Interim Report for Duni AB (publ) 1 January – 31 December 2010

(compared with the same period of the previous year)

16 February 2011

Improved operating margin of 14.8% for the quarter

1 January – 31 December 2010

- Net sales amounted to SEK 3,971 m (4,220). Adjusted for exchange rate changes, net sales increased by 0.3%.
- Earnings per share amounted, after dilution, to SEK 6.52 (7.15).
- The Board proposes a dividend of SEK 3.50 (2.50) per share.

1 October – 31 December 2010

- Net sales amounted to SEK 1,097 m (1,157). Adjusted for exchange rate changes, net sales increased by 1.6%.
- Earnings per share amounted, after dilution, to SEK 2.49 (2.79).
- The operating margin strengthened compared with the preceding year thanks to sound cost control and lower logistics expenses. Increased prices to compensate for higher raw materials costs have also made a positive contribution.

Key financials

SEK m	12 months January-December 2010	12 months January-December 2009	3 months October - December 2010	3 months October - December 2009
Net sales	3 971	4 220	1 097	1 157
Operating income[1)]	435	436	163	167
Operating margin[1)]	10.9%	10.3%	14.8%	14.4%
Income after financial items	418	444	163	166
Net income	306	336	117	131

1) Underlying operating income; for link to reported operating income, see the section entitled "Non-recurring items".

CEO's comments

"Duni ended the year with a strong quarter. Operating income for the final quarter was SEK 163 m, which at fixed exchange rates represents an improvement compared with last year. The operating margin for the quarter reached 14.8%, compared with 14.4% last year.

It is pleasing to note a significant improvement in earnings during the fourth quarter within the Retail business area. The Christmas season, which is absolutely crucial for the business area, went well. Combined with implemented price increases and sound cost control, an operating income of SEK 33 m (26) was achieved. Retail reports a definitely better operating margin for the full year of 4.6%, which signifies that we almost reached our target of 5%.

Within the Professional business area, volume growth increased during the quarter and reached just over 3%. The growth was generated primarily from Southern and Eastern Europe as well as the UK, where we gain market shares. We are currently increasing our marketing investments in Southern and, to a certain extent, Eastern Europe with the aim to further increase the rate of growth on those markets. Operating income for Professional declined somewhat from SEK 137 m to SEK 124 m, mainly explained by the stronger Swedish krona and higher costs for input materials than previous year.

The Tissue business area has had yet another tough quarter. Sales fell to SEK 109 m (134). The downturn is due primarily to weaker demand from the hygiene products sector and, to a minor extent, due to not completely resumed deliveries following the fire in June at a production plant in Skåpafors, Sweden. Intensified efforts are now made on the sales side and activities have also been put in place to improve productivity and create stability in the processes after the fire. Operating income improved somewhat to SEK 6 m (4). This is partly attributable to insurance compensation relating to the damage from the fire.

Duni improved its operating margin for the full year, from 10.3% to 10.9% despite the significantly higher prices for input materials and a stronger Swedish krona.

Even if there are some clouds on the horizon regarding economic stability in Europe, our assessment is that Duni's main markets will continue to grow in 2011," says Fredrik von Oelreich, President and CEO, Duni.

Net sales amounted to SEK 3,971 m

During the period 1 January – 31 December 2010, net sales fell by SEK 249 m compared with the same period last year, to SEK 3,971 m (4,220). Adjusted for exchange rate changes, net sales increased marginally by 0.3%. Professional demonstrated stable growth, while Retail and Tissue experienced weaker demand.

Net sales for the period 1 October – 31 December amounted to SEK 1,097 m (1,157). Adjusted for exchange rate changes, net sales increased by 1.6%. The Professional business area continued its positive trend, which commenced at the beginning of the year. Retail has stabilized its sales compared with the two preceding quarters, but is still below last year's level. The Tissue business area experienced weak demand; this should, however, be viewed against a strong quarter last year.

Net sales, currency effect SEK m	12 months January - December 2010	12 months January - December 2010[1] recalculated	12 months January - December 2009	Change in fixed exchange rates	3 months October - December 2010	3 months October - December 2010[1] recalculated	3 months October - December 2009	Change in fixed exchange rates
Professional	2 783	2 993	2 885	3.7%	758	817	766	6.6%
Retail	689	743	792	-6.2%	231	251	257	-2.5%
Tissue	499	499	543	-8.2%	109	109	134	-19.1%
Duni	**3 971**	**4 234**	**4 220**	**0.3%**	**1 097**	**1 176**	**1 157**	**1.6%**

[1] Reported net sales for 2010 recalculated at 2009 exchange rates.

