HARTMANN

Annual Report 2009

Five-year financial highlights and ratios

	2009	2008	2007	2006	2005
Statement of comprehensive income (DKKm)					
Revenue	1,380	1,491	1,492	1,475	1,415
Operating profit before depreciation, amortisation and impairment (EBITDA)	154	193	106	168	159
Operating profit before special items	79	91	53	17	53
Special items	(12)	(25)	(199)	45	0
Operating profit/(loss) (EBIT)	67	66	(146)	62	53
Net financial income and expense	(19)	(77)	(52)	(20)	3
Profit/(loss) before tax (EBT)	53	(11)	(198)	42	56
Profit/(loss) for the year from continuing operations	36	(3)	(271)	38	38
Profit/(loss) for the year from discontinued operations	0	0	(242)	(115)	(10)
Profit/(loss) for the year (EAT)	36	(3)	(513)	(77)	28
Comprehensive income	51	(16)	(324)	(95)	54
Cash flows (DKKm)					
Cash flows from operating activities	76	101	56	39	58
Cash flows from investing activities	(94)	(83)	(141)	11	(72)
Cash flows from financing activities	(22)	122	74	(70)	(28)
Cash flows from continuing operations	(40)	140	(12)	(20)	(42)
Cash flows from discontinued operations	0	0	(64)	(2)	25
Total cash flows	(40)	140	(76)	(22)	(17)
Balance sheet (DKKm).					
Assets	1,216	1,189	1,220	1,438	1,599
Invested capital (IC)	786	725	799	920	1,106
Net working capital (NWC)	151	100	112	144	144
Net interest-bearing debt	345	317	592	338	505
Equity	508	456	220	544	646
Financial ratios in per cent					
Operating margin (EBITDA)	11.2	12.9	7.1	11.4	11.2
Profit margin before special items	5.7	6.1	3.6	1.2	3.7
Profit margin (EBIT)	4.9	4.4	(9.8)	4.2	3.7
Return on invested capital (ROIC)	8.9	8.7	(17.0)	6.1	5.0
Return on equity	7.4	(0.8)	(134.9)	(12.9)	4.5
Equity ratio	41.7	38.4	18.0	37.9	40.4
Gearing	68.0	69.5	269.0	62.2	78.1
Share-related key figures*					
No. of shares (at year-end, excluding treasury shares)	6,915,090	6,915,090	3,407,545	3,407,545	3,407,545
No. of shares (average, excluding treasury shares)	6,915,090	5,732,568	4,483,612	4,483,612	4,483,612
Earnings per share in DKK (EPS)	5.2	(0.5)	(113.7)	(13.9)	6.4
Cash flow from operating activities per share DKK	11.0	17.6	12.5	8.8	12.9
Dividend per share, DKK (proposed)	1.5	0.0	0.0	0.0	2.5
Book value per share, DKK	73.4	79.6	49.1	121.4	144.1
Market price per share, DKK at year-end	95.0	70.5	112.5	172.5	126.2
Market price/book value per share	1.3	0.9	2.3	1.4	0.9
Price/earnings	18.3	(145.5)	(1.3)	(16.3)	25.9
Pay-out ratio, %	29.4	-	-	-	29.8
Market value (DKKm)	656.9	487.5	504.3	773.5	566.0
Employees					
Average no. of employees	1,553	1,629	1,946	1,929	1,901

* 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, 2005, issued by the Danish Society of Financial Analysts, see note 38.

Contents

Management report

Introduction and strategy

Five-year financial highlights and ratios 2
Hartmann at a glance 4
Hartmann met expectations 6
Strategy 8
Market 10

Results and outlook

Group developments 2009 14
Financial review 2009 18
Outlook for 2010 20
Risk factors 22

Ownership and management

Shareholders and the stock exchange 26
Corporate governance 29
Board of Directors and Executive Board 30

Corporate social responsibility

Corporate social responsibility 32

Consolidated and parent company financial statements

Statement of comprehensive income 36
Statement of cash flows 37
Balance sheet, assets 38
Balance sheet, equity and liabilities 39
Statement of changes in equity 40
Notes to the financial statements 41
Management statement and independent auditor's report 82

Photos in this Annual Report: Employees of Brødrene Hartmann A/S.

Hartmann at a glance

Hartmann is among the world's three largest manufacturers of moulded-fibre egg packaging. The Group also offers industrial packaging and technology and machinery for the manufacturing of moulded-fibre packaging. Hartmann has manufactured 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 in most European markets and in North America. Hartmann is the market leader in Europe and has a smaller share of the North American market.

Customers

Hartmann's customers comprise egg producers, egg packing companies and supermarket chains. Hartmann has more than 1,500 customers in 50 countries, and most of these customers are long-standing business partners of Hartmann's. Consolidated revenue for 2009 was DKK 1,380 million

Manufacturing

Hartmann's manufacturing takes place at its own factories. Five of these factories are located in Europe, one is located in Israel and one in Canada.

Sales

The Group has sales offices in 12 countries, and the European sales and marketing activities are placed in Frankfurt in Germany.

The Hartmann share

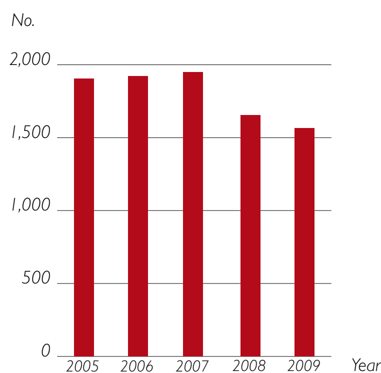
Hartmann's shares have been listed on NASDAQ OMX Copenhagen A/S since 1982. Hartmann has one share class, and each share carries one vote.

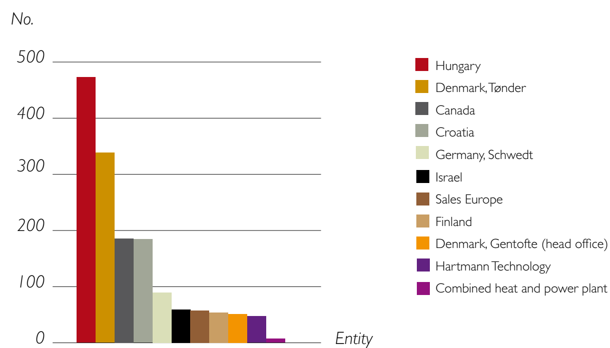
Supporting international sustainability initiatives

Sustainability and environmental protection have for many years been given high priority at Hartmann. In May 2009, Peter Arndrup Poulsen, Hartmann's CEO, had the opportunity to discuss climate and environmental issues with Ban Ki-Moon, Secretary-General of the United Nations, at a meeting arranged by the Confederation of Danish Industry in Copenhagen.

Ban Ki-Moon, Secretary-General of the United Nations, and Peter A. Poulsen, CEO of Brødrene Hartmann A/S.

For contact details, visit
www.hartmann-packaging.com





Hartmann met expectations

The year 2009 was a successful year for Hartmann. Despite unfavourable exchange rates at the European markets, we came a step closer to reaching our profit margin target of 10% in 2010. We continue to focus on making progress in Europe and North America through continual efficiency enhancing and optimisation initiatives, strongly supported by our market position as one of the world's leading suppliers of sustainable moulded-fibre egg packaging.

In 2009, we succeeded, quarter by quarter, at improving earnings through continuous and focused efforts and at year-end we had met our expectations of a profit margin of 4.9% (5.7% before special items). The effects of the '10 in 10' plan were clearer than ever in the fourth quarter of 2009 with a profit margin before special items of 10.4%.

We are pleased to note that a major benefit of Hartmann's lead product – moulded-fibre egg packaging – is its limited sensitivity to cyclical fluctuations, and it was therefore unaffected by the general global crisis. We were, however, hit by the crisis when it came to currency translation, which reduced earnings by DKK 43 million. In the first quarters of the year, in particular, we were adversely affected by unfavourable developments in the currencies that are most important to Hartmann. As a result, the positive effect of the '10 in 10' initiatives in our European business was reduced.

We see a positive effect of growing awareness of sustainability, including environmentally friendly packaging. Hartmann is at the forefront of developments in this area, which is an integral part of our business model and has been so for many years. In addition to our product, we offer our customers advice on how to benefit commercially from incorporating sustainability into their marketing efforts.

