



## Interim Report for Duni AB (publ) 1 January – 31 March 2011

(compared with the same period of the previous year)

28 April 2011

### *Increased market investments for growth*

1 January – 31 March 2011

- Net sales amounted to SEK 867 m (960). Adjusted for exchange rate changes, net sales decreased by 3.1%.
- Earnings per share amounted, after dilution, to SEK 0.86 (1.09).
- Operating income has been affected by increased market investments.

### *Key financials*

SEK m	3 months January - March 2011	3 months January - March 2010	12 months April - March 2010/2011	12 months January - December 2010
Net sales	867	960	3 877	3 971
Operating income <sup>1)</sup>	67	77	425	435
Operating margin <sup>1)</sup>	7.8%	8.1%	10.9%	10.9%
Income after financial items	55	66	408	418
Net income	41	51	296	306

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

### *CEO's comments*

"The result for the first quarter fell slightly short of our objectives in terms of sales and profitability. Sales fell by almost 10% compared with last year, largely due to the stronger Swedish krona; however, sales were 3% lower also when measured at fixed exchange rates.

It is primarily the Tissue business area which has performed weakly, with lower deliveries to the hygiene products sector and weaker sales generally in the wake of the fire at one of the paper mills in June last year. Nevertheless, capacity utilization has been at a high level when internal deliveries are included. Earnings within Tissue have improved thanks to higher productivity combined with price increases.

The Retail business area has experienced weaker sales as a consequence of lower private label volumes. In addition, we lost certain volumes in the Nordic region and in Germany. On the other hand, we have successfully defended our market shares on the premium range and are witnessing a continued improvement in the product mix. All in all, we are largely maintaining profitability within Retail when measured at fixed exchange rates.

In our main area, Professional, sales increased by almost 3% at fixed exchange rates. Taking into consideration the price increases carried out last year, this means that volumes are largely unchanged. Even if we see a positive trend on certain markets, such as Sweden and our growth markets, the HoReCa market in Germany has not performed as well as the economy in general.

Operating income within Professional decreased as a consequence of the somewhat weaker volume development in mature markets, and partly due to the increased investments we are making to stimulate growth on prioritized markets. We also note that the prices of traded goods increased during the quarter, and we estimate that our most important input materials will continue to experience inflationary pressure.

In total, Duni's operating income for the quarter, measured at fixed exchange rates, fell by SEK 3 m, to SEK 74 (77) m. This corresponds to an operating margin of 8.0%, compared with 8.1% last year.

Our expectation for the full year is that the recovery on the HoReCa market will continue in most parts of Europe, which will create conditions for volume growth. As a consequence of the trend of increasing costs for traded goods and input materials, it may become necessary to increase our own prices," says Fredrik von Oelreich, President and CEO, Duni.

## Net sales

Net sales for the period 1 January – 31 March 2011 amounted to SEK 867 (960) m. Adjusted for exchange rate changes, net sales declined by 3.1%. This is primarily attributable to the Tissue business area, which experienced weaker demand at the start of the year.

Net sales, currency effect	3 months	3 months	3 months	Change in fixed exchange rates
	January - March 2011	January - March 2011 <sup>1)</sup> recalculated	January - March 2010	
SEK m	2011			
Professional	604	651	634	2.7%
Retail	159	174	185	-5.6%
Tissue	104	104	141	-26.1%
<b>Duni</b>	<b>867</b>	<b>930</b>	<b>960</b>	<b>-3.1 %</b>

<sup>1)</sup> Reported net sales for 2011 recalculated at 2010 exchange rates.

## Operating margin

Operating income (EBIT) adjusted for non-recurring items for the period 1 January – 31 March 2011 amounted to SEK 67 (77) m, with an underlying operating margin of 7.8% (8.1%). Adjusted for exchange rate changes, operating income declined by SEK 3 m compared with last year.

