napkins as well as an input material for various types of intimate hygiene products.

Amuse-bouche

Duni Amuse-bouche® are a series of transparent miniature dishes that are perfect for appetizers and desserts.

BRC

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

Cash-and-carries

Hypermarkets at which commercial customers personally collect their goods.

Concession catering

Operation of a restaurant or cafe on behalf of another organization in a fixed sales area.

Consumer

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

Contract catering

Operation of restaurant, cafe or 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.

Customization

To tailor-make solutions for specific customers so they reinforce the customers own concept and brand.

Designs for Duni®

A unique concept whereby Duni develops special design products in cooperation with well-known designers.

Dunicel®

Dunicel is a table cover based on 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.

Ecoecho™ / Duni ecoecho™

Duni ecoecho is a range for serving and meal solutions with sound environmental characteristics. This range uses the best available materials with the aim of limiting the use of non-renewable resources, thereby reducing our carbon footprint. The products have been developed with the environment in mind and have been selected on the ground that they possess one or mor environmentally improved characteristics.

Ecoecho™ bioplastic

A bio-based material which functionally provides the same advantages as traditional prolypropylene (PP), at the same time as being recyclable as ordinary plastic.

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.

Evolin®

Evolin is a new, revolutionary tablecovering material which combines the feel and look of textile and linen tablecoverings with the advantages of the single-use product. It is a hybrid material based on cellulose fiber.

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.

FSC®

Abbreviation for Forest Stewardship Council, an independent membership organization which certifies forest management regarding social responsibility, environmental sustainability and economic viability.

Goodfoodmood®

Duni's new brand platform – to create a convivial atmosphere and positive mood on all occasions when Food & Drink are prepared and served – a Goodfoodmood.

HoReCa

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, Wolkenstein, Poznan, Dals Långed and Skåpafors are ISO 14001-certified.

ISO 26000

ISO 26000 is an international standard which defines corporate social responsibility.

ISO 9001

ISO 9001 is an international standard for quality management. The units in Bramsche, Wolkenstein, 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 are evaluated based on criteria for stock-keeping, turnover, and profitability.

Materials & Services

One of Duni's five business areas – comprises those parts which are not accommodated under other business areas, primarily external sales of tissue.

Meal Service

One of Duni's five business areas – sales to companies operating within restaurants, catering or food production.

Merchandising

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

New Markets

One of Duni's five business areas – sales to hotels, restaurants, catering firms and the retail trade on markets outside Europe.

OK Compost

The OK Compost® marking means that Duni has the worlds first and largest range of compostable single-color napkins and tablecoverings.

Organic growth

Growth excluding currency and structural effects.

Paper+Design

Paper+Design has a strong position in the premium segment for designed napkins, primarily on the consumer market, and was acquired in 2014.

Private label

Products marked with the customer's own brand.

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.

Sacchetto

Duni Sacchetto® is a paper cutlery pocket with space for a napkin.

Sensia®

Sensia table runners fall beautifully over the table, soften the edges and, thanks to their embossed structure, create a 3D-effect.

Table Top

One of Duni's five business areas – sales to hotels, restaurants, catering firms and wholesalers.

Tête-à-tête

Table cover roll, 40 cm in width, with perforation; can be used as table runner, placemat or placed across the table.

KEY RATIO DEFINITIONS

Capital employed

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

Costs of goods sold

Costs of good sold, including production and logistics expenses.

Currency adjusted

Figures adjusted for the effects of exchange rate differences in conjunction with consolidation. Figures for 2014 are calculated applying exchange rates for 2013. Effects of conversion of balance sheet items not included.

Earnings per share

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

EBIT

Reported operating income.

EBIT margin

EBIT as a percentage of sales.

EBITA

Operating income before amortization of intangible assets.

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 margin as a percentage of sales.

Interest-bearing net debt

Interest-bearing liabilities and pension provisions minus interest-bearing assets and cash and cash equivalents.

Net debt/equity ratio

Net debt relative to total capital, where the net debt is a 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.

Operating income

Operating income adjusted for restructuring costs, non-realized valuation effects of currency derivatives, fair value allocations and amortization of intangible assets identified in connection with business acquisition.

P/E ratio

Current share price relative to earnings per share.

Return on equity

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

Return on capital employed

Operating income as a percentage of capital employed.

CALENDAR

ANNUAL GENERAL MEETING, MAY 5, 2015
The Annual General Meeting will be held at Skånes Dansteater, Östra Varvsgatan 13 A, Malmö at 3.00pm on Tuesday May 5, 2015. Registration commences at 2.15pm.

APPLICATIONS
Shareholders who wish to participate must be entered in the share register maintained by Euroclear Sweden AB not later than April 28, 2015 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, Bolagsstämma, Box 237, 201 22 Malmö
- by email bolagsstamma@duni.com

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 28, 2015.

DIVIDEND
The Board of Directors proposes a dividend of SEK 4.50 per share, equal to SEK 211 m. May 7, 2015 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 12.

DUNI AB'S NOMINATION COMMITTEE
Duni AB's Nomination Committee is composed as follows:

- Anders Bülow, Chairman of the Board of Duni AB
- Rune Andersson, Mellby Gård Investerings AB, Chairman of the Nomination Committee
- Hans Hedström, Carnegie Fonder
- Bernard R. Horn, Jr., Polaris Capital Management, LLC

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 Duni''s website.

TIMETABLE FOR FINANCIAL INFORMATION:

Publication dates

Interim report, January – March 2015: April 24, 2015

Interim report, January – June 2015: July 10, 2015

Interim report, January – September 2015: October 21, 2015.

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.

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

HEAD OFFICE
Duni AB
Box 237
201 22 MALMÖ

Besöksadress:
Visiting address: Ubåtshallen, Östra Varvsgatan 9A
Tel +46 40 10 62 00
Fax +46 40 39 66 30

E-mail general enquiries: info@duni.com

For addresses of Duni's subsidiaries and distributors, kindly see www.duni.com

CONTACT INVESTOR RELATIONS:
Mats Lindroth, CFO
mats.lindroth@duni.com

CONTACT PRESS, MARKET AND COMMUNICATION:
Tina Andersson, Corporate Marketing and Communications Director,
tina.andersson@duni.com

Duni AB (publ) Annual Report 2014
Reg. no. 556536-7488

DUNI.INPUBL.COM/2014/EN

Text: Aspekta AB
Graphic design and production: Bysted AB


TIME
IS NEVER
WASTED WHEN
YOU'RE
WASTED
ALL THE TIME
GARAGE
STAYS IN THE
GARAGE!


Duni
SUPPLIER OF GOODFOODMOOD®
FSC
www.fsc.org
MIX
Paper from
responsible sources
FSC® C015717
Duni.com