DESIGNED FOR GROWTH

ANNUAL REPORT 2015

2015 – FINISHING TOUCHES APPLIED TO THE PLATFORM

In 2015, focus was placed on streamlining the strategic platform for continued growth. Efficiency improvements and consolidation at the paper mill in Skåpafors, Dalsland, have strengthened Duni's position as a leading manufacturer of paper-based products for the set table. Innovative and environmentally-conscious product launches have contributed to increased growth and strengthened Duni as a brand. Acquisitions implemented in 2013 and 2014 have been integrated and contributed to the Group's improved profitability. Duni's sales increased to SEK 4.2 billion, with a profit margin of 12.6%. Organic growth amounted to 1.3%.

2016 – TIME FOR GROWTH

People get together at mealtimes, irrespective of culture. A setting enhanced by color and form creates a convivial atmosphere. Interest in decorating the table with well-designed, environmentally-conscious products is also steadily increasing. With a consolidated production base, an organization with a united brand and increased focus on contemporary design, Duni is well-prepared to meet demand. Priority is given to continued growth, both organic and through acquisitions. The objective is for all business areas to improve their profitability in 2016.

MOOD BOOSTERS

Goodfoodmood® is Duni's new brand platform. It serves as an important strategic tool for achieving the overall objective of being the world's most sought-after supplier of creative take-away products and inspiring tabletop concepts.

In order to create Goodfoodmood, Duni contributes four components to the mix of food and people, namely: color, design, material and creative table settings. We refer to them as mood boosters.

DESIGN: p. 17 COLOR: p. 28 MATERIALS: p. 30 TABLE SETTING: p. 33

CONTENT

THE YEAR IN BRIEF

STREAMLINING OF OPERATIONS AND SUCCESSFUL DESIGN

EVENTS DURING THE YEAR

- Excluding the hygiene products business, Duni's organic growth is 1.3% in comparable currency.
- The manufacture of hygiene products ends in March 2015. All airlaid production is moved to Rexcell's plant in Skåpafors.
- Decision taken to invest SEK 110 m in the tissue operations at Rexcell in Skåpafors.
- A new vision is launched describing Duni's ambition always to deliver Goodfoodmood® for every occasion where food and drink are served.
- Duni is awarded the prestigious Red Dot Award and A' Design Award accolades for a collection of plates and bowls.
- The ecoecho® range is expanding and continuing to win market shares.
- Launch of several products made of recyclable and environmentally conscious bioplastic.
- The new design cooperation with byGraziela is launched with great success.
- In January, the eyes of the gastronomic world were set on Lyon and the Bocuse d'Or final. As a sponsor partner, Duni has the possibility to obtain on-site exposure and support the Swedish representative, Tommy Myllymäki, who eventually took bronze.
- Duni commences collaboration with Titti Qvarnström. In 2015, she became the first Swedish female chef to be awarded a Michelin star.

THE OPERATING MARGIN INCREASED TO 12.6% (11.7%)

THE BOARD OF DIRECTORS PROPOSES A DIVIDEND OF SEK 5.00 (4.50) PER SHARE

NET SALES INCREASED TO SEK 4,200 (3,870) M

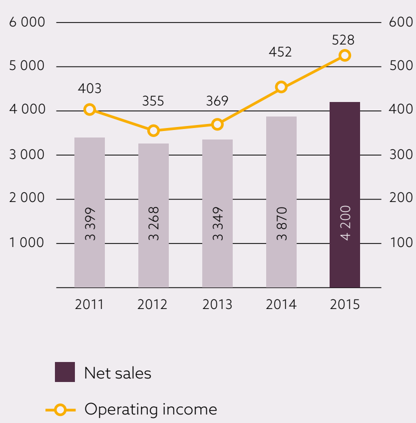
OPERATING INCOME INCREASED TO SEK 528 (452) M

KEY RATIOS, SEK M [1)]

	2015	2014	2013	2012	2011
Net sales	**4 200**	3 870	3 349	3 268	3 399
Operating income*	**528**	452	369	355	403
EBITDA*	**656**	572	473	454	496
Net income before tax	**459**	414	334	218	358
Net income for the year	**346**	302	254	137	261
Proposed dividend, SEK/Share	**5.00**	4.50	4.00	3.50	3.50
Shareholders' equity	**2 345**	2 193	2 099	2 051	2 082
Return on equity, %	**14.75**	13.77	12.10	6.68	12.54
Number of employees	**2 082**	2 092	1 902	1 875	1 888

* Operating income and EBITDA are adjusted for non-recurring items. Comparison figures for 2012 are recalculated in according with new accounting principles.
[1)] Relates to continuing operations for all periods. The discontinued hygiene products business has been recalculated and reported in accordance with IFRS on a line after the net income for the period for the continuing operations.

NET SALES AND OPERATING INCOME, SEK M



THIS IS DUNI

LEADER WITHIN TABLE TOP AND PACKAGING CONCEPTS

Duni is a leader in Europe in the design, production and marketing of high-quality napkins, table coverings, candles and other table setting products. Duni also offers packaging and packaging solutions to the growing take-away market. All concepts are aimed at contributing to creating Goodfoodmood® in environments where people get together to enjoy food and drink.

The products are sold on more than 40 markets and Duni is the market leader in Central and Northern Europe. The Group has approximately 2,100 employees in 18 countries. The head office is located in Malmö and production units are located in Sweden, Germany and Poland. The Company is listed on NASDAQ Stockholm.

FIVE BUSINESS AREAS

Duni's organization is divided into five business areas in order to best meet the market's needs.

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 creates attractive meal packaging and serving products for fast food, catering, cafes and take-away.

Consumer markets consumer products 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 markets outside of Europe.

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

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 2015, Duni produced:

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

DUNI'S PRESENCE

Tissue and airlaid for napkins and tablecoverings are manufactured in Sweden, while Duni's production of finished tabletop products takes place in Germany and Poland. There are market offices in Austria, the Czech Republic, Finland, France, Germany, the Netherlands, Poland, Russia, Singapore, Spain, Sweden, Switzerland and the UK.

VERTICAL INTEGRATION

Duni has a vertically integrated business model for paper-based products. This means that the entire production and delivery chain is owned and controlled by Duni, from material manufacture and concept development to converting and distribution.

OUR BLUE MISSION

Approximately 70% of Duni's products are paper-based, and these products are produced mainly 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 are OK Compost®-certified and carry the Svanen® Ecolabel, a labelling system for the Scandinavian markets.

NET SALES PER BUSINESS AREA, %

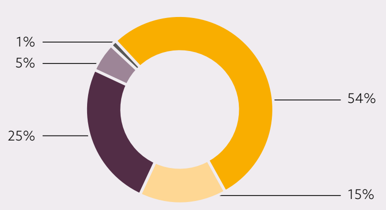
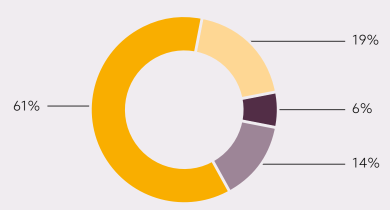


Table Top | Meal Service | Consumer | New Markets | Materials & Services

NET SALES PER GEOGRAPHIC REGION, %



Central Europe | Nordic Region | Rest of the world | Southern and Eastern Europe

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There are market offices in Austria, the Czech Republic, Finland, France, Germany, the Netherlands, Poland, Russia, Singapore, Spain, Sweden, Switzerland and the UK.

A STREAMLINED DUNI CREATES A FOUNDATION FOR GROWTH

2015 was the year when we continued to put the finishing touches to the platform on which Duni's operations are based. With enhanced market intelligence, a streamlined production base and an improved design offering, we are now well-positioned for further expansion.

"We shall offer a holistic approach and create a good atmosphere in everything we do, be it production, processes, products or design."

We operate on a market which is undergoing changes. This creates both challenges and opportunities for a company such as Duni. There is, for example, a general trend towards hotels and restaurants being operated with increasingly clear profile concepts. Quite simply, it is a question of standing out in order to attract the attention of the guests. This increases the need for innovative and unique products, but in certain cases leads to fewer tabletop products being used than a few years ago. This trend puts demands on Duni as a supplier. Thus, product innovation and market intelligence are key factors in maintaining a relevant product offering.

Another trend is that eating on the go is increasing markedly, throughout the world. Various types of take-away chains, ranging from food trucks to cafes and superior quality take-away food, are increasing in pace with an ongoing urbanization. This trend is accompanied by an increased need for single-use articles for food, drink and service.

GROWTH IN 2015

The market trend is reflected in the figures for the year. Duni's total sales amounted to SEK 4,200 m for the full year of 2015. Excluding currency effects, organic growth reached 1.3%. There is some way to go to achieving the target of 5%, but a strong result was achieved on a market in flux.

Within the Table Top business area, we fell slightly short of the sales targets for Central Europe, while growth in Southern and Eastern Europe was much stronger. Consumer made advances and, despite structural changes on the market, generated growth of 14.6% at fixed exchange rates. The Meal Service business area is growing at 8.5% at fixed exchange rates, which is almost twice as fast as the market in general. Within the New Markets business area, sales to markets such as Singapore, the UAE and the US developed well.

The operating profit for the continuing operations increased to SEK 528 m, with an operating margin of 12.6%. This gives us a strong financial position which allows for work to continue according to plan for achieving growth both organically and through acquisitions, while always having the shareholders' interests in mind.

CUSTOMER INTELLIGENCE SETS THE AGENDA

One of Duni's guiding principles is to always be positioned at the forefront. We have become better at reading the market and conducting all processes based on a customer perspective. This has an impact in all stages, from innovation and production to sales and marketing. Maintaining a close dialogue with the end customers is a key factor for being able to develop products and services that are attractive and meet their needs. This is particularly the case when we sell through distributors and wholesalers. Our endeavors shall primarily have an impact on those markets where we have witnessed stagnation. Continued measures to develop customer and market intelligence are given high priority.

EMPLOYEES CREATE THE DUNI OF TODAY AND TOMORROW

Success is best created by a motivated team possessing the right skills. As a leader, I personally find it extremely gratifying to get employees to achieve their full potential. Since 2014, we have gradually begun producing development plans whereby everyone in the organization will have clear, individualized goals which are followed up. The work method is aimed at creating dedication, skill enhancement and job satisfaction.

GOODFOODMOOD ACCENTUATES OUR FOCUS

Ultimately, it's a question of doing what we're best at – at creating Goodfoodmood® on every occasion involving food and drink. It is important that we have a holistic approach and create a good atmosphere in everything we do, be it production, processes, products or design. This is the reason why, in 2013, we took the decision to streamline Duni and thereby discontinue the hygiene products business. Just over a year later, the decision was taken to transfer all airlaid production at the plant

in Dals Långed to the plant in Skåpafors. The closure of the Dals Långed plant was completed at the end of 2015. The phasing out has exceeded expectations and I would like to extend particular thanks to all employees at the plant who, despite the gravity of the situation, displayed the utmost professionalism.

VERTICAL INTEGRATION FOR IMPROVED MARKET POSITION

The closure of the hygiene products business was made due to weak profitability in operations, not because of unwillingness to make investments. Thus, during 2015 it was decided that Duni would invest an additional SEK 110 m in the continuing operations at the Rexcell subsidiary in Skåpafors. The investment will increase our core product capacity while also creating conditions for materials development. Duni's strength lies in being vertically integrated as regards paper-based products, with complete ownership throughout the chain, from material development to converting and distribution. With a strengthened production base, we can now attain an even clearer market position, become more industrially focused, and we can concentrate even more on product development.

PAPER+DESIGN GENERATES NEW POSSIBILITIES

The acquisition of Paper+Design in Germany in 2014 was a significant development. Through the acquisition, Duni obtained access to several sales channels and a strong consumer brand. Paper+Design is now a successful part of Duni's Consumer business area. We are pleased with the purchasing and production synergies that have been achieved. We also appreciate the increased possibilities to reach out with new, attractive design offerings on an important market, among other things involving new technology such as digital printing.

All in all, 2015 has been characterized by structural work, as well as continued focus on customer service and market understanding. With more efficient production and additional investments for increased competitiveness, we consider the conditions to be very good for continued growth in 2016.

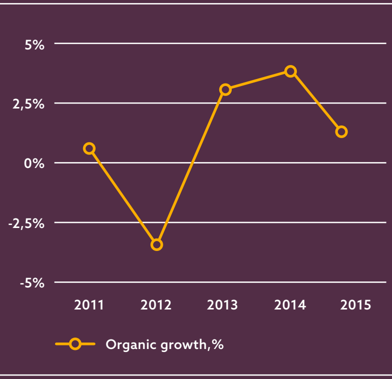
Malmö, March 2016
Thomas Gustafsson
President and CEO

FINANCIAL TARGETS

During 2015, Duni carried out a series of activities which have primarily contributed to organic growth.

SALES GROWTH, 5%

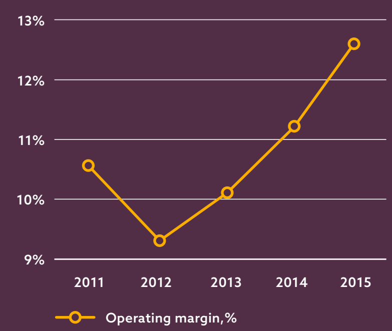
TARGET
Duni's target is to achieve average organic growth in sales in excess of 5% per year over a business cycle. In addition, Duni may consider acquisitions in order to access new growth markets or strengthen its position on existing markets.



TARGET FULFILLMENT IN 2015
The currency-adjusted organic rate of growth in the core business was 1.3% (excluding acquisitions and the hygiene products business), which is somewhat lower than last year. Growth was, however, in line with the market as a whole.

OPERATING MARGIN, 10%

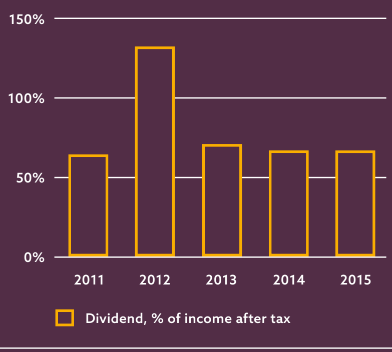
TARGET
Duni's target is an operating margin of 10% or more. Profitability is to be increased through sales growth, continued focus on premium products and continued improvements within purchasing and production.



TARGET FULFILLMENT IN 2015
The operating margin target was exceeded and ended up at a historically high 12.6%. Structural effects achieved through the closure of the hygiene products business and the acquisition of Paper+Design contributed to the strengthened margin.

DIVIDEND, 40 % OF INCOME AFTER TAX

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



TARGET FULFILLMENT IN 2015
Strong earnings and cash flow continued to be generated and thus the Board proposes a dividend of SEK 5.00 per share, i.e. it is proposed that the dividend for 2015 shall equal 67% of income after tax.

VISION AND STRATEGIES

VISION

At Duni we are passionate about being outstanding in our field; to grow into the world's most attractive provider of inspirational table top concepts and creative take-away solutions. With our minds set on food, people and design we have the ambition to always supply goodfoodmood to any eating and drinking occasion.

FIVE BUSINESS AREAS

Duni works based on a business model which is optimized to provide the market with Goodfoodmood® on every occasion when food and drink are served. Thus, Duni produces and delivers a wide range of products for the set table and for take-away, particularly the premium segment. The product ranges are developed under Duni's own brand as well as under the customers' private labels.

The customers and their needs change over time. In order to best meet the demand, the organization is divided into five business areas, each of which is a specialist in its customer segment. In this way, products, processes and offerings can meet the market's expectations and needs.

VERTICAL INTEGRATION

The full vertical integration of Duni's paper-based production is the factor that primarily distinguishes Duni from other companies in the industry. This integration means that Duni has full control over the entire value chain, from material production in the paper mill to converting in its own plants and distribution to wholesalers or end customers. Thanks to the integrated value chain, Duni enjoys the significant competitive advantage of being an expert when it comes to materials for napkins and tablecoverings. This also reduces the price risk, increases delivery certainty and provides a possibility to plan design and material renewal. Duni is thereby able to drive the material production market and establish standards on the market.

Currently, approximately 70% of the Group's products are paper-based. Other materials and products are purchased from external suppliers. This provides scope for flexibility and a high pace of innovation within different product segments.

CUSTOMER BENEFIT IN ALL STAGES

All business areas work in accordance with a customer and market-driven strategy in order to to create concepts that provide Goodfoodmood® experiences. Processes, innovation and marketing are based on analyses of market patterns and customer needs. In this way, customer benefit is created in all stages and concepts are optimized to meet trends and wishes. Consequently, there is close cooperation between the marketing department, product developers and production managers.

Sales takes place through distributors, wholesalers or directly to end customers. Close dialogue is conducted with the end customer, irrespective of the sales channel. In this way, important information is obtained regarding existing needs, at the same time as the entire product range can be presented. Thanks to this approach, product launches are more likely to hit their target, while relations with customers are strengthened.

MOOD BOOSTERS

Duni creates Goodfoodmood® essentially from four main components, namely color, design, material and table setting. Duni is an expert within these areas and is driving development in the industry. In addition, by acting flexibly and proactively, Duni creates on trend concepts that generate both customer benefit and profitability. Follow-ups are conducted regularly through measurements based on sales, profitability and turnover rate criteria.

CUSTOMIZED SOLUTIONS

Within the take-away product segment, Duni creates customized solutions that profile the customer's brand. Duni contributes value by offering product concepts or product ranges that are unique in form, design, function and material. Cooperation takes place primarily with international chains that are already established on a number of geographic markets. Accompanying the chains into new markets is a good way of creating increased geographic presence and growth.

GROWTH

The business model is structured to facilitate growth, both organic and through acquisitions. In this way, Duni is achieving its objective of becoming Europe's leading manufacturer of tabletop and take-away concepts.

DUNI'S MARKET

A DEVELOPING MARKET CREATES NEW OPPORTUNITIES

Duni conducts operations in Europe and Asia. The main market consists primarily of Western and Central Europe. The West European market for single-use table products, which is estimated to be worth approximately EUR 9.6 billion, is growing at approximately 2% per year[1]. The market is fragmented and Duni is estimated to have a total market share of approximately 4%.

Duni is a leader within, primarily, the napkin and tablecovering product segments, with a market share of approximately 20%. Despite this leading position, there is great potential to gain additional market shares.

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, similarly to Duni's, are focused on the HoReCa market (hotels, restaurants and catering firms).

THE MARKET FOR PAPER-BASED PRODUCTS

The European market for paper-based table top products is estimated to be worth approximately EUR 1.6 billion[2] and can be divided into two main channels – HoReCa and the consumer retail trade. Most retail trade sales comprise private labels.

Duni is one of the largest brands on a fragmented market, with its strongest foothold within the HoReCa segment. After a number of years of growth, the market for paper products stagnated somewhat during the past year. Western Europe is considered to be a mature market, while Eastern Europe shows significantly higher growth, albeit from lower levels.

Within the retail grocery trade, the share represented by private labels has increased in recent years, so much so that they are overrepresented within the tabletop product category. Duni is well positioned to provide the market with effective production solutions for customers' private labels. All the same, Duni is able to supplement the range with unique, premium-based product concepts under its own brand, aimed at quality-conscious consumers.

Standard products account for approximately 45% of total estimated sales on the European napkin and tablecovering market, while premium products account for approximately 55%. The percentage of premium products varies between countries. On those markets where the premium segment dominates – such as in northern Europe, Germany and the Benelux countries – Duni is the clear market leader. In Southern and Eastern Europe, where simpler paper products are still more common, Duni perceives great potential for growth.

THE EUROPEAN RESTAURANT MARKET

The West European restaurant market turns over approximately EUR 500 billion[3] annually, a figure that remained unchanged during the past year as a result of recession on a number of main markets. However, the market is expected to return to growth during the coming five-year period. The largest markets are Italy, the UK, Spain, France and Germany. Duni operates on all of these markets.

The restaurant market is traditionally divided up into a consumer market and a market comprising staff restaurants and industrial kitchens serving as care homes, schools and hospitals. Full service restaurants and cafes/bars and fast food account for the largest share of the market. The fast food segment accounts for approximately 16% and is steadily increasing over time at the expense of other types of restaurants and also meals at home. Restaurant chains are also increasing their share of the market, particularly within the fast food segment.

The market for staff restaurants and industrial kitchens has grown on average by 3% per year over the past five years despite the recession, and it is particularly within the care sector that larger shares of the segment have been gained. However, the changes are strongly dependent on the geographic market. Here, there is clear potential for Duni to generate growth.