The gross margin strengthened to 26.2% (25.8%). Prices for input materials, including pulp, are still at a historically high level. Traded goods are also exhibiting an increased cost trend within both candles and plastic-based products. The gross margin has been maintained mainly thanks to the price increases carried out vis-à-vis customers during the second half of 2010, together with satisfactory capacity utilization at the production plants.

Concerning the insurance claim after the fire at a production plant in Skåpafors, Sweden, the matter is in principle completely settled. The operating income has been affected with a marginal positive effect in the quarter. The insurance company has in the quarter paid-out SEK 43 m to Duni.

The reported income after financial items was SEK 55 (66) m. Income after tax amounted to SEK 41 (51) m.

Underlying operating income, currency effect	3 months January - March 2011	3 months January - March 2011 <sup>1)</sup> recalculated	3 months January - March 2010
SEK m			
Professional	53	59	69
Retail	6	7	8
Tissue	9	9	1
<b>Duni</b>	<b>67</b>	<b>74</b>	<b>77</b>

<sup>1)</sup> Underlying operating income for 2011 recalculated at 2010 exchange rates.

### *Non-recurring items*

'Non-recurring items' means restructuring costs as well as non-realized valuation effects of currency and energy derivatives due to the fact that hedge accounting is not applied in respect of these hedge instruments.

Reported income for the period 1 January – 31 March 2011 is affected by non-realized valuation effects of derivatives in the amount of SEK -7 m (-4). For further information, see Note 3.

Non-recurring items	3 months January - March 2011	3 months January - March 2010	12 months April - March 2010/2011	12 months January - December 2010
SEK m				
<b>Underlying operating income</b>	<b>67</b>	<b>77</b>	<b>425</b>	<b>435</b>
Unrealized value changes, derivative instruments	-7	-4	-2	1
Restructuring costs	-	-	0	0
<b>Reported operating income</b>	<b>61</b>	<b>74</b>	<b>423</b>	<b>436</b>

### *Reporting of operating segments*

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

The Professional business area (sales to hotels, restaurants and catering companies) accounted for 70% (66%) of Duni's net sales for the period 1 January – 31 March 2011.

The Retail business area (primarily focused on retail trade) accounted for 18% (19%) of net sales during the period.

The Tissue business area (airlaid and tissue-based material for tabletop products and hygiene applications) accounted for 12% (15%) of sales to external customers during the period.

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

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



*Split between business areas*

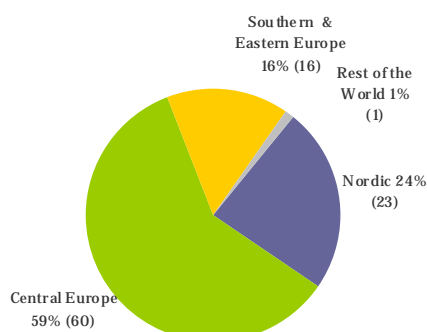
## Professional business area

Net sales for the period 1 January – 31 March 2011 fell by SEK 30 m, to SEK 604 (634) m. At fixed exchange rates, this corresponds to an increase of 2.7%. This represents largely unchanged volumes compared with last year.

Measures to support growth which were initiated in 2010, primarily in southern and eastern Europe, are demonstrating a positive result with healthy growth. Central Europe, where Germany is the single largest market, experienced somewhat weaker growth than in the preceding quarter.

Operating income amounted to SEK 53 (69) m, with an operating margin of 8.7%

(10.8%). The weaker margin is primarily due to increased market investments. A strengthened sales organization creates conditions for growth on prioritized markets. The price increases carried out last year have compensated for the increased costs of input materials during the quarter.



