HARTMANN CHOOSE FIBRE. SAVE NATURE.®

ANNUAL REPORT
2011

CONTENTS






- **In 2011** Hartmann reported revenue of DKK 1,488 million (2010: DKK 1,483 million), operating profit* of DKK 124 million (2010: DKK 73 million) and a profit margin* of 8.3% (2010: 4.9%).

- The Board of Directors proposes **dividends of DKK 9.25 per share** (2010: DKK 2.25 per share) corresponding to 85% of the profit for the year.

- Hartmann initiated and implemented a number of strategic and operational initiatives during the first phase of its "**Competitive edge – driving growth"** strategy.

- **In 2012**, Hartmann's revenue is expected to be in line with its 2011 revenue, and its profit margin is expected to be 7.5-9%.

HIGHLIGHTS

* References to operating profit in this report refer to operating profit before special items, and references to profit margin refer to profit margin before special items, unless otherwise stated.

"During the year, we were pleased to see our positive operational and financial performance attract further interest among investors and other stakeholders who believe that Hartmann can deliver value both in the short and the long term"

Agnete Raaschou-Nielsen
Chairman

Michael Rohde Pedersen
CEO

HARTMANN CREATES VALUE

2011 was a good year for Hartmann. The year was characterised by major changes inside the organisation. Hartmann's management focused on building a stronger and more dynamic organisation to drive future efforts. These are long-term changes which have already positively impacted the company's financial performance, and at the end of the year, it was clear that Hartmann had met its expectations for 2011. The positive results were achieved in spite of the volatility and uncertainty that prevailed in the global economy and in particular affected Hartmann's key markets, Europe and North America.

2011 – A GOOD YEAR

Hartmann's financial performance for 2011 was highly positive. Earnings improved significantly compared with the previous year, and despite high raw material prices, Hartmann's profit margin, cash flows from operating activities, return on invested capital and dividends to its shareholders were at the highest level in ten years.

During the year, we were pleased to see our positive operational and financial performance attract further interest among investors and other stakeholders who believe that Hartmann can deliver value both in the short and the long term.

Hartmann's North American business is an excellent example of how effective implementation of the right measures will generate strong financial performance. During recent years, our management in North America has been highly committed to strengthening the business, and in 2011 it was clear that their efforts have been successful. While there is still potential for improvement, we consider our North American activities to be a very strong business and to have a solid platform for profitable growth and value creation.

A STRENGTHENED PLATFORM

Our strategy for 2011-2012 is focused on creating "Competitive edge". We will continue our efforts to enhance Hartmann's competencies and efficiency and in this way reduce our costs further. At the same time, we will retain our commitment to adding value to the products we offer our customers. These efforts were stepped up in 2011 and will continue in 2012 with the aim of improving the company's underlying operations and competitive strength. In that context, Hartmann will give special priority to increasing knowledge sharing in production and strengthening sales and production planning for the benefit of both customers and Hartmann. This will ensure quality, flexibility and a high service level at all levels. These efforts are aimed at grooming the business for controlled and profitable growth in the second phase of the company's strategy: "Driving growth".

In 2011, we introduced a functional organisational structure, and the company's management was centralised for the purpose of establishing clear decision-making powers and improving efficiency in production and in internal work processes. We have created a financially and organisationally strong platform for the next steps of Hartmann's strategy. In 2012, we will continue our efforts to lift our level of expertise and to create more efficient internal coordination and knowledge sharing through the introduction of shared processes and tools. This will pave the way for continuing the positive development at Hartmann and for generating even better results based on the defined strategy.

VAST POTENTIAL

The implementation of the first phase of Hartmann's strategy has demonstrated that Hartmann has vast potential, and that we have set the right course for the company's development for the years ahead. Based on the extensive efforts of Hartmann's employees, we are confident that we can build an even stronger and more successful business. We look forward to continuing our efforts and the positive trend in 2012.

Agnete Raaschou-Nielsen
Chairman

Michael Rohde Pedersen
CEO

FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKKm

Group	2011	2010	2009	2008	2007
Statement of comprehensive income					
Revenue	1,488	1,483	1,380	1,491	1,492
Operating profit before depreciation, amortisation and impairment (EBITDA)	207	168	154	193	106
Operating profit before special items	124	73	79	91	53
Special items	0	0	(12)	(25)	(199)
Operating profit/(loss) (EBIT)	124	73	67	66	(146)
Financial income and expenses, net	(16)	(11)	(19)	(77)	(52)
Profit/(loss) before tax (EBT)	108	62	49	(11)	(198)
Profit/(loss) for the year from continuing operations	76	50	36	(3)	(271)
Profit/(loss) for the year from discontinued operations	0	0	0	0	(242)
Profit/(loss) for the year (EAT)	76	50	36	(3)	(513)
Comprehensive income	26	53	51	(16)	(324)
Cash flows					
Cash flows from operating activities	155	144	76	101	56
Cash flows from investing activities	(35)	(55)	(94)	(83)	(141)
Cash flows from financing activities	(108)	(32)	(22)	122	74
Cash flows from continuing operations	12	58	(40)	140	(12)
Cash flows from discontinued operations	0	0	0	0	(64)
Cash flows for the year	12	58	(40)	140	(76)
Balance sheet					
Assets	1,108	1,225	1,216	1,189	1,220
Invested capital (IC)	652	733	786	725	799
Net working capital (NWC)	116	128	151	100	112
Net interest-bearing debt	169	275	339	314	592
Equity	560	549	508	456	220
Financial ratios, %					
Profit margin (EBITDA)	13.9	11.3	11.2	12.9	7.1
Profit margin before special items	8.3	4.9	5.7	6.1	3.6
Profit margin (EBIT)	8.3	4.9	4.9	4.4	(9.8)
Return on invested capital (ROIC)	17.8	9.6	8.9	8.6	(17.0)
Return on equity	13.8	9.4	7.4	(0.8)	(134.9)
Equity ratio	50.6	44.8	41.7	38.4	18.0
Gearing	30.2	50.0	66.8	68.7	269.0
Share-based financial ratios*					
No. of shares (year end, excluding treasury shares)	6,915,090	6,915,090	6,915,090	6,915,090	3,407,545
No. of shares (average, excluding treasury shares)	6,915,090	6,915,090	6,915,090	5,732,568	4,483,612
Earnings per share, DKK (EPS)	11.0	7.2	5.2	(0.5)	(113.7)
Cash flows from operating activities per share, DKK	22.4	20.8	11.0	17.6	12.5
Dividend per share, DKK (proposed)	9.25	2.25	1.50	0.00	0.00
Book value per share, DKK	81.0	79.4	73.4	79.6	49.1
Market price per share, DKK	101.0	76.0	95.0	70.5	112.5
Market price/book value per share	1.2	1.0	1.3	0.9	2.3
Price/earnings	9.2	10.5	18.3	(145.5)	(1.3)
Pay-out ratio, %	85.0	31.6	29.4	-	-
Market value	698.4	525.5	656.9	487.5	504.3
Employees					
Average no. of full-time employees	1,489	1,543	1,553	1,946	1,946

* Adjusted for the bonus element in connection with the rights issue in June 2008 in accordance with IAS 33, excluding the number of shares at year end.

The financial ratios are calculated in accordance with 'Recommendations & Ratios, 2010', issued by the Danish Society of Financial Analysts. See note 37 to the financial statements.

In March 2011, Hartmann introduced the "Competitive edge – driving growth" strategy. The strategy is focused on enhancing the company's competitive strength in 2011-2012 with a view to expanding Hartmann's market position through controlled and profitable growth during the period 2013-2015. In 2011, the strategic efforts truly gathered momentum and will continue according to plan in 2012.

STRATEGY

SIGNIFICANT PROGRESS IN 2011

In March 2011, Hartmann introduced its "Competitive edge – driving growth" strategy. The strategy is focused on enhancing the company's competitive strength in 2011-2012 with a view to expanding Hartmann's market position through controlled and profitable growth during the period 2013-2015.

Competitive edge

The first phase of Hartmann's strategy is aimed at building a strong and robust platform for efficient operations and controlled growth in the coming years.

In 2011, Hartmann implemented and introduced a number of strategic initiatives aimed at creating an efficient and dynamic organisation that will offer the best products and services on the basis of its customers' needs. These initiatives were implemented according to plan and involved major organisational changes focused on building functional competencies and targeted efforts to establish a strong corporate culture. As part of these efforts, management focused on introducing shared processes and tools aimed at promoting cross-functional collaboration and knowledge sharing at Hartmann.

The efforts to strengthen the organisation and groom Hartmann for growth will continue in 2012, where optimisation of production and enhancement of the efficiency of work processes will be key priorities based on the initiatives described in this section.

Driving growth

Based on the new organisation, the aim is to position Hartmann as a clear market leader during the second phase of the strategy.

Priority will be given to increasing Hartmann's value share of the mature western European markets and accelerating growth in southern and eastern Europe. This will enable Hartman to exploit its long-standing experience and strong position in established markets as a platform for growth. Hartmann also aims to consolidate its market position on the North American market.

Competitive edge

2011-2012

- One Company
- Operational Excellence
- Strong competencies

Driving growth

2013-2015

- Consolidation in mature markets
- Focus on European growth markets
- Strong market position in North America

Competitive edge

CURRENT STATUS OF STRATEGIC INITIATIVES

In 2011, the implementation of the first phase of the "Competitive edge – driving growth" strategy produced tangible results which contribute to creating a strong platform for profitable growth. A number of strategic initiatives are still being implemented, and additional initiatives will be launched in 2012 with a view to optimising production and enhancing the efficiency of internal work processes at Hartmann.

FOCUS AREA	INITIATIVES IMPLEMENTED	INITIATIVES BEING IMPLEMENTED
One Company	Functional organisational structure Central management body New business model	Standardised management tools Standardised financial reporting and financial control Code of conduct for Hartmann
Operational Excellence	Standardised investment and decision-making process Corporate health and safety standards Improved product quality	Production optimisation based on best practice Optimised product designs Improved planning efficiency Improved overview of profitability across products, markets and customers Intensified production development and optimised product portfolio Customised logistics solutions
Strong competencies	Two vice presidents appointed responsible for sales and marketing and production, respectively. Existing competencies strengthened through new hirings	Sales Academy and sales training Improved internal communications Performance reviews

"Hartmann is continuously working to optimise production and enhance the efficiency of internal work processes in order to reduce costs, improve health and safety at the workplace and offer our customers optimum quality"

COMPETITIVE EDGE – YEAR 1

The activities relating to Hartmann's strategy for the period 2011-2012 can be divided into three key areas:

- One Company
- Operational Excellence
- Strong competencies

During the first year of the strategy, significant progress was achieved within all three key areas, and additional initiatives were introduced to be implemented in the course of 2012.

One Company

The efforts to enhance Hartmann's competitive strength are based on establishing a strong corporate culture which will tie business areas closer together and ensure a more dynamic organisation.

Initiatives implemented

In 2011, management introduced a new organisational structure according to which responsibilities are divided by function rather than by geography with a view to increasing knowledge sharing and ensuring that Hartmann will be able to achieve economies of scale. With this functional organisational structure, chains of command are shorter and management is able to respond more quickly, drawing on the combined specialist knowledge available in the group.

The organisational changes have also resulted in centralisation of a number of the group's European functions, comprising production, sales and marketing, supply chain, quality, HR, finance and IT.

In addition, Hartmann has introduced a new business model, which matches the functional organisational structure more closely. According to the new model, the major part of invoicing in Hartmann's European business is effected via the parent company, and the European factories and sales offices are compensated solely on the basis of their individual production and contribution to Hartmann's combined revenue. In connection with the introduction of the new business model, reporting has been standardised based on shared IT systems with a view to gaining a clearer overview of and improved correlation between Hartmann's business arrangements.

Initiatives currently being implemented

In order to strengthen the day-to-day management of the business, a number of standardised management tools will be introduced in 2012. The introduction of the new tools has been initiated. Some of these efforts will be undertaken by the corporate HR function which will give priority to creating clear job descriptions, assessing employee performance and developing professional competencies.

In 2012, Hartmann will also focus on strengthening its financial reporting and financial management by optimising the company's cost control measures across the organisation and introducing rolling budgeting. These efforts will strengthen Hartmann's capability on an ongoing basis to make the right strategic and operational decisions concerning future arrangements.

In 2011, a set of Guiding Principles were introduced. These principles provide the framework for attitude and conduct at Hartmann. The principles form a common platform for Hartmann's interaction with the surrounding world and the internal collaboration in the group. Compliance is a key concept of the new principles. In 2011, this was reflected in, among other measures, the introduction of a corporate anti-corruption policy at Hartmann. The efforts to promote Hartmann's Guiding Principles across the organisation will continue in 2012.

Operational Excellence

Hartmann is continuously working to optimise production and enhance the efficiency of internal work processes in order to reduce costs, improve health and safety at the workplace and offer our customers optimum quality. These efforts form part of Hartmann's Operational Excellence programme.

Initiatives implemented

In 2011, for the purpose of creating a stronger platform for major decisions, Hartmann introduced a standardised investment and decision-making process which is applied across the organisation. This new process ensures that decision-makers at Hartmann involve relevant competencies, drawing on the combined knowledge available in the group when major decisions are made.

Health and safety is considered a strategic focus area at Hartmann. Therefore, in 2011, new health and safety standards were introduced at all factories. The new standards involve stricter requirements for personal safety equipment, standardised events reporting, remedying safety issues and near miss reporting. The measures were initiated in H2 2011 and resulted in an 18% reduction in work-related injuries reported in 2011 relative to 2010. The health and safety standards will be finally implemented in 2012, and Hartmann will intensify its efforts to improve the safety of its employees in the coming years. These measures are primarily designed to improve working conditions for

"In 2012, Hartmann's central sales and production planning will be further optimised, making it possible to respond more quickly to customers' requirements and to increase the group's service level"

the group's employees, but also to minimise business interruption and strengthen Hartmann's reputation.

Hartmann is continuously optimising its production. Among other initiatives, a new technology was introduced for standardised colouring of egg packaging in 2011. The new technology has resulted in increased customer satisfaction and has made it possible for Hartmann to achieve further economies of scale and reduce the costs of colouring egg packaging.

Initiatives currently being implemented

Efficient knowledge sharing is a prerequisite for achieving further economies of scale in Hartmann's production. A project has been launched which will optimise production on the basis of experience from all of Hartmann's factories. The project involves benchmarking of the individual phases of production and planning based on best practices across the organisation. The efforts to optimise production are supplemented by ongoing efforts to improve the existing product designs. On this basis, Hartmann will be able to increase the quality of its products and reduce its consumption of raw materials and its transport costs. In addition, the purchasing process for the European area will be centralised, which will enable Hartmann to strengthen its negotiating position in relation to its suppliers and to reduce its costs of key raw materials.

In 2012, Hartmann's central sales and production planning will be further optimised, making it possible to respond more quickly to customers' requirements and to increase the group's service level. This efficiency optimisation will be implemented by improving internal communications and ensuring that production is continuously adjusted on the basis of information from Hartmann's sales teams. Furthermore, Hartmann will gain a better overview of the profitability across products, markets and customers by improving data capture and analysis.

During the second phase of the strategy, Hartmann will strengthen its focus on developing and launching new products and in this way strengthen Hartmann's product offerings to customers. These efforts have been initiated and will be intensified in 2012 with a view to creating a strong platform for meeting Hartmann's growth targets during the second phase of the strategy. The development of new products will be supplemented by structured efforts to optimise Hartmann's combined product portfolio.

In 2011, Hartmann provided tailored logistics solutions to a few large customers. The efforts to offer new solutions that will create value and closer ties with customers will be continued and intensified in 2012. The new offering to customers underlines Hartmann's position as a supplier of moulded-fibre egg packaging and advice on related areas, such as sales, marketing and logistics.

Strong competencies

The professional competencies of Hartmann's employees are vital for the company's ability to retain and expand its position on the market for moulded-fibre egg packaging. Therefore, Hartmann focuses increasingly on building specialist knowledge within the group and strengthening employee competencies.

Initiatives implemented

Hartmann's professional competencies were strengthened in 2011 with the appointment of two Vice Presidents of sales and marketing and production, respectively. Following their appointment, the two Vice Presidents and Hartmann's other managers have contributed to shaping the functional organisational structure and the identification of focus areas within the framework of Hartmann's "Competitive edge – driving growth" strategy.

In connection with the introduction of the functional organisation, Hartmann's existing competencies were supplemented with the hiring of a number of employees who will contribute to the roll-out of "Competitive edge" measures in production, sales and marketing, supply chain, strategic purchasing and other areas.

Initiatives currently being implemented

Hartmann's Sales Academy was launched in 2011, and in that connection a training programme for Hartmann's sales staff is being developed. The programme will be implemented in 2012 with the objective of lifting competency levels among employees and creating closer ties to customers.

In 2012, focus will be on improving internal communications and promoting the standardised tools that will ensure that Hartmann meets the goals of its "Competitive edge – driving growth" strategy. The work is now ongoing, and Hartmann's employees can follow the progress of the strategy work on the company's intranet, where they can also access tools, policies and standards that form the basis of their day-to-day work.

In early 2012, Hartmann introduced performance reviews for the purpose of improving the quality of its employee performance reviews. This new tool will make it possible to assess employee performance and define goals for development for the upcoming period.

OUTLOOK

Hartmann expects growth in its markets for moulded-fibre egg packaging to remain at a moderate level in the years ahead, as international retail chains continue to gain ground in less mature markets and as sustainable moulded-fibre packaging continues to be substituted for oil-based plastic and foam packaging. Hartmann saw increasingly competitive pricing on the European market in 2011; a trend which is expected to persist in 2012.

In the years ahead, the basis of Hartmann's operations and investments will be to secure an attractive return on invested capital (ROIC >15%) for its shareholders.

Outlook for 2012

In 2011, Hartmann implemented and initiated a number of strategic initiatives aimed at strengthening its organisation and grooming its business for growth. These efforts will continue in 2012, the first year of the first phase of the "Competitive edge – driving growth" strategy. Hartmann will build a strong platform for growth during the second phase of the strategy by:

Optimising production and work processes

Hartmann will focus on strengthening internal collaboration and ensuring efficient competency development and knowledge sharing to form the basis of standardisation across Hartmann's business areas. In this way, Hartmann will enhance production and energy efficiency and reduce its consumption of raw materials further.

Strengthening customer relations

Hartmann will build on its position as a provider of advisory services to retail chains on marketing of eggs and sustainable packaging solutions and in this way establish stronger relations with key decision-makers and customers in this segment.

Increasing the proportion of high-value products

Active efforts will be made to offer customers the best and most innovative solutions on the market and to generate higher earnings per product sold by selling high-value packaging rather than standard or discount packaging. Moreover, production development will be intensified, which will enable Hartmann to strengthen its offering to existing and new customers in the slightly longer term.

Revenue for 2012 is expected to be in line with 2011 due to the expected market and price trends.

In 2012, the profit margin is expected to be 7.5-9% based on the effect of the strategic initiatives implemented and initiated. Hartmann's focus on production optimisation and on enhancing its competitive strength is expected to contribute favourably to the development in the profit margin, while no targeted efforts will be made to generate growth in the short term. All of Hartmann's business areas are expected to make a positive contribution to the group's performance in 2012.

Due to seasonal fluctuations, Hartmann's operating profit for the first and fourth quarters is generally higher than for the second and third quarters.

Targets for 2015

Based on the efforts to enhance its competitive strength and earnings capacity during the first phase of the "Competitive edge – driving growth "strategy, Hartmann will focus on increasing its market shares in selected markets during the period 2013-2015. Hartmann has defined an objective of achieving revenue of DKK 1.7-1.8 billion and a profit margin of 8-11% by the end of the second strategy phase in 2015, depending on external factors such as fluctuations in raw material prices and exchange rates.

Assumptions

Hartmann's revenue and profit margin forecast for 2012 is based on the present composition of the group's business operations. In addition, the combined costs of raw materials and selling costs are assumed to remain relatively stable at the level prevailing at the time of presentation of this annual report. Any deviations from these assumptions may affect the 2012 performance.

Hartmann's operating profit and profit margin are mainly exposed to developments in raw material prices and exchange rates. Hartmann has hedged its primary currency exposure for the first nine months of 2012.

Forward-looking statements

The forward-looking statements in this annual report reflect Hartmann's current expectations for future events and financial results. The statements are inherently subject to uncertainty, and actual results may therefore differ from expectations. Factors that may cause the actual results to deviate from expectations include, but are not limited to, general economic developments and developments in the financial markets, changes and amendments to legislation and regulation on Hartmann's markets, changes in demand for products, competition and the prices of raw materials. See also the section on risk factors and note 33 to the financial statements.

OUTLOOK AND FINANCIAL TARGETS

	2012	2015
Revenue	DKK 1.5 billion	DKK 1.7-1.8 billion
Profit margin	7.5-9%	8-11%

In 2012, the profit margin is expected to be 7.5-9% based on the effect of the strategic initiatives implemented and initiated.

DEVELOPMENTS IN 2011

The overall efforts to create "Competitive edge" proved successful during the year: Among other achievements, Hartmann saw a marked improvement in operating profit in spite of higher raw material prices and revenue that was largely unchanged. On that basis, Hartmann met its expectations for 2011.

The positive trend witnessed in 2011 was generally attributable to the execution of the new strategy, which resulted in efficiency optimisation of the group's production, administrative functions and processes. The efforts to enhance Hartmann's competitive strength will continue in 2012.

STATEMENT OF COMPREHENSIVE INCOME

Revenue

Hartmann reported consolidated revenue of DKK 1,488 million for 2011 (2010: DKK 1,483 million). Revenue improved only slightly in step with general market growth, which was stable despite the deepening global economic crisis in the second half of 2011.

Europe

Revenue for the European business totalled DKK 1,272 million for 2011 (2010: DKK 1,265 million).

Sales of moulded-fibre packaging grew despite the negative impact of the dioxin scandal in the first part of the year, when German and Dutch consumers responded to the discovery that dioxin-contaminated vegetable fat had been used as feed for poultry and other animals.

The positive effect of volume growth was more than offset by lower average prices. The drop in average prices was primarily attributable to increased sales of transport packaging and intensified pricing competition and the resulting fall in the prices of Hartmann's high-value products in central Europe. The increase in sales of the less expensive transport packaging was attributable to excess production of eggs which were sold to the food industry instead of to retailers. Hartmann has not experienced existing customers choosing transport packaging over high-value products.

Other revenue for the business area amounted to DKK 108 million (2010: DKK 98 million). The trend was favourably impacted by a higher level of activity at Hartmann Technology.

North America

The North American business generated revenue of DKK 216 million for 2011 (2010: DKK 218 million). Accordingly, the business area successfully maintained the level of revenue, despite highly unfavourable exchange rate movements. This was mainly attributable to the fact that Hartmann succeeded in boosting its sales and the proportion of high-value products. The efforts to promote the sales of high-value packaging in North America have been ongoing for a number of years and, due to the successful outcome, they will continue.

Gross profit

Gross profit for the year was DKK 425 million (2010: DKK 392 million), corresponding to a gross margin of 29% (2010: 26%). The improvement was primarily attributable to the positive impact of a number of efficiency improvement initiatives implemented in production and the general reduction of the cost level following the organisational adjustment in 2010. Gross profit was adversely affected by higher raw material prices and the lower average price of Hartmann's products in Europe.

Operating profit

Operating profit for 2011 was DKK 124 million (2010: DKK 73 million), corresponding to a profit margin of 8.3% (2010: 4.9%). The improvement in operating profit was mainly attributable to operational improvements and cost reductions combined with increased productivity in both Europe and North America. In addition, operating profit for the comparative year 2010 was driven by costs relating to the organisa-

"The positive trend witnessed in 2011 was generally attributable to the execution of the new strategy, which resulted in efficiency optimisation of the group's production, administrative functions and processes"

tional adjustment. General growth in sales of moulded-fibre packaging in 2011 was also a positive contributor. Operating profit was adversely affected by significantly higher raw material prices and transport costs.

Europe

Hartmann's European business reported operating profit of DKK 133 million (2010: DKK 110 million), corresponding to a profit margin of 10.4% (2010: 8.7%). The positive trend was attributable to cost reductions in Hartmann's administration and efficiency improvements in production (DKK 53 million).

Europe saw a drop in the average selling price, which had an adverse impact on the operating profit for the year. The drop in the average selling price was attributable to increasingly competitive pricing and the fact that the less expensive transport packaging accounted for a larger proportion of Hartmann's combined sales. Operating profit was also adversely affected by higher raw material prices and transport costs (negative effect of DKK 34 million).

