Annual Report 2009

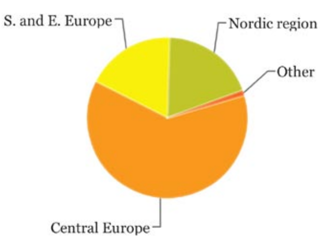
CONTENT

This is Duni

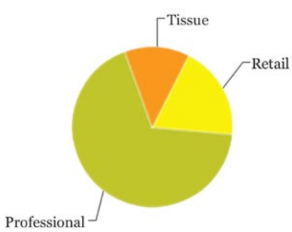
Duni is a leader in Europe in the design, production and marketing of high-quality table covers, napkins, candles and other table setting products. Duni also offers packaging and packaging systems to the growing take-away market. Around 70% of Duni's products are paper-based, and these products are almost entirely produced within the Group. Duni engages in intensive environmental work. 90% of the paper-based products are FSC-certified (Forest Stewardship Council) 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 in total some 2,000 employees in 17 countries. The largest markets are in Central and Northern Europe, but globally more than 40 markets are covered in Europe, the Middle East, Africa and Asia. The business is divided into three business areas: Professional, covering sales to hotels, restaurants and catering firms; Retail, primarily focusing on the grocery retail trade; and Tissue, producing wet laid and air laid tissue for table setting products and hygiene products.

Net sales per geographic region 2009



Net sales per business area



Operating income per business area (Underlying operating income)

The Year in Brief

Net sales for the financial year January 1– December 31, 2009 increased by 3.0% compared with 2008, to SEK 4,220 m (4,099). The underlying operating income* for the financial year increased by 5.3% to SEK 436 m (414).

Had exchange rates been unchanged, net sales for the period would have been SEK 230 m lower, entailing a decline in sales of 2.7%. At fixed exchange rates, the underlying operating income would have been SEK 54 m lower.

The underlying gross margin improved by 27.6% (26.8%), which was mainly due to the weak Swedish krona. The gross margin was also affected by lower costs for input materials together with general cost savings.

Duni's core markets have withstood the recession relatively well. This is particularly true for the Professional business area and the German market. Income within Retail also improved, at the same time as Tissue experienced a turnaround during the second half of the year.

During the year, an improved cash flow and efficient follow-up of customer credits had significant positive effects on working capital. This, combined with the positive operating income, resulted in a strong cash flow which led to a significant decline in net debt, by SEK 469 m.

A gradual recovery in the general economic situation can be expected during 2010. Despite this, prices for important raw materials have recently been increasing at a fast rate, which represents a challenge since demand is still at a low level.

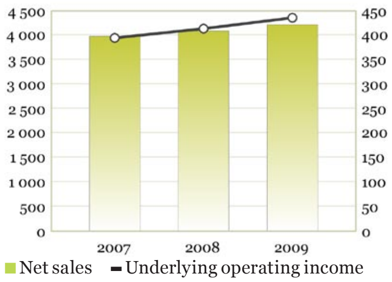
**) The underlying operating result excludes an unrealized valuation effect of derivative instruments of SEK 54 (-48) due to the non-application of hedge accounting and restructuring costs of SEK 2 m (41).*

Key Ratios

	2009	2008	2007	2006
Net sales	4 220	4 099	3 985	3 762
EBIT*	436	414	395	328
EBITDA*	539	511	484	411
Income before tax	444	251	196	1
Net income for the year (continuing operations)	336	191	99	-11
Proposed dividend, SEK/share	2.50	1.80	1.80	-
Shareholders' equity	1 789	1 544	1 416	838
Return on equity, %	18.78%	12.37%	6.99%	-1.31%
Number of employees	1 906	1 952	2 001	1 999

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

Net sales and operating income



Fredrik von Oelreich has been CEO of Duni since 2007.

Strength creates opportunities

The recession had a firm grip on the past year with the global economy shrinking by almost one percent, and in the west by no less than four percent. Companies around the world have had to struggle to show a profit. Even if most countries are now on the way out of the recession, many analysts do not expect any rapid recovery.

In light of this, it is particularly pleasing to be able to report once again a year of strong finances and a good result.

Nonetheless, Duni faced tough market conditions in 2009, with sales declining by around 3% at fixed exchange rates. The decline was relatively modest when compared with many other industries. The market was weak mainly during the first half of the year. Demand stabilized gradually during the second half.

Volumes declined slightly across the board, but Duni's core markets withstood the recession relatively well. The Professional business area and the German market reported particularly pleasing results. Income improved gradually within Retail, while Tissue experienced a clear improvement during the second half of the year.

Favorable exchange rates contributed to Duni being able to report increased sales as well as improved earnings. At the same time, I wish to emphasize that we have strengthened our position on many markets. The underlying operating income of SEK 436 m and operating margin of 10.3% demonstrate the strength of Duni's brand, unique concepts and close relations with our customers.

SUBSTANTIALLY REDUCED NET DEBT

The financial crisis and accompanying recession have demonstrated the importance of solid and stable finances. Thanks to strong earnings and successful work in reducing the working capital, primarily through a substantial reduction in inventory, Duni generated a very strong cash flow of SEK 626 m during the year. This meant that the net debt was reduced from SEK 1,100 m to SEK 631 m at the end of 2009. All in all, this provides financial flexibility and strength which create strategic freedom to act.

STRONG DEVELOPMENT WITHIN PROFESSIONAL

Sales within our largest business area, Professional, grew by 4.1 percent, thereby clearly demonstrating our position as the leading company within the premium segment.

The important German market showed strong resilience in face of the weak economy and, towards the end of the year, stabilization could be discerned on most markets, with the exception of Eastern Europe. However, we take a positive view of the long-term potential in that region. Currently we are strengthening our presence on the Russian market by a build-up of our own sales organization in the Moscow area. In times such as these, we see interesting opportunities to establish a platform for future growth.

Aided by a weak Swedish krona but also thanks to a successful defense of our leading market positions and the cost-cutting measures that were implemented early on, Professional succeeded in increasing operating income from SEK 368 m to SEK 402 m. Lower prices for input materials also played an important role in supporting margins.

Private consumption has been subdued in the wake of the recession and, consequently, 2009 was also a challenging year for the Retail business area. Nevertheless, we are able to report relatively stable sales. Income continues to improve, but at 2.2% the operating margin has not yet reached a satisfactory level.

Duni strengthened its positions during the year on the tough UK market and the work of focusing on customer profitability has yielded results. The Nordic region has also improved and a new co-operation with an external partner within sales is creating new conditions for growth on the Swedish market commencing 2010. It is also pleasing that approximately 600 ICA stores in Norway have chosen to carry Duni's range.

Within Retail, focus is on measures for profitable growth on existing markets. A continuous improvement in the product mix and diligent product range optimization work constitute important elements in this effort.

2009 was a turbulent year for the Tissue business area, with a weak first half resulting in production stoppage at the mills in order to avoid inventory buildup. The main causes for this were inventory reduction and reduced sales to major external customers. The second half of the year brought with it an increase in demand, particularly within the hygiene products sector, and Tissue ended 2009 with sales largely unchanged. However, the operating income was detrimentally affected by production stoppage and a less favorable product mix.

DUNI HAS SUCCESSFULLY MANAGED THE RECESSION

Provided that we have now passed the bottom, we can conclude that Duni withstood the recession well. The reason for this is that we operate on markets which, relatively speaking, are less sensitive to a recession, combined with Duni's unique business model and strong sales organization.

The trend towards replacing linen napkins and linen table covers with premium quality tissue-based products proceeds also in less favorable economic times. In addition the takeaway segment continues to expand as a result of changing lifestyles.

The cost-cutting measures came into full effect during the second half of 2009 and the previously announced savings of some SEK 50 m on a full-year basis were achieved. This underlines the importance of adapting costs early and with sufficient force when the market conditions change rapidly.

FOCUS ON THE ENVIRONMENT

During 2009, Duni raised its ambitions within the environmental area. This is based on the new environmental policy containing ambitious targets which was adopted at the end of 2008. We are now increasing the activity level and, here too, we strive to be an innovative industry leader. Products, production and distribution shall have as little impact on the environment as possible. The new biofuel boiler, which is expected to enter into commission during the second half of 2010, will provide good assistance to Duni in achieving its targets. In addition, an environmental manager for the entire group has assumed office during the year to increase efficiency in the environmental work. During 2009, Duni received FSC-certification regarding 90 percent of its paper-based products. This means that the raw materials are sourced from environmentally sustainable forests (FSC - Forest Stewardship Council).

OPPORTUNITIES AND CHALLENGES

The bottom of the recession has now likely been passed but developments in the near future are uncertain and we expect a slow recovery. Despite the decline in the economy, prices for important raw materials have continued to increase rapidly recently, and this represents a challenge since demand remains at a low level.

At the same time, there are opportunities for geographic expansion and diversification towards new HoReCa concepts. New, innovative products and concepts create conditions for continued success. Duni today is financially strong and well positioned to tackle challenges and to exploit opportunities in the market.

Malmö, March 2010
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 and packaging systems 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 2009, these markets accounted for 68%, 19%, 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 primarily 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

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

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.

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: disposable table top products, meal packaging and tissue. Duni has approximately 4,500 different articles, which are regularly replaced to suit current trends and seasonal variations.

DISPOSABLE TABLE TOP PRODUCTS
The table top concept consists of disposable table top products with a coordinated design. Products include, for example, napkins, table covers, placemats, runners, plates, glasses, cups, cutlery and candles in matching colors and designs. Disposable table top products can be divided into standard products and premium products. Standard products are, for example, white single-ply napkins, while premium products are of a higher quality. The latter 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, serving products are purchased primarily from external suppliers. The range includes plastic cutlery, cups and glasses, as well as paper and plastic plates.

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

MEAL PACKAGING SOLUTIONS
Duni markets 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. Currently, some 600 articles are available in this category. 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 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 products. Tissue is produced in two qualities: wet laid tissue (referred to as 'tissue') or 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

With respect to the main products, napkins and table covers, Duni has a market share in Europe of approximately 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 tissue-based napkins and 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 width and variation in the product range also distinguish Duni from its competitors.

UNIQUE AND EFFICIENT SALES MODEL

Duni has a large sales force which each year makes approximately 300,000 customer visits, of which approximately 250,000 are on the fragmented restaurant, hotel and catering markets. The model facilitates a continuous dialogue with customers concerning the selection and use of Duni's products. It creates strong customer loyalty and is an important reason for Duni's high market penetration. The close relationship with customers is 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 explain 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 products are regularly evaluated based on inventory turnover rate, sales and profitability criteria. New and existing products are evaluated using the same criteria. During the past year, great importance has been placed on the product development work within the Company. A product and concept development process has been implemented in which employees, customers and suppliers co-operate in order to create and evaluate 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.

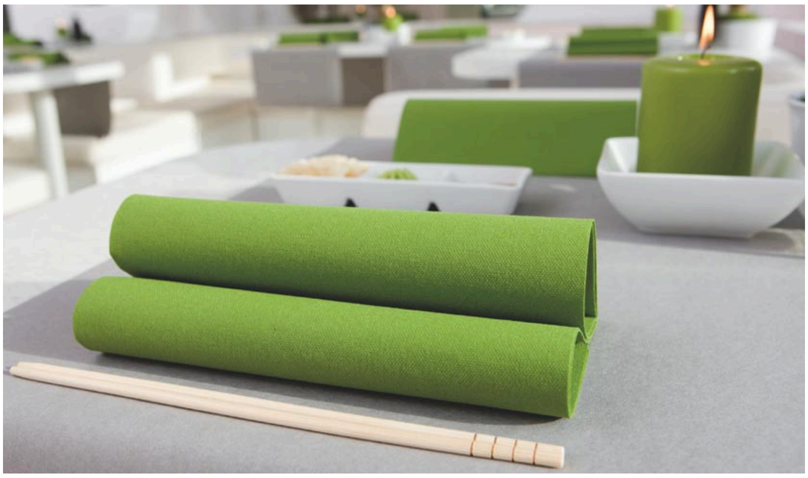
Duni's design department constantly monitors trends by attending various trade fairs and shows on fashion, design and current trends in Europe and the United States, as well as with the assistance of external trend scouts. Market surveys and focus groups also provide information about trends and feedback regarding products. Duni's sales force participates in the development work by passing on customers' feed-back 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 table runner with 3D effect Sensia®, the premium napkin Elegance Lily and the concept for appetizers Amuse-bouche. Over the years, Duni has 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 in general produced within the Group. The manufacture of tissue and airlaid takes place in Sweden, while converting to finished table top products takes place in Germany and Poland. Duni's paper mills are specialized in the production and deep dyeing of short runs of high-quality tissue and airlaid, and consequently table top products can be offered in many colors and shades with color matching between different materials.

Specialization in short runs means that Duni can quickly adapt the collections to the customers' wishes. Approximately 70% of Duni's production is made for stock. Duni's central warehouses in Germany and a number of distribution centers handle distribution to customers.

EXPANSION ON NEW GROWTH MARKETS
Duni is established on a number of markets which offer good opportunities for organic growth. In Southern and Eastern Europe, Duni's most profitable segment — premium products — accounts for only one third of the total market, as compared with Northern Europe where the premium products account for approximately two thirds of sales. Southern Europe is the largest market region in Europe and market growth is expected to exceed average annual GDP growth, driven primarily by growth within premium products. Also in Eastern Europe, market growth is expected to exceed average annual GDP growth.



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

VALUES
Duni has four core values which permeate the entire Company and its operations:
• Ownership
• Open mind
• Added value
• Will to win

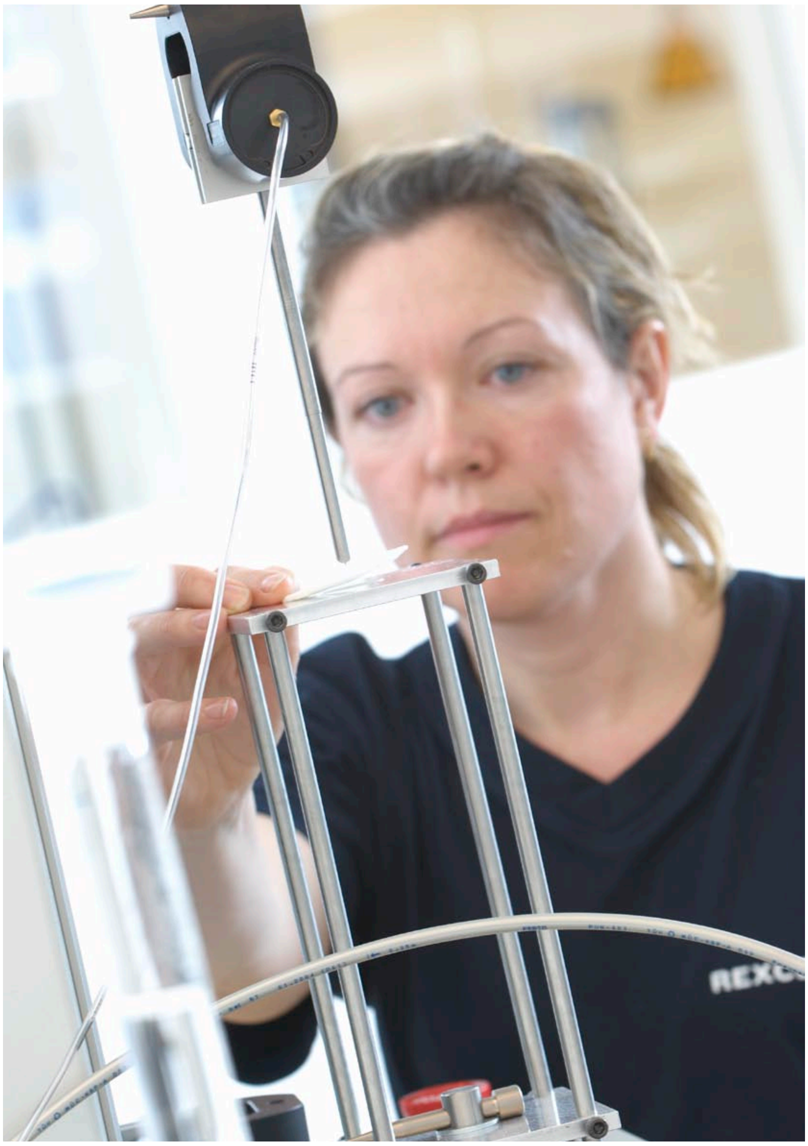
STRATEGY
Duni's strategic focus within each business area is, in brief:
Professional
• Leader within the premium segment.
• Increased market shares in Southern and Eastern Europe as well as the UK.
• Take advantage of new trends on the HoReCa market such as increased demand within take-away.

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.

Focus – An innovative industry leader

Innovation plays a key role in Duni's business model and success concept. Duni's strong position on the market is defended and developed through new concepts, products and materials.



Environmental adaptation of products represents a major area within product and materials development.

Duni's table setting products are exposed to competition, both from other disposable products but also from traditional linen. Constantly maintaining a high pace of innovation and the development of design, form and functions have become crucial factors for advancing an already strong position on the market.

Duni renews approximately one-quarter of the product range each year, which is among the highest rates in the industry. The work on new products, designs and materials takes place on a broad front throughout the Group, in close cooperation between market, production and design teams.

A group of 12 people at Rexcell is responsible for materials development within Tissue. This work is coordinated with other functions at Duni and the development work takes place in cross-functional project groups in which the market, production and sales functions are represented.

INTERNAL TEST PANEL

Designated as Dunivation, an internal process is carried out for producing ideas which are subsequently tested and evaluated by an internal test panel of some 100 participants. In this way, resources are focused on the products which have the greatest potential on the market. It is often a question of filling gaps which have been identified on the market, new concepts or perhaps new functions or qualities of a product. New products and concepts based on existing materials are under constant development. The development of new materials, something which often takes a long time but which can provide significant advantages on the market, also represents an important element.

Products developed in recent years involving a high degree of innovation include Duniletto®, a napkin with a pocket for cutlery, Duni Amuse-bouche®, a concept for appetizers, and the Elegance premium napkin which is based on a further development of a material which feels like textile. All new products must be better than those they are replacing or existing products within the same group.

Duni's products are regularly evaluated based on inventory turnover rate, sales and profitability. The evaluation forms a basis for development of the range, which is ultimately expressed in each year's Selection Guide in which new colors, designs and products are presented.

REDUCING THE ENVIRONMENTAL FOOTPRINT

One of the challenges with new products and materials is to constantly be at the forefront of reducing the environmental footprint. In this respect, Duni is already out in front with compostable table setting products and the Duni ecoecho™ concept within serving products and meal packaging solutions.

The degree of innovation and being quick footed on the market are important success factors for new products. Where Duni purchases products from subcontractors, development normally takes place in close cooperation, at the same time as Duni's own design department is able to control the design of the products.

Food packaging accounts for 21% of the market.

Market size and structure

The European market for disposable 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 disposable 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, is 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 trends 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.

The recession has also affected the HoReCa market, which for example in Germany declined by 4.1% in 2009, compared with last year. Duni, however, registered some growth in Germany during 2009.

Quick Service Restaurants (QSR) also declined, but to a lesser extent than the total foodservice industry in Europe. According to NPD, QSR (an umbrella term for self-service and fast food restaurants) lost 1.6% in the number of visitors during the first half of 2009, compared with almost 3% for the total market.

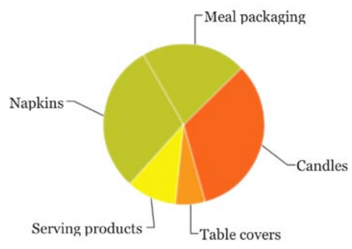
PREMIUM PRODUCTS LARGEST SEGMENT

Disposable napkins and table covers can be divided into standard and premium products, with the latter being produced in at least three-ply tissue or airlaid. Standard products account for approximately 45% of the total estimated sales on the European market for napkins and table covers, while premium products account for 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 in Europe. In Southern Europe, premium products account for around one-third of the total market. The market's size is explained by volumes within standard products. In Eastern Europe, premium products account for approximately one-third of the total market. Sales of Duni's products are strongly affected by growth within the foodservice industry. 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 table top products



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

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.

MAJOR COMPETITORS

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

The trend of an increasing number of meals being consumed outside the home is expected to continue, among other things based on an expected increase of the share of single households, continued urbanization and an anticipated increase in the proportion of people employed. 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. An increased share of meals outside the home means growing demand for products which enhance the ambience and atmosphere in conjunction with restaurant visits, for example napkins and table covers.