Sales - Geographical split, Professional

Net Sales Professional, SEK m	3 months	3 months	3 months	Change in fixed exchange rates	12 months	12 months
	January - March 2011	January - March 2011 <sup>1)</sup> recalculated	January - March 2010		April - March 2010/2011	January - December 2010
Nordic region	142	142	146	-3.4%	641	645
Central Europe	359	395	382	3.4%	1 636	1 660
Southern & Eastern Europe	96	107	99	8.1%	448	451
Rest of the World	7	7	7	14.3%	27	27
<b>Total</b>	<b>604</b>	<b>651</b>	<b>634</b>	<b>2.7%</b>	<b>2 752</b>	<b>2 783</b>

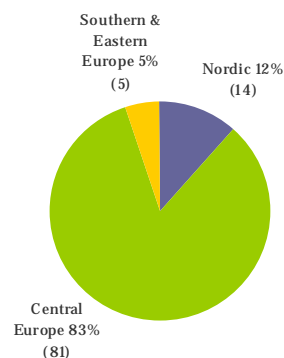
<sup>1)</sup> Reported net sales for 2011 recalculated at 2010 exchange rates.

## Retail business area

Net sales for the period 1 January – 31 March 2011 fell by SEK 26 m, to SEK 159 (185) m. At a fixed exchange rates, this corresponds to a decline in sales of 5.6%. Operating income was SEK 6 (8) m and the operating margin thus weakened to 3.5% (4.3%).

The Nordic region continues to be a highly competitive region, and retailers' focus on private labels is the primary reason for the lower market shares. Duni has also lost some volumes on the German market, though to a lesser extent.

The phasing out of one major private label customer, which was communicated in the third quarter of last year, also began during the quarter. Increased focus is being placed on prioritized customers in order to create profitable growth. As a consequence, some new listings have been achieved.



Sales - Geographical split, Retail

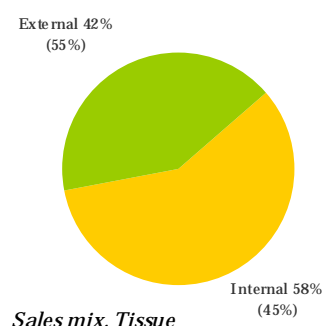
	3 months	3 months	3 months	Change in fixed exchange rates	12 months	12 months
Net Sales Retail, SEK m	January - March 2011	January - March 2011 <sup>1)</sup> recalculated	January - March 2010		April - March 2010/2011	January - December 2010
Nordic region	19	19	26	-26.9%	87	94
Central Europe	132	146	150	-2.7%	525	543
Southern & Eastern Europe	8	9	9	0.0%	51	52
Rest of the World	0	0	0	0.0%	0	0
<b>Total</b>	<b>159</b>	<b>174</b>	<b>185</b>	<b>-5.6%</b>	<b>663</b>	<b>689</b>

<sup>1)</sup> Reported net sales for 2011 recalculated at 2010 exchange rates.

### *Tissue business area*

Net external sales for the period 1 January – 31 March 2011 amounted to SEK 104 (141) m. The significant reduction in sales is primarily attributable to the hygiene products sector and represents mainly by products with poor profitability. Moreover, the volume recovery following the fire at a production plant in June last year has not yet been achieved.

Operating income increased to SEK 9 (1) m. The operating margin was 8.7% (0.4%). The higher margin is due to an improved product mix and price increases, combined with a high capacity utilization.



### *Cash flow*

The Group's operating cash flow for the period 1 January – 31 March 2011 was SEK -30 (-42) m. Inventory value increased by SEK 78 m, to SEK 491 (413) m, accounts receivable declined by SEK 30 m, to SEK 600 (630) m and accounts payable have fallen by SEK 39 m, to SEK 242 (281) m compared with the same period last year. The increased inventory value is to be seen in light of sales which were somewhat lower than anticipated. This will gradually normalize during the year.

Cash flow including investing activities amounted to SEK -67 (-87) m. Duni's net investments amounted to SEK 38 (45) m. Depreciation and impairment for the period amounted to SEK 28 (26) m.

The Group's interest-bearing net debt as per 31 March 2011 was SEK 647 m, compared with SEK 676 m on 31 March 2010 and SEK 582 m on 31 December 2010.

### *Financial net*

The financial net for the period 1 January – 31 March 2011 was SEK -6 (-8) m.