Operating margin of 10.9%

Operating income (EBIT) adjusted for non-recurring items amounted to SEK 435 m (436) for the period 1 January – 31 December 2010. The underlying operating margin for the Group thereby increased 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%. The reported income after financial items was SEK 418 m (444) and income after tax was SEK 306 m (336).

Operating income (EBIT) for the period 1 October – 31 December, adjusted for non-recurring items, amounted to SEK 163 m (167). The gross margin weakened to 28.4% (30.8%), due mainly to significantly higher raw materials prices, which has not been fully compensated for by price increases towards customer.

Despite a weaker gross margin, the operating margin in the quarter strengthened to 14.8% (14.4%). A sound cost control of overhead expenses has contributed to the improvement in margin. The insurance matter concerning the fire has still not been completely settled but has been reported under the item "Other operating income and expenses" based on our best assessment. After accounted insurance compensation, the fire has had no material influence on the income for the full year. Adjusted for exchange rate changes, operating income is SEK 12 m up on the preceding year. Income after financial items was SEK 163 m (166). Income after tax was SEK 117 m (131).

Underlying operating income, currency effect SEK m	12 months January - December 2010	12 months January - December 2010[1)] recalculated	12 months January - December 2009	3 months October - December 2010	3 months October - December 2010[1)] recalculated	3 months October - December 2009
Professional	384	429	402	124	137	137
Retail	32	38	18	33	36	26
Tissue	18	19	16	6	6	4
Duni	**435**	**485**	**436**	**163**	**179**	**167**

[1)] Underlying operating income for 2010 recalculated at 2009 exchange rates.

Non-recurring items

Non-recurring items refer to restructuring expenses as well as non-realized valuation effects of derivatives due to the fact that hedge accounting is not applied.

Reported income for the period 1 January – 31 December 2010 is affected by non-realized valuation effects of derivatives in the amount of SEK 1 m (54) and restructuring costs of SEK 0 m (-2). For further information, see Note 3.

Non-recurring items SEK m	12 months January - December 2010	12 months January – December 2009	3 months October - December 2010	3 months October - December 2009
Underlying operating income	**435**	**436**	**163**	**167**
Unrealized value changes, derivative instruments	1	54	6	6
Restructuring costs	0	-2	0	0
Reported operating income	**436**	**488**	**169**	**173**

Reporting of operating segments

Duni's operations are divided into three segments, referred to as business areas.

The Professional business area (sales to hotels, restaurants and catering companies) accounted for 70% (68%) of Duni's net sales for the period 1 January – 31 December 2010.

The Retail business area (primarily focused on retail trade) accounted for 17% (19%) of net sales during the period.

The Tissue business area (airlaid and tissue-based material for tabletop products and hygiene applications) accounted for 13% (13%) of sales to external customers during the period.

The Professional and Retail business areas have, to a large extent, 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 degree by the business areas.

Duni management team, which decides upon the allocation of resources within Duni and evaluates results from the business operations, is the highest executive decision-making body in Duni. Duni controls the business areas on the underlying operating income, after shared costs have been allocated to each business area. For further information, see Note 2.

Split between business areas

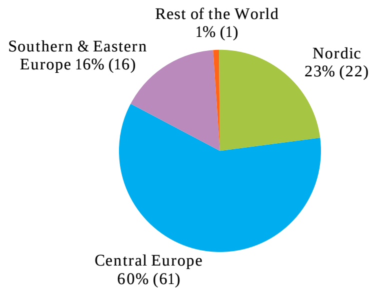
Professional business area

Sales for the period 1 January – 31 December 2010 fell by SEK 102 m, to SEK 2,783 m (2,885). At fixed exchange rates, this corresponds to an increase in sales of 3.7%. All regions demonstrate growth, but it is strongest in Southern and Eastern Europe, which should be viewed as attributable to increased investments in sales promotion in combination with an improved market situation.

Operating income for the year declined to SEK 384 m (402), with an operating margin of 13.8% (13.9%).