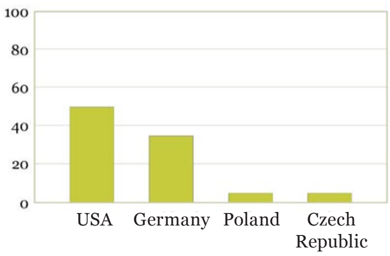
SUBSTITUTION OF LINEN NAPKINS AND LINEN TABLE COVERS

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

INCREASED DEMAND FOR TAKE-AWAY

Take-away meals are increasing on the European market. According to the trade journal, Foodservice Europe & Middle East, in 2008 Quick Service Restaurants (QSR), which constitute a large part of the take-away segment, accounted for 33.8% of sales of the 111 largest companies in the European foodservice industry. Growth has been steady since 2000. In part this is induced by the same factors that drive growth in meals consumed outside the home, namely an increase in the share of single households, continued urbanization and an increase in the proportion of people in gainful employment. Take-aways also account for an increased share of restaurant sales, while ready-to-eat meals are being sold in grocery stores to an ever greater extent. Duni believes that increased demand for ready-to-eat meals and take-aways will lead to a corresponding growth in the meal services packaging market.

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.

INCREASE OF 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 disposable 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, and certain grocery retail chains have begun to increase the share of branded goods within disposable table top products at the expense of their own private labels. In addition, the non-food category – i.e. products other than foodstuffs – has become increasingly important for the retail trade.

Professional

Healthy sales, high margins

The Professional business area offers customers, primarily within the restaurant, hotel and catering markets, a wide range of table top products which are normally brought together in complete concepts consisting of napkins, table covers and other products in matching colors and designs.

Approximately 90% of Duni's sales to restaurants, hotels and catering firms take place via wholesalers and cash-and-carry stores. The number of end customers is estimated at approximately 200,000. Duni also offers meal packaging solutions to restaurants, the grocery retail trade, industrial kitchens, the public sector and catering firms. These solutions comprise primarily plastic boxes of varying models and sizes for different types of take-away meals. Both customized and standardized meal packaging solutions are available. Duni also provides sealing machinery for one part of the range (DuniForm®).

DEVELOPMENT IN 2009

Net sales within the Professional business area increased by 4.1%, to SEK 2,885 m (2,771). Operating income increased by 9.2% to SEK 402 m (368). This generated an operating margin of 13.9% (13.3%). The margin improvement is mainly due to a weak Swedish krona, as well as lower costs for input materials and cost savings within logistics, sales and administration.

The downturn in the economy continued to have a negative impact, but the decrease in volume in Professional in 2009 was significantly less than the decline in GDP on core markets. This demonstrates the resilience of Duni's business model and relatively stable underlying sales, even in volatile economic conditions.

Central Europe continued to deliver strong results and the German market registered only a modest decline in volume. On the UK market, Duni increased its market share and enjoyed healthy growth despite a declining market.

The markets in Eastern Europe had a tough year and suffered some volume losses, but in the longer term Duni's confidence in those markets remains intact. In Southern Europe, the Spanish market in particular was weaker due to the impact of the recession on the HoReCa market.

On the Nordic market, sales declined in line with the general downturn in the economy. Sales were, however, lost mainly in lower end products, while Duni successfully maintained sales in the premium segment.

For the business area as a whole, table top products accounted for approximately 90% of net sales, with meal packaging solutions representing the remaining 10%. Central Europe accounted for SEK 1,755 m (1,616) of net sales, while the Nordic region accounted for SEK 639 m (664). Southern and Eastern Europe accounted for SEK 467 m (469) and other markets for SEK 24 m (22).

The global recession has had a clear negative impact on the HoReCa industry as a consequence of a decline in travel, corporate events and private consumption. A combination of Duni's leading brand positions, unique premium product range and strong sales force has mitigated the impact on sales. Our assessment is that Duni has gained further market share, in the premium segment in particular.

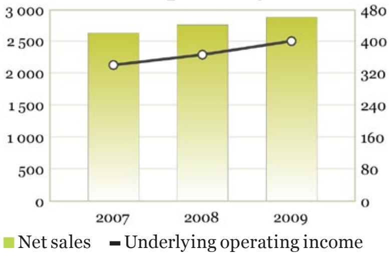
EVENTS DURING 2009

In Eastern Europe, the efforts to gradually develop an effective sales infrastructure have continued unabated despite the tougher market conditions. Development of a sales and distribution network serving the Moscow area is progressing well and will ensure that Duni is able to benefit in full from a market recovery, as well as from the long-term potential of the Russian market.

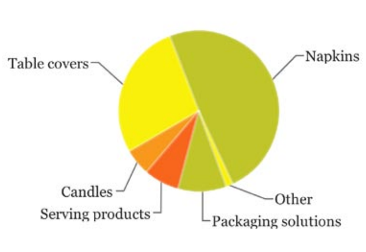
On the UK market, the increased sales efforts are paying off and a major contract with Booker, the largest cash-and-carry in the UK, creates a strong platform for further growth.

In Germany, Duni continued to gain market share from both competitors and from conversion of linen users. Duni's core products, namely napkins, placemats and table covers, have now reached such a quality and feel that the advantages of flexible design, variations in table setting and a high hygienic standard represent a very compelling alternative.

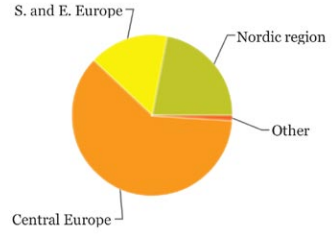
Net sales and operating income



Net sales per product group



Net sales per geographic region



Premium products and especially the newly introduced Sensia®, Elegance and Duniletto® products demonstrated good sales growth and Duni's position as the leading premium concept supplier has been reinforced.

Duni also made further in-roads into the promising market in the Middle East and is in the process of building up a sales presence through local distributors and its own sales representatives with a clear focus on high-margin products.

Sales within the take-away and foodservice segment, Duni FoodSolutions, continued to grow. Duni has increased its efforts in offering branded chains customized meal packaging solutions, building on promising key account activities in 2007 and 2008. In Germany, Duni succeeded in 2009 in closing further deals in this area with customers such as the fish- and seafood specialist, GOSCH, and the Thai restaurant chain, Kaimug. These customized take-away concepts are seen as brand carriers with the ability to reinforce corporate identity and create an edge over competitors.

There is a clear trend towards more take-away and what is referred to as fast casual, i.e. value-for-money restaurant chains with systemized, modern concepts. Within Duni, focus is on packaging solutions for take-away, particularly within the premium segment, based on a proposition that clearly provides added value for the customer.

Duni has also introduced the Duni ecoecho™ range - an eco-product range for serving and meal packaging solutions. It is based on the best materials available with the goal of limiting the use of non-renewable resources and reducing the CO_2 footprint. Sustainable new material technologies such as bagasse, PLA and rPET are used. The products are compostable, designed for recycling or made from recycled materials.

Customized meal packaging solutions is a growing segement.

SALES AND CUSTOMERS

Duni's sales model is based on a large sales organization which devotes most of its time visiting end users in the HoReCa segment. Parallel to this, wholesalers and cash-and-carry stores are also covered. The visits to end users distinguish Duni from its competitors, whose sales are primarily focused on wholesalers and cash-and-carries.

Although approximately 90% of Duni's sales within the Professional business area take place to wholesalers and cash-and-carry stores, approximately half of the 250,000 visits annually take place to end customers. Orders are then booked and passed on to the wholesalers. Customers are also registered in Duni's database. These direct relations with the end customer constitute important capital for Duni and create an added value for the wholesaler.

THE DUNI PREMIUM CONCEPT

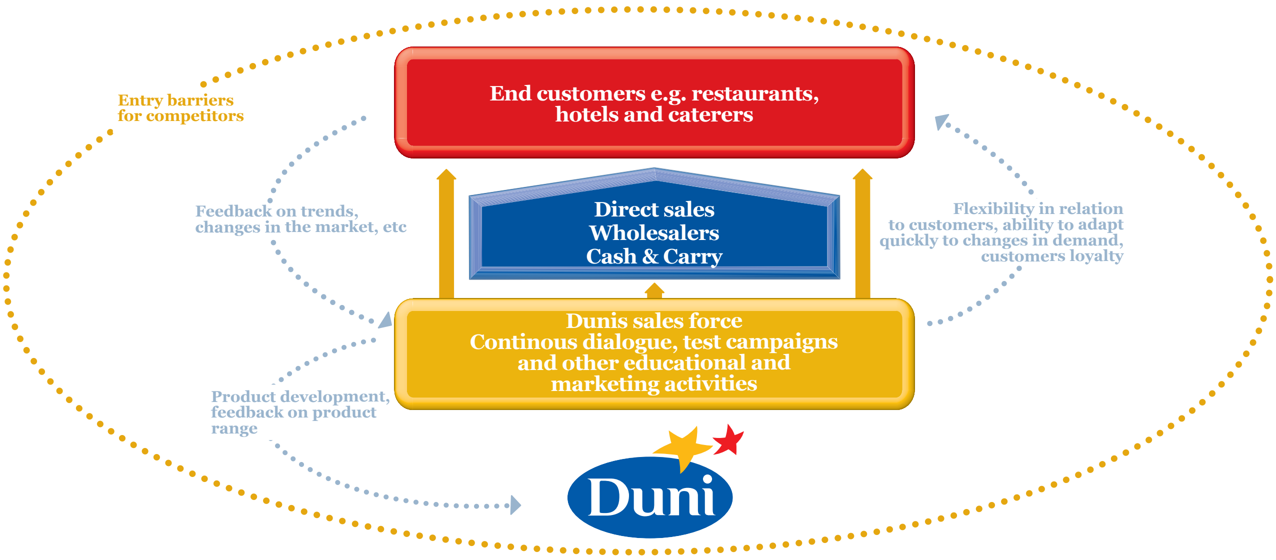
Duni's concept is reflected in the following success factors:

- high quality and hygienic solutions.
- matching overall solutions in many different colors and designs.
- reduced time spent on folding napkins and resetting tables compared with linen products provides a possibility to serve more guests.
- lower laundry and personnel expenses.
- no fixed investments or long-term lease contracts for linen products.

Within the cash-and-carry segment, customers are served centrally by key account management. In the Nordic region, packaging solutions are to a large degree sold directly to end customers, while end customers in other regions are mainly covered via wholesalers. Duni has also begun to market meal packaging to certain cash-and-carry stores. Packaging solutions for take-away are sold primarily to the public sector, the grocery retail trade and restaurants.

BRAND POSITIONING

Duni believes that it has the strongest brand on the European market for disposable napkins and table covers. According to a survey conducted by CHD in 2008, no less than 86% of the customers in Germany mention Duni when asked which napkins they use. This compares to 76% in the 2006 survey and is more than three times the figure for the closest competitor. This gives Duni a very strong position among wholesalers and cash-and-carry stores, since many customers specifically ask for Duni's products. This also creates barriers to entry for competitors with weaker brands. The brand also creates strong loyalty among end customers, with a position as the pre-eminent premium product supplier. Duni is endeavoring to further strengthen its brands through a clear positioning. Duni is used as a main brand, while the Company's other brands such as Dunicel®, Dunilin®, and Dunisilk® each represent a particular quality, style and price level and are differentiated through clear packaging design.



Duni's sales model involves focusing sales work on both end customers and wholesalers, which creates end customer demand at the wholesalers.

Focus - A selling model

Duni's unique sales model provides a great advantage over competitors. The high level of service and proximity to the customer create strong loyalty.

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

It is based on Duni's own large sales organization, which devotes most of its time to presenting the product range to end users. The sales force within Professional carries out a total of approximately 250,000 customer visits each year, with approximately one-half of such visits taking place at the customers' premises, at restaurants, hotels and catering companies.

The frequent visits lead to the development of a strong relationship, while at the same time great effort is spent on presenting new products, concepts and collections which create value for both the customer and end user. By demonstrating new areas of use and ways of combining the products, they can be used in an optimal way for each customer, which contributes to the customer's own profitability.

90% VIA WHOLESALERS AND CASH-AND-CARRY STORES

The customers place their orders with wholesalers, either directly through the wholesaler or via Duni's sales staff. This forms the basis for a strong partnership with both wholesalers and end customers. Around 90% of sales take place in this way. This marketing to end users differentiates Duni from its competitors, whose sales are mainly focused directly on wholesalers and cash-and-carry stores.

Parallel with the sales work at the end customers, wholesalers and cash-and-carry stores are also attended to. Wholesalers are increasing in importance and currently account for around 50% of sales. Duni provides sales staff at wholesalers with training in the sale of table top concepts and the ways in which Duni's products can best be used. They thereby become knowledgeable and effective ambassadors for Duni's products. Together with wholesalers, visits are also made to major end users. Within cash-and-carry stores, the customers are served centrally by key account management.

PUSH-PULL EFFECT

The sales model entails that the customers are cultivated both by Duni and by the wholesaler or cash-and-carry stores, which creates a push-pull effect. The model, which was introduced in Germany in the 1980's has spread to other markets and has greatly contributed to Duni's strong position.

The end customers are also registered in a database in which sales staff can see the purchasing patterns and needs of different customers. This helps them to constantly produce proposals for new solutions and products and to conduct sales campaigns. The database contains some 100,000 end customers and Duni estimates that, together with wholesalers and cash-and-carry stores, it reaches more than 200,000 customers on the HoReCa market.

Collections are adapted to each season.

Retail

Focus on profitability

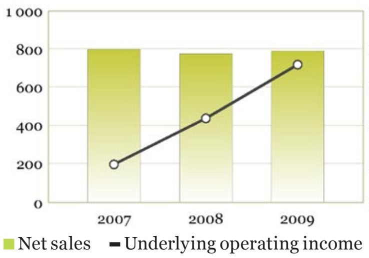
Within the Retail business area, Duni offers products to consumers via the grocery retail trade, specialty stores and home furnishings stores.

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 customer needs for 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 sells hygienic wipes in tissue and gift wrapping paper. To a limited extent, Duni also supplies products which are resold under customers' own brands (private labels).

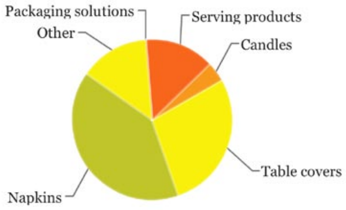
DEVELOPMENT IN 2009

During 2009, sales increased by 1.9% to SEK 792 m (777). The operating income improved somewhat to SEK 18 m (11). The operating margin strengthened to 2.2% (1.5%) and is gradually approaching the target of 5%, despite a tough market situation.

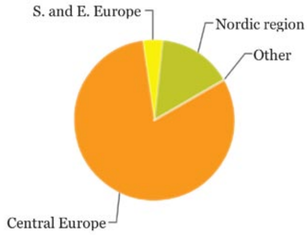
Net sales and operating income



Net sales per product group



Net sales per geographic region



The weak economic climate subdued private consumption in the retail trade during 2009, and the increase in sales is attributable to a weak Swedish krona compared with the euro. A strong focus on customer profitability combined with sound cost control and systematic product range optimization has yielded results.

The important Central European market was initially relatively strong but weakened somewhat towards the end of the year. In the UK, competition remained intense but Duni's work on focusing on profitable customers has had good results and a positive trend was discernable during 2009. The launching of the new Elegance premium napkin is an example of how the product mix contributed to the improvement. Volume development was weakest in the Nordic region, primarily due to structural changes.

The reintroduction of Duni's brand is proceeding and yielding results, for instance on the Nordic market. Non-food products are increasingly important for retailers, something which is driving profitability for the table top category. Among other things there has been an increase in the proportion of premium products.

The challenge going forward largely consists of growing with profitable customers on existing markets in order to achieve critical mass.

Central Europe accounted for SEK 643 m (610) of net sales within the Retail business area, while the Nordic region accounted for SEK 116 m (148) and Southern and Eastern Europe for SEK 32 m (19). Other markets accounted for SEK 2 m (0).

EVENTS IN 2009

During 2009, Duni's Delta Store concept was launched in selected retail outlets. 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 solution is based on experiences from Duni's Concept Store but is on a smaller scale and suits several types of stores. Delta Stores has been launched primarily in Germany, the Benelux countries and the Nordic region.

Sales promotion through optimized shelf exposure and activities in stores has continued. New, larger types of packaging have also been developed to meet demand from consumers.

In the Nordic region, Duni has concluded an agreement with Sales Support Sweden AB, which comes into effect in the first quarter of 2010. Sales Support Sweden AB will strengthen Duni's market coverage through direct visits to stores on the Swedish market. In Norway, some 600 ICA stores will replace most of their private label products with Duni's products. This work commenced in 2009 and the full impact will be realized in 2010. Duni's ability to provide stores with service as regards logistics and merchandising, as well as the ambition to make the category more attractive to end customers, played a crucial role in ICA's decision.

Environmental labeling is rapidly increasing in importance for both stores and end customers. Duni aims to assume a leading role in this area. Duni offers a range of Svanen-labeled products and Svanen-labeled candles were launched in 2009, which makes Duni one of Europe's leading suppliers of environmentally certified candles. Among other things, paraffin has been replaced by stearine which is renewable. Furthermore, since 2009, 90% of Duni's paper-based products are FSC certified, meaning that the raw materials are sourced from well-managed, sustainable forest sources.

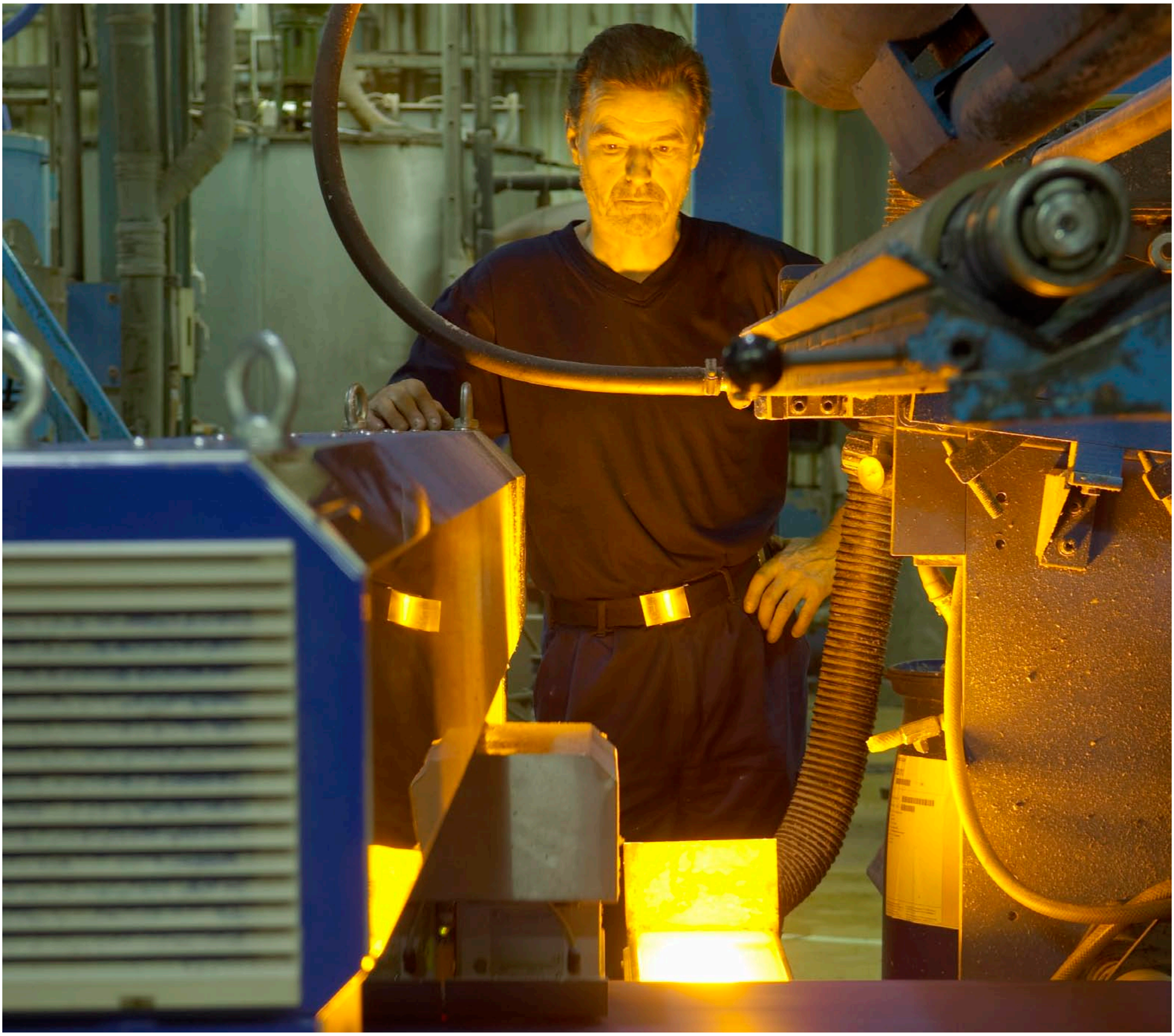
In Germany, the journal Lebensmittelzeitung, which each year designates the 100 best consumer product brands, named Duni as the best brand in the napkin category. Furthermore, a new channel was tested on the same market together with an e-commerce partner, www.serviette.de, which exclusively sells Duni's products.