### *Taxes*

The total reported tax expense for the period 1 January – 31 March 2011 was SEK 15 (15) m, yielding an effective tax rate of 26.6% (22.8%). The tax expense for the year includes adjustments from previous periods which lower the cost of SEK 0.5 (2.2) m. The deferred tax asset relating to loss carry-forwards was utilized in the amount of SEK 9 (2) m.

### *Earnings per share*

The period's earnings per share before and after dilution amounted to SEK 0.86 (1.09).



## **Duni's share**

As per 31 March 2011 the share capital amounted to SEK 58,748,790 divided into 46,999,032 shares, each with a quotient value of SEK 1.25.

## **Shareholders**

Duni is listed on NASDAQ OMX Stockholm under the ticker name "DUNI". Duni's three largest shareholders, are Mellby Gård Investering AB (29.99%), Polaris Capital Management, LLC (10.58%) and Lannebo fonder (8.31%).

## *Personnel*

On 31 March 2011 there were 1,937 (1,906) employees. 840 (830) of the employees were engaged in production. Duni's production units are located in Bramsche in Germany, Poznan in Poland, and Bengtsfors in Sweden.

## *Acquisitions*

No acquisitions were carried out during the period.

## *New establishment*

No new establishments were carried out during the period.

## *Risk factors for Duni*

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

## **Operational risks**

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

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

## **Financial risks**

Duni's finance management and its handling of financial risks are regulated by a finance policy adopted by the Board of Directors. The Group divides its financial risks between currency risks, interest rate risks, credit risks, financing and liquidity risks. These risks are controlled in an overall risk management policy which focuses on unforeseen events on the financial markets and endeavors to minimize potential adverse effects on the Group's financial results. The risks for the Group are in all essential respects also related to the Parent Company. Duni's management of financial risks is described in greater detail in the Annual Report as per 31 December 2010.

Since 2007, Duni's long-term financing has been secured through financing agreements valid until 2012. Duni has no significant changes in contingent liabilities since 31 December 2010.

## *Transactions with related parties*

No transactions with related parties took place during the first quarter of 2011.



## *Major events since 31 March*

No significant events have occurred after the balance sheet date.

## *Interim reports*

Quarter II 15 July 2011

Quarter III 26 October 2011 (Noted that the date has changed from the date communicated in the report for Q4, 2010)

## *Annual General Meeting 2011*

The Annual General Meeting of Duni AB (publ) will be held in Malmö, Sweden, on Thursday, 5 May 2011 at 3 PM CET at Sankt Gertrud Konferens, Carolinahallen, entrance Östergatan 9, Malmö. For further information, please see Duni's website.

## *Composition of the Nomination Committee*

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

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

## *Changes on the Board of Directors*

The Nomination Committee proposes to the 2011 Annual General Meeting that Anders Bülow, Tomas Gustafsson, Pia Rudengren and Magnus Yngen be re-elected. It is proposed that Anders Bülow be re-elected as Chairman of the Board. Sanna Suvanto-Harsaae has declined re-election. It is proposed that at the Annual General Meeting Tina Andersson be elected as a new director. Tina Andersson is Group Director Marketing and Innovation at Hilding Anders AB.

## *The Parent Company*

Net sales for the period 1 January – 31 March 2011 amounted to SEK 258 (267) m. Income after financial items was SEK -23 (-26) m.

Net debt amounted to SEK -283 (-33) m, of which receivables of SEK 895 (659) m relates to subsidiaries. Other receivables have increased due to increased lending to subsidiaries. Net investments amounted to SEK 7 (6) m.

## *Accounting principles*

This interim report has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act. The Parent Company's financial statements are prepared in accordance with RFR 2.3, Reporting for Legal Entities, and the Swedish Annual Accounts Act. The accounting principles applied are those described in the annual report as per 31 December 2010. There is no non-controlling interest in Duni.

## *Information in the report*

The information is such that Duni AB (publ) is to publish in accordance with the Swedish Securities Markets Act and/or the Financial Instruments Trading Act. The information will be submitted for publication on 28 April at 8.00 AM CET.