MEGA TRENDS HAVE AN IMPACT

In recent years, the restaurant market has undergone clear changes and is continuing to develop. Continued urbanization, higher disposable incomes, the online society and an increasing number of single-person households are resulting in ever greater demands for mobility and flexibility, also when it comes to food and restaurants. There is a general trend towards an increasing number of restaurants offering take-away food or quick food and drink on the spot, at the same time as the quality of the food is increasing. Thus, fast-food need not be equated with unhealthy food or characterized by the simplest solutions. Restaurant chains with a fast casual profile are increasingly expanding, albeit from relatively low levels. Similar trends are taking place also in Eastern Europe and Asia. Duni has a broad range of products well-suited to meet this trend.

RESTAURANTS AS BRANDS

Restaurants – irrespective of type – are acting more and more as brands. It is becoming ever more important to market a clear, cohesive profile. Communication increasingly covers the products that the end consumer encounters. Table top products such as plates, napkins and tablecoverings thereby play an important role. Herein lies great potential for a company such as Duni, which through its concepts is able to assist in providing customers with the appropriate type of profiling.

SUSTAINABILITY – AN INCREASINGLY IMPORTANT FACTOR

Restaurants are becoming ever more environmentally conscious and making more exacting demands than previously that single-use articles be sustainable, with the highest possible environmentally conscious profile. Duni stands out within the area by having one of the broadest range of environmentally-profiled products in the industry. Compostability, products made from renewable materials and the ambition to achieve exclusively fossil-free energy use in future production processes represent some of the other factors which Duni is working with methodically.

[1] Duni's relevant markets in 2014 including candles, serving products and packaging solutions for take-away. Figures are based on MSP, Manufacturer Selling Price. Source: Euromonitor, ECA Statistics and Freedonia World Food Disposables.
[2] Source: Euromonitor, ECA Statistics and Freedonia World Food Disposables
[3] Sales covering Consumer Foodservice and Social Foodservice 2014. Source: Euromonitor and CDH Expert.

DUNI'S MARKET

CUSTOMER CATEGORIES & RELEVANT MARKETS

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 the most important beverage. Nightclubs and discotheques.

CAFES

Cafes 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 non-alcoholic beverages.

EVENT AND CATERING

Catering provides food for parties, banquets, events and institutions. Usually catering to 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 deserts 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, 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 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 characterized 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.

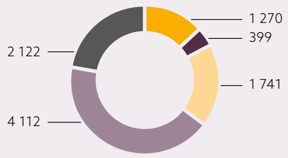
RETAIL OUTLETS

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

THE WESTERN EUROPE MARKET

In total, EUR 9.6 billion

Duni's relevant markets are worth approximately EUR 9.6 billion, with Germany being the largest geographic market. The largest categories – which also have the highest rate of growth – are serving products, packaging solutions and candles. Duni's total market share in Western Europe is approximately 4%.

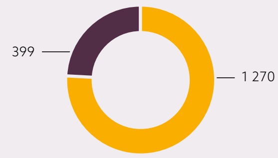


Paper napkins | Paper tablecoverings | Candles | Serving products | Packaging solutions

TABLE TOP PRODUCTS

In total, EUR 1.6 billion (+1.0% since 2013)

The Western European market for table top products is worth approximately EUR 1.6 billion and comprises paper napkins and paper tablecoverings. The market can be divided into two channels: "Away from home" (HoReCa and the public sector) and the retail grocery trade (the consumer market). Private labels dominate the extremely fragmented retail grocery trade.



Paper napkins | Paper tablecoverings

PAPER NAPKINS

AWAY FROM HOME IN WESTERN EUROPE

Market share, %

Duni | Other

RETAIL TRADE IN WESTERN EUROPE

Market share, %

Duni | Other

GEOGRAPHIC BREAKDOWN

%

Western Europe | Eastern Europe

MARKET GROWTH PER YEAR

Average, %

Western Europe	
2009–2014	1.0
2015–2019	2.6

Eastern Europe	
2009–2014	8.5
2015–2019	5.0

PAPER TABLECOVERINGS

AWAY FROM HOME IN WESTERN EUROPE

Market share, %

Duni | Other

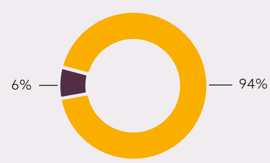
RETAIL TRADE IN WESTERN EUROPE

Market share, %

Duni | Other

GEOGRAPHIC BREAKDOWN

%



Western Europe | Eastern Europe

MARKET GROWTH PER YEAR

Average, %

Western Europe	
2009–2014	0.3
2015–2019	2.6

Eastern Europe	
2009–2014	4.1
2015–2019	3.7

THE DUNI BRAND

WE CREATE GOODFOODMOOD®

With a new brand platform, Duni is ready to present the world with a sharper offering.

As Duni grew, both by expanding its offering and penetrating new markets, a need arose to review the company's brand. Therefore, 2013 saw the start of a major project which included market surveys, trend analyses and listening to the views of customers and employees on the matter. The major challenge was to identify a concept which could convey the values that Duni wishes to represent. It should also create the correct associations and be relevant to all business areas, both now and in the future.

FOOD AS A BASIS

It gradually became clear that there is one component that unites the company and its customers. A factor that is relevant to both end consumers and employees. That common denominator is food. It is food that brings people together, creates the need for decoration and, quite simply, creates the raison d'être for a company such as Duni.

The work also resulted in a new vision and a new brand promise – to create Goodfoodmood® whenever people get together to eat. It is based on the view that every meal is an occasion to enjoy, whether at home, at a restaurant or at a cafe. Duni wishes to be a part of the moment and make it even better.

MOOD BOOSTERS

Duni contributes primarily with four components for creating the right mood around food and drink, namely color, design, material and table setting. These are referred to as mood boosters and are areas in which Duni possesses unique expertise and is able to create added value. The customer should be able to offer just the right hue and a modern design. It must also be possible to choose from products that are developed using the most environmentally conscious materials available. In addition, Duni shall be able to provide the best tips for creating an imaginative table setting.

THE BRAND MAKES A MARK

The new brand platform serves as a lodestar and provides guidelines on how Duni should act in all situations. Creating Goodfoodmood® involves more than merely creating the right mood. It also involves giving people a positive feeling through assuming responsibility, working in a sustainable manner, and contributing with energy and inspiration.

2015 has been devoted to implementing the new platform. It will also characterize many activities in 2016. There will then be even greater focus on adapting to the latest food trends, establishing close relations with players within gastronomy and communicating offerings with clearer connections to food.

DUNI WON TWO PRESTIGIOUS DESIGN PRIZES

Duni's consumer products designer, Simi Gauba, won the prestigious Red Dot Award and Golden A' Design Award for the design of the Pebble Bagasse series.

The product series, which was launched in February 2015, comprises single-use plates and bowls made from bagasse (a biproduct of sugarcane fiber).

BOCUSE D'OR

In January, the eyes of the gastronomic world were set on Lyon and the Bocuse d'Or final. As a sponsor partner, Duni had the possibility for on-site exposure and supported the Swedish representative, Tommy Myllymäki, who ultimately took bronze.

DESIGNED FOR GROWTH

"Goodfoodmood® is a platform that represents what Duni is today. With it, our work can be more integrated and clearer, which is a positive basis for creating improved business."

Tina Andersson, Business Area Director Consumer & Corporate Marketing

MOOD BOOSTER #1

DESIGN

Duni creates Goodfoodmood® by being the leader in producing well-designed products for the set table and take-away. Design includes pattern and motif, form and function.

The designed product range interprets current trends in terms of color, lifestyle and food that are of importance for Duni's customer base. The 2015 collection captured several trends. Among other things, motifs and materials from nature, such as granite, marble and wood, were prominent.

Cooperation with partners within the Designs for Duni® concept represents another important aspect of Duni's design offering. External designers such as Vallila, Hanna Werning and Melli Mello have strengthened Duni's offering to the consumer market. In 2015, two new collections were launched together with byGraziela and Glööckler, both of which are well-known on the German market.

TABLE TOP BUSINESS AREA

CLOSE CUSTOMER RELATIONS GENERATES GREATER BUSINESS

A renewed customer contact structure leads to on-target concepts and Goodfoodmood® experiences.

The Table Top business area offers a wide range of, primarily, napkins, tablecoverings and candles. Customers are typically restaurants, hotels and catering firms. Sales take place both through wholesalers and directly to end customers. Duni is the leading producer in Europe, with the Nordic region and Germany as its main markets.

A CHANGING MARKET

Eating out, and in new ways, is becoming increasingly common. At the same time as the number of restaurants is growing, they are changing in character. Fast casual chains are spreading. These are restaurants that offer higher quality take-away food than traditional fast-food chains. One consequence is that restaurant guests are not sitting down to eat to the same extent as previously.

Constant monitoring of flows in the market is a must for Duni to entrench its leading position and also create growth. Double-digit growth was achieved in Italy and Spain, while the main markets of the Nordic region and Germany were characterized by a degree of stagnation.

END-CUSTOMER RELATIONS EVEN MORE IMPORTANT

In 2015, focus was placed on producing new methods for meeting and contacting customers. Among other things, this has resulted in a closer dialogue with the end customer, even when the sale takes place through wholesalers. In this way, it is easier to identify subtle differences in needs and wishes. Products and offerings can thereby be structured with even greater on-target precision. A typical example is provided by a 'finger food' concept which is being rolled out in 2016. This captures the trend to which many restaurants have adapted their offering, namely to offer food that is quicker to both serve and eat, or which can be consumed on the go.

ADDED VALUE WITH COLOR AND FORM

Duni's strength lies in offering on trend ranges of colors, designs and material. The single-color collection is fully compostable and comprises more than 20 different hues, which are constantly being updated. The designed range is also one of the largest in the industry. A broad offering is important bearing in mind that customers are spread over a large number of different geographic markets on which preferences vary. Several new designs were launched in 2015, among the most popular of which was a collection which interprets natural materials such as marble and wood.

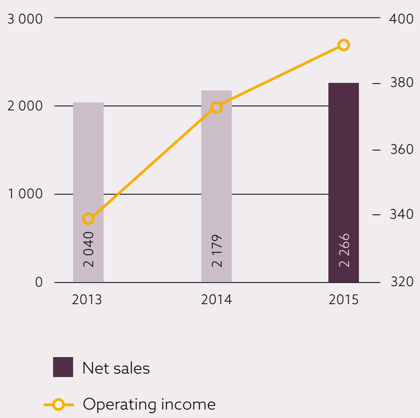
Duni also develops special premium materials for single-use products. Dunicel® and Evolin® are two examples of such materials. An increasing number of restaurants are discovering the economic and environmental advantages of replacing cloth napkins and tablecoverings with Duni's material. Potential on the market is still very great and Duni is actively engaged in providing customers with facts and arguments for switching to single-use material.

LIGHT FOR GOODFOODMOOD

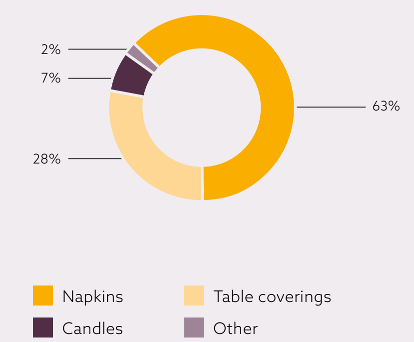
The right mood at the dining table, Goodfoodmood®, emerges from the total experience that has been created. In addition to napkins and tablecoverings, Duni offers a product range with candles. The pace of innovation is high and, during the year, a major new product was launched in the form of a LED concept in a designed holder. There has been great interest in this type of novel item and Duni is continuing to drive the market forward within this area as well.

In 2016, Duni will continue to proceed on the established path. Priority will be given to focus on end-customer contact and on trend concepts, as well as continued cultivation of markets with large growth potential.

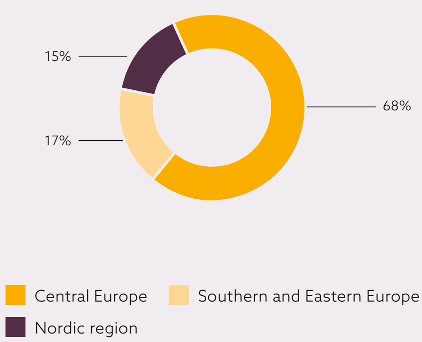
NET SALES AND OPERATING INCOME, SEK M



NET SALES PER PRODUCT GROUP, %



NET SALES PER GEOGRAPHIC REGION, %



FINGER FOOD

Products and offerings are designed with even greater on-target precision. One typical example is a 'finger food' concept being launched in 2016 which, to a greater degree, meets the consumers' growing demand for quality food that can be served and consumed more quickly, at the restaurant or on the go.

CUSTOMER CATEGORIES

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

DESIGNED FOR GROWTH

"Closer dialogue with our customers has resulted in better understanding of their needs. With increased focus on food, people and design, we are developing concepts with a high level of on-target precision".

Robert Dackeskog, Director Business Area Table Top

BUSINESS AREA 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.
- Attentiveness to trends on the HoReCa market in order to formulate the right type of offerings.

MEAL SERVICE BUSINESS AREA

STRONG DESIGN OFFERING ON AN EXPANDING MARKET

Customized and environmentally-profiled products generate short-term and long-term growth.

The Meal Service business area creates concepts for serving and packaging food on the constantly growing market within take-away, fresh ready-to-eat food and catering. The products are adapted for ready-to-eat food and often have a high environmental profile. Customers comprise companies operating within the restaurant, catering and food production industries in Europe.

GROWTH MARKET

Increased mobility together with ongoing urbanization means, in many respects, a new way of eating. The trend of eating on the go is constantly increasing and demands for higher quality food service products that follow the same pattern.

Duni has taken this trend seriously. A separate business area – Meal Service – was formed in 2012 for this product category. The basic concept is to create unique product solutions for customers within the segment. By focusing on modern design with an appealing form and function, combined with an attractive material and environmental profile, Duni has created an offering which has been well received by the market.

LEADING POSITION

Duni has created a leading position in the Nordic region and is regularly gaining shares on several European markets. In 2015, 8.5% growth was reached at fixed exchange rates. The rate of increase is twice that of the European market in general.

CUSTOMIZED SOLUTIONS

Nowadays, the customers want to stand out and develop their own brands by having a coherent and professional outward profile. Here, Duni has developed a business model which can efficiently create customized solutions in line with the customer's market communication. During the year, a number of new products were rolled out with great success, thereby contributing to growth in the business area. In addition, with a high service level and flexibility, customer relations are created with good potential to develop over time.

SUSTAINABLE PRODUCT RANGE

Demand is growing for packaging solutions with a smaller carbon footprint than traditional solutions, and 2015 was no exception. Duni's ecoecho® product line offers a range with some of the most environmentally conscious products on the market. Interest in the product range is constantly increasing and it has made a strong contribution to growth in the business area. Materials such as compostable bagasse (produced from waste products from cane sugar processing), bioplastic and fiber-based carton provide added value for which the customers are prepared to pay. As a consequence of the attention that the range has attracted, an ever increasing percentage of future product launches will be within the ecoecho® range.

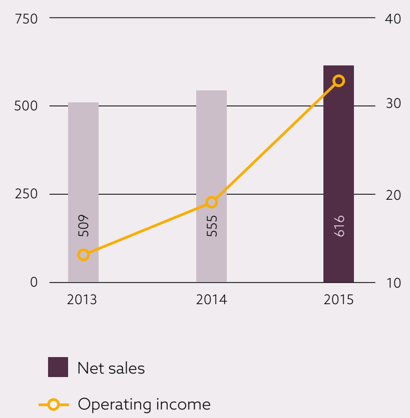
CONSOLIDATED PURCHASING

Since most of the products are purchased from external suppliers, focus has been placed on increasing efficiency in the purchasing work and adapting for new product launches. During the year, raw material prices showed a degree of volatility but the gross margin improved thanks to active work on coordinating purchasing activities.

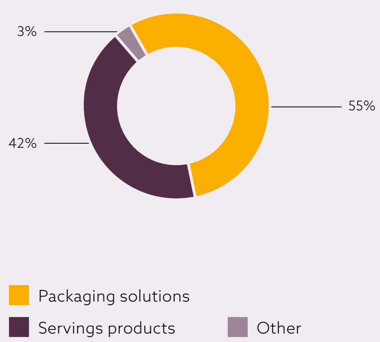
CONCEPTS OF THE FUTURE

During 2015, the organization was streamlined to obtain an optimal structure for future growth. An expanded sales core has been established, tasked with creating new customer relations. Together with additional focus on developing customer-unique products in the premium segment, innovative and in vogue concepts as well as ever greater focus on the environmentally conscious ecoecho® range, the prospects are good for further growth in 2016.

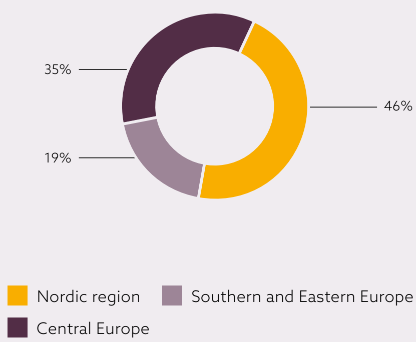
NET SALES AND OPERATING INCOME, SEK M



NET SALES PER PRODUCT GROUP, %



NET SALES PER GEOGRAPHIC REGION, %



SUSTAINABLE PRODUCT RANGE

Demand is increasing for packaging solutions with a smaller carbon footprint than traditional solutions, and 2015 was no exception. Duni's ecoecho® product line offers a range with some of the most environmentally conscious products on the market.

CUSTOMER CATEGORIES

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

DESIGNED FOR GROWTH

"We are driven by designing sustainable products which provide added value in terms of form and function. This creates Goodfoodmood® for both customers and end consumers."

Linus Lemark, Director Business Area Meal Service

BUSINESS AREA STRATEGY IN BRIEF:

- To develop, in a flexible manner, unique solutions that solve the customers' problems and meet their needs.
- Focused and active customer contacts.
- To drive innovation and efficient purchasing from selected suppliers.

CONSUMER BUSINESS AREA

GROWTH WITH CUSTOMERS IN THE RIGHT CHANNELS

With an integrated acquisition and an even stronger design offering, the foundations have been laid for winning additional market shares.

The Consumer business area produces and sells consumer products such as napkins, serving products and candles, under its own brand and under the customers' private labels. The largest channel is the grocery retail trade in Europe, with Germany and the Nordic region being the largest markets.

POPULAR PRODUCTS

The market for consumer products for the set table is expanding. The trend of creating a convivial atmosphere with designed products is continuing. This is evident not least in social media, where many people actively share their own Goodfoodmood® moments and table setting tips.

SENSING THE RIGHT METHOD

The leading way to reach more consumers is to grow through and with the customers. During the year, Duni has worked in various ways to improve its service offering to existing customers. Attentiveness to the customers has been prioritized in order to create customized solutions and products that meet the customers' needs. Efforts have also been made to further increase delivery certainty. The sales organization has held more and improved product demonstrations, which have often led to an increase in sales.

PRIZE-WINNING DESIGN

The primary driver of growth on the consumer market is an appealing and unique design. Here, Duni has conducted several activities that have generated excellent results. New designers have been recruited, thereby further raising the level of the design of the products. At the beginning of the year, there was cause for celebration when Duni was awarded the prestigious Red Dot Design Award and A' Design Award for a series of plates and bowls.

The concept of Designs for Duni® was created in 2013 in order to signal Duni's ambition to offer top class design. It involves the development of specific product collections together with high-profile external designers, such as the Swedish designer Hanna Werning and the Finnish company Vallila. The concept has grown in popularity year after year and, in 2015, two successful collaborations were launched with the German companies Glööckler and Graziela Preiser. The collaborations have been successful in terms of sales and have received considerable exposure in the media. Several unique collaborations will be presented in the course of 2016.

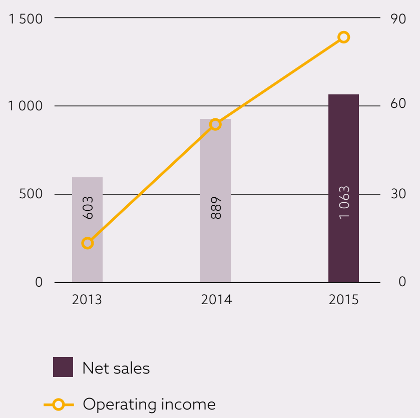
ACQUISITIONS PROVIDE NEW OPPORTUNITIES

A significant event in 2014 was the acquisition of Paper+Design in Germany. Similarly to Duni, the company has a strong offering to the consumer market, both in Germany and on other markets within and outside Europe. The aim of the acquisition (apart from growth on important new markets), was to obtain access to new and significantly more types of customer channels. Integration work commenced immediately and has continued during 2015, with good results.