Net sales for the period 1 October – 31 December declined by SEK 8 m, to SEK 758 m (766). At fixed exchange rates, this corresponds to an increase in sales of 6.6%. Professional demonstrates a gradual improvement in growth in all regions.

Operating income for the quarter declined to SEK 124 m (137), with an operating margin of 16.4% (17.8%). Costs for input materials remain at a high level, which has a negative impact on the margin. Price increases have been implemented in full, while at the same time indirect expenses are on a lower level than last year. Furthermore, logistics expenses have been reduced as a consequence of successfully renegotiated contracts.



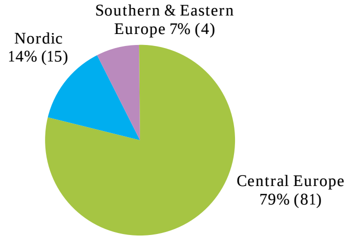
Sales - Geographical split, Professional

Net Sales Professional, SEK m	12 months January-December 2010	12 months January – December 2010[1)] recalculated	12 months January-December 2009	3 months October - December 2010	3 months October – December 2010[1)] recalculated	3 months October-December 2009
Nordic region	645	646	639	182	182	177
Central Europe	1 660	1 823	1 755	451	497	464
Southern & Eastern Europe	451	494	467	118	130	118
Rest of the World	27	30	24	7	8	7
Total	**2 783**	**2 993**	**2 885**	**758**	**817**	**766**

[1)] Reported net sales for 2010 recalculated at 2009 exchange rates.

Retail business area

Net sales for the period 1 January – 31 December 2010 fell by SEK 103 m, to SEK 689 m (792), corresponding to a decline in sales of 6.2% at fixed exchange rates. Demand has remained weak on many markets. This factor, together with a lower market share in the Nordic region due to intense competition from, primarily, private labels, has resulted in lower sales.



Sales – Geographical split, Retail

Operating income for the year increased to SEK 32 m (18). The operating margin strengthened to 4.6% (2.2%). Consistent work on improving both the product- and customer mix has led to an improvement in profitability. In addition, certain terms have been improved in some major customer contracts, while at the same time overhead expenses have decreased.

Net sales for the period 1 October – 31 December amounted to SEK 231 m (257). At fixed exchange rates, this corresponds to a drop in sales of 2.5%. As a consequence of a successful Christmas season and an increased activity level following implemented price increases, fourth quarter sales figures were in line with last year. The Nordic region represents an exception, with strong competitive pressure.

Operating income for the quarter was SEK 33 m (26), with the strong operating margin of 14.1% (10.1%). Retail has an extremely attractive seasonal product range, which is clearly reflected in the fourth quarter where Christmas sales, which include a high percentage of premium products, led to an improvement in profitability.

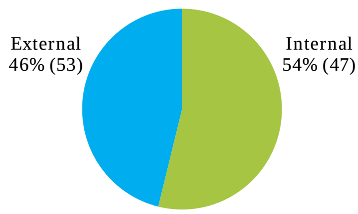
Net Sales – Retail, SEK m	12 months January-December 2010	12 months January – December 2010[1] recalculated	12 months January-December 2009	3 months October - December 2010	3 months October – December 2010[1] recalculated	3 months October - December 2009
Nordic region	94	94	116	28	28	39
Central Europe	543	594	643	181	199	200
Southern & Eastern Europe	52	55	32	22	24	19
Rest of the World	0	0	2	0	0	0
Total	**689**	**743**	**792**	**231**	**251**	**257**

[1] Reported net sales for 2010 recalculated at 2009 exchange rates.

Tissue business area

Net sales for the period 1 January – 31 December 2010 fell by 8.2%, to SEK 499 m (543).

Operating income for the year was SEK 18 m (16). The operating margin strengthened to 3.7% (3.0%). The effects of the fire had only a marginal impact on earnings for the full year. The second half of the year has been characterized by lower sales than in the first half, in part attributable to the disruption caused by the fire, but primarily due to lower demand from the hygiene products sector. Now that the situation has returned to normal, sales activities have intensified. Measures are also taken to create stability in the production process as well as improved productivity.



Sales mix, Tissue

Sales for the period 1 October – 31 December were SEK 109 m (134). Operating income amounted to SEK 6 m (4), and the operating margin was 5.4% (3.1%). From an accounting perspective, treatment of insurance compensation received for costs incurred and destroyed assets relating to the fire has had a positive effect on operating income in the quarter, while the effect on full year earnings is marginal.