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The interim report will be presented on Thursday, 28 April at 10.00 AM CET at a telephone conference which also can be followed via the web. To participate in the telephone conference, please dial +46 (0)8 5052 0110. To follow the presentation via the web, please visit this link:

<http://webeventservices.stream57.com/20110428duni/>

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

This report has not been the subject of an audit by the Company's auditors.

*Malmö, 27 April 2011*

Fredrik von Oelreich, President and CEO

*Additional information is provided by:*

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# Q1 | 2011

## Consolidated Income Statements

	3 months January - March 2011	3 months January - March 2010	12 months April - March 2010/2011	12 months January - December 2010
SEK m (Note 1)	2011	2010	2010/2011	2010
<b>Net Sales</b>	<b>867</b>	<b>960</b>	<b>3 877</b>	<b>3 971</b>
Cost of goods sold	-640	-712	-2 847	-2 919
<b>Gross profit</b>	<b>227</b>	<b>248</b>	<b>1 030</b>	<b>1 052</b>
Selling expenses	-118	-121	-431	-434
Administrative expenses	-42	-45	-171	-174
Research and development expenses	-6	-6	-25	-25
Other operating incomes (Note 3)	13	23	124	134
Other operating expenses (Note 3)	-13	-25	-105	-117
<b>Operating income (Note 2)</b>	<b>61</b>	<b>74</b>	<b>423</b>	<b>436</b>
Financial income	1	0	2	1
Financial expenses	-6	-8	-17	-19
<b>Net financial items</b>	<b>-6</b>	<b>-8</b>	<b>-15</b>	<b>-18</b>
<b>Income after financial items</b>	<b>55</b>	<b>66</b>	<b>408</b>	<b>418</b>
Income tax	-15	-15	-112	-112
<b>Net Income</b>	<b>41</b>	<b>51</b>	<b>296</b>	<b>306</b>
<b>Income attributable to:</b>				
Equity holders of the Parent Company	41	51	296	306
<b>Earnings per share, attributable to equity holders of the Parent Company, SEK</b>				
Before and after dilution	0.86	1.09	6.30	6.52
Average number of shares before and after dilution ('000)	46 999	46 999	46 999	46 999

## Statement of comprehensive income

SEK m	3 months January - March 2011	3 months January - March 2010	12 months April - March 2010/2011	12 months January - December 2010
<b>Net income of the period</b>	<b>41</b>	<b>51</b>	<b>296</b>	<b>306</b>
<b>Comprehensive income, net after tax:</b>				
Exchange rate differences - translation of subsidiaries	-3	4	6	13
Cash flow hedge	0	-	0	-
<b>Comprehensive income of the period, net after tax</b>	<b>-3</b>	<b>4</b>	<b>6</b>	<b>13</b>
<b>Sum of comprehensive income of the period</b>	<b>38</b>	<b>55</b>	<b>302</b>	<b>319</b>
<b>Comprehensive income of the period attributable to:</b>				
Equity holders of the Parent Company	38	55	302	319

## Consolidated Quarterly Income Statements in brief

SEK m	2011	2010			2009			
	Jan - Mar	Oct - Dec	Jul - Sep	Apr - Jun	Jan - Mar	Oct - Dec	Jul - Sep	Apr - Jun
<b>Net Sales</b>	<b>867</b>	<b>1 097</b>	<b>943</b>	<b>970</b>	<b>960</b>	<b>1 157</b>	<b>1 021</b>	<b>1 035</b>
Cost of goods sold	-640	-785	-698	-724	-712	-800	-734	-766
<b>Gross profit</b>	<b>227</b>	<b>312</b>	<b>245</b>	<b>246</b>	<b>248</b>	<b>357</b>	<b>287</b>	<b>269</b>
Selling expenses	-118	-107	-99	-107	-121	-128	-109	-119
Administrative expenses	-42	-45	-43	-42	-45	-43	-45	-52
Research and development expenses	-6	-9	-5	-5	-6	-10	-6	-6
Other operating incomes	13	80	15	16	23	9	48	24
Other operating expenses	-13	-62	-11	-18	-25	-12	-38	-8
<b>Operating income</b>	<b>61</b>	<b>169</b>	<b>102</b>	<b>91</b>	<b>74</b>	<b>173</b>	<b>137</b>	<b>108</b>
Financial income	1	0	0	0	0	0	0	0
Financial expenses	-6	-6	-3	-2	-8	-7	-3	-14
<b>Net financial items</b>	<b>-6</b>	<b>-6</b>	<b>-3</b>	<b>-1</b>	<b>-8</b>	<b>-7</b>	<b>-3</b>	<b>-14</b>
<b>Income after financial items</b>	<b>55</b>	<b>163</b>	<b>99</b>	<b>90</b>	<b>66</b>	<b>166</b>	<b>134</b>	<b>94</b>
Income tax	-15	-46	-27	-24	-15	-35	-35	-26
<b>Net Income</b>	<b>41</b>	<b>117</b>	<b>72</b>	<b>66</b>	<b>51</b>	<b>131</b>	<b>100</b>	<b>68</b>