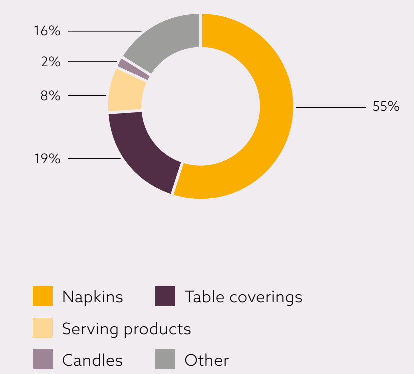
CUSTOMERS' NEEDS DICTATE

Creating profitable growth requires being at the forefront in the right channels. Ever more customers within the grocery retail trade are offering sales online. This imposes more exacting demands on Duni to be able to deliver products in a new, more digitalized manner. An online shop is already established on Duni's Swedish website.

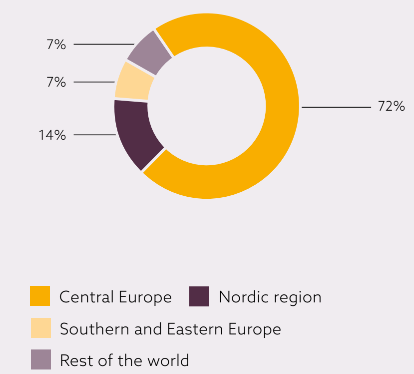
NET SALES AND OPERATING INCOME, SEK M



NET SALES PER PRODUCT GROUP, %



NET SALES PER GEOGRAPHIC REGION, %



DESIGNS FOR DUNI®

In 2015, two extremely successful collections were launched together with Glööckler and byGraziela. Several unique collaborations will be presented during the course of 2016.

CUSTOMER CATEGORIES

- ROCERY RETAIL TRADE
- RETAIL OUTLETS

DESIGNED FOR GROWTH

"Creating Goodfoodmood® at mealtimes in the home is becoming even more important. Through closer dialogue with the customers and a more attractive design offering, we are generating growth the right way."

Tina Andersson, Director Business Area Consumer & Corporate Marketing

BUSINESS AREA STRATEGY IN BRIEF:

- Duni shall be the natural business partner for the European 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 Duni's own brand and the trade's private labels.

NEW MARKETS BUSINESS AREA

GROWTH ON NEW MARKETS ACCORDING TO PLAN

With an integrated acquisition in Singapore, the foundations are laid for continued expansion in Asia.

The New Markets business area sells Duni's concepts and products in markets outside Europe. The business area includes the subsidiaries Duni Song Seng in Singapore and Duni in Russia, as well as exports to other markets such as the Middle East, Oceania, the rest of Asia, and North and South America. The business is primarily focused on the HoReCa segment and retail chains.

PROGRESS ON THE SINGAPORE MAIN MARKET

In 2013, Duni acquired Song Seng, a leading supplier of single-use products for food and drink in Singapore. The objective was clear. With the acquisition, a platform was created to enable Duni to take a serious step into the Asian market. The base also allowed Duni's premium range to establish a foothold in Singapore and on other neighbouring markets.

The integration work in Singapore has developed with strong results. The head of the New Markets business area is currently stationed in Singapore in order to develop the business and cultivate the market from there. A strategy has been created for conducting the business. The result has already proven itself in the form of new and more profitable transactions, particularly with international hotel chains and catering firms.

FUNCTIONING MODEL FOR RUSSIA

The Russian market has long been of interest for Duni and has been cultivated over several years. The market has, however, been exposed to tough challenges. Therefore, the organization has developed methods that better enable it to withstand external negative effects. One key factor has been reducing the financial exposure to the market. This has been achieved through successful work on implementing changes as regards an optimal business model, adapted organization, streamlined product range and improvements within the supply chain.

OTHER MARKETS

Other large and important markets including the Middle East with the UAE, the US and Australia, where sales to hotels account for most of the turnover. It is primarily Duni's premium range that is popular. There is still a great deal to do in terms of providing information about the advantages of Duni's unique materials compared with cloth and linen products. The sales corps' ability to understand each customer's circumstances and sell in Duni's premium range is crucial for success.

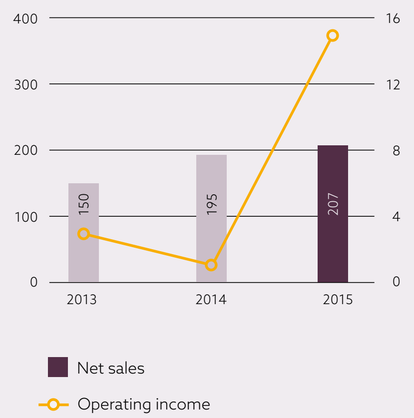
GOODFOODMOOD® IS WELCOME

Duni's new vision of delivering a holistic concept in the form of Goodfoodmood® has been well received, also in conjunction with launchings on new markets. A positive effect is obtained by being able to add softer values that do not merely involve product and price. It is also important to foster and communicate Duni's brand internally within the business area. This creates employee commitment and loyalty, which are important not least when stationed far away from the home market.

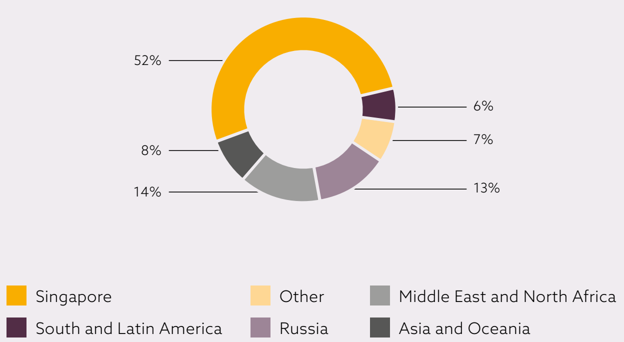
POSITIVE PROSPECTS

The two years during which Duni has been established in Singapore have been instructive and provided important insights. Going forward, focus will be placed on growth in selected regions where the potential is greatest.

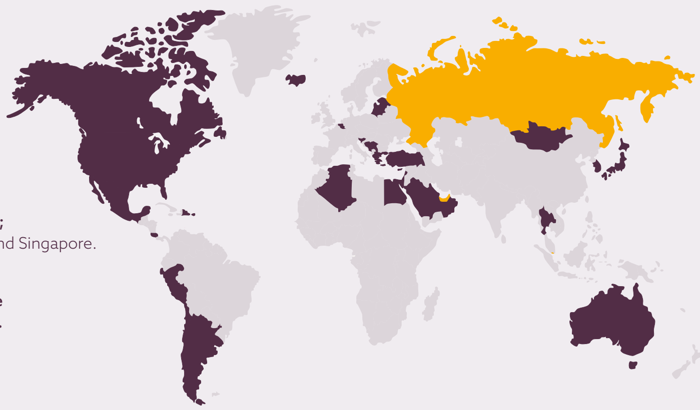
NET SALES AND OPERATING INCOME, SEK M



NET SALES PER GEOGRAPHIC REGION, %



NEW MARKET'S MARKETS



- Own personnel; Dubai, Russia and Singapore.
- Sales take place via distributors.

CUSTOMER CATEGORIES

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

DESIGNED FOR GROWTH

"Duni's products are both needed and appreciated on a large number of markets outside of Europe. Since the acquisition of Song Seng in Singapore, we have strengthened our position in order to take Duni's concepts further out into Asia."

Patrik Söderstjerna, Director Business Area New Markets

BUSINESS AREA STRATEGY IN BRIEF:

- Focus on four geographic areas: Southeast Asia, Russia, the Middle East and North Africa.
- Continue to build on the acquisition of Song Seng and grow sales of premium products.
- Develop the distributor network in regions where demand for Duni's concepts is strong.

BUSINESS OPTIMIZED THROUGH STREAMLINING

The core business is strengthened through maximum utilization of materials and services.

The Materials & Services business area covers external sales outside the scope of the other business areas. Most turnover comes from direct sales of tissue and airlaid material produced at the plant in Skåpafors. Service – which is part of outsourcing – is also accommodated within the business area. The aim is to utilize in full the capacity available in order to support and strengthen the core business.

UNIQUE MATERIALS – AN IMPORTANT PART OF THE CORE BUSINESS

2015 was characterized by the strategy of streamlining Duni's business and concentrating primarily on the core business, namely, by means of products and services, creating Goodfoodmood® on occasions where food and drink are consumed. As a consequence, the hygiene products business was discontinued. This previously accounted for 90% of the business area's sales.

EUROPEAN FINANCE FUNCTION (EFF)

OUTSOURCING WITH HIGH CAPACITY AND EXPERTISE

The outsourcing function, European Finance Function (EFF) is also included within Materials & Services. This is a business located in Poznan, Poland, which is tasked with handling large parts of the Group's reporting and accounts functions.

Placing the accounts activities with EFF has significantly reduced Duni's costs, at the same time as the quality of execution and reporting has improved. Since a large pool of expertise is available, it has been possible also to invite external customers to use the services. During 2015, a handful of companies retained the company and perceived the advantages of doing so. Going forward, EFF will be able to assume more engagements and thereby make further contributions to revenues.

DESIGNED FOR GROWTH

"By only producing material used in the core business, we can concentrate on utilizing our capacity to the fullest. This strengthens Duni."

Mats Lindroth, CFO

REXCELL TISSUE & AIRLAID AB

INVESTING IN TISSUE IN SKÅPAFORS TO CREATE MATERIAL OF THE FUTURE

Duni is one of the few companies in the industry owning a paper mill that is focused exclusively on optimized material for the set table. This is a significant competitive advantage and, in 2015, a decision was taken to invest further in the plant's capacity.

Duni's wholly-owned subsidiary and paper mill, Rexcell Tissue & Airlaid AB, is located in Skåpafors, Dalsland. It is there that paper material is produced which is subsequently turned into napkins and tablecoverings at converting plans in Poland and Germany. The plant is also specialized in dying paper and handles some 50 different hues.

Apart from tissue, materials created at the plant include Duni's popular airlaid material Dunilin®, which is a linen-like napkin material. Other examples include Dunicel® and Evolin®, which are also materials especially developed for the premium brand market.

FROM TWO PLANTS TO ONE

In 2013, a decision was taken that Rexcell would exclusively support the core business by focusing entirely on material for the set table. As a consequence, the production in Skåpafors of input material for hygiene products was gradually phased out. At the same time, all airlaid production was relocated to Skåpafors. As a result, Duni became even more vertically integrated. Having full ownership throughout the chain – from material production and concept development to converting and distribution – provides a competitive edge over other companies in the industry.

INVESTING TO DRIVE DEVELOPMENT

In 2015, Duni announced that additional investments will be made in tissue production in Skåpafors. In total, SEK 110 m is to be invested in new technology, thereby increasing capacity by approximately 15% per year. The new technology will enable Duni to actively strengthen its position as a leading manufacturer of unique materials. The objective is to continue to drive development on the market and create a new quality standard for napkins.

MATERIALS OF THE FUTURE

In order to create the right types of concepts, it is important to be attentive to the wishes of end consumers. One clear trend is an increasing need for sustainable, environmentally-profiled material – an area in which Rexcell has long been engaged. Compostable material has been a self-evident feature in the production process for a number of years. The new investment will lead to additional improvements from an environmental perspective. Through more efficient production, the volumes of energy, water and raw materials used in the actual production process are reduced.

THE MODERN PAPER MILL

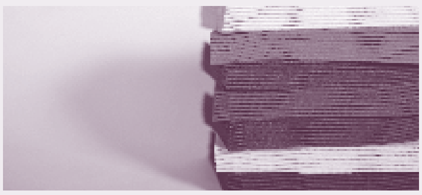
The increased investment in the paper mill also includes the development of techniques and work methods. Internal communication is prioritized to ensure that employees know which customer is to receive the material in question. Focus is thereby placed on the customers' needs, with development and production being adapted accordingly.

REXCELL TISSUE & AIRLAID AB

"Rexcell wants to contribute to driving development in the paper industry. We will continue to create a flexible paper mill which has a self-evident role to play in the future. This is important in order for the finished product ultimately to contribute to a Goodfoodmood®."

Thomas Lööb, Director Corporate Development

AIRLAID



A material known for its moisture distribution, absorption capability and softness. The process is based on using air to distribute the fibers in the material instead of water as in traditional tissue production. Airlaid is used for tablecoverings, placemats and napkins.

MOOD BOOSTER #2

COLOR

Adding the right color to a table setting is an important element in creating Goodfoodmood®. Duni distinguishes itself by having one of the broadest single-color product ranges in the industry. A palette of colors comprising more than 20 different hues offers a wide range from which to choose.

Since 1954, the actual paper dying has taken place at the Rexcell paper mill in Skåpafors. Duni can thus justifiably call itself a color expert throughout the entire chain, from production of the correct color pigment to finished product.

The single-color collection is updated constantly to match prevailing trends. In 2015, two new shades were added – Slate and Mint Blue. They are the result of interior decor and design being increasingly characterized by materials and colors inspired by nature.

OPERATIONS

PRODUCTION AND DISTRIBUTION AIMED AT BEING NO. 1

With a fully integrated value chain, Duni's role as a leading manufacturer becomes even clearer.

Operations include converting and distribution centers in Poznan, Poland and Bramsche in Germany. Converting means that Duni manufactures finished products based on the paper material produced by Rexcell in Skåpafors. The area also includes warehousing, transportation and IT.

MATERIALS EXPERTISE

Vertical integration constitutes a part of Duni strategy of being a leading manufacturer of paper-based table top products. Full control over the entire value chain, from production of the basic material to converting, packaging and distribution, is a key factor for being a driver on the market. It also allows Duni to assume the role of leading expert and developer of materials.

Design printing, composition and embossing of unique materials such as Dunisilk® and Dunicel® take place at the plants in Poland and Germany. These are examples of functional and innovative concepts that meet the market's needs. The ability to develop and manufacture such materials gives Duni a clear competitive edge and the company is constantly engaged in reviewing existing materials and developing new ones.

FOCUS ON CUSTOMER NEEDS

During the year, a major project was begun to review how plant processes can be refined to achieve optimization. The program extends over three years and is based essentially on ensuring that all processes are operated based on a customer perspective. Quite simply, priority must always be given to the customers' needs, which serve as a common thread through our work.

The program includes a gradual review of all aspects, from day-to-day planning for product orders, to control processes for reliability and optimized customer service. Here, IT also plays a key role. By coordinating activities into an integrated IT platform, Duni will be better able to meet the customers' needs, and constantly promote increased customer benefit throughout the chain.

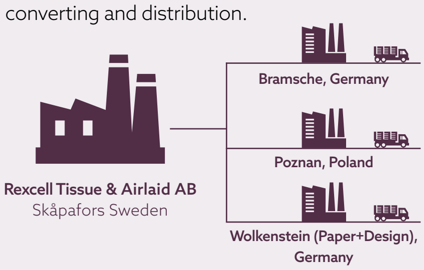
DESIGNED FOR GROWTH

"As a leading manufacturer of napkin and tablecover material, we must at all times be modern and efficient. By reviewing and optimizing processes at the plants, we will be even better in meeting the customers' needs."

Fredrik Malmgren, Director Operations

VERTICAL INTEGRATION

Duni has a vertically integrated business model for paper-based products. This means that the entire production and delivery chain is owned and controlled by Duni, from material manufacturing and concept production to converting and distribution.



MOOD BOOSTER #3

MATERIALS

One of Duni's main strengths, and a self-evident aspect of creating Goodfoodmood®, is the development of functional and more environmentally conscious materials.

At the plant in Skåpafors, tissue and airlaid material are produced that are optimized for the set table. Evolin®, Dunilin®, Dunicel® and Dunisoft® are but a few examples of materials that have revolutionized the industry and blurred the lines between cloth and paper. Hotels and restaurants are thereby given the opportunity to use attractive, environmentally conscious and cost-efficient solutions.

Other groundbreaking materials include the new bioplastics that Duni is using for packaging solutions. The material can replace ordinary fossil-based plastics and is new on the market. The ecoecho® product range includes a large offering of products with an environmental profile that are manufactured from renewable or compostable material, such as bagasse. As a result, most of the products can be composted and all of them can be recycled.

CSR

A SUSTAINABLE APPROACH FOR A BETTER FUTURE

Conducting business with the world's best interests in mind is a cornerstone of Duni's business and involves assuming responsibility in a number of areas, both within and outside the organization.

The role of being a leading manufacturer of table top and packaging concepts carries with it great responsibility. Duni's vision – to provide a Goodfoodmood® on every occasion when food and drink are served – also sets the tone for how the Group wishes to conduct its operations in a sustainable manner.

OUR BLUE MISSION

Duni's Corporate Social Responsibility (CSR) work is governed by Our Blue Mission. The Our Blue Mission program describes Duni's sustainability work within several areas and sets out our approach within areas such as the environment, product safety, social responsibility, social rights and business ethics. Specific targets have been set to ensure that the work is consistent and leads to clear improvements. These targets are to be achieved by 2020 at the latest.

RESPONSIBLE FORESTRY

Responsible forestry and paper extraction is a subject which is naturally close to Duni's heart. Here, Duni uses a number of different methods to trace the origin of the raw material in order to contribute to responsible forestry and avoid illegal logging.

Duni is certified in accordance with the Forest Stewardship Council's® (FSC®) "chain of custody". This is an independent international members' organization which promotes environmentally conscious, socially beneficial and economically sustainable use of the world's forests. FSC® has developed an extensive regulatory program concerning environmental governance, forestry and economy. Compliance with the program is a prerequisite for obtaining certification. Currently, more than 90% of Duni's paper material is FSC®-certified. Most of the timber is derived from Nordic forests.

RESPONSIBILITY THROUGHOUT THE CHAIN

CSR also involves responsibility for ensuring that suppliers comply with certain standards. Since 2005, Duni has been applying a regularly reviewed code of conduct to suppliers. During the year, policies and work methods were reviewed and revised. They describe how operations are to be conducted in an ethically, socially and environmentally correct manner. It is important to emphasize that the work involves an active dialogue with, and monitoring of, suppliers – particularly in

CSR

"The CSR work conducted at Duni has come a long way and is fully integrated in the operations. Therefore, we have also been able to establish tough long-term goals for the future."

Elisabeth Gierow, CSR & Quality Director

ECOECHO®

ecoecho®

Duni places constant focus on work with renewable and compostable material such as plant-based bioplastics and bagasse. These materials amongst others comprise the ecoecho® range, which provides the majority of environmentally-profiled products.

MIN STORA DAG
GÖR SJUKA BARNS DRÖMMAR TILL VERKLIGHET

countries with a less entrenched tradition of employee protection and human rights. Personal visits and support in order to understand and satisfy the code of conduct rules make a big difference. Duni continues to conduct a close dialogue with its suppliers in order to maintain a high level of compliance.

SUSTAINABLE MATERIALS

Duni is increasingly distinguishing itself by offering a large product range based on the market's most environmentally conscious materials. One example is the large proportion of compostable paper products. In 2014, it was announced that Duni's entire single-color collection of napkins and tablecoverings was marked with the OK Compost® mark, which was new for the industry. The marking is given to products that are guaranteed to be biologically degradable in an industrial composting facility. During 2015, it was possible to apply the certification to an increased number of products, including napkins and tablecoverings with printed designs.

Renewable materials, such as plant-based bioplastics and the sugarcane product bagasse, are also of great interest for Duni. The material is largely included in the ecoecho® range that Duni is developing in order to provide its customers with environmentally-profiled products. A product is only included in the ecoecho® range following assessment in accordance with established criteria, among other things regarding renewability and compostability.

GIVING BACK

Assuming responsibility outside the areas that are traditionally included in the operations also represents a key aspect of creating Goodfoodmood®. For the past couple of years, Duni has been supporting the Min Stora Dag (My Big Day) Foundation, which has the aim of enabling severely ill children to realize their dreams. During the autumn, Duni once again had the possibility to arrange such an activity. The day was filled with food and creative happiness when a celebrity chef arranged a cooking school with some 20 children as pupils. It was an extremely appreciated day which, of course, gave a perspective on life.

ENVIRONMENTAL TARGETS

The environmental targets below for 2020 are reviewed regularly.

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.

20 %

A 20% reduction in energy use between 2010 och 2020.

100 %

All employees shall be involved in improvements, be familiar with our code of conduct, and participate in the work on issues concerning values.

0 %

There shall be no complaints about products with potential health risks.

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.

MOOD BOOSTER #4

TABLE SETTING

Colors, patterns and material all constitute parts of a whole. When combined in a suitable framework, Goodfoodmood® is created.

Putting together the correct color combination, the design motif and the material is an art in itself. Since 1954, table setting has been Duni's area of expertise. By being the first in the world to sell color-coordinated sets of single-use products – napkins, table coverings, plates and candles – Duni has embellished thousands of tables over the years.