Cash flow

The Group's operating cash flow for the period 1 January – 31 December 2010 was SEK 296 m (626). Working capital normalized during 2010 following the strong measures taken in 2009. The inventory turnover rate is largely unchanged, but with a somewhat higher value level due to higher prices. Quality in the finished goods inventory gradually improved during the year through a reduction in the number of non-active articles. The inventory value is SEK 437 m (382) and accounts receivable amount to SEK 634 m (640).

Cash flow including investing activities amounted to SEK 65 m (496). Duni's net investments amounted to SEK 236 m (121), an increase compared with the preceding year which is mainly attributable to the investment in a biofuel boiler and the purchase of a previously operationally leased machine at the paper mill in Skåpafors. In addition, a number of improvement projects were initiated in the fourth quarter, which will continue next year. Depreciation and impairment for the period amounted to SEK 102 m (102).

The Group's interest-bearing net debt as per 31 December was SEK 582 m, compared with SEK 631 m on 31 December 2009. Despite the increased investment level, net debt fell by almost SEK 50 m. The primarily reasons for this are good profitability and a currency valuation effect since liabilities are reported in EUR. Net debt was, however, negatively affected by the fact that full compensation has not yet been received from the insurance company.

Financial net

The financial net for the period 1 January – 31 December 2010 was SEK -18 m (-43). External interest expenses are lower than last year thanks to a reduced indebtedness and lower market interest rates. The financial net is affected by positive realized and unrealized changes in value which, for the same period last year, were somewhat negative.

Taxes

The total reported tax expense for the period 1 January – 31 December 2010 was SEK 112 m (108), yielding an effective tax rate of 26.7% (24.4%). The tax expense for the year includes adjustments from previous periods of SEK -3 m (-1). The deferred tax asset relating to loss carry-forwards was utilized in the amount of SEK 37 m (22).

Earnings per share

The period's earnings per share before and after dilution amounted to SEK 6.52 (7.15).

Duni's share

As per 31 December 2010 the share capital amounted to SEK 58,748,790 divided into 46,999,032 shares, each with a quotient value of SEK 1.25.

Shareholders

Duni is listed on NASDAQ OMX Stockholm under the ticker name "DUNI". Duni's three largest shareholders, as per 31 December 2010, are Mellby Gård Investerings AB (29.99%), Polaris Capital Management, LLC (10.73%) and Lannebo fonder (8.07%).

Personnel

On 31 December 2010 there were 1,914 (1,906) employees. 831 (823) of the employees were engaged in production. Duni's production units are located in Bramsche in Germany, Poznan in Poland, and Bengtsfors in Sweden.

Acquisitions

No acquisitions were carried out during the period.

New establishment

No new establishments were carried out during the period.

Risk factors for Duni

A number of risk factors may affect Duni's operations in terms of both operational and financial risks. Operational risks are normally handled by each operating unit and financial risks are managed by the Group's Treasury department, which is included as a unit within the Parent Company.

Operational risks

Duni is exposed to a number of operational risks which it is important to manage. The development of attractive product ranges, particularly the Christmas collection, is extremely important in order for Duni to achieve good sales and income growth. Duni addresses this issue by constantly developing its range. Approximately 25% of the collection is replaced each year in response to, and to create new, trends. A weaker economy over an extended period of time in Europe might lead to fewer restaurant visits, reduced consumption at consumer level and increased price competition, which may affect volumes and gross margins.

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

Financial risks

Duni's finance management and its handling of financial risks are regulated by a finance policy adopted by the Board of Directors. The Group divides its financial risks between currency risks, interest rate risks, credit risks, financing and liquidity risks. These risks are controlled in an overall risk management policy which focuses on unforeseen events on the financial markets and endeavors to minimize potential adverse effects on the Group's financial results. The risks for the Group are in all essential respects also related to the Parent Company. Duni's management of financial risks is described in greater detail in the Annual Report as per 31 December 2009.

Since 2007, Duni's long-term financing has been secured through financing agreements valid until 2012. Duni has no significant changes in contingent liabilities since 31 December 2009.

Transactions with related parties

No transactions with related parties took place during the fourth quarter of 2010.