North America

Operating profit for 2011 for Hartmann's North American business saw a sharp rise and came to DKK 20 million (2010: DKK 1 million), corresponding to a profit margin of 9.3% (2010: 0.5%). This development was driven by successful efforts to increase the proportion of high-value packaging and the effect of a number of cost reductions related to the organisational adjustment in 2010.

Operating profit was adversely affected by higher raw material prices (negative effect of DKK 14 million) and exchange rate movements (negative effect of DKK 8 million).

Corporate functions

The costs relating to corporate functions fell in line with expectations and amounted to DKK 30 million for 2011 (2010: DKK 38 million).

Financial income and expenses

Financial income and expenses amounted to a net expense of DKK 16 million in 2011 (2010: a net expense of DKK 11 million). The development was a result of the comparative year 2010 being impacted by income of DKK 7 million due to discounting of non-current receivables. See note 11 to the financial statements.

Profit for the year

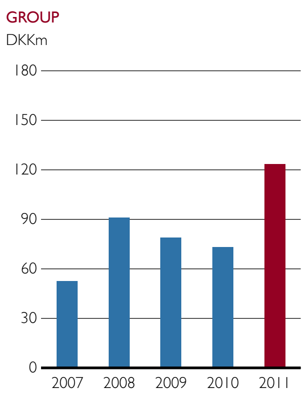
Profit before tax was DKK 108 million in 2011 (2010: DKK 62 million). Tax on profit for the year was an expense of DKK 32 million (2010: an expense of DKK 12 million), equivalent to an effective tax rate of 29% (2010: 20%). See note 12 to the financial statements.

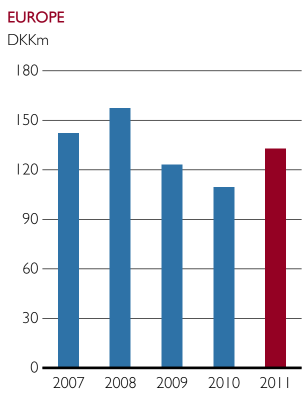
Profit for the year rose by 53% to DKK 76 million (2010: DKK 50 million).

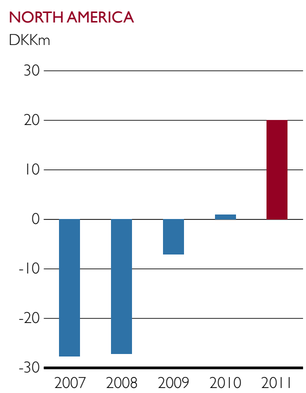
Comprehensive income

Comprehensive income for the year amounted to DKK 26 million (2010: DKK 53 million). Comprehensive income for the year was

OPERATING PROFIT







negatively affected by DKK 32 million (2010: DKK 11 million) due to translation of net assets in foreign subsidiaries to DKK.

Investments and cash flows

Hartmann's property, plant and equipment and intangible assets amounted to DKK 549 million at 31 December 2011 (2010: DKK 620 million). Investments for 2011 totalled DKK 41 million (2010: DKK 60 million), and depreciation and amortisation totalled DKK 84 million (2010: DKK 94 million). The level of investment was relatively low due to the prioritisation of maintenance and adaptation of existing production resources at the expense of cost-intensive, new investments.

Total cash flows from operating activities were a net cash inflow of DKK 155 million in 2011 (2010: a net cash inflow of DKK 144 million). Developments were positively impacted by strong growth in operating profit for 2011. Furthermore, working capital was adversely impacted by the payment of amounts provided for the organisational adjustment in 2010.

Cash flows from investing activities were a net cash outflow of DKK 35 million (2010: a net cash outflow of DKK 55 million). Accordingly, cash flows from operating and investing activities amounted to a net cash inflow of DKK 120 million (2010: a net cash inflow of DKK 89 million).

Cash flows from financing activities were a net cash outflow of DKK 108 million (2010: a net cash outflow of DKK 32 million). The increased outflow was primarily attributable to Hartmann's repayment of existing loans and raising of a new non-current flexible loan at 30 June 2011 with total drawing rights of DKK 290 million at 31 December 2011. Hartmann has not drawn the full amount, and the total undrawn facility of non-current loans amounted to DKK 105 million at 31 December 2011. Cash flows from financing activities were also affected by dividend distributions to Hartmann's shareholders of DKK 16 million (2010: DKK 10 million).

At 31 December 2011, interest-bearing debt stood at DKK 169 million, against DKK 275 million at 31 December 2010. Hartmann thus reduced its debt by DKK 106 million, or 39%, in 2011.

Management considers its financial resources, DKK 341 million at 31 December 2011 (2010: DKK 228 million), to be satisfactory. The calculation of total cash for 2010 did not take into account compliance with covenants.

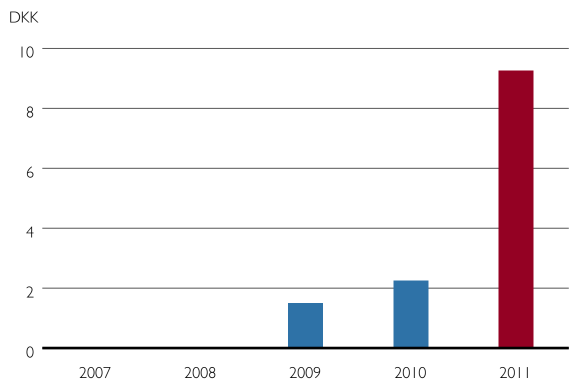
BALANCE SHEET

At 31 December 2011, Hartmann's total assets amounted to DKK 1,108 million (2010: DKK 1,225 million).

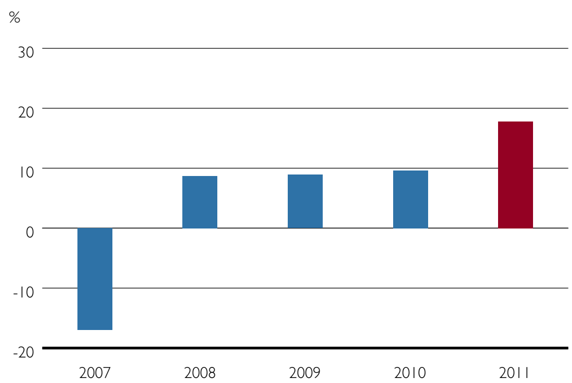
ROIC

Return on invested capital was 17.8% in 2011 against 9.6% in 2010. The increase was attributable to significant growth in operating profit and the reduction of invested capital.

DIVIDEND PER SHARE (PROPOSED)



ROIC



Equity

Equity stood at DKK 560 million at 31 December 2011 (2010: DKK 549 million). Equity was positively influenced by the profit for the year, whereas adverse effects of exchange rate adjustments on translation of the net assets of foreign subsidiaries and dividend payments to Hartmann's shareholders were negative contributors.

At 31 December 2011, the equity ratio stood at 51% (2010: 45%), and gearing fell to 30% from 50% in 2010.

Earnings per share was DKK 11.0 for 2011, against DKK 7.2 for 2010. At the annual general meeting to be held on 11 April 2012, the Board of Directors will propose that dividends of DKK 9.25 per share be distributed (2010: DKK 2.25), corresponding to a payout ratio of 85%.

DEVELOPMENTS IN Q4 2011

Hartmann reported revenue of DKK 407 million for Q4 2011 (2010: DKK 438 million). Despite the drop in revenue, gross profit rose to DKK 123 million (2010: DKK 98 million). Operating profit rose to DKK 41 million (2010: DKK 22 million), corresponding to a profit margin of 10.2% (2010: 5.0%).

Hartmann's costs related to corporate functions amounted to DKK 8 million (2010: DKK 11 million), and financial income and expenses were a net expense of DKK 2 million (2010: net income of DKK 3 million).

Profit for the period came to DKK 24 million (2010: DKK 22 million).

Total cash flows from operating activities were a net cash inflow of DKK 53 million in Q4 2011 (2010: a net cash inflow of DKK 78 million). Cash flows from investing activities were a net cash outflow of DKK 11 million (2010: a net cash outflow of DKK 18 million) and cash flows from financing activities were a net cash outflow of DKK 15 million (2010: a net cash outflow of DKK 5 million).

PARENT COMPANY 2011

The parent company reported revenue of DKK 1,139 million for 2011 (2010: DKK 546 million). Operating profit for 2011 amounted to DKK 39 million (2010: a loss of DKK 54 million). The trend in revenue and operating profit was driven by the introduction of a new business model.

Profit for the year amounted to DKK 175 million (2010: DKK 26 million). In addition to the improvement in operating profit, the development in profit for the year was primarily attributable to an increase of DKK 86 million in dividends received from subsidiaries.

EVENTS AFTER THE BALANCE SHEET DATE

On 10 February 2012, Hartmann announced that parties who had originally expressed an interest in Hartmann had indicated that a public offer should not be expected at the time in question.

For more information about the interest in Hartmann and changes in the ownership of the company in 2011, see 'Shareholder information'.

On 27 February 2012, Hartmann announced that Marianne Rørslev Bock had been appointed CFO and member of the Executive Board as of 18 April 2012.

SELECTED KEY FIGURES AND FINANCIAL HIGHLIGHTS (DKKM)

	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Revenue	407	355	352	375	438
Gross profit	123	99	95	109	98
Operating profit before special items	41	25	21	36	22
Financial income and expenses, net	(2)	(4)	(1)	(8)	3
Profit for the period	24	16	16	21	22
Total cash flows	27	(8)	(40)	32	56
Profit margin before special items, %	10.2	7.1	6.1	9.5	5.0

MARKETS AND PRODUCTS

The development, production and sale of moulded-fibre packaging constitute Hartmann's key business area and represented 93% of its revenue for 2011. The egg packaging business covers the two geographical areas Europe and North America, and the product portfolio ranges from high-value products to discount products and transport trays. Hartmann also produces moulded-fibre packaging for industrial use.

Hartmann's knowledge of development and production of moulded-fibre packaging is also used in Hartmann Technology, a leader within the development, production and sale of machinery and technology for producing moulded-fibre packaging outside Hartmann's markets.

Stable demand for eggs

To a wide extent, the demand for Hartmann's core product, moulded-fibre egg packaging, reflects the demand for eggs, which is relatively stable and only slightly sensitive to cyclical fluctuations. Thus, the global economic crisis has not adversely affected Hartmann's sales in the past few years.

Based on the limited impact of economic trends on consumers' choice of eggs as a healthy and inexpensive source of protein, Hartmann expects moderate market growth in the years ahead.

Consumers in Hartmann's key markets increasingly make conscious decisions on the types of egg they prefer, and the selection ranges from premium eggs, such as organic or free-range eggs, to discount eggs. Products offered in the retail trade are continually developed in order to meet customer demand. In that context, it is important for egg packing businesses, egg producers and retail chains that eggs with different properties and prices are also marketed and presented differently. Hartmann collaborates with several major retail chains who seek Hartmann's experience and knowledge within marketing of eggs. This collaboration provides a good platform for marketing Hartmann's products.

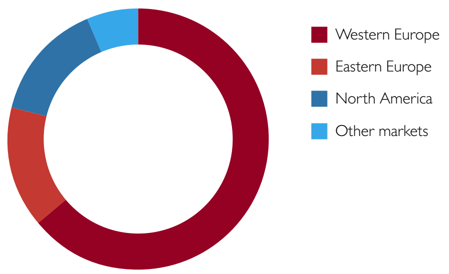
Growing interest in high-value packaging

The market for moulded-fibre egg packaging is divided into four product categories within retail and transport packaging, respectively. Retail packaging constitutes the major part of the market and comprises the product categories High Value, Standard and Discount. The prices of these products vary considerably. The primary focus of the Transport Packaging category is to produce standardised products at the lowest cost possible.

The increased supply of premium eggs in the retail trade and the need to differentiate these eggs from standard eggs have led to growing interest in egg packaging in the high-value segment in Hartmann's markets. At Hartmann, dedicated efforts are made to boost the sale of high-value packaging, which provides customers with a stronger marketing platform and Hartmann with higher earnings per product. However, it is still essential to Hartmann to develop the products in its other categories, as Hartmann's large customers prefer to place their orders for packaging in all categories with a single supplier.

Hartmann collaborates directly with a number of large retail chains to determine colouring, prints, labelling and marketing activities.

DISTRIBUTION OF REVENUE



"The North American market offers substantial growth potential due to substitution from oil-based foam packaging and moulded-fibre discount packaging towards standard segment moulded-fibre packaging"

Experience from these partnerships shows that retailers now have more influence on the choice of packaging suppliers in a large part of the market, although the major part of packaging is still invoiced directly to egg producers and egg packing businesses. Hartmann's expertise in marketing and sustainability contributes to securing its position as a preferred supplier among large customers in both the European and the North American markets.

Competition

Hartmann is one of the largest producers of moulded-fibre packaging, and its customers typically consist of egg producers and egg packing businesses that deliver pre-packed eggs to retailers. In Europe and in North America, this market is relatively well consolidated with few major players and many medium-sized players. Packaging producers are expected to deliver products and services that will contribute to optimising production among egg producers and egg packing businesses. Quality, product range and price are therefore important competitive parameters for Hartmann. Hartmann's increased direct collaboration with major retail chains also implies that knowledge of consumer behaviour and marketing of moulded-fibre egg packaging play an important role.

The European and the North American markets for moulded-fibre retail packaging are also relatively well consolidated and are served by a few major players as well as a number of small, local and regional players that mainly produce discount and transport packaging.

North America

The North American market offers substantial growth potential due to substitution from oil-based foam packaging and moulded-fibre discount packaging towards standard segment moulded-fibre packaging. In the North American market, products from the high end of Hartmann's European standard range are considered high-value products. The substitution from the foam and discount segment to the standard segment is driven by consumers' increased awareness of the health properties of premium eggs, retailers' increased focus on using marketing efforts to differentiate various types of egg as well as by the environmental advantages and health benefits of using moulded-fibre packaging. Hartmann is well positioned to meet customers' needs and is focused on offering relevant services and supplying moulded-fibre packaging of a high quality within all product groups.

Europe

Similar trends are witnessed in the western European markets where moulded-fibre packaging is more widely used than in North America, however.

In central and eastern Europe, markets are generally less established, and retail packaging is not as widely used as in western Europe.

As the retail trade is gradually becoming more professional in this region, retail packaging is becoming more widespread. These years, the central and eastern European markets are witnessing strong growth,

PRODUCT PORTFOLIO, EGG PACKAGING

High-value	New designs and differentiation options through different colours, design labelling and multi-colour prints. Used primarily for premium eggs such as organic and free-range eggs.
Standard	Traditional, well-established designs with differentiation options through different colours, design labelling and multi-colour prints. Used primarily for standard eggs.
Discount	Traditional, well-established designs available only in a limited number of colours with multi-colour print. Customised colouring and design labelling are not available. Used primarily for standard eggs.
Transport	Large, uncoloured trays used for transport between egg producers and their customers.

"In the retail packaging market, Hartmann focuses on further developing its unique marketing concepts and offerings to customers"

and Hartmann is therefore continuously working to retain and expand its market-leading position and increase sales and earnings in these markets.

Alternatives to moulded fibre

A number of market players offer oil-based plastic and foam packaging as a less expensive alternative to moulded-fibre packaging. In terms of Hartmann's markets, these alternatives are more widely used in southern Europe and in North America, where the trend among consumers is expected to move towards substitution to moulded fibre because of the environmentally friendly and protective properties this material offers.

Capacity utilisation

Generally, Hartmann's markets have excess capacity in the production of egg packaging. The excess capacity is typically used in connection with the increased demand for eggs around Easter, Christmas and Thanksgiving. During these periods, customers particularly demand stability and quality, to ensure that retailers receive timely deliveries in the required quantities.

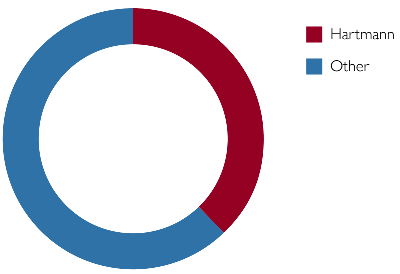
Hartmann is committed to maintaining its position as a recognised producer of high-quality moulded-fibre egg packaging in order to enhance its competitive strength within both transport and retail packaging.

In the retail packaging market, Hartmann focuses on further developing its unique marketing concepts, delivering high-quality packaging to its customers and contributing knowledge on consumer behaviour on the egg market.

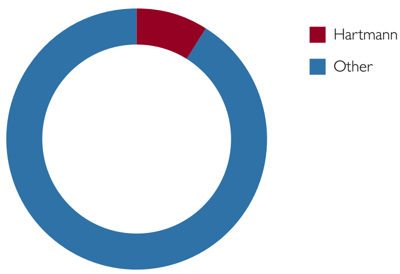
Due to the current excess capacity and the technical and financial barriers to entry, Hartmann expects capacity inflow for production of moulded-fibre packaging to be very limited.

MARKET SHARE, RETAIL PACKAGING

EUROPE



NORTH AMERICA



In 2011, focus was on introducing shared processes and tools with a view to meeting Hartmann's strategic goals, and the overall efforts to create "Competitive edge" proved successful during the year.

The significant improvement in operating profit was mainly attributable to operational improvements and cost reductions combined with increased productivity in both Europe and North America.

RISK FACTORS

It is a key objective of management to ensure constant and adequate monitoring of Hartmann's risk exposure and that policies and procedures have been established to ensure efficient management of identified risks.

In connection with its operations, Hartmann is exposed to a number of commercial and financial risks. Hartmann continually monitors these risks, and, together with the Executive Board, the Board of Directors reviews the group's risks, identifying and assessing significant risks that could affect Hartmann's operational and financial goals. The purpose of risk management is to identify the various risk factors, determine how to manage these risks and ensure the optimum balance between risk and return.

COMMERCIAL RISKS

Dependence on customers

Hartmann's sales are distributed on a relatively limited number of major customers and a large number of small customers. Contracts with customers are typically signed for periods of 12 months. The customer portfolio is assessed to be developing towards fewer and larger customers and Hartmann is therefore expected to become more dependent on this group of customers in future.

Demand for eggs

Hartmann's core business consists of sales of egg packaging, and the group is therefore dependent on the demand for eggs. The consumption of eggs is sensitive to many factors beyond Hartmann's control, including health perceptions among consumers, fear of potential health risks posed by diseases in laying hens, etc. However, the recent economic downturn has confirmed that the consumption of eggs, and hence the demand for Hartmann's products, has been resilient to the slowdown in economic growth.

Dependence on suppliers

Hartmann contracts with a number of suppliers of recycled paper, energy and other raw materials used in production. If contracts with one or more of these suppliers are terminated or breached, or the suppliers fail to meet their contractual obligations for other reasons, it may mean that Hartmann cannot obtain delivery of the necessary raw materials or that it may be compelled to make purchases from alternative suppliers and not necessarily on the same terms.

Hartmann has contracted with several different suppliers of recycled paper, energy and other raw materials, and distributing its production across several different locations in Europe also helps ensure flexibility in relation to suppliers.

Fluctuations in the prices of raw materials

Hartmann is dependent on the purchase prices of the raw materials used in its production. Hartmann is particularly exposed to fluctuations in the purchase price of recycled paper and energy (electricity and gas), which are the most important raw materials used in production.

There is limited scope for reducing Hartmann's sensitivity to developments in the price of recycled paper if deliveries of required volumes

DEVELOPMENTS IN THE PRICE OF RECYCLED PAPER

Source: BvSE (Bundesverband Sekundärrohstoffe und Entsorgung e.V.)

"Hartmann is committed to reducing its sensitivity to fluctuations in the prices of raw materials through continual implementation of technological improvements and optimisation of work processes."

are to be secured and maintained. Hartmann uses other types of paper in production and to some extent substitutes some types of paper for other types if prices are more favourable. Seen in isolation, a price increase of 5% on all types of paper used in Hartmann's production will adversely affect operating profit by approximately DKK 7 million.

Hartmann regularly signs fixed-price agreements with energy suppliers, typically for periods of 6 or 12 months, covering a substantial part of the group's energy consumption. However, some of the countries in which Hartmann operates do not permit fixed-price agreements with energy suppliers. Seen in isolation, a general price increase of 5% on Hartmann's purchases of energy will adversely affect operating profit by approximately DKK 8 million.

Hartmann is committed to reducing its sensitivity to fluctuations in the prices of raw materials through continual implementation of technological improvements and optimisation of work processes.

ENVIRONMENTAL AND SOCIAL RISKS

Environmental risks

Hartmann's business, including production, sale, use, storage and disposal of products, is subject to a number of environmental laws and regulations. Environmental risks are monitored both locally and from Hartmann's head office. STEP® Environment, Hartmann's environment management model, is an effective and professional tool that helps prevent, remedy or minimise any adverse effects on the external environment. Hartmann incurs and expects to continue to incur substantial expenditure and resources towards complying with and meeting environmental laws and regulations in the countries in which it operates. For more information about sustainable development, see 'Corporate social responsibility' and www.csr2010.hartmann-packaging.com.

Hartmann is subject to various rules, including rules governing noise reduction, waste water discharge and waste disposal and the rules of the EU CO_2 emission trading system. Hartmann's policy is to operate all production facilities in an environmentally responsible manner and in compliance with the group's sustainability principles and environment management model. Hartmann's European production facilities are all certified to the ISO 14001 standard.

Social relations and risks

Hartmann gives high priority to measures safeguarding health and safety at the workplace, protecting human values in society at large and protecting the people with whom Hartmann or its products are in contact. STEP® Human, a Hartmann management model, ensures compliance with the group's standards in relation to health and safety at the workplace. The management model also ensures that Hartmann handles its corporate social responsibility effectively and efficiently and acts as a responsible player in all countries where the group operates.

INSURANCE

Hartmann has a comprehensive insurance programme, which reflects the scope and extent of its operations and their geographical location. Once a year, the insurance programme is reviewed together with a global adviser to ensure that adjustments are made on an ongoing basis in support of Hartmann's development.

The total loss of a factory due to fire constitutes the single most significant risk for Hartmann, as the re-establishment of production facilities would be time-consuming, involving the risk of losing market shares and the risk of business interruption. Therefore, Hartmann has taken out an all-risk insurance policy for all production facilities, which includes fire events, consequential loss and other incidents. Furthermore, systematic efforts are made to prevent injury and damage, and with the help of an insurance broker, a risk management programme has been set up. Hartmann's insurance programme also covers commercial and product liability, property and contents, consequential loss, work-related injuries, personal injury and environmental liability.

FINANCIAL RISKS

Hartmann's profit/loss and equity are influenced by a number of financial risks, among them interest rate, currency, liquidity and credit risks.

Hartmann has centralised the management of its financial risks in the central finance function, which is also a service centre to all subsidiaries.

Hartmann uses interest rate swaps and forward contracts to hedge some of the financial risks that may arise out of its commercial activities. Hartmann does not engage in transactions for the purpose of speculation.

Financial risks and financial risk management are described in detail in note 33 to the financial statements.

CORPORATE SOCIAL RESPONSIBILITY

Hartmann's management is committed to long-term, responsible and value-creating business practices, and a systematic approach to sustainability remains an integral part of its business model, supporting the group's profile and reputation. The company's approach to sustainability has an impact on the development and the production of Hartmann's products as well as on its business practices.

Since 2003, the UN Global Compact has formed the framework for Hartmann's CSR efforts within the areas human rights, labour rights, environment and anti-corruption. When Hartmann endorsed the UN Global Compact, it laid down its own CSR principles based on the ten Global Compact principles. In 2011, Hartmann integrated its own principles with the ten Global Compact principles for the purpose of strengthening its CSR activities and improving communications in the area.

Hartmann's main focus is on the environment area, which is where the company has identified the greatest potential for improvements in the form of further energy savings, the use of more environmentally-friendly materials and other measures.