Through table setting, form can be given to innumerable modes of expression. Irrespective of whether the table setting comprises a few products or many, it is a question of demonstrating how, through color and form, it is possible to enhance the dining experience.

CORE VALUES

OPEN MIND
OWNERSHIP
ADDED VALUE
WILL TO WIN

GEOGRAPHIC AND FUNCTIONAL BREAKDOWN

Country	Blue collar employees	White collar staff	Total
Sweden	159	177	336
Germany	704	342	1 046
Poland	330	112	442
The Netherlands	0	56	56
UK	0	17	17
Other	20	165	185
Total	**1 213**	**869**	**2 082**

AVERAGE NUMBER OF EMPLOYEES

2015	**2 174**
2014	2 184
2013	1 902
2012	1 889
2011	1 928

EMPLOYEES

INDIVIDUAL POTENTIAL LEADS THE WAY

Success is best achieved with a sound organization. With a holistic approach, the company of the future is formed.

The correct structuring of the organization is an important factor in achieving commercial success. Since 2014, Duni has been engaged in a long-term plan to maintain and develop the potential of its employees. The goal is to create a sustainable organization by applying transparency and clear measurability, generates commitment and motivation.

METHODICAL WORK

When the position of HR Director was reintroduced in 2014, the task was clear. The HR work was to be reviewed to enable the organization to best contribute to commercial benefit. The target structure was clear, subject to the proviso that the way to achieving the target was no less important. An employee survey was carried out which identified the starting position. Based on this, a plan was developed involving careful and methodical work. The aim was to create a workplace in which views could be expressed and ample scope provided for diversity and development.

The philosophy on which the HR work is based is that employees who feel good and thrive at the workplace play a key role in all development and success. The belief that everyone has potential to develop, irrespective of position, also sets the tone. Based on this mindset, various processes have been initiated aimed at gradually moving the organization in the right direction.

FOCUS ON THE INDIVIDUAL

It is essential to be able to measure the parameters that have been established. This creates both clarity and objectivity. Concrete activities in the form of individual development plans as well as job rotation and succession structures have also been implemented. Follow-up takes place regularly. In this way, it is possible to utilize and improve the talent that exists.

SHARPENED SALES

Operating on many different markets means that sales tools can vary. Despite this realization, there is much to be gained from using a more uniform structure when contacting customers. Thus, a special sales academy has been established aimed at enhancing the level within the area in order to further improve earnings. All sales staff within the Group will undergo the training course, which also provides tools to pass the knowledge onwards in the organization.

The new approach to HR work is constantly developing and will naturally continue over time. Different activities are being added regularly. Examples of such activities include marketing Duni outwards and ensuring that a structured recruitment process is in place.

FACTS

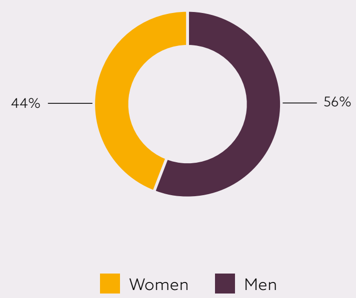
- On December 31, 2015, Duni had 2,166 (2,162) employees, equal to 2,082 (2,092) full-time positions.
- The blue collar employees work within logistics, manufacturing and maintenance. Most blue collar employees (72.6%) work within manufacturing and maintenance at the plants in Dals Långed and Skåpafors in Sweden, Bramsche and Wolkenstein in Germany, and Poznan in Poland. 31.5% of blue collar employees in Germany work within logistics at the international distribution center in Bramsche. 52.3% 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.

DESIGNED FOR GROWTH

"We are working to identify and utilize the large pool of talent available within Duni. This creates values that go beyond improved earnings."

Kettil Wedin, HR Director

GENDER BREAKDOWN



THE SHARE

SHARE PERFORMANCE

During 2015, the share price rose by 22%, with a closing price of SEK 141.50 (116.00) being recorded on December 31, 2015. Since being listed on the exchange, Duni's share price had increased by 183% up to December 31, 2015, entailing a market capitalization of SEK 6.7 billion. During 2015, the closing price varied between a high of SEK 147.50 on December 10 and a low of SEK 110.25 on January 7. Earnings per share for the year for continuing operations were SEK 7.37 (6.42). During 2015, 9 (15) million Duni shares were traded, valued at SEK 1,133 (1,430) billion.

NUMBER OF SHARES AND SHARE CAPITAL

On December 31, 2015, 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 5.00 (4.50) per share for the 2015 financial year, corresponding to 67% (66%) of income after tax.

OWNERSHIP STRUCTURE, DECEMBER 31, 2015

Number	Number of shareholders	Number of shares	% of shares
1 – 500	6 451	844 444	1.80
501 – 1,000	827	688 013	1.46
1,001 – 5,000	570	1 310 819	2.79
5,001 – 10,000	58	449 321	0.96
10,001 – 15,000	29	353 971	0.75
15,001 – 20,000	11	200 782	0.43
20,001 –	98	43 151 682	91.81
Total	**8 044**	**46 999 032**	**100.00**

SHAREHOLDERS, DECEMBER 31, 2015

	Number of shares	% of shares
Mellby Gård Investerings AB	14 094 500	29.99
Swedbank Robur fonder	4 256 795	9.06
Polaris Capital Management, LLC	4 044 655	8.61
Carnegie fonder	3 210 795	6.83
Lannebo Fonder	2 520 206	5.36
State Street Bank & Trust Com	2 043 118	4.35
Handelsbanken Fonder AB	1 995 366	4.25
JPM Chase NA	1 823 529	3.88
Mellon US	951 888	2.03
State Street Bank & Trust Com	888 083	1.89
Total, the 10 largest owners		
– In terms of holdings	35 828 935	76.23
Other shareholders	11 170 097	23.77
Total	**46 999 032**	**100.00**

DATA PER SHARE

Amount, SEK	Dec 31, 2015
Number of shares at end of period (thousands)	46 999
Average number of shares before and after dilution (thousands)	46 999
Share price on December 31	141.5
Earnings per share from continuing operations before and after dilution	7.37
Equity per share	49.89
P/E-tal per 31/12 2015	19.20

EXTERNAL ANALYSES WERE PUBLISHED BY:

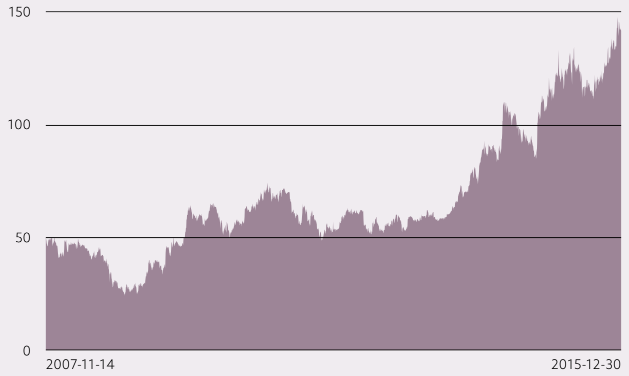
- SEB Enskilda Equities, Stefan Cederberg
- ABG Sundal Collier, Andreas Lundberg
- Handelsbanken Capital Markets, Karri Rinta

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.

More information about the Duni share is available on www.dunicom

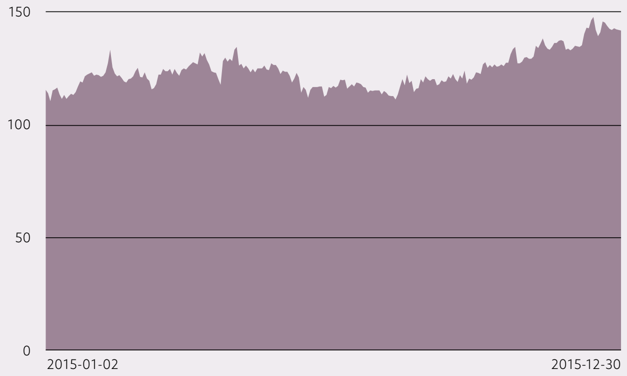
SHARE PERFORMANCE 2007–2015

SEK, Closing price



SHARE PERFORMANCE 2015

SEK, Closing price



ANNUAL REPORT

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DIRECTORS' REPORT

DIRECTORS' REPORT – THE GROUP

Duni is one of Europe's leading suppliers 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 the ambition to always help the customer create a positive food and drink experience. A combination of high quality products, a well-reputed brand, established customer relations as well as a strong local presence on most European markets have resulted in Duni being a market leader in Europe. Operations are conducted within five business areas: Table Top, Meal Service, Consumer, New Markets and 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 54% (57%) 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 15% (14%) 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 acquisition of Paper+Design, which was carried out in 2014, has been integrated during the year and is a part of the business area. The business area accounted for approximately 25% (23%) of Duni's net sales during the year.

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% (5%) 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 and airlaid to external customers. Previously, sales of hygiene products were also included; however, these products were discontinued entirely during the first quarter of 2015. The hygiene products business is reported as a discontinued operation. The income statements of the business area and the Group have been recalculated and include only continuing operations. Sales of hygiene products previously accounted for 88% of Materials & Services in 2014. The business area accounted for approximately 1% (1%) 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 2015, two new collections were successfully launched together with byGraziela and Glööckler, both of which are well-known on the German market.

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.

During 2015, Duni continued to produce products with a high environmental profile. New food packaging solutions made of groundbreaking bioplastic material were launched. The compostable range of single-color napkins and tablecoverings carrying the prestigious OK Compost® mark was expanded to also include a number of designed products.

Duni has a number of products that replace linen. At the end of 2011, an entirely new tablecovering material – Evolin® – was launched, combining the look and feel of textile and linen tablecoverings with the advantages of single-use products. Evolin is aimed at restaurants and catering firms that are currently using linen. The product constitutes one of the cornerstones for future growth, since an increasing number of customers are converting from traditional linen to single-use materials.

MARKET DEVELOPMENT

Global economic prospects are one of the main indicators as regards growth on the HoReCa market. Broad economic growth is positive for the industry. It stimulates consumption within the HoReCa sector, as well as demand for single-use products. The long-term trend continues to point towards an increasing number of restaurant visits and an increase in the number of hotel nights, driven mainly by increasing urbanization, changed consumption patterns and a lifestyle trend whereby consumption of meals on the go is increasing. New restaurant concepts, such as ready-to-eat food in grocery stores, take-away and fast service restaurants are continuing to increase and gain ever larger market shares. After several years of stagnating economic growth, consumers on the mature European markets are showing greater interest in seeking value, and HoReCa companies are competing harder to attain an even greater share of the total mealtime market. On the customer side, continued structural changes are taking place within the restaurant industry, with restaurant chains that operate under joint brands growing at a faster rate than the market in general. This is a development which favors Duni's sales of customized concepts.

Duni's product category in the retail trade focuses primarily on low-price products and private labels. Distribution of parts of the category has also expanded into new channels, such as gardening centers, home furnishing stores and do it yourself stores. The acquired company Paper+Design is successful in cultivating these retailer categories.

Another sector of the market comprises of the serving of food to companies and institutions. It is primarily the care sector that is taking an increasingly large share of the segment, and the market has experienced stable growth in recent years. Here, there is clear potential for Duni to create growth.

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 an increasing number of restaurants are choosing to replace linen with premium quality single-use solutions. Demand for brand-profiling single-use products is also increasing. 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. The number of restaurant chains that wish to profile their brands through single-use products is also increasing, and this is an area where Duni is well positioned.

REPORTING

The annual report covers the 2015 financial year. 'Preceding year' means the 2014 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-realized valuation effects of currency derivatives, fair value allocations and amortization of intangible assets identified in connection with business acquisition. The hygiene products business that was discontinued during the year has been removed from the Group's income statements, also with respect to comparison years, and is reported as discontinued operations on a line after net income for the year.

Restructuring costs amounted to SEK -11 (0) m. These relate primarily to organizational changes within management as well as organizational changes and efficiency improvements within the Consumer business area. Restructuring costs have also been positively affected by compensation received for damages relating to the period prior to Duni's IPO. For more information on 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 OPERATING MARGIN

SEK m	2015	2014
Operating income	**528**	**452**
Non-realized valuation changes, derivative instruments	–	0
Restructuring costs	-11	0
Amortization of intangible assets identified in connection with business acquisitions	-27	-14
Fair value allocation in connection with acquisitions	–	-4
Reported operating income (EBIT)	**490**	**433**

NET SALES

Duni's net sales from continuing operations amounted to SEK 4,200 (3,870) m, an increase in sales of 8.5%. At unchanged exchange rates from the preceding year, net sales would have been SEK 172 m higher compared with the outcome for 2014, representing an increase in sales of 4.4%. Organic growth, excluding structural changes, amounted to 1.3% at fixed exchange rates.

The **Table Top** business area reported net sales of SEK 2,266 (2,179) m. At fixed exchange rates, this corresponds to a decrease in sales of 0.3%. The business area experienced steady growth during the year, with many markets demonstrating growth but a slight downturn being experienced in Germany.

The **Meal Service** reported net sales of SEK 616 (555) m. At fixed exchange rates, this corresponds to an increase in sales of 8.5%. Continued strong market demand in the prioritized segments and successful product launches are strengthening Meal Service's position as an innovator. Growth has been positive on all markets.

Within the **Consumer** business area, net sales amounted to SEK 1,063 (889) m. At fixed exchange rates, this corresponds to an increase of 14.6%. The business area has enjoyed positive structural effects from the acquisition of the German company Paper+Design. 2015 was characterized by increased uncertainty in sales, with sales results varying sharply between the different markets. Although the most recent statistics point to retail trade growth within the euro area, individual contracts have a greater impact on Duni.

The **New Markets** business area reported net sales of SEK 207 (195) m. At fixed exchange rates, this corresponds to an increase in sales of 2.7%. New Markets experienced solid growth, apart from in the case of Russia where demand continues to decline. On the other hand, Southeast Asia is growing and there is continued growth on other export markets.

The **Materials & Services** business area reported net sales of SEK 48 (52) m. At fixed exchange rates, this corresponds to a decline in sales of 7.8%.

INCOME

Operating income for the continuing operations amounted to SEK 528 (452) m. At unchanged exchange rates from the preceding year, operating income for the year would have been SEK 35 m lower. The gross margin was 29.6% (29.3%) and the operating margin strengthened from 11.7% to 12.6%. The operating margin improved within all business areas compared with the preceding year. Despite modest organic growth in sales of approximately SEK 50 m, income increased by almost the same amount. This is a consequence of increased internal efficiency with relatively low costs as well as savings within the production structure.

The finance net was SEK -31 (-19) m. Translation effects, primarily in RUB, CHF, GBP and NOK, are sharply negative for the year compared with positive effects in the preceding year. Income before tax for the continuing operations was SEK 459 (414) m.

A tax expense of SEK 113 (113) m is reported for the financial year. The effective tax rate is 24.6% (27.2%). The tax expense for the year includes adjustments and one-off effects from the preceding year of SEK -1.0 (-8.2) m. During the year, the deferred tax assets related to loss carry-forwards was reduced by SEK 29 (40) m.

Net income for the year amounted to SEK 346 (302) m. Net income for the year for discontinued operations amounted to SEK 4 (18) m.

INVESTMENTS

The Group's net investments for continuing operations excluding acquisitions amounted to SEK 161 (87) m. Approximately SEK 50 m of the investment totaling SEK 110 m in increased tissue capacity at the paper mill in Skåpafors was taken in 2015. Apart from this, the investments related primarily to the Group's production plants in Poland, Germany and Sweden. Depreciation as well as the reversal of write-downs in respect of continuing operations amounted to SEK 158 (120) m.

CASH FLOW AND FINANCIAL POSITION

The Group's operating cash flow was SEK 623 (533) m. The improved income is a strong contributory factor behind the improved cash flow, but lower working capital also contributed.

The Group's balance sheet total on December 31 amounted to SEK 4,178 (4,328) m.

The Group's interest-bearing net debt amounted to SEK 584 m, compared with SEK 888 m on December 31, 2014.

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 might 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 in information concerning products, efficiency and control 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® certification, license number FSC-C014985 (Forest Stewardship Council) certification regarding the sale, production and distribution of, among other products, napkins, tablecoverings 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, CO2. The allocation of emission rights comprises 2,237 tonnes in 2015 for Dals Långed and 19,146 tonnes for 2015 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. In total, 11,700 tonnes were used during 2015.

THE BOARD'S WORK

Since the Annual General Meeting held on May 5, 2015, the Board of Directors comprises five members and two employee representatives. During the year, the Board held 11 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. Since 2014, development plans have been gradually produced whereby all employees in the organisation shall have clear, individualized goals which are followed up.

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, 2015, there were 2,082 employees. On December 31, 2014, there were 2,092 employees.

REMUNERATION FOR THE CEO AND SENIOR EXECUTIVES

Principles regarding the CEO and senior executives, as proposed to the 2016 Annual General Meeting, to be applicable in 2016, correspond in all essential respects to the established principles which were adopted by the 2015 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 EVENTS SINCE DECEMBER 31, 2015

No important events have occurred since the closing day.

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 1,191 (1,166) m. Operating income was reported at SEK -57 (-56) m, and net financial items at SEK 205 (237) m. The finance net includes internal dividends received during the year of SEK 127 (95) m and a received group contribution of SEK 72 (118) m. Net income for the year was SEK 121 (134) m.

The Parent Company's investments in fixed assets amounted to SEK 24 (14) m.

The Parent Company's equity ratio at year-end was 62.1% (57.5%). The Parent Company's cash and equivalents on December 31, 2015 amounted to SEK 144 (140) 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 divides financial risks into 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, 2015

Duni is listed on NASDAQ in Stockholm under the ticker name "DUNI". The larger owners on December 31, 2015 were Mellby Gård Investerings AB 29.99%, Swedbank Robur fonder 9.06% and Polaris Capital Management, LLC 8.61%.

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, 2015.

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)	2015
Non-restricted equity in the Parent Company	
Retained earnings	1 598 669 072
Income for the year	120 878 673
Total non-restricted equity in the Parent Company	**1 719 547 745**
The Board and CEO propose:	
A dividend to the shareholders of SEK 5.00 per share	234 995 160
and that the remaining amount to be carried forward	1 484 552 585
Summa	**1 719 547 745**

The Board of Directors proposes to the 2016 Annual General Meeting that a resolution be adopted regarding allocation of earnings entailing that a dividend of SEK 5.00 per share, equal in total to SEK 234,995,160, be paid to shareholders registered on the record date, May 6, 2016, and that the remaining non-restricted shareholders' equity be carried forward.

Provided that the 2016 Annual General Meeting resolves in accordance with the Board's dividend proposal, SEK 1,485 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 2,345 (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 13.0% of the shareholder's equity of the Parent Company and 10.0% 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 58.8% and 53.5% 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. 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 SEK 4 m lower.

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 MEETING

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.

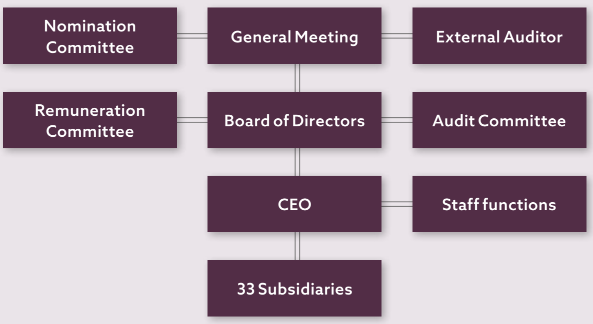
Pursuant to the Swedish Companies Act, notice to attend Duni's Annual General Meeting must be given not earlier than six weeks and not later than four weeks prior to the meeting. Notice shall be given through an announcement in Post and Inrikes Tidningar (The Official Gazette) and on Duni's website. 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.