Major events since 31 December

No significant events have occurred after the balance sheet date.

Interim reports

Quarter I	28 April 2011
Quarter II	15 July 2011
Quarter III	27 October 2011

Proposed dividend

The board proposes a dividend of SEK 3,50 (2.50) per share or SEK 164 m (117). The board believes that the proposed dividend provides scope for the Group to perform its obligations and implement planned investments. 10 May 2011 is proposed as the record date for the right to receive dividend.

Annual General Meeting 2011

Duni AB's Annual General Meeting will be held in Malmö, Sweden, at 3 pm on 5 May 2011 at Sankt Gertrud Konferens, Carolinahallen, entrance Östergatan 9, Malmö. For further information, please see Duni's website. The annual report will be available on Duni's website during the week of 4 April. Shareholders who wish to submit proposals to Duni's Nomination Committee or wish to have a matter addressed at the Annual General Meeting may do so by e-mail to valberedningen@duni.com or bolagsstamma@duni.com or by letter to the following address: Duni AB, Att: Valberedningen or Bolagsstämma, P O Box 237, SE-201 22 Malmö, not later than 17 March 2011.

Composition of the Nomination Committee

The Nomination Committee is a shareholder committee which is responsible for nominating the persons to be proposed at the Annual General Meeting for election to Duni's board. The Nomination Committee submits proposals regarding the chairman of the board and other directors. It also produces proposals regarding board fees, including the allocation between the chairman and other directors, and any compensation for committee work.

Duni's Nomination Committee pending the 2011 Annual General Meeting comprises the following four members: Anders Bülow (Chairman of the Board of Duni AB); Rune Andersson (Mellby Gård Investerings AB and Chairman of the Nomination Committee); Bernard R. Horn, Jr (Polaris Capital Management, LLC) and Björn Franzon (Swedbank Robur fonder).

The Parent Company

Net sales for the period 1 January – 31 December 2010 amounted to SEK 1,180 m (1,180). Income after financial items was SEK 207 m (500). The figure for the last year includes extra dividends from subsidiaries.

Net debt amounted to SEK -282 m (-52), of which a net asset of SEK 831 m (641) relates to subsidiaries. Other receivables have increased due to increased lending to subsidiaries. Net investments amounted to SEK 24 m (22).

Accounting principles

This interim report has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act. The Parent Company's financial statements are prepared in accordance with RFR 2.3, Reporting for Legal Entities, and the Swedish Annual Accounts Act. The accounting principles applied are those described in the annual report as per 31 December 2009. There is no non-controlling interest in Duni.

Information in the report

The information is such that Duni AB (publ) is to publish in accordance with the Swedish Securities Markets Act and/or the Financial Instruments Trading Act. The information will be submitted for publication on 16 February at 8.00 AM CET.

The interim report will be presented on Wednesday, 16 February at 10.00 AM CET at a telephone conference which also can be followed via the web. To participate in the telephone conference, please dial +46 (0)8 5052 0110. To follow the presentation via the web, please visit this link:

http://webeventservices.stream57.com/duni20111602

This report has been prepared in both a Swedish and an English version. In the event of any discrepancy between the two, the Swedish version shall apply.

Malmö, 15 February 2011

Fredrik von Oelreich, President and CEO

Additional information is provided by:

Fredrik von Oelreich, President and CEO, +46 40 10 62 00
Mats Lindroth, CFO, +46 40 10 62 00
Fredrik Wahrolén, Marketing and Communications Manager, +46 734 19 62 07

Duni AB (publ)
Box 237
201 22 Malmö
Tel.: +46 40 10 62 00
www.duni.com
Registration no: 556536-7488

Consolidated Income Statements

SEK m (Note 1)	12 months January - December 2010	12 months January - December 2009	3 months October - December 2010	3 months October - December 2009
Net Sales	**3 971**	**4 220**	**1 097**	**1 157**
Cost of goods sold	-2 919	-3 054	-785	-800
Gross profit	**1 052**	**1 166**	**312**	**357**
Selling expenses	-434	-482	-107	-128
Administrative expenses	-174	-184	-45	-43
Research and development expenses	-25	-29	-9	-10
Other operating incomes (Note 3)	134	107	80	9
Other operating expenses (Note 3)	-117	-90	-62	-12
Operating income (Note 2)	**436**	**488**	**169**	**173**
Financial income	1	2	0	0
Financial expenses, etc.	-19	-45	-6	-7
Net financial items	**-18**	**-43**	**-6**	**-7**
Income after financial items	**418**	**444**	**163**	**166**
Income tax	-112	-108	-46	-35
Net Income	**306**	**336**	**117**	**131**
Income attributable to:				
Equity holders of the Parent Company	306	336	117	131
Earnings per share, attributable to equity holders of the Parent Company, SEK				
Before and after dilution	6.52	7.15	2.49	2.79
Average number of shares before and after dilution (´000)	46 999	46 999	46 999	46 999