Hartmann exceeds ambitious energy targets

For a number of years, Hartmann has made committed efforts to reduce its energy consumption and CO_2 emissions from production. In 2007, Hartmann endorsed the UN Caring for Climate charter, setting the target of achieving a 20% reduction of its energy consumption per kilogramme of product in 2011 relative to the 2007 level. Hartmann met this target, reducing its energy consumption by 22% during the period. This achievement represented a milestone for Hartmann's CSR efforts, and the operational improvements and cost reductions that have been implemented contribute to building "Competitive edge" and ensuring strong value growth at the lowest cost possible. The significant reduction in energy consumption is a result of Hartmann's efforts in six areas:

- investment in new process technology
- maintenance, improvement and optimisation of existing equipment
- training of staff
- knowledge sharing
- development of best practice across the organisation
- involvement of experts

Hartmann has appointed a specialist to be in charge of energy and to head and coordinate the various energy initiatives across the factories. Each factory also has a local specialist who is responsible for implementing the initiatives and contributing to knowledge sharing at Hartmann.

The efforts to optimise operations at Hartmann's factories continue, and with the prospects of increasing energy prices and a persistent global focus on CO_2 emissions and climate change, energy savings will remain a focus area in the years ahead. The current efforts will continue in 2012, and in 2013 Hartmann will define a new set of ambitious targets for the period 2013-2020.

Hartmann's CSR efforts and the results achieved are presented in Hartmann's Global Compact progress report for 2011, which is available at www.csr2011.hartmann-packaging.com.

The information in this annual report constitutes a voluntary presentation of the key action areas and results of Hartmann's CSR efforts in 2011.

"The dissemination of policies, standards and tools will continue in 2012, and these efforts are expected to generate strong results for Hartmann's CSR work both in the short and the long term"

Safety comes first
Hartmann's strategic focus on optimising operations includes dedicated efforts to create even better and safer conditions for the group's employees in their daily work. Hartmann is responsible for maintaining and developing a safe working environment and for ensuring that employees have the best possible conditions for performing their jobs in a safe and responsible manner.

For this reason, new health and safety standards were introduced at all factories in 2011. The new standards involve stricter requirements for personal safety equipment, standardised events reporting, remedying safety issues and near miss reporting. These measures were initiated in H2 2011 and resulted in an 18% reduction in work-related injuries reported in 2011 relative to 2010. The health and safety standards will be finally implemented in 2012, and Hartmann will intensify its efforts to further improve the safety of its employees in the coming years. These measures are primarily designed to improve working conditions for the group's employees, but also to minimise business interruption and strengthen Hartmann's reputation.

Based on these efforts and the achievements in 2011, Hartmann has defined a short-term target of reducing the number of work-related accidents by 50% in 2013 relative to the level in 2010. In the long term, Hartmann aims to completely eliminate work-related accidents in all parts of the business.

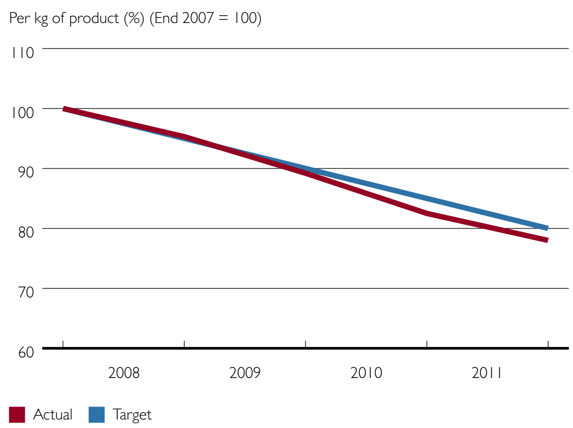
Focus on anti-corruption
While the CSR efforts will mainly be targeted at environment-related areas in 2012, Hartmann focused on communicating its efforts to prevent corruption and bribery in 2011. Integrity and compliance with laws and regulations are key prerequisites for the continued successful operation of Hartmann. For this reason, an anti-corruption policy has been introduced defining clear requirements for Hartmann's employees and business partners.

The policy is intended as a guideline and includes a number of examples of and practical tools for handling attempted bribery and other forms of corruption. During 2012, courses will be held for managers and employees who need a more thorough introduction to the policy due to the positions they hold.

Hartmann mainly operates in countries and in an industry in which corruption is limited. Accordingly, the group's risk of becoming involved in corruption is assessed to be low to moderate. The new anti-corruption policy will contribute to further minimising this risk.

Structured approach to CSR
As part of the "Competitive edge" strategy, Hartmann intends to further systematise its CSR efforts in 2012. The new functional organisational structure will help strengthen these efforts by ensuring a centralised implementation and management focus on the area. The dissemination of policies, standards and tools will continue in 2012, and these efforts are expected to generate strong results for Hartmann's CSR work both in the short and the long term.

ENERGY CONSUMPTION



SHAREHOLDER INFORMATION

Hartmann aims to maintain a high information and communication level in order to ensure that shareholders are regularly updated on the company's performance and in order to strengthen the equity markets' interest in the company.

Share capital

Hartmann has one share class, and each share carries one vote. Accordingly, all shareholders have an equal right to submit proposals, attend, speak and vote at general meetings. The shares are negotiable instruments with no restrictions on their transferability, and they are issued to bearer.

No changes to the share capital occurred in 2011.

The company's Board of Directors has been authorised by the shareholders in the period until 26 October 2012 to allow the company to acquire up to 10% of the company's shares at the market price prevailing from time to time subject to a deviation of up to 10%.

The Hartmann share opened 2011 at a price of DKK 76.0 and closed the year at DKK 101.0, equalling an increase of 33%. The average daily trading in the shares of Hartmann on NASDAQ OMX Copenhagen came to DKK 1.2 million in 2011, against DKK 0.7 million in 2010.

Hartmann has a market making agreement with Danske Bank A/S, which ensures that bid and ask prices are continually quoted for the Hartmann share.

Ownership

At the end of 2011, Hartmann had just over 2,000 registered shareholders, representing 6.2 million shares in aggregate, or 88% of Hartmann's share capital. At 31 December 2011, 66% of Hartmann's registered shares were held by the company's three largest shareholders.

The following shareholders have notified Hartmann that they hold 5% or more of the share capital:

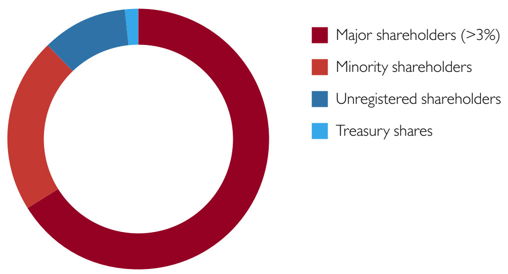
- Thornico A/S and related parties, Copenhagen, Denmark (33.4%)
- LD Equity I K/S, Copenhagen, Denmark (20.6%)
- B.H.F. Invest A/S (the Brødrene Hartmann Foundation), Gentofte, Denmark (12.2%)

At 31 December 2011, the company's ten largest registered shareholders held an aggregate of 73.8% of the share capital.

At 31 December 2011, Hartmann's holding of treasury shares represented 1.4% of the share capital.

At 31 December 2011, the members of the Board of Directors and the Executive Board of Hartmann held 0.3% of the share capital. The

SHAREHOLDER DISTRIBUTION IN %



DATA – THE HARTMANN SHARE

Exchange	NASDAQ OMX Copenhagen A/S
Index	SmallCap
ISIN	DK0010256197
Symbol	HART
Nominal share capital	DKK 140,301,800
Denomination	DKK 20
No. of shares	7,015,090
Bloomberg code	HART:DC

members of the Board of Directors and the Executive Board are registered on Hartmann's insider list. In accordance with Hartmann's internal rules, they are only entitled to trade in Hartmann shares during a four-week period following the release of profit announcements or other similar financial announcements. Share transactions are subject to a reporting duty.

In July 2011, Thornico A/S and related parties reached a shareholding of 28,95% by acquiring shareholdings from the former major shareholders ATP and EDJ-Gruppen. On 22 November 2011, Lactosan-Sanovo Holding A/S (a company of the Thornico Group) submitted a voluntary public offer of DKK 95.0 per share to the shareholders of Brødrene Hartmann A/S, and on 23 December 2011, Lactosan-Sanovo Holding A/S announced that valid acceptances had been received in respect of an aggregate of 0.04% of the total share capital, bringing its total shareholding to 33.37%.

Based on the voluntary public offer by Lactosan-Sanovo Holding A/S, the Board of Directors of Hartmann initiated a process for the purpose of examining which future solution would be best for Hartmann and all of Hartmann's stakeholders and giving interested parties an opportunity to indicate their potential interest in the company. In that connection, Hartmann received specific indications of interest on terms which were more attractive to Hartmann and Hartmann's shareholders than the offer by Lactosan-Sanovo Holding A/S. However, on 10 February 2012, Hartmann announced that the parties who had originally indicated an interest in Hartmann had informed the company that an alternative public offer should not be expected at the time in question.

The costs of advisory services related to the voluntary public offer totalled DKK 1.5 million in 2011.

Dividend

The Board of Directors takes the general view that excess capital should be distributed by means of dividends or share buy-backs in order to generally maintain Hartmann's equity ratio at a maximum of 45%. However, the level of dividend declared will always take into account Hartmann's growth plans and liquidity requirements. At the annual general meeting to be held on 11 April 2012, the Board of Directors will propose that dividends of DKK 9.25 per share be distributed for 2011, corresponding to DKK 64 million, or 85% of the profit for the year.

Analyst coverage

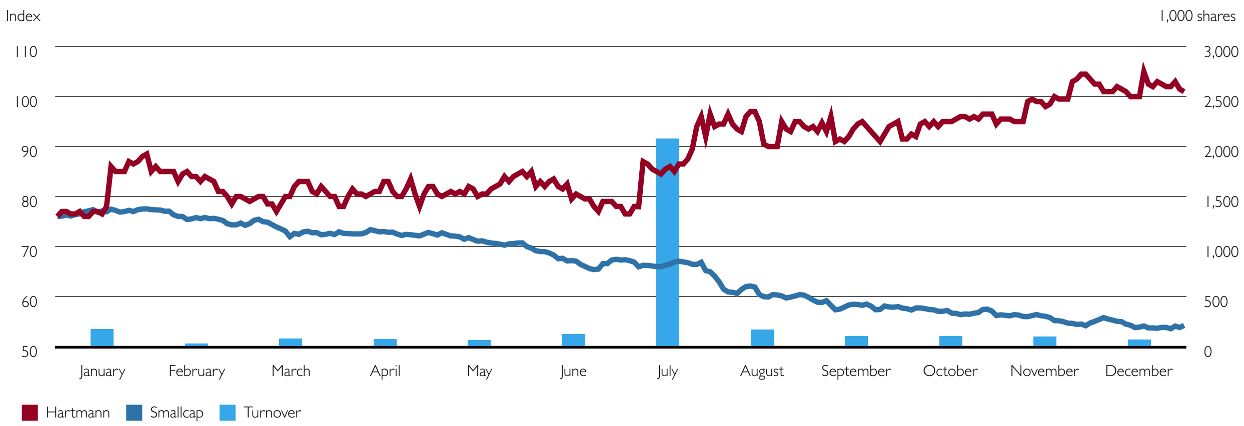
The Hartmann share is covered by:

- Danske Equities
- SEB Enskilda

Investor relations

Hartmann aims to provide investors and analysts with the best possible insight into matters deemed relevant in ensuring an effective and fair pricing of the Hartmann share. The Executive Board and Investor Relations handle the contact to analysts and investors, taking into consideration regulatory requirements and based on Hartmann's corporate governance standards.

SHARE PRICE PERFORMANCE 2011



COMPANY ANNOUNCEMENTS 2011

17 March 2011	Revised financial calendar for 2011
17 March 2011	Annual Report 2010: A stronger Hartmann
29 March 2011	Notice convening the annual general meeting
31 March 2011	Notification of trading in shares in Brødrene Hartmann A/S
26 April 2011	Course of annual general meeting
25 May 2011	Interim report for Q1 2011
13 July 2011	Major shareholder announcement – EDJ-Gruppen
13 July 2011	Major shareholder announcement – Thornico A/S and Thor Stadil
13 July 2011	Major shareholder announcement – Thornico A/S and Thor Stadil hold 28.95% of the share capital
13 July 2011	Major shareholder announcement – ATP
25 August 2011	Interim report for H1 2011
8 September 2011	Notification of trading in shares in Brødrene Hartmann A/S
10 November 2011	Brødrene Hartmann A/S: Lactosan-Sanovo Holding A/S has resolved to submit a voluntary public offer to the shareholders of Brødrene Hartmann A/S within four weeks at an offer price of DKK 95 per share
22 November 2011	Brødrene Hartmann A/S: Submission of voluntary public offer to the shareholders of Brødrene Hartmann A/S at DKK 95 per share
24 November 2011	Brødrene Hartmann A/S: Interim report 9M 2011
24 November 2011	Brødrene Hartmann A/S: Statement by the Board of Directors of Brødrene Hartmann A/S in respect of the voluntary public offer submitted by Lactosan-Sanovo Holding A/S
16 December 2011	Brødrene Hartmann A/S: Update to the shareholders in relation to public offer
23 December 2011	Brødrene Hartmann A/S: Result of voluntary public offer by Lactosan-Sanovo Holding A/S
23 December 2011	Brødrene Hartmann A/S: Major shareholder announcement

FINANCIAL CALENDAR 2012

8 March 2012	Annual report 2011
11 April 2012	Annual general meeting
15 May 2012	Interim report Q1 2012
22 August 2012	Interim report H1 2012
14 November 2012	Interim report Q3 2012

Hartmann's investor relations policy is available at www.investor.hartmann-packaging.com.

Subscribe to Hartmann news

All interested parties can subscribe to Hartmann's free news service and receive financial reports and company announcements by e-mail or RSS feed at the same time as they are made to the market. Visit www.investor.hartmann-packaging.com to subscribe.

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CORPORATE GOVERNANCE

MANAGEMENT STRUCTURE

Shareholders

Shareholders can exercise their rights at the general meeting, which is the company's supreme governing body. All shareholders are entitled to attend and vote at general meetings, in person or by proxy. Generally, resolutions passed at general meetings are passed by a simple majority of votes. However, resolutions to amend the company's articles of association and certain other resolutions require the support of two-thirds of both the votes cast and of the voting stock represented at the general meeting.

Board of Directors

Hartmann's Board of Directors is responsible for the overall management of the company and resolves matters relating to Hartmann's overall strategic development, budgets, risk factors, acquisitions and divestments and major development and investment projects. Furthermore, the Board of Directors supervises the Executive Board.

The Board of Directors consists of seven members, five of whom are elected by the shareholders and two by the employees. Board members elected by the shareholders are elected for terms of one year. They are eligible for re-election and must resign from the Board of Directors not later than at the first annual general meeting held after their 70th birthday. Board members elected by the employees are elected for terms of four years in accordance with the rules of the Danish Companies Act.

Board members are nominated for election at the general meeting on the basis of an overall assessment of individual competencies and their contribution to ensuring an appropriate composition of the shared competencies and profile of the Board of Directors. Priority is given to ensuring that the Board of Directors possesses skills in the areas of international management, the processing industry and packaging business, business-to-business sales and marketing, international production and supply chain management as well as finance and law. In connection with the nomination of new candidates to be elected to the Board of Directors at a general meeting, a presentation is submitted of the candidates' competencies and other directorships and managerial positions as well as of the criteria applied by the Board of Directors in the nomination.

Board work is governed by rules of procedure, which have been prepared in accordance with the provisions of the Danish Companies Act and are subject to annual review. In 2011, the Board of Directors held eight meetings with three instances of non-attendance by a member. The work relating to the new strategy for 2011-2015 and the assessment and the statement of the board's opinion on the public offer submitted to Hartmann's shareholders by Lactosan-Sanovo Holding A/S were among the key tasks of the past financial year. The chairman of the Board of Directors performed the self-evaluation of the board for 2011. The evaluation was performed through an internal process, and it did not give rise to any changes to the board's work or the composition of the board.

The members of the Executive Board participate in board meetings with a view to ensuring that the Board of Directors is kept well informed about the company's operations. The members of the Executive Board may speak but not vote at the board meeting, and they are not present when matters reserved for the Board of Directors are considered.

Executive Board

The Executive Board of Hartmann is appointed by the Board of Directors and is responsible for the company's day-to-day management, including the development of the company's operations, results of operation and internal development. The Executive Board is responsible for implementing Hartmann's strategy and the overall resolutions approved by the Board of Directors.

Remuneration of members of the Board of Directors and the Executive Board

Hartmann seeks to ensure that the remuneration of the Board of Directors and the Executive Board is at a competitive and reasonable level compared with companies of the same size and with the same complexity as that of Hartmann with a view to ensuring that Hartmann is able to attract and retain competent executives.

The members of the company's Board of Directors receive a fixed fee, the amount of which is subject to shareholder approval. The members of the Board of Directors are not eligible for any incentive-based remuneration.

The remuneration and employment terms of the members of the Executive Board are determined by the Board of Directors, which also evaluates the work of the Executive Board. The members of the Executive Board receive a fixed annual salary and a performance-related cash bonus.

"Compliance with the Global Compact and Hartmann's own corporate governance and conduct principles contributes to ensuring diversity in all parts of the business"

Hartmann's remuneration policy is available at www.hartmann-packaging.com, and the remuneration paid for 2011 is specified in note 9 to the financial statements.

Changes in 2011

In April 2011, the shareholders elected Jørn Mørkeberg Nielsen as a new member of the Board of Directors, bringing the number of board members from six to seven members.

In November 2011, Claus Frees Sørensen informed the company of his decision to resign as CFO and member of the Executive Board. On 27 February 2012, Hartmann announced that Marianne Rørslev Bock had been appointed CFO and member of the Executive Board as of 18 April 2012.

In 2011, it was further resolved to establish an audit committee as of 1 January 2012. The duties of the audit committee primarily comprise risk management, preparation of financial statements, financial reporting and internal controls. The audit committee consists of Walther Vishof Paulsen (chairman) and Jørn Mørkeberg Nielsen. The committee meets at least four times a year and reports to the Board of Directors on a regular basis. The charter of the committee is available at the company's website.

See "Board of Directors and Executive Board" for additional information about Hartmann's management.

CORPORATE GOVERNANCE AT HARTMANN

The Board of Directors regularly considers the corporate governance recommendations of NASDAQ OMX Copenhagen A/S, which were most recently revised by the Committee on Corporate Governance in August 2011 and implemented in the Rules for issuers of shares of NASDAQ OMX Copenhagen A/S in October 2011. The recommendations are publicly available at www.corporategovernance.dk. Hartmann complies with the vast majority of the recommendations, but in 2011 the company deviated from the recommendations in the following areas:

- The Board of Directors has not defined any specific objectives for ensuring diversity at management levels, including equal opportunities for both genders. The Board of Directors has discussed the company's activities in the area and has assessed that Hartmann offers equal opportunities for employees regardless of gender, nationality, etc. Hartmann has endorsed the UN Global Compact, and compliance with the Global Compact and Hartmann's own corporate governance and conduct principles contributes to ensuring diversity in all parts of the business.

- In 2011, Hartmann's Board of Directors had not established an audit committee. The tasks of the audit committee were instead undertaken by the Board of Directors in unison. In 2011, it was resolved to establish an audit committee as of 1 January 2012.

- Hartmann's Board of Directors has not set up nomination or remuneration committees. Board duties relating to nomination and remuneration are undertaken by the chairman and the vice chairman, who submit their proposals to the entire Board of Directors.

Hartmann's business operations are furthermore based on the Danish Companies Act, the Danish Financial Statements Act, IFRS, the Danish Securities Trading Act, Hartmann's articles of association and best practices for businesses of the same size and with the same international scope as Hartmann.

A full and detailed description of Hartmann's corporate governance is available at www.corporategovernance2011.hartmannpackaging.com.

INTERNAL CONTROL AND RISK MANAGEMENT

In connection with its financial reporting process, Hartmann has set up a number of internal controls to ensure that the financial reporting gives a true and fair view free from material misstatement. The internal control and risk management systems also ensure that the financial reporting is in compliance with applicable laws and standards.

The Board of Directors regularly considers whether there is a need to establish an internal audit function. Due to Hartmann's limited size and the complexity of its accounting and auditing, these tasks are undertaken by the central finance function and the individual subsidiaries.

Hartmann continually enhances its control and risk management systems, which serve to reduce the risk of errors or irregularities not being detected and corrected in due time. These systems may be divided into:

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring

Control environment

The Board of Directors assesses at regular intervals Hartmann's overall organisational structure and organisation and the staffing of the functions that are important to internal controls and risk management.

The overall operational responsibility for risk management and internal controls relating to the financial reporting rests with the Executive Board. In collaboration with the local management of the individual companies, the Executive Board assesses whether the group has an appropriate and effective control environment. The Executive Board reports regularly to the Board of Directors on the development of Hartmann's operations, the company's financial performance and risk position.

Hartmann's central finance function is responsible for the risk management and internal controls relating to the financial reporting. The finance function prepares group policies and instructions in the accounting area and ensures that the company has procedures in place for the preparation of financial statements, including an assessment of new accounting regulation and the presentation of the financial reporting to the stakeholders of Hartmann.

The financial reporting process is subject to systematic assessment on an ongoing basis in collaboration with the audit committee. The tasks and focus areas of the audit committee are updated every year in the form of an annual plan. According to the annual plan, the tasks of the audit committee include monitoring the financial reporting process in connection with the publication of annual and interim reports, including a review of accounting policies and significant accounting estimates and judgments.

Risk assessment

The Board of Directors regularly assesses the most significant risks to which Hartmann is exposed. The assessment is based on regular reporting by the Executive Board and reporting in connection with significant external or internal events. The assessment also comprises a formal assessment of the risks relating to all important resolutions, for example in relation to major investments etc.

The Board of Directors regularly assesses risks that directly or indirectly affect the financial reporting, including risks relating to IT, fraud or irregularities.

Control activities

Compliance with the rules on internal control and risk management is controlled locally and as part of the controlling of companies and activities. Hartmann's control activities are intended to ensure that its rules and procedures are complied with, that errors, irregularities or flaws are reduced to the extent possible and that rules and procedures are developed.

The auditors appointed by the shareholders report any material weaknesses of the internal control and risk management systems to the Board of Directors or, in the event of less severe matters, to the Executive Board. The Board of Directors and the Executive Board are responsible for addressing such weaknesses.

Information and communication

Hartmann's financial reporting procedures are set out in reporting instructions, which are updated as and when needed. The instructions are intended to ensure that Hartmann complies with its disclosure requirements in accordance with laws, executive orders and other regulations. Hartmann endeavours to maintain a high information and communication level in order to ensure a high level of quality in its regular reporting, which forms the basis of the company's preparation of financial statements and financial control.

Monitoring

Hartmann monitors and collects financial reporting data through an integrated finance and information system, which provides the finance function with a high degree of transparency in relation to the individual business units. This enables the finance function to analyse the reported data for errors or irregularities and to detect any weaknesses in the internal controls, as well as any non-compliance with the company's procedures, policies, etc.

The Executive Board and the Board of Directors receive monthly reports.

BOARD OF DIRECTORS AND EXECUTIVE BOARD

BOARD OF DIRECTORS

Agnete Raaschou-Nielsen (1957)
Joined the Board of Directors in 2010
Chairman since 2010

Executive Vice President, COO of Aalborg Portland A/S until 2011. Former Managing Director of Zacco Denmark A/S, General Manager of Coca-Cola Tapperierne A/S and Group Vice President of Carlsberg A/S. Now only engages in board work and similar work.

Special expertise in the international processing industry, production, sales, management and treasury.

Directorships and other managerial positions:
Chairman: The pension fund Juristernes og Økonomernes Pensionskasse
Vice Chairman: The investment fund Investeringsforeningen Danske Invest
Board member: Arkil Holding A/S, Dalhoff Larsen & Horneman A/S, Danske Invest Management A/S and Novozymes A/S.

No. of shares held: 2,000

Walther Vishof Paulsen (1949)
Joined the Board of Directors in 2005
Vice Chairman since 2005.
Chairman of the audit committee

CFO and member of the Executive Board of Carlsberg A/S until 2000. Now only engages in board work and similar work.

Special expertise in general management, treasury and finance.

Directorships and other managerial positions:
Chairman: Hotel Koldingfjord A/S.
Board member: Arkil A/S, Arkil Holding A/S, Det Obelske Familiefond, Gerda og Victor B. Strands Fond (Toms Gruppens Fond), Investeringsforeningen Danske Invest and Sanistål A/S.

No. of shares held: 1,255

Niels Hermansen (1953)
Joined the Board of Directors in 2006

CEO of Stjerneskansen Holding ApS. Managing Director of packaging company Neoplex/Mondi Packaging Nyborg A/S until 2005 and, before that, Managing Director of Fritz Hansen A/S. Now only engages in board work and similar work.