## Consolidated Balance Sheets in brief

SEK m	31 March 2011	31 December 2010	31 March 2010
<b>ASSETS</b>			
Goodwill	1 199	1 199	1 199
Other intangible fixed assets	42	44	27
Tangible fixed assets	597	588	518
Financial fixed assets	277	289	333
<b>Total fixed assets</b>	<b>2 115</b>	<b>2 120</b>	<b>2 077</b>
Inventories	491	437	413
Accounts receivable	600	634	630
Other operating receivables	130	174	127
Cash and cash equivalents	97	122	103
<b>Total current assets</b>	<b>1 318</b>	<b>1 367</b>	<b>1 273</b>
<b>TOTAL ASSETS</b>	<b>3 433</b>	<b>3 487</b>	<b>3 350</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>	<b>2 029</b>	<b>1 991</b>	<b>1 844</b>
Long-term loans	569	530	603
Other long-term liabilities	209	211	212
<b>Total long-term liabilities</b>	<b>778</b>	<b>741</b>	<b>815</b>
Accounts payable	242	315	281
Other short-term liabilities	384	440	410
<b>Total short-term liabilities</b>	<b>626</b>	<b>755</b>	<b>691</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3 433</b>	<b>3 487</b>	<b>3 350</b>

## Change in the Group's shareholders' equity

	Attributable to equity holders of the parent company						TOTAL EQUITY
	Share capital	Other injected capital	Reserves	Cash flow reserves	Fair value reserve <sup>1)</sup>	Loss carried forward incl. net income for the period	
SEK m							
<b>Opening balance 1 January 2010</b>	<b>59</b>	<b>1 681</b>	<b>36</b>	-	<b>13</b>	<b>0</b>	<b>1 789</b>
Sum of comprehensive income of the period	-	-	4	-	-	51	55
<b>Closing balance 31 March 2010</b>	<b>59</b>	<b>1 681</b>	<b>40</b>	-	<b>13</b>	<b>51</b>	<b>1 844</b>
Sum of comprehensive income of the period	-	-	9	-	-	255	264
Dividend paid to shareholders	-	-	-	-	-	-117	-117
<b>Closing balance 31 December 2010</b>	<b>59</b>	<b>1 681</b>	<b>49</b>	-	<b>13</b>	<b>189</b>	<b>1 991</b>
Sum of comprehensive income of the period	-	-	-3	0	0	41	<b>38</b>
<b>Closing balance 31 March 2011</b>	<b>59</b>	<b>1 681</b>	<b>46</b>	<b>0</b>	<b>13</b>	<b>230</b>	<b>2 029</b>