MARKETING, SALES AND CUSTOMERS

Marketing and sales within Retail are based on key account management which, among other things, means that particularly important customers – primarily grocery retail chains – have their own customer account manager at Duni. In addition to key account management, there is also a sales force in each region which spends a large part of its time in the field visiting the customers. The Retail business area's sales force makes in total approximately 40,000 customer visits annually. 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.

In 2009, sales to grocery retail chains and hypermarkets accounted for approximately 70% of sales within the Retail business area. Duni's brand accounted for approximately 2/3 of Duni's net sales, while private labels accounted for the remaining 1/3.

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



Duni has two paper mills in Sweden.

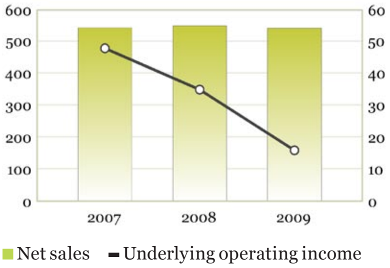
Tissue

Tough start but clear improvement in the second half

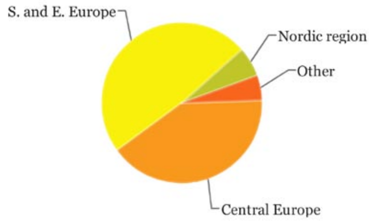
The Tissue business area produces tissue and airlaid and constitutes the basis for Duni's manufacturing of table top products. Half of the production is sold to external customers, primarily manufacturers of hygiene products.

Duni's Tissue business area consists of the subsidiary, Rexcell Tissue & Airlaid AB, which produces tissue with many areas of applications, for example paper napkins, table covers and 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.

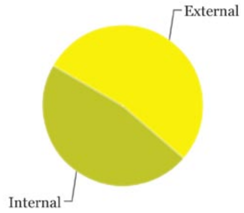
Net sales and operating income



Net sales per geographic region



Internal and external sales



DEVELOPMENT DURING 2009

Net sales within Tissue in 2009 fell slightly, by 1.5% to SEK 543 m (551). The operating income declined to SEK 16 m (35), while the operating margin weakened to 3.0% (6.3%).

Tissue experienced a tough year, due primarily to a weak first half characterized by lower demand in general as well as significant inventory reductions at customers within the hygiene products sector. The lower volumes resulted in production stoppages in order to avoid inventory build-up, which had a negative impact on operating income.

There was, however, a clear improvement within the hygiene products sector by the end of first half of the year, and the third and fourth quarters witnessed a recovery in demand. The operating margin was weaker than in 2008, due to the weak first half of the year and a less favorable product mix. A sharp rise in pulp prices was noted during the latter part of the year.

EVENTS DURING 2009

Cost reductions intensified in 2009 against a backdrop of weak demand during the first half of the year. During the second half of the year, however, demand recovered and volumes stabilized. Towards the end of the year, both mills were largely operating at full capacity. Structural efficiency enhancement measures continued, with a focus on improved production processes.

Within product development, the work on creating new possibilities for growth resulted in the development of a new tissue quality. The new quality targets primarily printed napkins. Furthermore, 90% of all of Duni's tissue-based table top products are now FSC-certified, i.e. only raw materials sourced from well-managed sustainable forest sources are used.

Work on energy savings continues, and in 2009 a decision was taken to invest approximately SEK 55 m in a new biofuel boiler. The boiler is expected to be brought into commission during the second half of 2010 and will mean lower and more predictable energy costs than at present. The use of fossil fuel will also be reduced. The boiler will be fired primarily using forestry waste and waste from the mill's own production process. Thus, waste from our own production process can be recycled for energy instead of being deposited, which has a significant positive impact on the environment.

During the year a number of new external customers were acquired, which broadens the customer base in terms of both geography and market. This can contribute to moderate any fluctuations in demand.

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 table top products. The unique premium material, Dunilin®, has incredibly good absorption quality combined with a very soft feel. Dunilin® is the brand borne by the leading premium napkin range.

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. Although Duni has increased the number of external customers to tissue during the year, production is overwhelmingly used to meet the Group's own needs.

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 cooperation, which also covers product development work.

Personnel

On December 31, 2009, Duni had 1,906 employees, equal to 1,854 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 82%, of blue collar employees work within manufacturing at the plants in Dals Långed, Skåpafors, Bramsche and Poznan. Approximately 29% 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 55% 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.

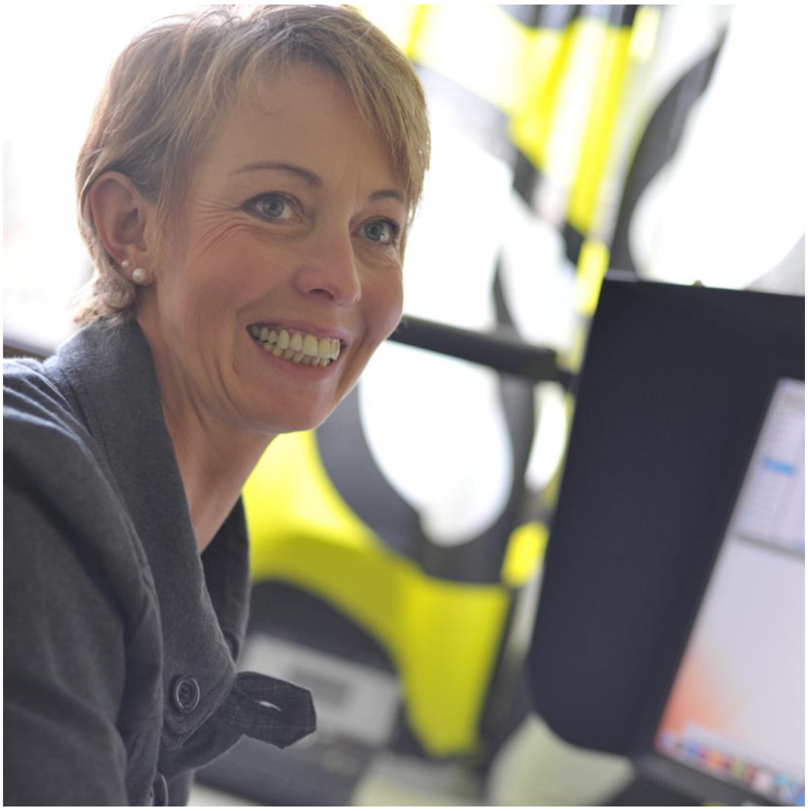
SKILLS AND MANAGEMENT DEVELOPMENT

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 2009, a program entitled "High Potentials Program" was carried out for potential future managers at Duni. There were 12 participants and the program will be repeated within a few years. 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 reach our goals and operate our business successfully. A qualitative recruitment process and structure contribute to the recruitment of the very best employees.



Duni has approximately 2,000 employees.

EQUAL OPPORTUNITIES

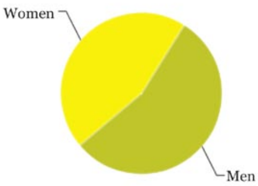
The work climate at Duni is characterized by respect for the equal value of each individual, irrespective of gender, ethnic background, nationality, religion, disability or other differences which are unrelated to good work performance.

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 business targets.

Country	Blue collar employees	White collar staff	Total
Sweden	224	184	**408**
Germany	537	294	**831**
Poland	275	97	**372**
The Netherlands	0	52	**52**
The UK	19	28	**47**
Others	0	144	**144**
Totalt	**1 055**	**799**	**1 854**

Gender breakdown 2009



Average no. of employees

2006	2 185
2007	2 104
2008	2 041
2009	1 953

Environment

Environmental issues constitute an integral and natural part of Duni's business operations and are high on the agenda. Duni's environmental program, "Our Green Challenge", covers several important measures which make Duni a leading company within the industry in the environmental field.

The aim of the environmental work is to reduce the impact on the environment from Duni's operations and products. During Duni's 60-year history, the Group's environmental work has developed from being focused primarily on compliance with governing legislation to the systematic improvement work of the past few decades. The environmental strategy which was introduced in 2008 has further turned up the intensity in the environmental work. During 2009, an environmental manager for the entire Group was recruited in order to strengthen the work.

"Our Green Challenge" covers development and information concerning products, efficient and controlled production, as well as knowledge and communication from an environmental perspective. Duni is constantly working to offer a strong range of environmentally friendly products, at the same time as there are clear production targets concerning energy use, water consumption, greenhouse gas emissions and handling of waste.

Within the scope of "Our Green Challenge", by 2012 energy consumption is to be reduced by a further 15% as compared to 2008. Duni's net emissions of greenhouse gases are to be reduced by 25% in the production of Duni's products and by 15% for transportation.

Duni will publish an annual environmental report, a "Green Book", in which different stakeholders will be able to monitor Duni's progress within the environmental area. The first report will be published in the spring of 2010.

RENEWABLE MATERIAL AND ENVIRONMENTALLY LABELED PRODUCTS

Duni's work to reduce the impact on the environment is focused on being able to offer several renewable and recyclable products, as well as environmental labeling through trustworthy systems for communication to the customers.

Already today, approximately 70% of Duni's products are produced using renewable materials – primarily cellulose. According to the results from general comparisons of different materials from a life cycle perspective, when based on responsible forest management and modern production, paper constitutes a sound choice with a relatively low environmental impact.

In 2009, Duni took a strong stand in favor of sustainable forest management by becoming certified in accordance with the criteria of the Forest Stewardship Council (FSC). The objective is that 95% of all tissue products will be certified by 2012; already today, more than 90% of all Duni's table covers and napkins meet the requirements for FSC labeling.

The Duni ecoecho™ range for serving products and food packaging is specifically adapted based on environmental requirements. It comprises new materials derived, for example, from agricultural byproducts and recycled materials or compostable materials, which provides for an efficient use of resources.

In 2009, Duni also introduced a range of candles bearing the Svanen label in which, among other things, paraffin has been replaced by renewable stearine. Duni is a leading supplier of Svanen-labeled candles to the hotel and restaurant industry. For some time, Duni has also had a wide range of Svanen-labeled napkins.

Duni's product range typically consists of recyclable materials. Local systems for sorting and practical conditions in conjunction with use mean, however, that recycling through combustion for generating electricity and heat is often the most natural choice. Most of Duni's napkins are biologically degradable and can be composted in industrial facilities.

The large portion of Duni's product range which is made of renewable materials from, for example, sustainable forest sources, does not contribute to global warming in conjunction with combustion.

BIOFUEL BOILER IN SKÅPAFORS

A new biofuel boiler is under production at the paper mill in Skåpafors and is expected to be taken in use during 2010. The new boiler will mean both lower and more predictable energy costs and a reduction in the use of fossil fuels. The boiler will be fired primarily using forestry waste and waste products from the mill's own production, which will replace much of the current electricity and oil. This will contribute also to achieving Duni's objective of reducing the quantity of waste generated by production.

CONTROL AND FOLLOW-UP

Certified environmental management systems are Duni's tool for ensuring compliance with environmental legislation at the production units. All production units are environmentally certified in accordance with ISO 14001. Duni also complies with stringent requirements governing products which come into contact with foodstuffs; among other things, this determines the choice of production chemicals, colors, etc. Furthermore, Duni complies with the EU's chemical legislation, REACH, and imposes the same demands on its suppliers. The plant in Skåpafors is also participating in the Ministry of Energy's energy efficiency program (PFE) and is thereby certified in accordance with the Energy Management System SS 62 77 50.

Duni's ambitions, however, extend far beyond applicable regulations and legislation. The company is constantly endeavoring to advance its positions in the environmental area. In this context, interested, committed and knowledgeable employees are of enormous importance and Duni engages in systematic training work for employees within the environmental area.

FSC – Sustainable forestry

More than 90% of Duni's range of table covers and napkins are currently certified in accordance with FSC. This means that the wood pulp used is sourced from sustainable forests in which wildlife and regrowth in the forests are protected.

During 2009, Duni became certified by the Forest Stewardship Council (FSC) and is thereby the largest supplier of FSC-certified napkins and table covers on the European market. More than 90% of Duni's napkins and table covers are FSC-certified. Since these product groups are by far Duni's largest products, a very large part of Duni's total sales are now FSC-certified.

The percentage of FSC-certified products will increase as access to FSC-certified raw materials improves, but already today, for example, the popular premium products Dunicel®, Elegance and Dunilin® are FSC-certified.

FROM CERTIFIED FORESTS

FSC labeling shall ensure that the wood used for Duni's tissue-based products is sourced from responsibly managed forests. This means that they are managed in such a way as to meet the social, economic and ecological needs of current and future generations. FSC labeling minimizes the risk of illegally harvested wood, wood harvested in violation of human rights, or wood harvested from forests of a high conservation value, for example natural forests. Products made from raw materials from FSC-certified forests also minimize the risk of using wood harvested from areas which are converted from forests to non-forest uses. In addition, no wood is used from forests in which genetically modified trees have been introduced.

INDEPENDENT ORGANIZATION

FSC, which issues the certification, is an independent international member organization which promotes environmentally appropriate, socially beneficial and economically viable management of the world's forests. The principles and values on which FSC certification is based include:

• biodiversity
• the land's future ability to sustain forests
• safe and fair working conditions for forestry workers
• the rights of indigenous populations

The fundamental principle in FSC's labeling system is that labeled products must only contain wood from forests which are managed in accordance with FSC's rules. This is ensured in all stages, from forest to labeled product – irrespective of the number of stages between forest and store. Controls are carried out in two stages. FSC approves and verifies certification companies which, in turn, approve and verify the certificate holders, i.e. the companies which manage forests and those which produce, distribute and sell products.

Financial targets

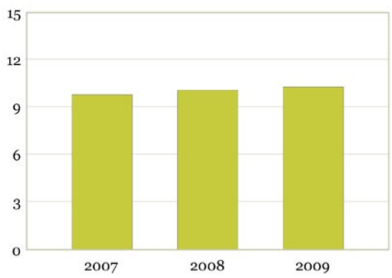
Duni has an operating margin target of at least 10% and an organic growth target of more than 5% per year.

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 17 percent up to December 31, 2009, entailing a market capitalization of SEK 2.75 billion at the end of 2009. During 2009, the closing price varied between a high of SEK 64.25 on December 2 and a low of SEK 24.90 on March 6. Earnings per share for the year were SEK 7.15 for continuing operations. During 2009, 16.7 million Duni shares changed hands, valued at SEK 741 m.

NUMBER OF SHARES AND SHARE CAPITAL

On December 31, 2009, 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 2.50 per share for the 2009 financial year.

EXTERNAL ANALYSES WERE PUBLISHED BY:

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

Shareholder structure Dec. 31, 2009

	Number of shareholders	Number of shares	% of shares
1 – 500	2 672	608 241	1,29
501 – 2 000	920	927 216	1,97
2 001 – 10 000	154	701 142	1,49
10 001 – 50 000	46	1 074 015	2,29
50 001 – 100 000	19	1 372 598	2,92
100 001 –	49	42 315 820	90,04
Total	**3 860**	**46 999 032**	**100,00**

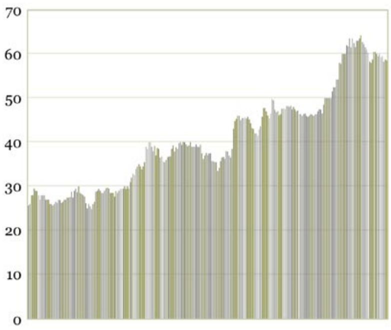
Data per share

Amount, SEK	Dec. 31, 2009
No. of shares at end of period (thousands):	46 999
Average number of shares before and after dilution for continuing operations (thousands):	46 999
Price on December 30:	58.50
Earnings per share before and after dilution:	7.15
- of which continuing operations:	7.15
Equity per share:	38.07
P/E-ratio:	8.18 per Dec. 31, 2009

Shareholders 2009-12-31

	No of shares	% of shares
Mellby Gård Investerings AB	14 094 500	29,99%
Polaris Capital Management, LLC	5 731 317	12,19%
SEB Investment Management	3 182 306	6,77%
Lannebo Fonder	2 902 000	6,17%
JP Morgan Chase Bank, W9	2 203 506	4,69%
SSB CL Omnibus AC OM05	1 994 400	4,24%
Swedbank Robur fonder	1 720 800	3,66%
Verdipapirfond Odin Sverige	1 542 626	3,28%
SSB CL Omnibus AC OM07	1 535 581	3,27%
Confederation of Swedish Enterprise	1 500 000	3,19%
Total, the 10 largest owners – in terms of holdings	36 407 036	77,46%
Other shareholders	10 591 996	22,54%
Total	**46 999 032**	**100,00%**

The Duni share 2009
Closing price, SEK



Duni's share price more than doubled during 2009.

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. In light of Duni's group structure, the composition of the boards of operational subsidiaries, often with representatives from group management, constitutes a further component in the governance of Duni.

Duni applies the Swedish Code of Corporate Governance. This corporate governance report does not constitute a part of the formal annual report and has not been reviewed by the Company's auditors.

SWEDISH CODE OF CORPORATE GOVERNANCE

The Swedish Code of Corporate Governance (the "Code") must be applied by all Swedish companies whose shares are admitted to trading on a regulated market in Sweden. Duni has undertaken vis-à-vis NASDAQ OMX Stockholm to comply with the Code. The Code is based on the principle "comply or explain", entailing that a company which applies the Code may derogate from its provisions provided that each derogation can be explained in a satisfactory manner.

Duni applies the Code subject to a single derogation, namely that the Chairman of the Board, Anders Bülow, is also the Chairman of Duni's Nomination Committee. Duni's major shareholders have explained that the reason for the derogation is that the Chairman of the Board, Anders Bülow, is very suitable to preside over the work of the Nomination Committee in an efficient manner in order to achieve the best result for Duni's shareholders.

Pursuant to the Code, the Company must, among other things, have a Nomination Committee, an Audit Committee and a Remuneration Committee. The Code also states how these committees are to be comprised.

ARTICLES OF ASSOCIATION

The Articles of Association are adopted by the general meeting and contain certain mandatory information of a fundamental nature for the Company. The complete Articles of Association are available on Duni's website, www.duni.com.

Duni's Articles of Association provide, among other things, that the directors are elected each year at the annual general meeting for a term until the close of the next annual general meeting. All shares in Duni carry equal voting rights.

GENERAL MEETINGS

The general meeting is the highest decision-making body at which the shareholders exercise their influence by voting on key issues, such as the adoption of the income statements and balance sheets, allocation of the Company's profits, discharge from liability for the directors and the CEO, election of the Board of Directors and auditors, as well as 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 in Svenska Dagbladet . Duni has also chosen to publish the notice on the Company's website and through an announcement in Sydsvenska Dagbladet . In order to participate at the general meeting, a shareholder must notify the Company thereof not later than the date stated in the notice.

2009 Annual General Meeting

The annual general meeting of the shareholders of Duni was held in Malmö on May 6, 2009.

2010 Annual General Meeting

The next annual general meeting of the shareholders of Duni will be held at 3 pm on May 5, 2010 at Skånes Dansteater (Östra Varvsgatan 13 A) in Malmö.

Nomination Committee

The Chairman of the Board convenes a Nomination Committee. The Nomination Committee is a shareholder committee which is responsible for nominating the persons who, at the annual general meeting, are to be proposed for election to Duni's Board of Directors.

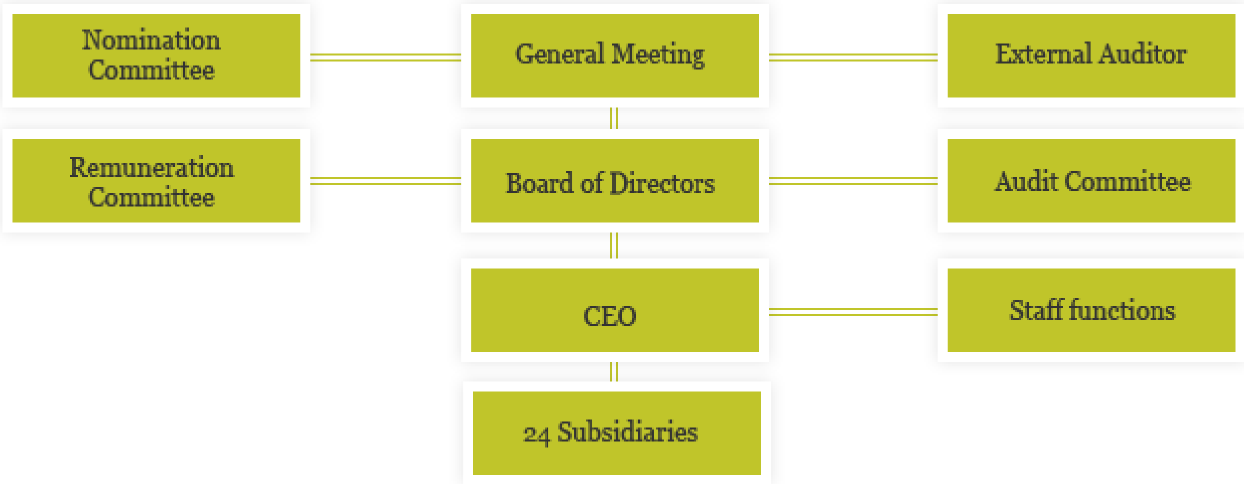
The Nomination Committee provides proposals as regards the Chairman of the Board and other directors. It also produces proposals regarding board fees, including the allocation between the Chairman and other directors, as well as any remuneration for committee work. These proposals are presented at the annual general meeting and set forth in the notice and on the website prior to the annual general meeting

The intention is that the Nomination Committee shall be composed of representatives of at least three of Duni's largest owners. Duni's Nomination Committee comprises the following members:

Name	Represents	Ownership share Dec 31, 2009
Anders Bülow (Chairman)	Mellby Gård Investerings AB	
Rune Andersson	Mellby Gård Investerings AB	29.99%
Bernard R. Horn Jr	Polaris Capital Management, LLC	12.19%
Göran Espelund	Lannebo Fonder	6.17%
Total		**48.35%**

THE BOARD OF DIRECTORS

The Board of Directors is the Company's highest decision-making body after the general meeting. The Board's overarching duties are to decide on the Company's business focus, the Company's resources and capital structure, as well as the Company's organization and management of the Company's affairs. The Board's general obligations also include regular assessment of the Company's financial position and approval of the Company's business plan. The general obligations include decisions by the Board on overarching issues, for example the Company's strategy, acquisitions, major



investments, divestments, issuance of the annual report and interim reports. The Board appoints the CEO, who is responsible for the day-to-day managment in accordance with instructions issued by the Board.