Special expertise in general business management in the processing and packaging industries.

Directorships and other managerial positions:
Chairman: Creative Organisations A/S, Fredericia Furniture A/S, R. Færch Plast A/S, Royal Copenhagen A/S and Signal Clothing A/S.
Vice Chairman: VIKAN A/S and Vissingfonden.
Board member: Færch Holding ApS.

No. of shares held: 0

Jørn Mørkeberg Nielsen (1961)
Joined the Board of Directors in 2011
Member of the audit committee

President & CEO of Sonion A/S, Xilco A/S and Xilco Holding A/S.

Special expertise in international management, innovation management, business-to-business sales and marketing, production optimisation and financial management.

Directorships and other managerial positions:
Chairman: Five subsidiaries of Sonion A/S.

No. of shares held: 2,700

BOARD OF DIRECTORS, cont'd

Peter-Ulrik Plesner* (1946)
Joined the Board of Directors in 1982

Attorney-at-law since 1974 and Partner of PLESNER law firm from 1978.

Special expertise within law and general business management.

Directorships and other managerial positions:
Chairman: The Brødrene Hartmann Foundation, B.H.F. Invest A/S, EVA SOLO A/S, Johan Mangor A/S, Piet Hein A/S and Triumph International Textil A/S.
Board member: The Ida Løfberg Foundation.
Chairman of the Association for the Protection of Industrial Rights and member of several law associations in Denmark and abroad.

No. of shares held: 570

Jan Peter Antonisen (1965)**
Joined the Board of Directors in 2008

Team Leader Substitute at Brødrene Hartmann A/S in Tønder, Denmark, since 1993.

No. of shares held: 0

Niels Christian Petersen (1954)**
Joined the Board of Directors in 2010

Service Operator at Brødrene Hartmann A/S in Tønder, Denmark, since 1988.

No. of shares held: 72

EXECUTIVE BOARD

Michael Rohde Pedersen (1957)
CEO of Brødrene Hartmann A/S since 2010. International experience from companies including A.P. Møller and IBM as well as from businesses engaged in the processing industry; Georgia-Pacific, a US-based company with activities within building products and paper, and SCA Hygiene Products.

No. of shares held: 2,000

Claus Frees Sørensen (1959)***
CFO of Brødrene Hartmann A/S since 2010. Extensive international management experience from several industrial companies and extensive expertise in IT and finance. Former CFO of Fritz Hansen A/S and other positions. State-authorised public accountant.

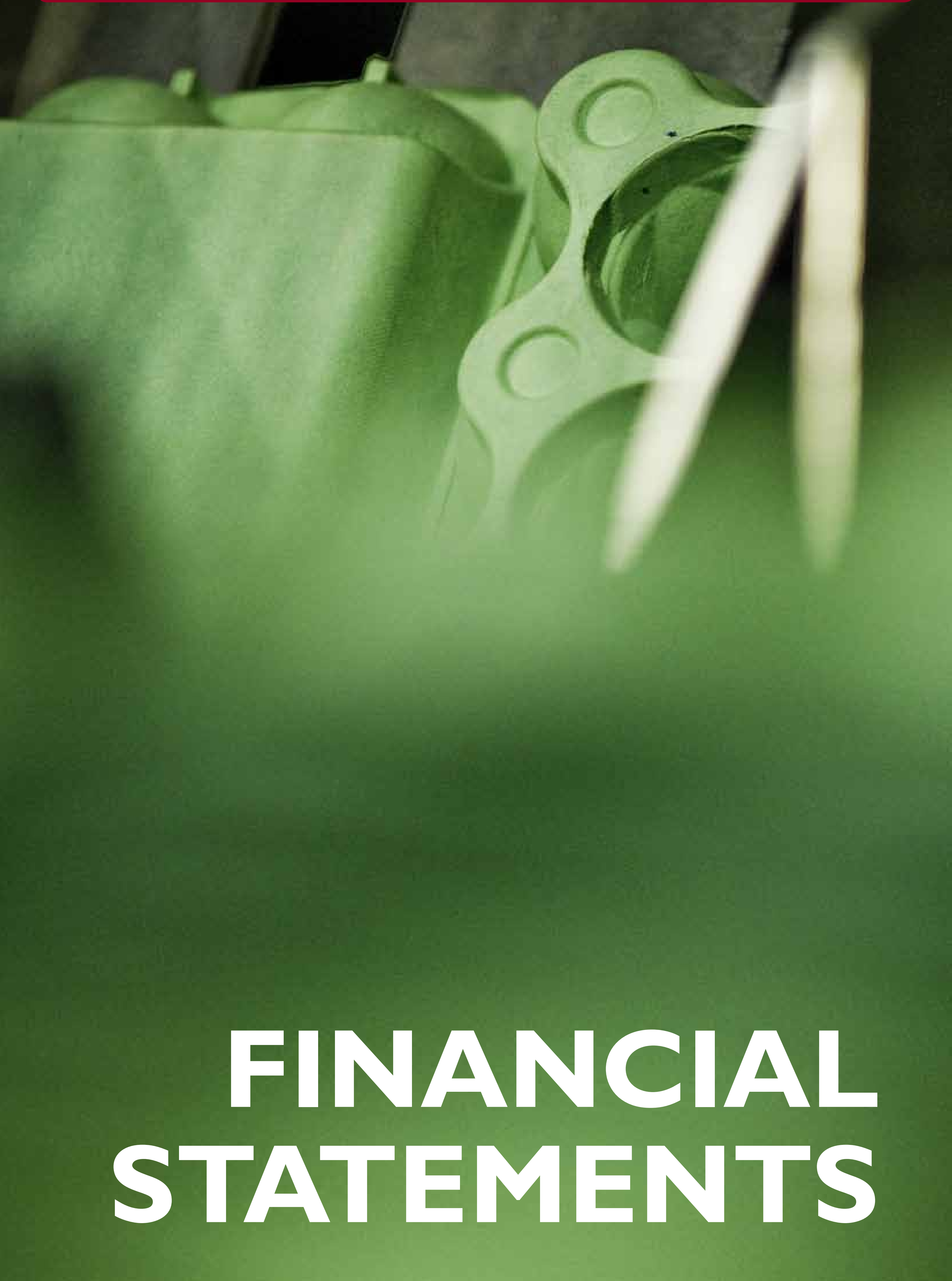
Directorships and other managerial positions:
Board member: I/S Niels Bohrs Vej 2, K/S Kingswood, K/S Walthamstow and Slagteren ved Kultorvet A/S.

No. of shares held: 10,000

* Because of his role as a professional adviser to the company and his seat on the Board of Directors for more than 12 years, Peter-Ulrik Plesner is not an independent board member according to the corporate governance recommendations of NASDAQ OMX Copenhagen A/S.

** Board member elected by the employees.

*** Claus Frees Sørensen will leave the company as of 31 May 2012 at the latest.



FINANCIAL STATEMENTS

Consolidated and parent company financial statements

STATEMENT OF COMPREHENSIVE INCOME

DKKm

		Group		Parent company	
Note		2011	2010	2011	2010
5	Revenue	1,488.1	1,482.7	1,138.8	545.6
6, 9	Production costs	(1,063.0)	(1,090.9)	(895.4)	(472.3)
	Gross profit/(loss)	**425.1**	**391.8**	**243.4**	**73.3**
7, 9	Selling and distribution costs	(246.5)	(231.0)	(157.6)	(61.4)
8, 9	Administrative expenses	(57.7)	(80.9)	(48.9)	(61.4)
10	Other operating income	2.6	2.0	2.2	2.1
10	Other operating expenses	0.0	(8.7)	0.0	(6.5)
	Operating profit/(loss) before special items	**123.5**	**73.2**	**39.1**	**(53.9)**
	Special items	0.0	0.0	0.0	0.0
	Operating profit/(loss)	**123.5**	**73.2**	**39.1**	**(53.9)**
19	Profit/(loss) after tax in associates	0.0	0.2	-	-
11	Financial income	7.7	9.3	181.1	93.0
11	Financial expenses	(23.2)	(20.5)	(39.6)	(32.0)
	Profit/(loss) before tax	**108.0**	**62.2**	**180.6**	**7.1**
12	Tax on profit/(loss) for the year	(31.7)	(12.3)	(5.8)	18.6
	Profit/(loss) for the year	**76.3**	**49.9**	**174.8**	**25.7**
25	Pension obligations	(12.4)	2.2	0.0	0.0
	Hedging of net assets	(0.1)	(11.4)	-	-
	Foreign exchange adjustment of:				
	Foreign subsidiaries	(31.6)	13.0	-	-
	Equity-like loans to subsidiaries	(1.0)	8.8	-	-
	Value adjustment of hedging instruments:				
	Recognised in equity	(9.3)	(0.2)	(5.0)	(3.9)
	Transferred to revenue	1.8	(15.3)	0.2	3.5
	Transferred to production costs	(3.8)	0.0	(3.8)	0.0
	Transferred to financial income and expenses	0.2	1.5	0.2	1.5
12	Tax on other comprehensive income	6.3	4.1	2.1	(0.3)
	Other comprehensive income	**(49.9)**	**2.7**	**(6.3)**	**0.8**
	Comprehensive income	**26.4**	**52.6**	**168.5**	**26.5**
13	Earnings per share, DKK	11.0	7.2	-	-
13	Earnings per share, DKK, diluted	11.0	7.2	-	-

STATEMENT OF CASH FLOWS

DKKm

Note		Group 2011	Group 2010	Parent company 2011	Parent company 2010
	Operating profit/(loss) before special items	123.5	73.2	39.1	(53.9)
	Depreciation and amortisation	83.7	94.3	31.0	39.7
14	Adjustment for other non-cash items	(0.6)	8.2	(0.1)	5.9
14	Change in working capital	(15.4)	15.9	(53.9)	(4.0)
	Restructuring costs etc. paid	(2.4)	0.0	0.0	0.0
	Cash flows generated from operations	**188.8**	**191.6**	**16.1**	**(12.3)**
	Interest etc. received	1.5	2.0	3.9	1.7
	Interest etc. paid	(17.3)	(19.8)	(17.2)	(14.7)
	Net income tax paid	(18.0)	(29.9)	(1.0)	(1.4)
	Cash flows from operating activities	**155.0**	**143.9**	**1.8**	**(26.7)**
	Disposals of intangible assets	0.0	0.0	0.0	0.0
	Disposals of property, plant and equipment	0.7	0.7	0.5	9.3
	Acquisitions of intangible assets	0.0	(1.2)	0.0	(1.2)
	Acquisitions of property, plant and equipment	(40.8)	(58.7)	(5.9)	(15.4)
	Dividend received from associates	2.1	0.2	2.1	0.2
	Dividend received from subsidiaries	-	-	173.1	87.4
	Government grants received	3.0	4.3	0.0	0.0
	Capital injections in subsidiaries	-	-	0.0	(0.1)
	Cash flows from investing activities	**(35.0)**	**(54.7)**	**169.8**	**80.2**
	Cash flows from operating and investing activities	**120.0**	**89.2**	**171.6**	**53.5**
	Raising of non-current debt	120.4	0.0	120.4	0.0
	Repayment of non-current debt	(212.8)	(21.3)	(212.8)	(20.0)
	Change in non-current receivables from subsidiaries	-	-	(24.1)	16.0
	Dividend paid	(15.6)	(10.4)	(15.6)	(10.4)
	Cash flows from financing activities	**(108.0)**	**(31.7)**	**(132.1)**	**(14.4)**
	Cash flows for the year	**12.0**	**57.5**	**39.5**	**39.1**
	Cash and cash equivalents and bank debt at 1 January	6.1	(39.1)	(62.9)	(89.6)
	Foreign exchange adjustment	(4.3)	(12.3)	(3.0)	(12.4)
	Cash and cash equivalents and bank debt at 31 December	**13.8**	**6.1**	**(26.4)**	**(62.9)**
	Recognition of cash and cash equivalents and bank debt at 31 December:				
	Cash and cash equivalents	40.3	69.1	0.1	0.1
	Credit institutions (current liabilities)	(26.5)	(63.0)	(26.5)	(63.0)
		13.8	**6.1**	**(26.4)**	**(62.9)**

The statement of cash flows cannot be derived solely from the published financial information.

BALANCE SHEET
ASSETS

DKKm

Note		Group 2011	Group 2010	Parent company 2011	Parent company 2010
	Goodwill	10.7	10.7	10.7	10.7
	Other intangible assets	6.3	8.8	6.3	8.8
15	**Intangible assets**	**17.0**	**19.5**	**17.0**	**19.5**
	Land and buildings	162.5	171.4	28.5	31.4
	Technical plant and machinery	348.3	405.7	110.6	128.6
	Other fixtures and fittings, tools and equipment	7.5	10.3	2.9	4.6
	Technical plant under construction	14.1	13.4	0.7	1.9
16	**Property, plant and equipment**	**532.4**	**600.8**	**142.7**	**166.5**
17	Investments in subsidiaries	-	-	320.0	337.3
18	Receivables from subsidiaries	-	-	104.8	81.7
19	Investments in associates	1.7	3.8	0.3	0.3
20	Other receivables	13.9	8.8	0.0	0.0
21	Deferred tax	91.2	95.6	50.2	52.8
	Other non-current assets	**106.8**	**108.2**	**475.3**	**472.1**
	Non-current assets	**656.2**	**728.5**	**635.0**	**658.1**
22	Inventories	119.0	108.8	50.1	41.5
23	Trade receivables	241.7	266.8	189.6	65.7
	Receivables from subsidiaries	-	-	29.3	76.4
	Income tax receivable	7.7	6.5	0.0	0.0
	Other receivables	34.5	39.9	12.8	20.0
	Prepayments	8.3	5.3	4.3	1.9
	Cash and cash equivalents	40.3	69.1	0.1	0.1
	Current assets	**451.5**	**496.4**	**286.2**	**205.6**
	Assets	**1,107.7**	**1,224.9**	**921.2**	**863.7**

BALANCE SHEET
EQUITY AND LIABILITIES

DKKm

		Group		Parent company	
Note		2011	2010	2011	2010
24	Share capital	140.3	140.3	140.3	140.3
	Hedging reserve	(8.1)	0.2	(6.6)	(0.3)
	Translation reserve	(54.6)	(22.3)	-	-
	Proposed dividend	64.0	15.6	64.0	15.6
	Retained earnings	418.6	415.6	187.5	76.7
	Equity	**560.2**	**549.4**	**385.2**	**232.3**
21	Deferred tax	17.5	14.1	0.0	0.0
25	Pension obligations	36.0	25.1	0.0	0.0
	Credit institutions	184.9	118.3	184.9	118.3
26	Government grants	24.7	21.5	4.8	5.6
	Other payables	3.2	0.0	3.2	0.0
	Non-current liabilities	**266.3**	**179.0**	**192.9**	**123.9**
	Credit institutions	0.0	159.5	0.0	159.5
26	Government grants	3.0	2.4	0.8	0.8
	Overdraft facilities	26.5	63.0	26.5	63.0
	Prepayments from customers	24.4	5.0	24.1	4.7
	Trade payables	118.6	127.7	68.6	67.5
	Payables to subsidiaries	-	-	166.1	142.0
	Payables to associates	3.7	3.2	0.8	3.2
	Income tax	0.5	0.8	0.1	0.1
27	Provisions	1.6	1.1	1.6	1.3
28	Other payables	102.9	133.8	54.5	65.4
	Current liabilities	**281.2**	**496.5**	**343.1**	**507.5**
	Liabilities	**547.5**	**675.5**	**536.0**	**631.4**
	Equity and liabilities	**1,107.7**	**1,224.9**	**921.2**	**863.7**

STATEMENT OF CHANGES IN EQUITY

DKKm

Group	Share capital	Hedging reserve	Translation reserve	Dividend proposed	Retained earnings	Total equity
Equity at 1 January 2011	**140.3**	**0.2**	**(22.3)**	**15.6**	**415.6**	**549.4**
Profit/(loss) for the year	-	-	-	64.0	12.3	76.3
Other comprehensive income						
Pension obligations	-	-	-	-	(12.4)	(12.4)
Hedging of net assets	-	-	(0.1)	-	-	(0.1)
Foreign exchange adjustment of:						
Foreign subsidiaries	-	-	(31.6)	-	-	(31.6)
Equity-like loans to subsidiaries	-	-	(1.0)	-	-	(1.0)
Value adjustment of hedging instruments:						
Recognised in equity	-	(9.3)	-	-	-	(9.3)
Transferred to revenue	-	1.8	-	-	-	1.8
Transferred to production costs	-	(3.8)	-	-	-	(3.8)
Transferred to financial income and expenses	-	0.2	-	-	-	0.2
Tax on other comprehensive income	-	2.8	0.4	-	3.1	6.3
Total comprehensive income	**0.0**	**(8.3)**	**(32.3)**	**64.0**	**3.0**	**26.4**
Transactions with owners						
Dividend paid	-	-	-	(15.6)	-	(15.6)
Changes in equity in 2011	0.0	(8.3)	(32.3)	48.4	3.0	10.8
Equity at 31 December 2011	**140.3**	**(8.1)**	**(54.6)**	**64.0**	**418.6**	**560.2**

Group	Share capital	Hedging reserve	Translation reserve	Dividend proposed	Retained earnings	Total equity
Equity at 1 January 2010	**140.3**	**10.2**	**(33.3)**	**10.5**	**379.8**	**507.5**
Profit/(loss) for the year	-	-	-	15.6	34.3	49.9
Other comprehensive income						
Pension obligations	-	-	-	-	2.2	2.2
Hedging of net assets	-	-	(11.4)	-	-	(11.4)
Foreign exchange adjustment of:						
Foreign subsidiaries	-	-	13.0	-	-	13.0
Equity-like loans to subsidiaries	-	-	8.8	-	-	8.8
Value adjustment of hedging instruments:						
Recognised in equity	-	(0.2)	-	-	-	(0.2)
Transferred to revenue	-	(15.3)	-	-	-	(15.3)
Transferred to financial income and expenses	-	1.5	-	-	-	1.5
Tax on other comprehensive income	-	4.0	0.6	-	(0.5)	4.1
Total comprehensive income	**0.0**	**(10.0)**	**11.0**	**15.6**	**36.0**	**52.6**
Transactions with owners						
Dividend paid	-	-	-	(10.5)	0.1	(10.4)
Share options	-	-	-	-	(0.3)	(0.3)
Changes in equity in 2010	0.0	(10.0)	11.0	5.1	35.8	41.9
Equity at 31 December 2010	**140.3**	**0.2**	**(22.3)**	**15.6**	**415.6**	**549.4**

STATEMENT OF CHANGES IN EQUITY

DKKm

Parent company	Share capital	Hedging reserve	Dividend proposed	Retained earnings	Total equity
Equity at 1 January 2011	**140.3**	**(0.3)**	**15.6**	**76.7**	**232.3**
Profit/(loss) for the year	-	-	64.0	110.8	174.8
Other comprehensive income					
Value adjustment of hedging instruments:					
Recognised in equity	-	(5.0)	-	-	(5.0)
Transferred to revenue	-	0.2	-	-	0.2
Transferred to production costs	-	(3.8)	-	-	(3.8)
Transferred to financial income and expenses	-	0.2	-	-	0.2
Tax on other comprehensive income	-	2.1	-	-	2.1
Total comprehensive income	**0.0**	**(6.3)**	**64.0**	**110.8**	**168.5**
Transactions with owners					
Dividend paid	-	-	(15.6)	-	(15.6)
Changes in equity in 2011	0.0	(6.3)	48.4	110.8	152.9
Equity at 31 December 2011	**140.3**	**(6.6)**	**64.0**	**187.5**	**385.2**

Equity at 1 January 2010	**140.3**	**(1.1)**	**10.5**	**66.8**	**216.5**
Profit/(loss) for the year	-	-	15.6	10.1	25.7
Other comprehensive income					
Value adjustment of hedging instruments:					
Recognised in equity	-	(3.9)	-	-	(3.9)
Transferred to revenue	-	3.5	-	-	3.5
Transferred to financial income and expenses	-	1.5	-	-	1.5
Tax on other comprehensive income	-	(0.3)	-	-	(0.3)
Total comprehensive income	**0.0**	**0.8**	**15.6**	**10.1**	**26.5**
Transactions with owners					
Dividend paid	-	-	(10.5)	0.1	(10.4)
Share options	-	-	-	(0.3)	(0.3)
Changes in equity in 2010	0.0	0.8	5.1	9.9	15.8
Equity at 31 December 2010	**140.3**	**(0.3)**	**15.6**	**76.7**	**232.3**

NOTES

NOTES

01 BASIS OF PREPARATION

The financial statements for the year ended 31 December 2011 of the group and Brødrene Hartmann A/S, respectively, have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of listed companies, cf. the Danish Statutory Order on Adoption of IFRS issued in pursuance of the Danish Financial Statements Act.

The consolidated financial statements and the parent company financial statements also comply with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The consolidated financial statements and the parent company financial statements are presented in Danish kroner (DKK), which is the presentation currency used for the group's operations and the functional currency of the parent company.

The consolidated financial statements and the parent company financial statements are prepared on the basis of the historical cost convention, with the exception of financial instruments, which are measured at fair value.

The accounting policies, which are described in note 37 to the financial statements, have been consistently applied for the financial year and for the comparative figures.

02 ACCOUNTING REGULATIONS

New financial reporting standards and interpretations in 2011
Hartmann has implemented all new and revised financial reporting standards and interpretations adopted by the EU that are effective for financial years beginning on or after 1 January 2011. Hartmann assesses that the new and revised standards and interpretations that are effective for financial years beginning on or after 1 January 2011 are either not relevant to the group or the parent company or not of significant importance, except for certain additions and clarifications in the statement of changes in equity and in the notes to the financial statements.

New financial reporting standards which have not yet come into force and which have not been prospectively implemented
The IASB has issued a number of financial reporting standards, amendments and interpretations with which the group and the parent company must comply for financial years beginning on or after 1 January 2012.

The financial reporting standards, amendments and interpretations which have not yet come into force are not expected to significantly affect the consolidated financial statements or the parent company in future financial years.

Change in accounting policies
A change has been made in the internal financial control and management reporting. As a result, the Other business areas segment has been discontinued, and the activities of Hartmann Technology and the combined heat and power plant and a number of costs that were previously allocated to Other business areas will in future be allocated to the Europe segment.

Comparative figures have been restated in accordance with the change in segment reporting.

The change does not affect the group's financial results, comprehensive income, cash flows, assets, liabilities or equity.

NOTES

03 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

In applying the group's and the parent company's accounting policies, management is required to make judgments, estimates and assumptions concerning the carrying amount of assets and liabilities which cannot be immediately inferred from other sources.

The judgments, estimates and assumptions made are based on historical experience and other relevant factors which management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable.

The estimates and underlying assumptions are regularly assessed. Changes to accounting estimates are recognised in the reference period in which the change occurs and in future reference periods if the change affects the period in which it is made as well as subsequent reference periods.

Significant accounting estimates, assumptions and uncertainties

The recognition and measurement of assets and liabilities often depends on future events that are somewhat uncertain. In that connection, it is necessary to make an assumption that reflects management's assessment of the most probable course of events. In respect of the consolidated financial statements and the parent company financial statements for 2011, the following assumptions and uncertainties should especially be noted, as they had a significant influence on the assets and liabilities recognised in the consolidated financial statements and the parent company financial statements and may necessitate corrections in subsequent financial years if the assumed course of events fails to materialise as expected:

Recoverable amount of goodwill

Determining any need for impairment write-down of recognised goodwill requires a calculation of the values in use of the cash-generating units to which the goodwill amounts have been allocated. The calculation of value in use requires an estimate of the expected future cash flows of each cash-generating unit and the determination of a discount rate. The carrying amount of goodwill recognised in the consolidated financial statements amounted to DKK 10.7 million at 31 December 2011 (2010: DKK 10.7 million). For a detailed description of discount rates etc. see note 15.

Recoverable amount of the activities of the North America segment

Determining any need for impairment write-down of recognised property, plant and equipment and deferred tax assets requires a calculation of the values in use of the North American activities. The calculation of value in use requires an estimate of the expected future cash flows in foreign currency and the determination of a discount rate. The carrying amount of property, plant and equipment in the North America segment was DKK 109.9 million at 31 December 2011 (2010: DKK 111.2 million).