Statement of comprehensive income

SEK m	12 months January - December 2010	12 months January - December 2009	3 months October - December 2010	3 months October - December 2009
Net income of the period	**306**	**336**	**117**	**131**
Comprehensive income				
Exchange rate differences - translation of subsidiaries	13	-6	2	0
Comprehensive income of the period	**13**	**-6**	**2**	**0**
	319	**330**	**119**	**131**
Sum of comprehensive income of the period				
Comprehensive income of the period attributable to:	319	330	119	131
Equity holders of the Parent Company				

Comprehensive income consists of translation differences with no tax effects.

Consolidated Quarterly Income Statements in brief

MSEK	2010				2009			
Quarter	Oct - Dec	Jul - Sep	Apr - Jun	Jan - Mar	Oct - Dec	Jul - Sep	Apr - Jun	Jan-Mar
Net Sales	**1 097**	**943**	**970**	**960**	**1 157**	**1 021**	**1 035**	**1 007**
Cost of goods sold	-785	-698	-724	-712	-800	-734	-766	-755
Gross profit	**312**	**245**	**246**	**248**	**357**	**287**	**269**	**252**
Selling expenses	-107	-99	-107	-121	-128	-109	-119	-126
Administrative expenses	-45	-43	-42	-45	-43	-45	-52	-45
Research and development expenses	-9	-5	-5	-6	-10	-6	-6	-6
Other operating incomes	80	15	16	23	9	48	24	27
Other operating expenses	-62	-11	-18	-25	-12	-38	-8	-32
Operating income	**169**	**102**	**91**	**74**	**173**	**137**	**108**	**70**
Financial income	0	0	0	0	0	0	0	1
Financial expenses etc.	-6	-3	-2	-8	-7	-3	-14	-21
Net financial items	**-6**	**-3**	**-1**	**-8**	**-7**	**-3**	**-14**	**-20**
Income after financial items	**163**	**99**	**90**	**66**	**166**	**134**	**94**	**50**
Income tax	-46	-27	-24	-15	-35	-35	-26	-13
Net Income	**117**	**72**	**66**	**51**	**131**	**100**	**68**	**37**

Consolidated Balance Sheets in brief

SEK m	31 December 2010	31 December 2009
ASSETS		
Goodwill	1 199	1 199
Other intangible fixed assets	44	29
Tangible fixed assets	588	510
Financial fixed assets	289	336
Total fixed assets	**2 120**	**2 074**
Inventories	437	382
Accounts receivable	634	640
Other operating receivables	174	163
Cash and cash equivalents	122	230
Total current assets	**1 367**	**1 415**
TOTAL ASSETS	**3 487**	**3 489**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	**1 991**	**1 789**
Long-term loans	530	682
Other long-term liabilities	211	216
Total long-term liabilities	**741**	**898**
Accounts payable	315	344
Other short-term liabilities	440	458
Total short-term liabilities	**755**	**802**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3 487**	**3 489**

Change in the Group's shareholders' equity

SEK m	Share capital	Other injected capital	Reserves	Fair value reserve [1]	Loss carried forward incl. net income for the period	TOTAL EQUITY
	Attributable to equity holders of the parent company					
Opening balance 1 January 2009	**59**	**1 681**	**42**	**13**	**-251**	**1 544**
Sum of comprehensive income of the period	-	-	-6	-	336	330
Dividend paid to shareholders	-	-	-	-	-85	-85
Closing balance 31 December 2009	**59**	**1 681**	**36**	**13**	**0**	**1 789**
Sum of comprehensive income of the period	-	-	13	-	306	319
Dividend paid to shareholders	-	-	-	-	-117	-117
Closing balance 31 December 2010	**59**	**1 681**	**49**	**13**	**189**	**1 991**

[1] 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.