THE DIRECTORS

The directors are elected each year by the annual general meeting for a term until the close of the next annual general meeting. Pursuant to the Articles of Association, the Board shall comprise no fewer than three and no more than twelve directors. In addition, there may be employee representatives.

Duni's Board consists of five directors elected by the annual general meeting on May 6, 2009 and two employee representatives, plus one alternate. Duni's CEO is not a member of the Board but, similarly to the CFO, regularly participates as a presenter at board meetings. The Chairman of the Board does not participate in the executive management of the Company.

The directors are presented in greater detail in the Annual Report in the section entitled "Board of Directors".

THE BOARD'S WORK

The Board complies with a written instrument, namely the Board's rules of procedure which are adopted annually at the initial board meeting. The rules of procedure state the allocation of work, where appropriate, between the directors and the frequency of board meetings. In addition, the rules of procedure, in instructions to the CEO, govern the Board's obligations, quorum, and the allocation of responsibilities between the Board and the CEO, etc. The Board has also established two committees from among its members, namely the Audit Committee and the Remuneration Committee, which are described in greater detail below.

Board meetings are held in accordance with a predetermined annual schedule. In addition to these meetings, further meetings may be arranged if unusually important events occur. During 2009 financial year, a total of 10 board meetings were held at which minutes were taken. Meetings have been held in connection with the adoption of the Group's consolidated financial statements, interim reports, report of unaudited annual results, budget and strategy.

In addition to the Board meetings, the Chairman of the Board and the CEO maintain a regular dialogue concerning the management of the Company. As mentioned above, the allocation of work between the Board and the CEO is governed by the Board's rules of procedure and instructions to the CEO. The CEO is responsible for the execution of the business plan and the ongoing management of the Company's affairs, as well as the day-to-day business in the Company. Accordingly, without the Board's authorization the CEO may take measures which are extraordinary in nature or of major significance for the Company's operations, relative to the scope and nature of the Company's operations, provided that a decision by the Board of Directors cannot be awaited without significant detriment to the Company. In such cases, the Board of Directors shall immediately be informed of any measures taken. The instructions to the CEO also govern the CEO's responsibility for reporting to the Board of Directors.

The Board receives each month written information in the form of a monthly report containing follow-up of the Company's sales, operating income and working capital trends. In addition, the material contains comments by the CEO and CFO, for example brief comments on the various markets. Those months in which board meetings are held, the monthly report is more extensive and includes, among other things, also balance sheets and cash flow.

Once per year, the entire Board undertakes a systematic evaluation of the senior executives. In this context, 'senior executives' include also certain second line managers, i.e. a broader group of employees than those defined as senior executives in other parts of the annual report. The management group is presented in greater detail in the section of the Annual Report entitled "Management".

The main owners, the directors and the CEO conduct each year a detailed evaluation of the Board of Directors based on the adopted rules of procedure. The evaluation covers, among other things, the composition of the Board, individual directors 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 the Company. Not more than one member of company management may be a member of the board.

Board attendance

	Funktion	Independent[1]	Board meetings[5]	Audit Committee	Remuneration Committee
Anders Bülow	Chairman	2	10 of 10	8 of 8	4 of 4
Peter Nilsson	Chairman	3	3 of 3	-	1 of 1
Harry Klagsbrun	Director	4	2 of 3	4 of 4	1 of 1
Pia Rudengren	Director	x	10 of 10	8 of 8	-
Sanna Suvanto-Harsaae	Director	x	10 of 10	4 of 4	1 of 1
Magnus Yngen	Director	x	8 of 10	-	3 of 4
Tomas Gustafsson	Director	x	6 of 7	-	2 of 3
Per-Åke Halvordsson	Employee representative	3	10 of 10	-	-
Göran Andreasson	Employee representative	3	9 of 10	-	-
Inge Larsson	Employee representative	3	10 of 10	-	-

1) As defined in the Swedish Code of Corporate Governance.
2) Not independent (in relation to Duni's major owners).
3) Not independent (in relation to Duni).
4) Was not independent in relation to Duni's major owners until Aug. 27, 2008, when EQT Partners divested its entire shareholding in Duni.
5) Peter Nilsson and Harry Klagsbrun resigned and Tomas Gustafsson was elected at the annual general meeting held on May 6, 2009.

THE BOARD'S COMMITEES

The Remuneration Committee prepares issues regarding remuneration to Duni's senior executives based on guidelines for remuneration to senior executives adopted at the annual general meeting and also negotiates with the CEO regarding his remuneration. The Audit Committee prepares the Board's work by reviewing guidelines for the Group's risk management, governance and control, financial reporting and tax situation. In this work, the Audit Committee maintains regular contacts with the CFO and the auditors.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three members: Magnus Yngen (Chairman), Anders Bülow, and Tommy Gustafsson. The Chairman of the Board may be the chairman of the Remuneration Committee. The other members of the Remuneration Committee must be independent of the Company and company management. The Remuneration Committee and its chairman shall be elected annually at the initial board meeting and shall comprise at least two of Duni's directors, one of whom shall be the Chairman of the Board. The Remuneration Committee must meet at least three times per year. Duni's CEO participates at the Remuneration Committee's meetings, apart from when questions regarding his own remuneration are addressed.

Duni's Remuneration Committee is responsible for preparing matters concerning remuneration and other benefits for company management. Decisions are thereafter taken by Duni's Board of Directors. The Remuneration Committee also participates in the preparation of, and proposals for, the adoption of any share-related incentive programs at Duni.

AUDIT COMMITTEE

Duni has an Audit Committee comprising three members: Pia Rudengren (Chairman), Anders Bülow and Sanna Suvanto-Harsaae. The Audit Committee and its chairman are appointed annually at the initial board meeting and consist of at least three of Duni's directors. Duni's Group Accounting Manager serves as secretary to the committee. A majority of the members of the Audit Committee must be independent of the Company and company management. At least one member of the Audit Committee must be independent of the Company's major shareholders. Executive directors may not be members of the Audit Committee. A member of the Committee must possess such skills and experience in accounting, auditing and/or risk management that he/she can perform the duties imposed on the Committee. Duni's Board chooses the chairman of the Committee. The Company's Audit Committee meets at least three times per year.

Duni's Audit Committee is responsible for ensuring the quality of the Company's financial and business reporting. The Audit Committee also evaluates Duni's internal control processes and management of financial and operating risks.

The Committee meets regularly with the Company's auditors in order to obtain information regarding the focus and scope of the external audit and to evaluate the work of the external auditors. The evaluation also covers the scope of any non-audit-related work performed by the auditors 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.

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, 2009, Fredrik von Oelreich held 205,000 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 and holds no important appointments outside Duni. Further information regarding the CEO is provided in Note 13 in the Annual Report.

REMUNERATION TO THE BOARD

Fees and other remuneration to the Board, including the Chairman of the Board, are decided upon by the annual general meeting.

In accordance with a resolution adopted by the annual general meeting on May 6, 2009, 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 2009 – April 2010

SEK	Board meetings	Audit committee	Remuneration Commitee	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
Per-Åke Halvordsson	-	-	-	-
Göran Andreasson	-	-	-	-
Inge Larsson	-	-	-	-
	1 500 000	**200 000**	**100 000**	**1 800 000**

REMUNERATION TO SENIOR EXECUTIVES

According to guidelines regarding remuneration to senior executives adopted by the annual general meeting on May 6, 2009, remuneration to the CEO and other members of the management group shall be on market terms and comprise fixed and variable salary, long-term share-related incentive programs, other benefits as well as pension. The variable salary shall never exceed the fixed salary. At present, there are no long-term incentive programs.

2009, MSEK	Basic	Variable remun-eration	Other benefits	Pension cost	Total
CEO - Fredrik von Oelreich	4.2	2.1	0.1	1.4	7.8
Other senior executives	10.5	3.7	0.4	2.9	17.4
	14.7	**5.8**	**0.5**	**4.3**	**25.3**

The table above shows the total gross remuneration paid to the managment group, include basic salaries, variable remuneration, pension payments and other benefits.

Duni's CEO, Fredrik von Oelreich, receives an annual gross salary of CHF 598,740 and has a possibility to achieve a bonus equivalent to not more than 50% 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 subject to six months' written notice of termination. In addition, except in the event of termination by the Company due to negligence, von Oelreich is entitled to an amount equal to 12 times his monthly salary. Von Oelreich participates in a contribution-based pension plan to which Duni makes an annual contribution equal to 35% of his annual gross salary until termination of the agreement. Von Oelreich's retirement age is 62.

Duni has not granted any loans, extended or issued any guarantees or provided any security to the benefit of Duni's directors, senior executives or auditors. None of the directors, senior executives or auditors has entered into transactions with Duni, whether directly or indirectly through any affiliated company.

FINANCIAL REPORTING

The Company has an information policy pursuant to which the Company shall publish quarterly reports, a half-yearly report, a report of unaudited annual results and an annual report. In connection with the publication of earnings reports, the Company may arrange analyst meetings and meetings with the media to discuss the Company's operations, earnings and financial position. The Board assesses and approves the content of the financial reporting based on monthly reports, management reports and discussions at board meetings, as well as opinions issued by the auditor.

AUDIT

The auditor shall review the Company's annual report and bookkeeping as well as management by the Board of Directors and CEO. There shall also be a general review of Duni's interim report for the third quarter. After each financial year, the auditor shall submit an auditor's report to the general meeting. The general meeting appoints auditors for four years. 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 Company's auditor reviews the annual accounts and the annual report as well as the Company's ongoing operations and routines in order to express an opinion regarding the accounts and management by the Board of Directors and the CEO. The audit of the annual accounts and annual report is conducted in January-February. Other than Duni, Bo Hjalmarsson has no engagements in companies over which Duni's major owners, directors or the CEO have a significant influence. Bo Hjalmarsson is an authorized public accountant and member of FAR SRS. Apart from the audit engagement, fees to PricewaterhouseCoopers AB for other engagements during 2009 totaled MSEK 6.0.

Compensation to audit companies

	Group		Parent Company	
MSEK	2009	2008	2009	2008
Compensation for audit	4.8	4.7	1.8	1.8
Compensation for other consultations	7.1	7.9	2.2	4.3

THE BOARD'S DESCRIPTION OF THE INTERNAL CONTROL WITH RESPECT TO THE FINANCIAL REPORTING FOR THE 2009 FINANCIAL YEAR

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

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

The internal control system is often described based on the Internal Control – Integrated Framework issued by COSO. Duni has proceeded based on the areas that constitute the basis for an internal control in accordance with this framework: 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.

Risk assessment and control structure

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

The organization structure together with the allocation of responsibilities and payment authorization procedure are clearly described and communicated by means of instructions and policies. The operations are organized into business areas with 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 indictators, 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 in Mellby Gård Industri AB.
- Mr Bülow holds a BA in business economics from the University of Stockholm.
- Elected 2008
- Shares in Duni: 0

Tomas Gustafsson
Born 1965.
- General Manager in 2E Group (publ).
- Market economist.
- Elected 2009
- Shares in Duni: 1 400
- Independent of the company, the company management and Duni's major shareholders.

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

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

Magnus Yngen
Born 1958.
- President & CEO Husqvarna Group.
- 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, the company management and Duni's major shareholders.

Göran Andreasson
Born 1947.
- Employee Representative for SPIAF (Swedish Paper Workers Union).
- Mr. Andréasson is employed as responsible for the working environment at Rexcell Tissue & Airlaid AB.
- Employee Representative of 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 Aktiebolag, Bengtsfors Energi Nät Aktiebolag and Bengtsfors Teknik Aktiebolag.
- Elected 2001
- Shares in Duni: 0

Per-Åke Halvordsson
Born 1959.
- Employee Representative for PTK (Unionen).
- Mr. Halvordsson is employed as Production Manager by Rexcell Tissue & Airlaid AB.
- Deputy Employee Representative of the Board of Rexcell Tissue & Airlaid AB.
- Mr. Halvordsson has made the PTK board of directors training.
- Elected 2005
- Shares in Duni: 0

Senior Executives

Fredrik von Oelreich
Born 1961.
- Chief Executive Officer
- MSc in economics and business administration
- Engaged since 2005
- Shares: 205 000

Mats Lindroth
Born 1960.
- Chief Financial Officer
- MSc in economics and business administration
- Employed since 1987
- Shares: 22 018

Øyvind Førland
Born 1962.
- Director of Marketing
- Degree in economics and business administration
- Emoployed 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: 16 000

Manfred Meuser
Born 1948.
- Director of Sales, Professional Central & East
- Diploma in industrial engineering and management
- Employed since 1971
- Shares: 22 018

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

Annual Report
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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 solutions for food storage in conjunction with sales of take-away meals and catering. As a niche player within this area, Duni enjoys a leading position in the Nordic region. The Professional business area accounts for approximately 68% of Duni's sales.

Within the **Retail** business area, Duni offers consumer products to, 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 19% of Duni's sales.

The **Tissue** business area produces airlaid and tissue based material which is used in products within the other business areas and is a subcontractor to external customers 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 further develop new products and concepts for new segments.

MARKET DEVELOPMENT

During the year, demand on most of Duni's markets was relatively weak due to the state of the economy. Demand was particularly weak during the first half of the year, with the situation stabilizing somewhat during the second half of the year.

The hotel and restaurant industry was negatively affected by the weak economy. However, the long-term trend continues to point towards an increase in the number of restaurant visits and an increase in the number of hotel nights, primarily driven by changing patterns of consumption and economic growth. New restaurant concepts, as well as ready-to-eat food in grocery stores, take-away and fast-food restaurants, are continuing to increase in number and these concepts are gaining ever greater market shares.

During the year, demand within the Retail business area was relatively stable on most markets. However, we were able to note that on certain markets several grocery chains have increased their focus on low price products, in response to the state of the economy. At the same time, the trend in the grocery retail trade towards developing and marketing private labels within Duni's segment has stagnated somewhat, and over time we perceive that branded products can regain space in the product range.

Within the Tissue business area, demand from the hygiene products industry for airlaid material decreased. The first half of the year in particular was weak, with a recovery during the second half of the year.

PROSPECTS

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

In the short term, there appears to be a slow recovery from the weak market situation. At the same time, prices of important raw materials have increased rapidly during the second half of the year, which will represent a challenge since demand remains weak.

REPORTING

The annual report covers the 2009 financial year. "Preceding year" means the 2008 financial year.

The reported operating income includes two non-recurring items: a restructuring charge of SEK 2 m (41), attributable primarily to production rationalization measures, as well as an unrealized valuation effect of electricity and currency derivatives of SEK 54 m (-48).

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

Non-recurring items

SEK m	2009	2008
Underlying operating income	**436**	**414**
Unrealized changes in value of derivative instruments	54	-48
Restructuring expenses	-2	-41
Reported operating income	**488**	**326**

SALES

Duni's net sales amounted to SEK 4,220 m (4,099). Sales for the year entail an increase of 3.0 per cent, an improvement which is attributable to the weak Swedish krona. At unchanged exchange rates from the preceding year, net sales would have been SEK 230 m lower for the year, i.e. a decrease in sales of 2.7 per cent.

In 2009, Duni saw an increase in sales of 4.1 per cent within the Professional business area. However, at fixed exchange rates this corresponds to a decline in sales of 2.8 per cent. Since the market trend during the year was generally weak, this reflects a sales trend which was somewhat better than the market. The weak economy had an unfavorable impact on sales in Southern and Eastern Europe, while several markets in Central Europe, particularly Germany, demonstrated rather stable sales. Packaging solutions for take-away meals continued to develop favorably.

Within the Retail business area, sales developed positively with an upturn of 1.9 per cent compared with the same period of the preceding year. At fixed exchange rates, this corresponds to a decline of 3.0 per cent. Due to structural changes on the market, the Nordic region has experienced the weakest development.

Sales within the Tissue business area declined by 1.5 per cent, primarily due to low delivery volumes during the second quarter.

INCOME

The underlying operating income was SEK 436 m (414). At unchanged exchange rates from the preceding year, the operating income would have been SEK 54 m lower for the year.

The improvement in income is due to lower raw materials prices and implemented cost savings, in addition to exchange rate fluctuations. Lower volumes have had a negative impact on income.

Net financial items amounted to SEK -43 m (-75). The interest expenses are lower than the preceding year thanks to a reduced indebtedness and lower interest rates. Income before tax was SEK 444 m (251).

A tax expense of SEK 108 m (60) was reported for the financial year. During the year, the deferred tax asset relating to loss carry-forwards was reduced by SEK 22 m (45). Income for the year for the continuing operations amounted to SEK 336 m (191). Income from discontinued operations amounted to SEK 0 m (6). The Group's total income was SEK 336 m (197).

INVESTMENTS

The Group's net investments amounted to SEK 121 m (139). The investments related primarily to the Group's larger production plants in Poland, Germany and Sweden. Depreciation and write downs amounted to SEK 102 m (97).

During the year, a decision was taken to invest in a new biofuel boiler amounting to approx. SEK 55 m at the paper mill in Skåpafors. The new boiler will reduce carbon dioxide emissions since the use of fossil fuel will be significantly reduced. It will also reduce waste disposal. The biofuel boiler will be operational during the second half of 2010.

CASH FLOW AND FINANCIAL POSITION

The Group's operational cash flow amounted to SEK 626 m (274).

The Group's total assets as per December 31 amounted to SEK 3,489 m (3,811). The reduction is due primarily to the fact that Duni has implemented systematic measures over time in order to improve the supply chain and an efficient follow up of accounts receivables which has had a significant impact on working capital, which thus is reflected in the strong cash flow.
The Group's interest-bearing net debt was SEK 631 m. In December 2008, the interest-bearing net debt was SEK 1,100 m. Net repayments on external loans during the year amounted to SEK 391 m.

OPERATIONAL AND FINANCIAL RISKS

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

The development of attractive product ranges, particularly the Christmas collection, is extremely important in order for Duni to achieve satisfying 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 by consumers 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.

Due to the fact that Duni does not apply hedge accounting, Duni has an increased accounting exposure, since unrealized reappraisals of derivative instruments are reported in the income statement. During the second quarter of 2009, the Board decided to cease hedging of operational cash flows.

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

Towards the end of 2008, Duni adopted a new environmental strategy with policy and targets including development and information concerning products, efficient and controlled production, as well as know-how 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.

During 2009, Duni was awarded FSC certificate DNV-COC/CW – 0000148 regarding sales, manufacture and distribution of, among other things, napkins, table covers and serving products. The certificate ensures that Duni's paper 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 holds 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

Pursuant to the Articles of Association, the Board of Directors shall comprise at least three and not more than twelve directors. During the year, the Board comprised six directors until the annual general meeting, and thereafter five directors and two employee representatives with one alternate. During the financial year, the Board held 10 meetings at which minutes were taken.

At the Annual General Meeting held on May 6, 2009, Tomas Gustafsson was elected as a new director, and Anders Bülow was elected Chairman of the Board after the previous Chairman, Peter Nilsson, declined re-election.

Rules of procedure set forth guidelines for the work of the Board and describe the allocation of work between the Board and the CEO. The guidelines for the Board's work shall ensure that the Board possesses comprehensive information and that all important aspects of the Group's operations are addressed. The rules of procedure are reviewed and adopted by the Board each year. The auditors report to the Board their observations from the audits carried out and their assessment of the Group's internal control.