Deferred tax

In the measurement of deferred tax assets, it is assessed whether, on the basis of budgets and operating plans, future earnings will allow the utilisation of the temporary differences between tax bases and carrying amounts or tax loss carry-forwards. The net carrying amount of deferred tax assets was DKK 73.7 million at 31 December 2011 (2010: DKK 81.5 million). For a detailed description of the utilisation period etc., see note 21.

Recoverable amount of other non-current receivables

Determining any need for impairment write-down of recognised other non-current receivables which relate to government grants not yet received depends on a number of estimates and judgments. The carrying amount of other non-current receivables was DKK 13.9 million at 31 December 2011 (2010: DKK 8.8 million). For a detailed description of the terms of the grants etc. see notes 20 and 26.

NOTES

04 SEGMENT INFORMATION

Segment information

Hartmann implemented a change to its segment reporting as at 1 January 2011. See note 2.

The reporting of business segments is in accordance with the internal reporting to the Executive Board and the Board of Directors. The Executive Board and the Board of Directors constitute the chief operating decision maker of Hartmann.

Hartmann's activities are segmented on the basis of the geographical location of the reporting units.

No operating segments have been aggregated to represent the reporting segments.

The internal management reporting complies with the group's accounting policies. Business-related decisions on resource allocation and performance evaluation for each of the segments are made on the basis of the operating profits of the individual segments before special items. Decisions relating to financing and taxation are made on the basis of information on Hartmann as a whole and are not allocated to the reporting segments. The pricing of inter-segment transactions is made on an arm's length basis.

Segment income and expenses as well as segment assets and liabilities comprise those items that in the internal management reporting are directly attributed to each individual segment and those items that are indirectly allocated to the individual segments on a reliable basis. Profits in associates, financial income and expenses, income taxes, investments in associates, tax assets and tax liabilities, and cash and cash equivalents and bank debt are not allocated to reporting segments.

The reporting segments are:

- **Europe** comprises production and sale of moulded-fibre packaging. Products are produced at factories in Europe (including Israel) and are primarily sold to egg producers, egg packing businesses and retail chains and buyers of industrial packaging. The segment also comprises the sale of machinery for production of moulded-fibre packaging and the combined heat and power plant in Tønder, Denmark.

- **North America** comprises production and sale of moulded-fibre packaging. Products are primarily produced at the North American factory and sold to egg producers, egg packing businesses and retail chains.

Other segment information

External revenue is allocated to the geographical areas based on the geographical location of the customer. Allocation of intangible assets and property, plant and equipment is based on the geographical location of the assets.

No single customer accounts for more than 10% of external revenue.

Revenue from external customers attributable to a single foreign country is immaterial.

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04 SEGMENT INFORMATION CONT'D

OPERATIONS 2011

	Europe	North America	Total reporting segments
Moulded fibre	1,164.9	215.7	1,380.6
Other revenue	107.5	0.0	107.5
Revenue	**1,272.4**	**215.7**	**1,488.1**
Operating profit/(loss) before special items	**132.8**	**20.0**	**152.8**
Other segment information			
Depreciation, amortisation and impairment	72.6	11.8	
Investments in intangible assets and property, plant and equipment	29.9	10.9	
Net working capital (NWC)	115.3	1.0	
Invested capital	543.6	110.9	
ROIC, %	23.3	16.8	
Segment assets	809.8	159.5	969.3

	Denmark	Other Europe	North America	Other world	Total group
External revenue	104.8	1,072.3	216.9	94.1	1,488.1
Intangible assets and property, plant and equipment*	159.7	272.5	107.2	10.0	549.4

* Other Europe includes intangible assets and property, plant and equipment in Hungary of DKK 161.4 million.

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04 SEGMENT INFORMATION CONT'D

OPERATIONS 2010

	Europe	North America	Total reporting segments
Moulded fibre	1,166.9	218.1	1,385.0
Other revenue	97.7	0.0	97.7
Revenue	**1,264.6**	**218.1**	**1,482.7**
Operating profit/(loss) before special items	**109.6**	**1.0**	**110.6**
Other segment information			
Depreciation, amortisation and impairment	77.3	18.0	
Investments in intangible assets and property, plant and equipment	50.5	8.2	
Net working capital (NWC)	123.4	15.4	
Invested capital	598.8	126.6	
ROIC, %	17.1	0.8	
Segment assets	851.6	161.4	1,013.0

	Denmark	Other Europe	North America	Other world	Total group
External revenue	100.1	1,067.8	219.3	95.5	1,482.7
Intangible assets and property, plant and equipment*	185.9	314.7	107.9	11.8	620.3

* Other Europe includes intangible assets and property, plant and equipment in Hungary of DKK 203.6 million.

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04 SEGMENT INFORMATION CONT'D

RECONCILIATION

	2011	2010
Revenue		
Revenue for reporting segments	1,488.1	1,482.7
Revenue, cf. the financial statements	**1,488.1**	**1,482.7**
Performance targets		
Operating profit/(loss) before special items for reporting segments	152.8	110.6
Non-allocated corporate functions	(29.9)	(38.4)
Eliminations	0.6	1.0
Operating profit/(loss) before special items, cf. the financial statements	123.5	73.2
Special items for reporting segments	0.0	0.0
Operating profit/(loss), cf. the financial statements	123.5	73.2
Profit/(loss) after tax in associates	0.0	0.2
Financial income	7.7	9.3
Financial expenses	(23.2)	(20.5)
Profit/(loss) before tax, cf. the financial statements	**108.0**	**62.2**
Assets		
Assets for reporting segments	969.3	1,013.0
Non-allocated assets	141.1	215.2
Eliminations	(2.7)	(3.3)
Assets, cf. the financial statements	**1,107.7**	**1,224.9**

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05 REVENUE

	Group		Parent company	
	2011	2010	2011	2010
Value of goods sold	1,488.1	1,453.8	1,138.8	516.4
Selling price of production for the year from construction contracts	0.0	28.3	0.0	28.5
Value of services sold	0.0	0.6	0.0	0.7
Revenue	**1,488.1**	**1,482.7**	**1,138.8**	**545.6**

06 PRODUCTION COSTS

	Group		Parent company	
	2011	2010	2011	2010
Cost of sales for the year	733.5	702.4	767.4	307.8
Staff costs included in cost of sales	(194.3)	(206.1)	(84.0)	(92.9)
Inventory write-downs for the year	0.9	2.2	0.3	2.2
Reversed inventory write-downs	0.0	0.0	0.0	0.0
Staff costs, cf. note 9	305.9	326.7	138.1	155.7
Depreciation and impairment, cf. note 16	79.4	89.5	27.1	35.3
Other production costs	137.6	176.2	46.5	64.2
Production costs	**1,063.0**	**1,090.9**	**895.4**	**472.3**

07 SELLING AND DISTRIBUTION COSTS

	Group		Parent company	
	2011	2010	2011	2010
Staff costs, cf. note 9	62.3	63.8	11.2	10.4
Depreciation and impairment, cf. note 16	0.4	0.6	0.0	0.0
Other selling and distribution costs	183.8	166.6	146.4	51.0
Selling and distribution costs	**246.5**	**231.0**	**157.6**	**61.4**

08 ADMINISTRATIVE EXPENSES

	Group		Parent company	
	2011	2010	2011	2010
Staff costs, cf. note 9	38.4	64.7	33.7	58.5
Depreciation, amortisation and impairment, cf. notes 15 and 16	3.9	4.2	3.9	4.4
Other administrative expenses	15.4	12.0	11.3	(1.5)
Administrative expenses	**57.7**	**80.9**	**48.9**	**61.4**

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09 STAFF COSTS

	Group		Parent company	
	2011	2010	2011	2010
Wages, salaries and remuneration	351.6	397.4	164.1	203.1
Pension costs, defined benefit plans	2.3	2.6	0.0	0.0
Pension contributions, defined contribution plans	31.7	33.9	14.8	16.7
Other social security costs	21.0	21.3	4.1	4.8
Staff costs	**406.6**	**455.2**	**183.0**	**224.6**
Recognition of staff costs in the financial statements:				
Production costs	305.9	326.7	138.1	155.7
Selling and distribution costs	62.3	63.8	11.2	10.4
Administrative expenses	38.4	64.7	33.7	58.5
	406.6	**455.2**	**183.0**	**224.6**
Number of employees				
Average no. of full-time employees	1,489	1,543	392	446

For information about pension obligations, see note 25.

REMUNERATION TO MEMBERS OF THE EXECUTIVE BOARD

The remuneration of members of the Executive Board is based on a fixed salary, pension, bonus and other benefits in the form of company car and phone. Bonuses are allocated on an individual basis and are performance-related.

Members of Hartmann's Executive Board are entitled to a notice of termination of 12 months on the part of Hartmann. In the event of a change of ownership of a controlling interest in the company, their notice of termination will be extended to 24 months effective from the date when the shareholding is sold. The extended notice will apply until 18 months after the transfer.

	Salary	Bonus	Pension	Other benefits	Total
2011					
Michael Rohde Pedersen	2.7	1.2	0.3	0.3	4.5
Claus Frees Sørensen	1.9	0.8	0.2	0.1	3.0
	4.6	**2.0**	**0.5**	**0.4**	**7.5**
2010					
Michael Rohde Pedersen (commenced 15 Sept. 2010)	0.9	0.0	0.1	0.1	1.1
Claus Frees Sørensen (commenced 1 Aug. 2010)	0.7	0.3	0.1	0.1	1.2
Resigned members of the Executive Board*	7.0	0.8	0.9	4.0	12.7
	8.6	**1.1**	**1.1**	**4.2**	**15.0**

* Other benefits include a payment with respect to a non-competition clause of DKK 1.0 million as well as a compensation of DKK 2.3 million in connection with resignation.

In addition to the remuneration paid to the members of the Executive Board, remuneration paid to other key employees amounted to DKK 3.3 million in 2010. As a result of a new organisational structure, key employees only comprise members of the Executive Board as from 2011.

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09 STAFF COSTS CONT'D

REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration paid to the Board of Directors is a fixed fee which is approved by the shareholders at the annual general meeting. As of 1 April 2011, ordinary member of the Board of Directors each receive an annual fee of DKK 200,000 (2010: DKK 150,000). The vice chairman receives a fee equal to the ordinary fee multiplied by two, and the chairman receives a fee equal to the ordinary fee multiplied by three.

	2011	2010
Chairman	0.6	0.4
Vice chairman	0.4	0.4
Ordinary board members	0.9	0.7
	1.9	**1.5**

SHARES HELD BY MEMBERS OF THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS

	No. of shares			
	01.01.2011	Purchased	Sold	31.12.2011
Executive Board				
Michael Rohde Pedersen	2,000	0	0	2,000
Claus Frees Sørensen	10,000	0	0	10,000
Board of Directors				
Agnete Raaschou-Nielsen	2,000	0	0	2,000
Walther V. Paulsen	0	1,255	0	1,255
Niels Hermansen	0	0	0	0
Jørn Mørkeberg Nielsen	0	2,700	0	2,700
Peter-Ulrik Plesner	570	0	0	570
Jan Peter Antonisen	0	0	0	0
Niels Christian Petersen	72	0	0	72

SHARE-BASED PAYMENT

Hartmann's share option programme was cancelled with effect from 2009. Share options granted in 2007 and 2008 lapsed on the resignation of former members of the Executive Board in 2010. Accordingly, there were no outstanding share options as at 31 December 2010 or 31 December 2011.

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10 OTHER OPERATING INCOME AND EXPENSES

	Group		Parent company	
	2011	2010	2011	2010
Gains on the sale of intangible assets and property, plant and equipment	0.6	0.2	0.1	0.3
Licence fees	2.0	1.8	2.1	1.8
Other operating income	**2.6**	**2.0**	**2.2**	**2.1**
Losses on the sale of property, plant and equipment	0.0	8.7	0.0	6.5
Other operating expenses	**0.0**	**8.7**	**0.0**	**6.5**

11 FINANCIAL INCOME AND EXPENSES

	Group		Parent company	
	2011	2010	2011	2010
Interest income, subsidiaries	-	-	2.6	3.5
Interest income, cash and cash equivalents, etc.	1.1	0.0	0.6	0.0
Other interest income	0.4	0.0	0.4	0.0
Interest income from financial assets not measured at fair value through profit or loss	**1.5**	**0.0**	**3.6**	**3.5**
Dividend from subsidiaries	-	-	173.1	87.4
Dividend from associates	-	-	2.1	0.2
Calculated expected return on assets held in defined benefit pension plans, cf. note 25	3.0	2.7	0.0	0.0
Interest rate effect on discounting of non-current receivables	0.9	6.6	0.0	0.0
Value adjustment of derivative financial instruments	2.3	0.0	2.3	1.9
Financial income	**7.7**	**9.3**	**181.1**	**93.0**
Interest expenses, subsidiaries	-	-	2.1	2.1
Interest expenses, credit institutions	12.9	15.0	12.7	14.4
Other interest expenses	2.4	0.1	0.9	0.3
Interest expenses from financial liabilities not measured at fair value through profit or loss	**15.3**	**15.1**	**15.7**	**16.8**
Impairment of investments in subsidiaries	-	-	16.6	9.8
Foreign exchange losses, net	3.9	0.0	7.3	3.9
Calculated interest on liabilities in defined benefit pension plans, cf. note 25	4.0	3.9	0.0	0.0
Value adjustment of derivative financial instruments	0.0	1.5	0.0	1.5
Financial expenses	**23.2**	**20.5**	**39.6**	**32.0**
Financial income and expenses	**(15.5)**	**(11.2)**	**141.5**	**61.0**

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12 TAX ON PROFIT/(LOSS) FOR THE YEAR

	Group		Parent company	
	2011	2010	2011	2010
Breakdown of tax for the year:				
Tax on profit/(loss) for the year	31.7	12.3	5.8	(18.6)
Tax on other comprehensive income	(6.3)	(4.1)	(2.1)	0.3
	25.4	**8.2**	**3.7**	**(18.3)**
Tax on profit/loss for the year has been calculated as follows:				
Current tax	15.9	26.0	1.1	0.9
Change in deferred tax	9.9	(11.7)	4.7	(18.5)
Change in income tax rate	5.8	(1.0)	0.0	0.0
Tax relating to prior years	0.1	(1.0)	0.0	(1.0)
	31.7	**12.3**	**5.8**	**(18.6)**
Tax on profit/loss for the year can be specified as follows:				
Profit/(loss) before tax	108.0	62.2	180.6	7.1
Dividend from subsidiaries and associates	-	-	(175.2)	(87.4)
Non-deductible impairment write-down of investments in subsidiaries	-	-	16.6	9.8
Profit/(loss) after tax in associates	0.0	(0.2)	0.0	(0.2)
	108.0	**62.0**	**22.0**	**(70.7)**
Tax charged at 25%	27.0	15.5	5.5	(17.6)
Adjustment of tax calculated for foreign subsidiaries in relation to 25%	(2.1)	(3.2)	-	-
Tax effect of:				
Change in income tax rate	5.8	(1.0)	0.0	0.0
Unrecognised deferred tax assets in foreign subsidiaries	0.0	3.5	0.0	0.0
Non-taxable income and non-deductible expenses	0.6	(1.5)	0.0	0.0
Other tax costs	0.3	0.0	0.3	0.0
Tax relating to prior years	0.1	(1.0)	0.0	(1.0)
	31.7	**12.3**	**5.8**	**(18.6)**
Effective tax rate	**29**	**20**	**26**	**26**
Tax on other comprehensive income:				
Pension obligations	(3.1)	0.5	0.0	0.0
Foreign exchange adjustment of equity-like loans to subsidiaries	(0.4)	(0.6)	0.0	0.0
Value adjustment of hedging instruments:				
Recognised in equity	(2.3)	0.0	(1.3)	(1.0)
Transferred to revenue	0.4	(4.4)	0.1	0.9
Transferred to production costs	(1.0)	0.0	(1.0)	0.0
Transferred to financial income and expenses	0.1	0.4	0.1	0.4
	(6.3)	**(4.1)**	**(2.1)**	**0.3**

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13 EARNINGS PER SHARE

	Group	
	2011	**2010**
Average no. of shares	7,015,090	7,015,090
Average no. of treasury shares	(100,000)	(100,000)
Average no. of shares in circulation	**6,915,090**	**6,915,090**
Average dilutive effect of outstanding subscription rights	0	0
Average no. of shares, diluted	**6,915,090**	**6,915,090**
Profit/(loss) for the year attributable to the shareholders of Brødrene Hartmann A/S	**76.3**	**49.9**
Earnings per share, DKK	11.0	7.2
Earnings per share, DKK, diluted	11.0	7.2

14 CASH FLOWS

	Group		Parent company	
	2011	**2010**	**2011**	**2010**
Profits/(losses) from sales of intangible assets and property, plant and equipment	0.6	(8.5)	0.1	(6.2)
Adjustment of share options for the year	0.0	0.3	0.0	0.3
Adjustment for other non-cash items	**0.6**	**(8.2)**	**0.1**	**(5.9)**
Inventories and construction contracts	(12.3)	11.2	(8.6)	4.3
Receivables	20.2	(44.8)	(72.0)	(41.9)
Trade payables	(6.9)	25.6	1.1	17.6
Prepayments from customers	19.4	4.5	19.4	4.2
Other payables etc.	(33.9)	23.1	6.2	11.8
Pension obligations	(1.9)	(3.7)	0.0	0.0
Change in working capital	**(15.4)**	**15.9**	**(53.9)**	**(4.0)**

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15 INTANGIBLE ASSETS

Group and parent company	Goodwill	Other intangible assets	Total
Cost at 1 January 2011	22.8	12.9	35.7
Additions	0.0	0.0	0.0
Cost at 31 December 2011	**22.8**	**12.9**	**35.7**
Amortisation and impairment at 1 January 2011	12.1	4.1	16.2
Amortisation	0.0	2.5	2.5
Amortisation and impairment at 31 December 2011	**12.1**	**6.6**	**18.7**
Carrying amount at 31 December 2011	**10.7**	**6.3**	**17.0**
Cost at 1 January 2010	22.8	11.7	34.5
Additions	0.0	1.2	1.2
Cost at 31 December 2010	**22.8**	**12.9**	**35.7**
Amortisation and impairment at 1 January 2010	12.1	1.6	13.7
Amortisation	0.0	2.5	2.5
Amortisation and impairment at 31 December 2010	**12.1**	**4.1**	**16.2**
Carrying amount at 31 December 2010	**10.7**	**8.8**	**19.5**

	Group and parent company	
	2011	**2010**
Amortisation is recognised in the statement of comprehensive income in the following items:		
Administrative expenses	2.5	2.5
	2.5	**2.5**

Goodwill

Goodwill has been allocated to the Europe segment.

Based on the expected future net cash flows, management believes that the carrying amount of goodwill will not significantly exceed the recoverable amount. The estimate is based on the results achieved and the expected level of future earnings.

The recoverable amount is based on the value in use determined by means of expected net cash flows on the basis of approved budgets and forecasts for the period 2012-2016 and by using a pre-tax discount rate of 10% (2010: 10%) which takes into account the specific risks characterising the European market. The calculation is not based on significant growth assumptions.

Other intangible assets

In 2011, development costs totalled DKK 0.9 million (2010: DKK 2.3 million), which are recognised in the statement of comprehensive income under administrative expenses.

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16 PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings	Technical plant and machinery	Other operating equipment	Production plant under construction	Total
Cost at 1 January 2011	376.0	1,686.7	91.6	13.4	2,167.7
Foreign exchange adjustment	(9.1)	(46.1)	(0.7)	0.0	(55.9)
Transfer	0.0	13.4	0.0	(13.4)	0.0
Additions	8.8	16.4	1.5	14.1	40.8
Disposals	0.0	(3.4)	(1.8)	0.0	(5.2)
Cost at 31 December 2011	**375.7**	**1,667.0**	**90.6**	**14.1**	**2,147.4**
Depreciation and impairment at 1 January 2011	204.6	1,281.0	81.3	0.0	1,566.9
Foreign exchange adjustment	(2.7)	(27.3)	(0.5)	0.0	(30.5)
Depreciation	11.3	68.3	4.0	0.0	83.6
Disposals	0.0	(3.3)	(1.7)	0.0	(5.0)
Depreciation and impairment at 31 December 2011	**213.2**	**1,318.7**	**83.1**	**0.0**	**1,615.0**
Carrying amount at 31 December 2011	**162.5**	**348.3**	**7.5**	**14.1**	**532.4**
Cost at 1 January 2010	357.6	1,656.8	128.3	16.4	2,159.1
Foreign exchange adjustment	5.2	30.0	1.8	0.0	37.0
Transfer	0.0	16.4	0.0	(16.4)	0.0
Additions	14.4	27.3	3.6	13.4	58.7
Disposals	(1.2)	(43.8)	(42.1)	0.0	(87.1)
Cost at 31 December 2010	**376.0**	**1,686.7**	**91.6**	**13.4**	**2,167.7**
Depreciation and impairment at 1 January 2010	194.0	1,213.7	114.2	0.0	1,521.9
Foreign exchange adjustment	1.1	24.8	0.4	0.0	26.3
Depreciation	10.0	81.5	5.1	0.0	96.6
Disposals	(0.5)	(39.0)	(38.4)	0.0	(77.9)
Depreciation and impairment at 31 December 2010	**204.6**	**1,281.0**	**81.3**	**0.0**	**1,566.9**
Carrying amount at 31 December 2010	**171.4**	**405.7**	**10.3**	**13.4**	**600.8**

	Group	
	2011	**2010**
Breakdown of depreciation:		
Depreciation	83.6	96.6
Part of government grants recognised as income	(2.4)	(4.8)
	81.2	**91.8**
Depreciation is recognised in the statement of comprehensive income in the following items:		
Production costs	79.4	89.5
Selling and distribution costs	0.4	0.6
Administrative expenses	1.4	1.7
	81.2	**91.8**

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16 PROPERTY, PLANT AND EQUIPMENT CONT'D

Parent company	Land and buildings	Technical plant and machinery	Other operating equipment	Production plant under construction	Total
Cost at 1 January 2011	166.2	800.9	62.7	1.9	1,031.7
Transfer	0.0	1.9	0.0	(1.9)	0.0
Additions	0.0	4.8	0.4	0.7	5.9
Disposals	0.0	(0.7)	(0.2)	0.0	(0.9)
Cost at 31 December 2011	**166.2**	**806.9**	**62.9**	**0.7**	**1,036.7**
Depreciation and impairment at 1 January 2011	134.8	672.3	58.1	0.0	865.2
Depreciation	2.9	24.3	2.1	0.0	29.3
Disposals	0.0	(0.3)	(0.2)	0.0	(0.5)
Depreciation and impairment at 31 December 2011	**137.7**	**696.3**	**60.0**	**0.0**	**894.0**
Carrying amount at 31 December 2011	**28.5**	**110.6**	**2.9**	**0.7**	**142.7**
Cost at 1 January 2010	166.9	825.0	92.9	9.3	1,094.1
Transfer	0.0	9.3	0.0	(9.3)	0.0
Additions	0.5	12.9	0.1	1.9	15.4
Disposals	(1.2)	(46.3)	(30.3)	0.0	(77.8)
Cost at 31 December 2010	**166.2**	**800.9**	**62.7**	**1.9**	**1,031.7**
Depreciation and impairment at 1 January 2010	133.3	669.4	86.7	0.0	889.4
Depreciation	2.1	34.5	1.5	0.0	38.1
Disposals	(0.6)	(31.6)	(30.1)	0.0	(62.3)
Depreciation and impairment at 31 December 2010	**134.8**	**672.3**	**58.1**	**0.0**	**865.2**
Carrying amount at 31 December 2010	**31.4**	**128.6**	**4.6**	**1.9**	**166.5**

	Parent company	
	2011	**2010**
Breakdown of depreciation:		
Depreciation	29.3	38.1
Part of government grants recognised as income	(0.8)	(0.9)
	28.5	**37.2**
Depreciation is recognised in the statement of comprehensive income in the following items:		
Production costs	27.1	35.3
Administrative expenses	1.4	1.9
	28.5	**37.2**

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17 INVESTMENTS IN SUBSIDIARIES

	Parent company	
	2011	2010
Cost at 1 January	882.2	882.1
Additions for the year	0.0	0.1
Disposals for the year	(82.6)	0.0
Cost at 31 December	**799.6**	**882.2**
Impairment at 1 January	544.9	535.1
Impairment write-downs for the year	16.6	9.8
Disposals for the year	(81.9)	0.0
Impairment at 31 December	**479.6**	**544.9**
Carrying amount at 31 December	**320.0**	**337.3**

Disposals for the year of DKK 82.6 million (2010: DKK 0.0 million) were attributable to the merger of Brødrene Hartmann A/S and its wholly owned subsidiary Brødrene Hartmann Invest ApS as at 1 January 2011.