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

## Consolidated Cash Flow Statement

SEK m	1 January - 31 March 2011	1 January - 31 March 2010
<b>Current operation</b>		
Operating income	61	74
Adjustment for items not included in cash flow etc	29	16
Paid interest and tax	-19	9
Change in working capital	-101	-140
<b>Cash flow from operations</b>	<b>-30</b>	<b>-42</b>
<b>Investments</b>		
Acquisition of fixed assets	-39	-45
Sales of fixed assets	1	0
Change in interest-bearing receivables	1	0
<b>Cash flow from investments</b>	<b>-37</b>	<b>-45</b>
<b>Financing</b>		
Taken up loans <sup>1)</sup>	-	-
Amortization of debt <sup>1)</sup>	-	-102
Change in borrowing	44	63
<b>Cash flow from financing</b>	<b>44</b>	<b>-39</b>
<b>Cash flow from the period</b>	<b>-23</b>	<b>-125</b>
Liquid funds, opening balance	122	230
Exchange difference, cash and cash equivalents	-1	-2
<b>Cash and cash equivalents, closing balance</b>	<b>97</b>	<b>103</b>

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

## Key ratios in brief

	1 January – 31 March 2011	1 January – 31 March 2010
Net Sales, SEK m	867	960
Gross Profit, SEK m	227	248
EBIT <sup>1)</sup> , SEK m	67	77
EBITDA <sup>1)</sup> , SEK m	95	104
Net debt	647	676
Number of Employees	1 937	1 906
Sales growth	-9.7%	-4.7%
Gross margin	26.2%	25.8%
EBIT <sup>1)</sup> margin	7.8%	8.1%
EBITDA <sup>1)</sup> margin	11.0%	10.8%
Return on capital employed <sup>1)</sup>	17.7%	20.0%
Net debt/equity ratio	31.9%	36.6%
Net debt/EBITDA <sup>1)</sup>	1.22	1.24

<sup>1)</sup> Calculated based on underlying operating income.

<sup>2)</sup> Calculated based on the last twelve months.



## Parent Company Income Statements in brief

SEK m	(Note 1)	3 months January - March 2011	3 months January - March 2010
<b>Net Sales</b>		<b>258</b>	<b>267</b>
Cost of goods sold		-235	-243
<b>Gross profit</b>		<b>23</b>	<b>24</b>
Selling expenses		-30	-33
Administrative expenses		-31	-31
Research and development expenses		-3	-3
Other operating incomes		58	64
Other operating expenses		-40	-54
<b>Operating income</b>		<b>-23</b>	<b>-33</b>
Revenue from participations in Group Companies		-	-
Other interest revenue and similar income		7	5
Interest expenses and similar expenses		-7	2
<b>Net financial items</b>		<b>0</b>	<b>7</b>
<b>Income after financial items</b>		<b>-23</b>	<b>-26</b>
Appropriations		-	-
Taxes on income for the period		-1	0
<b>Net income for the period</b>		<b>-24</b>	<b>-26</b>

## Parent Company Statement of comprehensive income

SEK m	3 months January - March 2011	3 months January - March 2010
<b>Net income of the period</b>	<b>-24</b>	<b>-26</b>
<b>Comprehensive income, net after tax:</b>		
Exchange rate differences - translation of subsidiaries	1	0
Cash flow hedge	0	-
<b>Comprehensive income of the period, net after tax</b>	<b>1</b>	<b>0</b>
<b>Sum of comprehensive income of the period</b>	<b>-23</b>	<b>-26</b>
<b>Comprehensive income of the period attributable to:</b>		
Equity holders of the Parent Company	-23	-26