The Board has two committees: a Remuneration Committee and an Audit Committee. The Remuneration Committee addresses issues concerning remuneration to senior executives and negotiates with the CEO regarding the latter's remuneration, based on guidelines adopted at the annual general meeting. On May 6, 2009, the general meeting adopted the guidelines for the coming year proposed by the Board regarding the CEO and other senior executives; see also Note 13.

The Audit Committee prepares the Board's work by reviewing routines regarding the Group's risk management, governance and control, financial reporting and tax situation. In this work, the Audit Committee maintains regular contacts with the CFO and the Company's auditors.

EMPLOYEES

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

On December 31, 2009, there were 1,906 employees. In December 2008, there were 1,952 employees. The reduction in the number of employees is largely a result of the rationalization measures initiated towards the end of 2008.

During the year, Duni held a development and training program for some ten younger managers and employees.

REMUNERATION FOR THE CEO AND SENIOR EXECUTIVES

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

"Remuneration for the CEO and the other senior executives shall normally consist of basic salary, variable salary, and other benefits and pensions. The total remuneration package shall be on market terms and competitive and be related to responsibility and authority. The variable salary shall be based on the outcome relative to defined and measurable earnings targets. The variable salary shall never exceed the basic salary. In the event of termination of employment initiated by the Company, salary during the notice period together with severance pay shall not exceed 18 months' salary. Pension benefits shall be contribution-based, in the absence of any specific reasons to the contrary. Senior executives shall normally retire at the age of 65, but in no case below the age of 62. The Board of Directors may deviate from these guidelines only where there are special reasons in an individual case."

For more information regarding remuneration to the CEO and senior executives, see also Note 13.

FOREIGN COMPANIES AND BRANCHES

The Group conducts operations in 17 countries, including the Parent Company's branch in Turkey. However, this branch is in the process of being wound up.

IMPORTANT EVENTS SINCE DECEMBER 31, 2009

No important events have occurred since December 31, 2009.

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 m (1,244). Operating income was reported at SEK -43 m (-143) and net financial items at SEK 543 m (324). The Parent Company's net income was SEK 487 m (184). The net financial items include internal dividends received during the year of SEK 547m (351).

The Parent Company's investments in fixed assets amounted to SEK 21 m (16).

The Parent Company's equity ratio at year-end was 63.4 percent (46.7). The Parent Company's cash and cash equivalents on December 31, 2009 amounted to SEK 179 m (153).

OPERATIONAL AND FINANCIAL RISKS IN THE PARENT COMPANY

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

Duni AB has an increased accounting exposure since unrealized reappraisals of derivative instruments are reported in the income statement.

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

Ownership and share

OWNERSHIP STRUCTURE ON DECEMBER 31, 2009

Duni is listed on NASDAQ OMX in Stockholm under the ticker name "DUNI". The largest owners on December 31, 2009 were Mellby Gård Investerings AB (29.99%), Polaris Capital Management, LLC (12.19%) and SEB Investment Management (6.77%).

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 0.7% of the shares in Duni.

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	1 381 180 320
Net profit for the year	487 199 205
Total unrestricted equity in the Parent Company	**1 868 379 525**
The Board and CEO propose:	
A dividend to the shareholders of SEK 2.50 per share	117 497 580
and that the remaining amount be carried forward	1 750 881 945
Total	**1 868 379 525**

The Board of Directors proposes to the 2010 annual general meeting that a resolution be adopted regarding allocation of earnings entailing that a dividend of SEK 2.50 per share, equal in total to SEK 117,497,580, be paid to shareholders registered on the record date, May 10, 2010, and that the remaining unrestricted shareholders' equity be carried forward.

The Parent Company's retained earnings amount to SEK 1,381 m and income for the year amounts to SEK 487 m. Provided that the 2010 annual general meeting resolves in accordance with the Board's dividend proposal, SEK 1,751 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 1,789 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.

Five-year Summary, Consolidated Income Statements

SEK m	2009	2008	2007	2006	2005
Net Sales	**4 220**	**4 099**	**3 985**	**3 762**	**3 656**
Costs of goods sold	-3 054	-3 020	-2 948	-2 812	-2 829
Gross profit	**1 166**	**1 079**	**1 037**	**950**	**827**
Selling expenses	-482	-465	-446	-459	-510
Administrative expenses	-184	-198	-208	-219	-185
Research and development expenses	-29	-23	-13	-6	-
Other operating incomes	107	57	57	44	20
Other operating expenses	-90	-124	-33	-33	-33
Operating income	**488**	**326**	**394**	**277**	**119**
Financial incomes	2	8	37	59	47
Financial expenses	-45	-83	-235	-335	-300
Net financial items	**-43**	**-75**	**-198**	**-276**	**-253**
Income after financial items	**444**	**251**	**196**	**1**	**-134**
Income tax	-108	-60	-97	-12	-3
Net income for the period, continuing operations	**336**	**191**	**99**	**-11**	**-137**
Net income for the period from discontinued operations	**-**	**6**	**472**	**77**	**70**
Net income for the period	**336**	**197**	**571**	**66**	**-67**

Summary, Consolidated Balance Sheets

SEK m	2009	2008	2007	2006*	2005*
ASSETS					
Goodwill	1 199	1 199	1 199	2 145	2 248
Other intangible fixed assets	29	25	29	15	11
Tangible fixed assets	510	514	433	692	849
Financial fixed assets	336	369	398	496	526
Total fixed assets	**2 074**	**2 107**	**2 059**	**3 348**	**3 634**
Inventories	382	542	500	639	801
Accounts receivable	640	731	546	900	995
Other receivables	163	182	207	233	187
Cash and cash equivalents	230	249	202	193	152
Total current assets	**1 415**	**1 704**	**1 455**	**1 965**	**2 135**
TOTAL ASSETS	**3 489**	**3 811**	**3 514**	**5 313**	**5 769**
SHAREHOLDER'S EQUITY AND LIABILITIES					
Shareholders' equity	**1 789**	**1 544**	**1 416**	**838**	**816**
Long-term loans	682	1 151	1 092	2 349	2 922
Other long-term liabilities	216	229	219	305	346
Total long-term liabilities	**898**	**1 380**	**1 311**	**2 654**	**3 268**
Accounts payable	344	358	305	472	616
Current financial liabilities	-	-	0	700	341
Other short-term liabilities	458	529	482	649	728
Total short-term liabilities	**802**	**887**	**787**	**1 821**	**1 685**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3 489**	**3 811**	**3 514**	**5 313**	**5 769**

* The balance sheet as per December 2006 and 2005 includes the discontinued operations, deSter, which were sold in March 2007. The balance sheet per December 2005 includes the discontinued operations, Duni Americas, which were sold in August 2006.

Key ratios in brief, Group

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

* Calculated based on underlying operating income

Consolidated Income Statement

SEK m	Note 1–5, 12–14	2009	2008
Continuing operations			
Net sales	5 -6	4 220	4 099
Costs of goods sold	6 -10	-3 054	-3 020
Gross profit		**1 166**	**1 079**
Selling expenses	7-9	-482	-465
Administrative expenses	7-9, 11	-184	-198
Research and development expenses	7-8	-29	-23
Other operating incomes	15	107	57
Other operating expenses	7-8, 16	-90	-124
Operating income	5, 17	**488**	**326**
Income from financial items	17-18		
Financial income		2	8
Financial expenses		-45	-83
Net financial items		**-43**	**-75**
Income after financial items		**444**	**251**
Income tax	20	-108	-60
Net income for the year, continuing operations		**336**	**191**
Net income for the year, discontinued operations	41	-	6
Net income for the year		**336**	**197**
Income attributable to:			
Equity holders of the Parent Company		336	197
Earnings per share (expressed in SEK per share), calculated on net income for the year from continuing operations:			
- Before and after dilution	21	7.15	4.06
Earnings per share (expressed in SEK per share), calculated on net income for the year from discontinued operations attributable to equity holders of the Parent Company during the year:			
- Before and after dilution	21	-	0.13
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	7.15	4.19

Consolidated Statement of Comprehensive Income

SEK m	2009	2008
Net income of the year	**336**	**197**
Comprehensive income*		
Exchange differences - translation of subsidiaries	-6	16
Comprehensive income of the year	**-6**	**16**
Sum of comprehensive income of the year	**330**	**213**
Comprehensive income of the year attributable to:		
Equity holders of the Parent Company	330	213

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

Consolidated Balance Sheet

SEK m	Note	2009	2008
ASSETS	1-5		
Fixed assets			
Intangible fixed assets	22		
Goodwill		1 199	1 199
Capitalized development expenses		26	20
Trademarks and licenses		3	5
Total intangible fixed assets		**1 228**	**1 224**
Tangible fixed assets			
Buildings, land and land improvements	23	48	52
Machinery and other technical equipment	24	339	331
Equipment, tools and installations	25	62	64
Construction in progress and advanced payments for tangible fixed assets	26	61	67
Total tangible fixed assets		**510**	**514**
Financial fixed assets			
Deferred tax assets	20	324	367
Other long-term receivables	28	12	2
Total financial fixed assets		**336**	**369**
Total fixed assets		**2 074**	**2 107**
Current assets			
Inventories	10		
Raw materials and supplies		101	103
Products in progress		15	22
Finished goods and goods for resale		260	412
Advances to suppliers		6	5
Total inventories		**382**	**542**
Current receivables			
Accounts receivable	29	640	731
Derivative instruments	30	10	12
Tax assets		36	31
Other receivables	29	68	98
Prepaid expenses and accrued incomes	31	49	41
Total current receivables		**803**	**913**
Cash and cash equivalents		230	249
Total current assets		**1 415**	**1 704**
TOTAL ASSETS		**3 489**	**3 811**

Consolidated Balance Sheet, continued

SEK m	Note	2009	2008
SHAREHOLDERS' EQUITY AND LIABILITIES	**1-5**		
Shareholders' equity			
Share capital	21	59	59
Other injected capital		1 681	1 681
Reserves		49	55
Loss carried forward incl. net income for the year		0	-251
Total shareholders' equity attributable to equity holders of the Parent Company		**1 789**	**1 544**
Long-term liabilities	32		
Overdraft facility	32	13	5
Bank loans	32	669	1 146
Subordinated debts	20	26	28
Pension provisions	34	190	201
Total long-term liabilities		**898**	**1 380**
Short-term liabilities			
Accounts payable		344	358
Tax liabilities		7	3
Derivative instruments	30	2	59
Other liabilities		62	59
Allocation to restructuring reserve	9	15	44
Accrued expenses and deferred incomes	35	372	364
Total short-term liabilities		**802**	**887**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3 489**	**3 811**
Pledged assets	36	-	-
Contingent liabilities	36	72	42

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Parent Company					
SEK m	Share capital	Other injected capital	Reserves[2)]	Fair value reserve[1)]	Loss carried forward incl. net income for the year	Total equity
Opening balance, Jan 1, 2008	**59**	**1 681**	**26**	**13**	**-363**	**1 416**
Comprehensive income of the year	**-**	**-**	**16**	**-**	**197**	**213**
Transactions with owners						
Dividends relating to 2007	-	-	-	-	-85	-85
Sum transactions with owners	**-**	**-**	**-**	**-**	**-85**	**-85**
Opening balance, Jan 1, 2009	**59**	**1 681**	**42**	**13**	**-251**	**1 544**
Comprehensive income of the year	**-**	**-**	**-6**	**-**	**336**	**330**
Transactions with owners						
Dividends relating to 2008	-	-	-	-	-85	-85
Sum transactions with owners	**-**	**-**	**-**	**-**	**-85**	**-85**
Closing balance, Dec 31, 2009	**59**	**1 681**	**36**	**13**	**0**	**1 789**

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.

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

Consolidated Cash Flow Statement

SEK m	Note	2009	2008
Cash flow from operating activities			
Operating income from continuing operations		488	326
Operating income from discontinued operations		-	6
Adjustments for items not included in cash flow	37	-12	159
Interest received		2	8
Interest paid		-44	-65
Paid income tax		-72	-85
Cash flow from operating activities before changes in working capital		**362**	**349**
Changes in working capital			
Increase (-)/decrease (+) in inventories		146	-3
Increase (-)/decrease (+) in accounts receivable		58	-114
Increase (-)/decrease (+) in receivables		52	22
Increase (-)/decrease (+) in accounts payable		3	15
Increase (-)/decrease (+) in short-term liabilities		5	5
Cash flow from operating activities		**626**	**274**
Cash flow from investing activities			
Acquisition of tangible fixed assets	23-26	-125	-145
Sale of tangible fixed assets		4	6
Change in other long-term receivables		-9	-
Cash flow from investing activities		**-130**	**-139**
Cash flow from financing activities			
Dividends to shareholders		-85	-85
Net change, overdraft facilities		-36	-13
Repayment of loans		-1 756	-300
Loans received		1 365	302
Cash flow from financing activities		**-512**	**-96**
Cash flow for the year		-16	38
Cash and cash equivalents, opening balance		249	202
Exchange rate differences, cash and cash equivalents		-3	9
Cash and cash equivalents, closing balance		**230**	**249**

Parent Company, Income Statement

SEK m	Note 1-5, 12-14	2009	2008
Net sales	6	1 180	1 244
Costs of goods sold	6-10	-1 059	-1 104
Gross profit		**121**	**140**
Selling expenses	8 -9	-116	-121
Administrative expenses	8 -9, 11	-138	-149
Research and development expenses	8	-13	-12
Other operating incomes	15	315	224
Other operating expenses	8, 16	-212	-225
Operating income	**17**	**-43**	**-143**
Income from financial items	17-18		
Income from participations in Group companies	19	547	351
Other interest income and similar income		30	42
Interest expenses and similar expenses		-35	-69
Net financial items		**543**	**324**
Income after financial items		**500**	**181**
Appropriations		-	-
Tax on income for the year	20	-13	3
Net income for the year		**487**	**184**

Parent Company, Balance Sheet

SEK m	Note	2009	2008
ASSETS	1-5		
Fixed assets			
Intangible fixed assets	22		
Goodwill		699	799
Capitalized development expenditures		26	20
Trademarks and licenses		3	5
Total intangible fixed assets		**728**	**824**
Tangible fixed assets			
Buildings, land and land improvements	23	42	45
Machinery and other technical equipment	24	7	8
Equipment, tools and installations	25	6	8
Construction in progress and advanced payments for tangible fixed assets	26	12	8
Total tangible fixed assets		**67**	**69**
Financial assets			
Participations in Group companies	27, 39	770	744
Deferred tax assets	20	289	326
Other long-term receivables	28	11	1
Total financial fixed assets		**1 070**	**1 071**
Total fixed assets		**1 865**	**1 964**
Current assets			
Inventories	10		
Raw materials and supplies		-	-
Products in progress		7	8
Finished goods and goods for resale		76	98
Advances to suppliers		3	-
Total inventories		**86**	**106**
Current receivables			
Accounts receivable	29	104	126
Derivative instruments	30	6	12
Receivables from Group companies	29	39	82
Tax assets		10	10
Other receivables	29	17	30
Prepaid expenses and accrued incomes	31	19	17
Total current receivables		**195**	**277**
Current financial receivables, from Group companies	29	752	672
Cash and bank balances		179	153
Total current assets		**1 212**	**1 208**
TOTAL ASSETS		**3 077**	**3 172**

Parent Company, Balance Sheet, continued

SEK m	Note	2009-12-31	2008-12-31
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		1 381	1 214
Net income for the year		487	184
Total unrestricted shareholders' equity		1 868	1 398
Total shareholders' equity		**1 951**	**1 481**
Provisions			
Pension provisions	34	111	113
Deferred tax liability	20	2	2
Total provisions		**113**	**115**
Long-term liabilities	32		
Overdraft facility	32	0	-
Bank loans	32	668	1 145
Liabilities to Group companies	32	111	131
Total long-term liabilities		**779**	**1 276**
Short-term liabilities			
Accounts payable		73	71
Liabilities to Group companies		53	63
Tax liabilities		-	-
Derivative instruments	30	1	52
Other liabilities		10	17
Allocation to restructuring reserve	9	10	14
Accrued expenses and deferred incomes	35	87	83
Total short-term liabilities		**234**	**300**
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		**3 077**	**3 172**
Pledged assets	36	-	-
Contingent liabilities	36	52	41

Statement of Changes in Parent Company's Shareholders' Equity

SEK m	Share capital	Statutory reserve	Revaluation reserve	Unrestricted shareholders' equity	Total shareholders' equity
Opening balance, Jan 1, 2008	**59**	**11**	**13**	**1 221**	**1 304**
Group contributions received	-	-	-	79	79
Dividends to shareholders	-	-	-	-85	-85
Translation difference regarding branch offices	-	-	-	-1	-1
Net income for the year	-	-	-	184	184
Closing balance, Dec 31, 2008	**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
Closing balance, Dec 31, 2009	**59**	**11**	**13**	**1 868**	**1 951**

Accumulated translation differences in the Parent Company which were reported directly against shareholders' equity were SEK 25 m (2008: 23).

Parent Company, Cash Flow Statement

SEK m	Note	2009	2008
Cash flow from operating activities			
Operating income		-43	-143
Adjustments for items not included in cash flow	37	39	171
Interest received		30	42
Dividends received		547	351
Interest paid		-45	-62
Paid income tax		-	-
Cash flow from operating activities before changes in working capital		**528**	**359**
Changes in working capital			
Increase (-)/decrease in inventories		25	46
Increase (-)/decrease in accounts receivable		59	37
Increase (-)/decrease in receivables		8	-15
Increase (-)/decrease in accounts payable		0	21
Increase (-)/decrease in short-term liabilities		-8	7
Cash flow from operating activities		**612**	**455**
Cash flow from investing activities			
Acquisition of intangible fixed assets	22	-14	-
Acquisition of tangible fixed assets	23-26	-8	-22
Sale of tangible fixed assets		0	7
Provided shareholders' contributions	27	-26	-
Change in net lending to Group companies		-29	-320
Change in non-interest-bearing receivables		3	-
Change in interest-bearing receivables		-11	6
Cash flow from investing activities		**-85**	**-329**
Cash flow from financing activities			
Dividends to shareholders		-85	-85
Net change, overdraft facilities		0	-
Repayment of loans		-1 758	-304
Loans received		1 342	300
Cash flow from financing activites		**-501**	**-89**
Cash flow for the year		26	37
Cash and cash equivalents, opening balance		153	116
Cash and cash equivalents, closing balance		**179**	**153**

Noter

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 24, 2010. 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, 2008 – December 31, 2008.

Unless otherwise specifically stated, all amounts are reported with respect to the continuing operations.

NOTE 2 | SUMMARY OF IMPORTANT ACCOUNTING PRINCIPLES

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

2.1 Bases for preparation of the financial statements

The consolidated financial statements for the Duni Group have been prepared in accordance with the Swedish Annual Reports Act, RFR 1.2 "Supplementary Accounting Rules for Groups", and International Financial Reporting Standards (IFRS) as adopted by the EU, as well as interpretation statements issued by the International Financial Reporting Interpretations Committee (IFRIC). The consolidated financial statements have been prepared in accordance with the purchase method, other than with respect to financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

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

The Parent Company applies the Swedish Annual Accounts Act and RFR 2.2, 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

Commencing January 1, 2009, the Duni Group applies the following new and amended standards and interpretations from IASB and statements from IFRIC:

IAS 1 Presentation of Financial Statements. The standard divides up changes in shareholders' equity as a consequence of transactions with equity holders and other changes. In addition, the standard introduces the concept of "Statement of comprehensive income" which also shows income and expensees as reported in shareholders' equity. Duni has chosen to present two separate statements: an income statement and a statement of comprehensive income. Comparison information for 2008 has been adapted in accordance with the new standard.

IFRS 7 Financial Instruments: Disclosures. The standard requires new disclosures regarding fair values which are reported in the balance sheet, based on three levels in what is referred to as a measurement hierarchy. Duni provides information regarding hierarchy levels for fair values in Note 3.

IFRS 8 Operating Segments. IFRS 8 has replaced IAS 14, Segment Reporting. The new standard requires segment information to be presented based on the management's perspective, i.e. it is to be presented in the manner in which it is used in internal reporting. The implementation of IFRS 8 has not entailed the identification of any new operating segments in Duni compared with previously. The identification of reportable segments is based on the internal reporting as reported to and monitored by the highest executive decision-maker which, in this context, has been identified at the group management. Operations are evaluated and controlled based on lines of business. Duni has identified three reportable operating segments in accordance with IFRS 8, namely: Professional, Retail and Tissue. The segments are evaluated internally based on operating income less non-recurring items. Since the reportable segments are unchanged compared with previous years, the new standard has not entailed any reallocation of goodwill.

None of the following new of amended standards and interpretations have had any significant impact on Duni's financial reporting:

IAS 23 Borrowing Costs.
IAS 27 Consolidated and Separate Financial Statements.
IAS 32 Financial Instruments: Classification.
IAS 39 Financial Instruments: Recognition and Measurement.
IFRIC 9 Reassessment of Embedded Derivatives.
IFRIC 12 Service Concession Arrangements.
IFRIC 16 Hedges of a Net Investment in a Foreign Operation.
IFRIC 17 Distributions of Non-Cash Assets to Owners.
IFRIC 18 Transfers of Assets from Customers.
IFRS 2 Share-Based Payment.
IFRS 3 Business Combinations.
IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations.