Impairment for the year of DKK 16.6 million was attributable to the write-down to recoverable amounts of investments as a result of distribution of dividend in the wholly owned subsidiaries Hartmann-Varkaus Oy and Hartmann Papirna Ambalaža d.o.o. (2010: DKK 9.8 million, Hartmann-Varkaus Oy).

Name	Registered office	Stake
Hartmann (UK) Ltd.	England	100%
Hartmann France S.a.r.l.	France	100%
Hartmann Verpackung AG	Switzerland	100%
Hartmann Italiana S.r.l. (in liquidation)	Italy	100%
Hartmann-Schwedt GmbH	Germany	100%
Hartmann Verpackung GmbH (subsidiary of Hartmann Schwedt GmbH)	Germany	100%
Hartmann-Hungary Kft.	Hungary	100%
Hartmann Pólska Sp. z o.o.	Poland	100%
Hartmann Finance A/S	Denmark	100%
Hartmann Papirna Ambalaža d.o.o.	Croatia	100%
Hartmann-Mai Ltd.	Israel	100%
Hartmann-Varkaus Oy	Finland	100%
Hartmann d.o.o.	Serbia	100%
Hartmann Canada Inc.	Canada	100%
Hartmann Dominion Inc. (subsidiary of Hartmann Canada Inc.)	Canada	100%
Hartmann USA Inc. (subsidiary of Hartmann Canada Inc.)	USA	100%

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18 RECEIVABLES FROM SUBSIDIARIES

	Parent company	
	2011	2010
Carrying amount at 1 January	81.7	71.1
Foreign exchange adjustment	(1.2)	9.1
Additions	52.4	1.5
Disposals	(28.1)	0.0
Carrying amount at 31 December	**104.8**	**81.7**

19 INVESTMENTS IN ASSOCIATES

	Group		Parent company	
	2011	2010	2011	2010
Cost at 1 January	0.3	0.3	0.3	0.3
Cost at 31 December	**0.3**	**0.3**	**0.3**	**0.3**
Value adjustments at 1 January	3.5	3.5	-	-
Dividend	(2.1)	(0.2)	-	-
Share of profit/(loss) for the year	0.0	0.2	-	-
Value adjustments at 31 December	**1.4**	**3.5**	**0.0**	**0.0**
Carrying amount at 31 December	**1.7**	**3.8**	**0.3**	**0.3**

In 2011, shares in DanFiber A/S were sold corresponding to a nominal amount of DKK 10,000 or a stake of 1.0%.

2011

Name	Registered office	Stake	Gross profit	Profit for the year	Assets	Liabilities	Equity
DanFiber A/S	Søborg	32.4%	6.1	0.2	22.1	16.9	5.2

2010

Name	Registered office	Stake	Gross profit	Profit for the year	Assets	Liabilities	Equity
DanFiber A/S	Søborg	33.4%	6.6	0.6	40.3	28.8	11.5

In the consolidated balance sheet, investments in associates are measured using the equity method. In the parent company balance sheet, investments in associates are measured at historical cost.

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20 OTHER RECEIVABLES

	Group		Parent company	
	2011	2010	2011	2010
Carrying amount at 1 January	8.8	30.2	0.0	0.0
Foreign exchange adjustment	(1.1)	(0.7)	0.0	0.0
Disposals	(2.6)	(4.1)	0.0	0.0
Interest rate effect on discounting	0.9	6.6	0.0	0.0
Reversal of write-down/(impairment)	7.9	(23.2)	0.0	0.0
Carrying amount at 31 December	**13.9**	**8.8**	**0.0**	**0.0**
Other non-current receivables are expected to fall due:				
Within 1 year	2.4	2.0	0.0	0.0
Within 1 to 5 years	9.5	4.9	0.0	0.0
After 5 years	2.0	1.9	0.0	0.0
	13.9	**8.8**	**0.0**	**0.0**

A reassessment of the grants receivable in the form of reduced tax payments in the Hungarian company entailed an impairment write-down of DKK 23.2 million in 2010. The reassessment was made as a result of a decision to reduce the corporate income tax rate in Hungary as from 2013. In addition, the introduction of a new business model at Hartmann caused a reduction in future taxable profits in the Hungarian company.

The decision to reduce the corporate income tax rate in Hungary was changed in 2011 to the effect that no reductions will be implemented as from 2013. As a result, the impairment write-down made in 2010 may be partially reversed by a total amount of DKK 7.9 million.

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21 DEFERRED TAX

TEMPORARY DIFFERENCES BETWEEN CARRYING AMOUNT AND TAX BASE

Group	Intangible assets	Property plant and equipment	Current assets	Liabil-ities	Other	Tax loss carried forward	Total
Deferred tax at 1 January 2011	3.4	14.2	1.1	(5.4)	22.0	(116.8)	(81.5)
Foreign exchange adjustment	0.0	(1.2)	0.0	0.0	(0.3)	(0.2)	(1.7)
Adjustment of deferred tax relating to prior years	0.0	0.0	0.1	(0.2)	0.0	0.2	0.1
Recognised in profit/(loss) for the year, net	(0.7)	(14.9)	1.1	4.8	(3.0)	28.4	15.7
Recognised through other comprehensive income, net	0.0	0.0	0.0	(3.2)	(2.8)	(0.3)	(6.3)
Deferred tax at 31 December 2011	**2.7**	**(1.9)**	**2.3**	**(4.0)**	**15.9**	**(88.7)**	**(73.7)**
Deferred tax at 1 January 2010	1.1	18.9	1.1	(3.7)	0.3	(77.6)	(59.9)
Foreign exchange adjustment	0.0	(0.3)	0.0	0.0	0.0	(3.4)	(3.7)
Adjustment of deferred tax relating to prior years	2.5	(0.3)	0.0	(0.2)	0.0	(3.1)	(1.1)
Recognised in profit/(loss) for the year, net	(0.2)	(4.1)	0.0	(2.0)	25.7	(32.1)	(12.7)
Recognised through other comprehensive income, net	0.0	0.0	0.0	0.5	(4.0)	(0.6)	(4.1)
Deferred tax at 31 December 2010	**3.4**	**14.2**	**1.1**	**(5.4)**	**22.0**	**(116.8)**	**(81.5)**

Parent company	Intangible assets	Property plant and equipment	Current assets	Liabil-ities	Other	Tax loss carried forward	Total
Deferred tax at 1 January 2011	3.4	12.8	0.9	(5.7)	20.5	(84.7)	(52.8)
Adjustment of deferred tax relating to prior years	0.0	0.0	0.0	(0.2)	0.0	0.2	0.0
Recognised in profit/(loss) for the year, net	(0.7)	(7.1)	0.0	3.0	(0.9)	10.4	4.7
Recognised through other comprehensive income, net	0.0	0.0	0.0	0.0	0.0	(2.1)	(2.1)
Deferred tax at 31 December 2011	**2.7**	**5.7**	**0.9**	**(2.9)**	**19.6**	**(76.2)**	**(50.2)**
Deferred tax at 1 January 2010	1.1	16.4	1.3	(2.2)	0.0	(50.1)	(33.5)
Adjustment of deferred tax relating to prior years	2.5	(0.3)	0.0	(0.2)	0.0	(3.1)	(1.1)
Recognised in profit/(loss) for the year, net	(0.2)	(3.3)	(0.4)	(3.3)	20.5	(31.8)	(18.5)
Recognised through other comprehensive income, net	0.0	0.0	0.0	0.0	0.0	0.3	0.3
Deferred tax at 31 December 2010	**3.4**	**12.8**	**0.9**	**(5.7)**	**20.5**	**(84.7)**	**(52.8)**

The carrying amount at 31 December 2011 of tax loss carry-forwards relates to Hartmann North America and the Danish parent company Brødrene Hartmann A/S.

Deferred tax assets relating to tax loss carry-forwards are recognised to the extent that their realisation is expected in the form of future taxable profits within a period not exceeding seven years.

Deferred tax on cap on deductible interest and recapture balances relating to losses utilised in foreign subsidiaries is included in 'other' as opposed to in 'tax loss carry-forwards' as previously. The comparative figures have been adjusted accordingly.

Tax loss carry-forwards relating to Brødrene Hartmann A/S may be carried forward indefinitely. Tax loss carry-forwards in Hartmann North America are subject to a time limit, which means that such losses will be forfeited during the period 2026-2028.

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21 DEFERRED TAX CONT'D

DEFERRED TAX ASSETS AND LIABILITIES

Group	2011 Deferred tax assets	2011 Deferred tax liabilities	2011 Net	2010 Deferred tax assets	2010 Deferred tax liabilities	2010 Net
Intangible assets	0.0	2.7	2.7	0.0	3.4	3.4
Property, plant and equipment	(19.4)	16.1	(3.3)	(1.7)	15.9	14.2
Current assets	0.0	2.3	2.3	(0.6)	1.7	1.1
Liabilities	(3.3)	0.7	(2.6)	(5.9)	0.5	(5.4)
Other	(9.0)	24.9	15.9	(7.0)	29.0	22.0
Tax loss carry-forwards	(88.7)	0.0	(88.7)	(116.8)	0.0	(116.8)
Deferred (tax assets)/liabilities	**(120.4)**	**46.7**	**(73.7)**	**(132.0)**	**50.5**	**(81.5)**
Set-off within legal tax entities	29.2	(29.2)	0.0	36.4	(36.4)	0.0
Total deferred (tax assets)/liabilities, net	**(91.2)**	**17.5**	**(73.7)**	**(95.6)**	**14.1**	**(81.5)**

Parent company	2011 Deferred tax assets	2011 Deferred tax liabilities	2011 Net	2010 Deferred tax assets	2010 Deferred tax liabilities	2010 Net
Intangible assets	0.0	2.7	2.7	0.0	3.4	3.4
Property, plant and equipment	(1.4)	7.1	5.7	(1.6)	14.4	12.8
Current assets	0.0	0.9	0.9	0.0	0.9	0.9
Liabilities	(2.9)	0.0	(2.9)	(5.7)	0.0	(5.7)
Other	(5.3)	24.9	19.6	(4.4)	24.9	20.5
Tax loss carry-forwards	(76.2)	0.0	(76.2)	(84.7)	0.0	(84.7)
Total deferred (tax assets)/liabilities	**(85.8)**	**35.6**	**(50.2)**	**(96.4)**	**43.6**	**(52.8)**
Set-off within legal tax entity	35.6	(35.6)	0.0	43.6	(43.6)	0.0
Total deferred (tax assets)/liabilities, net	**(50.2)**	**0.0**	**(50.2)**	**(52.8)**	**0.0**	**(52.8)**

DEFERRED TAX ASSETS NOT RECOGNISED

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Tax value at 1 January	100.5	94.9	0.0	0.0
Foreign exchange adjustment	0.6	13.0	0.0	0.0
Additions	0.0	0.0	0.0	0.0
Disposals	0.0	(7.4)	0.0	0.0
Tax value at 31 January	**101.1**	**100.5**	**0.0**	**0.0**

Deferred tax assets that are not expected to be realised or that are otherwise subject to significant risks of not being utilised are not recognised. Deferred tax assets not recognised related to Hartmann North America.

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22 INVENTORIES

	Group		Parent company	
	2011	**2010**	**2011**	**2010**
Raw materials and consumables	60.0	51.8	33.7	27.3
Work in progress	15.3	13.8	0.0	0.2
Finished goods and goods for resale	43.7	43.2	16.4	14.0
Inventories at 31 December	**119.0**	**108.8**	**50.1**	**41.5**
Inventories recognised at net realisable value	5.1	5.5	5.1	5.5

The group has not pledged inventories as security for debt items to any third party.

23 TRADE RECEIVABLES

	Group		Parent company	
	2011	**2010**	**2011**	**2010**
Trade receivables (gross)	246.8	273.0	191.3	65.7
Provision for bad debt:				
Provision at 1 January	6.2	7.0	0.0	0.4
Provision for the year	1.8	1.0	1.5	(0.1)
Losses incurred during the year	(2.9)	(1.8)	0.2	(0.3)
Provision at 31 December	5.1	6.2	1.7	0.0
Trade receivables (net)	**241.7**	**266.8**	**189.6**	**65.7**
Trade receivables (net) correspond to an average credit period of (days)	59	66	61	44
Trade receivables can be specified as follows:				
Not due	171.8	223.6	131.4	55.2
Overdue:				
By 1 to 30 days	39.4	29.4	33.1	7.5
By 31 to 60 days	13.0	7.4	10.4	0.8
By more than 60 days	17.5	6.4	14.7	2.2
	241.7	**266.8**	**189.6**	**65.7**

The group's write-downs on debtors at 31 December 2011 were all attributable to specific customers.

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24 SHARE CAPITAL

		Parent company
Share capital at 1 January 2007		70.2
Addition at 24 June 2008		70.1
Share capital at 31 December 2011	**7,015,090 shares of DKK 20 each**	**140.3**

No shares confer special rights.

In June 2008, Hartmann carried out a rights issue. The share capital was increased by DKK 70.1 million, and the company's previous three share classes were merged into one single share class.

Treasury shares

According to an authorisation from the shareholders, Brødrene Hartmann A/S may acquire up to 10% of its own shares. The authorisation is valid until 26 October 2012.

Hartmann holds 100,000 treasury shares representing a nominal value of DKK 2 million, or 1.4% of the total share capital. The value of the shares at 31 December 2011 was DKK 10.1 million (2010: DKK 7.6 million).

Dividend

Proposed dividend

For the financial year ended 31 December 2011, the Board of Directors has proposed dividends of DKK 64.0 million (2010: DKK 15.6 million), corresponding to DKK 9.25 (2010: DKK 2.25) per share to be paid to the shareholders immediately after the annual general meeting to be held on 11 April 2012, subject to the shareholders' approval of the proposal. As the dividend is subject to approval by the shareholders, it has not been recognised as a liability in the balance sheet at 31 December 2011. Proposed dividend does not include dividend on treasury shares.

Dividend paid

For the financial year ended 31 December 2011, Hartmann distributed dividends of DKK 15.6 million (2010: DKK 10.5 million), corresponding to DKK 2.25 (2010: DKK 1.50) per share.

25 PENSION OBLIGATIONS

Defined contribution pension plans

Hartmann offers pension plans which cover certain groups of employees in Denmark and abroad. As a general rule, the pension plans are defined contribution plans under which Hartmann recognises regular payments of premiums to independent insurers who are responsible for the pension obligations (e.g. a fixed amount or a fixed percentage of the salary). Under a defined contribution plan the group carries no risk in relation to future developments in interest rates, inflation, mortality or disability. Once the contributions under a defined contribution plan have been paid, Hartmann has no further pension obligations towards existing or former employees.

Defined benefit pension plans

Under a defined benefit plan, Hartmann has an obligation to pay a specific benefit (e.g. retirement pension in the form of a fixed proportion of the exit salary). Under these plans, Hartmann carries the risk in relation to future developments in interest rates, inflation, mortality, etc. A change in the assumptions upon which the calculation is based results in a change in the actuarial net present value.

In the event of changes in the assumptions used in the calculation of defined benefit pension plans for existing and former employees, actuarial gains and losses are recognised in other comprehensive income.

Total pension obligations related to funded plans in the subsidiary in Canada and unfunded plans in the subsidiary in Germany.

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25 PENSION OBLIGATIONS
CONT'D

	Group	
	2011	2010
Recognition of the obligation relating to defined benefit plans in the balance sheet:		
Pension obligations and similar obligations	36.0	25.1
Pension assets	0.0	0.0
	36.0	**25.1**
Calculation of net obligation		
Present value of plan with plan assets	64.2	50.9
Market value of plan assets	(53.0)	(50.9)
Net obligation of plans with plan assets	11.2	0.0
Present value of plan without plan assets	24.8	24.0
Assets not recognised due to asset cap	0.0	1.1
Recognised net obligation	**36.0**	**25.1**
Calculation of total pension obligation		
Present value of plan with plan assets	64.2	50.9
Present value of plan without plan assets	24.8	24.0
Pension obligations	**89.0**	**74.9**
Changes in obligations		
Pension obligations at 1 January	74.9	60.6
Foreign exchange adjustment	0.7	5.4
Pension costs for the period	2.3	2.6
Employee contributions	0.7	0.6
Calculated interest expenses	4.0	3.9
Actuarial (gain)/loss	9.4	5.3
Benefits paid out	(3.0)	(3.5)
Total pension obligations at 31 December	**89.0**	**74.9**
Changes in plan assets		
Market value of assets at 1 January	50.9	39.8
Foreign exchange adjustment	0.4	5.6
Calculated expected return	3.0	2.7
Actuarial gain/(loss)	(4.1)	(0.6)
Contributions to the plans	4.6	4.6
Benefits paid out	(1.8)	(2.4)
Market value of assets at 31 January	**53.0**	**50.9**
Breakdown of actual return on plan assets:		
Estimated return on plan assets	3.0	2.7
Actuarial gains/(losses)	(4.1)	0.6
	(1.1)	**3.3**

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25 PENSION OBLIGATIONS CONT'D

	2011		2010	
Distribution of plan assets	**DKKm**	**%**	**DKKm**	**%**
Shares and investment funds	36.0	67.9	38.1	74.9
Bonds and other securities	14.0	26.4	11.1	21.8
Cash and cash equivalents	3.0	5.7	1.7	3.3
	53.0	**100.0**	**50.9**	**100.0**

None of the plan assets relate to any of the group entities.

	Group	
	2011	**2010**
Assumptions applied		
Discount rate	4.3-4.9%	5.2-5.5%
Estimated return on plan assets	6.0%	6.0%
Future rate of increase in salaries	2.1-3.0%	2.2-3.0%
Future rate of increase in pensions	2.0-2.5%	2.0-2.5%
Recognised as income		
Pension costs relating to the current financial year	2.3	2.6
Calculated expected return on assets	(3.0)	(2.7)
Calculated interest expenses on obligations	4.0	3.9
Total amount recognised in respect of defined benefit plans	3.3	3.8
Total amount recognised in respect of defined contribution plans	31.7	33.9
	35.0	**37.7**
Costs are recognised under the following line items in the statement of comprehensive income:		
Production costs	28.6	30.5
Selling and distribution costs	2.0	1.9
Administrative expenses	3.4	4.1
Staff costs, cf. note 9	**34.0**	**36.5**
Financial income	(3.0)	(2.7)
Financial expenses	4.0	3.9
	35.0	**37.7**
Recognised through other comprehensive income		
Recognised at 1 January	(7.2)	(8.2)
Foreign exchange adjustment	(0.5)	(1.2)
Actuarial gains/(losses) for the period	(13.5)	(4.8)
Effect of limit in the form of asset cap	1.1	7.0
Recognised at 31 December	**(20.1)**	**(7.2)**
Deferred tax relating to changes recognised through other comprehensive income		
Recognised at 1 January	(2.0)	(2.2)
Foreign exchange adjustment	(0.1)	(0.3)
Deferred tax for the period	(3.1)	0.5
Recognised at 31 December	**(5.2)**	**(2.0)**

NOTES

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25 PENSION OBLIGATIONS CONT'D

Five-year summary	2011	2010	2009	2008	2007
Obligations	89.0	74.9	60.6	47.6	60.0
Plan assets	(53.0)	(50.9)	(39.8)	(29.0)	(41.6)
Unfunded	**36.0**	**24.0**	**20.8**	**18.6**	**18.4**
Experience-based adjustment of obligations	9.4	5.3	6.1	(9.4)	(2.9)
Experience-based adjustment of plan assets	(4.1)	0.6	2.0	(4.8)	(1.4)

The majority of pensions fall due more than one year after the balance sheet date.

Hartmann expects to contribute DKK 4.6 million (2010: DKK 4.6 million) to plan assets in 2012.

26 GOVERNMENT GRANTS

	Group		Parent company	
	2011	2010	2011	2010
Government grants at 1 January	23.9	52.7	6.4	7.3
Foreign exchange adjustment	(1.6)	(1.0)	-	-
Additions*	7.9	0.2	0.0	0.0
Disposals*	(0.1)	(23.2)	0.0	0.0
Recognised in the statement of comprehensive income	(2.4)	(4.8)	(0.8)	(0.9)
Carrying amount of government grants at 31 December	**27.7**	**23.9**	**5.6**	**6.4**
Of which recognised as non-current liabilities	24.7	21.5	4.8	5.6
Of which recognised as current liabilities	3.0	2.4	0.8	0.8
	27.7	**23.9**	**5.6**	**6.4**

* A reassessment of the prospects of utilising grants receivable in the form of reduced tax payments in the Hungarian production company entailed an addition of DKK 7.9 million (2010: a disposal of DKK 23.2 million). See also note 20.

Hartmann regularly receives government grants for development-related and energy-saving projects. In 1995 Brødrene Hartmann A/S received a major grant towards the construction of the combined heat and power plant. No repayment obligations are currently linked to the grants.

In addition to the government grants to the parent company, Hartmann also received government grants for production companies in Germany and Hungary.

In the event that eligible assets in the German subsidiary are not used in accordance with the eligibility criteria, the repayment obligation would total DKK 0.5 million at 31 December 2011 (2010: DKK 0.7 million). The repayment obligation will be gradually reduced in the period up until the end of 2013.

The Hungarian subsidiary received government grants in the form of direct grants and in the form of reduced future tax payments. The grants are capped at 50% of the investment, corresponding to a nominal amount of DKK 72.3 million, of which direct grants represent a nominal amount of DKK 9.0 million. If the eligibility criteria are not met, future grants receivable in the form of reduced tax payments may be reduced or discontinued. Actual government grants received in the form of reduced future tax payments was DKK 9.5 million at 31 December 2011 (2010: DKK 6.9 million).

Hartmann expects to meet the eligibility criteria for the grants received in Germany and Hungary, respectively.

NOTES

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27 PROVISIONS

	Group		Parent company	
	2011	2010	2011	2010
Warranty commitments at 1 January	1.1	1.3	1.3	1.6
Additions	1.2	1.0	1.2	0.9
Disposals	(0.7)	(1.2)	(0.9)	(1.2)
Warranty commitments at 31 December	**1.6**	**1.1**	**1.6**	**1.3**
Provisions at 31 December	**1.6**	**1.1**	**1.6**	**1.3**

Provision has been made for warranty commitments in cover of contract-related warranty complaints for goods and services already delivered. The commitment has been calculated on the basis of historical warranty costs.

28 OTHER PAYABLES

	Group		Parent company	
	2011	2010	2011	2010
Salaries and holiday pay, etc.	56.5	52.5	34.7	36.2
VAT and other taxes	1.0	13.4	0.0	0.0
Interest rate swaps and forward contracts	8.0	3.4	6.7	3.4
Other liabilities	37.4	64.5	13.1	25.8
Other payables	**102.9**	**133.8**	**54.5**	**65.4**

NOTES WITHOUT REFERENCE

DKKm

29 FEE TO SHAREHOLDER-APPOINTED AUDITORS

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Fee to Deloitte				
Statutory audit	2.0	2.3	1.0	0.9
Assurance engagements other than audits	0.5	0.1	0.5	0.1
Tax and VAT-related services	0.3	2.5	0.3	2.3
Other services	0.7	0.9	0.2	0.9
Fee to shareholder-appointed auditors	**3.5**	**5.8**	**2.0**	**4.2**

30 PROVISION OF SECURITY AND CONTINGENT LIABILITIES

The group is party to a few lawsuits and disputes. Management believes that these lawsuits and disputes will not significantly affect the financial position of the group or the parent company. This situation is unchanged from last year.

31 OPERATING LEASES

	Group 2011	Group 2010	Parent company 2011	Parent company 2010
Expected maturity				
Due within 1 year	12.5	12.9	6.8	7.0
Due within 1 to 5 years	29.4	35.3	14.4	18.6
Due after 5 years	11.1	17.4	3.7	6.6
Rental and leasing obligations	**53.0**	**65.6**	**24.9**	**32.2**
Rental and leasing obligations (operating leases)	12.9	12.8	7.0	7.2

DKK 18.8 million of the total rental and leasing obligations related to the lease obligation concerning the lease Ørnegårdsvej 18, DK-2820 Gentofte, Denmark (2010: DKK 21.3 million).