2015 Annual General Meeting

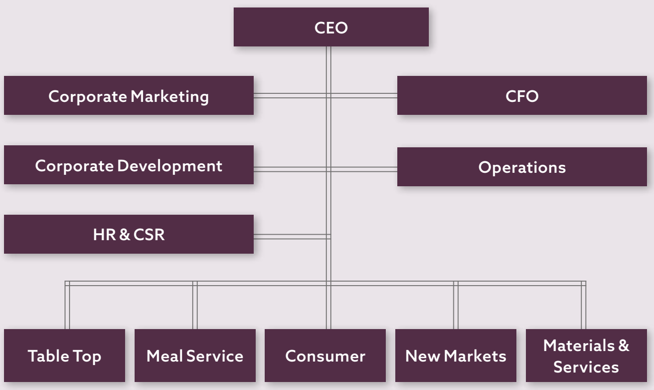
Duni's 2015 Annual General Meeting was held on Tuesday, May 5, 2015 in Malmö. 183 shareholders, representing approximately 69.8% of the voting rights, were present at the General meeting in person or through proxies. The Chairman of the Board, Anders Bülow, was elected to chair the meeting. All directors and employee representatives were present. Members of group management and the auditor were also present. 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 4.50 per share for the 2015 financial year;
- that the Board shall comprise five directors without alternates;
- the re-election of all directors;
- the re-election of Anders Bülow as Chairman of the Board;
- the re-election of PwC as auditors;
- that Board fees be increased such that the Chairman of the Board shall receive SEK 535,000 (previously SEK 500,000) and other directors shall each receive SEK 285,000 (previously SEK 265,000);
- that remuneration be paid to the chairman of the Audit Committee in the amount of SEK 115,000 (previously SEK 107,000) and to the chairman of the Remuneration Committee in the amount of SEK 60,000 (previously SEK 55,000);
- that remuneration be paid to other members of the Audit Committee in the amount of SEK 54,000 (previously SEK 50,000) and to other members of the Remuneration Committee in the amount of SEK 27,500 each (previously SEK 25,000);
- 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 authorised, 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 new shares.

CORPORATE GOVERNANCE



GROUP MANAGEMENT 2015



2016 Annual General Meeting

The next Annual General Meeting of the shareholders of Duni will be held at 3pm on Tuesday, May 3, 2016 at Skånes Dansteater, Östra Varvsgatan 13A in Malmö. More information about the Annual General Meeting, notice of participation, etc. is available on Duni's website.

Nomination Committee

The Nomination Committee nominates the individuals 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 2015 and the composition was presented on October 28, 2015.

The Nomination Committee held its first meeting on November 30, 2015. Approximately one week later, the list of shareholders as of November 30 became available. The list showed that changes had taken place in the holdings of the largest shareholders. Swedbank Robur fonder had increased its holding during the period and thereby exceeded Carnegie Fonder, which on the date in question was the fourth largest shareholder. Swedbank Robur fonder was contacted in order to explain the situation. Swedbank chose to waive its seat and the Nomination Committee was able to continue as originally composed. When the Nomination Committee held its meetings and arrived at proposals, Swedbank Robur fonder was contacted once again in order to be acquainted with the proposals. They announced that they supported the Nomination Committee's proposals and thus the Nomination Committee pending the 2016 Annual General Meeting has comprised the four largest shareholders.

During the period pending the 2016 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. Anders Bülow notified the Nomination Committee that he was declining re-election. 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, including employee representatives. The Nomination Committee also notes that the Board is comprised of a sound and relevant mix of skills and experience. The Nomination Committee held discussions regarding proposed new directors and a Chairman of the Board. Ultimately, the Nomination Committee agreed that Mellby Gård Investerings AB, which is Duni's larger shareholder, shall continue to have a representative on the Board. Johan Andersson, CEO of Mellby Gård AB, is proposed as a new director and Magnus Yngen is proposed by the Nomination Committee to serve as the Chairman of the Board. The Nomination Committee proposes that, with exception of Anders Bülow, the other directors be re-elected at the 2016 Annual General Meeting. Other recommendations for election will be presented in the notice to attend the Annual General Meeting.

The Nomination Committee comprises the following members:

Name	Represents	Ownership stake, Dec. 31, 2015
Anders Bülow	Chairman of the Board	
Rune Andersson (Chairman)	Mellby Gård Investerings AB	29.99 %
Hans Hedström	Carnegie fonder	6.83 %
Bernard R. Horn Jr	Polaris Capital Management, LLC	8.61 %
Total		**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 5, 2015, 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's work

At the first ordinary board meeting which is held after the Annual

ATTENDANCE AT BOARD MEETINGS IN 2015:

	Function	Independent [1]	Board meetings	Audit Committee	Remuneration Committee
Anders Bülow	Chairman	[2]	11 of 11	4 of 4	3 of 3
Pauline Lindwall	Director	x	10 of 11	–	3 of 3
Alex Myers	Director	x	10 of 11	4 of 4	–
Pia Rudengren	Director	x	11 of 11	4 of 4	–
Magnus Yngen	Director	x	11 of 11	–	3 of 3
Per-Åke Halvordsson	Employee representative	[3]	11 of 11	–	–
Henry Olsen	Employee representative	[3]	11 of 11	–	–
Åsa Lundqvist	Employee representative	[3]	9 of 11	–	–
Inge Larsson	Employee representative	[3]	11 of 11	–	–

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

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 2015, the Board held eleven meetings at which minutes were taken.

The following items, among others, were on the agenda in 2015:

- 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 the auditor-in-charge;
- Interim reports;
- Rules of procedure for the Board and the CEO;
- Annual review of the policy manual;
- Review of business plans;
- Growth issues and acquisition issues;
- Regular evaluation and analyses regarding the performance of each business area in terms of growth and profitability;
- Restructuring program including closure of the hygiene products business and structural issues concerning the operations in Dalsland;
- Strategic issues and risks;
- Goods supply and logistics issues;
- Regular forecasts for 2015;
- Ongoing investments, including capacity investment in Skåpafors;
- The economic climate and economic conditions.

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 business areas and markets are developing. Prior to each board meeting, the Board also reviews the most recent balance sheet and the 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 three meetings in 2015 and comprises three members: Magnus Yngen (Chairman), Anders Bülow and Pauline Lindwall. Duni's CEO, Thomas Gustafsson, 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 2015 and comprises three members: Pia Rudengren (Chairman), Anders Bülow and

BOARD REMUNERATION FOR THE PERIOD MAY 2015 – APRIL 2016

SEK	Board meetings	Audit Committee	Remuneration Committee	Total
Anders Bülow	535 000	54 000	27 500	616 500
Pauline Lindwall	285 000	–	27 500	312 500
Alex Myers	285 000	54 000	–	339 000
Pia Rudengren	285 000	115 000	–	400 000
Magnus Yngen	285 000	–	60 000	345 000
Total	**1 675 000**	**223 000**	**115 000**	**2 013 000**

REMUNERATION TO SENIOR EXECUTIVES

2015, SEK m	Basic salary	Variable remuneration	Other benefits	Pension cost	Severance package	Total
CEO – Thomas Gustafsson	3.8	1.5	0.0	1.9	–	7.2
Other senior executives	13.8	4.6	0.6	4.0	2.6	25.6
	17.6	**6.1**	**0.6**	**5.9**	**2.6**	**32.8**

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 5, 2015, the annual fee was set at a total of SEK 1,675,000, of which SEK 535,000 is payable to the Chairman of the Board. In addition, a resolution was adopted regarding fees for committee work totaling SEK 338,000.

The allocation of the remuneration among the members of the Board is shown in the table on page 45.

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, 2015 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.

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.

The composition of group management changed during the year and, at the end of December 2015, comprised 9 persons including the CEO. During most of 2015, group management comprised 10 members. On March 1, 2015, Fredrik Malmgren replaced Ulfert Rott in the Production & Supply Chain position. Later in the year, this role was renamed as Operations. On October 23, 2015, Duni's group management increased with a new role. Thomas Lööb joined group management as Director Corporate Development. At the same time, it was announced that as from January 1, 2016 the position of Commercial Development would no longer be included in Duni's group management and that Leen Amersfort, who had held this position, was leaving group management and would, on the same date, take up a new position within the Table Top business area. On December 1, Maria Wahlgren left Duni and her position as head of the Table Top business area. She is replaced by Robert Dackeskog, former head of the Consumer business area. At the same time, Tina Andersson assumed the position as Business Area Director Consumer & Corporate Marketing and, as from December 1, her former position of Corporate Marketing & Communications is no longer included in Duni's group management.

The structure of group management meetings was changed during 2015. During the year, management held four two-day meetings. The year's meetings have been characterized by regular monitoring of the rolling business plan, evaluation and changes to the business areas' organization, strategy and plans of action. During the year, particular focus was placed on further strengthening the service level to customers as well as discussions and analyses concerning measures taken to strengthen the brand. Group management also addresses matters concerning the Group as a whole, as well as individual business areas. In addition, group management holds a half-day meeting each month together with Duni's Group Controller in order to jointly review the month's sales and results for each business area, production, logistics and central functions.

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 5, 2015 and which apply until the next Annual General Meeting. The guidelines proposed to the 2016 Annual General Meeting are in all essential respects equivalent to the guidelines which applied in 2015. 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 page 45 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 3,782,000 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 Gustafsson may terminate the agreement upon six months' written notice. In addition, except in the event of termination by the Company due to negligence, 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 5, 2015, Pricewaterhouse-Coopers 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 2015 totalled SEK 3.0 m (2014: SEK 6.0 m).

COMPENSATION TO ACCOUNTING FIRM

	Group		Parent company	
SEK m	2015	2014	2015	2014
Compensation for audit engagement	4.4	4.4	1.8	1.9
Compensation for accounting work other than audit engagement	0.5	0.4	0.5	0.4
Compensation for tax consultation	1.6	2.6	0.1	0.4
Compensation for other consultations	0.9	3.0	0.8	2.7
Total compensation, accounting firm	**7.4**	**10.4**	**3.2**	**5.4**

THE BOARD'S DESCRIPTION OF THE INTERNAL CONTROL WITH RESPECT TO THE FINANCIAL REPORTING FOR THE 2015 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.

With the support of the Audit Committee, Duni's management is engaged risk mapping in accordance with COSO 2013 and the 17 fundamental principles. Since this work is ongoing, Duni has chosen to describe the 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. Duni has an independent whistleblower system to which Duni employees and other external parties can report experienced or observed irregularities on the part of senior executives. The whistleblower may choose to be anonymous and the chairman of the Audit Committee is recipient of the information.

RISK ASSESSMENT AND CONTROL

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 consistently 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 Poland 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.

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 and Feralco Holding AB.

Director: Mellby Gård AB, Roxtec AB, Student Consulting 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*

Senior Advisor

Director: Celesio AG

WORK EXPERIENCE: Category Director Coffee, France and Southern Europe Kraft/ Mondelezas well as 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: 1,000

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: 2,000

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

PIA RUDENGREN *Born 1965*

Board Chairman: Social Initiative AB.

Director: KappAhl AB, Swedbank AB and Tikkurila Oyj.

WORK EXPERIENCE: Professional 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 an Organisation/Management Resource 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.

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

FREDRIK MALMGREN *Born 1974*

Operations Director since March 2015.

Fredrik Malmgren's most recent position was a founding partner at Montell & Partners AB where he focused primarily on leading production and supply chain projects for multinational companies.

Director: Montell & Partners AB.

Fredrik Malmgren holds an MSc in Automation Engineering from Chalmers Institute of Technology.

SHARES IN DUNI: 0

PATRIK SÖDERSTJERNA *Born 1964*

Director New Markets business area since January 2014.

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

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

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

SHARES IN DUNI: 6,000

THOMAS GUSTAFSSON *Born 1965*

President and Chief Executive Officer of Duni since 1 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

THOMAS LÖÖB *Born 1957*

Corporate Development Director since 2012. Member of Duni's group management since October 2015. Thomas Lööb has worked at Duni since 1996, holding various positions within Innovation and R&D.

Chairman of Rexcell Tissue & Airlaid AB since 2014.

Thomas Lööb holds a degree in engineering from Lund University.

SHARES IN DUNI: 4,000

LEENDERT AMERSFOORT *Born 1958*

Director Commercial Development since August 2013. Before then he 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: 0

ROBERT DACKESKOG *Born 1971*

Director Business Area Table Top since November 2015 and, before that, Director Business Area Consumer since August 2012. Robert Dackeskog comes from the Findus group, most recently Managing Director 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

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

TINA ANDERSSON *Born 1969*

Director Business Area Consumer & Corporate Marketing since November 2015. Before that, 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

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 at Duni.

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: 5,000

Maria Wahlgren, former Director Business Area Table Top, was part of Duni's Management Team until November 2015.

FIVE-YEAR SUMMARY, CONSOLIDATED INCOME STATEMENTS

SEK m	2015	2014	2013	2012	2011
Net sales	**4 200**	**3 870**	**3 349**	**3 268**	**3 399**
Costs of goods sold	-2 959	-2 736	-2 366	-2 322	-2 374
Gross profit	**1 241**	**1 134**	**983**	**946**	**1 025**
Selling expenses	-476	-456	-436	-430	-440
Administrative expenses	-240	-211	-173	-176	-172
Research and development expenses	-10	-11	-15	-20	-25
Other operating incomes	13	4	0	1	12
Other operating expenses	-37	-27	-7	-79	-13
EBIT	**490**	**433**	**352**	**243**	**388**
Financial income	2	5	7	5	3
Financial expenses	-33	-24	-26	-30	-33
Net financial items	**-31**	**-19**	**-19**	**-25**	**-30**
Income after financial items	**459**	**414**	**334**	**218**	**358**
Income tax	-113	-113	-79	-83	-98
Net income for the year from continuing operations	**346**	**302**	**254**	**137**	**261**
Net income for the year from discontinued operations	**4**	**18**	**13**	**-11**	**0**
Net income for the year	**350**	**319**	**267**	**126**	**261**

FIVE-YEAR SUMMARY, CONSOLIDATED BALANCE SHEETS

SEK m	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012	Dec 31, 2011
ASSETS					
Goodwill	1 455	1 463	1 249	1 199	1 199
Other intangible fixed assets	275	311	78	51	57
Tangible fixed assets	857	851	723	744	830
Financial fixed assets	98	140	180	219	243
Total fixed assets	**2 684**	**2 765**	**2 230**	**2 213**	**2 329**
Inventories	500	503	434	387	470
Accounts receivable	660	743	658	624	663
Other receivables	131	69	148	126	134
Cash and cash equivalents	203	205	225	181	85
Total current assets	**1 494**	**1 563**	**1 465**	**1 318**	**1 352**
TOTAL ASSETS	**4 178**	**4 328**	**3 695**	**3 531**	**3 681**
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	**2 345**	**2 193**	**2 099**	**1 985**	**2 082**
Long-term financial liabilities	559	17	492	576	26
Other long-term liabilities	353	388	263	275	212
Total long-term liabilities	**912**	**405**	**755**	**851**	**238**
Accounts payable	352	341	348	301	302
Short-term financial liabilities	–	829	–	–	633
Other short-term financial liabilities	568	561	493	394	426
Total short-term liabilities	**920**	**1 731**	**841**	**695**	**1 361**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**4 178**	**4 328**	**3 695**	**3 531**	**3 681**

KEY RATIOS IN BRIEF, GROUP

	2015	2014	2013	2012	2011
Net sales, SEK m	4 200	3 870	3 349	3 268	3 399
Gross profit, SEK m	1 241	1 134	983	946	1 025
Operating income*, SEK m	528	452	369	355	403
EBITDA*, SEK m	656	572	473	454	496
Interest-bearing net debt, SEK m	584	888	491	638	745
Number of employees	2 082	2 092	1 902	1 875	1 888
Gross margin*	29.6 %	29.3 %	29.4 %	29.0 %	30.2 %
Operating margin*	12.6 %	11.7 %	11.0 %	10.9 %	11.9 %
EBITDA margin*	15.6 %	14.8 %	14.1 %	13.9 %	14.6 %

* Calculated based on underlying operating income

CONSOLIDATED INCOME STATEMENT

SEK m	Note	2015	2014
Net sales	5, 6	4 200	3 870
Costs of goods sold	6, 7, 8, 9, 10	-2 959	-2 736
Gross profit		**1 241**	**1 134**
Selling expenses	7, 8, 9	-476	-456
Administrative expenses	7, 8, 9, 11	-240	-211
Research and development expenses	7, 8	-10	-11
Other operating income	14	13	4
Other operating expenses	7, 8, 15	-37	-27
EBIT	5, 16	**490**	**433**
Income from financial items	16, 17		
Financial income		2	5
Financial expenses		-33	-24
Net financial items		**-31**	**-19**
Income after financial items		**459**	**414**
Income tax	19	-113	-113
Net income from the year from continuing operations		**346**	**302**
Net income for the year from discontinued operations		4	18
Net income for the year		**350**	**319**
Income attributable to:			
Equity holders of the Parent Company		350	319
Earnings per share (expressed in SEK per share), calculated on net income for the year from continuing operations attributable to equity holders of the Parent Company during the year:			
– Before and after dilution	20	7.37	6.42
Earnings per share (expressed in SEK per share), calculated on net income for the year from discontinued operations attributable to equity holders of the Parent Company during the year:			
– Before and after dilution		0.09	0.38
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		7.45	6.80

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	2015	2014
Net income for the year	**350**	**319**
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Reappraisal of net pension obligations	10	-40
Total	**10**	**-40**
Items that may be reclassified subsequently to profit or loss:		
Exchange rate differences for the year – translation of foreign subsidiaries	4	6
Cash flow hedge	-1	-4
Total	**3**	**2**
Other comprehensive income for the year, net after tax:	**13**	**-38**
Total comprehensive income for the year	**364**	**281**
Total comprehensive income for the year attributable to:		
Equity holders of the Parent Company	364	281

CONSOLIDATED BALANCE SHEET

SEK m	Note	Dec 31, 2015	Dec 31, 2014
ASSETS	1, 2, 3, 4, 5		
Fixed assets			
Intangible fixed assets	21		
Goodwill		1 455	1 463
Customer relations		221	256
Capitalized development expenses		38	41
Trademarks and licenses		16	14
Total intangible fixed assets		**1 730**	**1 774**
Tangible fixed assets			
Buildings, land and land improvements	22	268	275
Machinery and other technical equipment	23	422	456
Equipment, tools and installations	24	68	72
Construction in progress and advance payments for tangible fixed assets	25	99	48
Total tangible fixed assets		**857**	**851**
Financial fixed assets			
Deferred tax assets	19	96	139
Other long-term receivables	27	2	1
Total financial fixed assets		**98**	**140**
Total fixed assets		**2 684**	**2 765**
Current assets			
Inventories	10		
Raw materials and consumables		133	127
Products in progress		7	6
Finished goods and goods for resale		354	362
Advances to suppliers		6	8
Total inventories		**500**	**503**
Current receivables			
Accounts receivable	28	660	743
Derivative instruments	29	4	1
Tax assets		15	11
Other receivables	28	79	69
Prepaid expenses and accrued income	30	33	31
Total current assets		**790**	**855**
Cash and cash equivalents		203	205
Total current assets		**1 494**	**1 563**
TOTAL ASSETS		**4 178**	**4 328**

SEK m	Note	Dec 31, 2015	Dec 31, 2014
SHAREHOLDERS' EQUITY AND LIABILITIES	1, 2, 3, 4, 5		
Shareholders' equity			
Share capital	20	59	59
Other contributed capital		1 681	1 681
Reserves		66	63
Retained earnings including net income for the year		539	389
Total shareholders' equity attributable to equity holders of the Parent Company		**2 345**	**2 193**
Long-term liabilities	31		
Overdraft facility	31	12	8
Bank loans	31	537	–
Financial leasing liabilities		3	3
Derivative instruments	29	7	6
Deferred tax liabilities	19	117	122
Pension provisions	33	236	266
Total long-term liabilities		**912**	**405**
Short-term liabilities			
Accounts payable		352	341
Tax liabilities		66	29
Bank loans	31	–	818
Derivative instruments	29	0	11
Other liabilities		86	94
Allocation to restructuring reserve	9	10	4
Accrued expenses and deferred income	34	406	434
Total short-term liabilities		**920**	**1731**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**4 178**	**4 328**
Pledged assets	35	–	–
Contingent liabilities	35	79	56

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 shareholders' equity
Opening balance, Jan 1, 2014	**59**	**1 681**	**49**	**-1**	**13**	**298**	**2 099**
Comprehensive income							
Net 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
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**-188**	**-188**
Opening balance, Jan 1, 2015	**59**	**1 681**	**55**	**-5**	**13**	**389**	**2 193**
Comprehensive income							
Net income for the year	–	–	4	-1	–	361	364
Total comprehensive income for the year	**0**	**0**	**4**	**-1**	**0**	**361**	**364**
Transactions with owners							
Dividends relating to 2014	–	–	–	–	–	-211	-211
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**-211**	**-211**
Closing balance, Dec 31, 2015	**59**	**1 681**	**59**	**-6**	**13**	**539**	**2 345**

* 'Fair value reserve' means a reappraisal of land in accordance with earlier 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	2015	2014
Cash flow from operating activities:			
Operating income from continuing operations		490	433
Operating income from discontinued operations		5	23
Adjustments for items not included in cash flow	36	149	97
Adjustments for items not included in cash flow, discontinued operations		0	2
Received interest		2	5
Paid interest		-13	-14
Paid income tax		-44	-4
Cash flow from operating activities before changes in working capital		**589**	**541**
Changes in working capital:			
Increase(-)/decrease (+) in inventories		-23	-16
Increase(-)/decrease(+) in accounts receivable		18	-13
Increase(-)/decrease (+) in receivables		-16	23
Increase(+)/decrease (-) in accounts payable		51	-16
Increase(+)/decrease(-) in short-term liabilities		-6	10
Discontinued operations, change in working capital		11	4
Cash flow from operating activities		**623**	**533**
Cash flow used in investing activities:			
Acquisition of tangible fixed assets	22, 23, 24, 25	-162	-88
Acquisition of intangible fixed assets		-2	-2
Sale of tangible fixed assets		3	3
Sale of intangible fixed assets		0	0
Acquisition of subsidiaries		–	-397
Change in other long-term receivables		0	0
Cash flow used in investing activities		**-161**	**-484**
Cash flow used in financing activities:			
Dividends to shareholders		-211	-188
Net change, overdraft facility and other financial liabilities		1	-17
Repayment of loans		-382	-834
Loans received		130	967
Cash flow used in financing activities		**-462**	**-72**
Cash flow for the year		**0**	**-23**
Cash and cash equivalents, opening balance		205	225
Exchange rate differences, cash and cash equivalents		-2	3
Cash and cash equivalents, closing balance		**203**	**205**

PARENT COMPANY, INCOME STATEMENT

SEK m	Note	2015	2014
Net sales	5, 6	1 191	1 166
Costs of goods sold	6, 8, 9, 10	-1 046	-1 020
Gross profit		**145**	**147**
Selling expenses	8, 9	-122	-130
Administrative expenses	8, 9, 11	-154	-137
Research and development expenses	8	-6	-6
Other operating income	14	244	233
Other operating expenses	8, 15	-164	-163
Operating income	16	**-57**	**-56**
Income from financial items	16, 17		
Income from participations in Group companies	18	198	213
Other operating income and similar income		32	36
Interest expenses and similar expenses		-25	-13
Net financial items		**205**	**237**
Income after financial items		**148**	**180**
Tax on income for the year	19	-27	-46
Net income for the year		**121**	**134**

PARENT COMPANY, STATEMENT OF COMPREHENSIVE INCOME

SEK m	2015	2014
Net income for the year	**121**	**134**
Other comprehensive income*		
Items that may be reclassified subsequently to profit or loss:		
Exchange rate differences for the period – translation of foreign subsidiaries**	3	-2
Cash flow hedge	-1	-4
Other comprehensive income for the year, net after tax	**2**	**-6**
Total comprehensive income for the year	**123**	**128**
Total comprehensive income for the year attributable to:		
Equity holders of the Parent Company	123	128

* The Parent Company does not have any comprehensive income classified as items that will not be reclassified to profit or loss.
** Relates to a Turkish branch which has no tax effect.