None of the following new or amended standards and interpretations, applicable commencing January 1, 2010, are expected to have any significant impact on Duni's financial reporting:

IAS 1 Presentation of Financial Statements.
IAS 7 Statement of Cash Flows.
IAS 17 Leases.
IAS 18 Revenue.
IAS 36 Impairment of Assets.
IAS 38 Intangible Assets.
IAS 39 Financial Instruments: Recognition and Measurement.
IFRIC 15 Agreements for the Construction of Real Estate.

At the time of preparation of the consolidated financial statements as per December 31, 2009, several standards and interpretations have been published which have not yet entered into force. Duni will not apply any of these standards or interpretations in advance since they have not yet been approved by the EU. However, none of the interpretations or supplements are expected to have any significant impact on Duni's financial reporting.

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

The purchase method is used for reporting the Group's acquisitions of subsidiaries. The acquisition value for an acquisition consists of fair value of assets which are provided as payment, issued equity instruments, and incurred or assumed liabilities as per the transfer date, plus expenditures directly related to the acquisition. Identifiable acquired assets and assumed liabilities and contingent liabilities in a business combination are initially valued at fair value on the acquisition date, irrespective of the scope of any minority interest. The surplus, consisting of the difference between the acquisition value and the fair value of the Group's share of the identifiable acquired assets, liabilities and contingent liabilities, is reported as goodwill. Where the acquisition value is less than the fair value for the acquired subsidiary's assets, liabilities and contingent liabilities, the difference is reported directly in the income statement.

Intra-group transactions and balance sheet items, as well as unrealized profits on transactions between group companies, are eliminated. Unrealized losses are also eliminated, but any losses are regarded as an indication of possible impairment. Where appropriate, the accounting principles for subsidiaries have been changed to ensure consistent application of the Group's principles.

2.2.2 Transactions involving minority shareholders

The Group applies the principle of reporting transactions with minority shareholders as transactions with third parties. Upon the acquisition of minority shares, where the paid purchase price exceeds the acquired share of reported value of the subsidiary's net assets, the difference is reported as goodwill. Upon sales to minority shareholders, where the received purchase price differs from the reported value of the share of the net assets which are sold, a profit or loss arises. This profit or loss is reported in the income statement.

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

A line of business consists of a group of assets and operations which provide products or services that are exposed to risks and possibilities which differ from those applicable to other lines of business. Geographic areas provide products or services within an economic environment which is exposed to risks and possibilities which differ from those applicable to other economic environments. For a detailed description, see Note 5.

2.4 TRANSLATION OF FOREIGN CURRENCY

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 shareholders' equity are transferred to the income statement and reported as a part of capital gains/losses.

Goodwill and adjustments of fair value which arise upon the acquisition of a foreign business are treated as assets and liabilities of such business and translated at the closing day rate.

2.5 Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. The reported cash flow covers only transactions which result in payments being received or made. Cash and cash equivalents in the cash flow statement accord with the definition of cash and cash equivalents in the balance sheet.

2.6 REVENUE

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.

Trademarks and licenses

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

Research and development

Capitalized research expenditures relate primarily to expenditures for the implementation of the SAP business system.

Research expenditures are booked when incurred.

Expenditures incurred in development projects (relating to design and testing of new or improved products) are reported as intangible assets when the following criteria are fulfilled:

(a) it is technically feasible to finish the intangible asset so that it can be used or sold;
(b) management intends to finish the intangible asset and use or sell it;
(c) conditions exist to use or sell the intangible asset;
(d) the way in which the intangible asset will generate probable future economic benefits can be demonstrated;
(e) adequate technical, financial and other resources exist to complete the development and to use or sell the intangible asset; and
(f) the expenditures which relate to the intangible asset during its development can be calculated in a reliable manner.

Other development expenditures which do not fulfill these conditions are reported as expenses when incurred. Development expenditures previously reported as an expense are not reported as an asset in a subsequent period. Capitalized development expenditures are reported as intangible assets and amortization takes place from the time when the asset is finished for use, on a straight-line basis over the assessed useful life (3-10) years.

2.8 TANGIBLE FIXED ASSETS

Buildings and land include primarily plants and offices. All tangible fixed assets are reported at acquisition value less depreciation. The acquisition value includes expenditures directly related to the acquisition of the asset.

Additional expenditures are added to the reported value of the asset or reported as a separate asset only where it is likely that the future economic benefits associated with the asset will vest in the Group and the asset's acquisition value can be measured in a reliable manner. Reported value for the replaced part is removed from the balance sheet. All other forms of repairs and maintenance are reported as expenses in the income statement during the period in which they are incurred.

No depreciation takes place for land. Depreciation on other assets, in order to allocate their acquisition value down to the estimated residual value over the estimated useful life, takes place on a straight-line basis in accordance with the following:

Type of asset	Useful life
Buildings	20-40 years
Paper machinery	17 years
Other machinery	10 years
Vehicles	5 years
Equipment, tools, and installations	3-8 year

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.

2.11.3 Loans and receivables

Loans and receivables are financial assets which are not derivative instruments. They have determined or determinable payments and are not listed on an active market. They are included in current assets, with the exception of items payable more than 12 months after the balance sheet date, which are classified as fixed assets. Impairment of accounts receivable is reported in the income statement in the sales function and impairment of loan receivables is reported as a financial item.

Loans and receivables are initially reported at fair value and thereafter at accrued acquisition value applying the effective annual interest rate method, less any provisions for depreciation. Provision is made for impairment of accounts receivable when there is objective evidence that the Group will be unable to receive all amounts which are due and payable according to the original terms of the 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

Cash and cash equivalents in the balance sheet include cash and bank balances as well as escrow bank balances which are expected to be settled within 12 months of the balance sheet date. Cash and cash equivalents in the cash flow statement include only cash and bank balances; see section 2.5.

2.14 FINANCIAL LIABILITIES

The Group classifies its financial liabilities in the following categories: Financial liabilities valued at fair value through profit or loss and financial liabilities valued at accrued acquisition value. The classification depends on the purpose for which the financial liability was acquired. Management determines the specification of the financial liabilities on the first reporting occasion and reviews this decision on each subsequent reporting occasion.

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.

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, restructuring expenses but also any legal claims are reported when the Group has a legal or informal obligation as a consequence of earlier events, it is likely that an outflow of resources will be required to settle the obligation, and the amount can be calculated in a reliable manner. Duni reports allocations for restructuring expenses, see 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.

A discontinued operation is a part of a company which either has been sold or is classified as held for sale and (a) constitutes an independent line of business or a significant operation which is conducted within a geographic area; (b) constitutes a part of a single, coordinated plan for sale of an independent line of business or a geographic area; or (c) is a subsidiary which was acquired exclusively in order to be sold on. Divestments of the sub-groups, Duni Americas and deSter, are reported as discontinued operations. In the consolidated income statement, income after tax (including the capital gain) is reported as a separate item, "Net income for the year from divested businesses". Reclassification has taken place of comparison figures in the income statement. Information is provided in Note 41 regarding sales, operating income and cash flows for discontinued operations. The divestments for each year are not reported in the balance sheet as divestment groups which are held for sale, since decisions and divestments have taken place within the same financial year.

2.19 GOVERNMENT SUBSIDIES

Government subsidies are reported at fair value where it is reasonably certain that the subsidy will be received and that Duni will meet the requirements associated with the subsidy. Government subsidies which relate to expenses are allocated over the period and reported in the income statement over the same periods as the expenses which the subsidies are intended to cover. No government subsidies were received during 2008 and 2009. Regarding valuation of received emission rights, see section 2.20.

2.20 EMISSION RIGHTS

Duni participates in the EU's emission rights trading system. Received emission rights are initially valued at the acquisition value, i.e. SEK 0. Revaluations do not take place. A provision is made if an emission rights deficit is identified between owned rights and the rights which will need to be delivered due to emissions made. The value of any surplus emission rights is reported only when realized upon an external sale.

2.21 EARNINGS PER SHARE

The calculation of earnings per share is based on the income for the period (total, from continuing and discontinued operations) in the Group attributable to the equity holders of the Parent Company and on the weighted average number of shares outstanding during the period. When calculating earnings per share after dilution, the earnings and the average number of shares are adjusted to take into consideration the dilution effects of potential shares of common stock, which during the periods reported consist of convertible debentures and warrants. Dilution from warrants arises only where the exercise price is lower than the market value of the shares; the greater the difference between the exercise price and the market value, the greater the degree of dilution. Convertible debentures and warrants are not deemed to have a dilution effect if they result in improved earnings per share from continuing operations (greater profit or smaller loss) after dilution than before dilution.

2.22 THE PARENT COMPANY'S ACCOUNTING PRINCIPLES

The Parent Company prepares its annual report pursuant to the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2.2, Reporting for Legal Entities. RFR 2.2 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.

2.22.1 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 only on condition that it has been earned since the acquisition. Dividends which exceed such earned profits are regarded as a repayment of the investment and reduce the reported value of the participating interest.

Group contributions and shareholders' contributions

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

Intangible fixed assets

Intangible fixed assets in the Parent Company are reported at acquisition value less deduction for accumulated amortization and any impairment. Amortization of goodwill takes place on a straight-line basis over an assessed useful life of 20 years.

Tangible fixed assets

Tangible fixed assets in the Parent Company are reported at acquisition value less deduction for accumulated depreciation and any impairment in the same manner as for the Group, but with a supplement for any revaluations.

Leased assets

All leasing agreements are reported in the Parent Company pursuant to the rules for operational leasing.

Pension provisions

The Parent Company reports pension liabilities based on a calculation pursuant to the Swedish Pension Obligations (Security) Act.

Income tax

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

Presentation of income statement and balance sheet

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

NOTE 3 | FINANCIAL RISKS

3.1 FINANCIAL RISK FACTORS

Duni is exposed through its operations to a large number of different risk factors: market risks (including currency risks, price risks regarding energy consumption and pulp purchases by the subsidiary, Rexcell Tissue & Airlaid AB, interest rate risks in 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. At unchanged exchange rates compared with 2008, net sales would have been SEK

230 m lower and the underlying operating income would have been SEK 54 m lower.

The Group is, however, exposed to another type of translation exposure which occurs in the balance sheets of the individual group companies due to the fact that such balance sheets may include items in a currency other than such group company's functional currency. Revaluation of these items to the closing day rate is included in the Group's result. This type of translation exposure is addressed in the section below.

The financial borrowing and lending in the individual group companies is primarily internal through the Parent Company and in the respective group company's functional currency. In this manner, currency exposure regarding these items has been centralized on the Parent Company. In the Parent Company, 100% of the financial borrowing and lending is hedged in accordance with the Group's policy, and thus a change in exchange rates has no effect on the result. Note 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.

The currency exposure which does exist is assessed as being partly attributable to the Group's accounts receivable and derivative instruments regarding future cash flows, but mainly to the Group's accounts payable, primarily internal but also to a small extent external. The internal receivables and liabilities are eliminated in the consolidated Group; any translation, however, is reported in the income statement, similarly to the external receivables and liabilities. The remaining currency risk which affects the consolidated income statement is quantified below.

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 7 m (2008: +/- SEK 17 m). Corresponding figures for the Parent Company are +/- SEK 21 m (2008: +/- SEK19 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 EUR.

During 2009, this remaining currency risk has been managed by the Group entering into currency forward contracts in accordance with the finance policy. During 2009 the finance policy was revised and since June 2009 the Group no longer hedges its foreign currency transactions.

As policy, the Group does not hedge interest payments, whether internal or external. The Parent Company's external borrowing corresponds, however, to approximately 100% of the internal net lending, with the same currency breakdown.

Note 30 shows values and nominal amounts regarding the remaining currency forward contracts entered into with respect to future purchases and sales.

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 2009, the subsidiary, Rexcell Tissue & Airlaid AB, purchased approximately 119 841 MWh electricity at a cost of SEK 49 m, 4,806 tonnes of LPG for approx. SEK 23 m, while oil was consumed for approx. SEK 1 m (2008: 117 304 MWh electricity, SEK 58 m; 5,191 tonnes of LPG, SEK 32 m; and oil for SEK 6 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. An electricity price change of +/- 5% for the energy used by Rexcell Tissue & Airlaid AB affects the net income by approx. -/+ SEK 2 m (2008: -/+ SEK 3 m).

As per December 31, 2009, Rexcell Tissue & Airlaid AB had 2,644 (1,059) unused emission rights with a market value of SEK 0 m (0).

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 2010, the assessment is that they will not amount to any significant sum.

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 2009 of +/- 1% per tonne affects income by -/+ SEK 3 m (2008: -/+ SEK 2 m).

Interest rate risks with respect to cash flows and fair value

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

Duni has no significant interest-bearing assets, with the exception of a loan of SEK 10 m to Estancia Fastigheter AB 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, 2009 been 100 points higher/lower with all other variables being constant, the Group's net income for 2009 would have been SEK 8 m lower/higher (2008: SEK 9 m).

The interest rate swaps that existed at the beginning of 2009 have not been renewed, and thus the Group no longer has any interest rate risk as regards fair values.

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 1% of total accounts receivable (2008: 1%). For the Parent Company, the corresponding portion is 0% (2008: 2%).

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, 2009 Duni had cash and cash equivalents of SEK 230 m (2008: SEK 249 m) as well as a non-utilized credit facility of SEK 1,605 m (2008: SEK 1,115 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:

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

SEK m	2009	2008
Interest rate swaps	0	4
Currency forward contracts	1	48
Energy derivatives	1	7
Total	**2**	**59**

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	2009	2008
Currency forward contracts		
- Inflow regarding contracts for future purchases and sales	77	579
- Outflow regarding contracts for future purchases and sales	-71	-619
- Inflow regarding contracts for financial assets and liabilities	50	196
- Outflow regarding contracts for financial assets and liabilities	-50	-193

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.

		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	-669	-6	-673	-	-	-	-
Overdraft facility	-13	0	-13	-	-	-	-
Accounts payable and other liabilities	-406	-	-406	-	-	-	-
- Currency forward contracts[1]	-1	-	-1	-	-	-	-
- Interest rate swaps	-	-	-	-	-	-	-
- Energy derivatives	-1	-	-1	-	-	-	-
Derivative instruments - Liabilities	**-2**	**0**	**-2**	**0**	**0**	**0**	**0**
- Currency forward contracts[1]	6	-	6	0	0	-	-
- Interest rate swaps	-	-	-	-	-	-	-
- Energy derivatives	4	-	4	-	-	-	-
Derivative instruments - Assets	**10**	**0**	**10**	**0**	**0**	**0**	**0**
Total	**-1 080**	**-6**	**-1 084**	**0**	**0**	**0**	**0**

1) Gross flows are shown in the table below.

3.2 MANAGEMENT OF RISK CAPITAL

Duni's objective with respect to the capital structure is to ensure the Group's ability to continue its operations. The Group assesses capital on the basis of the net/debt equity ratio. This key ratio is calculated as net debt divided by total capital. The net debt is calculated as total borrowing less cash and cash equivalents. Total capital is calculated as shareholders' equity in the consolidated balance sheet plus net debt.

The net debt/equity ratio is as follows:

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Total borrowing	**682**	**1 151**	**668**	**1 145**
Other long-term receivables	-12	-2	-11	-1
Pension provisions	190	201	111	113
Group loans/ receivables	-	-	-641	-541
Less: cash and cash equivalents	-230	-249	-179	-152
Net debt[1]	631	1 100	-52	563
Total shareholders' equity	**1 789**	**1 544**	**1 951**	**1 481**
Total capital	**2 420**	**2 644**	**1 899**	**2 044**
Net debt/equity ratio	26%	42%	-3%	28%

1) Calculation of debt 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. The Group uses a number of different methods and makes assumptions based on the market conditions prevailing on the balance sheet date. Listed market prices or broker listings for similar instruments are used with respect to long-term liabilities. Other techniques, such as calculation of discounted cash flows, are used to establish fair value for remaining financial instruments. Fair value for interest rate swaps is calculated as the present value of assessed future cash flows. Fair value for currency forward contracts is established through the use of listed prices for currency forward contracts on the balance sheet date.

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

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 PURPOSES

The Group makes estimations and assumptions regarding the future. From a definition perspective, the estimations for accounting purposes which follow therefrom rarely correspond to the actual outcome. The estimations and assumptions which entail a significant risk of material adjustments in reported values for assets and liabilities during the following accounting period are outlined below.

4.1.1 Useful life, intangible and tangible fixed assets

Group management determines assessed useful life and thereby 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, 2009 amounted to SEK 0 m (2008: 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.

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

A line of business is a group of assets and operations which provide products or services that are exposed to risks and opportunities which differ from those applicable to other lines of business. Duni regards the 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, catering and industrial kitchens. **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. Duni has chosen to report the underlying operating income for the business areas, after shared costs have been allocated to each business area.

The highest executive decision-making body in Duni is group management, which decides on the allocation of resources within Duni and evaluates the results of the operations. Operations are evaluated and controlled based on lines of business. 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.

Operating segments

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

Operating segments

2008, SEK m	Professional	Retail	Tissue	Non-allocated	Continuing operations	Discontinued operations	TOTAL
Total net sales	2 772	777	1 066	-	4 615	-	4 615
Net sales from other segments	1	0	515	-	516	-	516
Net sales from external customers	**2 771**	**777**	**551**	**0**	**4 099**	**0**	**4 099**
Underlying operating income	368	11	35	-	414	6	420
Non-recurring items	-61	-18	-9	-	-88	-	-88
Reported operating income	**307**	**-7**	**26**	**0**	**326**	**6**	**332**
Financial incomes					8	-	8
Financial expenses					-83	-	-83
Income tax					-60	-	-60
Net income for the year					**191**	**6**	**197**
Total assets	2 839	460	512	-	3 811	-	3 811
Total liabilities	689	193	234	1 151	2 267	-	2 267
Investments	87	24	28	-	139	-	139
Depreciation	-54	-15	-28	-	-97	-	-97

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	2009	2008
Non-recurring items		
Underlying operating income	436	414
Unrealized valuation effects of derivative instruments	54	-48
Restructuring expenses	-2	-41
Reported operating income	**488**	**326**

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	2009	2008
Non-allocated liabilities		
Overdraft facility	13	5
Bank loans	669	1 146
Total non-allocated liabilities	**682**	**1 151**

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

SEK m	2009	2008
Product groups		
Napkins	1 757	1 644
Table covers	1 029	996
Candles	188	165
Serving products	322	363
Packaging solutions	286	279
Other	638	652
Net sales from external customers	**4 220**	**4 099**

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

SEK m	2009	2008
Net sales		
Sweden	327	347
Rest of Nordic region	464	493
Germany	1 576	1 452
Rest of Central Europe	1 040	957
Southern and Eastern Europe	761	769
Rest of the world	53	81
Net sales from external customers	**4 220**	**4 099**

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

SEK m	2009	2008
Intangible and tangible assets		
Sweden	1 408	1 400
Rest of Nordic region	-	-
Germany	220	240
Rest of Central Europe	6	7
Southern and Eastern Europe	104	91
Rest of the world	-	-
Total tangible and intangible assets	**1 738**	**1 738**

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

Parent Company, SEK m	2009	2008
Operating segment		
Professional	963	1 013
Retail	213	227
Tissue	4	4
Total net sales	**1 180**	**1 244**

Parent Company, SEK m	2009	2008
Geographic areas		
Nordic region	753	806
Central Europe	305	329
Southern and Eastern Europe	122	109
Rest of the world	-	0
Total net sales	**1 180**	**1 244**

NOTE 6 | INTRA-GROUP PURCHASES AND SALES

Intra-group purchases and sales amounted to SEK 2,335 m (2008: SEK 2,386 m). The Parent Company sold goods to its own subsidiaries for SEK 412 m (2008: SEK 433 m) and purchased goods from subsidiaries at a value of SEK 537 m (2008: SEK 672 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	2009	2008
Changes in inventories of finished products and products in progress		676	508
Raw materials and consumables		1 031	1 158
Expenses for compensation to employees	13	876	894
Depreciation and impairment	8	102	97
Other expenses		1 154	1 173
Total operating expenses		**3 839**	**3 830**

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

NOTE 8 | DEPRECIATION/AMORTIZATION

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Goodwill	-	-	100	100
Capitalized development expenditures	7	7	7	7
Trademarks and licenses	2	2	2	2
Buildings and land improvements	4	4	3	4
Plant and equipment	89	84	9	9
Total depreciation/amortization	**102**	**97**	**121**	**122**

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

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Costs of goods sold	84	79	8	9
Selling expenses	-	-	-	-
Administrative expenses	18	18	13	13
Other operating expenses	-	-	100	100
Total depreciation/amortization	**102**	**97**	**121**	**122**

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 100 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 approx. SEK 50 m.