32 OTHER CONTRACTUAL OBLIGATIONS

The parent company has signed a six-year maintenance agreement for the company's combined heat and power plant. The contract term expires on 30 September 2013, and the company incurs annual costs of up to DKK 3.2 million under the contract (2010: DKK 3.2 million).

NOTES WITHOUT REFERENCE

33 FINANCIAL RISKS

General risks
Changes in Hartmann's profit/loss and equity are affected by a number of financial risks, among them interest rate, currency, liquidity and credit risks.

See note 34 for a specification of financial instruments.

Financial risk management
The guidelines for managing the group's financial risks are set out in the company's finance policy, which has been approved by the Board of Directors.

Hartmann uses financial instruments to hedge some of the financial risks that arise out of its commercial activities. The group does not engage in transactions for the purpose of speculation.

Hartmann has centralised the management of its financial risks in the central finance function, which is also a service centre to all subsidiaries.

Interest rate risk
Hartmann's interest rate risk relates mainly to the group's interest-bearing debt to credit institutions.

Management of interest rate risk
As part of its interest rate policy, Hartmann seeks to reduce the impact of interest rate fluctuations on its profit/loss and financial position to the greatest extent possible.

Financing is primarily arranged in the form of non-current, committed credit facilities in the group's main currencies, DKK and EUR. Hartmann uses interest rate swaps to hedge interest rate risk.

It is Hartmann's policy to convert between 50% and 100% of the group's non-current credit facilities into fixed-rate facilities using interest rate swaps. Assessments are made on an ongoing basis as to how large a proportion of Hartmann's non-current credit facilities should be converted into fixed-rate facilities.

Hartmann has converted floating rate loans into fixed-rate loans using interest rate swaps. Loans converted through interest rate swaps represented 64% (2010: 65%) of non-current credit facilities.

A change in the general interest rate level by 1 percentage point would affect profit/loss for the year by approximately DKK 1 million.

Currency risk
Hartmann's currency risks consist of transaction risks and translation risks, respectively.

Hartmann is exposed to transaction risk due to cross-border transactions leading to contractual cash flows in foreign currency.

Most of Hartmann's sales are invoiced in USD, whereas most costs are incurred in CAD. Therefore, the currency exposure in relation to the USD/CAD exchange rate constitutes one of the group's single largest transaction risks.

Other significant transaction risks relate to the currencies CHF, EUR, GBP, HRK, HUF, PLN and SEK.

Due to its foreign subsidiaries, Hartmann is exposed to translation risks since a major part of the group's earnings and net assets derive from these foreign subsidiaries and is therefore translated and included in the consolidated financial statements, which are presented in DKK.

In terms of net position, foreign subsidiaries' reporting in the currencies CAD, EUR, HRK, HUF and ILS represents Hartmann's greatest translation exposure.

Management of currency risk
As part of its currency policy, Hartmann seeks to limit the impact of exchange rate fluctuations on its profit/loss and financial position to the greatest extent possible.

The group's currency exposure is hedged to the effect that the principal currencies are continuously hedged for a period of not less than 6 and not more than 12 months.

Gains and losses on derivative financial instruments are recognised in profit or loss when the hedged transactions are realised. The effectiveness of hedges is assessed on an ongoing basis.

NOTES WITHOUT REFERENCE

33 FINANCIAL RISKS CONT'D

Translation risk is not hedged, as it does not have any direct impact on Hartmann's cash resources or underlying cash flows.

Currency risk relating to investments in foreign subsidiaries is hedged in part when considered appropriate and primarily by means of currency loans. At 31 December 2011, 37% of the investment in Canada, totalling DKK 150 million, had been hedged by means of loans in CAD (2010: DKK 178 million, of which about 53% was hedged).

Liquidity risk

Liquidity risk is the risk that Hartmann will be unable to meet its obligations as they fall due because of inability to liquidate assets or obtain adequate funding.

Management of liquidity risk

It is Hartmann's policy to ensure maximum flexibility and sufficient cash resources to allow the company to continue to operate adequately in case of unforeseen fluctuations in liquidity.

The group has entered into a non-current committed credit facility expiring on 30 June 2014 (the 'loan'). The loan facility amounted to DKK 290 million at 31 December 2011, which is written down by DKK 5 million every quarter.

The interest margin on the loan is floating and is fixed each quarter based the group's earnings.

The loan is subject to standard covenants which Hartmann must observe in order to maintain the loan, including special financial covenants concerning the financial ratios 'solvency' and 'net interest-bearing debt' in proportion to 'operating profit/(loss) before depreciation, amortisation and impairment'. In 2011, the group complied with all covenants.

The loan agreement further contains a number of provisions whereby significant credit facilities may be withdrawn in the event of a change of control of the company.

The group's short-term liquidity is managed primarily by the transfer of liquidity from the subsidiaries to the parent company for the purpose of directing cash to units with cash requirements.

Financing in Hartmann's subsidiaries is primarily arranged through the parent company. However, local conditions may result in financing being arranged through one of the group's foreign banks.

The drawing rights are short-term credit facilities on which the group may draw and which may at any time be terminated by the bank.

The agreements concerning the loan and the drawing rights, respectively, contain cross default clauses.

The group's undrawn credit facilities with banks amounted to DKK 301 million at 31 December 2011 (2010: DKK 159 million). Cash and cash equivalents amounted to DKK 40 million at 31 December 2011 (2010: DKK 69 million). Accordingly, total cash available to the group amounted to DKK 341 million at 31 December 2011 (2010: DKK 228 million). The calculation of total cash for 2010 did not take into account compliance with covenants.

Management believes that the group has sufficient cash resources to cover the ongoing financing of current and planned operations.

Credit risk

Hartmann's credit risk arises in relation to the risk of losses on receivables, financial instruments with a positive fair value and cash and cash equivalents.

Management of credit risk

It is Hartmann's policy to take out credit insurance on its trade receivables. In certain circumstances local conditions make it impossible to take out credit insurance. In these cases, Hartmann applies a stricter internal credit assessment procedure, retrieving information on credit ratings from various information sources.

Write-downs of debtors are made individually. The credit risk in relation to receivables is therefore assessed to have been included in carrying amounts.

It is Hartmann's policy to limit trading in derivative financial instruments and investments of surplus liquidity to banks with satisfactory credit ratings from one or more credit rating agencies.

NOTES WITHOUT REFERENCE

33 FINANCIAL RISKS CONT'D

Hartmann does not have any significant credit risk in relation to derivative financial instruments or cash and cash equivalents. The maximum credit risk corresponds to the carrying amount.

Capital structure

It is the group's objective to achieve a level of flexibility sufficient to carry out and fulfil the strategic objectives while at the same time ensuring a competitive yield for its shareholders. It is also an objective to secure financial stability for the purpose of reducing Hartmann's cost of capital.

The Board of Directors takes the general view that excess capital should be distributed by means of dividends or share buy-backs in order to generally maintain Hartmann's equity ratio at a maximum of 45%. However, the level of dividend declared will always take into account Hartmann's growth plans and liquidity requirements. The loan agreement also contains restrictions with respect to Brødrene Hartmann A/S' possibility of distributing dividends, since changes in the general dividend policy are subject to consent from the bank.

At the annual general meeting to be held on 11 April 2012, the Board of Directors will propose that the company declare dividends of DKK 9.25 per share for the financial year ended 31 December 2011.

NOTES WITHOUT REFERENCE

DKKm

34 FINANCIAL INSTRUMENTS

MATURITIES OF FINANCIAL LIABILITIES INCLUDING INTEREST PAYMENTS

Group	Carrying amount	Payment obligation	Within 1 year	Within 1-5 years	After 5 years
2011					
Overdraft facilities	26.5	26.5	26.5	0.0	0.0
Other credit institutions	184.9	196.0	4.1	191.9	0.0
Trade payables	121.5	121.5	121.5	0.0	0.0
Payables to associates	0.8	0.8	0.8	0.0	0.0
Other payables	106.1	106.1	102.9	3.2	0.0
	439.8	**450.9**	**255.8**	**195.1**	**0.0**
2010					
Overdraft facilities	63.0	63.0	63.0	0.0	0.0
Other credit institutions	277.8	289.4	164.6	124.8	0.0
Trade payables	127.7	127.7	127.7	0.0	0.0
Payables to associates	3.2	3.2	3.2	0.0	0.0
Other payables	133.8	133.8	133.8	0.0	0.0
	605.5	**617.1**	**492.3**	**124.8**	**0.0**

Parent company	Carrying amount	Payment obligation	Within 1 year	Within 1-5 years	After 5 years
2011					
Overdraft facilities	26.5	26.5	26.5	0.0	0.0
Other credit institutions	184.9	196.0	4.1	191.9	0.0
Trade payables	68.6	68.6	68.6	0.0	0.0
Payables to subsidiaries	166.1	166.1	166.1	0.0	0.0
Payables to associates	0.8	0.8	0.8	0.0	0.0
Other payables	57.7	57.7	57.7	0.0	0.0
	504.6	**515.7**	**323.8**	**191.9**	**0.0**
2010					
Overdraft facilities	63.0	63.0	63.0	0.0	0.0
Other credit institutions	277.8	289.4	164.6	124.8	0.0
Trade payables	67.5	67.5	67.5	0.0	0.0
Payables to subsidiaries	142.0	142.0	142.0	0.0	0.0
Payables to associates	3.2	3.2	3.2	0.0	0.0
Other payables	65.4	65.4	65.4	0.0	0.0
	618.9	**630.5**	**505.7**	**124.8**	**0.0**

NOTES WITHOUT REFERENCE

DKKm

34 FINANCIAL INSTRUMENTS CONT'D

FINANCIAL INSTRUMENT CATEGORIES

	2011		2010	
Group	Carrying amount	Fair value	Carrying amount	Fair value
Derivative financial instruments to hedge future cash flows	0.0	0.0	1.5	1.5
Financial assets used as hedging instruments	**0.0**	**0.0**	**1.5**	**1.5**
Trade receivables	241.7	241.7	266.8	266.8
Other receivables	42.2	42.2	44.9	44.9
Cash and cash equivalents	40.3	40.3	69.1	69.1
Loans and receivables	**324.2**	**324.2**	**380.8**	**380.8**
Derivative financial instruments to hedge future cash flows	11.2	11.2	3.4	3.4
Financial liabilities used as hedging instruments	**11.2**	**11.2**	**3.4**	**3.4**
Credit institutions	211.4	211.4	340.8	340.8
Other liabilities	217.7	217.7	262.1	262.1
Financial liabilities measured at amortised cost	**429.1**	**429.1**	**602.9**	**602.9**

	2011		2010	
Parent company	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	189.6	189.6	65.7	65.7
Other receivables	42.1	42.1	96.4	96.4
Cash and cash equivalents	0.1	0.1	0.1	0.1
Loans and receivables	**231.8**	**231.8**	**162.2**	**162.2**
Derivative financial instruments to hedge future cash flows	9.9	9.9	3.4	3.4
Financial liabilities used as hedging instruments	**9.9**	**9.9**	**3.4**	**3.4**
Credit institutions	211.4	211.4	340.8	340.8
Other liabilities	283.4	283.4	274.8	274.8
Financial liabilities measured at amortised cost	**494.8**	**494.8**	**615.6**	**615.6**

NOTES WITHOUT REFERENCE

DKKm

34 FINANCIAL INSTRUMENTS CONT'D

FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

Hartmann's primary currency exposure relates to sales denominated in currencies other than the functional currency of the individual group companies. Interest rate exposure relates to changes in the market rate applicable to the group's interest-bearing debt.

Forward exchange contracts and interest rate swaps are used to hedge future cash flows. In accordance with the group's accounting policies, the fair value of financial instruments has been recognised in receivables and payables at 31 December 2011. Changes in the fair value of financial instruments that qualify for hedge accounting as hedges of future cash flows are recognised in other comprehensive income.

The fair value of financial instruments to hedge future cash flows is based on observable data (level 2).

	2011			2010		
Group	Positive	Negative	Net	Positive	Negative	Net
Currency-related instruments						
Forward contract, GBP/DKK	0.0	(1.3)	(1.3)	0.4	0.0	0.4
Forward contract, PLN/DKK	1.2	(0.2)	1.0	0.0	(0.4)	(0.4)
Forward contract, SEK/DKK	0.0	(0.4)	(0.4)	0.0	(0.5)	(0.5)
Forward contract, CHF/DKK	0.6	(0.2)	0.4	0.0	0.0	0.0
Forward contract, EUR/HUF	0.0	(4.2)	(4.2)	0.0	0.0	0.0
Forward contract, USD/CAD	0.0	(1.3)	(1.3)	1.5	0.0	1.5
	1.8	(7.6)	(5.8)	1.9	(0.9)	1.0
Interest-related instruments						
Interest rate swap, DKK/DKK	0.0	0.0	0.0	0.0	(2.3)	(2.3)
Interest rate swap, EUR/EUR	0.0	(5.4)	(5.4)	0.0	(0.6)	(0.6)
	0.0	(5.4)	(5.4)	0.0	(2.9)	(2.9)
	1.8	**(13.0)**	**(11.2)**	**1.9**	**(3.8)**	**(1.9)**
Expected maturity						
Within 1 year	1.8	(9.8)	(8.0)	1.9	(3.8)	(1.9)
Within 1 to 2 years	0.0	(3.2)	(3.2)	0.0	0.0	0.0
	1.8	**(13.0)**	**(11.2)**	**1.9**	**(3.8)**	**(1.9)**

NOTES WITHOUT REFERENCE

DKKm

34 FINANCIAL INSTRUMENTS CONT'D

	2011			2010		
Parent company	Positive	Negative	Net	Positive	Negative	Net
Currency-related instruments						
Forward contract, GBP/DKK	0.0	(1.3)	(1.3)	0.4	0.0	0.4
Forward contract, PLN/DKK	1.2	(0.2)	1.0	0.0	(0.4)	(0.4)
Forward contract, SEK/DKK	0.0	(0.4)	(0.4)	0.0	(0.5)	(0.5)
Forward contract, CHF/DKK	0.6	(0.2)	0.4	0.0	0.0	0.0
Forward contract, EUR/HUF	0.0	(4.2)	(4.2)	0.0	0.0	0.0
	1.8	(6.3)	(4.5)	0.4	(0.9)	(0.5)
Interest-related instruments						
Interest rate swap, DKK/DKK	0.0	0.0	0.0	0.0	(2.3)	(2.3)
Interest rate swap, EUR/EUR	0.0	(5.4)	(5.4)	0.0	(0.6)	(0.6)
	0.0	(5.4)	(5.4)	0.0	(2.9)	(2.9)
	1.8	**(11.7)**	**(9.9)**	**0.4**	**(3.8)**	**(3.4)**
Expected maturity						
Within 1 year	1.8	(8.5)	(6.7)	0.4	(3.8)	(3.4)
Within 1 to 2 years	0.0	(3.2)	(3.2)	0.0	0.0	0.0
	1.8	**(11.7)**	**(9.9)**	**0.4**	**(3.8)**	**(3.4)**

NOTES WITHOUT REFERENCE

DKKm

34 FINANCIAL INSTRUMENTS CONT'D

HEDGING OF FUTURE CASH FLOWS

Group	Notional amount, net	Fair value	Recognised in equity	Expected date of transfer to profit/(loss) for the year: Within 1 year	Within 1-2 years	After 2 years
2011						
Currency-related instruments						
Forward contract, GBP/DKK	34.7	(1.3)	(1.3)	(1.3)	0.0	0.0
Forward contract, PLN/DKK	24.0	1.0	1.0	1.0	0.0	0.0
Forward contract, SEK/DKK	15.8	(0.4)	(0.1)	(0.1)	0.0	0.0
Forward contract, CHF/DKK	22.0	0.4	0.4	0.4	0.0	0.0
Forward contract, EUR/HRK	16.3	0.0	0.0	0.0	0.0	0.0
Forward contract, EUR/HUF	52.5	(4.2)	(4.2)	(4.2)	0.0	0.0
Forward contract, USD/CAD	56.9	(1.3)	(1.3)	(1.3)	0.0	0.0
	222.2	(5.8)	(5.5)	(5.5)	0.0	0.0
Interest-related instruments						
Interest rate swap, EUR/EUR	118.9	(5.4)	(5.4)	(2.2)	(2.1)	(1.1)
	118.9	(5.4)	(5.4)	(2.2)	(2.1)	(1.1)
	341.1	**(11.2)**	**(10.9)**	**(7.7)**	**(2.1)**	**(1.1)**
2010						
Currency-related instruments						
Forward contract, GBP/DKK	54.6	0.4	0.4	0.4	0.0	0.0
Forward contract, PLN/DKK	31.5	(0.4)	(0.4)	(0.4)	0.0	0.0
Forward contract, SEK/DKK	26.2	(0.5)	(0.5)	(0.5)	0.0	0.0
Forward contract, USD/CAD	55.2	1.5	1.5	1.5	0.0	0.0
	167.5	1.0	1.0	1.0	0.0	0.0
Interest-related instruments						
Interest rate swap, DKK/DKK	60.0	(2.3)	0.0	0.0	0.0	0.0
Interest rate swap, EUR/EUR	119.3	(0.6)	(0.6)	(0.6)	0.0	0.0
	179.3	(2.9)	(0.6)	(0.6)	0.0	0.0
	346.8	**(1.9)**	**0.4**	**0.4**	**0.0**	**0.0**

NOTES WITHOUT REFERENCE

DKKm

34 FINANCIAL INSTRUMENTS CONT'D

Parent company	Notional amount, net	Fair value	Recognised in equity	Expected date of transfer to profit/(loss) for the year: Within 1 year	Within 1-2 years	After 2 years
2011						
Currency-related instruments						
Forward contract, GBP/DKK	34.7	(1.3)	(1.3)	(1.3)	0.0	0.0
Forward contract, PLN/DKK	24.0	1.0	1.0	1.0	0.0	0.0
Forward contract, SEK/DKK	15.8	(0.4)	(0.1)	(0.1)	0.0	0.0
Forward contract, CHF/DKK	22.0	0.4	0.4	0.4	0.0	0.0
Forward contract, EUR/HRK	16.3	0.0	0.0	0.0	0.0	0.0
Forward contract, EUR/HUF	52.5	(4.2)	(4.2)	(4.2)	0.0	0.0
	165.3	(4.5)	(4.2)	(4.2)	0.0	0.0
Interest-related instruments						
Interest rate swap, EUR/EUR	118.9	(5.4)	(5.4)	(2.2)	(2.1)	(1.1)
	118.9	(5.4)	(5.4)	(2.2)	(2.1)	(1.1)
	284.2	**(9.9)**	**(9.6)**	**(6.4)**	**(2.1)**	**(1.1)**
2010						
Currency-related instruments						
Forward contract, GBP/DKK	54.6	0.4	0.4	0.4	0.0	0.0
Forward contract, PLN/DKK	31.5	(0.4)	(0.4)	(0.4)	0.0	0.0
Forward contract, SEK/DKK	26.2	(0.5)	(0.5)	(0.5)	0.0	0.0
	112.3	(0.5)	(0.5)	(0.5)	0.0	0.0
Interest-related instruments						
Interest rate swap, DKK/DKK	60.0	(2.3)	0.0	0.0	0.0	0.0
Interest rate swap, EUR/EUR	119.3	(0.6)	(0.6)	(0.6)	0.0	0.0
	179.3	(2.9)	(0.6)	(0.6)	0.0	0.0
	291.6	**(3.4)**	**(1.1)**	**(1.1)**	**0.0**	**0.0**

NOTES WITHOUT REFERENCE

DKKm

34 FINANCIAL INSTRUMENTS CONT'D

FAIR VALUE HEDGING

Group	2011 Monetary items Assets*	2011 Monetary items Liabilities	2011 Covered by hedging instruments	2011 Net position	2010 Monetary items Assets	2010 Monetary items Liabilities	2010 Covered by hedging instruments	2010 Net position
CAD	19.9	(29.2)	0.0	(9.4)	26.2	(26.8)	0.0	(0.6)
CHF	6.7	(0.2)	0.0	6.5	7.4	(0.6)	0.0	6.8
EUR	114.7	(191.5)	0.0	(76.8)	100.1	(256.8)	0.0	(156.7)
GBP	18.5	(1.2)	0.0	17.3	26.9	(6.3)	0.0	20.6
HUF	13.7	(10.8)	0.0	2.9	21.5	(12.6)	0.0	8.9
PLN	31.3	(0.6)	0.0	30.8	30.2	(1.8)	0.0	28.4
SEK	2.2	0.0	0.0	2.2	9.9	(0.9)	0.0	9.0
USD	15.6	(6.8)	0.0	8.8	14.0	(6.8)	0.0	7.2
Other currencies	58.7	(19.7)	0.0	39.0	75.5	(21.4)	0.0	54.1
	281.3	**(260.0)**	**0.0**	**21.3**	**311.7**	**(334.0)**	**0.0**	**(22.3)**

* Excluding equity-like loans recognised in 'hedging of net assets in foreign subsidiaries'.

Parent company	2011 Monetary items Assets	2011 Monetary items Liabilities	2011 Covered by hedging instruments	2011 Net position	2010 Monetary items Assets	2010 Monetary items Liabilities	2010 Covered by hedging instruments	2010 Net position
CAD	53.3	(56.2)	0.0	(2.9)	64.2	(94.8)	0.0	(30.6)
CHF	5.6	(3.2)	0.0	2.4	1.7	0.0	0.0	1.7
EUR	169.5	(232.1)	0.0	(62.6)	38.2	(323.6)	0.0	(285.4)
GBP	17.7	(2.9)	0.0	14.8	17.5	(1.0)	0.0	16.5
HUF	5.0	(51.0)	0.0	(46.0)	0.0	0.0	0.0	0.0
PLN	30.2	(2.2)	0.0	28.0	9.8	0.0	0.0	9.8
SEK	2.2	0.0	0.0	2.2	9.9	(0.9)	0.0	9.0
USD	0.1	0.0	0.0	0.1	21.9	0.0	0.0	21.9
Other currencies	4.6	(31.2)	0.0	(26.6)	6.2	(12.0)	0.0	(5.8)
	288.2	**(378.8)**	**0.0**	**(90.6)**	**169.4**	**(432.3)**	**0.0**	**(262.9)**

NOTES WITHOUT REFERENCE

DKKm

34 FINANCIAL INSTRUMENTS CONT'D

HEDGING OF NET ASSETS IN FOREIGN SUBSIDIARIES

Group	2011 Invest-ment*	2011 Amount hedged	2011 Net-position	2011 Foreign exch. adjustment recognised in equity	2010 Investment*	2010 Amount hedged	2010 Net position	2010 Foreign exch. adjustment recognised in equity
CAD	150.0	56.2	93.8	(0.4)	177.5	94.8	82.7	11.4
CHF	3.0	0.0	3.0	0.2	2.9	0.0	2.9	0.5
EUR	82.0	0.0	82.0	(0.2)	80.3	0.0	80.3	0.2
GBP	2.5	0.0	2.5	0.0	3.4	0.0	3.4	0.2
HRK	45.8	0.0	45.8	(1.9)	142.4	0.0	142.4	(1.4)
HUF	216.9	0.0	216.9	(27.8)	292.8	0.0	292.8	(6.8)
ILS	60.5	0.0	60.5	(2.3)	54.3	0.0	54.3	6.7
PLN	2.9	0.0	2.9	(0.3)	3.3	0.0	3.3	0.1
USD	0.6	0.0	0.6	0.0	1.4	0.0	1.4	(0.5)
Other currencies	0.5	0.0	0.5	0.0	(0.2)	0.0	(0.2)	0.0
	564.7	**56.2**	**508.5**	**(32.7)**	**758.1**	**94.8**	**663.3**	**10.4**

* Including equity-like loans

INTEREST RATE RISK

Group	2011 Nominal value	2011 Carrying amount	2011 Interest rate	2011 Interest rate risk	2010 Nominal value	2010 Carrying amount	2010 Interest rate	2010 Interest rate risk
Credit institutions								
Fixed rate*	118.9	118.9	3.6%	Fair value	179.2	179.2	3.6%/7.8%	Fair value
Floating rate	92.5	92.5	1.7%	Cash flow	161.6	161.6	3.1%	Cash flow
	211.4	**211.4**			**340.8**	**340.8**		

Parent company	2011 Nominal value	2011 Carrying amount	2011 Interest rate	2011 Interest rate risk	2010 Nominal value	2010 Carrying amount	2010 Interest rate	2010 Interest rate risk
Credit institutions								
Fixed rate*	118.9	118.9	3.6%	Fair value	179.2	179.2	3.6%/7.8%	Fair value
Floating rate	92.5	92.5	1.7%	Cash flow	161.6	161.6	3.1%	Cash flow
	211.4	**211.4**			**340.8**	**340.8**		

* In 2011, a floating-rate loan was raised with a credit institution and converted into a fixed rate loan using an interest rate swap. The interest rate swap maturity is equal to that of the underlying loan, which falls due for payment on 30 June 2014.