Consolidated Cash Flow Statement

SEK m	1 January- 31 December 2010	1 January- 31 December 2009
Current operation		
Operating income	436	488
Adjustment for items not included in cash flow etc	84	-12
Paid interest and tax	-49	-114
Change in working capital	-175	264
Cash flow from operations	**296**	**626**
Investments		
Acquisition of fixed assets	-240	-125
Sales of fixed assets	3	4
Change in interest-bearing receivables	6	-9
Cash flow from investments	**-231**	**-130**
Financing		
Taken up loans[1)]	136	1 365
Amortization of debt[1)]	-211	-1 756
Dividend paid	-117	-85
Change in borrowing	23	-36
Cash flow from financing	**-169**	**-512**
Cash flow from the period	**-104**	**-16**
Liquid funds, opening balance	230	249
Exchange difference, cash and cash equivalents	-4	-3
Cash and cash equivalents, closing balance	**122**	**230**

1) Loans and amortizations, within the credit facility, are reported gross for duration above 3 months according to IAS 7.

Key ratios in brief

	1 January- 31 December 2010	1 January- 31 December 2009
Net Sales, SEK m	3 971	4 220
Gross Profit, SEK m	1 052	1 166
EBIT[1)], SEK m	435	436
EBITDA[1)], SEK m	537	539
Net debt	582	631
Number of Employees	1 914	1 906
Sales growth	-5.9%	3.0%
Gross margin	26.5%	27.6%
EBIT[1)] margin	10.9%	10.3%
EBITDA[1)] margin	13.5%	12.8%
Return on capital employed[1)]	19.0%	20.8%
Net debt/equity ratio	29.2%	35.3%
Net debt/EBITDA [1)]	1.08	1.17

1) Calculated based on underlying operating income.

Parent Company Income Statements in brief

SEK m (Note 1)	12 months January-December 2010	12 months January - December 2009	3 months October - December 2010	3 months October-December 2009
Net Sales	**1 180**	**1 180**	**330**	**336**
Cost of goods sold	-1 055	-1 059	-305	-292
Gross profit	**125**	**121**	**25**	**44**
Selling expenses	-110	-116	-25	-34
Administrative expenses	-129	-138	-35	-34
Research and development expenses	-14	-13	-5	-4
Other operating incomes	258	315	73	59
Other operating expenses	-200	-212	-51	-38
Operating income	**-70**	**-43**	**-18**	**-7**
Revenue from participations in Group Companies	257	547	6	-
Other interest revenue and similar income	22	30	7	6
Interest expenses and similar expenses	-2	-35	-5	-1
Net financial items	**277**	**543**	**8**	**5**
Income after financial items	**207**	**500**	**-10**	**-2**
Taxes on income for the period	-13	-13	-2	-5
Net income for the period	**194**	**487**	**-12**	**-7**

Parent Company Balance Sheets in Brief

SEK m	31 December 2010	31 December 2009
ASSETS		
Goodwill	599	699
Other intangible fixed assets	38	29
Total intangible fixed assets	**637**	**728**
Tangible fixed assets	63	67
Financial fixed assets	1 031	1 070
Total fixed assets	**1 731**	**1 865**
Inventories	103	86
Accounts receivable	96	104
Other operating receivables	1 026	843
Cash and bank	65	179
Total current assets	**1 290**	**1 212**
TOTAL ASSETS	**3 021**	**3 077**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Total restricted shareholders equity	83	83
Total unrestricted shareholders equity	1 994	1 868
Shareholders' equity	**2 077**	**1 951**
Provisions	**109**	**113**
Long-term financial liabilities	510	668
Total long-term liabilities	**510**	**668**
Accounts payable	52	73
Other short-term liabilities	273	272
Total short-term liabilities	**325**	**345**
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	**3 021**	**3 077**

Definitions

Cost of goods sold: Cost of goods sold including production and logistic costs.

Gross margin: Gross profit as a percentage of net sales.

EBIT: Operating income.

EBIT margin: EBIT as a percentage of net sales.

EBITA: Operating income adjusted for impairment of fixed assets.

EBITA margin: EBITA as a percentage of net sales.

EBITDA: Operating income before depreciation and impairment of fixed assets.

EBITDA margin: EBITDA as a percentage of net sales.