Restructuring expenses are included in each function as follows:

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Cost of goods sold	1	21	-	-
Selling expenses	1	6	-	1
Administrative expenses	-	4	-	3
Other operating expenses	-	10	-	10
Total restructuring expenses	**2**	**41**	**0**	**14**

Allocation to restructuring reserve:

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Opening balance, restructuring reserve	44	4	14	0
Utilized reserves	-30	-1	-4	0
Reversal of reserve	-1	-	-	-
Allocations for the year	2	41	0	14
Closing balance, restructuring reserve	**15**	**44**	**10**	**14**
Of which short term	15	44	10	14
Of which long term	-	-	-	-

NOTE 10 | INVENTORIES

Expenditures for changes in inventories and goods purchased and sold during the year are included in the item ”Costs of goods sold” and, for the Group, amount to SEK 2,361 m (2008: SEK 2,779 m). Corresponding items for the Parent Company are SEK 805 m (2008: SEK 849 m).

The Group's impairment write-down of inventory to the net realizable value amounts to SEK 7 m (2008: SEK 10 m). The Parent Company's reported impairment write-down of inventory amounts to SEK 7 m (2008: SEK 10 m).

The Group reversed SEK 3 m (2008: SEK 6 m) of the impairment write-down of inventory, most of which was carried out in Q4, 2009. The reversed amount is included in the income statement in costs of goods sold.

NOTE 11 | COMPENSATION TO AUDITORS

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Audit fees				
- PricewaterhouseCoopers	4,5	4,6	1,8	1,8
- Others	0,3	0,1	-	-
Total audit fees	**4,8**	**4,7**	**1,8**	**1,8**
Fees, consultancy services				
- PricewaterhouseCoopers	6,0	6,5	2,1	4,1
Total fees, consultancy services	**6,0**	**6,5**	**2,1**	**4,1**

”Audit engagement” means audit of the annual report and bookkeeping as well as management by the Board of Directors and CEO, other work which the Company's auditors are required to perform, as well as advice or other assistance resulting from observations in connection with such audit or the performance of such other work. Everything else constitutes other engagements.

NOTE 12 | PERSONNEL (AVERAGE NUMBER)

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

	2009			2008		
	Men	Women	Total	Men	Women	Total
Parent Company						
Sweden						
Malmö	75	58	133	81	60	141
Total Parent Company	**75**	**58**	**133**	**81**	**60**	**141**
Subsidiaries						
Austria	6	3	9	6	3	9
Belgium	5	6	11	7	7	14
Czech Republic	5	5	10	7	8	15
Denmark	11	5	16	13	13	26
Finland	7	13	20	10	13	23
France	12	27	39	15	28	43
Germany	489	396	885	501	428	929
Hungary	2	-	2	2	-	2
Italy	4	2	6	1	1	2
Netherlands	28	17	45	30	13	43
Norway	13	9	22	13	7	20
Poland	155	222	377	148	238	386
Russia	4	8	12	5	8	13
Spain	10	3	13	11	3	14
Sweden	223	60	283	224	63	287
Switzerland	13	8	21	14	8	22
United Kingdom	27	22	49	31	21	52
Total subsidiaries	**1 014**	**806**	**1 820**	**1 038**	**862**	**1 900**
Totalt	**1 089**	**864**	**1 953**	**1 119**	**922**	**2 041**

NOTE 13 | SALARIES AND OTHER REMUNERATION

	2009			2008		
	Salaries and remuneration	Social security	Of which pension	Salaries and remuneration	Social security	Of which pension
Parent Company						
Sweden	75	41	16	83	42	15
Totalt Parent Company	**75**	**41**	**16**	**83**	**42**	**15**
Subsidiaries						
Austria	4	2	0	4	1	0
Belgium	6	2	1	6	2	1
Czech Republic	2	1	0	2	1	0
Denmark	10	1	1	11	1	1
Finland	10	2	2	9	2	1
France	17	7	1	16	7	1
Germany	324	64	2	312	60	2
Hungary	1	0	0	1	0	0
Italy	2	1	0	2	0	0
Netherlands	23	8	4	21	5	2
Norway	12	3	1	11	3	1
Poland	45	7	0	51	7	0
Russia	2	0	0	2	0	0
Spain	5	1	0	5	1	0
Sweden	108	44	7	109	44	7
Switzerland	21	4	1	22	4	1
United Kingdom	17	4	2	17	3	1
Total, subsidiaries	**609**	**151**	**22**	**601**	**141**	**18**
Total	**684**	**192**	**38**	**684**	**183**	**33**

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

	2009		2008	
SEK m	Board, CEO, VPS (of which bonus)	Other employees	Board, CEO, VPS (of which bonus)	Other employees
Parent Company				
Sweden	8(2)	67	12(3)	71
Subsidiaries				
Austria	1(0)	4	1(0)	3
Belgium	-(-)	6	-(-)	6
Czech Republic	0(0)	1	0(0)	2
Denmark	-(-)	10	-(-)	11
Finland	-(-)	10	-(-)	9
France	-(-)	17	-(-)	16
Germany	2(1)	322	2(0)	310
Hungary	-(-)	1	-(-)	1
Italy	-(-)	1	-(-)	2
Netherlands	2(0)	21	2(0)	19
Norway	-(-)	12	-(-)	11
Poland	3(1)	42	4(1)	47
Russia	0(-)	1	0(0)	2
Spain	1(0)	4	1(0)	4
Sweden	2(0)	107	-(-)	109
Switzerland	7(3)	14	4(1)	18
United Kingdom	1(0)	16	1(0)	16
Total, subsidiaries	**19(5)**	**589**	**15(2)**	**586**
Totalt	**27(7)**	**656**	**27(5)**	**657**

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

The Group's Board of Directors comprises 5 (2008: 6) persons, of whom 60% are men (2008: 67%).

Other senior executives comprise 8 (2008: 9) persons, including the CEO, of whom 100% are men (2008: 100%).

Principles
Fees and other remuneration to the Board of Directors, including the Chairman of the Board, are decided upon by the Annual General Meeting (AGM). Pursuant to guidelines adopted by the AGM on May 6, 2009, 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, car compensation and vacation pay), long-term share-related incentive programs and pension. At present, there are no long-term share-related incentive programs. ”Other senior executives” are those persons who, together with the CEO, constitute 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 6, 2009, 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 2009 and 2008 financial years.

Remuneration and other benefits during the year

2009, TSEK	Basic salary/ board fee	Pension expense[1]	Other benefits	Variable remuneration[2]	Total
Chairman of the Board - Peter Nilsson, resigned May 6, 2009	183	-	-	-	183
Chairman of the Board - Anders Bülow, commencing 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, commencing 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**

1) Of the Group’s pension expenses above, SEK 1.1 m relate to the Parent Company.

2) For the 2009 financial year, variable remuneration relates to bonuses booked as expenses, which will be paid out in 2010.

2008, TSEK	Basic salary/ board fee	Pension expense[1]	Other benefits	Variable remuneration[2]	Total
Chairman of the Board - Peter Nilsson	533	-	-	-	533
Director - Göran Lundqvist, resigned May 7, 2008	83	-	-	-	83
Director - Sanna Suvanto-Harsaae	267	-	-	-	267
Director - Harry Klagsbrun	-	-	-	-	0
Director - Pia Rudengren	317	-	-	-	317
Director - Gerold Linzbach, resigned May 7, 2008	83	-	-	-	83
Director - Gun Nilsson, resigned May 7, 2008	83	-	-	-	83
Director - Anders Bülow, commencing May 7, 2008	-	-	-	-	0
Director - Magnus Yngen, commencing May 7, 2008	167	-	-	-	167
CEO - Fredrik von Oelreich	3 435	1 218	68	948	5 669
Other senior executives	11 201	2 867	443	2 592	17 103
	16 169	**4 085**	**511**	**3 540**	**24 305**

1) Of the Group’s pension expenses above, SEK 1.6 m relate to the Parent Company.

2) For the 2008 financial year, variable remuneration relates to bonuses booked as expenses, which will be paid out in 2009.

Bonuses
The CEO and all senior executives are included in 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 2009 financial year, a bonus of SEK 2.1 m (2008: SEK 0.9 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 to a designated occupational pension insurance scheme. The pension expense corresponds to the costs for a defined contribution plan. Provision for occupational pension shall, however, never exceed an amount which is fully tax-deductible for Duni. Any excess non-deductible premiums shall be agreed upon as direct pension, secured through an endowment policy owned by the Company but pledged to the CEO. There are no 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 3 preceding years. In addition, there are undertakings regarding health insurance and survivor’s pension.

Pension is earned on a straight-line basis during the employment period, i.e. from the date of employment until retirement age. The pension expense corresponds to the costs for defined contribution plans. For senior executives, the retirement age is 65 and normal ITP plans are in place; see information regarding the management by Alecta in Note 34, "Pension provisions". Four persons in this group have, however, premium-based agreements, i.e. reported as defined contribution plans. There are no outstanding pension obligations to other senior executives. Until September 2008, one person had an agreed retirement age of 60. This person had an agreement regarding an enhanced pension entitlement as a supplement to the collectively agreed ITP plan. Decisions regarding enhanced pension entitlement are taken by the CEO or the Group's Board Chairman.

Each month, Duni pays in a cash pension contribution in accordance with the senior executive's individual pension plan. Under the guidelines adopted at the Annual General Meeting on May 6, 2009, the pension contribution to the company's senior executives may never exceed 35% of salary.

Severance compensation

CEO

The CEO has a separate agreement regarding severance compensation. The severance compensation comprises payment for 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 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 group 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 2009, the Remuneration Committee held four meetings at which minutes were taken.

NOTE 14 | SICK LEAVE, PARENT COMPANY

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

	2009	2008
Sick leave	1.4%	1.2%
- long-term sick leave	0.3%	1.2%
- sick leave, men	0.9%	0.6%
- sick leave, women	2.0%	2.2%
- employees aged up to 29	1.7%	0.8%
- employees aged 30-49	1.1%	1.2%
- employees aged 50 plus	1.8%	1.6%

NOTE 15 | OTHER OPERATING INCOME

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Government subsidies	0	0	-	-
Rental income	8	13	8	12
Exchange rate gains	38	41	35	8
Change in fair value - energy derivatives	9	-	-	-
Change in fair value - currency derivatives	47	1	47	1
Adminstrative services	-	-	222	197
Capital gain, Duni Americas	-	-	-	6
Other items	5	2	3	-
Total other operating income	**107**	**57**	**315**	**224**

The Group capital gain upon the sale of Duni Americas is reported in the result for discontinued operations, see separate Note 41.

NOTE 16 | OTHER OPERATING EXPENSES

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Change in fair value - energy derivatives	-	9	-	-
Change in fair value - currency derivatives	3	40	3	40
Exchange rate losses	63	42	21	18
Depreciation/amortization	-	-	100	100
Administrative services	-	-	66	38
Rental expenses	18	19	18	19
Other items	6	14	4	10
Total other operating expenses	**90**	**124**	**212**	**225**

NOTE 17 | NET EXCHANGE RATE DIFFERENCES

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Operating profit				
Change in fair value - currency derivatives	44	-39	44	-39
Other exchange rate differences in operating income	-25	-2	14	-10
Total exchange rate differences in operating income	**19**	**-41**	**58**	**-49**
Financial items				
Change in fair value - currency derivatives	-2	2	-2	2
Exchange rate differences in financial items	1	2	5	15
Total exchange rate differences in financial items	**-1**	**4**	**3**	**17**
Total net exchange rate differences in income statement	**18**	**-37**	**61**	**-32**

NOTE 18 | INCOME FROM FINANCIAL ITEMS

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Financial income				
Interest income, external investments	2	8	1	4
Interest income, Group Companies	0	-	29	38
Total financial income	**2**	**8**	**30**	**42**
Financial expenses				
Interest expenses, external loans	-34	-71	-32	-64
Interest expenses, pensions	-11	-10	-4	-7
Interest expenses, Group Companies	-	-	-2	-8
Change in fair value, interest rate swaps	4	-4	4	-4
Change in fair value, currency forwards	-2	2	-2	2
Other financial expenses	-2	0	1	12
Total financial expenses	**-45**	**-83**	**-35**	**-69**

The interest portion in the year's pension expenses is reported among interest expenses. The rate of interest used in the Parent Company is 3.9% set by PRI (2008: 5.7%), 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 547 m (2008: SEK 351 m).

NOTE 20 | INCOME TAX

SEK m	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Current tax for the year	-68	-41	24	30
Current tax attributable to previous years	-1	16	-	0
Deferred tax	-39	-35	-37	-27
Tax on net income for the year	**-108**	**-60**	**-13**	**3**

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

SEK m	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Deferred tax, internal profit on inventories	-2	-3	-	-
Deferred tax, untaxed reserves	2	-3	-	-
Deferred tax, appraised loss carry-forwards	-22	-45	-24	-39
Deferred tax, financial instruments	-15	14	-13	11
Deferred tax, other	-2	2	-	1
Total deferred tax	**-39**	**-35**	**-37**	**-27**

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:

SEK m	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Reported income before tax, continuing operations	444	251	-	-
Reported income before tax, discontinued operations (see Note 41)	-	6	-	-
Reported income before tax	444	257	500	181
Tax according to applicable tax rate	-117	-72	-131	-51
Tax effect of non-deductible expenses	-4	-5	-27	-22
Tax effect of non-taxable income	10	9	145	101
Revaluation of previously reported loss carry-forwards	4	-4	-	-
Effect of foreign tax rates	0	4	0	0
Tax income/expenses due to changed tax rate	-	-20	-	-21
Current tax attributable to previous years	-1	28	0	-4
Tax on income for the year according to the income statement	**-108**	**-60**	**-13**	**3**

Tax rate

The Parent Company's applicable tax rate for income tax is 26.3% (2008: 28%).

Commencing the 2009 financial year, the Parent Company's tax rate in Sweden has been reduced to 26.3%. In conjunction with the annual accounts for 2008, the deferred tax in Swedish companies was recalculated from 28% to 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[1]	Total
As per December 31, 2007	**376**	**6**	**2**	**11**	**395**
Reported in income statement	-24	-3	11	10	-6
Effect of changed tax rates reported in income statement	-21	0	-	1	-20
Exchange rate differences	-2	0	-	0	-2
As per December 31, 2008	**329**	**3**	**13**	**22**	**367**
Reported in income statement	-22	-2	-13	-4	-41
Exchange rate differences	0	0	-	-2	-2
As per December 31, 2009	**307**	**1**	**0**	**16**	**324**

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

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

Deferred tax liabilities

SEK m, Group	Untaxed reserves	Financial instruments	Other[1]	Total
As per December 31, 2007	**14**	**2**	**3**	**19**
Reported in income statement	3	0	6	9
Exchange rate differences	-	-	0	0
As per December 31, 2008	**17**	**2**	**9**	**28**
Reported in income statement	-2	1	-1	-2
Exchange rate differences	-	-	-	0
As per December 31, 2009	**15**	**3**	**8**	**26**

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

The deferred tax is valued in accordance with the applicable tax rate in each country.

	Deferred tax assets			Deferred tax liabilities
SEK m, Parent Company	Loss carry-forwards	Financial instruments	Total	Financial instruments
As per December 31, 2007	**351**	**3**	**354**	**2**
Reported in income statement	-39	12	-27	0
Exchange rate differences	-1	-	-1	-
As per December 31, 2008	**311**	**15**	**326**	**2**
Reported in income statement	-22	-15	-37	0
Exchange rate differences	0	-	0	-
As per December 31, 2009	**289**	**0**	**289**	**2**

The reduction in loss carry-forwards in 2008 consists of SEK 18.5 m regarding utilization of loss carry-forwards in the Parent Company and SEK 21 m regarding recalculation of deferred tax assets due to a reduced tax rate from 28% to 26.3% commencing January 1, 2009.

Deferred tax assets and liabilities are set-off when there is a legal right of set-off for the relevant tax assets and liabilities and when deferred taxes relate to the same tax authority. The set-off amounts are as follows:

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Deferred tax assets				
Utilized after more than 12 months	272	329	254	312
Utilized within 12 months	52	38	35	14
Total	**324**	**367**	**289**	**326**
Deferred tax liabilities				
Utilized after more than 12 months	15	17	-	-
Utilized within 12 months	11	11	2	2
Total	**26**	**28**	**2**	**2**
Net deferred tax assets/liabilities	**298**	**339**	**287**	**324**

The net change regarding deferred taxes is as follows:

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Deferred tax assets	**339**	**376**	**324**	**352**
Utilized after more than 12 months	-2	-2	0	-1
Utilized within 12 months	-39	-35	-37	-27
Total	**298**	**339**	**287**	**324**

Tax regarding items reported directly against shareholders' equity

Deferred taxes reported in shareholders' equity during the year amount to SEK 0 m (2008: 0) in the Group and SEK 24 m (2008: 31) in the Parent Company regarding group contributions.

NOTE 21 | SHARE CAPITAL AND EARNINGS PER SHARE

On December 31, 2009 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, 2009 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 2008 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:

Continuing operations	2009	2008
Income from continuing operations, attributable to the equity holders of the Parent Company	336	191
Weighted average number of outstanding shares of common stock (thousands)	46 999	46 999
Earnings per share, before and after dilution (SEK per share)	7.15	4.06
Discontinued operations	2009	2008
Income from discontinued operations, attributable to the equity holders of the Parent Company	-	6
Weighted average number of outstanding shares of common stock (thousands)	46 999	46 999
Earnings per share, before and after dilution (SEK per share)	-	0.13
The operations, total	**7.15**	**4.19**

	2009	2008
Earnings per share, before and after dilution for continuing operations (SEK per share)	7.15	4.06
Earnings per share, before and after dilution for discontinued operations (SEK per share)	-	0.13
Earnings per share before and after dilution for total operations (SEK per share)	7.15	4.19

NOTE 22 | INTANGIBLE ASSETS

	Group		**Parent Company**	
SEK m	2009	2008	2009	2008
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	-	-	-1 254	-1 154
Amortization for the year	-	-	-100	-100
Sales and disposals	-	-	-	-
Translation differences	-	-	-	-
Closing accumulated amortization	**0**	**0**	**-1 354**	**-1 254**
Impairment				
Opening accumulated impairment	-	-	-	-
Translation differences	-	-	-	-
Closing accumulated impairment	**0**	**0**	**0**	**0**
Closing book value	**1 199**	**1 199**	**699**	**799**

SEK m	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Trademarks and licenses				
Acquisition values				
Opening acquisition values	66	76	64	75
Investments	-	0	-	-
Sales and disposals	-	-3	-	-3
Reclassifications	0	-8	0	-8
Translation differences	0	1	-	-
Closing accumulated acquisition values	**66**	**66**	**64**	**64**
Amortization				
Opening accumulated amortization	-61	-69	-59	-68
Amortization for the year	-2	-2	-2	-2
Sales and disposals	-	3	-	3
Reclassifications	-	7	-	8
Translation differences	0	0	-	-
Closing accumulated amortization	**-63**	**-61**	**-61**	**-59**
Closing book value	**3**	**5**	**3**	**5**

SEK m	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Capitalized development expenditures				
Acquisition values				
Opening acquisition values	50	37	39	25
Investments	1	0	0	-
Sales and disposals	-	-	-	-
Reclassifications	13	13	13	14
Translation differences	0	0	-	-
Closing accumulated acquisition values	**64**	**50**	**52**	**39**
Amortization				
Opening accumulated amortization	-30	-15	-19	-4
Amortization for the year	-7	-7	-7	-7
Sales and disposals	-	-	-	-
Reclassifications	-	-8	-	-8
Translation differences	-1	0	-	-
Closing accumulated amortization	**-38**	**-30**	**-26**	**-19**
Closing book value	**26**	**20**	**26**	**20**
Total intangible assets	**1 228**	**1 224**	**728**	**824**

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, 15,348 tonnes were consumed in 2009 and 18,874 tonnes in 2008. 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, 2009 and December 31, 2008. 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	2009	2008
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 2.7% per year and at 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% (2008: 9.7%). 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	2009	2008	2009	2008
Buildings				
Acquisition values				
Opening acquisition values	128	124	120	117
Investments	0	0	-	-
Sales and disposals	0	-	-	-
Reclassifications	0	4	-	3
Translation differences	0	0	-	0
Closing accumulated acquisition values	**128**	**128**	**120**	**120**
Depreciation				
Opening accumulated depreciation	-91	-85	-89	-83
Depreciation for the year	-4	-4	-3	-4
Sales and disposals	0	-	-	-
Reclassifications	-	-2	-	-2
Translation differences	0	0	-	-
Closing accumulated depreciation	**-95**	**-91**	**-92**	**-89**
Closing book value	**33**	**37**	**28**	**31**
Taxable value, Sweden	**35**	**35**	**35**	**35**
Land and improvements				
Acquisition values				
Opening acquisition values	15	18	2	5
Investments	-	-	-	-
Sales and disposals	-	-	-	-
Reclassifications	-	-3	-	-3
Translation differences	0	0	-	-
Closing accumulated acquisition values	**15**	**15**	**2**	**2**
Depreciation				
Opening accumulated depreciation	0	-2	0	-2
Depreciation for the year	-	0	-	0
Sales and disposals	-	-	-	-
Reclassifications	-	2	-	2
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	**15**	**15**	**14**	**14**
Taxable value, Sweden	**20**	**24**	**20**	**24**
Buildings, land and land improvements	**48**	**52**	**42**	**45**

Duni has no buildings under financial lease.