## Parent Company Balance Sheets in Brief

SEK m	31 March 2011	31 December 2010	31 March 2010
<b>ASSETS</b>			
Goodwill	575	599	674
Other intangible fixed assets	34	38	27
<b>Total intangible fixed assets</b>	<b>609</b>	<b>637</b>	<b>701</b>
Tangible fixed assets	68	63	69
Financial fixed assets	1 021	1 031	1 068
<b>Total fixed assets</b>	<b>1 698</b>	<b>1 731</b>	<b>1 838</b>
Inventories	106	103	93
Accounts receivable	101	96	99
Other operating receivables	1 031	1 026	832
Cash and bank	40	65	58
<b>Total current assets</b>	<b>1 278</b>	<b>1 290</b>	<b>1 082</b>
<b>TOTAL ASSETS</b>	<b>2 976</b>	<b>3 021</b>	<b>2 920</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Total restricted shareholders equity	83	83	83
Total unrestricted shareholders equity	1 997	1 994	1 845
<b>Shareholders' equity <sup>1)</sup></b>	<b>2 080</b>	<b>2 077</b>	<b>1 928</b>
<b>Provisions</b>	<b>109</b>	<b>109</b>	<b>112</b>
Long-term financial liabilities	507	510	531
<b>Total long-term liabilities</b>	<b>507</b>	<b>510</b>	<b>531</b>
Accounts payable	35	52	44
Other short-term liabilities	245	273	305
<b>Total short-term liabilities</b>	<b>280</b>	<b>325</b>	<b>349</b>
<b>TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES</b>	<b>2 976</b>	<b>3 021</b>	<b>2 920</b>

## Definitions

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

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

**EBIT:** Operating income.

**EBIT margin:** EBIT as a percentage of net sales.

**EBITA:** Operating income adjusted for impairment of fixed assets.

**EBITA margin:** EBITA as a percentage of net sales.

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

**EBITDA margin:** EBITDA as a percentage of net sales.

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

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

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

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

**Currency adjusted:** Figures adjusted for changes in exchange rates. Figures for 2011 are calculated at exchange rates for 2010.

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

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

**HoReCa:** Abbreviation for hotels, restaurants and catering.

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

## Notes

### *Note 1 • Accounting and valuation principles*

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

This interim report has been prepared in accordance with IAS 34, Interim Reporting. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and with the related reference to Chapter 9 of the Annual Accounts Act. The parent company's financial statements are prepared in accordance with RFR 2, Reporting for Legal Entities, and the Annual Accounts Act. The accounting principles are the same as in the Annual Report as per 31 December 2010.

### *Note 2 • Segment reporting, SEK m*

<b>2011-01-01 – 2011-03-31</b>	<b>Professional</b>	<b>Retail</b>	<b>Tissue</b>	<b>Total</b>
Total net sales	604	159	250	<b>1 013</b>
Net sales from other segments	-	-	146	<b>146</b>
<b>Net sales from external customers</b>	<b>604</b>	<b>159</b>	<b>104</b>	<b>867</b>
<b>Underlying operating income</b>	<b>53</b>	<b>6</b>	<b>9</b>	<b>67</b>
Non-recurring items	-	-	-	-7
<b>Operating income</b>	-	-	-	<b>61</b>
Net financial items	-	-	-	-6
Income after financial items	-	-	-	<b>55</b>

<b>2010-01-01 – 2010-03-31</b>	<b>Professional</b>	<b>Retail</b>	<b>Tissue</b>	<b>Total</b>
Total net sales	634	185	259	<b>1 078</b>
Net sales from other segments	-	-	118	<b>118</b>
<b>Net sales from external customers</b>	<b>634</b>	<b>185</b>	<b>141</b>	<b>960</b>
<b>Underlying operating income</b>	<b>69</b>	<b>8</b>	<b>1</b>	<b>77</b>
Non-recurring items	-	-	-	-4
<b>Operating income</b>	-	-	-	<b>74</b>
Net financial items	-	-	-	-8
Income after financial items	-	-	-	<b>66</b>

No significant changes have taken place in the assets of the segments compared with the annual report as per 31 December 2010.

### *Note 3 • Non-recurring items*

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

	3 months January - March 2011	3 months January - March 2010	12 months April - March 2010/2011	12 months January - December 2010
Derivative instruments SEK m				
Other operating income	-	0	7	8
Other operating expenses	-7	-4	-9	-6
<b>Total</b>	<b>-7</b>	<b>-4</b>	<b>-2</b>	<b>1</b>

	3 months January - March 2011	3 months January - March 2010	12 months April - March 2010/2011	12 months January - December 2010
Restructuring cost SEK m				
Cost of goods sold	-	-	0	0
Selling expenses	-	-	1	1
Other operating expenses	-	-	-1	-1
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>