PARENT COMPANY, BALANCE SHEET

SEK m	Note	Dec 31, 2015	Dec 31, 2014
ASSETS	1, 2, 3, 4, 5		
Fixed assets			
Intangible fixed assets	21		
Goodwill		100	200
Capitalized development expenses		22	23
Trademarks and licenses		10	6
Total intangible fixed assets		**132**	**229**
Tangible fixed assets			
Buildings, land and land improvements	22	14	15
Machinery and other technical equipment	23	8	11
Equipment, tools and installations	24	3	3
Construction in progress and advance payments for tangible fixed assets	25	6	2
Total tangible fixed assets		**30**	**31**
Financial fixed assets			
Participations in Group companies	26, 38	766	772
Deferred tax assets	19	60	87
Other long-term receivables, internal	27	1 436	1 654
Total financial fixed assets		**2 262**	**2 513**
Total fixed assets		**2 424**	**2 773**
Current assets			
Inventories	10		
Products in progress		0	–
Finished goods and goods for resale		78	87
Advances to suppliers		4	6
Total inventories		**82**	**93**
Current receivables			
Accounts receivable	28	91	96
Derivative instruments	29	4	1
Receivables from Group companies	28	52	42
Tax assets		5	5
Other receivables	28	19	17
Prepaid expenses and accrued income	30	15	12
Total current receivables		**187**	**173**
Current financial receivables, from Group companies	28	65	109
Cash and bank balances		144	140
Total current assets		**477**	**515**
TOTAL ASSETS		**2 901**	**3 288**

PARENT COMPANY, BALANCE SHEET, CONTINUED

SEK m	Note	Dec 31, 2015	Dec 31, 2014
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**
Non-restricted shareholders' equity			
Retained earnings		1 598	1 674
Net income for the year		121	134
Total non-restricted shareholders' equity		*1 719*	*1 808*
Total shareholders' equity		**1 802**	**1 891**
Provisions			
Pension provisions	33	104	107
Total provisions		**104**	**107**
Long-term liabilities	31		
Bank loans	31	537	–
Other long-term liabilities	29	7	6
Total long-term liabilities		**544**	**6**
Short-term liabilities			
Accounts payable		62	64
Liabilities to Group companies		292	293
Bank loans	31	–	818
Derivative instruments	29	0	11
Other liabilities		11	11
Allocation to restructuring reserve	9	3	1
Accrued expenses and deferred income	34	82	87
Total short-term liabilities		**451**	**1 290**
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		**2 901**	**3 288**
Pledged assets	35	–	–
Contingent liabilities	35	76	53

PARENT COMPANY, CHANGES IN SHAREHOLDERS' EQUITY

SEK m	Share capital	Statutory reserve	Translation reserve	Cash flow reserve	Revaluation reserve	Non-restricted shareholders' equity	Total shareholders' equity
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**
Opening balance, Jan 1, 2015	**59**	**11**	**4**	**-5**	**13**	**1 811**	**1 891**
Comprehensive income							
Comprehensive income for the year	–	–	3	-1	–	121	123
Total comprehensive income for the year	**0**	**0**	**3**	**-1**	**–**	**121**	**123**
Transactions with owners							
Dividends relating to 2014	–	–	–	–	–	-211	-211
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**-211**	**-211**
Closing balance, Dec 31, 2015	**59**	**11**	**7**	**-7**	**13**	**1 719**	**1 802**

Accumulated translation differences in the Parent Company which were reported directly against shareholders' equity amounted to SEK 33 m (2014: SEK 30 m).

PARENT COMPANY, CASH FLOW STATEMENT

SEK M	Note	2015	2014
Cash flow from operating activities:			
Operating income		-57	-56
Adjustments for items not included in cash flow	36	129	136
Interest received		32	36
Dividends received		127	95
Interest paid		-25	5
Paid income tax		0	0
Cash flow from operating activities before changes in working capital		**206**	**216**
Changes in working capital:			
Increase (-)/decrease (+) in inventories		10	-5
Increase (-)/decrease (+) in accounts receivable		-12	4
Increase (-)/decrease (+) in receivables		-11	-5
Increase (+)/decrease (-) in accounts payable		1	12
Increase (+)/decrease (-) in short-term liabilities		0	-14
Cash flow from operating activities		**-12**	**208**
Cash flow used in investing activities:			
Acquisition of intangible fixed assets	21	-15	-7
Acquisition of tangible fixed assets	22, 23, 24, 25	-11	-7
Sale of tangible fixed assets		0	0
Change in net lending to Group companies		301	-346
Change in non-interest-bearing receivables		0	6
Acquisition of subsidiaries		–	-2
Change in interest-bearing receivables		0	0
Cash flow used in investing activities		**275**	**-354**
Cash flow used in financing activities:			
Dividends to shareholders		-211	-188
Net change, overdraft facilities and other financial liabilities		-2	177
Repayment of loans		-382	-834
Loans received		130	967
Cash flow used in financing activities		**-465**	**122**
Cash flow for the year		4	-24
Cash and cash equivalents, opening balance		140	164
Cash and cash equivalents, closing balance		**144**	**140**

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 16, 2016, 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, 2014 – December 31, 2014.

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. The consolidated financial statements cover Duni AB and its subsidiaries.

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 interpretations from the IFRS Interpretations Committee (IFRS IC) 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 and defined benefit pension plans – plan assets valued at fair value.

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, 2015. Presented below are the standards that Duni applies for the first time with respect to the financial year commencing January 1, 2015, and which have had a material impact on the Group's financial statements:

- Annual improvements of IFRS standards, the improvement cycle 2011-2013.
- IFRC 21 Levies

Duni has also chosen to apply the following changes prematurely:

- Annual Improvements to IFRSs 2010-2012 and 2012-2014 cycle.
- Disclosure Initiative: Amendments to IAS 1.
- Benefit defined plans: Charges to employees– Amendments to IAS 19.

The application of the changes merely clarifies existing requirements and has had no impact on Duni's accounting principles or disclosures for the current financial year or preceding financial years, and is not expected to have any impact in future periods.

Other standards, changes and interpretations which enter into force as regards the financial year commencing January 1, 2015 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, 2015, 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 and introduces new rules regarding hedge accounting. 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 and introduces a new impairment model. Following the changes adopted by IASB in July 2014, the Group no longer expects any impact on the classification, valuation or reporting of the Group's financial assets and liabilities. Although Duni has not yet conducted a detailed evaluation of the debt instruments that are currently classified as financial assets that can be sold, they appear to satisfy the conditions for being valued at fair value in other comprehensive income based on the Company's business model for such assets. Thus, the reporting of these assets will not be changed. Duni's reporting of financial liabilities will also not be changed, since the new requirements only affect the reporting of financial liabilities that are reported at fair value in the income statement and the Group does not have any such type of assets. The new hedge accounting rules in IFRS 9 are more compatible with the Company's risk management in practice. Generally speaking, it will be easier to apply hedge accounting since the standard introduces a more principle-based approach to hedge accounting. The new standard also introduces enhanced disclosure requirements and changes in presentation. The new model for calculation of credit loss provisions is based on anticipated credit losses, which may result in earlier reporting of credit losses.

The Group has not yet evaluated how the Group's hedge accounting and provisions for credit losses will be affected by the new rules. The standard is applicable to financial years as from 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. IFRS 15 is the new standard for revenue recognition. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 is based on the principle of revenues being reported when the customer gains control over the sold product or service – a principle which replaces the earlier principle that revenues are reported when risks and benefits have passed to the purchaser. A company may choose between "full retroactivity" or forward-looking application with additional disclosures. Management is currently evaluating the effects of the new standard and has identified the following areas which are likely to be affected:

- Consignment sales where revenue recognition depends on transfer of control rather than transfer of risks and benefits.
- The reporting of returned goods in the balance sheet will be changed since they are to be reported gross in the future (separate reporting of the right to repossess goods from the customer and the obligation to make a refund).

At present, Duni is unable to estimate the impact of the new rules on the financial statements. Duni will conduct a detailed evaluation during the coming year. IFRS 15 enters into force on January 1, 2018. Early application is permitted.

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-related costs are booked as they arise.

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 underlying 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 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 hell to 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 are 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. The entire fair value of a derivative which constitutes a hedge instrument is classified as a fixed asset or long-term liability when the outstanding term of the hedged item exceeds 12 months, and as a current asset or current liability when the outstanding term of the hedged item is less than 12 months. Derivative instruments held for trading are always classified as current assets or current liabilities.

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's accounting principles

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

Subsidiaries

Participating interests in subsidiaries are reported in the Parent Company pursuant to the purchase method. 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), credit risks and liquidity risks. 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: Duni has taken out interest rate swaps as hedge instruments. The interest rate swaps are 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 2014, net sales for the year would have been SEK 172 m higher and the underlying operating income would have been SEK 41 m higher.

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 36% by internal net lending with the same currency breakdown. The remaining 64% 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 of 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 1 m (2014: +/- SEK 3 m). Corresponding figures for the Parent Company are approximately +/- SEK 0 m (2014: +/- SEK 1 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. This risk is neutralised to a certain extent since the pulp price falls or rises in conjunction with a strengthening/weakening of USD.

Price risks
Energy price risks
During 2015, the subsidiary Rexcell Tissue & Airlaid AB purchased approximately MWh 78,600 of electricity at a cost of approximately SEK 23 m; 3,900 tonnes of LPG for approximately SEK 17 m; and woodchips for the biofuel boiler were bought for approximately SEK 8 m (2014: MWh 71,900 of electricity for SEK 28 m; 4,400 tonnes of LPG for SEK 27 m; and woodchips for SEK 12 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 (2014: -/+ SEK 2 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 2015 was as follows: 2,237 tonnes for Dals Långed and 19,146 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 2016, the assessment is that they will not amount to any significant sum. In 2015, Rexcell Tissue & Airlaid AB had 9,683 (8,716) unused emission rights with a market value of SEK 0 (0) m.

Pulp price risk

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 2015 affects earnings by -/+ SEK 3 m (2014: -/+ 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, 2015 been 100 points higher/lower, with all other variables being constant and taking into account swap agreements, Duni's financial net for 2015 would have been SEK 3 m lower/higher (2014: SEK 4 m). Other components in equity would have been SEK 13 m (2014: SEK 17 m) lower/higher, primarily as a consequence of a decrease/increase in fair value of interest rate derivatives used as hedge 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 1.95% of total accounts receivable (2014: 0.02%). For the Parent Company, the corresponding figure is 1.11% (2014: 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, 2015, Duni had cash and equivalents of SEK 203 m (2014: SEK 205 m) as well as a non-utilized credit facility of SEK 831 m (2014: SEK 799 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 put-call facility totaling EUR 20 m which matures in May 2016 and overdraft facilities are in place totaling SEK 7 m and PLN 10 m. Duni's long-term financing is secured through a financing agreement which extends until April 2018. 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	-537	-1	-537	–	–	–	–
Overdraft facility	-12	0	-12	–	–	–	–
Accounts payable and other liabilities	-438	–	-438	–	–	–	–
– Currency forward contracts*	0	–	0	–	0	–	–
– Interest rate swaps	-7	-1	0	0	–	0	-7
Derivative instruments – Liabilities	**-7**	**-1**	**0**	**0**	**0**	**0**	**-7**
– Currency forward contracts*	4	–	4	–	–	–	–
– Interest rate swaps	0	0	–	–	–	–	–
Derivative instruments – Assets	**4**	**0**	**4**	**0**	**0**	**0**	**0**
Total	**-990**	**-2**	**-983**	**0**	**0**	**0**	**-7**

* Gross flows are shown in the table below.

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

SEK m	2015	2014
Currency forward contracts	4	-10
Interest rate swaps	-7	-6
Total	**-3**	**-17**

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

SEK m	2015	2014
Currency forward contracts		
– Inflow regarding contracts for financial assets and liabilities	894	710
– Outflow regarding contracts for financial assets and liabilities	-892	-719

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	2015	2014	2015	2014
Total borrowing	**537**	**818**	**537**	**818**
Overdraft facility	12	8	–	–
Other long-term receivables	2	1	0	0
Pension provisions	236	266	104	107
Group loans/receivables	–	–	-1 270	-1 529
Less: cash and cash equivalents	-203	-205	-144	-140
Net debt*	585	888	771	744
Total shareholder's equity	**2 345**	**2 193**	**1 802**	**1 891**
Total capital	**2 930**	**3 081**	**2 573**	**2 635**
Net debt/equity ratio	20 %	29 %	30 %	28 %

* 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, intangible and tangible 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 8.1%- 10.9%, 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 Evaluation 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 Note 19 "Income taxes". As stated in Note 19, non-appraised loss carry-forwards as per December 31, 2015 amount to SEK 0 m (2014: 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 segment 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 for taking 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, in respect of which Duni decided some time ago to discontinue the sale of hygiene products during the first quarter of 2015. The hygiene products business is reported as a discontinued operation. The income statements of the business area and the Group have been recalculated and include only continuing operations. In 2014, sales of hygiene products accounted for 88% of Materials & Service.

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 have 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

2015, SEK m	Table Top	Meal Service	Consumer	New Markets	Materials & Services	Non-allocated	Continuing operations	Discontinued operations	TOTAL
Total net sales	2 266	616	1 070	207	654	–	4 813	83	4 896
Net sales from other segments	–	0	7	–	606	–	613	0	613
Net sales from external customers	**2 266**	**616**	**1 063**	**207**	**48**	**0**	**4 200**	**83**	**4 283**
Operating income	392	33	84	15	4	–	528	5	533
Non-recurring items	-4	1	-31	-3	0	–	-37	-1	-38
Reported operating income	**388**	**34**	**53**	**12**	**4**	**0**	**490**	**5**	**495**
Financial income							2	0	2
Financial expenses							-33	0	-33
Income tax							-113	-1	-114
Net income for the year							**346**	**4**	**350**
Total assets	2 657	183	1 128	169	41	–	4 178		
Total liabilities	796	70	316	70	28	553	1 833		
Investments	102	7	42	3	4	–	158		
Depreciation/amortization	-73	-7	-68	-5	-2	–	-155		

Operating segments

2014, SEK m	Table Top	Meal Service	Consumer	New Markets	Materials & Services	Non-allocated	Continuing operations	Discontinued operations	TOTAL
Total net sales	2 179	555	890	195	610	–	4 429	379	4 808
Net sales from other segments	–	–	1	0	558	–	559	0	559
Net sales from external customers	**2 179**	**555**	**889**	**195**	**52**	**0**	**3 870**	**379**	**4 249**
Operating income	373	19	54	1	4	–	452	23	475
Non-recurring items	0	0	-18	-3	2	–	-19	0	-19
Reported operating income	**373**	**19**	**36**	**-1**	**6**	**0**	**433**	**23**	**456**
Financial income							5	0	5
Financial expenses							-24	0	-24
Income tax							-113	-5	-118
Net income for the year							**302**	**17**	**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		

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	2015	2014
Non-recurring items		
Operating income	528	452
Restructuring expenses	-11	0
Non-realized value effects of derivative instruments	–	0
Amortization of intangible assets identified in connection with the business acquisitions	-27	-14
Fair value allocations in connection with business acquisitions	–	-4
Reported operating income	**490**	**433**

The assets and liabilities included in each business area include 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	2015	2014
Non-allocated liabilities		
Overdraft facility	12	8
Leasing	3	3
Bank loans	537	818
Total non-allocated liabilities	**553**	**828**

Total sales from external customers broken down per product group:

SEK m	2015	2014
Product group		
Napkins	2 113	1 901
Tablecoverings	870	871
Candles	187	181
Serving products	439	405
Packaging solutions	336	307
Other	255	205
Sales from external customers, continuing operations	**4 200**	**3 870**
Sales from discontinued operations	**83**	**379**
Total sales	**4 283**	**4 249**

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

SEK m	2015	2014
Sales		
Sweden	317	298
Rest of the Nordic region	486	492
Germany	1 368	1 359
Rest of Central Europe	1 204	1 049
Southern and Eastern Europe	594	487
Rest of the world	231	185
Sales from external customers, continuing operations	**4 200**	**3 870**
Sales from discontinued operations	**83**	**379**
Total sales	**4 283**	**4 249**

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

SEK m	2015	2014
Tangible and intangible fixed assets		
Sweden	1 489	1 453
Germany	901	977
Rest of Central Europe	1	2
Southern and Eastern Europe	113	108
Rest of the world	82	85
Total tangible and intangible fixed assets	**2 587**	**2 625**

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

Parent Company, SEK m	2015	2014
Operating segment		
Table Top	600	578
Meal Service	354	330
Consumer	199	184
New Markets	32	29
Materials & Services	7	45
Total net sales	**1 191**	**1 166**

Parent Company, SEK m	2015	2014
Geographic area		
Nordic region	723	719
Central Europe	327	314
Southern and Eastern Europe	141	133
Rest of the world	0	–
Total net sales	**1 191**	**1 166**

NOTE 6 – INTRA-GROUP PURCHASES AND SALES

Intra-group purchases and sales amounted to SEK 2,871 m (2014: SEK 2,655 m). The Parent Company sold goods to its subsidiaries for SEK 439 m (2014: SEK 419 m) and purchased goods from subsidiaries in the value of SEK 687 m (2014: SEK 598 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	2015	2014
Change in inventories of finished products and products in progress		717	690
Raw materials and consumables		880	702
Expenses for remuneration to employees	13	984	935
Depreciation/amortization and impairment	8	156	135
Other expenses		985	979
Total continuing operating expenses,		**3 722**	**3 441**
Total discontinued operating expenses		**77**	**360**

"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	2015	2014	2015	2014
Goodwill	–	–	100	100
Customer relations	27	14	–	–
Capitalized development expenditures	13	14	10	11
Trademarks and licenses	5	3	2	2
Buildings and land improvements	10	8	0	0
Plant and equipment	101	96	5	6
Total depreciation/amortization, continuing operations	**156**	**135**	**119**	**119**
Depreciation/amortization, discontinued operations	**0**	**2**	**–**	**–**

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

	Group		**Parent Company**	
SEK m	2015	2014	2015	2014
Cost of goods sold	95	91	2	4
Selling expenses	7	2	–	–
Administrative expenses	26	27	15	14
Research and development expenses	1	1	1	1
Other operating expenses	27	14	100	100
Total depreciation/amortization	**156**	**135**	**119**	**119**

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

Impairment	**Group**		**Parent Company**	
SEK m	2015	2014	2015	2014
Capitalized development expenditures	–	–	–	–
Building and land improvements	1	–	1	–
Plant and equipment	2	–	3	–
Construction in progress and advance payments for property, plant and equipment	–	–	–	–
Total impairment	**3**	**0**	**4**	**0**

All impairment relates to continuing operations.

Impairment is included in the cost for each function as follows:

	Group		**Parent Company**	
SEK m	2015	2014	2015	2014
Selling expenses	–	–	–	–
Other operating expenses	3	–	4	–
Total impairment	**3**	**0**	**4**	**0**

NOTE 9 – RESTRUCTURING EXPENSES – ALLOCATION TO RESTRUCTURING RESERVE

Restructuring expenses amount to SEK 11 m (2014: SEK 0 m). These mainly relate to organizational changes within management as well as organizational changes and efficiency improvements within the Consumer business area. Restructuring expenses have also been positively affected by compensation with respect to damages related to the period prior to Duni's IPO.

The restructuring expenses are included in each function as follows:

	Group		**Parent Company**	
SEK m	2015	2014	2015	2014
Costs of goods sold	5	1	0	1
Selling expenses	7	2	1	–
Administrative expenses	4	–	3	–
Other operating expenses	-6	-2	-5	-1
Total restructuring expenses	**11**	**0**	**-1**	**0**

Allocation to restructuring reserve:

	Group		**Parent Company**	
SEK m	2015	2014	2015	2014
Opening balance, restructuring reserve	4	21	1	5
Utilized reserves	-10	-19	-1	-4
Reversal of reserve	-1	-1	-1	-1
Allocations for the year	17	3	4	1
Closing balance, restructuring reserve	**10**	**4**	**3**	**1**
Of which short-term	10	4	3	1

NOTE 10 – INVENTORIES

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Raw materials and consumables	133	127	–	–
Work in progress	7	6	0	–
Finished goods and goods for resale	354	362	78	87
Advance payments to suppliers	6	8	4	6
Total	**500**	**503**	**82**	**93**

The change in inventories is reported under the item "Costs of goods sold" and, for the Group, amounts to SEK 2,659 m (2014: SEK 2,656 m). The corresponding item for the Parent Company amounts to SEK 793 m (2014: SEK 775 m).

The Group's impairment write-down of inventory to the net realizable value amounts to SEK 8 m (2014: SEK 11 m). The Parent Company's reported impairment write-down of inventory amounts to SEK 4 m (2014: SEK 4 m). Reversal of impairment loss has taken place during 2015 in the amount of SEK 10 m (2014: SEK 3 m).

NOTE 11 – COMPENSATION TO AUDITORS

	Group		Parent Company	
SEK m	2015	2014	2015	2014
PwC				
– Audit engagement	4.3	4.3	1.8	1.9
– Audit work other than audit engagement	0.5	0.4	0.5	0.4
– Tax advice	1.6	2.6	0.1	0.4
– Other services	0.9	3.0	0.8	2.7
Total	**7.2**	**10.3**	**3.2**	**5.4**

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Other auditors				
– Audit engagement	0.1	0.1	–	–
– Audit work other than audit engagement	0.0	–	–	–
– Tax advice	0.0	0.0	–	–
– Other services	0.0	0.0	–	–
Total	**0,1**	**0,1**	**0.0**	**0.0**
Total compensation to auditors	**7.3**	**10.4**	**3.2**	**5.4**

"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.

	2015			2014		
	Men	Women	Total	Men	Women	Total
Parent Company						
Sweden	63	78	141	61	70	131
Total, Parent Company	**63**	**78**	**141**	**61**	**70**	**131**
Subsidiaries						
Austria	6	4	10	6	4	10
Belgium	6	5	11	5	5	10
Czech Republic	2	4	6	2	3	5
Denmark	7	3	10	7	3	10
Finland	6	11	17	7	10	17
France	14	26	40	13	27	40
Germany	637	427	1 064	644	420	1 064
Hungary	1	0	1	1	0	1
Italy	6	1	7	5	1	6
Netherlands	31	24	55	26	24	50
Norway	8	6	14	9	6	15
Poland	177	286	463	182	272	454
Russia	8	8	16	7	13	20
Singapore	26	8	34	26	7	33
Spain	5	5	10	5	5	10
Sweden	183	51	234	207	57	264
Switzerland	15	7	22	14	7	21
UK	8	11	19	12	11	23
Total, subsidiaries	**1 146**	**887**	**2 033**	**1 178**	**875**	**2 053**
Total, Group	**1 209**	**965**	**2 174**	**1 239**	**945**	**2 184**

NOTE 13 – SALARIES AND OTHER REMUNERATION

	Koncernen		Moderbolaget	
SEK m	2015	2014	2015	2014
Salaries and other remuneration	746	727	84	91
Social security expenses	169	165	30	29
Pension expenses – contribution-based plans	31	30	23	21
Pension expenses – defined benefit plans	12	12	–	–
Total	**958**	**934**	**136**	**141**

Salaries and other remuneration to senior executives and other employees:

	2015		2014	
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	29 (9)	6	27 (10)	4
Other employees	717	37	700	38
Group, total	**746**	**43**	**727**	**42**

BOARD FEES AS WELL AS EMPLOYMENT AND TERMINATION TERMS AND CONDITIONS FOR SENIOR EXECUTIVES:
The Group's Board comprises 5 (2014: 5) persons, of whom 60% are men (2014: 60%).

The composition of group management changed during the year and, at the end of December 2015, comprises 9 (2014: 10) persons including the CEO, of whom 89% are men (2014: 80%). During most of 2015, group management comprised 11 members, of whom 82% were men.

On March 1, 2015, Fredrik Malmgren replaced Ulfert Rott in the Production & Supply Chain position. Later in the year, this role was renamed as Operations.

On October 23, 2015, Duni's group management increased with a new role. Thomas Lööb joined group management as Director Corporate Development. At the same time, it was announced that as from January 1, 2016, the position of Commercial Development would no longer be included in Duni's group management and that Leen Amersfort, who had held this position, was leaving group management and would, on the same date, take up a new position within the Table Top business area.

On December 1, Maria Wahlgren left Duni and her position as head of the Table Top business area. She was replaced by Robert Dackeskog, former head of the Consumer business area. At the same time, Tina Andersson assumed the position as Business Area Director Consumer

& Corporate Marketing and, as from December 1, her former position, Corporate Marketing & Communications, is no longer included in 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, 2015, 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 2016 AGM, are in all essential respects the same as those which applied in 2015.

In accordance with a resolution adopted by the AGM on May 6, 2015, the annual fee for the current Chairman of the Board shall be SEK 535,000 (previously SEK 500,000), while other directors shall each receive a fee of SEK 285,000 (previously SEK 265,000). In addition, fees shall be paid for committee work in the amount of SEK 60,000 (previously SEK 55,000) to the Chairman of the Remuneration Committee and SEK 27,500 (previously SEK 25,000) each to the other members of the Remuneration Committee, as well as SEK 115,000 (previously SEK 107,000) to the Chairman of the Audit Committee and SEK 54,000 (previously 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 2015 and 2014 financial years.

Remuneration and other benefits during the year

2015, SEK '000	Basic salary/ Board fee	Pension expense*	Other benefits	Variable remuneration**	Severance compensation	Total
Chairman of the Board – Anders Bülow	603	–	–	–		603
Director – Pauline Lindwall	305	–	–	–		305
Director – Pia Rudengren	391	–	–	–		391
Director – Alex Myers	331	–	–	–		331
Director – Magnus Yngen	331	–	–	–		331
CEO – Thomas Gustafsson	3 782	1 878	66	1 483		7 209
Other senior executives	13 784	3 972	569	4 595	2 667	25 587
Total	**19 532**	**5 850**	**635**	**6 078**	**2 667**	**34 763**

* Of the Group's pension expenses above, SEK 5 m relate to the Parent Company.
** The variable remuneration relates to bonuses booked as expenses for the 2015 financial year, which were paid out in 2016.

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 – Pia Rudengren	372	–	–	–	372
Director – Alex Myers	323	–	–	–	323
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.
** The variable remuneration relates to bonuses booked as expenses for the 2014 financial year, which were paid out in 2015.

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 2015 financial year, a bonus of SEK 1.5 m (2014: SEK 1.9 m) was paid to the CEO.

PENSIONS

CEO

The CEO has an agreed retirement age of 65 and is covered by Duni's pension policy for salaried employees with a position within group management, with the supplement that Duni also pays to the alternative ITP solution an amount corresponding to 35% of pension-base income in excess of 7.5 income base amounts. The pension-base amount also includes the three-year average of paid bonuses. The pension expense corresponds to the costs for a defined contribution plan. The occupational pension provision is fully tax-deductible for Duni. There are no other outstanding pension obligations to the CEO.

Other senior executives

The other senior executives have defined contribution plans. Two of them have a share in a pension plan which was closed some time ago and in which no new vesting takes place. "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. In the case of one 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 2015, the Remuneration Committee held four meetings at which minutes were taken.

NOTE 14 – OTHER OPERATING INCOME

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Exchange rate gains	2	–	–	–
Administrative services	–	–	236	225
Capital gains	–	–	–	4
Other items	11	4	9	4
Total other operating income	**13**	**4**	**244**	**233**

All operating income relates to continuing operations.

NOTE 15 – OTHER OPERATING EXPENSES

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Exchange rate losses	–	1	2	0
Depreciation/amortization	27	14	100	100
Administrative services	–	–	58	57
Other items	11	13	5	6
Total other operating expenses	**37**	**27**	**164**	**163**

All operating expenses relate to continuing operations.

NOTE 16 – NET EXCHANGE RATE DIFFERENCES

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

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Operating income				
Change in fair value – currency derivatives	0	0	0	0
Other exchange rate differences in operating income	2	-1	-2	4
Total exchange rate differences in operating income	**2**	**-1**	**-2**	**4**
Financial items				
Change in fair value – currency derivatives	–	–	–	–
Exchange rate differences in financial items	-17	-13	-9	-13
Total exchange rate differences in financial items	**-17**	**-13**	**-9**	**-13**
Total net exchange rate differences in income statement	**-15**	**-14**	**-11**	**-9**

All exchange rate differences relate to continuing operations.

NOTE 17 – INCOME FROM FINANCIAL ITEMS

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Financial income				
Interest income, external investments	2	5	1	3
Interest income, Group companies	–	–	31	33
Total financial income	**2**	**5**	**32**	**36**
Financial expenses				
Interest expenses, external loans	-8	-11	-7	-9
Interest expenses, pensions	-5	-8	-4	-6
Interest expenses, Group companies	–	–	0	0
Interest expenses, interest rate swaps	-2	-1	-2	-1
Change in fair value, currency forwards	-17	-13	-9	-13
Other financial expenses	-1	8	-3	16
Total financial expenses	**-33**	**-24**	**-25**	**-13**

The interest portion in the year's expenses is reported among interest expenses. The rate of interest used in the Parent Company is 3.7% (2014: 5.8%) 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 receive dividends from subsidiaries amounting to SEK 127 m (2014: SEK 95 m).

NOTE 19 – INCOME TAX

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Current tax for the year	-81	-60	0	0
Current tax attributable to previous years	2	-3	0	0
Deferred tax attributable to previous years	-3	-5	0	-5
Deferred tax	-32	-50	-27	-41
Tax on net income for the year	**-114**	**-118**	**-27**	**-46**
Of which discontinued operations	-1	-5	–	–
Continuing operations	**-113**	**-113**	**-27**	**-46**

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

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Deferred tax, internal profit on inventories	1	0	–	–
Deferred tax, untaxed reserves	-5	7	–	–
Deferred tax, appraised loss carry-forwards	-29	-57	-27	-45
Deferred tax, other	-2	-5	0	-1
Total deferred tax	**-35**	**-55**	**-27**	**-46**

The tax attributable to components in other comprehensive income amounts to SEK -4 m (2014: SEK 11 m), 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	2015	2014	2015	2014
Reported income before tax, continuing operations	459	414	148	180
Tax according to applicable tax rate	-113	-102	-33	-40
Tax effect of non-deductible expenses	-1	-6	-23	-23
Tax effect of non-taxable income	1	3	28	22
Effect of foreign tax rates	0	0	0	0
Tax income/expenses due to changed tax rate	0	0	0	0
Adjustments relating to previous years	-1	-8	0	-5
Tax on net income for the year in accordance with the income statement, continuing operations	**-113**	**-113**	**-27**	**-46**

TAX RATE

The weighted average tax rate in the Group amounted to 24.6% (2014: 24.4%). The Parent Company's applicable income tax rate is 22% (2014: 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, 2013	**143**	**0**	**15**	**10**	**9**	**178**
Reported in income statement	-57	0	–	1	7	-49
Effect of changed tax rates reported in the income statement	–	–	–	–	–	0
Reported in other comprehensive income	–	–	10	–	–	10
Exchange rate difference	0	–	–	–	0	0
Per December 31, 2014	**86**	**0**	**25**	**11**	**16**	**139**
Reported in income statement	-29	1	–	-5	-6	-39
Effect of changed tax rates reported in the income statement	–	–	–	–	–	0
Reported in other comprehensive income	–	–	-4	–	–	-4
Exchange rate differencess	0	–	–	–	0	0
Per December 31, 2015	**57**	**1**	**21**	**6**	**10**	**96**

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

As regards the valuation of loss carry-forwards, see Note 4.1. It is the management's assessment that it will be possible to utilize the loss carry-forwards.

Deferred tax liabilities

SEK m, Group	Untaxed reserves	Intangible assets	Other	Total
Per December 31, 2013	**20**	**4**	**16**	**40**
Reported in income statement	7	-4	4	7
Effect of changed 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**	**19**	**122**
Reported in income statement	5	-10	2	-3
Effect of changed tax rates reported in the income statement	–	–	–	0
Acquired tax liability	–	–	–	0
Exchange rate difference	–	0	-1	-1
Per December 31, 2015	**32**	**66**	**19**	**117**

"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, 2013	**129**	**4**	**0**	**132**	**0**
Reported in income statement	-48	2	0	-46	–
Reported in other comprehensive income	–	–	–	0	–
Exchange rate difference	1	–	–	1	–
Per December 31, 2014	**82**	**6**	**0**	**87**	**0**
Reported in income statement	-27	0	0	-27	–
Reported in other comprehensive income	–	–	–	0	–
Exchange rate difference	0	–	–	0	–
Per December 31, 2015	**54**	**6**	**0**	**60**	**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	2015	2014	2015	2014
Deferred tax assets				
Utilized after more than 12 months	65	83	30	52
Utilized within 12 months	31	56	30	35
Total	**96**	**139**	**60**	**87**
Deferred tax liabilities				
Utilized after more than 12 months	107	94	–	–
Utilized within 12 months	10	28	–	–
Total	**117**	**122**	**0**	**0**

The net change regarding deferred taxes is as follows:

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Opening balance	**17**	**142**	**87**	**132**
Reported in income statement	-36	-56	-27	-46
Effect of changed tax rates reported in the income statement	–	–	–	–
Reported in other comprehensive income	-4	10	–	–
Acquired tax liability	–	-77	–	–
Exchange rate difference	1	-2	0	1
Closing balance	**-21**	**17**	**60**	**87**

TAX REGARDING ITEMS REPORTED DIRECTLY AGAINST SHAREHOLDERS' EQUITY

Current tax and deferred tax reported in shareholders' equity amount to SEK 0 m (2014: SEK 0 m) in both the Group and the Parent Company.

NOTE 20 – SHARE CAPITAL AND EARNINGS PER SHARE

On December 31, 2015, the share capital comprised 46,999,032 (2014: 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, 2015, the quotient value 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 2015 and 2014 financial years.

EARNINGS PER SHARE FOR CONTINUING OPERATIONS, BEFORE AND AFTER DILUTION

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

	2015	2014
Income attributable to the equity holders of the Parent Company (SEK m)	346	302
Weighted average number of outstanding shares of common stock (thousands)	46 999	46 999
Earnings per share, before and after dilution (SEK per share)	**7.37**	**6.42**

EARNINGS PER SHARE FOR DISCONTINUED OPERATIONS, BEFORE AND AFTER DILUTION

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

	2015	2014
Income attributable to the equity holders of the Parent Company (SEK m)	4	18
Weighted average number of outstanding shares of common stock (thousands)	46 999	46 999
Earnings per share, before and after dilution (SEK per share)	**0.09**	**0.38**
Duni, total	**7.45**	**6.80**

NOTE 21 – INTANGIBLE ASSETS

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Goodwill				
Acquisition values				
Opening acquisition values	1 463	1 249	2 053	2 053
Investments	–	–	–	–
Increase through business acquisitions	1	197	–	–
Sales and disposals	–	–	–	–
Translation differences	-8	17	–	–
Closing accumulated acquisition values	**1 455**	**1 463**	**2 053**	**2 053**
Amortization				
Opening accumulated amortization	–	–	-1 853	-1 753
Amortization for the year	–	–	-100	-100
Sales and disposals	–	–	–	–
Translation differences	–	–	–	–
Closing accumulated amortization	**0**	**0**	**-1 953**	**-1 853**
Closing book value	**1 455**	**1 463**	**100**	**200**

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Other intangible fixed assets, customer relations				
Acquisition values				
Opening acquisition values	271	25	–	–
Investments	–	0	–	–
Increase through business acquisitions	–	232	–	–
Sales and disposals	–	–	–	–
Translation differences	-10	15	–	–
Closing accumulated acquisition values	**261**	**271**	**0**	**0**
Amortization				
Opening accumulated amortization	-15			
Amortization for the year	-27	–	–	–
Sales and disposals	–	-14	–	–
Reclassifications	–	–	–	–
Translation differences	1	-1	–	–
Closing accumulated amortization	**-41**	**-15**	**0**	**0**
Closing book value	**221**	**256**	**0**	**0**

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Trademarks and licenses				
Acquisition values				
Opening acquisition values	61	49	50	48
Investments	1	0	–	–
Increase through business acquisitions	–	8	–	–
Sales and disposals	-3	–	-3	–
Reclassifications	6	2	6	2
Translation differences	0	1	–	–
Closing accumulated acquisition values	**64**	**61**	**53**	**50**
Amortization				
Opening accumulated amortization	-47	-44	-44	-42
Amortization for the year	-5	-3	-2	-2
Sales and disposals	3	–	3	–
Reclassifications	0	–	–	–
Translation differences	0	0	–	–
Closing accumulated amortization	**-48**	**-47**	**-43**	**-44**
Closing book value	**16**	**14**	**10**	**6**

SEK m	Group 2015	Group 2014	Parent Company 2015	Parent Company 2014
Capitalized development expenditures				
Acquisition values				
Opening acquisition values	146	138	113	108
Investments	1	2	–	–
Increase through business acquisitions	–	0	–	–
Decrease through divestment	0	–	–	–
Sales and disposals	-4	–	-4	–
Reclassifications	9	5	9	5
Translation differences	-2	2	–	–
Closing accumulated acquisition values	**151**	**146**	**118**	**113**
Amortization				
Opening accumulated amortization	-102	-87	-86	-75
Amortization for the year	-13	-14	-10	-11
Increase through divestment	0	–	–	–
Sales and disposals	1	–	1	–
Reclassifications	–	–	–	–
Translation differences	1	-1	–	–
Closing accumulated amortization	**-113**	**-102**	**-96**	**-86**
Impairment				
Opening accumulated impairment	-3	-3	-3	-3
Impairment for the year	–	–	–	–
Disposals	3	–	3	–
Translation differences	–	–	–	–
Closing accumulated impairment	**0**	**-3**	**0**	**-3**
Closing book value	**38**	**41**	**22**	**23**
Intangible assets, total	**1 730**	**1 774**	**132**	**229**

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 2015 is 2,237 tonnes for Dals Långed and 19,146 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, 11,700 tonnes were consumed in 2015 and 13,057 tonnes in 2014. 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, 2015 and December 31, 2014. With the implementation of IFRS, allocation of the Group's goodwill items has taken place through allocation ratios; see Note 4.2.

In 2014, 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 previous annual reports.

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

SEK m	2015	2014
Table Top	1 199	1 199
Consumer	199	206
New Markets	58	58
Total	**1 455**	**1 463**

On January 1, 2014, Duni reports five business areas instead of the previous three. The goodwill previously attributed to the 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.

The table below shows the rate of growth (on average) used in the calculation for each business area:

Growth rate	Year 1	Years 2-5	Beyond the forecast period
Table Top	2%	2%	1 %
Consumer	3%	2%	1 %
New Markets	5%	3%	1 %

Important assumptions which are used for calculations of use values are primarily profit margin, growth rate and a nominal discount rate of 8.1% – 10.9%, with the lower percentage rate being applied to the Table Top business area (2014: 11% – 13%). 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	2015	2014	2015	2014
Buildings				
Acquisition values				
Opening acquisition values	368	289	120	120
Investments	11	1	–	–
Increase through business acquisitions	–	60	–	–
Sales and disposals	-2	0	–	–
Reclassifications	4	4	–	–
Translation differences	-10	13	–	–
Closing accumulated acquisition values	**371**	**368**	**120**	**120**
Depreciation				
Opening accumulated depreciation	-126	-116	-102	-102
Depreciation for the year	-10	-8	0	0
Sales and disposals	0	0	–	–
Reclassifications	0	-1	–	–
Translation differences	1	-1	–	–
Closing accumulated depreciation	**-135**	**-126**	**-103**	**-102**
Impairment				
Opening accumulated impairment	-16	-16	-16	-16
Impairment for the year	–	–	–	–
Reversal of impairment	8	–	8	–
Translation differences	–	–	–	–
Closing accumulated impairment	**-8**	**-16**	**-8**	**-16**
Closing book value	**228**	**226**	**9**	**1**

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Land and land improvements				
Acquisition values				
Opening acquisition values	49	35	2	2
Investments	2	2	–	–
Increase through business acquisitions	–	12	–	–
Sales and disposals	–	–	–	–
Reclassifications	–	–	–	–
Translation differences	-1	1	–	–
Closing accumulated acquisition values	**50**	**49**	**2**	**2**
Write-ups				
Opening accumulated write-ups	–	–	12	12
Closing accumulated write-ups	**0**	**0**	**12**	**12**
Impairment				
Opening accumulated impairment	–	–	–	–
Impairment for the year	-9	–	-9	–
Reversal of impairment	–	–	–	–
Translation differences	–	–	–	–
Closing accumulated impairment	**-9**	**–**	**-9**	**0**
Closing book value	**40**	**49**	**5**	**14**
Buildings, land and land improvements	**268**	**275**	**14**	**15**

Duni has no buildings under financial leasing.

NOT 23 – MASKINER OCH ANDRA TEKNISKA ANLÄGGNINGAR

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Acquisition values				
Opening acquisition values	1 627	1 550	50	47
Investments	23	12	1	3
Increased through business acquisitions	–	38	–	–
Sales and disposals	-14	-52	0	-3
Reclassifications	35	35	2	3
Translation differences	-33	44	–	–
Closing accumulated acquisition values	**1 638**	**1 627**	**53**	**50**
Depreciation				
Opening accumulated depreciation	-1 126	-1 069	-38	-35
Depreciation for the year	-79	-77	-3	-4
Sales and disposals	8	50	0	1
Reclassifications	–	1	–	–
Translation differences	23	-31	–	–
Closing accumulated depreciation	**-1 174**	**-1 126**	**-42**	**-38**
Impairment				
Opening accumulated impairment	-45	-45	–	–
Impairment of the year	-2	–	-3	–
Reversal of impairment	5	–	–	–
Translation differences	0	0	–	–
Closing accumulated impairment	**-42**	**-45**	**-3**	**0**
Closing book value	**422**	**456**	**8**	**11**

Machinery and other technical equipment under financial leasing are included in the above table for the Group in the amount of SEK 5 m (2014: SEK 4 m) in acquisition value and SEK 2 m (2014: SEK 2 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	2015	2014	2015	2014
Acquisition values				
Opening acquisition values	291	279	23	22
Investments	19	14	0	0
Increase through business acquisitions	–	7	–	–
Decrease through divestments	0	–	–	–
Sales and disposals	-6	-28	-2	0
Reclassifications	3	5	2	1
Translation differences	-11	15	–	–
Closing accumulated acquisition values	**296**	**291**	**23**	**23**
Depreciation				
Opening accumulated depreciation	-220	-217	-21	-19
Depreciation for the year	-22	-19	-2	-2
Sales and disposals	5	28	2	0
Increase through divestment	0	–	–	–
Reclassifications	0	–	–	–
Translation differences	9	-11	–	–
Closing accumulated depreciation	**-228**	**-220**	**-21**	**-21**
Closing book value	**68**	**72**	**3**	**3**

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

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Acquisition values				
Opening acquisition values	69	55	3	3
Investments	108	59	22	11
Increase through business acquisitions	0	4	–	–
Decrease through divestment	0	–	–	–
Sales	0	-1	-1	–
Reclassifications	-57	-50	-19	-11
Translation differences	-1	2	–	–
Closing accumulated acquisition values	**119**	**69**	**6**	**3**
Impairment				
Opening accumulated impairment	-21	-21	-1	-1
Impairment for the year	–	–	–	–
Disposal of write-downs	1	–	1	–
Translation differences	–	–	–	–
Closing accumulated impairment	**-20**	**-21**	**0**	**-1**
Closing book value	**99**	**48**	**6**	**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	Copenhagen, DK		(100)	(€ 1 377)
– Duni AS	962346057	Oslo, NO		(100)	(€ 370)
– Duni OY	0864585-8	Helsinki, 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	Moscow, 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)
					684 194
Participations in Group companies					**765 634**

	Parent Company	
SEK '000	2015	2014
Opening value, participations in Group companies	772 077	769 773
Investments for the year	–	226
Shareholders' contributions	–	2 078
Repayment of shareholders' contributions	-6 443	–
Divestments for the year	–	–
Impairment for the year	–	–
Closing value, participations in Group companies	**765 634**	**772 077**

NOTE 27 – OTHER LONG-TERM RECEIVABLES

	Group		Moderbolaget	
SEK m	2015	2014	2015	2014
Loan claims	2	1	0	0
Financial receivables from Group companies	–	–	1 436	1 654
Total other long-term receivables	**2**	**1**	**1 436**	**1 654**

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

NOTE 28 – ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Accounts receivable	660	743	91	96
Receivables from Group companies	–	–	52	42
Other receivables	79	69	19	17
Current financial receivables, internal	–	–	65	109
Total accounts receivable and other receivables	**739**	**812**	**227**	**264**

Regarding credit risks and exposures, see Note 3.1.2.

Other receivables above relate to:

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Receivables from suppliers	11	8	–	–
VAT claims	45	41	19	17
Factoring	7	9	–	–
Other receivables	16	11	0	0
Total other receivables	**79**	**69**	**19**	**17**

Credit exposure:

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Accounts receivable neither due nor impaired	601	667	89	91
Accounts receivable due but not impaired	56	76	3	5
Impaired accounts receivable	21	23	1	1
Provision for bad debts	-18	-23	-1	-1
Total accounts receivable	**660**	**743**	**91**	**96**

The credit risk associated with accounts receivable that are neither due nor impaired is not considered to be large. 41% (2014: 33%) 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 4.9% (2014: 5.0%) of the total accounts receivable that are neither due nor impaired.

Ageing of accounts receivable overdue but not impaired:

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Less than 1 month	44	56	1	5
1-3 months	12	19	1	1
3-6 months	0	0	0	0
More than 6 months	0	1	0	0
Total	**56**	**76**	**3**	**5**

On December 31, 2015, provisions for bad debts amounted to SEK 24 m (2014: SEK 23 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.

Ageing of impaired accounts receivable:

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Less than 3 months	1	5	–	–
3-6 months	5	4	–	–
More than 6 months	15	14	1	1
Total	**21**	**23**	**1**	**1**

Specification of bad debt provisions:

	Group		Parent Company	
SEK m	2015	2014	2015	2014
At the beginning of year	23	12	1	1
Provisions for bad debts	6	16	0	0
Claims written-off during the year	-1	-2	0	0
Reversed non-utilized amount	-9	-4	0	0
At year-end	**18**	**23**	**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, per currency, for the group's accounts receivable:

	Group		Parent Company	
SEK m	2015	2014	2015	2014
SEK	32	63	31	35
EUR	438	492	15	15
GBP	79	70	–	–
DKK	28	25	28	25
NOK	17	21	17	21
PLN	20	22	0	–
Other currencies*	46	50	0	–
Total	**660**	**743**	**91**	**96**

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

NOTE 29 – DERIVATIVE INSTRUMENTS

	2015		2014	
SEK m	Tillgång	Skuld	Tillgång	Skuld
Interest rate swaps – cash flow hedge	–	7	–	6
Currency forward contracts	4	0	1	11
Total reported in the balance sheet	**4**	**7**	**1**	**17**
Financial instruments covered by set-off master agreement	**0**		**0**	
Total after taking into consideration set-off master agreement	**4**		**1**	

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, 2015 are EUR 40 m. Profits and losses on interest rate swaps as per December 31, 2015, 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	
	2015	2014
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 3 m (2014: SEK -10 m).

NOTE 30 – PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Prepaid rent	3	3	1	1
Prepaid insurance	7	6	2	–
Prepaid pensions	5	5	4	4
Prepaid catalog expenses	4	3	2	3
Other items	15	14	5	4
Total prepaid expenses and accrued income	**33**	**31**	**15**	**12**

NOTE 31 – BORROWING

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Long-term				
Bank loans	537	–	537	–
Liabilities to Group companies	–	–	231	235
Overdraft facility	12	8	0	0
Total long-term borrowing	**549**	**8**	**768**	**235**
Short-term				
Bank loans	–	818	–	818
Total short-term borrowing	**0**	**818**	**0**	**818**
Total borrowing	**549**	**826**	**768**	**1 053**

The outstanding loan facility matures in April 2018; however, periodic maturity (so-called rolling of drawn loans) takes place regularly. The average rate of interest on bank loans was 0.842% per year (2014: 1.063% 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 is as follows:

SEK m	2015	2014
6 months or less	0	381
6-12 months	0	57
More than one year	537	381
Total	**537**	**818**

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, 2015 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 549 m (2014: SEK 826 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.

	2015		2014	
SEK m	Reported value	Nominal value	Reported value	Nominal value
Bank loans	537	537	818	818
Overdraft facility	12	12	8	8
Leasing	3	3	3	3
Total	**552**	**552**	**829**	**829**

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

SEK m	2015	2014
EUR	540	821
Other currencies	12	8
Total	**552**	**829**

BANK LOANS

Duni has a revolving credit facility in a nominal amount of EUR 130 m which extends until April 2016. Duni also has an EUR 20 m credit facility which extends until May 2016. Duni is now engaged in final negotiations regarding a new financing solution. The interest rate is variable and set at 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, 2015, the amount drawn was SEK 12 m.

NOTE 32 – CLASSIFICATION OF INSTRUMENTS

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Assets				
Non-financial assets				
Tangible and intangible fixed assets	2 587	2 625	162	260
Deferred tax assets	96	139	60	87
Other financial fixed assets	–	–	766	772
Inventory	500	503	82	93
Prepaid expenses and accrued income	33	31	15	12
Total non-financial assets	**3 216**	**3 298**	**1 085**	**1 224**
Loans and receivables				
Other long-term receivables	1	1	0	0
Accounts receivable	660	743	91	96
Tax assets	15	11	5	5
Other receivables	79	70	19	17
Receivables from Group companies	–	–	1 553	1 804
Cash and cash equivalents/Cash and bank balances	203	205	144	140
Total loans and receivables	**958**	**1 029**	**1 812**	**2 063**
Total assets at fair value through profit or loss				
Derivative instruments	4	1	4	1
Total assets and fair value through profit or loss	**4**	**1**	**4**	**1**
Total assets	**4 178**	**4 328**	**2 901**	**3 288**

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

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Liabilities				
Non-financial liabilities				
Deferred tax liability	117	122	–	–
Pension provisions	236	266	104	107
Allocation to restructuring reserve	10	4	3	1
Total non-financial liabilities	**363**	**392**	**107**	**108**
Liabilities at amortized cost				
Overdraft facility	12	8	0	0
Bank loans	537	818	537	818
Accounts payable	352	341	62	64
Tax liabilities	66	29	–	–
Other liabilities	89	96	11	11
Liabilities to group companies	–	–	292	293
Accrued expenses and deferred income	406	434	82	87
Total liabilities at amortized cost	**1 462**	**1 726**	**984**	**1 273**
Derivative instruments used for hedging purposes				
Derivative instruments	7	6	7	6
Total derivative instruments used for hedging purposes	**7**	**6**	**7**	**6**
Liabilities valued at fair value through profit or loss				
Derivative instruments	0	11	0	11
Total liabilities at fair value through profit or loss	**0**	**11**	**0**	**11**
Total liabilities	**1 832**	**2 135**	**1 099**	**1 398**

NOTE 33 – PENSION OBLIGATIONS

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 benefit-based plans under which employees are guaranteed a pension corresponding to a percentage of salary.

Provisions for pensions and similar obligations

	Group	
SEK m	2015	2014
Defined benefit plans	236	266

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 applicable to 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 3 m (2014: SEK 2 m).

Alecta's surplus may be divided among the policyholders and/or the insured. As per December 31, 2015, Alecta's surplus in the form of the collective funding level amounted to 153% (2014: 143%). 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	2015	2014
Present value of funded obligations	276	280
Fair value of plan assets	-211	-211
Present value of underfunded obligations	171	197
Net debt in the balance sheet	**236**	**266**

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

SEK m	2015	2014
Costs relating to employment during the current year	-7	-5
Interest expenses	-12	-14
Interest income	7	7
Total pension expenses regarding defined benefit plans	**-12**	**-12**
Pension expenses for the year regarding defined contribution plans	-31	-30
Total pension expenses for the year, including personnel expenses (Note 13)	**-43**	**-42**
The year's reappraisal of pension plans reported in "Other comprehensive income"	**10**	**-40**

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

	Defined benefit plans	
SEK m	2015	2014
Operating income	-7	-4
Financial expenses	-5	-8
Total expenses from defined benefit plans in the income statement	**-12**	**-12**

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

	Defined benefit plans	
SEK m	2015	2014
At beginning of year	477	379
Employment expenses during current year	7	5
Interest expenses	12	14
Reappraisals, losses (+)/gains (-)	-21	72
Exchange rate differences	-4	24
Disbursed benefits	-26	-18
Settlements	2	1
At year-end	**447**	**477**
Experienced-based adjustments of defined benefit obligations	**3**	**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	2015	2014
At beginning of year	-211	-156
Anticipated return on plan assets	-7	-7
Reappraisals, losses (+)/gains (-)	3	-26
Exchange rate differences	2	-18
Employer's contributions	-9	-8
Employees' contributions	-1	-1
Disbursed benefits	12	4
Settlements	0	1
At year-end	**-211**	**-211**
Experience-based adjustments of plan assets	**3**	**-26**

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, 78% (67%) of the plan assets are invested in equity instruments, 7% (19%) in bonds, and 15% (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 2015.

The weighted average term for pension obligations is 17.6 years.

Actuarial assumptions on the balance sheet date

	Sweden	Germany	UK	Netherlands	Belgium
Discount rate	2.9% (2.0)	1.8% (1.6)	3.9% (3.8)	22% (2.2)	22% (1.6)
Expected return on plan assets	–	1.8% (1.6)	3.9% (3.8)	2.2% (2.2)	2.2% (1.6)
Future annual salary increases	–	–	4.0% (4.0)	2.5% (2.5)	2.8% (3.0)
Future annual pension increases	1.45% (1.2)	1.75% (2.0)	3.25% (3.25)	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, 2015

SEK m	Sweden	Germany	UK	Netherlands	Belgium	Total
Present value of defined benefit obligations	146	54	132	110	5	447
Fair value of plan assets	–	-1	-119	-88	-3	-211
The defined benefit pension plans, per country	**146**	**53**	**13**	**22**	**2**	**236**

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

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+/- 0.5 %	Decrease by 7.8%	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 6.5%. 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 5.9%. The sensitivity analysis assumes that all other assumptions are unchanged.

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

	Parent Company	
SEK m	2015	2014
FPG/PRI-pensions	104	107
Liability in the balance sheet	**104**	**107**

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

SEK m	2015	2014
Earned during the year	0	0
Interest expenses	-4	-6
Pension expenses for the year	**-4**	**-6**

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

SEK m	2015	2014
At the beginning of the year	107	109
Net expenses reported in the income statement	4	6
Disbursed benefits	-8	-8
Settlements	0	0
At year-end	**104**	**107**

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

NOTE 34 – ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Accrued personnel expenses	130	146	36	39
Accrued interest expenses	0	1	0	0
Accrued expenses, invoices	78	80	23	19
Accrued liabilities to customers	174	185	20	24
Other items	25	22	3	5
Total accrued liabilities and deferred income	**406**	**434**	**82**	**87**

NOTE 35 – PLEDGED ASSETS AND CONTINGENT LIABILITIES

PLEDGED ASSETS

The Group and the Parent company had no pledged assets in 2015 or 2014.

Contingent liabilities

	Group		Parent Company	
SEK m	2015	2014	2015	2014
Guarantees	76	53	74	51
FPG/PRI	3	3	2	2
Total contingent liabilities	**79**	**56**	**76**	**53**

Of the guarantees in the Parent Company, SEK 64 m (2014: 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 10 m (2014: 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	2015	2014	2015	2014
Depreciation/amortization	158	133	118	119
Impairment, inventory	–	–	2	1
Restructuring	6	-17	2	6
Pension provisions	-18	-16	4	5
Change in value, derivatives	0	0	–	–
Other	3	-4	3	5
Discontinued operations	0	2	–	–
Total	**149**	**98**	**129**	**136**

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	2015	2014	2015	2014
Payable within one year	55	57	9	10
Payable later than one but within five years	119	118	9	6
Payable later than five years	14	21	–	–
Total	**188**	**196**	**18**	**16**
Of which leasing agreements signed during the year	34	25	15	7

Total expenses relating to operational leasing agreements during the year amount to SEK 77 m (2014: SEK 76 m) in the Group and SEK 22 m (2014: SEK 21 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	2015	2014	2015	2014
Payable within one year	2	1	–	–
Payable later than one but within five years	6	2	–	–
Total	**9**	**3**	**0**	**0**
Present value of future leasing charges	9	3	0	0

NOTE 38 – ACQUISITIONS

No acquisitions were made during the 2015 financial year.

During the 2014 financial year, 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.

NOTE 39 – RELATED-PARTY TRANSACTIONS

No material transactions with related parties have taken place during the 2015 financial year or the 2014 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

No significant events have occurred since the balance sheet date.

THE BOARD OF DIRECTORS’ ASSURANCE AND SIGNATURES

THE BOARD OF DIRECTORS’ 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 within the Group.

Malmö, March 16, 2016

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 auditor’s report was submitted on March 16, 2016

PricewaterhouseCoopers AB

Eva Carlsvi
Authorized Public Accountant

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 2015 except for the corporate governance statement on pages 43–47. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 38–99.

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 2015 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 2015 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 43–47. 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 2015. 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, March 16, 2016

PricewaterhouseCoopers AB
Eva Carlsvi
Authorized Public Accountant

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.

Bagasse

Bagasse is a waste product from cane sugar processing after the sugar has been extracted. The material is 100% biologically degradable. Bagasse is used primarily in Duni's meal packaging solutions and serving products such as plates, bowls and take-away boxes.

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 production phase in which tissue and airlaid in large rolls are cut, pressed, embossed and folded into finished napkins and tablecoverings.

Customization

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

Designs for Duni®

A unique concept whereby Duni develops special design products in collaboration 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 products 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 more environmentally improved characteristics.

Ecoecho® bioplastic

A bio-based material which functionally provides the same advantages as traditional polypropylene (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.

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, 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, 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.

Merchandizing

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 world's first and largest range of compostable single-color napkins and tablecoverings.

Organic growth

Growth excluding currency and structural effects.

Our Blue Mission

Duni's Corporate Social Responsibility (CSR) work is governed by the Our Blue Mission program. It describes how Duni shall exercise social responsibility within a number of areas such as the environment, product safety, social responsibility, social rights and business ethics.

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 2015 are calculated applying exchange rates for 2014. 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.

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 3, 2016
The Annual General Meeting will be held at Skånes Dansteater, Östra Varvsgatan 13 A, Malmö at 3.00pm on Tuesday May 3, 2016. 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 27, 2016 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
- per letter to Duni AB, Bolagsstämma, Box 237, SE-201 22 Malmö
- by email to: bolagsstamma@duni.com

In the notice, the shareholders 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 27, 2016.

DIVIDEND
The Board of Directors proposes a dividend of SEK 5.00 per share, equal to SEK 235 m. May 6, 2016 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 11.

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 2016: April 21, 2016

Interim report, January – June 2016: July 13, 2016

Interim report, January – September 2016: October 21, 2016.

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.

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