NOTE 24 | MACHINERY AND OTHER TECHNICAL EQUIPMENT

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Acquisition values				
Opening acquisition values	1 212	1 073	34	44
Investments	17	25	2	4
Sales and disposals	-9	-15	-	-11
Reclassifications	69	57	-	-3
Translation differences	-38	72	-	-
Closing accumulated acquisition values	**1 251**	**1 212**	**36**	**34**
Depreciation				
Opening accumulated depreciation	-878	-782	-26	-33
Depreciation for the year	-70	-68	-5	-5
Sales and disposals	12	20	2	11
Reclassifications	-	3	-	1
Translation differences	27	-51	-	-
Closing accumulated depreciation	**-909**	**-878**	**-29**	**-26**
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	**339**	**331**	**7**	**8**

Machinery and other technical equipment under financial leasing are included in the above table for the Group in the amount of SEK 5 m (2008: SEK 4 m) in acquisition value and SEK 3 m (2008: 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	2009	2008	2009	2008
Acquisition values				
Opening acquisition values	281	274	33	58
Investments	13	21	0	3
Sales and disposals	-7	-48	-2	-31
Reclassifications	11	8	2	3
Translation differences	-11	26	-	-
Closing accumulated acquisition values	**287**	**281**	**33**	**33**
Depreciation				
Opening accumulated depreciation	-217	-227	-25	-51
Depreciation for the year	-19	-16	-4	-4
Sales and disposals	3	48	2	31
Reclassifications	-	-2	-	-1
Translation differences	8	-20	-	-
Closing accumulated depreciation	**-225**	**-217**	**-27**	**-25**
Closing book value	**62**	**64**	**6**	**8**

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

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Acquisition values				
Opening acquisition values	67	42	8	4
Investments	90	94	19	10
Sales	-	-	-	-
Reclassifications	-93	-71	-15	-6
Translation differences	-3	2	-	-
Closing accumulated acquisition values	**61**	**67**	**12**	**8**
Closing book value	**61**	**67**	**12**	**8**

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	Skåpafors	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	3493099300031	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)	(€ 1 981)
Duni AS	962346057	Oslo, NO		(100)	(€ 370)
Duni Holding OY	-	Helsinki, FI		(100)	(€ 1 578)
Duni Iberica S.L	-	Tarragona, ES	200 000	100	23 176
Duni Poland s.p.z.o.o	KRS no. 40401	Poznan, PL	15 300	100	48 133
Duni Sales Poland s.p.z.o.o	KRS no. 254481	Poznan, PL	1 000	100	1 190
Duni EFF s.p.z.o.o	KRS no. 249084	Poznan, PL	1 000	100	1 130
Duni (CZ) s.r.o.	65410106	Kladno, CZ	1	100	6 740
Duni AG	-	Rotkreutz, CH	400	100	578
Duni ZAO	7816110025	St Petersburg, RU	1	100	11
Duni Beteiligungsgesellschaft mbH	Osnabrück HR B20099	Bramsche, DE	1	100	3 076
Duni Holding OY	-	Helsinki, FI			6 443
					688 333
Participations in group companies					**769 773**

	Parent Company	
TSEK	2009	2008
Opening value, participations in group companies	743 992	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**	**743 992**

NOTE 28 | OTHER LONG-TERM RECEIVABLES

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Loan claims	12	2	11	1
Total other long-term receivables	**12**	**2**	**11**	**1**

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	2009	2008	2009	2008
Accounts receivable	640	731	104	126
Receivables from group companies	-	-	39	82
Other receivables	68	98	17	30
Current financial receivables, internal	-	-	752	672
Total accounts receivable and other receivables	**708**	**829**	**912**	**910**

Regarding credit risks and exposures, see Note 3.1.b

“Other receivables” above relate to:

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Receivables from suppliers	5	10	-	-
VAT claims	43	61	17	30
Factoring	5	5	-	-
Other receivables	15	22	0	0
Total other receivables	**68**	**98**	**17**	**30**

The provision for bad debts for continuing operations amounted to SEK 10 m as per December 31, 2009 (2008: SEK 15 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	2009	2008	2009	2008
Accounts receivable not due or impaired	567	635	99	114
Accounts receivable overdue/ not impaired	73	95	5	12
Accounts receivable, impaired	10	16	2	1
Provision for bad debts	-10	-15	-2	-1
Total accounts receivable	**640**	**731**	**104**	**126**

The credit risk associated with accounts receivable that are neither due nor impaired is not deemed to be so great. 43% of total accounts receivable which are not due or impaired, amounting to SEK 567 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 7.3% (2008: 7.0%) of the total accounts receivable that are neither due nor impaired.

Aging of accounts receivable overdue but not impaired:

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Less than 1 month	62	84	5	8
1-3 months	10	6	0	1
3-6 months	1	1	0	0
More than 6 months	0	4	0	3
Total	**73**	**95**	**5**	**12**

Aging of impaired accounts receivable:

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Less than 3 months	1	1	0	0
3-6 months	1	3	0	0
More than 6 months	8	12	2	1
Total	**10**	**16**	**2**	**1**

Specification of bad debts provision:

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Opening balance	15	11	1	1
Provision for bad debts	5	5	2	1
Claims written-off during the year	-9	-1	-1	-1
Reversed non-utilized amount	-1	1	0	-
Closing balance	**10**	**15**	**2**	**1**

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	2009	2008	2009	2008
SEK	51	82	37	55
EUR	449	493	10	11
GBP	33	44	0	0
DKK	35	42	35	42
NOK	22	18	22	18
PLN	19	21	0	0
Other currencies[1]	31	31	0	0
Total	**640**	**731**	**104**	**126**

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

NOTE 30 | DERIVATIVE INSTRUMENTS

	2009		2008	
SEK m	Asset	Liability	Asset	Liability
Interest rate swaps	-	-	-	4
Currency forwards	6	1	12	48
Energy derivatives	3	1	0	7
Total	**10**	**2**	**12**	**59**

The above table, with the exception of energy derivatives, 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	
	2009	2008
Currency forward contracts for future purchases and sales	3	6
Currency forward contracts for financial assets and liabilities	1	1

Currency forward contracts for future purchases and sales

As described in greater detail in Note 3, until June a certain portion of the internal and external flows were hedged through currency forward contracts. At the end of 2009, the market value of these currency forward contracts was SEK 6 m (2008: SEK -39 m). These remaining contracts extend until June 2010.

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 -1 m (2008: SEK 2 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.

	2009			**2008**		
	Nominal value, MWh	Weighted hedged price, SEK/MWh	Fair value, SEK m	Nominal value, MWh	Weighted hedged price, SEK/MWh	Fair value, SEK m
0-1 year	46	393,52	1	37	589,64	-6
1-2 years	15	388,76	1	7	622,78	-1
2-3 years	-	-	-	-	-	-
	61		**2**	**44**		**-7**

NOTE 31 | PREPAID EXPENSES AND ACCRUED INCOME

	Group		**Parent Company**	
SEK m	2009	2008	2009	2008
Prepaid rent	3	4	1	1
Prepaid leasing charges	1	0	-	-
Prepaid insurance	6	4	3	0
Accrued commission income	-	-	-	-
Prepaid pensions	6	3	3	3
Prepaid catalogue expenses	7	13	6	7
Other	26	17	6	6
Total prepaid expenses and accrued income	**49**	**41**	**19**	**17**

NOTE 32 | BORROWING

SEK m	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Long-term				
Bank loans	669	1 146	668	1 145
Liabilities to Group Companies	-	-	111	131
Overdraft facility	13	5	-	-
Total borrowing	**682**	**1 151**	**779**	**1 275**

Duni has no short-term borrowing. However, periodic maturity/rolling takes place of loans drawn under Duni's multicurrency facility, which runs in its entirety until maturity in 2012.

With respect to borrowing, Duni's exposure on the balance sheet date to changes in interest rates and contractual dates for interest renegotiation, including swap contracts with terms to expiration in excess of one year, was as follows:

	2009	2008
0-12 months	682	1 151
1-5 years	-	-
More than 5 years	-	-
Total	**682**	**1 151**

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, 2009 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 682 m (2008: SEK 1,151 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.

SEK m	2009 Reported value	2009 Nominal value	2008 Reported value	2008 Nominal value
Bank loans	669	673	1 146	1 151
Overdraft facility	13	13	5	5
Total	**682**	**685**	**1 151**	**1 155**

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

SEK m	2009	2008
SEK	-	545
EUR	669	601
Other currencies	13	5
Total	**682**	**1 151**

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, 2009, the sum utilized was SEK 13 m.

NOTE 33 | CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Assets				
Non-financial assets				
Tangible and intangible fixed assets	1 738	1 738	795	893
Deferred tax asset	324	367	289	326
Other financial fixed assets	-	-	770	744
Inventories	382	542	86	106
Prepaid expenses and accrued income	49	41	19	17
Total non-financial assets	**2 493**	**2 688**	**1 959**	**2 086**
Loans and receivables				
Other long-term receivables	12	2	11	1
Accounts receivable	640	731	104	126
Tax assets	36	31	10	10
Other receivables	68	98	17	30
Receivables to group companies	-	-	791	754
Cash and cash equivalents/ Cash and bank balances	230	249	179	153
Total loans and receivables	**986**	**1 111**	**1 112**	**1 074**
Assets at fair value through profit or loss				
Derivative instruments	10	12	6	12
Total assets at fair value through profit or loss	**10**	**12**	**6**	**12**
Total assets	**3 489**	**3 811**	**3 077**	**3 172**

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

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Liabilities				
Non-financial liabilities				
Deferred tax liability	26	28	2	2
Pension provisions	190	201	111	113
Allocation to restructuring reserve	15	44	10	14
Total non-financial liaibilities	**231**	**273**	**123**	**129**
Liabilities at amortized cost				
Overdraft facility	13	5	0	-
Bank loans	669	1 146	668	1 145
Accounts payable	344	358	73	71
Tax liabilities	7	3	-	-
Other liabilities	62	59	10	17
Liabilities to group companies	-	-	164	194
Accrued expenses and deferred income	372	364	87	83
Total liabilities at amortized cost	**1 467**	**1 935**	**1 002**	**1 510**
Liabilities at fair value through profit or loss				
Derivative instruments	2	59	1	52
Total liabilities at fair value through profit or loss	**2**	**59**	**1**	**52**
Total liabilities	**1 700**	**2 267**	**1 126**	**1 691**

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

	Group	
SEK m	2009	2008
Defined benefit plans	190	201

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, 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 3.0 m (2008: SEK 2.1 m). Alecta's surplus may be divided among the policy holders and/or the insured. As per December 31, 2009, Alecta's surplus in the form of the collective funding level amounted to 141% (2008: 112%).

The amounts reported in the consolidated balance sheet consist of:

	Defined benefit plans	
SEK m	2009	2008
Present value of funded obligations	160	130
Fair value of plan assets	-105	-84
Present value of unfunded obligations	187	205
Unreported actuarial net losses	-52	-50
Net debt in the balance sheet	**190**	**201**

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

Costs relating to employment during the current year	-4	-4
Interest expenses	-15	-14
Expected return on plan assets	4	4
Actuarial net profits reported for the year	-2	0
Pension expenses for the year regarding defined benefit plans	**-17**	**-14**
Pension expenses for the year regarding defined contribution plans	**-21**	**-19**
Total pension expenses for the year	**-38**	**-33**

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

	Defined benefit plans	
SEK m	2009	2008
Operating income	-6	-5
Financial expenses	-11	-10
Total expenses from defined benefit plans in the income statement	**-17**	**-15**

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

	Defined benefit plans	
SEK m	2009	2008
At beginning of year	334	304
Employment expenses during current year	4	4
Interest expenses	15	14
Actuarial losses (+)/gains (-)	11	20
Exchange rate differences	-5	5
Disbursed compensation	-13	-12
Settlements	1	-1
At year-end	**347**	**334**

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

At beginning of year	-85	-83
Expected return on plan assets	-4	-4
Actuarial losses (+)/gains (-)	-7	9
Exchange rate differences	2	2
Employer's contributions	-12	-12
Employees' contributions	-1	-1
Disbursed compensation	2	2
Settlements	-	2
At year-end	**-105**	**-85**
Actual return on plan assets	**12**	**-5**

The plan assets are located primarily in Holland and United Kingdom. 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. 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 6.6 m in 2010.

Principal actuarial assumptions on the balance sheet date	2009	2008
Discount rate	3.8-5.8%	3.0-6.6%
Expected return on plan assets	4.0-7.0%	4.5-6.5%
Future annual salary increases	0-4.5%	0-4.5%
Future annual pension increases	0-3.5%	0-3.5%
Personnel turnover	0-3.0%	0-3.0%

Multi-year summary	Dec 31, 2009	Dec 31, 2008	Dec 31, 2007	Jun 30, 2007	Dec 31, 2006
Present value of defined benefit obligations	347	334	304	319	375
Fair value of plan assets	-105	-85	-83	-103	-123
Deficit	**242**	**249**	**221**	**216**	**252**

	Parent Company	
SEK m	2009	2008
Provisions in accordance with the Swedish Pension Obligations (Security) Act		
FPG/PRI-pensions	111	113
Liability in the balance sheet	**111**	**113**
The following amounts are reported in the Parent Company's income statement:		
Earned during the year	0	0
Interest expenses	-4	-7
Pension expenses for the year	**-4**	**-7**
The change in the defined benefit obligation during the year is as follows:		
At beginning of year	113	111
Net expense reported in the income statement	4	7
Disbursed compensation	-6	-5
Settlements	0	0
At year-end	**111**	**113**

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

NOTE 35 | ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Accrued personnel expenses	113	99	30	25
Accrued interest expenses	1	12	1	11
Accrued expenses, invoices	69	61	28	24
Accrued liabilities to customers	159	160	19	15
Other items	30	32	9	8
Total accrued liabilities and deferred income	**372**	**364**	**87**	**83**

NOTE 36 | PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets

The Group and the Parent Company had no pledged assets in 2008 or 2009.

Contingent liabilities

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Guarantees	69	39	50	39
FPG/PRI	3	3	2	2
Total contingent liabilities	**72**	**42**	**52**	**41**

Of the guarantees in the Parent Company, SEK 38 m (2008: SEK 29 m) are pledged to the benefit of group companies. Guarantees in the Parent Company relate primarily to local customs and excise of SEK 12 m (2008: SEK 11 m).

No significant liabilities are expected to arise as a consequence of any of the above types of contingent liabilities. In connection with the divestment of the Duni Americas business area, certain leases were assigned to the purchaser. Duni has issued a guarantee to the landlord regarding future rental revenues, primarily until 2012. Against this, Duni has received warranties from the purchaser guaranteeing Duni's guarantee undertakings.

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

	Group		Parent Company	
SEK m	2009	2008	2009	2008
Depreciation/amortization	102	97	121	122
Capital gains/losses, discontinued operations	-	-6	-	-6
Capital gains/losses, other	-	-	1	-
Restructuring	-28	38	-4	14
Pension provisions	-19	-6	4	7
Change in value, derivatives	-53	48	-44	43
Other	-14	-12	-39	-9
Total	**-12**	**159**	**39**	**171**

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	2009	2008	2009	2008
Payable within one year	90	80	41	22
Payable later than one but within five years	118	165	12	45
Payable later than five years	44	93	-	20
Total	**252**	**338**	**53**	**87**
Of which leasing agreements signed during the year	20	21	4	7

Total expenses relating to operational leasing agreements during the year amount to SEK 100 m (2008: SEK 97 m) in the Group and SEK 22 m (2008: SEK 24 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	2009	2008	2009	2008
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, 2009 - Dec 31, 2009 and the financial year Jan 1, 2008 - Dec 31, 2008.

NOTE 40 | RELATED-PARTY TRANSACTIONS

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

On August 27, 2008 Duni Holding AB, EQT Partners, divested all shares in Duni AB. Duni had, however, close relations with EQT throughout 2008 since EQT had a representative on Duni’s board. No related-party transactions have been carried out other than Duni’s repayment of a debt of SEK 5.9 m to Duni Holding AB during the first quarter of 2008.

Other than the information above and information in Note 13 regarding Remuneration to senior executives and in Note 6 regarding Intragroup purchases and sales, there are no transactions with closely related companies.

NOTE 41 | DISCONTINUED OPERATIONS

Duni Americas – divested August 31, 2006

On 31 August 2006, an agreement was reached and Duni's holdings in Duni Americas, covering Duni Corporation and Duni Supply Corporation, were divested. Duni owned 100% of the shares in both companies. The purchase price comprised the market price and ultimately amounted to SEK 311 m. A dispute arose regarding the amount of the purahse price. In November 2007, Duni and the purchaser agreed that arbitration might be avoided. The time period for all obligations expired in 2008, whereupon the capital gain could be established at SEK 119 m.

For more detailed information regarding the sale of Duni Americas, see Note 43 in Duni's annual report per December 31, 2008.

Analysis of income from Duni Americas

Presented below is a summary of Duni Americas' income statements:

Income statement	2008	2007	2006
Net sales	-	-	466
Operating expenses	-	-	-444
Other income/expenses- net	-	-	1
Operating income	**-**	**-**	**23**
Financial items– net	-	-	-24
Income before tax	**-**	**-**	**-1**
Income tax	-	-	-66
Net income for the year	**-**	**-**	**-67**
Capital gain on divestment of Duni Americas - operating income	6	15	98
Capital gain on divestment of Duni Americas - financial income	-	-	12
Net income for the year from discontinued operations	**6**	**15**	**43**

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

NOTE 42 | EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred after the balance sheet date.

Audit report

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

Org nr 556536-7488
We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Duni AB (publ) for the year 2009. The company's annual accounts and the consolidated accounts are included in the printed version on pages 36-86. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

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

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Our audit report was submitted on 25 March 2010

PricewaterhouseCoopers AB

Bo Hjalmarsson
Authorized Public Accountant

Signatures

The income statements and balance sheets will be presented for adoption to the Annual General Meeting to be held on May 5, 2010.

Malmö 2010-03-24

Anders Bülow
Chairman of the Board

Fredrik von Oelreich
President and CEO

Pia Rudengren

Sanna Suvanto-Harsaae

Magnus Yngen

Tomas Gustafsson

Göran Andreasson
Employee representative

Per-Åke Halvordsson
Employee representative

Our audit report was submitted on 25 March 2010

PricewaterhouseCoopers AB

Bo Hjalmarsson
Authorized Public Accountant

Key Ratio Definitions

Capital employed
Non-interest-bearing fixed assets and current assets less noninterest-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 2009 are calculated applying exchange rates for 2008.

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

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

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

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

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

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

Dunicel®
Dunicel is a unique material with a fall similar to cloth. Thanks to a special patented production method, the feel is entirely different from ordinary paper table covers.

DuniForm®
DuniForm is a system for food distribution and covers everything from packaging machines to heat maintenance bags.

Duniletto®
Premium napkin and cutlery bag in one.

Dunilin®
Dunilin feels and folds like linen and is used for the most luxurious napkins. A unique material with a woven effect to look like linen, but is based on paper pulp. Dunilin combines strength with high absorption capability and is perfect for napkin folding.

Dunisilk®
Dunisilk is a wipeable material and can also be used outdoors. Is available as slipcover and ordinary table cover.

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

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

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.

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.

Take-away
Packaging for collected food and delicatessen.

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, 2010
The Annual General Meeting will be held at Skånes Dansteater, Östra Varvsgatan 13 A, Malmö, at 3.00pm on Wednesday, May 5, 2010. Registration commences at 2.15pm.

Applications
Shareholders who wish to participate must be entered in the share register maintained by Euroclear Sweden AB not later than April 28, 2010 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 28, 2010.

Dividend
The Board of Directors proposes a dividend of SEK 2.50 per share, equal to SEK 117m. May 10, 2010 is proposed as the record date for the right to receive dividends.

In the event the AGM resolves in accordance with the proposal, dividends will be disbursed on May 14.

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

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

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

Timetable for financial information:
Publication dates
Interim report, January – March 2010 April 29, 2010
Interim report, January – June 2010 July 16, 2010
Interim report, January – September 2010 October 27, 2010.

Closing accounts and interim reports are published in Swedish and English and can be downloaded from Duni's website, www.duni.com. The reports can also be ordered from Duni AB. 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 ideas and inspiration, visit www.duni.com
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