NOTES WITHOUT REFERENCE

DKKm

35 RELATED PARTIES

The related parties of Brødrene Hartmann A/S consist of members of the group's Board of Directors and Executive Board.

Related parties also include subsidiaries and associates, see notes 17 and 19, in which Brødrene Hartmann A/S exercises control or significant influence.

THE FOLLOWING TRANSACTIONS WITH ASSOCIATES HAVE BEEN RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME

	Group		Parent company	
	2011	2010	2011	2010
Production costs	26.7	23.6	26.7	23.6

THE FOLLOWING TRANSACTIONS WITH SUBSIDIARIES HAVE BEEN RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME

	Parent company	
	2011	2010
Revenue	0.4	305.9
Production costs	416.1	25.6
Other costs recognised in operating profit	(6.8)	(56.4)

Transactions with subsidiaries have been eliminated in the consolidated financial statements in accordance with the accounting policies.

Sales of goods to related parties were made at standard prices.

Purchases of goods were also made at market prices less discounts offered on the basis of volumes purchased.

In 2011, Hartmann carried out transactions totalling DKK 1.7 million (2010: DKK 0.7 million) with the law firm PLESNER, of which Peter-Ulrik Plesner, a member of the Board of Directors of Hartmann, is a partner. At 31 December 2011, the amount payable by Hartmann to PLESNER was DKK 0.7 million (2010: DKK 0.3 million).

No security or guarantee has been provided in respect of any balances at the balance sheet date. Receivables and trade payables will be settled in cash. No losses have been incurred and no provisions for probable losses have been made in respect of receivables from related parties.

For information on remuneration paid to the members of the Executive Board and the Board of Directors, see note 9.

36 EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred after the balance sheet date of significance to the consolidated financial statements or the parent company financial statements other than what has been mentioned in this annual report.

NOTES WITHOUT REFERENCE

37 ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the parent company, Brødrene Hartmann A/S, and enterprises in which the parent company directly or indirectly holds the majority of voting rights or which the parent company in some other way controls (subsidiaries). Enterprises in which the group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered associates. The consolidated financial statements are prepared on the basis of the financial statements of the parent company and the subsidiaries by combining like items. The financial statements used for the annual report of the group have been prepared in accordance with the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, dividends, balances, and realised and unrealised gains and losses on intra-group transactions are eliminated. The parent company's investments in the consolidated subsidiaries are set off against the parent company's share of the subsidiaries' fair value of identified net assets determined at the date of consolidation.

Foreign currency translation

A functional currency is designated for each of the reporting entities in the group. The functional currency is the currency used in the primary economic environment in which the reporting entity operates. Transactions denominated in currencies other than the functional currency are transactions in foreign currency. On initial recognition, transactions denominated in foreign currency are translated into the functional currency at the exchange rate at the transaction date. Gains and losses arising between the rate at the transaction date and the rate at the date of payment are recognised in the statement of comprehensive income under financial income and expenses, net. Receivables, payables and other monetary items denominated in foreign currency are translated into the functional currency at the exchange rate at the balance sheet date. Differences between the rate at the balance sheet date and the rate at the transaction date or the exchange rate stated in the latest annual report are recognised in the statement of comprehensive income under financial income and expenses, net. On recognition of foreign subsidiaries and associates with functional currencies other than DKK, comprehensive income statement items are translated at the rate at the transaction date, and balance sheet items including goodwill are translated at the rate at the balance sheet date. The rate at the transaction date is calculated as the average rate of the individual month to the extent that this does not significantly distort the presentation.

Foreign exchange differences arising on the translation of opening equity of these entities at the rate at the balance sheet date and on the translation of comprehensive income statement items from average rates to the rate at the balance sheet date are recognised in the consolidated financial statements as a separate translation reserve directly in other comprehensive income. Foreign exchange adjustments of intra-group balances with foreign subsidiaries, which are considered part of the net investment in subsidiaries with functional currencies other than DKK, are recognised in the consolidated financial statements in other comprehensive income. Similarly, foreign exchange gains and losses on the parts of loans and derivative financial instruments that are designated as hedges of foreign subsidiaries which effectively set off foreign exchange gains and losses on investments in the subsidiary are also recognised in the consolidated financial statements in other comprehensive income.

On full or partial divestment of a foreign entity or on the settlement of intra-group balances that are considered part of the net investment, the part of accumulated foreign exchange adjustment that is recognised in equity that is attributable to that entity is recognised in the profit/loss for the year together with any gains or losses from the divestment.

Derivative financial instruments

The group uses forward exchange contracts and interest rate swaps to limit its currency and interest rate exposure. Derivative financial instruments are not used for speculative purposes. Derivative financial instruments are recognised at fair value at the date of transaction and are subsequently recognised at fair value at the balance sheet date. The fair value of derivative financial instruments is recognised in other receivables (positive value) and other payables (negative value). Realised and unrealised gains and losses on contracts are recognised in the statement of comprehensive income under financial income and expenses, unless the derivative financial instruments have been used to hedge future cash flows. Value adjustments of derivative financial instruments used to hedge future cash flows are recognised in other comprehensive income if the hedge is effective. Value adjustments of any ineffective part of the relevant derivative financial instruments are recognised in financial income and expenses. When the hedged transaction is realised, the gain or loss on the hedging instrument is recognised in the same item as the hedged item, and the amount recognised in other comprehensive income is reversed. If a hedged transaction is no longer expected to take place, the accumulated net gains or net losses are taken to the profit/loss for the year via other comprehensive income. The fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

STATEMENT OF COMPREHENSIVE INCOME

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the profit/loss for the year provided that delivery and transfer of risk to the buyer has taken place at the balance sheet date and that the income can be reliably measured and is expected to be received. Revenue is measured at the fair value of the consideration receivable

NOTES WITHOUT REFERENCE

37 ACCOUNTING POLICIES CONT'D

exclusive of VAT. Discounts granted are deducted from revenue. Contract work in progress concerning the production of moulding machines in Hartmann Technology is recognised as revenue by reference to the stage of completion, so that revenue corresponds to the selling price of work performed during the year (the percentage of completion method). Revenue is recognised when total income and expenses relating to the construction contract and the stage of completion of the work at the balance sheet date can be reliably calculated and when it is probable that the economic benefits including payments will flow to the group.

Production costs
Production costs comprise direct and indirect costs including depreciation and amortisation and salaries incurred in generating the revenue for the year. Production costs also comprise research costs and any development costs not qualifying for capitalisation.

Amortisation of capitalised development costs is also recognised.

Selling and distribution costs
Selling and distribution costs comprise costs in relation to freight, sales staff, advertising, exhibitions and depreciation.

Administrative expenses
Administrative expenses comprise expenses in relation to administrative staff, management, office premises, office expenses, depreciation and amortisation.

Other operating income and other operating expenses
Other operating income and other operating expenses comprise items of a secondary nature, e.g. gains and losses from disposal of property, plant and equipment.

Operating profit/(loss) before special items
Operating profit/(loss) before special items is a key figure for comparison with prior years.

Special items
Special items comprise significant income and expenses of a special nature relative to the group's earnings-generating operating activities such as the costs of extensive restructuring of processes and basic structural changes. Other significant amounts of a non-recurring nature are also recognised under the item, including impairment of property, plant and equipment, impairment of goodwill and gains and losses on the divestment of activities.

These items are presented separately in order to facilitate the comparability of the statement of comprehensive income and in order to provide a clearer presentation of operating profit. Special items are specified in a note to the financial statements.

Profit/(loss) from investments in associates in the consolidated financial statements
The proportionate share of the profit/loss from associates after tax and after elimination of the proportionate share of intra-group profit/loss is recognised in the consolidated statement of comprehensive income.

Dividend from investments in subsidiaries and associates in the parent company's financial statements
Dividend from investments in subsidiaries and associates is recognised in the parent company's profit/loss for the financial year in which it is declared.

Financial income and expenses
Financial income and expenses comprise interest, realised and unrealised foreign exchange adjustments, market value adjustment of securities, amortisation and surcharges and refunds under the on-account tax scheme. Also included are realised and unrealised gains and losses relating to derivative financial instruments not qualifying for hedge accounting.

Tax on profit/(loss) for the year
The parent company is subject to the Danish rules on joint taxation of the group's Danish companies. Subsidiaries are covered by the joint taxation arrangement for as long as they are included in the consolidation in the consolidated financial statements. The parent company is the management company for the joint taxation arrangement and handles the settlement of all income tax payments to the tax authorities. For the purpose of the settlement of joint taxation contributions, the current amount of Danish income tax payable is distributed among the jointly taxed companies in proportion to their taxable income. In this connection companies with a tax loss will receive joint taxation contributions from companies capable of utilising these losses to reduce their own taxable income (full absorption). Tax for the year, comprising current income tax for the year, joint taxation contributions for the year and changes in deferred tax for the year, including such changes as follow from changes in the tax rate, is recognised as income, comprehensive income or equity, depending on where the item is recognised.

STATEMENT OF CASH FLOWS
The statement of cash flows shows the group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents and the group's opening and closing cash and cash equivalents.

NOTES WITHOUT REFERENCE

37 ACCOUNTING POLICIES CONT'D

Cash flows from operating activities

Cash flows from operating activities are determined using the indirect method as operating profit/loss before special items adjusted for non-cash items, changes in working capital, interest paid and interest received, income tax paid and restructuring costs paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and divestment of intangible assets and property, plant and equipment, dividend received from associates and subsidiaries and government grants received.

Cash flows from financing activities

Cash flows from financing activities comprise the raising and repayment of loans, changes in the amount or composition of the share capital including purchase and sale of treasury shares and related costs and dividend payments to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and current bank debt.

BALANCE SHEET

Goodwill

On initial recognition goodwill is recognised in the balance sheet at cost. Goodwill is subsequently measured at cost less accumulated impairment. Goodwill is not amortised. The carrying amount of goodwill is allocated to the group's cash-generating units at the date of acquisition. The determination of cash-generating units is based on the management structure and internal financial control.

Other intangible assets

Development projects comprise salaries, amortisation, and other costs attributable to the group's development activities. Development projects that are clearly defined and identifiable, and where the technical utilisation degree, sufficient resources and potential future market or development opportunities in the group are evidenced, and where the group intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and there is sufficient assurance that future earnings or the net selling price can cover production costs, selling and distribution costs and administrative expenses as well as development costs. Development projects that do not qualify for recognition in the balance sheet are recognised in profit/loss for the year as and when the costs are incurred.

Costs for development and implementation of major IT systems are capitalised and amortised over the estimated economic life.

Other intangible assets are measured at cost less accumulated amortisation and impairment.

Amortisation is made on a straight-line basis over the estimated useful life which is:

- Development projects, 5-10 years
- Software etc., 5 years

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment. Cost comprises the purchase price and any costs directly attributable to the acquisition until the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs related to wages and salaries, materials, components and sub-suppliers. Borrowing costs are not recognised, if production periods are short. Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately. Subsequent costs, e.g. for the replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset when it is likely that the expenditure of the replacement involves future financial benefits to the group. The carrying amount of the replaced components is no longer recognised in the balance sheet, but is transferred to the profit/loss for the year. All other costs related to general repair and maintenance are recognised in profit/loss for the year as and when incurred. Property, plant and equipment is depreciated on a straight-line basis over the expected useful lives of the assets/components:

- Buildings and building parts, 10-25 years
- Technical plant and machinery, 3-25 years
- Fixtures and fittings, tools and equipment, 5-10 years
- IT equipment including basic programs, 3-5 years

Land is not depreciated. The depreciation basis is determined taking into account the residual value and any impairment losses. The residual value is determined at the date of acquisition and is reassessed annually. If the residual value exceeds the carrying amount of the asset, depreciation will cease. If the depreciation period or the residual value is changed, the effect on depreciation going forward is recognised as a change in accounting estimates. Depreciation is recognised in the statement of comprehensive income as production costs, selling and distribution costs and administrative expenses, respectively. Gains or losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the statement of comprehensive income in other operating income or in other operating expenses.

Investments in associates in the consolidated financial statements

Investments in associates are measured using the equity method. Investments in associates are measured in the balance sheet at the pro-

NOTES WITHOUT REFERENCE

37 ACCOUNTING POLICIES CONT'D

portionate share of the companies' equity value calculated in accordance with the group's accounting policies with deduction or addition of the proportionate share of unrealised intra-group gains and losses plus the carrying amount of goodwill.

Investments in subsidiaries and associates in the parent company's financial statements

Investments in subsidiaries and associates are measured at cost. Where the cost is higher than the recoverable amount, the investments are written down to this lower value.

Impairment of non-current assets

Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually, the first impairment test being performed prior to the expiry of the year of acquisition. Similarly, annual impairment tests are performed on development projects in progress.

The carrying amount of goodwill is tested for impairment at least annually together with the other non-current assets of the cash-generating unit to which goodwill has been allocated and is written down to the recoverable amount over the income statement if the carrying amount is higher. The recoverable amount is calculated as the net present value of expected future net cash flows from the enterprise or operation (cash generating unit) to which the goodwill is allocated. Deferred tax assets are tested for impairment annually and are written down if it is deemed likely that the deferred tax asset cannot be utilised against tax on future income or set off against deferred tax liabilities in the same legal tax entity and jurisdiction. The assessment takes account of the type and nature of the recognised deferred tax asset, the estimated time frame for the set-off of the deferred tax asset, tax-planning possibilities etc. The carrying amount of other non-current assets is tested annually for any indication of impairment. When there is an indication that an asset may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of the net selling price and the net present value of expected future net cash flows. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount of the asset or its cash-generating unit. Impairment losses are recognised in the income statement. Impairment losses on goodwill are not reversed. Impairment losses on other assets are reversed to the extent that changes have occurred in the assumptions and estimates used to determine impairment. Reversals of impairment are made only to the extent that the new carrying amount of the asset does not exceed the carrying amount it would have had net of depreciation or amortisation, had the original write-down not been made.

Inventories

Inventories are measured at cost using the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. Goods for resale, raw materials and consumables are measured at cost, comprising the purchase price plus delivery costs. Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct labour costs and production overheads. Production overheads comprise indirect materials and labour costs as well as maintenance and depreciation of production machinery, factory buildings and equipment and factory administration and management costs.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and developments in the expected selling price.

Current and non-current receivables

Receivables, including government grants receivable, are measured at amortised cost. If a receivable is deemed to be impaired, it is written down. Write-downs are made individually and on a portfolio basis.

Prepayments

Prepayments comprise costs incurred that relate to subsequent financial years.

Equity

Dividend

The amount proposed in dividend for the year is stated as a separate item in equity. Proposed dividend is recognised as a liability at the time it is adopted at the annual general meeting.

Treasury shares

Costs of acquisition and divestment and dividend received on treasury shares acquired by the parent company or the subsidiaries are recognised as retained earnings in equity.

Currency translation reserve

The translation reserve in the consolidated financial statements includes foreign exchange differences on the translation of the financial statements of foreign subsidiaries from their functional currency to the presentation currency of the group.

Hedging reserve

The hedging reserve contains the accumulated net change in fair value of hedging transactions that qualify as hedging of future cash flows and for which the hedged transaction has not yet been realised.

Pension obligations

Obligations relating to defined contribution plans, under which the group regularly pays fixed contributions into an independent pension fund, are recognised in profit/loss in the period in which they are earned, and outstanding payments are recognised in the balance sheet under other payables.

NOTES WITHOUT REFERENCE

37 ACCOUNTING POLICIES CONT'D

For defined benefit plans, annual actuarial calculations are made of the present value of future benefits payable under the pension plan. The present value is calculated based on assumptions of the future developments in variables such as salary levels, interest, inflation and mortality rates. The present value is only calculated for benefits earned by the employees through their employment with the group to date. The actuarial present value less the fair value of any plan assets is recognised in the balance sheet under pension obligations. The pension costs for the year, based on actuarial estimates and financial forecasts at the beginning of the year, are recognised in the profit/loss for the year. The difference between the forecast development in pension assets and liabilities and the realised values is called actuarial gains or losses and is recognised in other comprehensive income. If a pension plan constitutes a net asset, the asset is recognised only insofar as it leads to future refunds under the plan or a reduction in future contributions to the plan.

Income tax and deferred tax

According to the rules on joint taxation, the parent company in its capacity of management company assumes liability vis-à-vis the tax authorities for the payment of income tax by the Danish subsidiaries by reference to the payment by the subsidiaries of joint taxation contributions. Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account. Joint taxation contributions payable and receivable are recognised in the balance sheet of the parent company under intra-group balances with subsidiaries.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax on temporary differences relating to goodwill which is not deductible for tax purposes and office buildings and other items is not recognised where temporary differences – other than business acquisitions – arise at the date of acquisition without affecting either the profit/loss for the year or the taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured on the basis of planned use of the asset as decided by management, or settlement of the liability, respectively. Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised under other non-current assets at the expected value of their utilisation, either as a set-off against tax on future earnings or as a set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. Adjustment is made to deferred tax relating to eliminations made of unrealised intra-group profits and losses. Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Provisions

Provisions mainly consist of warranty commitments. Provisions are recognised when, as a result of events occurring before or at the balance sheet date, the group incurs a legal or constructive obligation and it is probable that there may be an outflow of financial resources to settle the obligation. Provisions are measured at management's best estimate of the amount required to settle the obligation at the balance sheet date. Warranty commitments are recognised when goods and services are sold on the basis of warranty costs incurred in prior financial years.

Financial liabilities

Financial liabilities comprise debt to credit institutions, trade creditors, payables to subsidiaries and associates and other debt.

Debt to credit institutions are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value (capital loss) is recognised in income over the term of the loan.

Other liabilities are measured at net realisable value.

Government grants

Grants relating to property, plant and equipment are recognised as liabilities in the balance sheet. The grants are recognised in profit/loss over the useful lives of the assets.

SEGMENT INFORMATION

The reporting of business segments is in accordance with the internal reporting to the Executive Board and the Board of Directors.

Hartmann's activities are segmented on the basis of the geographical location of the reporting units.

The internal management reporting follows the group's accounting policies.

Segment income and expenses as well as segment assets and liabilities comprise those items that in the internal management reporting are directly attributed to each individual segment and those items that are indirectly allocated to the individual segments on a reliable basis. Profit/(losses) in associates, financial income and expenses, income taxes, investments in associates, tax assets and tax liabilities, and cash and cash equivalents and bank debt are not allocated to reporting segments.

The reporting segments are:
- Europe
- North America

NOTES WITHOUT REFERENCE

37 ACCOUNTING POLICIES CONT'D

DEFINITIONS OF FINANCIAL RATIOS

The financial ratios are calculated in accordance with 'Recommendations & Ratios, 2010',
issued by the Danish Society of Financial Analysts.

Invested capital

Net working capital + intangible assets + property, plant and equipment + other non-current receivables - government grants

Net working capital (NWC)

Inventories + receivables + other current operating assets - pension obligations - trade payables - other current operating liabilities

Net interest-bearing debt

Cash and cash equivalents - loans - credit institutions

Profit margin

$$\frac{\text{Operating profit/(loss) (EBIT)} \times 100}{\text{Revenue}}$$

Return on invested capital (ROIC)

$$\frac{\text{Operating profit/(loss) (EBIT)}}{\text{Average invested capital}}$$

Return on equity

$$\frac{\text{Profit/(loss) for the year} \times 100}{\text{Average total equity}}$$

Equity ratio

$$\frac{\text{Total equity, year end} \times 100}{\text{Total assets}}$$

Gearing

$$\frac{\text{Net interest-bearing debt} \times 100}{\text{Total equity, year end}}$$

Earnings per share (EPS)

$$\frac{\text{Profit/(loss) for the year}}{\text{Average no. of shares}}$$

The calculation of diluted EPS is adjusted for outstanding share options.

Book value per share

$$\frac{\text{Total equity, year end}}{\text{No. of shares (excluding treasury shares), year end}}$$

Price/earnings

$$\frac{\text{Market price}}{\text{Earnings per share (EPS)}}$$

Pay-out ratio

$$\frac{\text{Total dividend paid} \times 100}{\text{Profit/(loss) for the year}}$$

Cash flow per share

$$\frac{\text{Cash flows from operating activities}}{\text{Average no. of shares (excluding treasury shares)}}$$

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Board of Directors and the Executive Board have today considered and approved the annual re-port of Brødrene Hartmann A/S for the financial year 1 January - 31 December 2011.

The annual report was prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the group's and the parent's financial position at 31 December 2011 as well as of their financial performance and their cash flow for the financial year 1 January - 31 December 2011.

We believe that the management commentary contains a fair review of the development and perform-ance of the group's and the parent's business and of their position as well as the parent's financial posi-tion and the financial position as a whole of the entities included in the consolidated financial state-ments, together with a description of the principal risks and uncertainties that the group and the parent face.

We recommend the annual report for adoption at the Annual General Meeting.

Gentofte, 8 March 2012

Executive Board:	Michael Rohde Pedersen *Chief Executive Officer*	Claus Frees Sørensen *Chief Financial Officer*	
Board of Directors:	Agnete Raaschou-Nielsen	Walther V. Paulsen *Chairman*	Jan Peter Antonisen *Vice Chairman*
	Niels Hermansen	Jørn Mørkeberg Nielsen	Niels Christian Petersen
	Peter-Ulrik Plesner		

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Brødrene Hartmann A/S
Report on the consolidated financial statements and parent financial statements
We have audited the consolidated financial statements and parent financial statements of Brødrene Hartmann A/S for the financial year 1 January - 31 December 2011, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including the accounting policies, for the group as well as for the parent. The consolidated financial statements and parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and parent financial statements
Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for such internal control as Management determines is necessary to enable the preparation and fair presentation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2011, and of the results of their operations and cash flows for the financial year 1 January - 31 December 2011 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the management commentary
Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not per-formed any further procedures in addition to the audit of the consolidated financial statements and parent finan-cial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statements.

Copenhagen, 8 March 2012

Deloitte
Statsautoriseret Revisionspartnerselskab

Anders Dons	Martin Faarborg
State Authorised	*State Authorised*
Public Accountant	*Public Accountant*

HARTMANN AT A GLANCE

Hartmann is one of the three largest producers of moulded-fibre egg packaging and one of the world's largest producers of machinery for producing moulded-fibre packaging. Hartmann's market position can be ascribed to its strong technology know-how and extensive experience of production of moulded fibre since 1936.

Sustainability
Sustainability and environmental considerations are integral elements of Hartmann's business model and strategy. All of Hartmann's products are based on recycled paper; a renewable, CO_2-neutral and biodegradable resource. Hartmann collaborates closely with its customers to support the need for sustainable products in the retail trade.

Markets
Hartmann's egg packaging is sold globally. The group's key markets consist of Europe and North America, where Hartmann has strong market positions. Hartmann is the market leader in Europe and has a small share of the North American market. Hartmann's technology, including machinery and services, is also sold globally outside its key markets.

Customers
Hartmann sells egg packaging to egg producers, egg packing businesses and supermarket chains, which are increasingly seeking Hartmann's expertise in the marketing of eggs. Hartmann's technology and related services are sold to producers of moulded-fibre egg packaging. Hartman has more than 1,500 customers in 50 countries, and most of these customers have long-standing relations with Hartmann. In 2011, Hartmann generated total revenue of DKK 1.5 billion.

Organisation
Hartmann has about 1,500 employees, and its head office is situated in Gentofte, Denmark. Production takes place at Hartmann's own factories. Five of these factories are located in Europe, one is located in Israel and one in Canada. The group has sales offices in twelve countries.

The Hartmann share
Hartmann's shares have been listed on NASDAQ OMX Copenhagen A/S since 1982. The company has one share class, and each share carries one vote.

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CVR no. 63 04 96 11

The annual report for the financial year ended 31 December 2011 has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

This annual report was released as company announcement no. 4/2012 through NASDAQ OMX Copenhagen A/S in Danish and English. In case of discrepancies between the two versions and in case of doubt, the Danish version will prevail.