Capital employed: Non-interest bearing fixed assets and current assets, excluding deferred tax assets, less non-interest bearing liabilities.

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

Return on shareholders' equity: Net income as a percentage of shareholders' equity.

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

Currency adjusted: Figures adjusted for changes in exchange rates. Figures for 2010 are calculated at exchange rates for 2009.

Earnings per share: Net income divided by the average number of shares.

Net Interest-bearing debt: Interest-bearing liabilities and pensions less cash and cash equivalents and interest-bearing receivables.

HoReCa: Abbreviation for hotels, restaurants and catering.

Private label: Products marketed under customer's own label.

Notes

Note 1 • Accounting and valuation principles

Since January 1, 2005, Duni applies International Financial Reporting Standards (IFRS) as adopted by the European Union. For transition effects see notes 45 and 46 in the Annual Report of 30 June 2007.

This interim report has been prepared in accordance with IAS 34, Interim Reporting. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and with the related reference to Chapter 9 of the Annual Accounts Act. The parent company's financial statements are prepared in accordance with RFR 2.3, Reporting for Legal Entities, and the Annual Accounts Act. The accounting principles are the same as in the Annual Report as per 31 December 2009.

Note 2 • Segment reporting, SEK m

January - December

2010-01-01 – 2010-12-31	**Professional**	**Retail**	**Tissue**	**Group's 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**	**3 971**
Underlying operating income	**384**	**32**	**18**	**435**
Non-recurring items	1	0	0	**1**
Operating income	**385**	**32**	**19**	**436**
Net financial items	-	-	-	**-18**
Income after financial items	-	-	-	**418**

2009-01-01 – 2009-12-31	**Professional**	**Retail**	**Tissue**	**Group's Total**
Total net sales	2 885	792	1 027	**4 705**
Net sales from other segments	0	-	484	**484**
Net sales from external customers	**2 885**	**792**	**543**	**4 220**
Underlying operating income	**402**	**18**	**16**	**436**
Non-recurring items	36	9	7	**52**
Operating income	**438**	**27**	**23**	**488**
Net financial items	-	-	-	**-43**
Income after financial items	-	-	-	**444**

October - December

2010-10-01 – 2010-12-31	Professional	Retail	Tissue	Group's Total
Total net sales	758	231	291	**1 280**
Net sales from other segments	-	-	182	**182**
Net sales from external customers	**758**	**231**	**109**	**1 098**
Underlying operating income	**124**	**33**	**6**	**163**
Non-recurring items	4	1	1	**6**
Operating income	**128**	**34**	**7**	**169**
Net financial items	-	-	-	**-6**
Income after financial items	-	-	-	**163**

2009-10-01 – 2009-12-31	Professional	Retail	Tissue	Group's Total
Total net sales	766	257	246	**1 269**
Net sales from other segments	-	-	112	**112**
Net sales from external customers	**766**	**257**	**134**	**1 157**
Underlying operating income	**137**	**26**	**4**	**167**
Non-recurring items	4	1	1	**6**
Operating income	**141**	**27**	**5**	**173**
Net financial items	-	-	-	**-7**
Income after financial items	-	-	-	**166**

The increase in investments compared with the preceding year relates primarily to the Tissue business area. In other respects, no significant changes have taken place in the assets of the segments compared with the annual report as per 31 December 2009.

Note 3 • Non-recurring items

Duni considers restructuring cost and unrealized valuation effects on derivative instruments, due to non-application of hedge accounting, as non-recurring items. Presented below is a specification of the lines on which these items are included in the consolidated income statement.

Derivative instruments SEK m	12 months January-December 2010	12 months January-December 2009	3 months October - December 2010	3 months October - December 2009
Other operating income	8	57	6	9
Other operating expenses	-6	-3	0	-3
Total	**1**	**54**	**6**	**6**

Restructuring cost SEK m	12 months January-December 2010	12 months January-December 2009	3 months October – December 2010	3 months October – December 2009
Cost of goods sold	0	-1	0	1
Selling expenses	1	-1	1	-1
Other operating expenses	-1	-	-1	-
Total	**0**	**-2**	**0**	**0**

Other operating income and expenses includes also the treatment for accounting purposes of insurance compensation for costs incurred and assets destroyed relating to the fire that occurred at a production plant in Skåpafors, Sweden, in June.