Heading for '10 in 10'

Despite the effects of exchange rates, we will maintain our '10 in 10' target of a profit margin in the region of 10% in 2010. We will reach this goal through continued optimisation and development of our European core business, egg packaging, stabilisation of our industrial packaging business and increasing sales and capacity utilisation in the North American business, combined with our broadly founded 'Hartmann - One Company' efforts to strengthen collaboration and coordination in the organisation across national borders.

Improvement of underlying operations in Europe

The agenda for the European business for 2009 consisted of efficiency optimisation, automation and earnings before growth. A number of '10 in 10' initiatives were carried out for the purpose of upgrading production equipment at our factories. Already in 2009, we achieved a reduction in energy consumption and improved efficiency as a result of reduced waste volumes and a higher degree of automation. The efforts to upgrade and automate production equipment will continue in 2010, and, combined with the investments already made, they are expected to contribute to an improvement of our operating profit.

North America in strong growth

We are pleased to see demand for sustainable packaging continue to rise in the North American market. In 2009, our business in North America advanced in all areas, and we are pleased to see that this was, among other things, a result of increased production efficiency and a rise in the share of high-value products: increasing the sales of this type of product is a key element of the strategy for Hartmann in North America. We expect the North American business to contribute positively to operating profit for 2010.

Industrial Packaging: Stabilisation at a lower level

In 2009, our sales organisation worked to attract new customers of industrial packaging in order to compensate to some extent for

declining revenue. These efforts will continue in 2010, and we will be keeping a close eye on market trends. Nevertheless, the industrial packaging activities will remain at a lower level going forward. Consequently, we decided to combine the industrial packaging activities with our other activities in H2 2009 in order to exploit the resulting synergies.

’Hartmann – One Company’

In 2009, in parallel with our investment and efficiency optimisation initiatives, we introduced an internal process under the name of ‘Hartmann – One Company’. This process is intended to underline our four values: ambitious and determined, committed, open and team-oriented and respectful. These values are the cornerstone of our corporate culture across national borders and will support our efforts to meet our business goals during the strategy period.

Strategy 2011-13: ‘From Good to Great’

During the first two phases of our strategy plan, our focus is centred on strengthening our company from within. We have optimised earnings and reduced our business risks significantly. Today, Hartmann is a more profitable and less exposed company. We aim to maintain and build on this position.

In the period 2011–2013, we will ensure annual organic revenue growth at an average rate of about 2% and at a minimum retain a profit margin in the region of 10%. We will ensure continuous improvement of the free cash flow and an attractive return on invested capital (ROIC 15–20%). At the same time, we will distribute annual dividends at a minimum of approximately 30% of the profit for the year during the strategy period. The market is estimated to grow by 1-2% annually. It is our ambition at least to pursue this growth. This is to be achieved by expanding our market leadership position and increasing our long-term competitive strength, where new products and new services, among other things, will create a basis for improved earnings for our customers and for Hartmann.

During the strategy period, we will ensure adequate financial strength: the basis of our growth ambitions. We will continuously monitor developments in adjacent markets and pursue any opportunities that may arise. Acquisitions are, however, not one of our primary goals for the period.

Distribution of dividends

At the annual general meeting to be held on 20 April 2010, the Board of Directors will recommend that, due to the profit for the year, dividends of DKK 1.50 per share be distributed, representing approximately 30% of the profit for the year.

Thank you

We would like to thank all employees of Hartmann for their excellent efforts in 2009. We are confident that with the initiatives carried out and the continued strengthening of our ‘One Company’ approach we are well on our way to meeting our goal of ‘10 in 10’.

Erik Højsholt
Chairman of the Board

Peter Arndrup Poulsen
CEO

Strategy

The year 2010 is the last year in the implementation period of Hartmann's '10 in 10' plan to ensure optimisation of earnings and reduction of business risks. The new plan for the period 2011–2013 will ensure that this position is maintained and further developed along with an ongoing increase in cash flows. Furthermore, Hartmann will strengthen its market leadership position with new products and new services.

Three-phase strategy

In recent years, Hartmann has applied a three-phase strategy model, which forms the framework for the activities to ensure that Hartmann once again becomes an attractive business. The three phases of the strategy consist of the following key elements:

Phase 1: 'Forward to basics' (2007-08)

After several years of declining financial results, Hartmann successfully reversed the adverse trend with its turnaround plan: 'Forward to basics'. The key elements of the plan was partial global pullback by closing down and divesting loss-making operations in Asia and South America, adjusting the organisation and focusing on earnings before growth. The turnaround plan was finally implemented in 2008, when Hartmann also strengthened its capital base through a successful rights issue and merged its share classes. As a result of the 'Forward to basics' plan, the Company's business risks were reduced, and Hartmann became a more focused business.

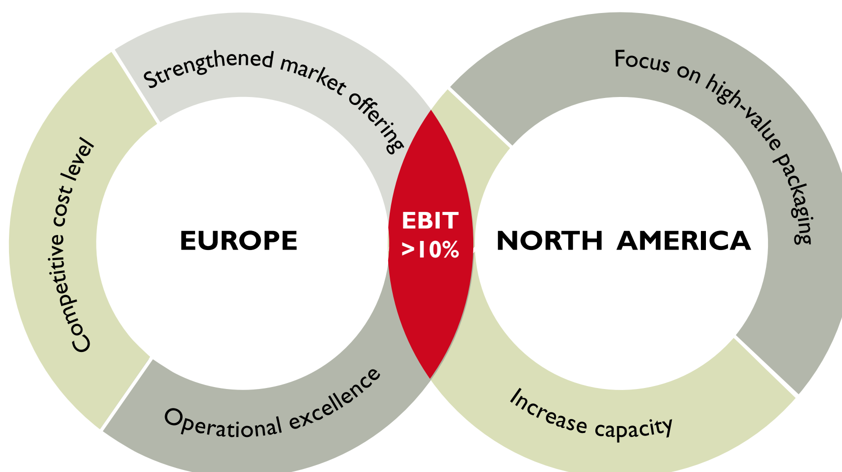
Phase 2: '10 in 10' (2009-10)

The goal of this phase is to achieve a profit margin in the region of 10% in 2010, hence the name '10 in 10'. The target will be achieved by optimising the European business, and a number of investment, relocation and optimisation initiatives were therefore launched in 2009. The Company expects to see the full effects of the majority

Strategy process | *three phases*

Phase 3 | *'From Good to Great'*

During phase 3 of the strategy period, Hartmann will ensure organic growth at an average rate of about 2% and at a minimum retain a profit margin in the region of 10%. This target will be achieved through a number of strategic measures in the two business areas in Europe and North America.



of these initiatives in 2010. At the same time, revenue growth and improved capacity utilisation in North America will ensure a positive contribution to earnings, while Industrial Packaging, previously a separate business area, was integrated into the other business in Europe in 2009. The initiatives launched under the '10 in 10' plan will lift earnings to a satisfactory level, which is a prerequisite for further developing the Company's business. For a more detailed status of the '10 in 10' plan, see 'Group developments 2009', page 14.

Phase 3: 'From Good to Great' (2011-13)

In the period 2011–2013, Hartmann will:

- Ensure annual organic revenue growth at an average rate of about 2%
- At a minimum retain a profit margin in the region of 10%
- Ensure continuous improvement of the free cash flow
- Ensure an attractive return on invested capital (ROIC 15–20%)
- Distribute annual dividends at a minimum of approximately 30% of the profit for the year

The market is estimated to grow by 1-2% annually. It is Hartmann's ambition at least to pursue this growth. This will be achieved by expanding Hartmann's market leadership position and increasing its long-term competitive strength, where new products and new services, among other things, will create a basis for improved earnings for customers and for Hartmann. Phase 3 of the strategy period is called 'From Good to Great'. During the strategy period, Hartmann will ensure adequate financial strength: the basis of Hartmann's growth ambitions. Hartmann will continuously monitor developments in adjacent markets and pursue any opportunities that may arise. Acquisitions are, however, not one of the Company's primary goals for the period.

Phase 3 – activities in Europe

With the aim of strengthening the market offering in Europe, Hartmann will, among other initiatives, introduce new products and improve customer satisfaction through improved services, quality and reliability of supply. At the same time, the initiatives launched as part of the '10 in 10' plan (Operational Excellence) will be further pursued, and some parts of the Company's production technology will be further upgraded to ensure a competitive cost level.

Phase 3 – activities in North America

In North America, Hartmann will continue to focus on enhancing production efficiency and exploiting the growing trend of consumers preferring moulded fibre over plastic and foam packaging. These measures will consolidate Hartmann's position in the North American market, and securing a unique market position within high-value packaging will be given a high priority.

Hartmann | *One Company*

As part of the efforts to meet the strategic objectives, an in-house process was initiated in the second phase of the strategy period in order to underline the values that support Hartmann's culture across national borders. Initiatives have been launched for a broadly founded plan, 'Hartmann – One Company', to make the organisation's four current values (ambitious and determined, committed, open and team-oriented, respectful) active and visible in the day-to-day operations through a value-based transition process involving all employees. Read more about the four values on **www.hartmann-packaging.com**

Four reasons why customers choose Hartmann

- Our product portfolio
- Our quality
- Our delivery competence
- Our sustainable profile

Source: Hartmann customer survey, 2009

Market

The market for egg packaging is only slightly sensitive to cyclical fluctuations. Moreover, growing environmental awareness is becoming increasingly apparent. This results in more demand for high-quality moulded-fibre packaging.

Egg packaging

Hartmann's core business is moulded-fibre egg packaging. The product portfolio covers a broad spectrum ranging from low-cost products and transport trays (primarily for low-cost eggs) to high-value products that make it possible to differentiate between specialty eggs by colour and label. For a detailed description of the product portfolio, see page 11.

The egg packaging business covers two geographical areas accounting for 92% of the total business: Egg Packaging Europe, which accounted for 80% of consolidated revenue for 2009, and Egg Packaging North America, which accounted for 12% of consolidated revenue for 2009.

The European market is a mature and well-consolidated market, and the North American market is growing.

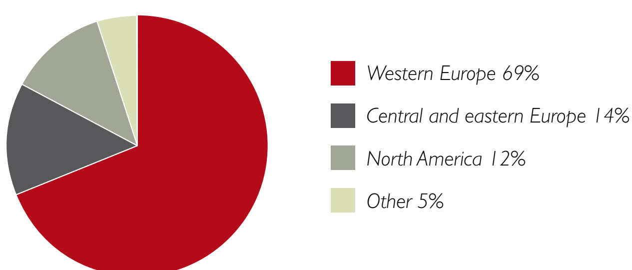
Europe

Hartmann has a strong market position and a long-standing presence in western Europe. The strong position is primarily due to a broad product portfolio, high quality products, a high delivery competence and the sustainable profile (cf. Hartmann's customer survey carried out in the summer of 2009).

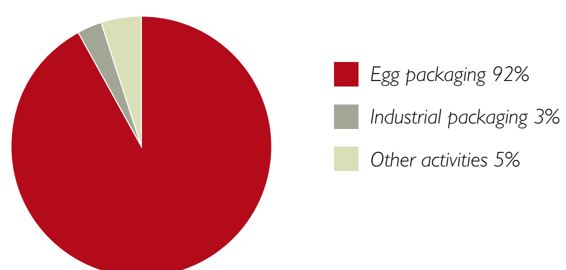
Western Europe continues to see a growing interest in egg packaging in the high-value segment. Throughout the years, Hartmann has contributed to building this segment by continuously launching new products (such as *imagic*), as packaging is becoming an ever-important sales parameter for differentiation of eggs in the retail segment.

Retailers are becoming more aware of environmental issues and actively promote sustainable manufacturing among their sub-sup-

Revenue distribution | *geography*



Revenue distribution | *product*



Hartmann: a key industry player

Hartmann plays an active role in industry organisations where the Company is a key player due to its long-established knowledge of the markets and opportunities for marketing sustainable packaging. For example, as a member of the Marketing Committee for the International Egg Commission (IEC), Hartmann's CCO, Magali Depras, spoke at the 2009 IEC conference in Vancouver. The subject was European trends and strategies in the marketing of eggs. Read more on www.internationalegg.com

CCO Magali Depras

pliers. This trend helps strengthen Hartmann's market position, since moulded fibre is made from recyclable raw materials and is biodegradable.

In southern Europe, the use of plastic packaging for eggs is more widespread than in other western European markets. However, southern Europe is witnessing a trend towards growing environmental awareness, and therefore there is increased market potential for moulded-fibre packaging.

Central and eastern Europe primarily use transport trays for eggs, and the use of retail cartons is less widespread than in western Europe. However, the use of these products is expected to increase with the proliferation of international and national retail chains and the gradual transition to western European standards and EU legislation.

Egg packaging | *by product group*

Retail cartons (high value)

High-value packaging is characterised by new designs and differentiation options such as different colouring, design labelling and multi-colour prints. Used primarily for packing premium eggs such as free-range eggs and organic eggs.

Retail cartons (standard)

Standard packaging is characterised by more traditional designs that are well-established in the market. Possible to differentiate by different colouring, design labelling and multi-colour prints. Most often used for packing standard eggs.

Retail cartons (discount)

Discount packaging is characterised by more traditional product designs – with or without topside windows – that are well-established in the market. Offered in a limited range of colours with multi-colour prints. Customised colours and design labelling are not available. Most often used for packing standard eggs.

Transport packaging

Transport packaging is manufactured in trays holding for example 20 or 30 eggs. Primarily used for distribution of eggs between egg producers and their customers. Only available in grey.

Packaging changes with customer needs

In Western Europe, the number of small households is growing: more and more young and older people live alone. In order to accommodate this trend, Hartmann offers various packs that hold four eggs, e.g. *Superface*, which is characterised by a large label, which provides good opportunities for marketing the eggs.

North America

In the North American market, high-value products are considered to correspond to products at the top end of the standard range in Europe. For this reason, the Group's flagship products *imagic* and *Superface* are still not sold in North America.

Hartmann's market position is attractive due to increasing demand for environmentally compatible products and a growing need for differentiation of eggs in the retail trade. These are growth drivers, and Hartmann is able to draw on its long-standing experience of developments in the European markets.

There is a growing tendency towards direct collaboration between packaging manufacturers and retailers. Together, they decide on colouring, print, labelling and marketing activities. As a result of this process, retailers' influence on the choice of packaging suppliers is on the rise; at the intermediate level and for their own private-label products. Hartmann supports this development by increasingly targeting its sales efforts towards the retail segment and by offering a range of marketing and point-of-sale concepts to the retail segment.

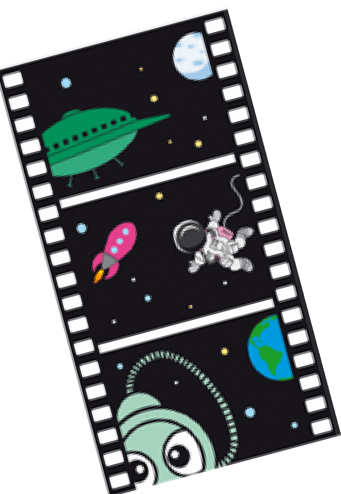
Industrial Packaging

Hartmann also manufactures moulded-fibre industrial packaging, which forms an integral part of the packaging of the end product. In 2009, Industrial Packaging accounted for 3% of Hartmann's total revenue.

The market potential for industrial packaging in Europe has declined in recent years, among other things because more and more electronics manufacturers have relocated production to Asia and because of substitution with other types of packaging, including folding cardboard. This trend is expected to continue.

Other business areas

Hartmann Technology develops, manufactures and sells machinery and technology for manufacturing moulded-fibre packaging. This is a niche market with only few suppliers. In addition, Hartmann has a combined heat and power plant at its factory in Tønder, Denmark, which supplies surplus heat from production to both the factory and external customers.



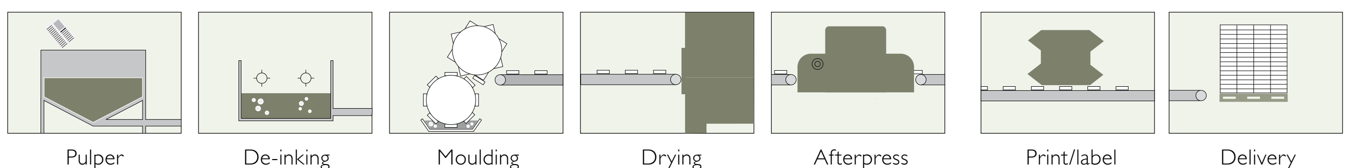
World Egg Day

Hartmann takes active part in the World Egg Day, an annual industry event to raise awareness of eggs and their health benefits. In 2009, Hartmann marked the day by serving free omelettes at Alexanderplatz in Berlin. In Poland, the local sales management participated in a customer event, serving omelettes at the top of Poland's highest mountain.

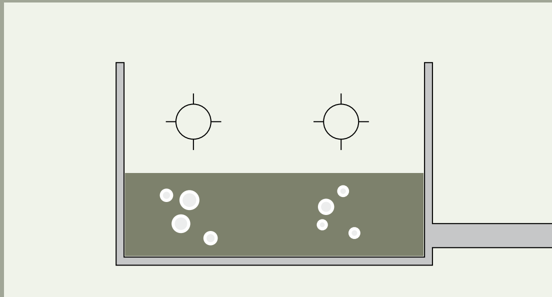
"Eggspedition Earth": Hartmann World Egg Day Movie 2009 (www.youtube.com)

Hartmann’s production process

Hartmann’s standardised production processes enable the Company to supply the same product to the same customer from several different factories.



Source: Hartmann



De-inking of recycled paper is part of Hartmann's production process.

'10 in 10': Process optimisation

In January 2009, the Hungarian factory, now the largest Hartmann factory in Europe, commissioned a de-inking system, which removes ink from recycled paper. One of the results is that it is possible to use less expensive recycled paper for white egg packs. A similar system is already in operation at Hartmann's factory in Denmark.

Group developments 2009

In 2009, the Group met its forecasts for revenue and profit from operations. The profit margin for the year was 4.9% (before special items: 5.7%). The effects of the '10 in 10' plan were clearer than ever in the fourth quarter of 2009 with a profit margin before special items of 10.4%. Profit for the year improved significantly.

The Group's performance in 2009

Quarter by quarter, the final implementation of the many activities under the '10 in 10' plan reflected positively on operations. However, the year was severely affected by unfavourable exchange rates compared with 2008.

Hartmann's total revenue for 2009 was DKK 1,380 million (2008: DKK 1,491 million) distributed on the four primary business areas: Egg Packaging Europe, Egg Packaging North America, Industrial Packaging and Other business areas, including sales of machinery and the combined heat and power plant in Tønder, Denmark.

The Group reported special items of DKK 12 million for 2009 due to management changes in the European organisation. Consolidated operating profit before special items was DKK 79 million (2008: DKK 91 million), corresponding to a profit margin before special items of 5.7%.

Operating profit was DKK 67 million (2008: DKK 66 million), equivalent to a profit margin of 4.9%.

Profit for the year amounted to DKK 36 million (2008: a loss of DKK 3 million). The positive trend was primarily driven by lower financial income and expense, due to a combination of lower net interest-bearing debt, a lower interest level and positive value adjustments.

Fourth quarter 2009

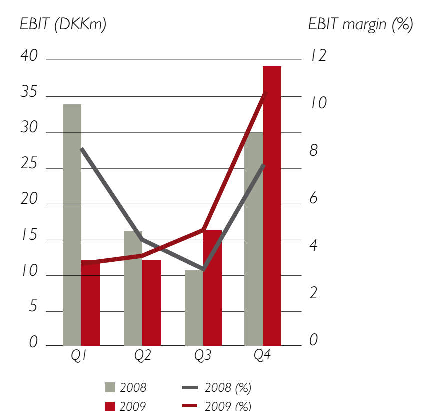
Revenue for Q4 2009 was DKK 380 million (Q4 2008: DKK 385 million), and operating profit before special items was DKK 39 million (Q4 2008: DKK 30 million), corresponding to a profit margin before special items of 10.4%. Operating profit was DKK 34 million

EBIT | *before special items in primary segments*

DKKm

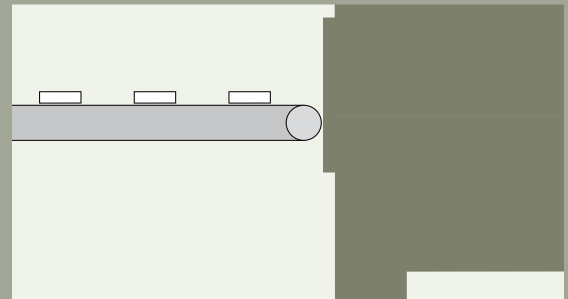
	Egg Packaging		Industrial
	Europe	North America	Packaging
Operating profit/(loss) before special items for 2008	**117.6**	**(27.2)**	**29.0**
Exchange rate developments	(51.9)	8.8	-
Operational improvements etc.	42.5	11.3	-
Decline in activities/loss of major customer	-	-	(18.6)
Operating profit/(loss) before special items for 2009	**108.2**	**(7.1)**	**10.4**

EBIT before special items | *Group*



‘10 in 10’: Reduction of energy consumption

In 2009, Hartmann’s factory in Denmark reduced its energy consumption per unit produced by 10% compared with 2008. The reduction in energy consumption was achieved by measures such as sealing drying ovens, insulating pipes, training staff in carrying out work processes in a more energy-efficient manner and by installing advanced digital tools to manage the drying process. These initiatives are the result of, among other things, collaboration with Hartmann’s factory in Germany.



Drying products in drying ovens is part of Hartmann’s production process.

(Q4 2008: DKK 27 million). Thus, the effects of the ‘10 in 10’ plan and the Group’s focus on earnings before growth were clearer than ever in the fourth quarter of the year.

Egg Packaging Europe

Egg Packaging Europe reported revenue of DKK 1,100 million for 2009 (2008: DKK 1,142 million). The decline in revenue was mainly due to unfavourable developments in exchange rates (DKK 75 million - see page 16). Furthermore, the business area reported a small decline in volumes, which was, however, more than offset by the Group’s continued focus on earnings before growth.

Operating profit before special items was DKK 108 million (2008: DKK 118 million) and was adversely affected by the developments in exchange rates (DKK 52 million). As a consequence of exchange rate developments in 2008 and 2009, H1 2009 was more affected than H2 2009. Operating profit was positively affected by underlying operational improvements of DKK 43 million resulting from the completion of the activities of the ‘10 in 10’ plan.

The year was affected by special items of DKK 12 million (2008: DKK 0 million) due to management changes in the European organisation. Operating profit was DKK 97 million (2008: DKK 118 million).

Upgrade of production sites

A key element of the ‘10 in 10’ plan in 2009 was the dedicated efforts to upgrade the European production sites through technical improvements. During the year, a number of measures were carried out, which had a gradual positive effect on operating profit.

The improvements achieved comprise investments in new process technology, automation, technical upgrades and a number of initiatives to increase energy efficiency, reduce production waste, enhance productivity and improve quality. Production tools were also upgraded.

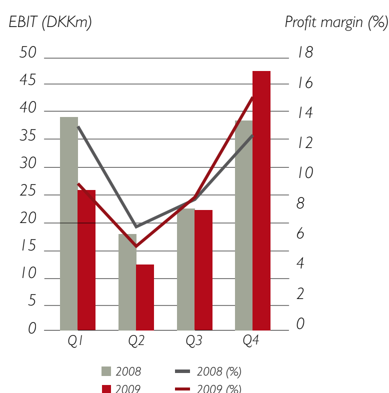
Cross-functional business processes

In 2009, Hartmann continued its efforts to strengthen cross-functional business processes in the organisation, emphasising planning and logistics and strategic procurement.

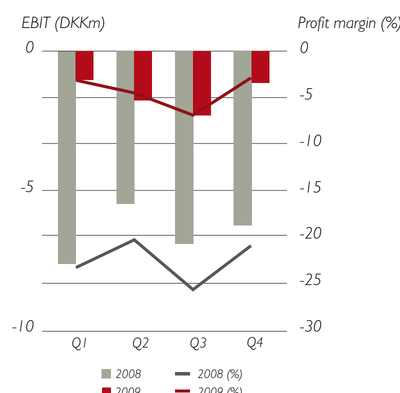
The efforts to optimise product allocation across factories and to integrate and improve planning procedures were further pursued during the period. Attention was especially centred on optimising capacity and inventory management to accommodate seasonal fluctuations in demand in the best possible way.

During the period, strategic procurement was identified as an area with more potential for optimisation, and a central strategic procurement function was established. A pilot project underlined the potential of intensifying efforts in this area.

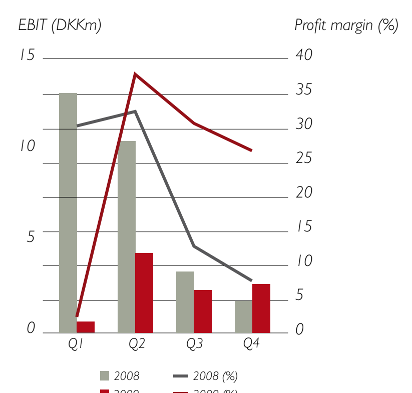
EBIT before special items | *Europe*

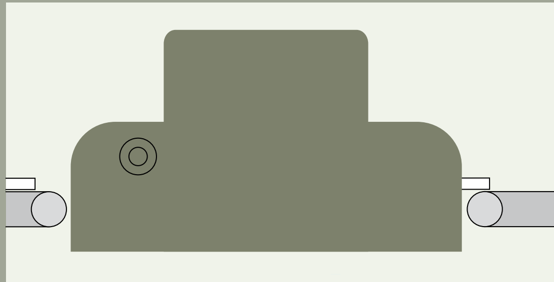


EBIT before special items | *North America*



EBIT before special items | *Industrial Packaging*





Afterpressing of the moulded egg packaging is part of Hartmann's production process.

'10 in 10': Wastage rate down

ALO (afterpress line optimisation) was installed at several of the Hartmann factories in 2009. ALO is a system that automatically reduces the number of misplaced egg packs and, hence, wastage in the production process. Most recently, the system was implemented at the factory in North America.

In 2009, Hartmann also strengthened its organisation and structure of quality work. These efforts will be intensified in 2010 going forward.

Management changes in the European organisation

In 2009, Hartmann implemented several management changes in its European organisation. In the production organisation new managing directors were appointed for the factories in Hungary and Finland. As from 1 January 2010, CCO Magali Depras took over the responsibility for all sales activities in the European sales organisation from Rudolf Klomann, Sales Director Europe. In addition, the sales activities in Egg Packaging Europe and the sales activities within industrial packaging were organisationally combined. Finally, Egg Packaging Europe was given a coordinating role in relation to the sales activities in Egg Packaging North America.

Fourth quarter 2009

Revenue for Q4 2009 was DKK 307 million (Q4 2008: DKK 309 million), and operating profit before special items was DKK 46 million (Q4 2008: DKK 38 million). Operating profit was DKK 41 million (Q4 2008: DKK 38 million).

Egg Packaging North America

Revenue in Egg Packaging North America grew by 33% to DKK 163 million for 2009 (2008: DKK 123 million). The business area reported an operating loss before special items of DKK 7 million for 2009 (2008: a loss of DKK 27 million) and an operating loss also of DKK 7 million (2008: a loss of DKK 21 million).

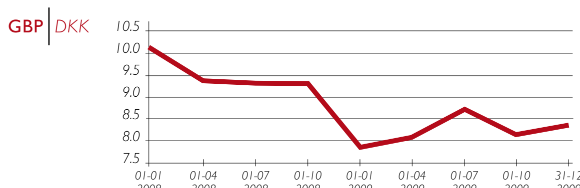
The development was attributable to both increased volumes and an improved product and price mix as a result of an increase in the share of high-value products. The trend is satisfactory: increasing sales of this type of product is a key element of the strategy for North America. Hartmann's growth reflects the ever-increasing demand for sustainable packaging in the North American market. Retail chains Wal-Mart and Topco now range among Hartmann's largest customers in the North American market. The aim of capturing a larger share of the market for high-value products remains a top priority and is an essential part of the efforts to ensure long-term profitability for Hartmann's operations in North America.

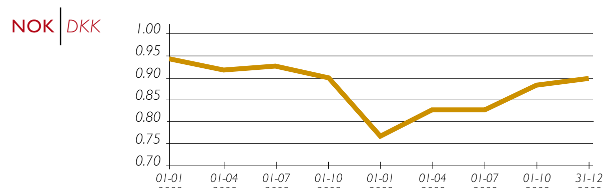
Seen in isolation, currency hedging positively affected revenue by DKK 9 million, but this was partially offset by the effect of translation of revenue from CAD to DKK.

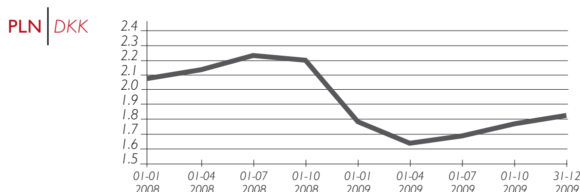
Favourable hedging of exchange rate risk

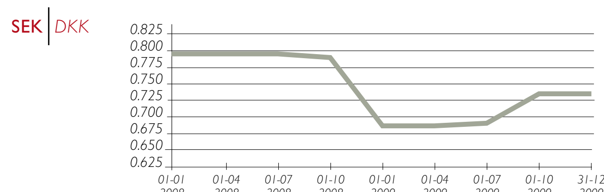
Salaries and purchases of raw materials and other services for Hartmann's operations in North America are primarily settled in Canadian dollars (CAD), while the majority of sales are settled in US dollars (USD). A weakening of USD against CAD would therefore entail a proportional drop in earnings and have an adverse effect

Exchange rate developments | *2008/2009*



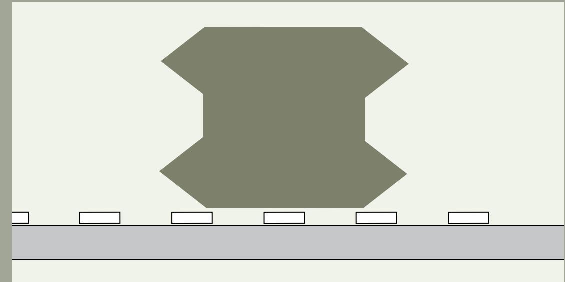






'10 in 10': Print line efficiency improvement

In the summer of 2009, for the purpose of improving efficiency and the working environment for staff working on the print lines at the factory in Finland, a semi-automatic system was installed to feed the print machines with egg packs. The system makes it possible to reduce staff considerably and provide the remaining staff with more time to focus on quality control and to ensure proper packing and palletising of the finished egg packs. A similar system was previously introduced at the factories in Germany and in North America.



In the final stage of the production process, a label or print is added to the egg packaging according to the customer's requests.

on earnings potential. Continued efforts are made to place a larger proportion of purchasing orders in USD dollars. Furthermore, the CAD/USD exchange rate risk is hedged. Average hedging for 2009 was arranged at the rate of 0.92 against 1.04 in 2008 (corresponding to a positive effect of approximately DKK 9 million). In 2009, Hartmann hedged the CAD/USD exchange rate for the full year of 2010 at an average level of 0.80.

Focus on capacity utilisation

As part of the '10 in 10' plan, the factory in North America continually improved production efficiency, focusing on measures such as automating certain parts of the production process. During the implementation activities in Q3 2009, productivity at the factory in Canada was lower, which reflected negatively on the period. The full effects of these automation initiatives will be seen in 2010. Furthermore, the required reliability of supply and flexibility in production are ensured through Hartmann's partnership agreement with a sub-supplier of moulded-fibre packaging.

Fourth quarter 2009

Revenue for Q4 2009 was DKK 43 million, an increase of 35% on the year-earlier level (Q4 2008: DKK 32 million). The business area reported an operating loss of DKK 1 million for Q4 2009 (Q4 2008: a loss of DKK 7 million).

Industrial Packaging

Industrial Packaging reported revenue of DKK 48 million for 2009 (2008: DKK 126 million) and an operating profit before special items of DKK 10 million for 2009 (2008: DKK 29 million). Operating profit for the same period was DKK 10 million (2008: DKK 0 million).

The decline in revenue and earnings is a result of the largest customer of the business area changing its packaging strategy, replacing moulded-fibre packaging with other types of material. The business relations with the customer are expected to cease at the end of Q1 2010.

In 2009, our sales organisation worked to attract new customers, which may to some extent compensate for declining revenue. These efforts will continue in 2010, and the sales organisation will be keeping a close eye on market trends. Nevertheless, the industrial packaging activities are believed to be at a significantly lower level going forward.

Adjusting the organisation

The adjustment of production following the loss of the largest customer proceeded according to plan in 2009, and since Q2 2009 Hartmann has exclusively manufactured industrial packaging at the Group's factory in Hungary. Hartmann's production and sales of industrial packaging still contribute positively to earnings. However, revenue is limited to the extent that it would not serve any purpose to maintain the activities in a separate business area. The industrial packaging activities were consequently combined with the other activities in H2 2009 in order to exploit the resulting synergies. The organisational combination will result in a combination of the reporting segments as from the financial year 2010 (see also 'Outlook for 2010', page 20).

Fourth quarter 2009

Revenue for Q4 2009 was DKK 11 million (Q4 2008: DKK 25 million). The business area reported an operating profit before special items of DKK 3 million for Q4 2009 (Q4 2008: DKK 2 million). Operating profit for the same period was DKK 3 million (Q4 2008: a loss of DKK 1 million).

Other business areas

Other business areas comprise Hartmann Technology, a combined heat and power plant in Tønder, Denmark, and costs relating to group functions. Revenue for the year amounted to DKK 69 million (2008: DKK 100 million). The change was primarily attributable to declining revenue in Hartmann Technology, a group entity engaging in the sale of machinery, where activities in 2009 dropped to a significantly lower level compared with the previous year. The global crisis caused the customers of the business area to exercise restraint in relation to investments in new machinery, and many customers chose to defer order deliveries. The business area reported an operating loss of DKK 34 million (2008: a loss of DKK 19 million). The reduced activity level in Hartmann Technology was partially offset by lower costs relating to corporate functions.

Financial review 2009

As expected, Hartmann generated revenue of DKK 1,380 million for 2009. Operating profit before special items was DKK 79 million, equivalent to a profit margin of 5.7%. Hartmann's equity ratio grew to 42% and its gearing fell to 68%.

Statement of comprehensive income

Revenue

The Group generated revenue of DKK 1,380 million for 2009 (2008: DKK 1,491 million). An improved product and price mix (DKK 106 million) had a positive effect on revenue, whereas a decline in volumes (DKK 112 million) and unfavourable developments in exchange rates (DKK 73 million) had an adverse effect on revenue. A slowdown in activities (DKK 32 million) in the segment Other business areas also affected revenue.

Gross profit

The gross profit amounted to DKK 378 million (2008: DKK 407 million). Despite a substantial decrease in revenue in Industrial Packaging, which has historically achieved higher gross margins, Hartmann succeeded at maintaining its consolidated gross margin at 27% due to increased profitability in Egg Packaging Europe and Egg Packaging North America.

Operating profit before special items

Operating profit before special items was DKK 79 million (2008: DKK 91 million). Unfavourable exchange rates (DKK 43 million) and a slowdown in activities in Industrial Packaging (DKK 19 million) had an adverse effect on the operating profit before special items, which was to some extent set off by operational improvements (DKK 54 million). Furthermore, the slowdown in activities in Other business areas adversely affected operating profit before special items by DKK 4 million.

Special items

Special items, net amounted to DKK 12 million for 2009 (2008: DKK 25 million). The costs were attributable to management changes in the European organisation.

Financial income and expense

Financial expense, net amounted to DKK 19 million (2008: DKK 77 million), DKK 9 million of which related to derivative financial instruments and DKK 7 million related to interest rate effects on discounting of non-current receivables.

Financial income and expense were positively affected by foreign exchange adjustments of DKK 48 million compared with 2008.

Profit for the year

Profit before tax came to DKK 49 million for 2009 (2008: a loss of DKK 11 million). Tax on profit for the year was an expense of DKK 13 million in 2009, equivalent to an effective tax rate of 27%, see note 12 to the financial statements.

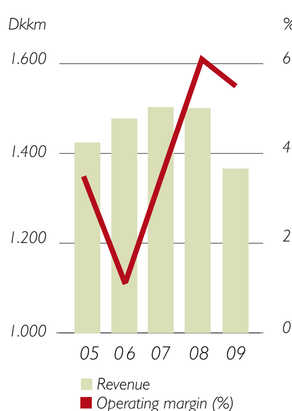
Profit for the year amounted to DKK 36 million (2008: a loss of DKK 3 million).

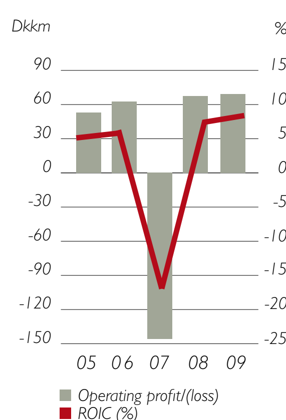
Investments and cash flows

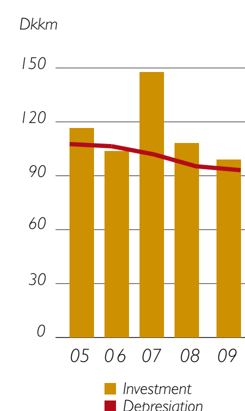
Intangible assets and property, plant and equipment at 31 December 2009 totalled DKK 658 million (31 December 2008: DKK 108 million). Total investments in 2009 came to DKK 101 million and depreciation to DKK 92 million (31 December 2008: investments of DKK 108 million and depreciation of DKK 95 million).

Cash flows from operating activities amounted to DKK 76 million in 2009 (2008: DKK 101 million). The decrease was primarily a result of growth in working capital and a decrease in interest paid etc.

Cash flows from investing activities were an outflow of DKK 94 million in 2009 (2008: an outflow of DKK 83 million). The change







was primarily due to an increase in the sale of property, plant and equipment on 2008.

Cash flows from operating and investing activities were an outflow of DKK 18 million in 2009 (2008: an inflow of DKK 18 million). Cash flows from financing activities decreased compared with 2008, which was positively affected by the proceeds from the rights issue in June 2008 of DKK 219 million. Thus, total cash flows were an outflow of DKK 40 million in 2009 (2008: an inflow of DKK 140 million).

Net interest-bearing debt stood at DKK 345 million at 31 December 2009, representing an increase of DKK 28 million compared with 31 December 2008.

At 31 December 2009, financial resources, not taking into account financial covenants, amounted to DKK 181 million (31 December 2008: DKK 228 million). Financial resources are made up as the sum of cash and short-term credit facilities.

Balance sheet

At 31 December 2009, Hartmann's total assets amounted to DKK 1,216 million (31 December 2008: DKK 1,189 million).

Equity

Equity stood at DKK 508 million at 31 December 2009 (31 December 2008: DKK 456 million).

In addition to the profit for the year (DKK 36 million), the change in equity was attributable to other comprehensive income (DKK 15 million), made up of foreign exchange adjustments of subsidiaries and equity-like loans (a charge of DKK 3 million), value adjustments of hedging instruments (DKK 26 million), adjustment of pension obligations (a charge of DKK 5 million) and tax (a charge of DKK 3 million).

At 31 December 2009, Hartmann's equity ratio stood at 42% (31 December 2008: 38%), and its gearing fell to 68% (31 December 2008: 70%).

Earnings per share were DKK 5.20 in 2009 (2008: negative at DKK 0.50). At the annual general meeting to be held on 20 April 2010, the Board of Directors will propose that dividends of DKK 1.50 per share be distributed, corresponding to a payout ratio of 29.4% (2008: 0.0%).

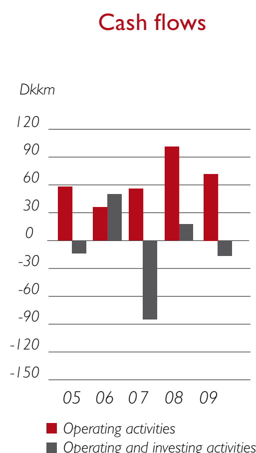
Events after the balance sheet date

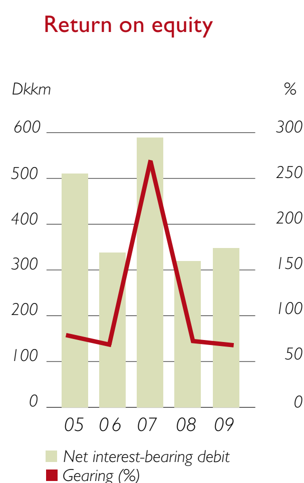
As mentioned in company announcement no. 1/2010 of 5 January 2010, Tom Wrensted, Chief Financial Officer (CFO), has informed Hartmann that he will leave his position not later than by the end of April 2010 to take up the position as CFO of GEA Process Engineering.

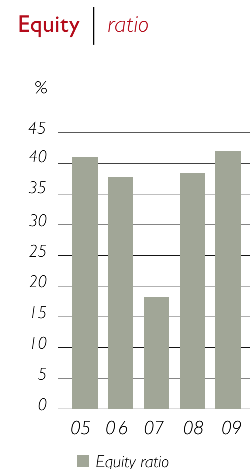
As mentioned in company announcement no. 2/2010 of 3 February 2010, Magali Depras, Chief Commercial Officer (CCO), and Søren Tolstrup, Chief Operations Officer (COO), have been appointed to Hartmann's Executive Board. The Executive Board now consists of Peter Arndrup Poulsen, CEO, Tom Wrensted, CFO, Magali Depras, CCO, and Søren Tolstrup, COO.

As mentioned in company announcement no. 3/2010 of 15 March 2010, Claus Frees Sørensen has been employed as Chief Financial Officer (CFO) and will join Hartmann on 1 August 2010 at the latest. Claus Frees Sørensen comes from a position as Executive Vice President, Finance of Fritz Hansen A/S. He will replace Tom Wrensted on Hartmann's Executive Board.

Other than as set out above, no significant events have occurred since 31 December 2009.







Outlook for 2010

Hartmann expects an unchanged revenue level of about DKK 1,400 million for 2010. The profit margin is expected to increase significantly to a level of 10% due to continued earnings growth in Europe and North America.

Change of segment names

As mentioned in 'Group developments 2009', the activities of industrial packaging were combined with the other activities of Egg Packaging Europe in H2 2009. As a result of the organisational combination, the reporting segments Egg Packaging Europe and Industrial Packaging will be combined as from the financial year 2010. In this connection, the segmentation will be changed to reflect the geographical markets. Accordingly, the segment Egg Packaging Europe will change its name to 'Europe', whereas the segment Egg Packaging North America will change its name to 'North America'.

Revenue

Hartmann expects to generate total revenue of approximately DKK 1,400 million for 2010, on a level with the 2009 of DKK 1,380 million.

The forecast for total revenue is based on a minor setback in the business area Europe (including Industrial Packaging), while North America is expected to see continued revenue growth.

The business area Europe is expected to see a small improvement in sales volumes of egg packaging relative to 2009 and an improved product and price mix. These improvements will, however, be more than offset by the expected decline in the sale of industrial packaging products, and the business area as a whole will therefore generate slightly lower revenue.

The North American markets continue to see growing focus on environmental awareness and a growing interest in sustainable packaging. Moreover, interest in high-value packaging is on the rise, spurred by a wish to differentiate between products through their packaging. These positive trends are also expected to have a positive effect on revenue for the business area for 2010. Furthermore, favourable hedging of the USD/CAD exchange rate risk will have a positive impact on revenue for North America throughout 2010. In 2009, Hartmann hedged the USD/CAD exchange rate risk for the full year of 2010 at an average level of 0.80 compared to 0.92 in 2009.

Operating profit before special items

The Group's profit margin for 2010 is expected to be in the region of 10%, which is a marked improvement on the full-year profit margin of 5.7% before special items for 2009, but on a level with the profit margin for Q4 2009 of 10.4%.

The business area Europe is expected to see a significant improvement of operating profit before special items for 2010 due to:

- an underlying improvement of operating profit, as the '10 in 10' initiatives and substantial investments in automation and efficiency improvement measures in production take full effect;
- a small increase in the sale of egg packaging;
- favourable exchange rate developments;
- the initiatives already implemented to reduce costs taking full effect in 2010;
- performance being adversely affected by a significant decrease in the activity level in the former business area Industrial Packaging.

In North America, operating profit before special items is expected to continue to improve, and the business area is expected to report a full-year profit for 2010. The improvement will primarily be attributable to:

- higher volumes and improved product and price mix
- improved forward hedging of the USD/CAD exchange rate

Overall, the performance of Other business areas, comprising Hartmann Technology, the combined heat and power plant and costs relating to group functions, are expected to remain unchanged for 2010.

Consolidated revenue and earnings are typically higher for Q1 and Q4 than for Q2 and Q3.

Investments

In 2010, Hartmann's strategy with respect to investments in automation and production optimisation is expected to lead to one-off investments of approximately DKK 10-20 million. Capital investments are expected to total approximately DKK 100-110 million.

Assumptions

Hartmann's revenue and profit forecast for 2010 is based on the Group's present composition of business operations and the following assumptions:

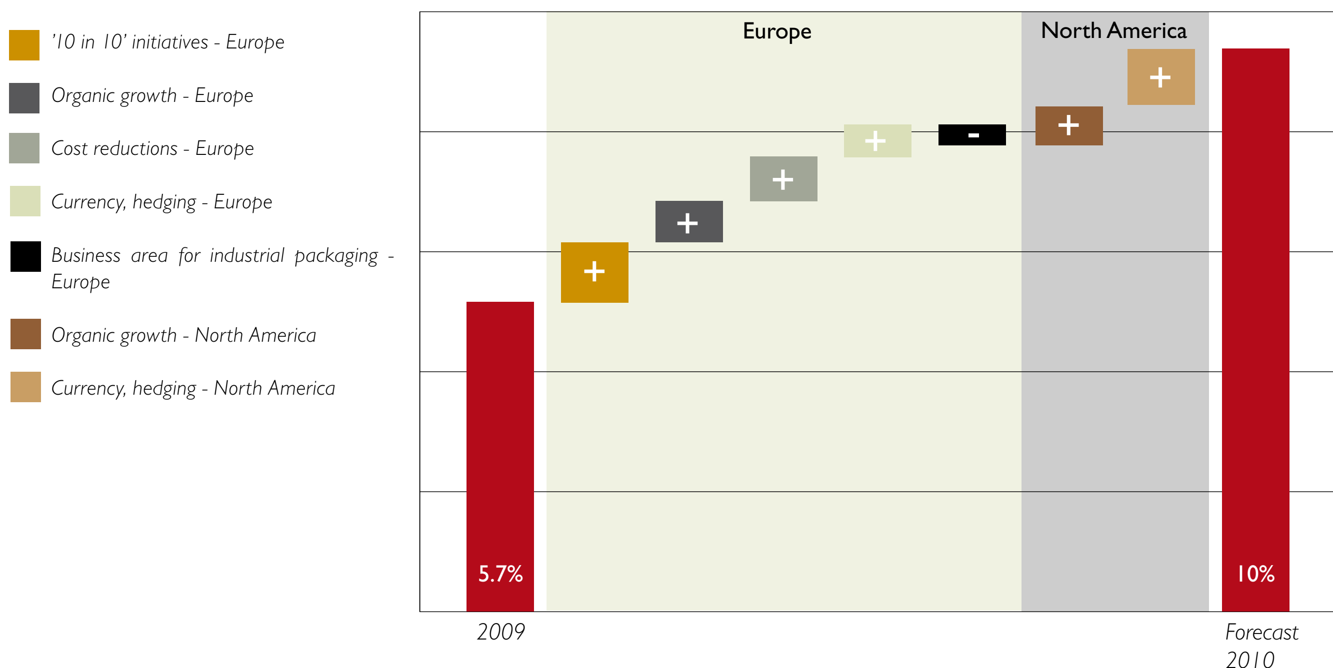
The prices of energy and raw materials for 2010 are assumed to remain stable on a level with the prices in Q4 2009. Hartmann signs fixed-price agreements with energy suppliers, typically for periods of up to approximately 12 months, covering a substantial part of the Group's energy consumption. However, some of the countries in which Hartmann operates do not permit fixed-price agreements with energy suppliers. The Group's total energy and raw materials costs in 2010 are assumed to be lower than in 2009. Hartmann also assumes selling prices to remain stable at the opening level of 2010. Any negative deviations from these assumptions may adversely affect the 2010 performance.

The Group's operating profit is exposed to the US dollar (USD), Canadian dollar (CAD), euro (EUR), pound sterling (GBP), Polish zloty (PLN), Hungarian forint (HUF), Swedish krone (SEK) and Norwegian krone (NOK) rates. During 2009 and in early 2010, Hartmann hedged the USD/CAD exchange rate risk for the full year of 2010. This represents the Group's main currency transaction risk. Furthermore, the Group hedged its exposure to GBP/DKK, SEK/DKK, NOK/DKK and PLN/DKK exchange rate risk for the first nine months of 2010.

Forward-looking statements

The forward-looking statements in this Annual Report reflect Hartmann's current expectations for future events and financial results. Statements regarding 2010 are inherently subject to uncertainty, and actual results may therefore differ from expectations. Factors that may cause the actual results to differ from expectations include, but are not limited to, developments in the general economy and in the financial markets, changes and amendments to legislation and regulations in Hartmann's markets, changes in demand for products, competition and the prices of energy and raw materials. For more information, see the section on risks and note 34 to the financial statements.

Outlook | *Profit margin before special items*



Risk factors

It is a key objective of the Management of Hartmann to ensure constant and adequate monitoring of the Group's risk exposure and that Hartmann has established the policies and procedures necessary 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 takes a proactive approach to these risks, and the Board of Directors and the Executive Board review 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 affecting Hartmann, to determine how to manage these risks and to ensure the best possible balance between risk and return.

Commercial risks

Dependence on customers

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

Should one or more major customers terminate their contracts with Hartmann, it could have a material adverse effect on the Group's results of operations.

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 affected by many factors beyond Hartmann's control, including health perceptions and fear of avian influenza, salmonella, etc. However, the recent economic downturn has confirmed that consumption of eggs, and therefore 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 raw materials used in manufacturing. 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, which may not necessarily be made on the same terms.

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

Fluctuations in the price of raw materials

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

Hartmann seeks to achieve a partial reduction of its sensitivity to developments in the price of recycled paper by signing fixed-price and framework agreements. Because of these agreements, which have been concluded with some of the largest paper suppliers, the effect on Hartmann's purchase prices of fluctuations in the market price of recycled paper occurs at a certain delay, which may improve the chances of making the necessary adjustments. In addition, Hartmann has signed fixed-price agreements with energy suppliers, typically for periods of approximately 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.

Environmental and social risks

Environmental risks

Hartmann's operations, including manufacturing, sales, use, storage and disposal of products, are subject to a number of environmental laws and regulations. Environmental risks are monitored both locally and by Hartmann's corporate department for sustainable development. 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 applies and expects to continue to apply substantial costs and resources towards complying with and meeting environmental laws and regulations in the countries in which the Group operates. For more information on sustainable development, see 'Corporate social responsibility'.

For example, Hartmann is subject to rules governing the limitation of noise and rules governing waste water discharge and waste disposal and to EU's CO_2 emission trading system. Hartmann aims 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 in the workplace, the protection of human values in the local community, and the protection of the people with whom Hartmann or its products are in contact. STEP® Human, Hartmann's HR management model, ensures compliance with the Group's standards in relation to health and safety in the workplace. The model also ensures that Hartmann handles its corporate social responsibility effectively and efficiently and acts as a responsible player in all countries where it 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 the Group's global adviser to ensure that adjustments are made on an ongoing basis in support of Hartmann's development and, thus, that any possible effect on the Group's financial performance is minimised.

The total loss of a factory due to fire constitutes the single most important risk for Hartmann, as the re-establishment of production facilities would take a long time, 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, business interruption and other incidents. Hartmann is furthermore making a systematic effort to prevent injury and damage, and together with the Group's insurance broker, the Group has implemented a risk management programme. Hartmann's insurance programme also covers commercial and product liability, property and contents, business interruption loss, occupational injuries, personal injury and environmental liability.

Financial risks

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

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

Hartmann uses derivative financial instruments as a hedge against some of the financial risks that arise out of its commercial operations, primarily currency and interest rate swaps and forward and option contracts. The Group does not engage in transactions for the purpose of speculation.

Financial risks and financial risk management are described in detail in notes 34 and 71 to the financial statements.

Financial performance in Egg Packaging North America

The future actual financial results of Egg Packaging North America may especially be affected by one-off, unexpected events that are beyond Hartmann's control, and as a consequence, Hartmann's future actual financial results may differ significantly from the forecasts. Critical assumptions for Egg Packaging North America are that the sales and volume assumptions materialise and that the USD/CAD exchange rate does not develop unfavourably for Hartmann. Should one or more of these assumptions fail to materialise, or should circumstances develop unfavourably, it could

have a material adverse effect on the Group's results of operations. Management closely monitors developments at the North American factory on an ongoing basis to be able to assess the relationship between the risks and the long-term strategic perspectives of the Group.

Internal control and risk management systems

Internal control environment

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

The Executive Board of Hartmann has the overall operational responsibility for risk management and internal controls in connection with the financial reporting. In collaboration with the local management in the individual companies, the Executive Board assesses whether the Group has an appropriate and efficient control environment.

Hartmann's corporate finance function is responsible for the risk management and internal controls relating to the financial reporting. The finance function prepares group policies and manuals 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 regulations 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 duties of which are undertaken collectively by the entire Board of Directors. The duties and focus areas of the audit committee are updated every year in the form of an annual plan. According to the annual plan, the duties of the audit committee include monitoring of 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.

Management structure and allocation of responsibilities

The Board of Directors has a number of control duties with respect to ensuring an adequate quality of financial reporting, including the Company's financial risk exposure.

The Board of Directors has resolved to collectively undertake the duties of the audit committee. As a result, the Board of Directors assumed the following additional duties as of 1 January 2009:

- monitoring the financial reporting process;
- monitoring the efficiency of the company's internal control system and risk management systems;
- monitoring the statutory audit of the annual report, including a review of audit strategy and long-form audit reports; and
- monitoring and verifying the independence of the auditors, including in particular the provision of additional services to the company.

The responsibilities of the Executive Board in relation to financial reporting are set out in the rules of procedure for the Board of Directors and applicable company law.

Shareholders and the stock exchange

Hartmann aims to provide timely and adequate information on its business activities and works actively to promote and strengthen the equity market's 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, vote and speak at general meetings.

No changes to the share capital occurred in 2009.

In late 2009, the price of the Hartmann share rose in increasing trading. The share opened 2009 at a price of 70.5 and closed the year at 95.0, corresponding to an increase of 35%. The average daily trading in the Hartmann share on NASDAQ OMX Copenhagen A/S came to DKK 0.3 million in 2009.

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 2009, Hartmann had 1,875 registered shareholders, representing 5.9 million shares in aggregate, or 84% of Hartmann's share capital. At 31 December 2009, 59% of Hartmann's registered shares were held by the Company's four largest shareholders.

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

- LD Equity I K/S, Denmark (20,6%)
- ATP, Denmark (13,4%)
- The EDJ Group, Denmark (12,8%)
- B.H.F. Invest A/S (the Brødrene Hartmann Foundation), Denmark (12,2%)

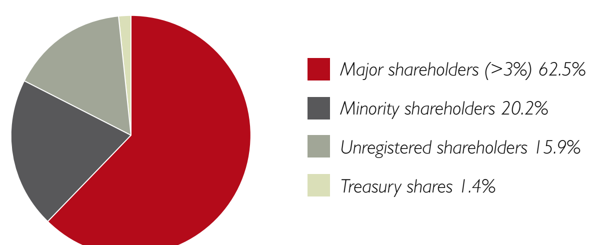
At 31 December 2009, Hartmann's holding of treasury shares represented 1.4% of the share capital.

At 31 December 2009, the members of the Board of Directors and the Executive Board of Hartmann held 0.2% of the share capital. The members of the Board of Directors and the Executive Board

Data | *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

Shareholder distribution | *in %*



are registered on Hartmann's insider list. They may only trade in Hartmann shares during a four-week period following the release of profit announcements or other similar financial announcements, cf. Hartmann's internal rules. Share transactions are subject to a reporting duty.

Dividends

The Board of Directors takes the general view that the annual dividend to shareholders should represent at a minimum approximately 30% of the profit for the year. However, the level of dividend declared will always take into account Hartmann's growth plans and the Company's cash requirement.

At the annual general meeting to be held on 20 April 2010, the Board of Directors will recommend that, due to the profit for the year, dividends of DKK 1.50 per share be distributed, representing approximately 30% of the profit for the year.

Analyst coverage

The Hartmann share is covered by:

- Danske Equities, Kenneth Leiling
- Nordea Markets, Dan Wejse

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. Hartmann's investor relations and press policy is found on www.hartmann-packaging.com/investor.

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Share price performance | *2009*

Financial calendar | *2010*

17	March 2010	Annual Report 2009
18	March 2010	Presentation of Annual Report 2009 at 8:15 am, at the address of Hartmann, Ørnegårdsvej 18, DK-2820 Gentofte
20	April 2010	Annual General Meeting at 2 pm, at PLESNER law firm, Amerika Plads 37, DK-2100 Copenhagen Ø
27	May 2010	Interim report for Q1 2010
24	August 2010	Interim report for H1 2010
25	August 2010	Presentation of interim report for H1 2010 at 8:15 am, at the address of Hartmann, