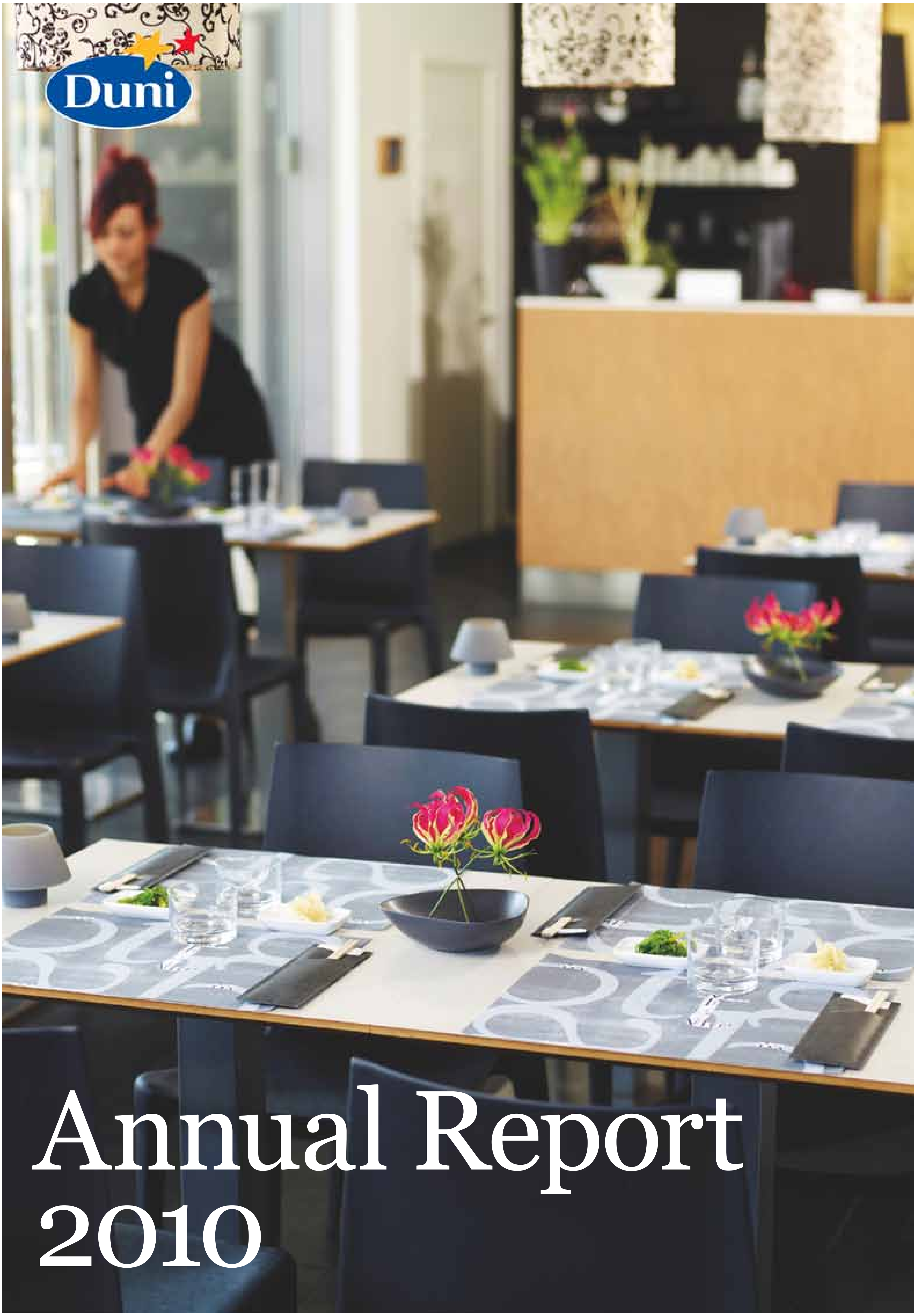


Annual Report 2010

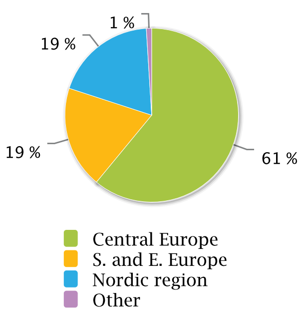
CONTENT

This is Duni

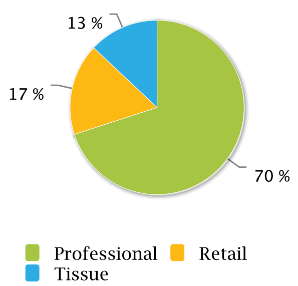
Duni is a leader in Europe in the design, production and marketing of high-quality table covers, napkins, candles and other table setting products. Duni also offers packaging and packaging systems to the growing take-away market. Around 70% of Duni's products are paper-based, and these products are almost entirely produced within the Group. Duni engages in intensive environmental work. 90% of the paper-based products are FSC (Forest Stewardship Council) certified and a significant portion of products bear the Svanen Ecolabel, a labelling system for the Scandinavian markets.

Tissue for napkins and table covers is manufactured in Sweden, while Duni's production of finished table setting products takes place in Germany and Poland. Duni's head office is located in Malmö and the company has approximately 2,000 employees in 17 countries. The largest markets are in Central and Northern Europe, but globally more than 40 markets are covered. The business is divided into three business areas: Professional, covering sales to hotels, restaurants and catering firms; Retail, primarily focusing on the grocery retail trade; and Tissue, producing wet laid and air laid tissue for table setting products and hygiene products.

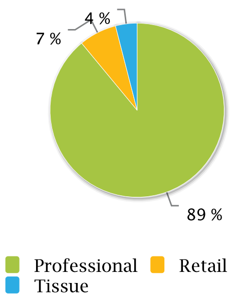
Net sales per geographic region, %



Net sales per business area, %



Operating income per business area, % (Underlying operating income)



The Year in Brief

During the period January 1 – December 31, 2010, net sales declined by SEK 249 m compared with the same period last year, to SEK 3,971 (4,220) m. Adjusted for exchange rate changes, net sales increased marginally by 0.3%.

During the second half of the year in particular, Professional enjoyed an increased rate of growth with continued high margins, Retail lost sales but increased its income on an extremely tough market, while Tissue had yet another difficult year.

Operating income (EBIT) adjusted for non-recurring items amounted to SEK 435 (436) m for the period January 1 – December 31, 2010. The Group's underlying operating margin thus strengthened from 10.3% to 10.9%. Adjusted for exchange rate changes, operating income increased by SEK 49 m compared with last year. The gross margin weakened from 27.6% to 26.5%. Reported income after financial items was SEK 418 (444) m and income after tax was SEK 306 (336) m.

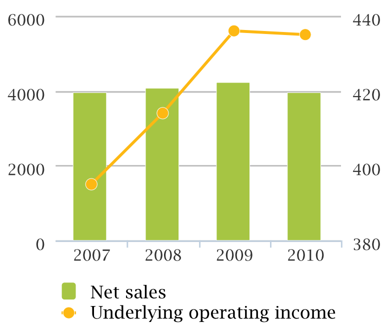
Duni believes that the Company's main markets will continue to grow in 2011. At the same time, prices for input materials are expected to remain at a historically high level.

Key figures

	2010	2009	2008	2007	2006
Net sales	3,971	4,220	4,099	3,985	3,762
EBIT*	435	436	414	395	328
EBITDA*	537	539	511	484	410
Income before tax	418	444	251	196	1
Net income for the year (continuing operations)	306	336	191	99	–11
Proposed dividend SEK/Share	3.50	2.50	1.80	1.80	–
Shareholders' equity	1,991	1,789	1,544	1,416	838
Return on equity	15.37%	18.78%	12.37%	6.99%	–1.31%
Number of employees	1,914	1,906	1,952	2,001	1,999

* EBIT and EBITDA are adjusted for non-recurring items.

Net sales and operating income, SEK m



Fredrik von Oelreich has been President and CEO of Duni since 2007.

Focus on increased growth

In 2010, the market trend turned positive in most parts of Europe, a factor which favored Duni. During the second half of the year in particular, Professional enjoyed increased growth with continued high margins. Retail lost sales, but increased its income on a very tough market, while Tissue experienced yet another difficult year.

Duni's sales amounted to SEK 3 971 m and operating income to SEK 435 m. The decline in sales is primarily attributable to the strong Swedish krona. In addition, raw materials costs increased sharply during the year, which had a negative impact on income. However, it was largely possible to offset the effects thanks to sound cost control, increased capacity utilization, and price increases. At fixed exchange rates, Duni's net sales and income increased by 0.3% and 11.2% respectively, which can be considered satisfactory in light of the overall market situation.

During 2010, we increased our focus on growth, with increased investments in prioritized markets as well as in product development.

HIGHER VOLUMES IN PROFESSIONAL

The Professional business area reported a healthy development for the year with increased volumes. During the year, we were forced to carry out price increases to compensate for steep increases in the costs of input materials. We can conclude that Duni increased its sales and gained market shares within the premium segment on most markets, both from competitors and due to the move away from table linen products. The strategy for all regions remains firm and the work to establish platforms for future growth is continuing, primarily in Eastern Europe, but also in the Middle East.

Within the Professional business area, growth is taking place in particular within Food Solutions, i.e. packaging for take-away. An increasing number of restaurant chains are springing up with clear concepts in response to the trend among today's customers, who demand good food fast and at reasonable prices. Duni is focusing on this growth segment by - in close cooperation with the restaurant chains - producing customized take-away packaging solutions that represent an important part of the offering provided by these types of restaurants.

Increased volumes, sound cost control, and price increases during the second half of the year resulted in an operating income of SEK 384 m. At fixed exchange rates, this represents an increase of 6.7%.

The weak market development within the non-food category in grocery retail, and the trade's continued focus on private labels, have been challenging for the Retail business area. Sales declined compared with last year, but income continued to improve. Thanks to lower costs combined with an improved customer and product mix, the operating margin strengthened to 4.6% and operating income amounted to SEK 32 m. This means that we have largely achieved the initial target of 5%.

In order to increase accessibility for consumers, Duni has taken its first steps within Internet sales. Our first efforts in the area are taking place in Germany, and the development there so far has been positive.

2010 was a turbulent year for the Tissue business area, with a weaker product mix and increasing input materials prices, which due to a time lag in price increases could not be offset in full. In particular, profitability within hygiene products developed negatively during the year. Measures have been initiated to rectify this.

In June, a fire broke out at one of the paper mills, resulting in damage to several critical parts of the operation and a loss of approximately 2 months' production. The negative impact on income was basically entirely covered by insurance compensation.

The biofuel boiler in which Duni invested in Skåpafors was brought into commission in August 2010, resulting in lower and more foreseeable energy costs, as well as a reduction in the use of fossil fuel.

Tissue's operating income improved somewhat and reached SEK 18 m, but is still not at a satisfactory level.

INVESTMENTS IN GROWTH

Duni has a growth target of 5%, which is ambitious on a market that is growing by 2–3%. In light of this target and with a strong balance sheet, Duni increased its investments in the development of new premium products. This is a long-term project which will continue in 2011.

The product development work has intensified and several new projects are underway to produce even better qualities and to broaden the product range. As announced during the year, we have commenced major investments at our paper mill in order to develop the next generation of premium materials. At the same time, we are investing in the development of new concepts, particularly within the take-away area, where we have established an organization which offers innovative solutions to key customers.

Moreover, we increase our market investments in order to reach a higher rate of expansion on existing markets, primarily in Italy, Spain, and England. At the same time, we carry out a geographic expansion in steps on promising markets, such as Eastern Europe and the Middle East. Among other things, during the year we established a sales office in Moscow and we work intensively to further develop a sales and distribution network.

FOCUS ON CORE VALUES

During the year, Duni carried out a project concerning our core values which is aimed at strengthening Duni's culture and making our organization more efficient. In an internal process, some 100 managers and employees identified a number of principles for the operations in order to provide a specific Duni content to our core values. We also identified certain principles which, we agreed, need to be strengthened in order to achieve improved results within areas such as organizational efficiency, customer satisfaction, and profitable growth. The work is proceeding and I am convinced that it will contribute to creating an even more successful Duni.

FAVORABLE CONDITIONS FOR GROWTH

Despite potential problems on the horizon in certain European countries, we expect a positive market trend. This will create conditions for continued growth. At the same time, raw materials prices are at a historically high level, which can become challenging for Duni.

Our focus going forward will be on higher growth within our main area, Professional. With the efforts now being made, we perceive favorable opportunities to grow both geographically as well as within new products and concepts. There is no doubt that Duni has the financial strenghts and the position required to lead the development on the market.

Malmö, March 2011
Fredrik von Oelreich
President and CEO

Customer markets

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

Duni's sales are focused on table top concepts with matching collections of table covers, napkins and candles. Duni also operates within the growing take-away market and offers packaging solutions for that market. The business is focused primarily on three customer markets, which have also influenced the organizational structure of Duni's business areas, namely Professional, Retail and Tissue. In 2010, these markets accounted for 70%, 17%, and 13% respectively of Duni's net sales.

PROFESSIONAL

Duni's end customers are mainly restaurants, hotels and catering firms. It is estimated that there are more than 200,000 end customers in Europe, to whom sales take place through wholesalers and cash-and-carry stores. Direct sales take place to a limited extent.

Restaurants

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

Hotels

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

Catering

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

RETAIL

Customers are mainly grocery retail chains, but also include department stores, home furnishing chains and other specialty stores.

Grocery retail trade

The European grocery retail trade is concentrated on a small number of large companies in each country, such as Tesco (the UK), Aldi (Germany), Carrefour (France), and ICA (Sweden). The larger companies have centralized purchasing and some have joined forces in international purchasing associations.

Duni's main customers are hotels, restaurants and catering firms.

Other
Other customers within Retail consist of pharmacies, various specialty stores, gardening outlets and home furnishing chain stores. An example of the latter is IKEA, which for several years has carried napkins in its product range.

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

Product markets

Duni primarily operates on three product markets: single-use table top products, meal packaging, and tissue. The rate of renewal is high in order to suit current trends and seasonal variations.

SINGLE-USE TABLE TOP PRODUCTS
The table top concept consists of single-use table top products with coordinated designs and colors, such as napkins, table covers, placemats, runners, and candles. These products are complemented by plates, glasses, cups and cutlery. Disposable table top products can be divided into standard products and premium products. Standard products are, for example, white single-ply napkins, while premium products are of a higher quality. The latter are typically made from airlaid and often deep dyed or printed with a color design.

NAPKINS
Single and multi-ply napkins
Duni produces napkins with one to four plies. Airlaid is a premium material and airlaid napkins are always manufactured in a single ply. High-quality tissue napkins have at least three plies. Napkins constitute Duni's largest product group.

Different materials
Several different materials are used to produce napkins, but they are mainly manufactured of tissue. High quality napkins can be based on both airlaid and tissue.

TABLE COVERS
Different designs
The table cover product category includes table covers in many different sizes and variations, as well as runners, tête-à-têtes and placemats.

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

CANDLES
Candles are often developed and designed together with external suppliers. The range includes antique candles, pillar candles and tea lights, as well as special candles in various colors and sizes.

SERVING PRODUCTS
In order to be able to deliver a complete concept for the serving of food and drink, serving products are purchased primarily from external suppliers. The range includes cutlery, cups, glasses, and plates. The products are made of plastic or recyclable material from the forestry or agricultural industry.

MEAL PACKAGING SOLUTIONS
Duni markets and sells packaging solutions for take-away meals and storage of hot and cold meals. The meal packaging market is growing fast, driven by an increased need for take-away meals. Customers are also offered customized packaging solutions designed in close co-operation between Duni's design department and the customer, in order to suit the customer's brand

Napkins are Duni's largest product group. Elegance Lily is an appreciated premium napkin.

image. Within the scope of DuniForm®, customers are also offered sealing film, trays, various types of sealing machinery, and machinery service.

TISSUE

Tissue is used as a raw material for processing into various tissue-based products. Tissue is produced in two qualities: wet laid tissue (referred to as 'tissue') and air laid tissue (referred to as 'airlaid'). Tissue is used for converting, i.e. the process by which the paper is cut, printed and embossed into various napkins and table covers. The excellent absorption quality of airlaid makes it particularly suitable as an input material for intimate hygiene products, such as sanitary towels and incontinence protection products, but airlaid is also used for converting into higher quality napkins and table covers.

Duni is the pre-eminent brand in the industry.

Strategy

Duni is the best known brand in the industry, with a unique sales model which creates strong customer loyalty.

MARKET LEADER AND A LEADING BRAND
Duni estimates the market share in Europe for the main products, napkins and table covers, to more than 20%. The Group's position has been strengthened in recent years and is particularly strong in the Nordic region and Central Europe. There are few large companies on the market and Duni's sales are more than twice those of the nearest competitor in the napkins and single-use table cover segments. In contrast to its major competitors, Duni enjoys a unique position within the premium products segment, where prices and margins are higher. Duni is by far the best known brand on the market and the brand is particularly strong among Duni's most important customers, namely restaurants and hotels. The breadth and variation in the product range also distinguish Duni from its competitors.

UNIQUE SALES MODEL
Duni has the largest sales force on the market. The model facilitates a continuous dialogue with customers concerning the selection and use of Duni's products. It creates strong customer loyalty and is an important reason for Duni's high market penetration. The close relationship with customers is one of the reasons why Duni quickly receives signals and can adapt its range to new trends and changes in demand. Duni's high market share and broad range, combined with the strong brand, also contribute to Duni's ability to maintain high margins.

LEADER IN PRODUCT DEVELOPMENT, DESIGN AND MATERIALS
Duni's development of the colors, designs and qualities in its product range is an important component of the business model. Duni's product range is regularly evaluated based on sales, profitability, and inventory turnover rate criteria. New and existing products are evaluated using the same criteria. In recent years, Duni has placed great importance on developing product concept work within the Company. A product concept development process has been implemented in which employees, customers and suppliers co-operate in order to create and evaluate product concepts. This increases the likelihood that they will be successful and that resources are focused on those products with the greatest potential on the market.

Duni's design department constantly monitors trends by attending various trade fairs and shows on fashion, design and current trends in Europe and the United States, as well as with the assistance of external trend scouts. Market surveys and focus groups also provide information about trends and feedback regarding products. Duni's sales force participates in the development work by passing on customers' wishes and views. The graphic design is carried out largely by Duni's own design department.

HIGH RENEWAL RATE IN THE PRODUCT RANGE
Duni endeavors to have the highest product range renewal rate on the market. Approximately 25% of the collection is renewed every year. Examples of current

product launches include the Elegance Lily napkin, the Amuse-bouche concept for appetizers, Dunilin® with a touch of brilliance, and a carton meal packaging solution in the Duni ecoecho™ range, for which a patent application has been filed. Over the years, Duni has also developed several unique tissue and airlaid materials for table top products. Materials development within the table top products category takes place in close co-operation between the marketing department, product developers and production managers.

CONTROL OVER VALUE CHAIN AND LOGISTICS

Duni is an integrated company, i.e. apart from raw materials, the Company controls the entire value chain for its most important products, napkins and table covers. Other products are purchased from external suppliers. Control of the value chain reduces price risks, increases on-time deliveries and provides possibilities to plan for renewal of design and materials. Approximately 70% of Duni's products are paper-based, and these products are generally produced within the Group. The manufacture of tissue and airlaid takes place in Sweden, while converting to finished table top products takes place in Germany and Poland. Duni's paper mills are specialized in the production and deep dyeing of short runs of high-quality tissue and airlaid, and consequently table top products can be offered in many colors and shades, with color matching between different materials.

Specialization in short runs means that Duni can quickly adapt the collections to the customers' wishes. The majority of Duni's production is made for stock. Duni's central warehouses in Germany and a number of distribution centers handle distribution to customers.

EXPANSION ON GROWTH MARKETS

Duni is established on a number of markets which offer good opportunities for organic growth. In Southern and Eastern Europe, Duni's most profitable segment — premium products — accounts for approximately only one third of the total market, as compared with Northern Europe where the premium products account for approximately two thirds of sales. Southern Europe is the largest market region and growth in premium products is expected to outstrip the market in general. Premium products are also to be the fastest growing products in Eastern Europe. Total market growth is expected to exceed GDP growth.

Premium products constitute a growth market, particularly due to the trend whereby table linen is being replaced by single-use high quality products. Duni is driving this trend by continuing to invest in product development and thereby increasing the quality of core products such as napkins, placemats and table covers. Customers appreciate the design, variation and table setting simplicity offered by Duni's products, which leads many of them to replace linen with Duni's products.

The geographic expansion is taking place primarily in Eastern Europe and the Middle East. In 2010, among other things Duni opened a sales office in Moscow, and intensive work is taking place to develop a sales and distribution network.

The development of take-away packaging solutions is another growth area in which Duni is investing. An increasing number of restaurant chains with clear concepts are springing up in response to the fast food trend whereby consumers are demanding higher quality than previously. The trend has moved away from "fast food" to "good food fast". Duni is focusing on meeting this demand by - in close cooperation with expanding restaurant chains - producing customized, quality takeaway packaging which strengthens the customers' brands. Thus, Duni offers not only packaging, but also strengthens the restaurants' brands when their visitors take a bit of the restaurant home with them. During the year, Duni signed customized packaging agreements with, among others, Stureplangruppen's Le Café chain in Sweden and the Wienerwald and MyIndigo chains in Germany and Austria respectively.

ACQUISITION OPPORTUNITIES

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

BUSINESS MISSION

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

VISION

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

CORE VALUES

Duni has four core values which permeate the entire Company and its operations:

- Ownership
- Open Mind
- Added Value
- Will to Win

For more information, see our core values and operating principles.

STRATEGY

Duni has a growth target of 5% over a business cycle. The strategic focus for growth in each business area is, in brief, as follows:

Professional

- Leader within the premium segment.
- Increased market shares in Southern and Eastern Europe as well as the UK.
- Take advantage of new trends on the HoReCa market, such as increased demand within take-away.

Retail

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

Tissue

- Focus on new premium qualities, primarily for further development of table top products.
- Improved balance in the customer portfolio.

Approximately 25% of the collection is renewed every year.

GROWTH STRATEGIES WITHIN HORECA

During the year, Duni began to increase investments to promote organic growth aimed at achieving growth targets. Growth will increase by means of structured work involving several initiatives as regards concept expansion, market penetration and platform expansion within the core HoReCa area. The starting point is Duni's strong product and concept offering combined with new geographic possibilities.

	Core geography	New geography
New HoReCa-concepts	Concept expansion	
Table top	Market penetration	Platform expansion

Within the area of concept expansion in core geography, Duni's offering will be adapted to the parts of the market that are growing fastest, e.g. fast food and concept restaurants. New business opportunities will be created by offering new concepts within areas such as customized takeaway solutions, meal packaging and serving solutions.

Increased market penetration in core geography constitutes another example. Within this area, leadership within product development is of great importance. As previously communicated, during the year Duni decided to invest SEK 65 m to further strengthen our position as the leader within the area of premium table top products. Increased market penetration can also take place by developing existing and new sales channels.

Growth can also be created through platform expansion in new geography. Potential within this area lies primarily in Eastern Europe and the Middle East. Duni is also increasing its efforts to accelerate organic growth in Southern Europe and the UK.

Duni is the leader within the premium segment, which accounts for around 55% of the market.

Market size and structure

The European market for single-use table top products is worth approximately EUR 4 billion. Duni is the leader within the premium segment, which accounts for around 55% of the market.

The European market for single-use table top products is estimated to be worth approximately EUR 4 billion, divided into napkins (30%), table covers (6%), candles (33%), serving products such as plastic cutlery and plastic glasses (10%), and meal packaging solutions (21%). Some two-thirds of the European market for table top products relates to the Professional customer market.

The assessment of market size, and the breakdown between various products and customer markets, are based on information from Euromonitor and B Kay-Tissue, as well as Duni's own industry knowledge and estimations.

UNDERLYING GROWTH

Demand for Duni's products is affected by the development in the restaurant, hotel and catering industries, as well as the grocery retail trade.

According to the market survey FACET, the European restaurant industry has registered sales growth of almost 4% annually during the 2000's; this is higher than the GDP growth, which has been around 2-3% annually. The growth is largely due to an increase in disposable incomes, which in itself is a product of economic growth, but is also due to the increased frequency with which meals are being consumed outside the home.

Following a significant downturn on the HoReCa markets in 2009, most markets gradually recovered during 2010. Northern Europe in particular has demonstrated strong growth. Southern Europe showed weak, positive growth, but uncertainty still prevails as regards the stability of the recovery. Duni's important sales area of Central Europe is exhibiting stability and, during the second half of the year, gradually improved compared with last year. The hotel sector has a general tendency to recover more quickly than the restaurant industry.

PREMIUM PRODUCTS ARE LARGEST SEGMENT

Single-use napkins and table covers can be divided into standard and premium products, with the latter being produced in at least three-ply tissue or airlaid. Standard products account for approximately 45% of the total estimated sales on the European market for napkins and ta-

Food packaging accounts for 21% of the market.

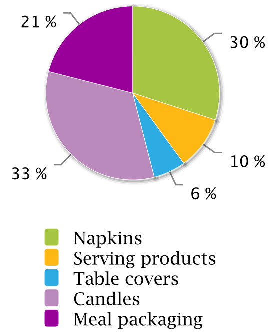
ble covers, while premium products account for around 55%. The ratio between standard and premium products varies, however, between different regions in Europe.

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

Also in Eastern Europe, premium products account for approximately one-third of the total market. Sales of Duni's products are strongly affected by growth within the foodservice industry. For most of the 2000's, growth has been positive, and on many key markets has exceeded GDP growth.

In the Nordic region and Central Europe, premium products account for a higher share of the market for napkins and table covers than in Southern and Eastern Europe. Germany, Austria and Switzerland together comprise the second largest market region in Europe for disposable napkins and table covers, with premium products accounting for roughly two-thirds of the market. The premium products' high market share is largely due to the manufacturers' dedicated sales work and historically strong economic growth. The UK and the

The European market for disposable table top products, %



Benelux countries together constitute the third largest market region in Europe for paper napkins and table covers. As in Germany, Austria and Switzerland, premium products account for approximately two-thirds of the total market in the Benelux countries, which is also the case in the Nordic region. In the UK, premium products are believed to account for a smaller share of the total market.

Duni is the clear market leader in Central Europe, Northern Europe and the Benelux countries, which are the markets where the premium segment is dominant.

Duni's estimated position on each market

Market (by size in value)	Premium share of market	Duni's position
Southern Europe	1/3	3
Central Europe	2/3	1
The UK	1/3	2
Northern Europe	2/3	1
Benelux	2/3	1
Eastern Europe	1/3	3

MAJOR COMPETITORS

The European market for single-use table top products is very fragmented. Duni is the largest European company on this market. Duni's main competitors within the Professional and Retail sectors are large pulp and paper companies for whom single-use table top products represent only a small part of their product portfolio, such as SCA, Georgia-Pacific, Kartogroup, Kimberly-Clark and Metsä Tissue. In addition, there are a large number of smaller regional and local companies. In Central Europe, mention may be made of Papstar, Swan, and Mank; in the Nordic region, of Papstar, Celest and Fiblon; and in Southern and Eastern Europe, of Garcia de Pou, Paloma, Renova, Okay, CGMP and Fato. Within Retail, Duni also encounters competition from the grocery retail chains' own private labels. Within the Tissue sector, competition consists of large pulp and paper companies, some of which, e.g. SCA, Georgia-Pacific, Kartogroup, Kimberly-Clark and Metsä Tissue, are also active on the disposable table top products market. In addition, there are a number of smaller, specialized companies, such as Buckeye, Concert, McAirlaid, LPC and Fiberweb. The European market for packaging solutions for take-away meals is also very fragmented. The largest companies include Færch, Huhtamaki and Sabert.

Market trends

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

INCREASED SHARE OF MEALS CONSUMED OUTSIDE THE HOME

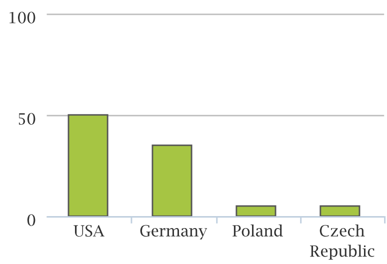
As a consequence of a growing trend to eat outside the home, the number of meals served by restaurants is increasing. This trend favors Duni, since the professional market (hotels, restaurants and catering firms) accounts for two-thirds of sales and since demand is also increasing for products which enhance ambience and atmosphere during restaurant visits, such as napkins and table covers.

The trend of an increasing number of meals being consumed outside the home, as well as an increase in self-service and fast food restaurant chains, is expected to continue, among other things, based on an expected increase in the proportion of single households, continued urbanisation, and an increase in the proportion of people in gainful employment. During the 2000's, the number of meals consumed in the home declined by approximately 1%, at the same time as the number of meals outside the home increased by around 3%. There are, however, large variations between different countries. In the US, for example, no less than 50% of the total food budget is spent outside the home; in Germany, the figure is 35%, while in Poland and the Czech Republic it is only 5%. As prosperity increases in those countries, the percentage is expected to increase.

SUBSTITUTION OF LINEN NAPKINS AND LINEN TABLE COVERS

Sales of linen napkins and table covers have declined steadily during the 2000's. Premium disposable napkins and table covers are one of the main alternatives to linen. Demand for linen table top products is affected by the fact that the restaurant industry in Europe is increasingly using concepts to attract customers and increase sales. A well thought through concept involves the food and drink offering being matched by an appropriate table setting and decorations, depending on the season and occasion. In practice, this is conditional on the availability of disposable table top products which do not require any investments in inventory and that can be varied in terms of design. The declining market for linen napkins and linen table covers can be explained also by the cost and time required for the laundering and handling of linen, and the fact that disposable solutions are more hygienic. The percentage of environmentally-labelled products in Duni's range is also constantly increasing, which provides yet another competitive advantage over linen.

Share of total food budget spent outside the home, %



The increasing number of meals consumed outside the home is driving demand for Duni's products.

INCREASED DEMAND FOR TAKE-AWAY

A clear trend throughout Europe is that demand for both take-away food in general and higher quality take-away food has increased in recent years. An increasing number of restaurant chains with clear concepts and strong brands are springing up in response to the trend for "good food fast". This development is being driven by underlying market trends, such as increasingly mobile lifestyles and the fact that to an ever-increasing extent we are eating while on the go. The trend is also influenced by the same factors that drive growth in meals consumed outside the home, namely an increase in the proportion of single households, continued urbanization, and an increase in the proportion of people in gainful employment.

Duni is responding to this growing demand by – in close cooperation with expanding restaurant chains – developing quality take-away packaging solutions which strengthen the customers' brands.

For some time, Duni has conducted cooperation projects with restaurant chains such as Nordsee and Vapiano. During the year, customized packaging agreements were signed with, among others, Stureplansgruppen's Le Café chain in Sweden and the Gosch chain in Germany.

TABLE TOP BRANDED GOODS WITHIN THE GROCERY RETAIL SECTOR

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

Business area Professional

Increased volumes

Business area Professional offers a wide range of tabletop products, primarily for use within restaurants, hotels and catering. The products are produced as concepts and consist of napkins, table covers and other products in matching colors and designs.

Around 90% of Duni products are sold through wholesalers and cash-and-carries. The number of end customers, comprising restaurants, hotels and catering firms, is estimated at around 200,000. Duni also offers packaging solutions for restaurants, the grocery retail trade, industrial kitchens, the public sector, and catering firms. Both customized and standardized meal packaging solutions are available in different models and sizes for different types of take-away food. Duni also supplies packaging machinery for sealing food boxes within the DuniForm® concept.

DEVELOPMENT IN 2010

Within Professional, net sales declined by 3.6% to SEK 2,783 (2,885) m. Operating income fell by 4.4%, to SEK 384 (402) m. This entailed an operating margin of 13.8% (13.9%).

During the second half of the year, Duni increased its prices to compensate for sharp increases in raw materials costs. During the year, volumes increased by approximately 3%, with growth being most noticeable during the second half of the year. All of Duni's customer groups recovered compared with 2009. Growth within the fast food and take-away segment continued to outstrip the market as a whole.

The market trend in Central Europe improved somewhat during 2010. The German HoReCa market, however, exhibited a slight decline for the year as a whole, despite the upward trend during the second half of the year. On most of the markets in Central Europe, including Germany, Duni showed a slight increase in sales. Duni's greatest sales successes were achieved on the UK market, thanks to a significant increase in market shares.

A recovery was noted on Duni's markets in Eastern Europe, and this accelerated towards the end of the year. Parallel with the improved economic climate, Duni began to grow again on most of the markets, especially in Russia. Despite the continued uncertain economic situation in Southern Europe, Duni experienced a favorable market trend. Solid growth figures can be noted, not least on the Italian market. However, Duni's growth on the Spanish market remained weak, which is clearly connected to the poor state of the economy in that country.

The trend on the Nordic market improved as a whole during the year, first and foremost in Norway and Sweden. Duni's growth was on par with the market, apart from in Denmark, which experienced weaker growth. Duni's market share within the premium segment increased gradually during the year.

Table top products accounted in total for almost 90% of net sales in the business area, and meal packaging solutions accounted for the remaining just over 10%. Central Europe accounted for SEK 1,660 (1,755) m of net sales, while the Nordic region accounted for SEK 645 (639) m, Southern and Eastern Europe for SEK 451 (467) m, and other markets for SEK 27 (24) m.

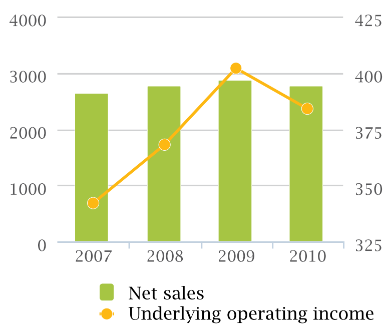
EVENTS DURING 2010

In 2010, Duni opened a sales office in Moscow. The opening represents an important stage in the ongoing work to develop a sales and distribution network to ensure that Duni is able to take full advantage of the long-term potential of the Russian market. In the rest of Eastern Europe, work is continuing on expanding the sales network.

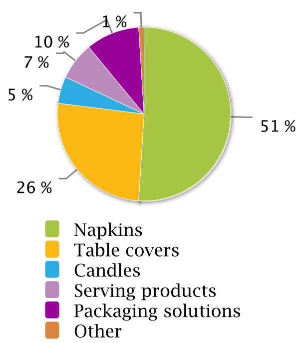
On the UK market, increased sales efforts bore fruit and the 2009 agreement with Booker, the UK's largest cash-and-carry chain, explains part of Duni's substantially increased market share.

Duni's sales on its largest market, Germany, rose during the year. With a strong product range and a large sales force, Duni is continuing to gain territory both against competing single-use solutions and against

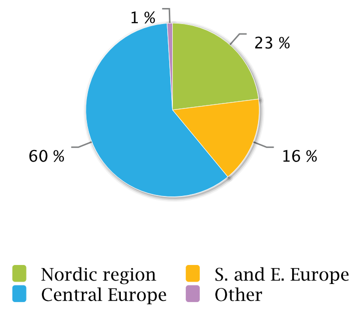
Net sales and operating income, SEK m



Net sales per product group, %



Net sales per geographic region, %



linen. Strong sales increases were achieved within premium products in particular, especially tête-à-tête, Duni Elegance® and Duniletto®, which have been introduced in recent years. As a result, Duni's position as the leading supplier of premium concepts has been further strengthened.

In the Middle East, Duni increased its presence on prioritized markets through agreements with local distributors, combined with the recruitment of its own sales force. Sales efforts in the region focused on high margin premium products.

In 2010, sales within packaging solutions for take-away and fresh ready-prepared food, Duni Foodsolutions, continued to grow. This growth is being driven by changed consumption patterns on the market, which are continuing to benefit solutions for take-away food.

In addition, Duni attaches great importance to offering customized meal packaging solutions to concept-driven restaurant chains. These customized solutions also strengthen the brand of the chain. During the year, Duni signed customized packaging agreements with, among others, Stureplansgruppen's Le Café chain in Sweden and the Wienerwald and MyIndigo chains in Germany and Austria respectively.

Professional is Duni's largest business area and accounts for approx. 70% of sales.

UNIQUE SALES MODEL

Within the Professional business area, Duni has developed a sales model which is unique in the industry and specifically adapted to the customer structure and the role Duni's products play for customers within the HoReCa segment.

The model is based on the Company having its own large sales organization, which devotes most of its time to presenting the product range to end users. Professional's sales force makes a substantial number of visits annually, with approximately half the visits taking place to customers at restaurants, hotels and catering firms.

The frequent visits build up a strong relationship, while a great deal of time is devoted to presenting new products, concepts and collections which create value for both customers and end customers. By continuously demonstrating new areas of use and ways of combining the products, they can be used in an optimum manner by each customer, which contributes to the customer's own profitability.

The customers place their orders with wholesalers, either directly at the wholesaler or through Duni's sales personnel. This constitutes the basis for a strong partnership with both wholesalers and end customers. Some 90% of sales take place in this way via wholesalers and cash-and-carry stores.

The visits to end users distinguish Duni from its competitors, whose sales are primarily focused on wholesalers and cash-and-carries.

Parallel with the sales work at end customers, visits also take place to wholesalers and cash-and-carries. Wholesalers are increasing in importance and currently account for some 50% of sales. Duni provides sales personnel at wholesalers with training in the sale of tabletop concepts and how Duni's products can be used to the best effect. The sales personnel thereby become knowledgeable and effective ambassadors for Duni's products. Together with wholesalers, visits are also made to major end users.

Within the cash-and-carry segment, customers are served centrally by key account management.

PUSH/PULL-EFFECT

The sales model involves customers being visited by both Duni and by the wholesaler or cash-and-carry, which creates a push/pull effect. The model was introduced in Germany in the 1980s and has spread to other markets, a factor which has strongly contributed to Duni's position.

The end customers are also registered in a database in which sales personnel can see the purchasing patterns and needs of different customers. This helps them to continuously provide suggestions for new solutions and products, and to conduct sales campaigns.

Collections are adapted to each season.

Business area Retail

Increased profitability

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

The range of table top products within the Retail business area is largely the same as within the Professional business area, but is adapted to the needs of customers and end consumers for various qualities and packaging solutions. The product range creatively combines design and functionality to create pleasant environments for all occasions when enjoying food and drink. It includes everything from napkins, candles and table covers to plastic products such as glasses, cups, cutlery and plates. Within the Retail business area, Duni also sells hygienic wipes in tissue and gift wrapping paper. To a limited extent, Duni supplies products which are resold under customers' own brands (private labels).

DEVELOPMENT IN 2010

In 2010, sales declined by 12.9%, to SEK 689 (792) m. Operating income improved to SEK 32 (18) m. The operating margin strengthened to 4.6% (2.2%). Thus, the target of an operating margin of 5% has largely been achieved.

Retail sales within the non-food category developed negatively, particularly during the first part of the year. Nielsen data from two important markets, Holland and Germany, shows falls in napkins sales of 10% and 5% respectively. Focus within the trade has been on volume rather than quality and experience, which has favored low-priced products and private labels.

Despite the combination of a weak market trend and increasing raw materials costs, the profit margin improved during 2010. This is due primarily to Duni's strong focus on customer profitability combined with sound cost control and systematic product range optimization.

The market in Central Europe experienced a weak first half of the year. As a result, sales fell at Duni's key customers. An improved market trend was discernible during the second half of the year, which also benefited Retail's sales. In addition, the profit margin in Germany improved thanks to specific measures linked to a number of major customer agreements.

In the UK, the market as a whole performed negatively during the year, but Duni was nevertheless able to report growth thanks to closer cooperation with existing key customers and agreements with new customers. Duni lost sales in a weak Benelux market. On the Nordic market, Duni lost market shares mainly due to increased competition from private labels. During the year, Duni has continued to terminate unprofitable contracts in specific product segments, while at the same time endeavouring to create a broader distribution towards more profitable customer segments.

Seasonal sales are extremely important within Duni's category, not least the Christmas sales. Retail posted successful Christmas sales, which was an important reason behind the improvement in income. At the same time, work has begun on creating profitable transactions within the private labels area. The aim is to have a broader approach to the category, thereby creating conditions for more profitable overall transactions.

Central Europe accounted for SEK 543 (643) m of net sales within Retail, the Nordic region for SEK 94 (116) m, and Southern and Eastern Europe for SEK 52 (32) m.

EVENTS IN 2010

In Norway, the cooperation with approximately 600 ICA stores was implemented, entailing a positive development for both Duni and ICA. Duni's products have also been placed on key product range listings in the Hemköp chain in Sweden. The category comprises Axfood's private labels and Duni's product range.

During 2010, work continued on launching Duni's Delta Store concept in selected stores. It comprises independent and mobile shelf solutions specifically adapted to Duni's range which allow for integrated and attractive displays of three different collections each season. The concept is based on experiences from Duni's Concept Store but is on a smaller scale and suits several types of stores. During the year, the Delta Store concept was introduced mainly in Germany and the Benelux countries. In the Benelux countries, Delta Stores have been an important tool for gaining new customers and new distribution. During 2010, Duni has placed over 100 Delta Stores in the Benelux countries.

In Germany, Duni obtained increased distribution during the year in a number of stores within the Rewes DIY chain. In addition, the cooperation with the e-commerce site www.serviette.de has been successful, resulting in a sharp increase in sales.

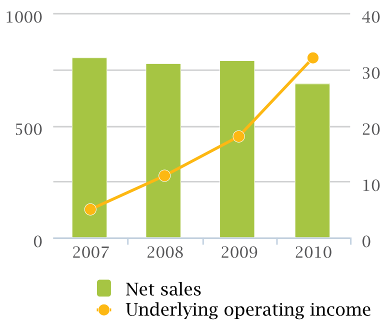
The year saw the launch of, among other things, a napkin box. The new napkin box has many advantages, including improved table top stability, a more attractive design, and higher quality napkins.

MARKETING, SALES AND CUSTOMERS

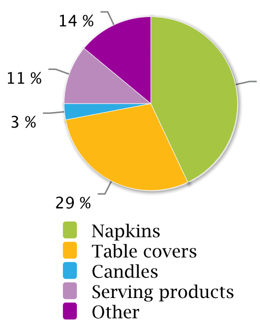
Sales to grocery retail chains and hypermarkets account for the large majority within Retail. The main part of sales is Duni branded products. Marketing and sales are based on key account management which, among other things, means that particularly important customers – primarily grocery retail chains – have their own customer account manager at Duni. In addition to key account management, there is also a sales force in each region which spends a large part of its time in the field visiting the customers. These customer visits often concern merchandising, the marketing of new product ranges and the implementation of campaigns and activities. Merchandising is carried out by Duni's personnel and external partners. Sales also take place to pharmacies, chain stores in the home furnishings sector as well as various specialty stores and gardening outlets.

Duni works together with the retail trade to optimize sales in the product category. Individual products are brought together into a concept based on the customers' different needs and uses. Category growth and profitability are created by increasing the presence of Duni's brand and the share of premium products.

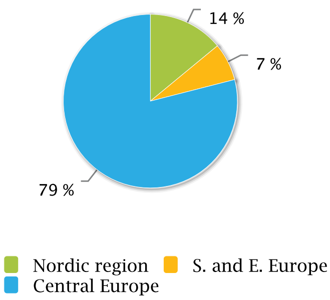
Net sales and operating income, SEK m



Net sales per product group, %



Net sales per geographic region, %



Duni has two paper mills in Sweden.

Business area Tissue

Challenging year

The Tissue business area comprises the subsidiary Rexcell Tissue & Airlaid AB, which produces tissue and airlaid. Approximately one half of production is sold to external customers, primarily for the manufacture of hygiene products, while the remainder is used within Duni.

Tissue and airlaid constitute the basis for Duni's production of table top products, such as napkins and table covers, as well as hygiene products. The term 'airlaid' refers to air laid tissue, while 'tissue' refers to wet laid tissue. Production plants are located in Skåpafors and Dals Långed in Dalsland. These paper mills are relatively small and specialized in the production and deep dyeing of high-quality tissue and airlaid.

DEVELOPMENT DURING 2010

In 2010, net sales within Tissue fell by 8.2%, to SEK 499 (543) m. Operating income increased to SEK 18 (16) m. The operating margin was 3.7% (3.0%).

The beginning of the year saw the start of production of a new generation of hygiene products. As a consequence of the change, the hygiene product mix has become more complex and start-up of the new products entailed major costs.

Pulp prices rose sharply during the year. Due to the time lag in the pricing model, it was not possible to compensate in full for the increased costs, a factor which had a negative impact on income. However, capacity utilization normalized compared with last year, leading to positive effects which mitigated the consequences of the high cost level for input materials.

EVENTS DURING 2010

In June, a fire broke out at the airlaid line in Dals Långed, resulting in water and smoke damage in the several critical parts of the operation. The damage led to a loss of approximately two months' production. The fire had only a marginal impact on income since insurance compensated for most of the damage.

During 2009 and 2010, Duni invested SEK 58 m in a new biofuel boiler. The biofuel boiler was brought into commission in August 2010, resulting in lower and more foreseeable energy costs, together with a reduction in the use of fossil fuel. The boiler is fired primarily using forestry waste products together with waste from the mill's own manufacturing process. Consequently, waste from the mill's own production can be used for energy recycling instead of being dumped; this represents a significant and positive step for safeguarding the environment.

TABLE TOP PRODUCTS AND HYGIENE PRODUCTS

Duni's own tissue production meets most of the Group's needs for the manufacture of paper-based table top products. Tissue is produced in various qualities and processed into various materials, such as Dunicel® and Dunisilk® . Dunicel® is a robust material which is suitable for the production of table top products and has a feel which resembles cotton and linen table covers. Dunisilk® is a material which is used for table covers and has been produced to protect the table and can be wiped off after use. Production of airlaid meets Duni's own needs for the production of napkins. The unique premium material, Dunilin® , has incredibly good absorption quality combined with a very soft feel.

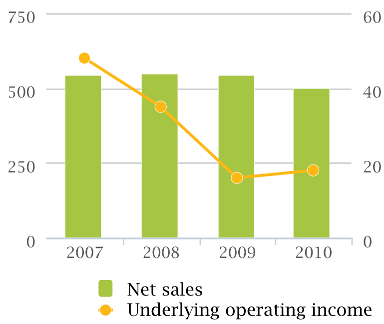
CUSTOMERS AND EXTERNAL SALES

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

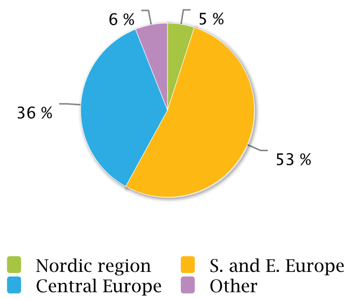
Within the airlaid product category, most of the production is sold externally as an input material, primarily to a small number of manufacturers of hygiene products. Customer relations are long term and based on close co-operation, which also covers product development work.

A biofuel boiler was brought into commission in 2010.

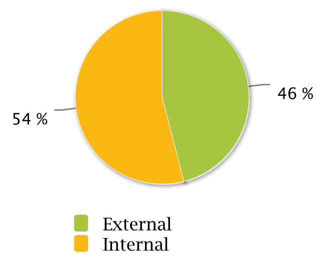
Net sales and operating income, SEK m



Net sales per geographic region, %



Internal and external sales, %



Personnel

On December 31, 2010, Duni had 1,914 employees, equal to 1,867 full-time positions. The geographic and functional breakdown of Duni's employees is shown below.

The blue collar employees work within logistics, manufacturing and maintenance. Most, approximately 80%, of blue collar employees work within manufacturing at the plants in Dals Långed, Skåpafors, Bramsche, and Poznan. Approximately 32% of blue collar employees in Germany work within logistics at the international distribution center in Bramsche. All blue collar employees in the UK work within logistics at the distribution center in Speke. Approximately 57% of white collar staff work within sales. The remaining white collar staff work within business support involving accounts, marketing, planning, purchasing and IT, primarily in Sweden, Germany and Poland. Duni's employees belong to different labor unions depending on their position and country of employment. The employees are organized in a European employee council. Duni's relations with the labor unions are in all essential respects positive and Duni considers the personnel turnover for the Group as a whole to be relatively low.

Duni has approximately 2,000 employees.

SKILLS AND MANAGEMENT DEVELOPMENT

Skills and management development are prioritized issues at Duni. Each employee shall have a personal development plan prepared by the employee personally in consultation with his/her supervisor. The personal development plan is adopted at the annual individual planning and performance review.

During 2010, twelve potential future managers at Duni, who have previously undergone a "High Potentials Program", participated in a program in which selected mentors within Duni support the continued development and career development of the participants. Regular education and training for new managers were also carried out during the year.

RECRUITMENT

Recruitment is a central issue for the Company's future. Duni requires well-qualified and motivated staff to ensure that we achieve our goals. A qualitative recruitment process and structure contribute to the recruitment of the very best employees.

EQUAL OPPORTUNITIES

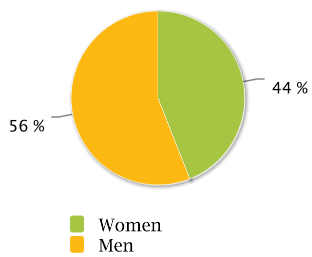
The work climate at Duni is characterized by respect for the equal value of each individual, irrespective of gender, ethnic background, nationality, religion, disability or other differences which are unrelated to good work performance.

SALARIES AND REWARD SYSTEM

Duni applies individual salaries and, in several subsidiaries, salaries are partially linked to performance, based on a combination of financial targets and other measurable business targets.

Country	Blue collar employees	White collar staff	**Total**
Sweden	223	177	**400**
Germany	535	277	**812**
Poland	277	99	**376**
The Netherlands	0	52	**52**
The UK	19	33	**52**
Other	1	174	**175**
Total	**1,055**	**812**	**1,867**

Gender breakdown, 2010, %



Average no. of employees

2007	2,104
2008	2,041
2009	1,953
2010	1,948

Core values and operating principles

During the financial year, active work began aimed at giving concrete expression to Duni's core values. The work is based on the core values of ownership, open mind, added value, and will to win. In order to endow these values with specific Duni content, a process was created in which 100 managers and employees agreed upon a number of operating principles. These are to provide guidance in the day-to-day work and clarify how things are to be done "the Duni way". Throughout the process, there has been a clear operational objective to create profitable growth, organizational efficiency, and improved customer satisfaction.

DUNI'S CORE VALUES AND OPERATING PRINCIPLES ARE AS FOLLOWS:

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

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

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

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

What, then, is so special about Duni, and what do the core values and operating principles mean in practice? Presented below are interviews with some employees from different parts of the business, all of whom give their views about Duni:

During the year, a project was begun aimed at giving concrete expression to Duni's core values.

Caroline Mottet – Sales Assistant, Customer Service, Ste Hélène du Lac:

"We are working in a really good atmosphere with my Spanish, Italian, and French colleagues. Solidarity, a good mood, and communication are present every day! It's very pleasant to sell, discover and show Duni products to our customers. The high quality seems to be for me our most important strength."

Manfred Meuser – Sales Director Professional, Central and East Europe:

"I love working for Duni because our solutions for the market, combined with team efforts to execute these concepts, enabled us to achieve an outstanding market position. I have been able to take part in and witness several events in Duni history, and the transition to a more and more international company focusing on collaboration and excellent performance is impressive. Seeing the spirit of the teams, ongoing projects, and the ability to adapt to upcoming changes on the market, I feel this company has a bright future."

Joy French – Sales Support Manager, Professional, Runcorn:

"Duni leads the way in creating innovative and exciting products – always one step ahead of the competition! The people - the UK office is a really nice place to work with a great culture, friendly colleagues that work together as a team. I passionately believe that Duni products are simply the best within our industry and that we should all be very proud of them."

Radoslawa Brojanowska – Planning Manager, Poznan:

"Constant changes and development – those things are always strongly connected with Duni. Fortunately, with the help and knowledge of colleagues from different departments, almost anything is possible."

Julie Berger – Assistant Finance, Bramsche:

"What makes Duni special is the contact with colleagues all over Europe. For example, I have had the opportunity to travel to Poznan to visit our colleagues and to compare notes and experiences. Moreover, the gorgeous napkins and tabletop decor in a wide variety of designs and sizes also make Duni very special. I use them for parties, dinners, and as decoration to complement my apartment."

Per-Åke Halvordsson – Production Manager Airlaid, Skåpafors, and Employee Representative in the board of Duni AB:

"Duni is special because there is a will to grow while having the ability to maintain a high quality of products and services, as well as utilizing the motivation of the staff. There are also ambitious environmental goals for a sustainable development. The future belongs to courageous companies, and Duni is one of them."

Joanna Stachowiak – Trade & Marketing Manager, Poznan:

"Duni has a great approach to the employee, which makes our work pleasant and efficient. The quality of our products is one of the highest on the market, and thanks to our code of conduct, our customers can be sure that our co-operation with the suppliers is legal and humane. These values make Duni a special company."

Monique van Ham – Demand Planner & Super User SAP, Breda:

"Duni is moving into exciting directions. New products, new markets, new integrated systems. So Duni faces big challenges. That's special about our company – that we keep on moving. Furthermore, we are an international company, so we have the chance to work with so many international colleagues."

Corporate social responsibility

In November 2010, the international standard ISO 26000 was adopted, which defines corporate social responsibility. Thus, there is now a uniform global description of Corporate Social Responsibility (CSR). Duni welcomes the standard and works systematically in accordance with the principles defined therein.

Within the area of corporate social responsibility, Duni addresses issues which concern the environment, personnel, as well as social responsibility, products and production.

ENVIRONMENT

Duni is regularly engaged in measures to reduce the impact on the environment within the areas of production and purchasing, as well as through product development.

"Our Green Challenge" is the name given to Duni's program to become the industry leader within the environmental area. Within the scope of Our Green Challenge, among other things Duni has been granted FSC (Forest Stewardship Council®) certification, launched our ecoechoTM product range, and increased the proportion of renewable energy used in production. Suppliers are trained by Duni within the environmental area, and communication with customers and employees regarding environmental issues is being constantly improved.

Duni's targets include achieving a 25% reduction in greenhouse gas emissions from our manufacturing between 2008 and 2012. As the table shows, Duni is well on the way to achieving this target. The positive change is due primarily to increased use of renewable energy from our own and external energy production.

Most of Duni's products are made from the renewable raw material, cellulose, which is sourced from responsibly managed forests certified in accordance with FSC. Manufacturing is certified in accordance with ISO 14001 and Duni demands that the Group's subcontractors engage in systematic work within the environmental area.

Duni's ambition to produce products with a low impact on the environment has resulted, among other things, in Duni's ecoechoTM range. These products have one or more improved qualities from an environmental perspective, compared with corresponding standard products. Renewable (plant-based) raw materials, waste product raw materials, or recyclable material and biologically degradable plastic are examples of such characteristics.

SOCIAL RESPONSIBILITY IN THE SUPPLY CHAIN WITH CODE OF CONDUCT

Since 2005, Duni has imposed clear demands on its suppliers, including annual audits of, and follow-up visits to, the suppliers' production facilities. Only suppliers with a positive and responsible attitude towards social issues and work conditions are used. The work of evaluating suppliers is based on agreements with Duni's labor unions. Such agreements exist, for example, with the Swedish labor union, Unionen, and between Duni and the Duni European Work Council (DEWC). Duni also complies with requirements set forth in a number of ILO (International Labor Organization) conventions in the area.

PRODUCTS AND PRODUCTION

Duni's products are tested to ensure compliance with the stringent limits which, for example, prevent chemicals from plastics or colors from passing into foodstuffs. Duni and Duni's suppliers comply with REACH (the EU's chemicals legislation) regarding control and registration of chemicals. Duni also complies with other relevant requirements, such as the RAL standard for candles, and maintains a constant dialogue with suppliers regarding quality and product safety.

Duni's production is ISO 9001-certified (quality management system certification) and Duni demands that the Group's suppliers engage in systematic quality work. The converting units are certified in accordance with BRC-CP (British Retail Consortium – Consumer Products). BRC-CP imposes a number of criteria to assist companies in ensuring product safety, quality and fulfillment of legal requirements.

Management systems, certification, and environmental permits

	Paper mills Sweden	Converting Germany	Converting Poland	Logistics Germany
ISO 14001	Yes	Yes	Yes	Yes
FSC®-certificate	Yes	Yes	Yes	Yes
Energy management certification	Yes			
Environmental permits required	Yes	No	No	No

Greenhouse gases (CO_2 eq)

Index 100 for 2008.
Target for 2012 index 75.

Financial targets

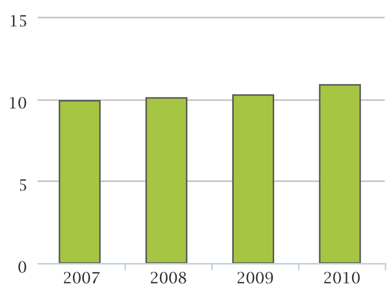
Duni has an operating margin target of at least 10% and an organic growth target of more than 5% per year.

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

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

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

Operating margin, %



The Share

PERFORMANCE AND TURNOVER

On November 14, 2007 Duni was listed on NASDAQ OMX Stockholm in the Midcap, Consumer Discretionary list with the ticker name "DUNI" and the ISIN code SE0000616716. The final share price was set at SEK 50 per share, entailing a market capitalization for Duni of SEK 2.35 billion. Since the listing, Duni's share price had increased by 46 percent up to December 31, 2010, entailing a market capitalization of SEK 3.43 billion at the end of 2010. During 2010, the closing price varied between a high of SEK 73.00 on December 30 and a low of SEK 50.00 on June 24 and June 28. Earnings per share for the year were SEK 6.52 for continuing operations. During 2010, 21.7 million Duni shares changed hands, valued at SEK 1.32 billion.

NUMBER OF SHARES AND SHARE CAPITAL

On December 31, 2010, Duni AB (publ) had 46,999,032 outstanding shares. Each share entitles the holder to one vote and to an equal share in the Company's assets and earnings. The quotient value is SEK 1.25 and the share capital is SEK 58,748,790.

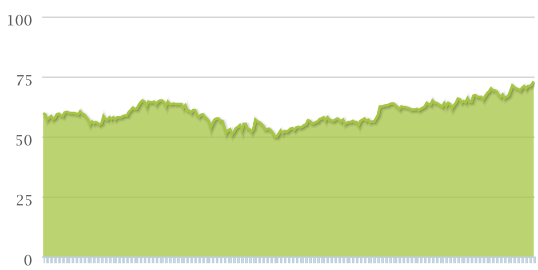
DIVIDEND POLICY AND DIVIDENDS

It is the intention of the Board of Directors that, in the long term, dividends shall amount to at least 40% of income after tax. However, when deciding whether to propose any dividend, consideration shall be given to Duni's possibilities for expansion, the need to strengthen the balance sheet, liquidity as well as financial position in general. The Board of Directors proposes to the annual general meeting that a dividend be paid of SEK 3.50 per share for the 2010 financial year.

EXTERNAL ANALYSES WERE PUBLISHED BY:

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

The Duni share 2010, Closing price, SEK



Shareholder structure Dec. 31, 2010

	Number of shareholders	Number of shares	% of shares
1 – 500	2,680	575,060	1.22
501 – 1,000	645	519,812	1.11
1,001 – 5,000	451	1,032,349	2.20
5,001 – 10,000	48	356,755	0.76
10,001 – 15,000	10	129,098	0.27
15,001 – 20,000	9	163,397	0.35
20,001 –	97	44,222,561	94.09
Total	**3,940**	**46,999,032**	**100.00**

Data per share

Amount, SEK	Dec. 31, 2010
No. of shares at end of period (thousands):	46,999
Average number of shares before and after dilution (thousands):	46,999
Price on December 31:	73.00
Earnings per share before and after dilution:	6.52
Equity per share:	42.37
P/E-ratio:	11.20

Shareholders Dec. 31, 2010

	No. of shares	% of shares
Mellby Gård Investerings AB	14,094,500	29.99 %
Polaris Capital Management, LLC	5,040,917	10.73 %
Lannebo fonder	3,795,000	8.07 %
Swedbank Robur fonder	3,325,519	7.08 %
SSB CL Omnibus AC OM05	2,188,900	4.66 %
SSB CL Omnibus AC OM07	1,785,400	3.80 %
Verdipapirfond Odin Sverige	1,709,976	3.64 %
SEB Investment Management	1,515,632	3.22 %
Svenskt Näringsliv	1,500,000	3.19 %
Nordea Investment Funds	1,011,494	2.15 %
Total, the 10 largest owners		
– in terms of holdings	35,967,338	76.53 %
Other shareholders	11,031,694	23.47 %
Total	**46,999,032**	**100.00%**

Annual Report
Content

Directors' report

The Group

Duni is one of the leading companies in Europe within attractive quality products and concepts for table setting as well as packaging for take-away. The Group enjoys a leading position thanks to a combination of high quality, established customer relations and a well-reputed brand, as well as strong local presence in Europe. Operations are conducted within three business areas: Professional, Retail and Tissue.

In the **Professional** business area, Duni offers concepts and products primarily to hotels, restaurants and catering companies. The offering includes table and serving products such as napkins, table covers, placemats, candles, as well as serving products such as glasses, cups and cutlery, produced either in plastic or paper. Duni is a market leader in the Benelux countries, the Nordic region, Germany, Switzerland, France and the UK. The Professional business area also offers customer-adapted packaging for take-away meals and catering. As a niche player within this area, Duni enjoys a leading position in the Nordic region. The Professional business area accounts for approximately 70% of Duni's sales.

Within the **Retail** business area, Duni offers consumer products to, primarily, the retail trade. The range includes napkins, table covers, candles, glasses, cutlery and, to an increasing extent, various product range combinations. The products are marketed primarily under the Duni brand. To a limited extent, Duni also develops and manufactures products for customers which market them under private labels. Duni enjoys a leading position in the Benelux countries, the Nordic region, Germany, Switzerland and the UK. The business area accounts for approximately 17% of Duni's sales.

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

PRODUCT AND CONCEPT DEVELOPMENT

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

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

MARKET DEVELOPMENT

During the year, there was a recovery in demand on most of Duni's markets within the hotel and restaurant industry, thanks to the improved macroeconomic climate. The long-term trend continues to indicate an increasing number of restaurant visits and an increase in the number of hotel nights, primarily driven by changed consumption patterns and economic growth. New restaurant concepts, as well as take-away food in grocery stores, take-away and quick service restaurants, are continuing to increase in number and these concepts are winning an ever greater share of the market.

On the other hand, market data (Nielsen) indicates a weaker demand for Retails product assortment on several of Duni's main markets. It can also be noted that several grocery store chains have increased their focus on low-priced products and private labels. Despite tough competition, Duni sees continued possibilities to expand its product range and its unique premium products.

Within Tissue, there was a slight fall in demand for airlaid to the hygiene products industry. The second half of the year was particularly weak.

PROSPECTS

In the long term, demand is driven primarily by increased purchasing power combined with eating habits which are leading to an increasing share of meals being eaten outside the home. In addition, demand for Duni's products is positively affected by the fact that an increasing number of restaurants choose to replace linen with single use premium quality solutions. Furthermore, growth within the take-away segment is expected to continue since the number of single-person households is increasing and urbanization is continuing.

In the short term, Duni believes that the main markets will continue to grow, although certain risks remain regarding economic stability in Europe. At the same time, prices for important input materials are at historically high levels, which may create inflationary pressure in the market.

REPORTING

The annual report covers the 2010 financial year. "Preceding year" means the 2009 financial year.
The reported operating income includes two non-recurring items: a restructuring charge of SEK 0 (-2) m as well as an unrealized valuation effect of electricity and cur-

rency derivatives of SEK 1 (54) m. The operating income is commented on in the text below, excluding these non-recurring items.

Non-recurring items

SEK m	2010	2009
Underlying operating income	435	436
Unrealized changes in value of derivative instruments	1	54
Restructuring expenses	0	–2
Reported operating income	**436**	**488**

SALES

Duni's net sales amounted to SEK 3,971 (4,220) m. Sales for the year fell by 5.9 percent, primarily attributable to the stronger Swedish krona. At unchanged exchange rates from the preceding year, net sales for the year would have been SEK 263 m higher, representing a slight increase in sales of 0.3 percent. Professional demonstrated stable growth, while Retail and Tissue experienced a weaker trend.

During 2010, sales in the Professional business area fell by 3.6 percent. However, at fixed exchange rates, sales increased by 3.7 percent. The business area showed growth in all regions, but it was strongest in Southern and Eastern Europe, where sales efforts yielded results, combined with an improved market situation in these countries.

Within the Retail business area, sales develop negatively and declined by 12.9 percent. At unchanged exchange rates from the preceding year, sales decreased by 6.2 percent. Demand remained weak on most markets. The market share in the Nordic region declined due to intense competition from the retail trade's private labels.

Sales within the Tissue business area fell by 8.2 percent. The second half of the year was weaker than the first, with reduced demand primarily from the hygiene products sector.

INCOME

The underlying operating income was SEK 435 (436) m. At unchanged exchange rates, operating income for the year would have been SEK 49 m higher. Despite continued high prices for input materials, the operating margin strengthened to 10.9 percent (10.3). This was primarily due to sound cost control and lower logistics costs.

In June, a fire broke out at a machine in one of Duni's production lines in Skåpafors, Sweden. This resulted in a stoppage in production and reduced sales, primarily in the third quarter. However, following reported insurance compensation, the fire has had no material impact on income for the full year. The insurance matter was still not concluded by the end of the year, but has been reported based on best assessment under the items "Other operating income" and "Other operating expenses".

Financial items amounted to SEK –18 (–43) m, which represents an improvement compared with the preceding year, thanks to a reduced indebtedness and lower market interest rates. Income before tax was SEK 418 (444) m.

A tax expense of SEK 112 (108) m is reported for the financial year. During the year, the deferred tax asset relating to loss carry-forwards was reduced by SEK 37 (22) m.

Net Income for the year was SEK 306 (336) m.

INVESTMENTS

The Group's net investments amounted to SEK 236 (121) m. The investments are mainly related to the Group's major production plants in Poland, Germany and Sweden. The increase compared with the preceding year is due primarily to the investment in a biofuel boiler and the acquisition of a previously operationally leased machine at the paper mill in Skåpafors. Depreciation and write-downs amounted to SEK 102 (102) m.

CASH FLOW AND FINANCIAL POSITION

The Group's operational cash flow was SEK 296 (626) m. The change is attributable primarily to working capital, which has normalized during the year following the forceful measures taken in 2009.

The Group's total assets on December 31 amounted to SEK 3,487 (3,489) m.

The Group's interest-bearing net debt was SEK 582 m. On December 31, 2009, the interest-bearing net debt was SEK 631 m. The cash surplus and positive cash flow after investment activities have been used to repay SEK 75 m of external loans.

OPERATIONAL AND FINANCIAL RISKS

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

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

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

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

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.

With respect to Duni's long-term financing, since 2007 this has been secured through a financing agreement which extends until 2012. Regarding risk management, see also Note 3.

LEGAL DISPUTES

Upon closing of the accounts, there were a few disputes with customers and suppliers involving small amounts, as well as regarding intellectual property rights. Provisions have been made in the annual accounts which, in the management's opinion, cover any negative outcome of these disputes.

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

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

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

Rexcell Tissue & Airlaid AB conducts two operations which are subject to permit requirements pursuant to the Swedish Environmental Code. The Group holds permits for the production of 45,000 tonnes of wet laid tissue per year and 26,000 tonnes of airlaid tissue per year at the mill in Skåpafors and 10,000 tonnes of airlaid tissue in Dals Långed. The mills hold a permit issued by the Administrative Board in Västra Götaland County regarding emissions of carbon dioxide, CO_2. The allocation of emission rights involves 2,779 tonnes in Dals Långed and 14,154 tonnes in Skåpafors.

THE BOARD'S WORK
During the year, the Board of Directors comprised five members. All members were re-elected at the annual general meeting on May 5, 2010. The Board also has two employee representatives and one alternate employee representative. During the year, the Board held eight meetings at which minutes were taken. For further information regarding the work of the Board, see the Corporate Governance Report.

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

On December 31, 2010, there were 1,914 employees. On December 31, 2009, there were 1,906 employees.

REMUNERATION FOR THE CEO AND SENIOR EXECUTIVES
For more 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.

IMPORTANT EVENTS SINCE DECEMBER 31, 2010
No important events have occurred since December 31, 2010.

The Parent Company

SALES, INCOME AND FINANCIAL POSITION
The Parent Company, Duni AB, 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. The Company's products are mainly distributed to other units within the Group, but the Parent Company is also responsible for the Group's sales on the Nordic market.

Net sales amounted to SEK 1,180 (1,180) m. Operating income was reported at SEK –70 (–43) m and net financial items at SEK 277 (543) m. The Parent Company's net income was SEK 194 (487) m. The net financial items include internal dividends received during the year of SEK 257 (547) m.

The Parent Company's investments in fixed assets amounted to SEK 24 (21) m.

The Parent Company's equity ratio at year-end was 68.8 percent (63.4). The Parent Company's cash and cash equivalents on December 31, 2010 amounted to SEK 65 (179) 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.

Ownership and share

OWNERSHIP STRUCTURE ON DECEMBER 31, 2010
Duni is listed on NASDAQ OMX in Stockholm under the ticker name "DUNI". The largest owners on December 31, 2010 were Mellby Gård Investerings AB (29.99 percent), Polaris Capital Management, LLC (10.73 percent) and Lannebo fonder (8.07 percent).

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 0.6% of the shares in Duni.

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 CEO

Allocation of earnings, Parent Company, (SEK)

Unrestricted equity in the Parent Company	
Retained earnings	1,800,637,272
Income for the year	194,070,210
Total unrestricted equity in the Parent Company	**1,994,707,482**
The Board and CEO propose:	
A dividend to the shareholders of SEK 3.50 per share	164,496,612
and that the remaining amount be carried forward	1,830,210,870
Total	**1,994,707,482**

The Board of Directors proposes to the 2011 Annual General Meeting that a resolution be adopted regarding allocation of earnings entailing that a dividend of SEK 3.50 per share, equal in total to SEK 164,496,612, be paid to shareholders registered on the record date, May 10, 2011, and that the remaining unrestricted shareholders' equity be carried forward.

Provided that the 2011 annual general meeting resolves in accordance with the Board's dividend proposal, SEK 1,830 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 1,991 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 defendable in light of the demands imposed by the business as regards the size of the shareholders' equity in the Parent Company and the Group, as well as the needs of the Parent Company and the Group to strengthen the balance sheet, and as regards liquidity and financial position in general. The Board also believes that the dividend provides scope for the Group to perform its obligations and carry out planned investments. Based on Duni's income after tax, the proposed dividend is well in line with the Group's dividend policy.

Even after the dividend, the equity ratio of the Parent Company and the Group is believed to be strong relative to the industry in which the Group operates. The proposed dividend will not affect the ability of the Parent Company and the Group to discharge their payment obligations. The Parent Company and the Group have ample access to both short-term and long-term credit facilities. Credit facilities may be used on short notice, and thus the Board considers that the Parent Company and the Group are well prepared to manage changes in liquidity and 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.

THE BOARD'S ASSURANCE

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

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

The income statements and balance sheets will be presented for adoption to the Annual General Meeting to be held on May 5, 2011.

Malmö, March 23, 2011

Anders Bülow
Chairman of the Board

Fredrik von Oelreich
President and CEO

Tomas Gustafsson

Pia Rudengren

Sanna Suvanto-Harsaae

Magnus Yngen

Göran Andreasson
Employee representative, SPIAF

Per-Åke Halvordsson
Employee representative, PTK

Our audit report was submitted on March 24, 2011

PricewaterhouseCoopers AB

Bo Hjalmarsson

Corporate Governance Report for Duni AB (publ)

Duni AB is a Swedish limited public company which has been listed on NASDAQ OMX 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 OMX 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 currently applies all sections of the Code. Pending the 2010 annual general meeting, Board Chairman Anders Bülow was also chairman of the Nomination Committee. In the current Nomination Committee pending the 2011 Annual General Meeting, Rune Andersson, who represents the largest shareholder, was elected chairman of the Nomination Committee, and Duni thus applies all sections of the Code.

ARTICLES OF ASSOCIATION

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

GENERAL MEETINGS

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

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

2010 Annual General Meeting

Duni's 2010 Annual General Meeting was held on Wednesday, May 5, 2010 in Malmö. 130 shareholders, representing approximately 61% 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 were present. The minutes are available on Duni's website, www.duni.com. Some of the resolutions adopted at the General Meeting were:

- that a dividend of SEK 2.50 per share be distributed for the 2009 financial year, in accordance with the Board's proposal;
- that the Board shall comprise five directors without alternates;
- that all directors be re-elected in accordance with the Nomination Committee's proposal;
- that Anders Bülow be re-elected as Chairman of the Board;
- that fees be paid in the amount of SEK 500,000 to the Chairman of the Board and SEK 250,000 to each of the other directors, in addition to fees for committee work. Board fees including fees for committee work are unchanged from the preceding year;
- that the Board's proposal for guidelines for compensation to senior executives be adopted;
- procedures regarding the composition and work of the Nomination Committee;
- that the Board be authorized, on one or more occasions until the next annual general meeting, to decide upon an increase in the Company's share capital not exceeding SEK 5,800,000, through the issuance of not more than 4,640,000 shares.

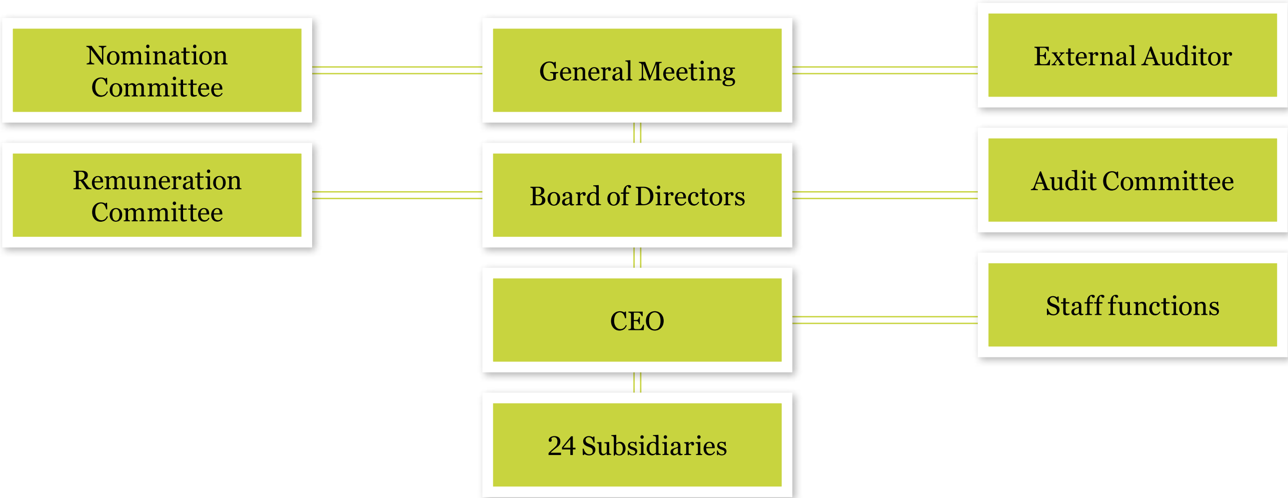
2011 Annual General Meeting

The next Annual General Meeting of shareholders of Duni will be held at 3pm on Thursday, May, 5, 2011 at Sankt Gertrud Konferens, Östergatan 9 in Malmö. More information about the Annual General Meeting, notice of participation, etc. is available on Duni's website.

Nomination Committee

Board Chairman Anders Bülow convened the Nomination Committee in October 2010. The Nomination Committee shall be comprised of representatives of Duni's three largest shareholders as per September 30. The work of the Nomination Committee begins by reviewing the independent evaluation of the current Board, which is carried out each year. The Nomination Committee nominates the persons to be proposed at the Annual General Meeting for election to Duni's Board. Proposals are also produced regarding auditor fees, Board fees for the Chairman of the Board and other directors, as well as compensation for committee work. The 2011 Annual General Meeting will elect auditors and it is the Nomination Committee which proposes the election of auditors, based on an investigation and recommendation by the Audit Committee. 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.

Corporate Governance



The Nomination Committee's composition was presented on November 4, 2010 and comprises the following members:

Name	Represents	Ownership share Dec 31, 2010
Anders Bülow	Chairman of the Board	
Rune Andersson (Chairman)	Mellby Gård Investerings AB	29.99 %
Bernard R. Horn Jr	Polaris Capital Management, LLC	10.73 %
Björn Franzon	Swedbank Robur fonder	7.08 %
Total		**47.80%**

During the period, the Nomination Committee held three meetings at which minutes were taken.

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 employee representatives. Since the Annual General Meeting held on May 5, 2010, 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 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, even if additional meetings are arranged as needed. During 2010, the Board held eight meetings at which minutes were taken.

The following items, among others, were on the agenda in 2010:

- Annual accounts, including report from the auditors, proposed allocation of earnings, and results for the year;
- Annual report and preparations pending the Annual General Meeting;
- Interim reports;
- Rules of procedure for the Board and the CEO;
- Annual review of the policy manual;
- Review of business plans, strategies and growth issues;
- Visit to the subsidiary Duni Benelux NV in Breda, Holland, where a market analysis was also on the agenda and, in connection therewith, a study visit took place to a wholesaler;
- Investments in the subsidiary Rexcell Tissue & Airlaid AB in Skåpafors, Sweden;
- The Group's logistics and distribution structure;
- The fire in June at a production facility in Skåpafors, Sweden, at the subsidiary Rexcell Tissue & Airlaid AB;
- Budget for 2011.

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, Fredrik von Oelreich, 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. Where so required, he is also entitled to take decisions and implement measures of major significance for the Company without having to await a decision by the Board. When this occurs, the Board must be informed as soon as possible.

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

The main owners, the directors and the CEO also conduct each year a detailed evaluation of the Board of Directors based on the adopted rules of procedure. The evaluation covers, among other things, the composition of the Board, individual directors, as well as the Board's work and routines.

The Code also contains rules regarding the independence of the directors and imposes the requirement that a majority of the directors must be independent of the Company and company management. A director is not considered to be independent in a number of situations, among others if the director:

(i) is the CEO of the Company or was the CEO during the past five years;
(ii) receives from the Company or an affiliated company or from any member of company management, not insignificant compensation for advice or services over and above the Board appointment;
(iii) has, or has had during the past year, extensive commercial relations or other extensive business dealings with the Company or an affiliated company; or
(iv) has been a director of the Company for more than twelve years.

At least two of the directors who are independent of the Company and company management must also be independent in relation to all shareholders who control ten percent or more of the share capital or voting capital of Duni AB. Not more than one member of company management may be a member of the Board.

Board attendance:

	Function	Independent[1]	Board meetings	Audit Committee	Remuneration Committee
Anders Bülow	Chairman	[2]	8 of 8	5 of 5	3 of 3
Pia Rudengren	Director	Yes	8 of 8	5 of 5	–
Sanna Suvanto-Harsaae	Director	Yes	7 of 8	4 of 5	–
Magnus Yngen	Director	Yes	8 of 8	–	3 of 3
Tomas Gustafsson	Director	Yes	8 of 8	–	3 of 3
Per-Åke Halvordsson	Employee representative	[3]	8 of 8	–	–
Göran Andreasson	Employee representative	[3]	8 of 8	–	–
Inge Larsson	Employee representative	[3]	7 of 8	–	–

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

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. 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 2010 and comprises three members: Magnus Yngen (Chairman), Anders Bülow and Tomas Gustafsson. Fredrik von Oelreich participates at meetings of the Remuneration Committee, except when questions concerning remuneration to the CEO are addressed. Moreover, the HR Director participate as appointed secretary at the meetings.

Audit Committee

The 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 five meetings in 2010 and comprises three members: Pia Rudengren (Chairman), Anders Bülow and Sanna Suvanto-Harsaae. The CFO and the Group Accounting Manager, as well as the auditors, participate at all meetings. However, the auditors did not participate at the meeting which addressed the election of auditors.

REMUNERATION TO 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, 2010, the annual fee was set at a total of SEK 1.5 m, of which SEK 0.5 m is payable to the Chairman of the Board. In addition, a resolution was adopted regarding fees for committee work totaling SEK 0.3 m.

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

Board remuneration for the period May 2010 – April 2011

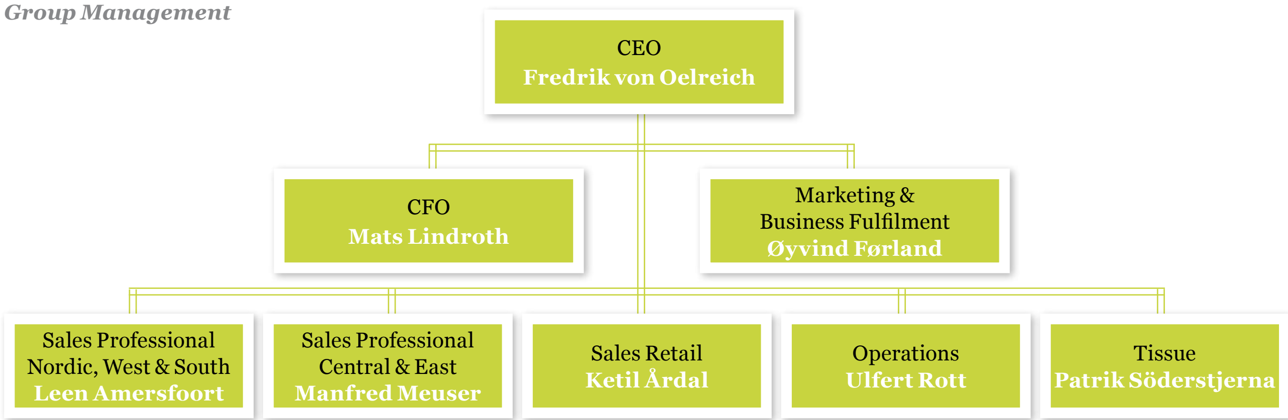
SEK	Board meetings	Audit Committee	Remuneration Committee	Total
Anders Bülow	500,000	50,000	25,000	**575,000**
Pia Rudengren	250,000	100,000	–	**350,000**
Sanna Suvanto-Harsaae	250,000	50,000	–	**300,000**
Magnus Yngen	250,000	–	50,000	**300,000**
Tomas Gustafsson	250,000	–	25,000	**275,000**
	1,500,000	**200,000**	**100,000**	**1,800,000**

CEO

Duni's CEO is Fredrik von Oelreich (1961), MBA. The Board has adopted instructions regarding the work and role of the CEO. The CEO is responsible for the day-to-day management of the Company's operations in accordance with guidelines issued by the Board of Directors.

On December 31, 2010, Fredrik von Oelreich held

Group Management



210,000 shares in Duni AB. No party closely related to the CEO has any significant shareholding in Duni AB. Fredrik von Oelreich has no ownership interests in companies with which Duni has significant commercial relations. Further information regarding the CEO is provided in Note 13 in the Annual Report.

GROUP MANAGEMENT

Fredrik von Oelreich presides over the work of group management and adopts decisions in consultation with other members of group management, consisting of the heads of business areas and heads of staff functions. Group management comprises eight persons. Group management held seven meetings in 2010. At each meeting, the following items, among others, are on the agenda:

- Financial review.
- Update from each area.
- Issues of an operational, strategic or market nature of importance for Duni.

Other matters addressed include the strategic plan, as well as budget for the coming year. Members of group management conduct regular visits to subsidiaries, and at least one such visit is carried out jointly. In 2010, group management held a meeting at the subsidiary in Spain. A meeting was also held in Germany in connection with a study visit to a trade fair for the HoReCa industry.

REMUNERATION TO SENIOR EXECUTIVES

According to guidelines regarding remuneration to senior executives adopted by the Annual General Meeting on May 5, 2010, remuneration to the CEO and other members of group management shall be on market terms and comprise fixed and variable salary, other benefits as well as pension. The variable salary shall never exceed the fixed salary.

2010, SEK m	Basic salary	Variable remuneration	Other benefits	Pension cost	Total
CEO - Fredrik von Oelreich	4.2	1.2	0.1	2.0	**7.5**
Other senior executives	9.8	2.2	0.4	2.5	**14.9**
	14.0	**3.4**	**0.5**	**4.5**	**22.4**

The table above shows the total gross remuneration paid to group management, including basic salaries, variable remuneration, pension payments and other benefits. Fredrik von Oelreich receives an annual gross salary of CHF 610,715 and has a possibility to achieve a bonus equivalent to not more than 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 von Oelreich may terminate the agreement upon six months' written notice. In addition, except in the event of termination by the Company due to negligence, von Oelreich is entitled to an amount equal to twelve times his monthly salary. Von Oelreich participates in a contribution-based pension plan to which Duni makes an annual contribution equal to 35% of his annual gross salary and a three-year average of bonus payments, until termination of the agreement. Von Oelreich's retirement age is 62.

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 an extraordinary general meeting held on August 28, 2007, PricewaterhouseCoopers AB was elected auditor, with Bo Hjalmarsson as auditor-in-charge, for the next four years. 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. There is also a review of Duni's interim report for the third quarter. Other than Duni, Bo Hjalmarsson has no engagements in companies over which Duni's major owners, directors or the CEO have a significant influence. Bo Hjalmarsson is an authorized public accountant and member of FAR SRS. Apart from the audit engagement, fees to PwC for other engagements during 2010 totaled SEK 5.2 (2009: 6.7) m.

Compensation to accounting firm

SEK m	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Compensation for audit engagement	4,1	4,0	1,7	1,7
Compensation for auditing work other than the audit	0,6	0,6	0,4	0,4
Compensation for tax consultation	3,0	2,9	0,8	0,9
Compensation for other consultations	1,6	3,2	0,4	1,0
Total compensation, accounting firm	**9,3**	**10,7**	**3,3**	**4,0**

THE BOARD'S DESCRIPTION OF THE INTERNAL CONTROL WITH RESPECT TO THE FINANCIAL REPORTING FOR THE 2010 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.

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 follow-up.

Control environment

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

Risk assessment and control structure

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

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

Information and communication

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

Follow-up

The Board and Audit Committee review all financial reports before they are formally approved by the Board. The Audit Committee receives regular reports from the auditor regarding the internal control and monitors significant issues. Review of monthly financial reports constitutes a standing item on the agenda at all board meetings and each month group management analyses financial trends within the business areas. Regular follow-up compared with budget and plans, as well as an evaluation of key 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. The primary reason for this is that the centralized European accounting function provides accounting services to the operations based on standardized processes and routines, is independent of the business operations, and reports directly to the CFO. This centralized and independent process for accounting and financial reporting is considered to constitute a platform for sound internal control with respect to the financial reporting.

Board of Directors

Anders Bülow
Born 1953.
- Chairman of the Board since 2009
- Managing Director of Mellby Gård Industri AB
- Mr Bülow holds a BA in business economics from the University of Stockholm
- Elected 2008
- Shares in Duni: 0
- Not independent in relation to Duni's largest shareholder

Tomas Gustafsson
Born 1965.
- General Manager of 2E Group (publ)
- Member of the Board of Smarteyes AB, Alectum AB and Atlas Design Group AB
- Diploma in Business Administration
- Elected 2009
- Shares in Duni: 1,400
- Independent of the company, company management and Duni's major shareholders

Pia Rudengren
Born 1965.
- Member of the Board of Social Initiative AB, Swedbank AB, WeMind Digital Psykologi AB, Metso Oyj, and Tikkurila Oyj
- Ms. Rudengren holds an MSc in economics and business administration from the Stockholm School of Economics
- Elected 2007
- Shares in Duni: 1,200
- Independent of the company, company management and Duni's major shareholders

Sanna Suvanto-Harsaae
Born 1966.
- Chairman of the Board of Babysam AS, BTX AS, and Sunset Boulevard AS
- Member of the Board of CandyKing Holding AB, Jetpak AB, Clas Ohlson AB, Paulig AB, Sats AB, Symrise AG, and Upplands Motor AB
- Ms. Suvanto-Harsaae holds a BA in business administration from Lund University
- Elected 2004
- Shares in Duni: 0
- Independent of the company, company management and Duni's major shareholders

Magnus Yngen
Born 1958.
- President & CEO Husqvarna Group
- Member of the Board of Husqvarna AB, Teknikarbetsgivarna, and Teknikföretagen
- Mr Yngen holds a Master of Engineering and Licentiate of Technology from the Royal Institute of Technology, Stockholm
- Elected 2008
- Shares in Duni:0
- Independent of the company, company management and Duni's major shareholders

Göran Andreasson
Born 1947.
- Employee Representative for SPIAF (Swedish Paper Workers Union)
- Mr Andréasson is employed as working environment manager at Rexcell Tissue & Airlaid AB
- Employee Representative on the Board of Rexcell Tissue & Airlaid AB
- Chairman of the Board of Bengtforshus AB and Majberget Utveckling AB
- Member of the Board of Bengtsfors Energi Handel AB, Bengtsfors Energi Nät AB, and Bengtsfors Teknik AB
- Elected 2001
- Shares in Duni: 0
- Not independent in relation to the company

Per-Åke Halvordsson
Born 1959.
- Employee Representative for PTK (Unionen)
- Mr Halvordsson is employed as Production Manager Airlaid at Rexcell Tissue & Airlaid AB
- Alternate Employee Representative on the Board of Rexcell Tissue & Airlaid AB
- Mr Halvordsson has undertaken PTK board training
- Elected 2005
- Shares in Duni:0
- Not independent in relation to the company

Senior Executives

Fredrik von Oelreich
Born 1961.
- Chief Executive Officer
- MSc in economics and business administration
- Member of the Board of Candy King Holding AB
- Engaged since 2005
- Shares: 210,000

Mats Lindroth
Born 1960.
- Chief Financial Officer
- MSc in economics and business administration
- Employed since 1987
- Shares: 23,000

Øyvind Førland
Born 1962.
- Director of Marketing
- Degree in economics and business administration
- Employed since 1987
- Shares: 22,018

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

Patrik Söderstjerna
Born 1964.
- President of Rexcell Tissue & Airlaid AB
- MSc in mechanical engineering
- Employed since 2007
- Shares: 10,000

Manfred Meuser
Born 1948.
- Director of Sales, Professional Central & East
- Diploma in industrial engineering and management
- Employed since 1971
- Shares: 3,018

Ketil Årdal
Born 1970.
- Director of Sales, Retail
- Diploma in business and marketing
- Employed since 2005
- Shares: 1,818

Dr Ulfert Rott
Born 1960.
- Director of Converting and Logistics
- PhD in Mechanical Engineering and MSc in business administration
- Employed since 2004
- Shares: 22,018

Five-year summary, Consolidated Income Statements

SEK m	2010	2009	2008	2007	2006
Net sales	**3,971**	**4,220**	**4,099**	**3,985**	**3,762**
Costs of goods sold	–2,919	–3,054	–3,020	–2,948	–2,812
Gross profit	**1,052**	**1,166**	**1,079**	**1,037**	**950**
Selling expenses	–434	–482	–465	–446	–459
Administrative expenses	–174	–184	–198	–208	–219
Research and development expenses	–25	–29	–23	–13	–6
Other operating incomes	134	107	57	57	44
Other operating expenses	–117	–90	–124	–33	–33
Operating income	**436**	**488**	**326**	**394**	**277**
Financial incomes	1	2	8	37	59
Financial expenses	–19	–45	–83	–235	–335
Net financial items	**–18**	**–43**	**–75**	**–198**	**–276**
Income after financial items	**418**	**444**	**251**	**196**	**1**
Income tax	–112	–108	–60	–97	–12
Net income for the period, continuing operations	**306**	**336**	**191**	**99**	**–11**
Net income for the period from discontinued operations	**–**	**–**	**6**	**472**	**77**
Net income for the period	**306**	**336**	**197**	**571**	**66**

Five-year summary, Consolidated Balance Sheets

SEK m	2010	2009	2008	2007	2006
ASSETS					
Goodwill	1,199	1,199	1,199	1,199	2,145
Other intangible fixed assets	44	29	25	29	15
Tangible fixed assets	588	510	514	433	692
Financial fixed assets	289	336	369	398	496
Total fixed assets	**2,120**	**2,074**	**2,107**	**2,059**	**3,348**
Inventories	437	382	542	500	639
Accounts receivable	634	640	731	546	900
Other receivables	174	163	182	207	233
Cash and cash equivalents	122	230	249	202	193
Total current assets	**1,367**	**1,415**	**1,704**	**1,455**	**1,965**
TOTAL ASSETS	**3,487**	**3,489**	**3,811**	**3,514**	**5,313**
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	**1,991**	**1,789**	**1,544**	**1,416**	**838**
Long-term liabilities	530	682	1,151	1,092	2,349
Other long-term liabilities	211	216	229	219	305
Total long-term liabilities	**741**	**898**	**1,380**	**1,311**	**2,654**
Accounts payable	315	344	358	305	472
Short-term liabilities	–	–	–	0	700
Other short-term liabilities	440	458	529	482	649
Total short-term liabilities	**755**	**802**	**887**	**787**	**1,821**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,487**	**3,489**	**3,811**	**3,514**	**5,313**

* The balance sheet as per December 2006 includes the discontinued deSter business, which was sold in March 2007.

Key ratios in brief, Group

SEK m	2010	2009	2008	2007	2006
Net sales, SEK m	3,971	4,220	4,099	3,985	3,762
Gross profit, SEK m	1,052	1,166	1,079	1,037	950
EBIT*, SEK m	435	436	414	395	328
EBITDA*, SEK m	537	539	511	485	409
Number of employees	1,914	1,906	1,952	2,001	1,999
Gross margin*	26.5 %	27.6 %	26.8 %	26.0 %	25.3 %
EBIT margin*	10.9 %	10.3 %	10.1 %	9.9 %	8.7 %
EBITDA margin*	13.5 %	12.8 %	12.5 %	12.1 %	10.9 %

*Calculated based on underlying operating income

Consolidated Income Statement

SEK m	Note*	2010	2009
Net sales	5– 6	3,971	4,220
Costs of goods sold	6–10	–2,919	–3,054
Gross profit		**1,052**	**1,166**
Selling expenses	7–9	–434	–482
Administrative expenses	7–9, 11	–174	–184
Research and development expenses	7– 8	–25	–29
Other operating incomes	15	134	107
Other operating expenses	7–8, 16	–117	–90
Operating income	5, 17	**436**	**488**
Income from financial items	**17–18**		
Financial income		1	2
Financial expenses		–19	–45
Net financial items		**–18**	**–43**
Income after financial items		**418**	**444**
Income tax	20	–112	–108
Net income for the year		**306**	**336**
Income attributable to:			
Equity holders of the Parent Company		306	336
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	21	6.52	7.15

***Notes related to the income statement**

1 – General information
2 – Summary of important accounting principles
3 – Financial risk factors
4 – Important estimations and assessments for accounting purposes
5 – Segment information
12 – Personnel (Average number)
13 – Salaries and other compensation

Consolidated Statement of Comprehensive Income

SEK m	2010	2009
Net income for the year	**306**	**336**
Comprehensive income*		
Exchange differences for the period - translation of subsidiaries	13	–6
Comprehensive income for the year	**13**	**–6**
Sum of comprehensive income for the year	**319**	**330**
Comprehensive income for the year attributable to:		
Equity holders of the Parent Company	319	330

*Comprehensive income consists of translation differences with no tax effect.

Consolidated Balance Sheet

SEK m	Note	2010	2009
ASSETS	1–5		
Fixed assets			
Intangible fixed assets	22		
Goodwill		1,199	1,199
Capitalized development expenses		42	26
Trademarks and licenses		2	3
Total intangible fixed assets		**1,243**	**1,228**
Tangible fixed assets			
Buildings, land and land improvements	23	63	48
Machinery and other technical equipment	24	360	339
Equipment, tools and installations	25	52	62
Construction in progress and advanced payments for tangible fixed assets	26	113	61
Total tangible fixed assets		**588**	**510**
Financial fixed assets			
Deferred tax assets	20	283	324
Other long-term receivables	28	6	12
Total financial fixed assets		**289**	**336**
Total fixed assets		**2,120**	**2,074**
Current assets			
Inventories	10		
Raw materials and supplies		102	101
Products in progress		11	15
Finished goods and goods for resale		319	260
Advances to suppliers		5	6
Total inventories		**437**	**382**
Current receivables			
Accounts receivable	29	634	640
Derivative instruments	30	10	10
Tax assets		14	36
Other receivables	29	66	68
Prepaid expenses and accrued incomes	31	84	49
Total current receivables		**808**	**803**
Cash and cash equivalents		122	230
Total current assets		**1,367**	**1,415**
TOTAL ASSETS		**3,487**	**3,489**

Consolidated Balance Sheet, cont.

SEK m	Note	2010	2009
SHAREHOLDERS' EQUITY AND LIABILITIES	1–5		
Shareholders' equity			
Share capital	21	59	59
Other injected capital		1,681	1,681
Reserves		62	49
Loss carried forward incl. net income for the year		189	0
Total shareholders' equity attributable to equity holders of the Parent Company		**1,991**	**1,789**
Long-term liabilities	32		
Overdraft facility	32	19	13
Bank loans	32	511	669
Deferred tax liabilities	20	31	26
Pension provisions	34	180	190
Total long-term liabilities		**741**	**898**
Short-term liabilities			
Accounts payable		315	344
Tax liabilities		14	7
Derivative instruments	30	–	2
Other liabilities		53	62
Allocation to restructuring reserve	9	12	15
Accrued expenses and deferred incomes	35	361	372
Total short-term liabilities		**755**	**802**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,487**	**3,489**
Pledged assets	36	–	–
Contingent liabilities	36	74	72

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Parent Company					
SEK m	Share capital	Other injected capital	Reserves**	Fair value reserve*	Loss carried forward incl. net income for the year	Total equity
Opening balance, Jan 1, 2009	**59**	**1,681**	**42**	**13**	**–251**	**1,544**
Comprehensive income						
Net income for the year	–	–	–	–	336	336
Other comprehensive income						
Translation difference	–	–	–6	–	–	–6
Sum comprehensive income for the year	**–**	**–**	**–6**	**–**	**336**	**330**
Transactions with owners						
Dividends relating to 2008	–	–	–	–	–85	–85
Sum transactions with owners	**–**	**–**	**–**	**–**	**–85**	**–85**
Opening balance, Jan 1, 2010	**59**	**1,681**	**36**	**13**	**0**	**1,789**
Comprehensive income						
Net income for the year	–	–	–	–	306	306
Other comprehensive income						
Translation difference	–	–	13	–	–	13
Sum comprehensive income for the year	**–**	**–**	**13**	**–**	**306**	**319**
Transactions with owners						
Dividends relating to 2009	–	–	–	–	–117	–117
Sum transactions with owners	**–**	**–**	**–**	**–**	**–117**	**–117**
Closing balance, Dec 31, 2010	**59**	**1,681**	**49**	**13**	**189**	**1,991**

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

** The reserve is attributable to the year's revaluation difference on translation of foreign subsidiaries.

Consolidated Cash Flow Statement

SEK m	Note	2010	2009
Cash flow from operating activities			
Operating income		436	488
Adjustments for items not included in cash flow	37	84	–12
Interest received		1	2
Interest paid		–9	–44
Paid income tax		–41	–72
Cash flow from operating activities before changes in working capital		**471**	**362**
Changes in working capital			
Increase (–)/decrease (+) in inventories		–83	146
Increase (–)/decrease (+) in accounts receivable		–74	58
Increase (–)/decrease (+) in receivables		–22	52
Increase (+)/decrease (–) in accounts payable		7	3
Increase (+)/decrease (–) in short-term liabilities		–3	5
Cash flow from operating activities		**296**	**626**
Cash flow used in investing activities			
Acquisition of tangible fixed assets	23–26	–240	–125
Sale of tangible fixed assets		3	4
Change in other long-term receivables		6	–9
Cash flow used in investing activities		**–231**	**–130**
Cash flow used in financing activities			
Dividends to shareholders		–117	–85
Net change, overdraft facilities		23	–36
Repayment of loans		–211	–1,756
Loans received		136	1,365
Cash flow used in financing activities		**–169**	**–512**
Cash flow for the year		**–104**	**–16**
Cash and cash equivalents, opening balance		230	249
Exchange rate differences, cash and cash equivalents		–4	–3
Cash and cash equivalents, closing balance		**122**	**230**

Parent Company, Income Statement

SEK m	Note*	2010	2009
Net sales	5–6	1,180	1,180
Costs of goods sold	6, 8–10	–1,055	–1,059
Gross profit		**125**	**121**
Selling expenses	8–9	–110	–116
Administrative expenses	8–9, 11	–129	–138
Research and development expenses	8	–14	–13
Other operating incomes	15	258	315
Other operating expenses	8, 16	–200	–212
Operating income	17	**–70**	**–43**
Income from financial items	17–18		
Income from participations in Group companies	19	257	547
Other interest income and similar income		22	30
Interest expenses and similar expenses		–2	–35
Net financial items		**277**	**543**
Income after financial items		**207**	**500**
Tax on income for the year	20	–13	–13
Net income for the year		**194**	**487**

***Notes related to the income statement**
1 – General information
2 – Summary of important accounting principles
3 – Financial risk factors
4 – Important estimations and assessments for accounting purposes
5 – Segment information
12 – Personnel (Average number)
13 – Salaries and other compensation
14 – Sick leave, Parent Company

Parent Company, Statement of Comprehensive Income

SEK m	2010	2009
Net income for the year	**194**	**487**
Comprehensive income		
Received Group contributions, after tax	48	66
Exchange differences for the period – translation of subsidiaries*	1	2
Comprehensive income for the year	**49**	**68**
Total comprehesive income for the year	**243**	**555**
Comprehensive income of the year attributable to:		
Equity holders of the Parent Company	243	555

*Relates to a Turkish branch which has no tax effect

Parent Company, Balance Sheet

SEK m	Note	2010	2009
ASSETS	1–5		
Fixed assets			
Intangible fixed assets	22		
Goodwill		599	699
Capitalized development expenditures		36	26
Trademarks and licenses		2	3
Total intangible fixed assets		**637**	**728**
Tangible fixed assets			
Buildings, land and land improvements	23	39	42
Machinery and other technical equipment	24	7	7
Machinery and other technical equipment	25	4	6
Construction in progress and advanced payments for tangible fixed assets	26	13	12
Total tangible fixed assets		**63**	**67**
Financial fixed assets			
Participations in Group companies	27, 39	770	770
Deferred tax assets	20	256	289
Other long-term receivables	28	5	11
Total financial fixed assets		**1,031**	**1,070**
Total fixed assets		**1,731**	**1,865**
Current assets	10		
Inventories			
Raw materials and supplies		–	–
Products in progress		6	7
Finished goods and goods for resale		93	76
Advances to suppliers		4	3
Total inventories		**103**	**86**
Current receivables			
Accounts receivable	29	96	104
Derivative instruments	30	1	6
Receivables from Group companies	29	43	39
Tax assets		10	10
Other receivables	29	15	17
Prepaid expenses and accrued incomes	31	24	19
Total current receivables		**189**	**195**
Current financial receivables, from Group companies	29	933	752
Cash and bank balances		65	179
Total current assets		**1,290**	**1,212**
TOTAL ASSETS		**3,021**	**3,077**

Parent Company, Balance Sheet, cont.

SEK m	Note	2010	2009
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital	21	59	59
Statutory reserve		11	11
Revaluation reserve		13	13
Total restricted shareholders' equity		**83**	**83**
Unrestricted shareholders' equity			
Retained earnings		1,800	1,381
Net income for the year		194	487
Total unrestricted shareholders' equity		*1,994*	*1,868*
Total shareholders' equity		**2,077**	**1,951**
Provisions			
Pension provisions	34	109	111
Deferred tax liability	20	0	2
Total provisions		**109**	**113**
Long-term liabilities	32		
Overdraft facility	32	0	0
Bank loans	32	510	668
Liabilities to Group companies	32	102	111
Total long-term liabilities		**612**	**779**
Short-term liabilities			
Accounts payable		52	73
Liabilities to Group companies		61	53
Tax liabilities		–	–
Derivative instruments	30	–	1
Other liabilities		13	10
Allocation to restructuring reserve	9	11	10
Accrued expenses and deferred incomes	35	86	87
Total short-term liabilities		**223**	**234**
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		**3,021**	**3,077**
Pledged assets	36	–	–
Contingent liabilities	36	55	52

Parent Company, Changes in Shareholders' Equity

SEK m	Share capital	Statutory reserve	Revaluation reserve	Unrestricted shareholders' equity	Total sharehold-ers' equity
Opening balance, Jan 1, 2009	**59**	**11**	**13**	**1,398**	**1,481**
Group contributions received	–	–	–	66	66
Dividends to shareholders	–	–	–	–85	–85
Translation difference regarding branch offices	–	–	–	2	2
Net income for the year	–	–	–	487	487
Opening balance, Jan 1, 2010	**59**	**11**	**13**	**1,868**	**1,951**
Group contributions received	–	–	–	48	48
Dividends to shareholders	–	–	–	–117	–117
Translation difference regarding branch offices	–	–	–	1	1
Net income for the year	–	–	–	194	194
Closing balance, Dec 31, 2010	**59**	**11**	**13**	**1,994**	**2,077**

Accumulated translation differences in the Parent Company which were reported directly against shareholders' equity were SEK 26 m (2009: SEK 25 m).

Parent Company, Cash Flow Statement

SEK m	Note	2010	2009
Cash flow from operating activities			
Operating income		–70	–43
Adjustments for items not included in cash flow	37	131	39
Interest received		20	30
Dividends received		257	547
Interest paid		–16	–45
Paid income tax		–	–
Cash flow from operating activities before changes in working capital		**322**	**528**
Changes in working capital			
Increase (–)/decrease (+) in inventories		–16	25
Increase (–)/decrease (+) in accounts receivable		7	59
Increase (–)/decrease (+) in receivables		–6	8
Increase (+)/decrease (–) in accounts payable		–14	0
Increase (+)/decrease (–) in short-term liabilities		0	–8
Cash flow from operating activities		**293**	**612**
Cash flow used in investing activities			
Acquisition of intangible fixed assets	22	–19	–14
Acquisition of tangible fixed assets	23–26	–2	–8
Sale of tangible fixed assets		0	0
Provided shareholders' contributions	27	0	–26
Change in net lending to Group companies		–173	–29
Change in non-interest-bearing receivables		–1	3
Change in interest-bearing receivables		6	–11
Cash flow used in investing activities		**–189**	**–85**
Cash flow used in financing activities			
Dividends to shareholders		–117	–85
Net change, overdraft facilities		2	0
Repayment of loans		–211	–1,758
Loans received		108	1,342
Cash flow used in financing activities		**–218**	**–501**
Cash flow for the year		–114	26
Cash and cash equivalents, opening balance		179	153
Cash and cash equivalents, closing balance		**65**	**179**

Notes

NOTE 1 | GENERAL INFORMATION

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

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

This annual report was approved for publication by the Board of Directors on March 23, 2011. 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 cash flow items, and December 31 with respect to balance sheet items. Information in brackets relates to the preceding financial year, viz. January 1, 2009 – December 31, 2009.

NOT 2 | SUMMARY OF IMPORTANT ACCOUNTING PRINCIPLES

This Note sets forth the most important accounting principles applied in the preparation of the annual report. Subject to the exceptions stated below, these principles have been applied consistently for all presented years.

2.1 BASES FOR PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the Duni Group have been prepared in accordance with the Swedish Annual Reports Act, RFR 1 "Supplementary Accounting Rules for Groups", and International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU. The consolidated financial statements have been prepared in accordance with the purchase method, other than with respect to financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

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

The Parent Company applies the Swedish Annual Accounts Act and RFR 2, 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 Implementation of new accounting standards

Duni applies the new and amended standards and interpretations from IASB and statements from IFRIC that are mandatory commencing January 1, 2010. No new standards or interpretations have been applied prematurely.

IFRS 3 (revised) Business Combinations and consequent amendments to IAS 27, IAS 28 and IAS 31. Going forward, Duni will apply IFRS 3 to all acquisitions of businesses, but the revised standard has had no impact on Duni's financial reporting in 2010 since no acquisitions were made in 2010; no acquisitions have been made since July 1, 2009.

The following new and revised standards and interpretations will be applied for the first time to financial years commencing January 1, 2010, and currently are not relevant to Duni. They may, however, affect the reporting of future transactions and commercial events.

IFRIC 9 and IAS 39 (Amendment) Reassessment of Embedded Derivatives
IFRIC 16 (Amendment) Hedges of a Net Investment in a Foreign Operation
IFRIC 17 Distribution of Non-cash assets to Owners
IFRIC 18 Transfers of Assets from Customers
IAS 1 (Amendment) Presentation of Financial Statements
IAS 27 (Revised) Holders with Non-Controlling Interests
IAS 36 (Amendment) Impairment of Assets
IAS 38 (Amendment) Intangible Assets
IFRS 2 (Amendment) Group Cash-settled and Share-based Payment Transactions
IFRS 5 (Amendment) Non-current Assets Held for Sale and Discontinued Operations

The following new standards, amendments and interpretations of existing standards have not yet entered into force and will not be applied prematurely by Duni. Duni has not evaluated the full impact of the standards and interpretations that are applicable commencing January 1, 2013, but its assessment is that they will have a marginal effect on the financial statements.

IFRIC 14 (Amendment) Advance Payments of Minimum Funding Requirements
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
IAS 24 (Revised) Related Party Disclosures
IAS 32 (Amendment) Classification of Subscription Rights
IFRS 9 Financial instruments

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.

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 interests

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. Duni's segment reporting covers the reporting of three 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.

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.

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 22.

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

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	17 years
Other machinery	10 years
Vehicles	5 years
Equipment, tools, and installations	3–8 years

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

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

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

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

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

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.

2.11.2 Financial assets at fair value through profit or loss

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

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

2.14.2 Financial liabilities at amortized cost

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

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

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

2.15 INCOME 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 COMPENSATION TO EMPLOYEES

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 and adjusted for non-reported actuarial profits and losses, as well as unreported expenses relating to employment during previous periods. The defined benefit pension obligation is calculated annually by independent actuaries applying the projected union credit method. The present value of a defined benefit obligation is determined by discounting the estimated future pension payments using the rate of interest on first class corporate bonds issued in the same currency as the currency in which payments are to be made, with terms to maturity comparable to the relevant pension liability. Approximately one half of pension obligations relate to Sweden, where there is no functioning market for corporate bonds. Here, the market yield on treasury bonds with a comparable term to maturity is used instead.

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

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

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

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 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 as regards the Parent Company are unchanged compared with the preceding years.

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

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

Subsidiaries

Participating interests in subsidiaries are reported in the Parent Company pursuant to the purchase method. Dividend income is reported as revenue.

Group contributions and shareholders' contributions

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

Intangible fixed assets

Intangible fixed assets in the Parent Company are reported at acquisition value less deduction for accumulated amortization and any impairment. 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: market risks (including currency risks, price risks regarding energy consumption and pulp purchases by the subsidiary, Rexcell Tissue & Airlaid AB, interest rate risks in the 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 the overall risk management and for specific areas, such as currency risks, interest rate risks, use of derivative and non-derivative financial instruments, as well as investments of surplus liquidity. The financial hedge relations established by Duni as an element in its risk management do not qualify for hedge accounting pursuant to the rules in IAS 39.

3.1.1 Market risks

Currency risks

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

Duni manages its translation exposure and transaction exposure by 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 cash flow and thus this exposure is not hedged. Translation exposure occurs when the subsidiaries' income statements are converted to SEK. At unchanged exchange rates compared with 2009, net sales would have been SEK 263 m higher and the underlying operating income would have been SEK 49 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 group companies is primarily internal through the Parent Company and in the respective group company's functional currency. In this manner, currency exposure regarding these items has been centralized on the Parent Company. In the Parent Company, 100% of the financial borrowing and lending is hedged in accordance with the Group's policy, and thus a change in exchange rates has no effect on the result.The Parent Compan's external borrowing corresponds to only approximately 70% of the internal net lending, with the same currency breakdown. The remaining 30% is hedged on the currency futures market in accordance with Duni's policy. Note 30 presents the value and nominal amounts regarding currency forward contracts entered into regarding financial borrowing and lending in the Parent Company.

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

Had all currencies been 5% higher/lower, due to exposure in the individual group companies and the consolidated balance sheet items the Group's income would have been approximately +/– SEK 3 m (2009: +/– SEK 7 m). Corresponding figures for the Parent Company are +/– SEK 2 m (2009: +/– SEK 21 m).

Transaction exposure

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

As policy, the Group does not hedge interest payments, whether internal or external.

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

Price risks

Energy price risks

During 2010, the subsidiary, Rexcell Tissue & Airlaid AB, purchased approximately 94,000 MWh electricity at a cost of SEK 53 m, 5,000 tonnes of LPG for approx. SEK 31 m, while oil was consumed for approx. SEK 6 m (2009: 119,841 MWh electricity, SEK 49 m; 4,806 tonnes of LPG, SEK 23 m; and oil for SEK 1 m).

Due to its energy-intensive operations, Rexcell Tissue & Airlaid AB is exposed to risks associated with price changes for energy, primarily gas and electricity. In those cases where the energy price risk is not hedged, price changes on the energy market will have a direct impact on the company's income. Rexcell Tissue & Airlaid AB reduces the risk regarding variations in the price of electricity through the use of electricity derivatives in order to hedge the electricity price. In accordance with a decision taken by the Board of Directors, as from 2011 the price risk will not be hedged. An electricity price change of +/– 5% for the energy used by Rexcell Tissue & Airlaid AB affects the net income by approx. –/+ SEK 3 m (2009: –/+ SEK 2 m).

Rexcell Tissue and Airlaid AB has been allocated emission rights for the period 2008 to 2012, namely 2,779 tonnes per year for Dals Långed and 14,154 tonnes per year for Skåpafors. 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 are made in 2011, the assessment is that they will not amount to any significant sum.On December 31, 2010,Rexcell Tissue and Airlaid AB had 0 (2,644) unused emission rights with a market value of SEK 0 (0) m.

Pulp prices

OTC trading in financial contracts takes place with respect to certain paper and pulp products, i.e. there is a possibility to reduce the risk of fluctuations in the paper and pulp price. Purchases of paper and pulp are carried out by the subsidiary, Rexcell Tissue & Airlaid AB. Duni currently has not signed any such contracts. A change in the price of pulp during 2010 of +/– 1% per tonne affects income by –/+ SEK 3 m (2009: –/+ SEK 3 m).

Interest rate risks with respect to cash flows and fair value

Duni is exposed to interest rate risks, primarily in EURIBOR, since all external borrowing is at variable interest rates (see Note 32 for more details). The Parent Company's internal lending and borrowing also take place at variable rates.

Duni has no significant interest-bearing assets, with the exception of a loan of SEK 5 m to an external party at variable interest which is adjusted each quarter. The Group's revenue and cash flows from the ongoing operations are, in all essential respects, independent of changes in market interest rates.

The Group's interest risk with respect to cash flows arises through long-term borrowing at a variable rate of interest. Outstanding loans are entirely in EUR.

Had interest rates on the Group's borrowing as per December 31, 2010 been 100 points higher/lower with all other variables being constant, the Group's net income for 2010 would have been SEK 5 m lower/higher (2009: SEK 8 m).

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 exposures vis-à-vis the Group's customers, including outstanding receivables and agreed transactions.

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

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

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

Receivables overdue by more than 180 days accounted for 0% of total accounts receivable (2009: 1%). For the Parent Company, the corresponding portion is 0% (2009: 0%).

3.1.3 Liquidity risks

Duni's liquidity risks consist of the Group lacking cash or cash equivalents for payment of its obligations. The risk is managed by the Group, by Treasury ensuring that sufficient cash and cash equivalents are available, that financing is available through agreed credit facilities (these are described in greater detail in Note 32) and the possibility to close market positions.

As per December 31, 2010, Duni had cash and cash equivalents of SEK 122 m (2009: SEK 230 m) as well as a non-utilized credit facility of SEK 1,423 m (2009: SEK 1,605 m). Payments for coming periods relating to financial liabilities are shown in tables below.

Duni's credit facility is subject to covenants which consist of a key financial ratio as well as a number of non-financial conditions. The financial key ratio is financial net debt in relation to 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 multicurrency facility of EUR 220 m which has not been fully utilized and matures in 2012; in addition to this financing, there is an overdraft facility totaling SEK 125 m. In the table below, it should be noted that, where the total amount of the facility runs until maturity in 2012, "repayment of bank loans" refers to periodic due dates/rolling of loans drawn under our multicurrency facility and not to repayment. The table below shows the Group's contracted outstanding undiscounted interest payments and repayment of principal on the financial liabilities, as well as assets and liabilities regarding derivative instruments:

		Within one year		Later than one year but within five years		Later than five years	
SEK m	Book value	Interest	Repayment	Interest	Repayment	Interest	Repayment
Bank loans	–511	–6	–511	–	–	–	–
Overdraft facility	–19	–1	–19	–	–	–	–
Accounts payable and other liabilities	–368	–	–368	–	–	–	–
– Currency forward contracts*	0	–	0	–	–	–	–
– Energy derivatives	0	–	0	–	–	–	–
Derivative instruments – Liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**
– Currency forward contracts*	1	–	1	0	0	–	–
– Energy derivatives	9	–	9	–	–	–	–
Derivative instruments – Assets	**10**	**0**	**10**	**0**	**0**	**0**	**0**
Total	**–888**	**–7**	**–888**	**0**	**0**	**0**	**0**

* Gross flows are shown in the table below.

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

SEK m	2010	2009
Currency forward contracts	1	5
Energy derivatives	9	2
Total	**10**	**8**

The Group's electricity derivatives are settled net. Amounts booked as liabilities relate to individual contracts with a negative fair value. Currency forward contracts are settled gross. The table below shows these currency forward contracts broken down by the time which, on the balance sheet date, remains until the contractual expiration date. The amounts stated below are the contractual non-discounted amounts.

SEK m	2010	2009
Currency forward contracts		
– Inflow regarding contracts for financial assets and liabilities	329	50
– Outflow regarding contracts for financial assets and liabilities	–328	–50

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

3.2 MANAGEMENT OF RISK CAPITAL

Duni's objective with respect to the capital structure is to ensure the Group's ability to continue its operations. Duni 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	2010	2009	2010	2009
Total borrowing	**530**	**682**	**510**	**668**
Other long-term receivables	–6	–12	–5	–11
Pension provisions	180	190	109	111
Group loans/ receivables	–	–	–831	–641
Less: cash and cash equivalents	–122	–230	–65	–179
Net debt*	582	631	–282	–52
Total shareholders' equity	**1,991**	**1,789**	**2,077**	**1,951**
Total equity	**2,573**	**2,420**	**1,795**	**1,899**
Net debt/equity ratio	23 %	26 %	–16 %	–3 %

* Calculation of net debt is exclusive of derivative instruments.

3.3 CALCULATION OF FAIR VALUE

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

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

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

Commencing January 1, 2009, Duni applies the amended IFRS 7 as regards financial instruments which are 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 33, Duni only has derivative instruments valued at fair value; 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

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

Regarding reported values for each balance sheet date for intangible and tangible fixed assets, see Notes 22–26.

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 2 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 22.

Reported values as per the balance sheet date for goodwill are allocated per cash-generating unit; see Note 22.

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

Even if the estimated discount rate before tax which is applied to discounted cash flows had been 12.4% instead of the management's assessment of 11.4%, there would be no impairment of goodwill.

4.1.3 Valuation of loss carry-forwards

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

Reported values for deferred tax assets for each balance sheet date are set forth in Note 20, "Income taxes". As set forth in Note 20, non-appraised loss carry-forwards as per December 31, 2010 amounted to SEK 0 m (2009: 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, anticipated return on managed assets, future salary increases, inflation and demographic conditions. Assumptions regarding the discount rate are based on high quality investments at fixed interest with a term to maturity corresponding to the Group's existing pension obligations.

The largest pension plan (approximately one half of pension obligations) is in Sweden, where no corporate bonds are issued and thus the discount rate for the Swedish pension liability is based on treasury bonds with a term to maturity corresponding to the pension plan.

Reported values for pension liabilities for each balance sheet date are set forth in Note 34, "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, these 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 which is used to take strategic decisions.

The strategic decision-making group assesses and evaluates the operations based on lines of business which are exposed to the same risks and opportunities. Duni regards the Professional, Retail and Tissue lines of business as operating segments, which internally within Duni are designated as business areas.

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

The Professional and Retail business areas largely have a common product range. Design and packaging solutions are, however, adapted to suit the different sales channels. Production and support functions are shared to a large extent by both business areas.

Shared costs have been allocated based on estimated utilization of the resources, which normally corresponds to the business volumes.

The strategic decision-making body in Duni is group management, which 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 three business areas, which are evaluated and controlled based on the underlying operating income, i.e. reported operating income excluding non-recurring items, after shared costs have been allocated to each business area. 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

2010, SEK m	Professional	Retail	Tissue	Non-allocated	TOTAL
Total net sales	2,783	689	1,078	–	4,550
Net sales from other segments	–	–	579	–	579
Net sales from external customers	**2,783**	**689**	**499**	**0**	**3,971**
Underlying operating income	384	32	18	–	435
Non-recurring items	1	0	0	–	1
Reported operating income	**385**	**32**	**19**	**0**	**436**
Financial incomes					1
Financial expenses					–19
Income tax					–112
Net income for the year					**306**
Total assets	2,578	341	568	–	3,487
Total liabilities	593	147	226	529	1,495
Investments	92	22	123	–	237
Depreciation	–59	–14	–29	–	–102

Operating segments

2009, SEK m	Professional	Retail	Tissue	Non-allocated	TOTAL
Total net sales	2,885	792	1,027	–	4,704
Net sales from other segments	0	–	484	–	484
Net sales from external customers	**2,885**	**792**	**543**	**0**	**4,220**
Underlying operating income	402	18	16	–	436
Non-recurring items	36	9	7	–	52
Reported operating income	**438**	**27**	**23**	**0**	**488**
Financial incomes					2
Financial expenses					–45
Income tax					–108
Net income for the year					**336**
Total assets	2,647	397	445	–	3,489
Total liabilities	618	169	231	682	1,700
Investments	71	20	30	–	121
Depreciation	–62	–17	–23	–	–102

Presented below is a specification of what Duni considers to be non-recurring items and the difference on the underlying and reported operating income.

SEK m	2010	2009
Non-recurring items		
Underlying operating income	435	436
Unrealized valuation effects of derivative instruments	1	54
Restructuring expenses	0	–2
Reported operating income	**436**	**488**

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	2010	2009
Non-allocated liabilities		
Overdraft facility	19	13
Bank loans	511	669
Total non-allocated liabilities	**530**	**682**

Total net sales from external customers broken down by product groups:

SEK m	2010	2009
Product groups		
Napkins	1,710	1,757
Table covers	936	1,029
Candles	171	188
Serving products	281	322
Packaging solutions	287	286
Other	586	638
Net sales from external customers	**3,971**	**4,220**

Total net sales from external customers broken down by geographic areas:

SEK m	2010	2009
Net sales		
Sweden	312	327
Rest of Nordic region	448	464
Germany	1,409	1,576
Rest of Central Europe	980	1,040
Southern and Eastern Europe	767	761
Rest of the world	55	53
Net sales from external customers	**3,971**	**4,220**

Total intangible and tangible fixed assets broken down by geographic areas:

SEK m	2010	2009
Intangible and tangible assets		
Sweden	1,507	1,408
Rest of Nordic region	–	–
Germany	214	220
Rest of Central Europe	6	6
Southern and Eastern Europe	104	104
Rest of the world	–	–
Total tangible and intangible assets	**1,831**	**1,738**

Parent Company's breakdown of net sales per operating segment and geographic areas:

Parent Company, SEK m	2010	2009
Operating segment		
Professional	995	963
Retail	181	213
Tissue	4	4
Total net sales	**1,180**	**1,180**

Parent Company, SEK m	2010	2009
Geographic areas		
Nordic region	733	753
Central Europe	326	305
Southern and Eastern Europe	121	122
Rest of the world	–	–
Total net sales	**1,180**	**1,180**

NOTE 6 | INTRA-GROUP PURCHASES AND SALES

Intra-group purchases and sales amounted to SEK 2,507 m (2009: SEK 2,335 m). The Parent Company sold goods to its own subsidiaries for SEK 432 m (2009: SEK 412 m) and purchased goods from subsidiaries at a value of SEK 594 m (2009: SEK 537 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	
	Note	2010	2009
Changes in inventories of finished products and products in progress		624	676
Raw materials and consumables		993	1,031
Expenses for compensation to employees	13	855	876
Depreciation and impairment	8	102	102
Other expenses		1,095	1,154
Total operating expenses		**3,669**	**3,839**

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

NOTE 8 | DEPRECIATION/AMORTIZATION

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Goodwill	–	–	100	100
Capitalized development expenditures	10	7	10	7
Trademarks and licenses	2	2	1	2
Buildings and land improvements	4	4	3	3
Plant and equipment	86	89	7	9
Total depreciation/amortization	**102**	**102**	**121**	**121**

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

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Costs of goods sold	83	84	7	8
Selling expenses	–	–	–	–
Administrative expenses	19	18	14	13
Other operating expenses	–	–	100	100
Total depreciation/amortization	**102**	**102**	**121**	**121**

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

NOTE 9 | RESTRUCTURING EXPENSES/ALLOCATION TO RESTRUCTURING RESERVE

In the fourth quarter of 2008, Duni incurred a restructuring expense of SEK 41 m attributable to rationalization measures affecting just over hundred employees, almost half of whom were white-collar staff. These measures related primarily to production optimization between the German and Polish converting plants, but also an adjustment to a weaker market trend. Duni estimates that these restructuring expenses will lead to annual savings of approximately SEK 50 m.

Restructuring expenses are included in each function as follows:

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Cost of goods sold	0	1	–	–
Selling expenses	1	1	–	–
Administrative expenses	–	–	–	–
Other operating expenses	–1	–	–1	–
Total restructuring expenses	**0**	**2**	**–1**	**0**

Allocation to restructuring reserve:

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Opening balance, restructuring reserve	15	44	10	14
Utilized reserves	–3	–30	–	–4
Reversal of reserve	–1	–1	–	–
Allocations for the year	1	2	1	0
Closing balance, restructuring reserve	**12**	**15**	**11**	**10**
Of which short term	12	15	11	10
Of which long term	–	–	–	–

NOTE 10 | INVENTORIES

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Raw materials and consumables	102	101	–	–
Work in progress	11	15	6	7
Finished goods and goods for resale	319	260	93	76
Advance payments to suppliers	5	6	4	3
Total	**437**	**382**	**103**	**86**

The change in the inventories is reported under the item "Costs of goods sold" and, for the Group, amounted to SEK 2,406 m (2009: SEK 2,361 m). The corresponding item for the parent company amounts to SEK 794 m (2009: SEK 805 m).

The Group's impairment write-down of inventory to the net realizable value amounts to SEK 11 m (2009: SEK 7 m). The Parent Company's reported impairment write-down of inventory amounts to SEK 9 m (2009: SEK 7 m).

The Group reversed SEK 0 m (2009: SEK 3 m) of an impairment write-down of inventory. The reversed amount in 2009 is included in the income statement in "Costs of goods sold".

NOTE 11 | COMPENSATION TO AUDITORS

	Group		Parent Company	
SEK m	2010	2009	2010	2009
PwC				
– Audit engagement	4.0	3.9	1.7	1.7
– Auditing work other than audit engagement	0.6	0.6	0.4	0.4
– Tax advice	3.0	2.8	0.8	0.9
– Other services	1.5	3.1	0.4	1.0
Total	**9.1**	**10.4**	**3.3**	**4.0**

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Other				
– Audit engagement	0.1	0.1	–	–
– Auditing work other than audit engagement	–	–	–	–
– Tax advice	0	0.1	–	–
– Other services	0.1	0.1	–	–
Total	**0.2**	**0.3**	**0**	**0**
Total compensation to auditors	**9.3**	**10.7**	**3.3**	**4.0**

"Audit engagement" means compensation for the statutory audit, i.e. work essential to issue 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.

	Group			Parent Company		
	Men	Women	Total	Men	Women	Total
Parent Company						
Sweden	72	61	133	75	58	133
Total Parent Company	**72**	**61**	**133**	**75**	**58**	**133**
Subsidiaries						
Austria	7	4	11	6	3	9
Belgium	7	5	12	5	6	11
Czech Republic	4	5	9	5	5	10
Denmark	11	5	16	11	5	16
Finland	8	11	19	7	13	20
France	12	28	40	12	27	39
Germany	486	388	874	489	396	885
Hungary	2	0	2	2	0	2
Italy	3	2	5	4	2	6
Netherlands	30	20	50	28	17	45
Norway	12	8	20	13	9	22
Poland	159	218	377	155	222	377
Russia	6	12	18	4	8	12
Spain	9	4	13	10	3	13
Sweden	217	60	277	223	60	283
Switzerland	13	8	21	13	8	21
United Kingdom	31	20	51	27	22	49
Total subsidiaries	**1,017**	**798**	**1,815**	**1,014**	**806**	**1,820**
Total	**1,089**	**859**	**1,948**	**1,089**	**864**	**1,953**

NOTE 13 | SALARIES AND OTHER REMUNERATION

	2010			2009		
SEK m	Salaries and remuneration	Social security costs	Of which pension	Salaries and remuneration	Social security costs	Of which pension
Parent Company						
Sweden	69	38	15	75	41	16
Total Parent Company	**69**	**38**	**15**	**75**	**41**	**16**
Subsidiaries						
Austria	5	2	–	4	2	0
Belgium	5	2	0	6	2	1
Czech Republic	2	0	–	2	1	0
Denmark	8	1	1	10	1	1
Finland	10	2	2	10	2	2
France	15	6	1	17	7	1
Germany	307	63	2	324	64	2
Hungary	1	0	–	1	0	0
Italy	2	1	–	2	1	–
Netherlands	21	5	2	23	8	4
Norway	11	3	1	12	3	1
Poland	50	8	0	45	7	0
Russia	3	1	0	2	0	0
Spain	5	1	–	5	1	0
Sweden	117	48	9	108	44	7
Switzerland	19	5	2	21	4	1
United Kingdom	16	3	2	17	4	2
Total subsidiaries	**597**	**151**	**22**	**609**	**151**	**22**
Total	**666**	**189**	**37**	**684**	**192**	**38**

Salaries and other remuneration broken down by country and between senior executives and other employees:

SEK m	2010 Board, CEO, VPS (of which bonus)	2010 Other employees	2009 Board, CEO, VPS (of which bonus)	2009 Other employees
Parent Company				
Sweden	5 (1)	63	8 (2)	67
Total Parent Company	**5 (1)**	**63**	**8 (2)**	**67**
Subsidiaries				
Austria	1 (0)	4	1 (0)	4
Belgium	– (–)	5	– (–)	6
Czech Republic	0 (0)	1	0 (0)	1
Denmark	– (–)	8	– (–)	10
Finland	– (–)	10	– (–)	10
France	– (–)	15	– (–)	17
Germany	2 (0)	305	2 (1)	322
Hungary	– (–)	1	– (–)	1
Italy	– (–)	2	– (–)	1
Netherlands	2 (1)	19	2 (0)	21
Norway	– (–)	11	– (–)	12
Poland	2 (1)	48	3 (1)	42
Russia	0 (0)	2	0 (–)	1
Spain	1 (0)	5	1 (0)	4
Sweden	2 (0)	116	2 (0)	107
Switzerland	5 (1)	14	7 (3)	14
United Kingdom	1 (0)	15	1 (0)	16
Total subsidiaries	**16 (3)**	**581**	**19 (5)**	**589**
Total	**21 (4)**	**644**	**27 (7)**	**656**

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

The Group's Board comprises 5 (2009: 5) persons, of whom 60% are men (2009: 60%).

Other senior executives comprise 8 (2009: 8) persons, including the CEO, of whom 100% are men (2009: 100%).

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 5, 2010, 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 programs. "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 a total remuneration package.

In accordance with a resolution adopted by the AGM on May 5, 2010, the annual fee for the current Chairman of the Board was set at SEK 500,000, while the annual fee for other directors amounted to SEK 250,000 per director. In addition, fees shall be paid for committee work in the amount of SEK 50,000 to the Chairman of the Remuneration Committee and SEK 25,000 each to the other members of the Remuneration Committee, as well as SEK 100,000 to the Chairman of the Audit Committee and SEK 50,000 each to other members of the Audit Committee.

The tables below specify the amounts by which the decided fees stated above were incurred in the 2010 and 2009 financial years.

Remuneration and other benefits during the year

2010, SEK '000	Basic salary / board fee	Pension expense*	Other benefits	Variable remuneration**	Total
Chairman of the Board – Anders Bülow	575	–	–	–	575
Director – Sanna Suvanto-Harsaae	300	–	–	–	300
Director – Pia Rudengren	350	–	–	–	350
Director – Magnus Yngen	300	–	–	–	300
Director– Tomas Gustavsson	275	–	–	–	275
CEO – Fredrik von Oelreich	4,221	2,017	80	1,249	7,567
Other senior executives	9,804	2,501	411	2,175	14,891
	15,825	**4,518**	**491**	**3,424**	**24,258**

* Of the Group's pension expenses above, SEK 1 m relate to the Parent Company.

** For the 2010 financial year, variable remuneration relates to bonuses booked as expenses, which will be paid out in 2011.

Remuneration and other benefits during the year

2009, SEK '000	Basic salary / board fee	Pension expense*	Other benefits	Variable remunera-tion**	Total
Chairman of the Board – Peter Nilsson, resigned May 6, 2009	183	–	–	–	183
Chairman of the Board – Anders Bülow, commenced May 6, 2009	383	–	–	–	383
Director – Sanna Suvanto-Harsaae	292	–	–	–	292
Director – Harry Klagsbrun, resigned May 6, 2009	–	–	–	–	0
Director – Pia Rudengren	350	–	–	–	350
Director – Magnus Yngen	283	–	–	–	283
Director – Tomas Gustavsson, commenced May 6, 2009	183	–	–	–	183
CEO – Fredrik von Oelreich	4,212	1,442	78	2,089	7,821
Other senior executives	10,485	2,880	385	3,679	17,429
	16,371	**4,322**	**463**	**5,768**	**26,924**

* Of the Group's pension expenses above, SEK 1.1 m relate to the Parent Company.

** For the 2009 financial year, variable remuneration relates to bonuses booked as expenses, paid out in 2010.

Bonuses

The CEO and all senior executives are included in a bonus system which is based on profitability and capital tie-up targets, primarily with respect to their individual operational area but also Group targets. The bonus system covers only one year each time following a decision by the Board of Directors. For the 2010 financial year, a bonus of SEK 1.2 m (2009: SEK 2.1 m) was paid to the CEO.

Pensions

CEO

There is a separate pension agreement for the CEO. The agreed retirement age is 62. Until the agreed retirement age, Duni shall allocate each month an amount equal to 35% of the CEO's monthly salary and a three-year average of the bonus disbursed to a designated occupational pension insurance scheme. The pension expense corresponds to the costs for a defined contribution plan. Provision for occupational pension is fully tax-deductible for Duni. There are no other outstanding pension obligations to the CEO.

Other senior executives

Pension-base salary means fixed annual salary plus vacation pay, increased by the average of bonuses paid for the last three preceding years. In addition, there are undertakings regarding health insurance and survivor's pension. Each month, Duni pays in a cash pension contribution in accordance with the 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. The pension expense corresponds to the costs for defined contribution plans. For senior executives, the retirement age is 65 and normal ITP plans are in place; see information regarding the management by Alecta in Note 34, "Pension provisions". Three persons in this group have, however, premium-based agreements, i.e. reported as defined contribution plans. There are no outstanding pension obligations to other senior executives.

Severance compensation

CEO

The CEO has a separate agreement regarding severance compensation. The severance compensation comprises payment for twelve 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

Severance compensation amounts to between six and twelve months' salary following a termination period of three to twelve months, with only the Company being entitled to trigger the agreement.

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. The Remuneration Committee shall meet at least three times per year. Duni's CEO shall participate at meetings of the Remuneration Committee, except when questions are addressed which relate to the CEO's remuneration.

The 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 programs within Duni. In 2010, the Remuneration Committee held three meetings at which minutes were taken.

NOTE 14 | SICK LEAVE, PARENT COMPANY

	2010	2009
Sick leave	1.1 %	1.4 %
– long-term sick leave	0.3 %	0.3 %
– sick leave, men	0.6 %	0.9 %
– sick leave, women	1.7 %	2.0 %
– employees aged up to 29	1.5 %	1.7 %
– employees aged 30–49	1.2 %	1.1 %
– employees aged 50 plus	0.6 %	1.8 %

Sick leave is stated as a percentage of ordinary work time.

NOTE 15 | OTHER OPERATING INCOME

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Government subsidies	–	0	–	–
Rental income	0	8	–	8
Exchange rate gains	52	38	23	35
Change in fair value – energy derivatives	7	9	–	–
Change in fair value – currency derivatives	1	47	1	47
Capital gains, machinery and equipment	11	–	–	–
Adminstrative services	–	–	225	222
Other items	63	5	9	3
Total other operating income	**134**	**107**	**258**	**315**

“Other items” includes estimated compensation from insurance companies.

NOTE 16 | OTHER OPERATING EXPENSES

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Change in fair value – energy derivatives	–	–	–	–
Change in fair value – currency derivatives	6	3	6	3
Exchange rate losses	52	63	32	21
Depreciation/amortization	–	–	100	100
Administrative services	–	–	58	66
Rental expenses	2	18	2	18
Other items	57	6	2	4
Total other operating expenses	**117**	**90**	**200**	**212**

“Other items” includes expenses incurred in connection with fire damage.

NOTE 17 | NET EXCHANGE RATE DIFFERENCES

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Operating profit				
Change in fair value – currency derivatives	–6	44	–6	44
Other exchange rate differences in operating income	–1	–25	–8	14
Total exchange rate differences in operating income	**–7**	**19**	**–14**	**58**
Financial items				
Change in fair value – currency derivatives	1	–2	1	–2
Exchange rate differences in financial items	4	1	13	5
Total exchange rate differences in financial items	**5**	**–1**	**14**	**3**
Total net exchange rate differences in income statement	**–2**	**18**	**0**	**61**

NOTE 18 | INCOME FROM FINANCIAL ITEMS

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Financial income				
Interest income, external investments	1	2	1	1
Interest income, Group Companies	0	0	21	29
Total financial income	**1**	**2**	**22**	**30**
Financial expenses				
Interest expenses, external loans	–9	–34	–8	–32
Interest expenses, pensions	–11	–11	–5	–4
Interest expenses, Group Companies	–	–	0	–2
Change in fair value, interest rate swaps	0	4	0	4
Change in fair value, currency forwards	1	–2	14	–2
Other financial expenses	1	–2	–3	1
Total financial expenses	**–19**	**–45**	**–2**	**–35**

The interest portion in the year's pension expenses is reported among interest expenses. The rate of interest used in the Parent Company is 5.0% set by PRI (2009: 3.9%), 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 19 | INCOME FROM PARTICIPATIONS IN GROUP COMPANIES

During the year, the Parent Company received dividends from subsidiaries amounting to SEK 257 m (2009: SEK 547 m).

NOTE 20 | INCOME TAX

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Current tax for the year	–66	–68	17	24
Current tax attributable to previous years	–3	–1	–	–
Deferred tax	–43	–39	–30	–37
Tax on net income for the year	**–112**	**–108**	**–13**	**–13**

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

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Deferred tax, internal profit on inventories	2	–2	–	–
Deferred tax, untaxed reserves	–7	2	–	–
Deferred tax, appraised loss carry-forwards	–35	–22	–32	–24
Deferred tax, financial instruments	0	–15	2	–13
Deferred tax, other	–3	–2	–	–
Total deferred tax	**–43**	**–39**	**–30**	**–37**

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

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Reported income before tax	418	444	207	500
Tax according to applicable tax rate	–110	–117	–54	–131
Tax effect of non-deductible expenses	–4	–4	–28	–27
Tax effect of non-taxable income	6	10	69	145
Revaluation of previously reported loss carry-forwards	–	4	–	–
Effect of foreign tax rates	0	0	0	0
Tax income/expenses due to changed tax rate	–1	–	–	–
Current tax attributable to previous years	–3	–1	–	0
Tax on income for the year according to the income statement	**–112**	**–108**	**–13**	**–13**

Tax rate
The Parent Company's applicable tax rate for income tax is 26.3% (2009: 26.3%).

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

Deferred tax assets

SEK m, Group	Loss carry-forwards	Internal profit	Financial instruments	Other*	Total
Per 31 december 2008	**329**	**3**	**13**	**22**	**367**
Reported in income statement	–22	–2	–13	–4	–41
Exchange rate differences	0	0	–	–2	–2
Per 31 december 2009	**307**	**1**	**0**	**16**	**324**
Reported in income statement	–35	2	0	–5	–38
Exchange rate differences	–2	0	–	0	–2
Per 31 december 2010	**270**	**3**	**0**	**11**	**284**

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

Loss carry-forwards relate essentially to completed restructuring. As regards the valuation of loss carry-forwards, see Note 4.1. It is currently the management's assessment that the implemented restructuring measures in the future will lead to taxable surpluses against which loss carry-forwards might be utilized.

Deferred tax liabilities

SEK m, Group	Untaxed reserves	Financial instruments	Other	Total
Per December 31, 2008	**17**	**2**	**9**	**28**
Reported in income statement	–2	1	–1	–2
Exchange rate differences	–	–	–	0
Per December 31, 2009	**15**	**3**	**8**	**26**
Reported in income statement	7	0	–2	5
Exchange rate differences	–	–	0	0
Per December 31, 2010	**22**	**3**	**6**	**31**

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	Total	Financial instruments
Per December 31, 2008	**311**	**15**	**326**	**2**
Reported in income statement	–22	–15	–37	0
Exchange rate differences	0	–	0	–
Per December 31, 2009	**289**	**0**	**289**	**2**
Reported in income statement	–32	0	–32	–2
Exchange rate differences	0	–	0	–
Per December 31, 2010	**257**	**0**	**257**	**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	2010	2009	2010	2009
Deferred tax assets				
Utilized after more than 12 months	228	272	215	254
Utilized within 12 months	56	52	42	35
Total	**284**	**324**	**257**	**289**
Deferred tax liabilities				
Utilized after more than 12 months	22	15	–	–
Utilized within 12 months	9	11	–	2
Total	**31**	**26**	**0**	**2**

The net change regarding deferred taxes is as follows:

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Opening balance	**298**	**339**	**287**	**324**
Exchange rate differences	–2	–2	0	0
Reported in income statement	–43	–39	–30	–37
Closing balance	**253**	**298**	**257**	**287**

Tax regarding items reported directly against shareholders' equity
Deferred taxes reported in shareholders' equity during the year amount to SEK 0 m (2009: SEK 0 m) in the Group and SEK 17 m (2009: SEK 24 m) in the Parent Company regarding group contributions.

NOTE 21 | SHARE CAPITAL AND EARNINGS PER SHARE

On December 31, 2010 the share capital consisted of 46,999,032 (2008: 46,999,032) shares of common stock. Each share carries an entitlement to one vote. All shares registered on the balance sheet date are fully paid up. On December 31, 2010 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's shares in the 2010 and 2009 financial years.

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

	2010	2009
Income attributable to the equity holders of the Parent Company (SEK m)	306	336
Weighted average number of outstanding shares of common stock (thousands)	46,999	46,999
Earnings per share, before and after dilution (SEK per share)	**6.52**	**7.15**

NOTE 22 | INTANGIBLE ASSETS

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Goodwill				
Acquisition values				
Opening acquisition values	1,199	1,199	2,053	2,053
Investments	–	–	–	–
Sales and disposals	–	–	–	–
Translation differences	–	–	–	–
Closing accumulated acquisition values	**1,199**	**1,199**	**2,053**	**2,053**
Amortization				
Opening accumulated amortization	–	–	–1,354	–1,254
Amortization for the year	–	–	–100	–100
Sales and disposals	–	–	–	–
Translation differences	–	–	–	–
Closing accumulated amortization	**0**	**0**	**–1,454**	**–1,354**
Impairment				
Opening accumulated impairment	–	–	–	–
Translation differences	–	–	–	–
Closing accumulated impairment	**0**	**0**	**0**	**0**
Closing book value	**1,199**	**1,199**	**599**	**699**

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Trademarks and licenses				
Acquisition values				
Opening acquisition values	66	66	64	64
Investments	0	–	–	–
Sales and disposals	–	–	–	–
Reclassifications	0	0	0	0
Translation differences	0	0	–	–
Closing accumulated acquisition values	**66**	**66**	**64**	**64**
Amortization				
Opening accumulated amortization	–63	–61	–61	–59
Amortization for the year	–1	–2	–1	–2
Sales and disposals	–	–	–	–
Reclassifications	–	–	–	–
Translation differences	0	0	–	–
Closing accumulated amortization	**–64**	**–63**	**–62**	**–61**
Closing book value	**2**	**3**	**2**	**3**

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Capitalized development expenditures				
Acquisition values				
Opening acquisition values	64	50	52	39
Investments	7	1	–	0
Sales and disposals	–1	–	–	–
Reclassifications	21	13	19	13
Translation differences	–2	0	–	–
Closing accumulated acquisition values	**89**	**64**	**71**	**52**
Amortization				
Opening accumulated amortization	–38	–30	–26	–19
Amortization for the year	–10	–7	–9	–7
Sales and disposals	1	–	–	–
Reclassifications	–1	–	–	–
Translation differences	1	–1	–	–
Closing accumulated amortization	**–47**	**–38**	**–35**	**–26**
Closing book value	**42**	**26**	**36**	**26**
Total intangible assets	**1,243**	**1,228**	**637**	**728**

In 2005, the EU introduced an emission rights system as a method for restricting carbon dioxide emissions. For the period 2008 up to and including 2012, Rexcell Tissue and Airlaid AB has been allocated 84,665 tonnes, Dals Långed 2,779 tonnes per year and Skåpafors 14,154 tonnes per year. In total, 18,497 tonnes were consumed in 2010 and 15,348 tonnes in 2009. Received emission rights are reported as intangible assets booked at an acquisition value of zero.

Tests for impairment of goodwill

Tests for impairment of goodwill were carried out at the end of the financial year on December 31, 2010 and December 31, 2009. With the implementation of IFRS, allocation of the Group's goodwill items has taken place through the use of allocation ratios; see Note 4.2.

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

SEK m	2010	2009
Professional	**1,199**	**1,199**

Tests for impairment of goodwill take place annually and where there are indications of impairment. Recoverable amounts for cash-generating units are determined based on estimated use values. The calculations are based on estimated future cash flows before tax, based on financial forecasts approved by company management and which cover the current year as well as a five-year period. Cash flows beyond this period are extrapolated using an assessed growth rate. The growth rate does not exceed the long-term growth rate for the industry as a whole. During the period covered by the forecast, the growth rate for the Professional business area is estimated at an average of 4.0% per year (2009: 2.7%) and at 1.0% (2009: 1.0%) as a weighted average rate of growth beyond the period covered by the forecast.

Important assumptions which are used for calculations of use values are primarily profit margin, growth rate and a nominal discount rate of 11.4% (2009: 11.4%). The discount rate before tax is used in conjunction with present value calculation of estimated future cash flows.

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

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

NOTE 23 | BUILDINGS, LAND AND LAND IMPROVEMENTS

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Buildings				
Acquisition values				
Opening acquisition values	128	128	120	120
Investments	–	0	–	–
Sales and disposals	0	0	–	–
Reclassifications	7	0	–	–
Translation differences	–1	0	–	–
Closing accumulated acquisition values	**134**	**128**	**120**	**120**
Depreciation				
Opening accumulated depreciation	–95	–91	–92	–89
Depreciation for the year	–4	–4	–3	–3
Sales and disposals	0	0	–	–
Reclassifications	–	–	–	–
Translation differences	0	0	–	–
Closing accumulated depreciation	**–99**	**–95**	**–95**	**–92**
Closing book value	**35**	**33**	**25**	**28**
Taxable value, Sweden	**35**	**35**	**35**	**35**

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Land and improvements				
Acquisition values				
Opening acquisition values	15	15	2	2
Investments	–	–	–	–
Sales and disposals	–	–	–	–
Reclassifications	13	–	–	–
Translation differences	0	0	–	–
Closing accumulated acquisition values	**28**	**15**	**2**	**2**
Depreciation				
Opening accumulated depreciation	0	0	0	0
Depreciation for the year	–	–	–	–
Sales and disposals	–	–	–	–
Reclassifications	–	–	–	–
Translation differences	–	–	–	–
Closing accumulated depreciation	**0**	**0**	**0**	**0**
Write-ups				
Opening accumulated write-ups	–	–	12	12
Closing accumulated write-ups	**–**	**–**	**12**	**12**
Closing book value	**28**	**15**	**14**	**14**
Taxable value, Sweden	**24**	**20**	**24**	**20**
Buildings, land and land improvements	**63**	**48**	**39**	**42**

Duni has no buildings under financial lease.

NOTE 24 | MACHINERY AND OTHER TECHNICAL EQUIPMENT

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Acquisition values				
Opening acquisition values	1,251	1,212	36	34
Investments	14	17	0	2
Sales and disposals	–25	–9	–	–
Reclassifications	97	69	1	–
Translation differences	–93	–38	–	–
Closing accumulated acquisition values	**1,244**	**1,251**	**37**	**36**
Depreciation				
Opening accumulated depreciation	–909	–878	–29	–26
Depreciation for the year	–69	–70	–3	–5
Sales and disposals	27	12	–	2
Reclassifications	5	–	2	–
Translation differences	65	27	–	–
Closing accumulated depreciation	**–881**	**–909**	**–30**	**–29**
Impairment				
Opening accumulated impairment	–3	–3	–	–
Impairment for the year	–	–	–	–
Sales and disposals	–	–	–	–
Translation differences	0	0	–	–
Closing accumulated impairment	**–3**	**–3**	**0**	**0**
Closing book value	**360**	**339**	**7**	**7**

Machinery and other technical equipment under financial leasing are included in the above table for the Group in the amount of SEK 4 m (2009: SEK 5 m) in acquisition value and SEK 2 m (2009: SEK 2 m) in accumulated depreciation.

The Parent Company has no machinery and other technical equipment under financial lease.

NOTE 25 | EQUIPMENT, TOOLS AND INSTALLATIONS

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Acquisition values				
Opening acquisition values	287	281	33	33
Investments	9	13	–	0
Sales and disposals	–25	–7	–1	–2
Reclassifications	5	11	2	2
Translation differences	–30	–11	–	–
Closing accumulated acquisition values	**246**	**287**	**34**	**33**
Depreciation				
Opening accumulated depreciation	–225	–217	–27	–25
Depreciation for the year	–18	–19	–4	–4
Sales and disposals	25	3	1	2
Reclassifications	1	–	–	–
Translation differences	23	8	–	–
Closing accumulated depreciation	**–194**	**–225**	**–30**	**–27**
Closing book value	**52**	**62**	**4**	**6**

NOTE 26 | CONSTRUCTION IN PROGRESS AND ADVANCED PAYMENTS FOR TANGIBLE ASSETS

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Acquisition values				
Opening acquisition values	61	67	12	8
Investments	205	90	24	19
Sales	–	–	–	–
Reclassifications	–147	–93	–23	–15
Translation differencesr	–6	–3	–	–
Closing accumulated acquisition values	**113**	**61**	**13**	**12**
Closing book value	**113**	**61**	**13**	**12**

NOTE 27 | PARTICIPATIONS IN GROUP COMPANIES

	Registration number	Registered office	Number of shares and participations	Equity, %	Book value, TSEK
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 00031	Pontcharra, 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 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	6,740
Duni AG	212544	Rotkreutz, CH	400	100	578
Duni ZAO	7816110025	St Petersburg, RU	1	100	11
Duni Beteiligungsgesellschaft mbH	Osnabrück HR B20099	Bramsche, DE	1	100	3,076
Duni OY	–	Helsinki, FI			6,443
					688,333
Participations in Group Companies					**769,773**

	Parent company	
SEK ‘000	2010	2009
Opening value, participations in Group Companies	769,773	743,992
Investments for the year	–	–
Shareholders' contributions	–	25,781
Divestments for the year	–	–
Impairment for the year	–	–
Closing value, participations in Group Companies	**769,773**	**769,773**

NOTE 28 | OTHER LONG-TERM RECEIVABLES

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Loan claims	6	12	5	11
Total other long-term receivables	**6**	**12**	**5**	**11**

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 29 | ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Accounts receivable	634	640	96	104
Receivables from group companies	–	–	43	39
Other receivables	66	68	15	17
Current financial receivables, internal	–	–	933	752
Total accounts receivable and other receivables	**700**	**708**	**1,087**	**912**

Regarding credit risks and exposures, see Note 3.1.2.

Other receivables above relate to:

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Receivables from suppliers	7	5	–	–
VAT claims	42	43	15	17
Factoring	4	5	–	–
Other receivables	13	15	0	0
Total other receivables	**66**	**68**	**15**	**17**

The provision for bad debts for continuing operations amounted to SEK 9 m as per December 31, 2010 (2009: SEK 10 m). The individually assessed impaired receivables relate primarily to wholesalers who have unexpectedly encountered economic difficulties. An assessment has been made that a part of the claims might be recovered.

Credit exposure:

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Accounts receivable not due or impaired	559	567	94	99
Accounts receivable overdue/ not impaired	74	73	2	5
Accounts receivable, impaired	9	10	2	2
Provision for bad debts	–9	–10	–2	–2
Total accounts receivable	**634**	**640**	**96**	**104**

The credit risk associated with accounts receivable that are neither due nor impaired is not deemed to be so great. 40% of total accounts receivable which are not due or impaired, amounting to SEK 559 m, 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 of this category. No individual debt exceeds 7.1% (2009: 7.3%) of the total accounts receivable that are neither due nor impaired.

Aging of accounts receivable overdue but not impaired:

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Less than 1 month	64	62	2	5
1-3 months	9	10	0	0
3-6 months	1	1	0	0
More than 6 months	0	0	0	0
Total	**74**	**73**	**2**	**5**

Aging of impaired accounts receivables:

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Less than 3 months	2	1	0	0
3-6 months	2	1	0	0
More than 6 months	5	8	2	2
Total	9	10	2	2

Specification of bad debts provision:

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Opening balance	10	15	2	1
Provision for bad debts	3	5	1	2
Claims written-off during the year	–4	–9	–1	–1
Reversed non-utilized amount	0	–1	0	0
Closing balance	**9**	**10**	**2**	**2**

Provisions to the respective reversal of reserves for bad debts are included in the item "Selling expenses" in the income statement. In other categories within accounts receivable and other receivables, no assets are included for which a need for write-down exists.

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

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

	Group		Parent Company	
SEK m	2010	2009	2010	2009
SEK	61	51	35	37
EUR	412	449	12	10
GBP	62	33	0	0
DKK	29	35	29	35
NOK	20	22	20	22
PLN	19	19	0	0
Other currencies*	31	31	0	0
Total	**634**	**640**	**96**	**104**

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

NOTE 30 | DERIVATIVE INSTRUMENT

	2010		2009	
SEK m	Asset	Liability	Asset	Liability
Currency forwards	1	0	6	1
Energy derivatives	9	0	3	1
Total	**10**	**0**	**10**	**2**

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

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

The maximum exposure to credit risks on the balance sheet date is the fair value of the derivative instruments reported as assets in the balance sheet.

Currency forward contracts

Currency forward contracts are entered into with the aim of protecting the Group against changes in exchange rates through the contract determining the rate at which an asset or liability 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	
	2010	2009
Currency forward contracts for future purchases and sales	0	3
Currency forward contracts for financial assets and liabilities	1	1

Currency forward contracts for future purchases and sales
Following a decision by the Board of Directors, as from 2009 the Company no longer hedges its transaction exposure.

Currency forward contracts for financial assets and liabilities
In addition to the currency forward contracts taken out to hedge the flows, Duni also takes out currency forward contracts as regards borrowing and lending in currencies other than SEK. At the end of the period, the market value of these currency forward contracts was SEK 0 m (2009: SEK –1 m).

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

	2010			2009		
	Nominal value GWh	Weighted hedged price, SEK/MWh	Fair value SEK m	Nominal value GWh	Weighted hedged price, SEK/MWh	Fair value SEK m
0-1 year	35	382.68	8	46	393.52	1
1-2 years	5	402.03	1	15	388.76	1
	40		**9**	**61**		**2**

NOTE 31 | PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Prepaid rent	3	3	1	1
Prepaid leasing charges	0	1	–	–
Prepaid insurance	6	6	0	3
Accrued commission income	0	–	0	–
Prepaid pensions	5	6	3	3
Prepaid catalogue expenses	6	7	6	6
Other	64	26	14	6
Total prepaid expenses and accrued income	**84**	**49**	**24**	**19**

“Other” includes compensation from insurance companies

NOTE 32 | BORROWING

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Long-term				
Bank loans	511	669	510	668
Liabilities to Group Companies	–	–	102	111
Overdraft facility	19	13	–	–
Total borrowing	**530**	**682**	**612**	**779**

Duni has no short-term borrowing. However, periodic maturity/rolling takes place of loans drawn under Duni’s multicurrency facility. Bank loans mature in 2012 and carry an average annual rate of interest of 0.9% (2009: 3.0% annually).

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

SEK m	2010	2009
6 months or less	530	682
Total	**530**	**682**

Duni’s borrowing is valued at the accrued acquisition value applying the effective annual interest rate method. The difference between the values reported in the balance sheets for Dec 31, 2010 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 long-term bank loans and overdraft facility, amounting to SEK 530 m (2009: SEK 682 m) carry variable interest which is determined in conjunction with each 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.

	2010		**2009**	
SEK m	Reported value	Nominal value	Reported value	Nominal value
Bank loans	511	513	669	673
Overdraft facility	19	19	13	13
Total	**530**	**532**	**682**	**685**

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

SEK m	2010	2009
EUR	511	669
Other currencies	19	13
Total	**530**	**682**

Bank loans

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

Overdraft facility

On behalf of the Group, the Parent Company has taken out an overdraft facility in a nominal amount of SEK 125 m. As per December 31, 2010, the sum utilized was SEK 19 m.

NOTE 33 | CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Assets				
Non-financial assets				
Tangible and intangible fixed assets	1,831	1,738	700	795
Deferred tax asset	283	324	256	289
Other financial fixed assets	–	–	770	770
Inventories	437	382	103	86
Prepaid expenses and accrued income	84	49	24	19
Total non-financial assets	**2,635**	**2,493**	**1,853**	**1,959**
Loans and receivables				
Other long-term receivables	6	12	5	11
Accounts receivable	634	640	96	104
Tax assets	14	36	10	10
Other receivables	66	68	15	17
Receivables from Group companies	–	–	976	791
Cash and cash equivalents/ Cash and bank balances	122	230	65	179
Total loans and receivables	**842**	**986**	**1,167**	**1,112**
Assets at fair value through profit or loss				
Derivative instruments	10	10	1	6
Total assets at fair value through profit or loss	**10**	**10**	**1**	**6**
Total assets	**3,487**	**3,489**	**3,021**	**3,077**

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

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Liabilities				
Non-financial liabilities				
Deferred tax liability	31	26	0	2
Pension provisions	180	190	109	111
Allocation to restructuring reserve	12	15	11	10
Total non-financial liaibilities	**223**	**231**	**120**	**123**
Liabilities at amortized cost				
Overdraft facility	19	13	0	0
Bank loans	511	669	510	668
Accounts payable	315	344	52	73
Tax liabilities	14	7	–	–
Other liabilities	53	62	13	10
Liabilities to Group companies	–	–	163	164
Accrued expenses and deferred income	361	372	86	87
Total liabilities at amortized cost	**1,273**	**1,467**	**824**	**1,002**
Liabilities at fair value through profit or loss				
Derivative instruments	–	2	–	1
Total liabilities at fair value through profit or loss	**0**	**2**	**0**	**1**
Total liabilities	**1,496**	**1,700**	**944**	**1,126**

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

NOTE 34 | PENSION PROVISIONS

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

Provisions for pensions and similar obligations:

SEK m	2010	2009
Defined benefit plans	180	190

Defined benefit plans

Within the Group, there are a number of defined benefit plans where, after completion of employment, the employees are entitled to compensation based on final salary and period in employment. The largest plans relate to Sweden (representing one-half of the total pension plan), Germany, Belgium, the Netherlands and the UK.

Pension insurance with Alecta

Obligations regarding retirement pensions and family pensions for white collar staff in Sweden are secured through insurance with the independent insurance company, Alecta. According to a statement issued by the Emergency Issues Task Force of the Swedish Financial Reporting Board, URF 3, this is a defined benefit plan which covers several employers. Duni does not have access to such information as makes it possible to report this plan as a defined benefit plan. The pension plan according to ITP, which is secured through insurance with Alecta, is thus reported as a defined contribution plan. The year's charges for pension policies taken out with Alecta amount to SEK 3 m (2009: SEK 3 m). Alecta's surplus may be divided among the policy holders and/or the insured. As per December 31, 2010, Alecta's surplus in the form of the collective funding level amounted to 146% (2009: 141%).

The amounts reported in the consolidated balance sheet consist of:

	Defined benefit plans	
SEK m	2010	2009
Present value of funded obligations	141	160
Fair value of plan assets	–101	–105
Present value of unfunded obligations	185	187
Unreported actuarial net losses	–45	–52
Net debt in the balance sheet	**180**	**190**

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

SEK m	2010	2009
Costs relating to employment during the current year	–4	–4
Interest expenses	–15	–15
Expected return on plan assets	4	4
Actuarial net profits reported for the year	–2	–2
Pension expenses for the year regarding defined benefit plans	**–17**	**–17**
Pension expenses for the year regarding defined contribution plans	**–20**	**–21**
Total pension expenses for the year	**–37**	**–38**

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

	Defined benefit plans	
SEK m	2010	2009
Operating income	–6	–6
Financial expenses	–11	–11
Total expenses from defined benefit plans in the income statement	**–17**	**–17**

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

	Defined benefit plans	
SEK m	2010	2009
At beginning of year	347	334
Employment expenses during current year	4	4
Interest expenses	15	15
Actuarial losses (+)/gains (–)	3	11
Exchange rate differences	–21	–5
Disbursed compensation	–14	–13
Settlements	-8	1
At year-end	**326**	**347**

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

SEK m	2010	2009
At beginning of year	–105	–85
Expected return on plan assets	–4	–4
Actuarial losses (+)/gains (–)	–4	–7
Exchange rate differences	11	2
Employer's contributions	–6	–12
Employees' contributions	–1	–1
Disbursed compensation	2	2
Settlements	6	–
At year-end	**–101**	**–105**
Actual return on plan assets	**8**	**12**

The plan assets are located primarily in Holland and UK. Funding of defined benefit plans in Duni consists primarily of insurance contracts which provide a guaranteed annual return with the possibility of a bonus decided on annually by the insurance company. Most of the insurance contracts are invested in equity instruments. The assumed return on plan assets is stated as the guaranteed return plus the anticipated bonus.

Contributions to defined benefit plans are expected to amount to SEK 8.4 m in 2011.

Principal actuarial assumptions on the balance sheet date	2010	2009
Discount rate	4.4 %	4.7 %
Expected return on plan assets	2.8 %	3.1 %
Future annual salary increases	1.3 %	2.7 %
Future annual pension increases	0.8 %	0.8 %
Personnel turnover	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.

Multi-year summary	Dec 31,2010	Dec 31,2009	Dec 31,2008	Dec 31,2007	June 30,2007
Present value of defined benefit obligations	326	347	334	304	319
Fair value of plan assets	–101	–105	–85	–83	–103
Deficit	**225**	**242**	**249**	**221**	**216**

	Parent Company	
SEK m	2010	2009
Provisions in accordance with the Swedish Pension Obligations (Security) Act		
FPG/PRI-pensions	109	111
Liability in the balance sheet	**109**	**111**

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

SEK m	2010	2009
Earned during the year	0	0
Interest expenses	–5	–4
Pension expenses for the year	**–5**	**–4**

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

SEK m	2010	2009
At beginning of year	111	113
Net expense reported in the income statement	5	4
Disbursed compensation	–6	–6
Settlements	–1	0
At year-end	**109**	**111**

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

NOTE 35 | ACCRUED EXPENSES AND DEFERRED INCOME

	Group		**Parent Company**	
SEK m	2010	2009	2010	2009
Accrued personnel expenses	110	113	25	30
Accrued interest expenses	1	1	1	1
Accrued expenses, invoices	47	47	21	18
Accrued expenses, freight	22	22	12	10
Accrued liabilities to customers	157	159	18	19
Other items	24	30	9	9
Total accrued liabilities and deferred income	**361**	**372**	**86**	**87**

NOTE 36 | PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets

The Group and the Parent Company had no pledged assets in 2009 or 2010.

Contingent liabilities

	Group		**Parent Company**	
SEK m	2010	2009	2010	2009
Guarantees	71	69	53	50
FPG/PRI	3	3	2	2
Total contingent liabilities	**74**	**72**	**55**	**52**

Of the guarantees in the Parent Company, SEK 43 m (2009: SEK 38 m) are pledged to the benefit of group companies. Guarantees in the Parent Company relate primarily to local customs and excise of SEK 10 m (2009: 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 fulfill 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.

Through an amalgamated company which is no longer owned by the Group, Duni has become a party to a preliminary investigation concerning suspected soil contamination. Duni has assessed that, as of the balance sheet date, it is not possible to calculate the amount of any possible costs if, and in such case, when, Duni possibly becomes liable to make payment.

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

NOTE 37 | ADJUSTMENTS FOR ITEMS NOT INCLUDED IN THE CASH FLOW

	Group		Parent Company	
SEK m	2010	2009	2010	2009
Depreciation/amortization	102	102	122	121
Capital gains/losses, other	–	–	0	1
Restructuring	–3	–28	4	–4
Pension provisions	–15	–19	4	4
Change in value, derivatives	–1	–53	6	–44
Other	1	–14	–5	–39
Total	**84**	**–12**	**131**	**39**

NOTE 38 | 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 length 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	2010	2009	2010	2009
Payable within one year	60	90	12	41
Payable later than one but within five years	111	118	8	12
Payable later than five years	28	44	–	–
Total	**199**	**252**	**20**	**53**
Of which leasing agreements signed during the year	31	20	7	4

Total expenses relating to operational leasing agreements during the year amount to SEK 83 m (2009: SEK 100 m) in the Group and SEK 20 m (2009: SEK 22 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	2010	2009	2010	2009
Payable within one year	0	0	–	–
Payable later than one but within five years	1	1	–	–
Total	**1**	**1**	**0**	**0**
Present value of future leasing charges	0	0	0	0

NOTE 39 | ACQUISITIONS

No acquisitions have taken place during the financial year Jan 1, 2010 - Dec 31, 2010 and the financial year Jan 1, 2009 - Dec 31, 2009.

NOTE 40 | RELATED-PARTY TRANSACTIONS

No transactions with related parties have taken place during the 2010 financial year or during the 2009 financial year.

Other than the information above and information 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 41 | EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred after the balance sheet date.

Audit report

To the annual general meeting of the shareholders of Duni AB (publ)

Reg. no. 556536-7488
We have audited the annual report, the consolidated financial statements, the accounting records and the administration by the Board of Directors and the President of Duni AB (publ) for 2010. The Company's annual report and the consolidated financial statements are included on pages 29–85 of the printed version of this document. The Board of Directors and the President are responsible for these accounts and the administration of the Company as well as for the application of the Annual Reports Act when preparing the annual report and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Reports Act when preparing the consolidated financial statements. Our responsibility is to express an opinion on the annual report, the consolidated financial statements and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report and the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounting documents. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual report and consolidated financial statements, as well as evaluating the overall presentation of information in the annual report and the consolidated financial statements. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the liability, if any, to the Company of any director or the President. We also examined whether any director or the President has, in any other way, acted in contravention of the Companies Act, the Annual Reports Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual report has been prepared in accordance with the Annual Reports Act and gives a true and fair view of the Company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated financial statements have been prepared in accordance with international financial reporting standards IFRS as adopted by the EU and the Annual Reports Act and give a true and fair view of the Group's financial position and results of operations. The directors' report and the corporate governance report are consistent with the other parts of the annual report and the consolidated financial statements.

We recommend to the annual general meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be appropriated in accordance with the proposal in the directors' report, and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Malmö, 24 March 2011

PricewaterhouseCoopers AB

Bo Hjalmarsson
Authorized Public Accountant

Key Ratio Definitions

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

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

Currency adjusted
Figures adjusted for the effects of exchange rate differences. Figures for 2010 are calculated applying exchange rates for 2009.

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

EBIT
Operating income.

EBIT margin
EBIT as a percentage of sales.

EBITA
Operating income adjusted for amortization of intangible fixed assets and impairment of goodwill.

EBITA margin
EBITA as a percentage of sales.

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

EBITDA margin
EBITDA as a percentage of sales.

Gross margin
Gross profit as a percentage of sales.

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 the total borrowing less cash and cash equivalents and the total capital is shareholders' equity and the net debt.

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

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

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

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

Glossary

Airlaid
A material known for its wetness allocation, absorption capability and softness. The process is based on using air in order to divide the fibers in the material, instead of water as in traditional 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
Amuse-bouche are a series of transparent miniature dishes that are perfect for appetizers and desserts.

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

CAGR
Annual growth.

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

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

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

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

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

Duni ecoecho™
Duni ecoecho™ is a range for serving and meal solutions with sound environmental characteristics. The best available materials have been used in this range, with the aim of limiting the use of non-renewable resources in order to reduce our carbon footprint. The products have been developed giving consideration to the environment and have been selected on the ground that they possess one or more environmentally improved characteristics.

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.

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

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

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

HoReCa
Is an acronym for Hotel, Restaurant and Catering.

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

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

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

Life cycle management
New and existing products are evaluated based on criteria for stock-keeping, turnover, and profitability

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

Private label
Products marketed under customer's own label.

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

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

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

Sacchetto
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.

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

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

Calendar

Annual General Meeting, May 5, 2011
The Annual General Meeting will be held at Sankt Gertrud Konferens, Carolinahallen, entrance on Östergatan 9, Malmö, at 3.00pm on May 5, 2011. 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 29, 2011 and must give notice of their participation not later than the same date in any of the following ways:
• by telephone +46 40 10 62 00
• by letter to Duni AB, Bolagstämma, Box 237, 201 22 Malmö
• by email bolagstamma@duni.com
• by fax +46 40 39 66 30

In the notice, the shareholder shall state:
• name
• personal ID no./registration no.
• address and telephone number
• number of shares

A shareholder whose shares are nominee-registered must, in order to vote at the AGM, request that the bank or nominee managing the shares effects temporary ownership registration a couple of business days prior to April 29, 2011.

Dividend
The Board of Directors proposes a dividend of SEK 3.50 per share, equal to SEK 164 m. May 10, 2011 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 13.

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
Bernard R. Horn, Jr., Polaris Capital Management, LLC
Björn Franzon, Swedbank Robur fonder

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

Complete information regarding the AGM is available on the Company's website.

Timetable for financial information: Publication dates
Interim report, January – March 2011, April 28, 2011
Interim report, January – June 2011, July 15, 2011
Interim report, January – September 2011, October 26, 2011.

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

Contact, Investor Relations:
Mats Lindroth, CFO, mats.lindroth@duni.com

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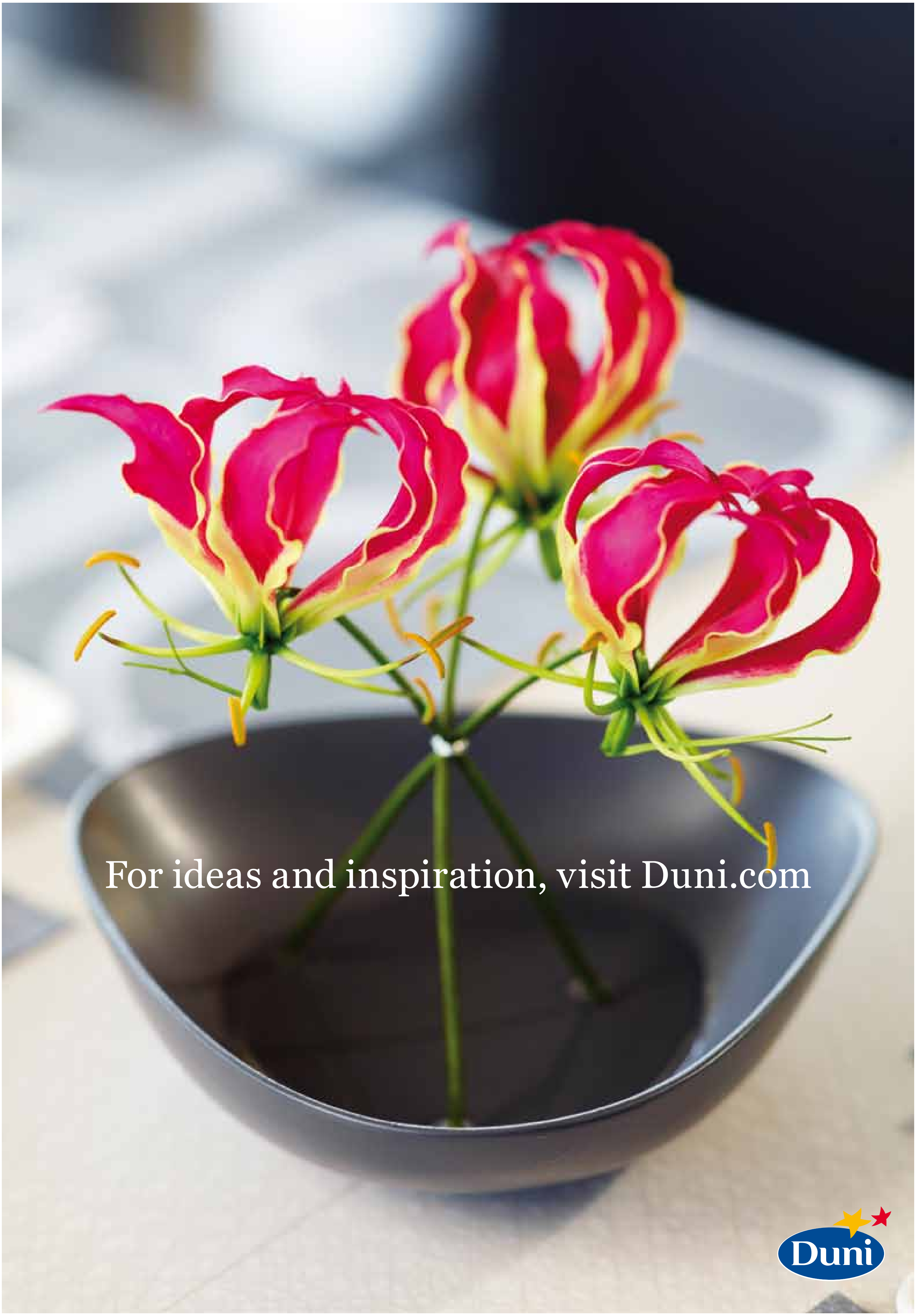
For ideas and inspiration, visit Duni.com
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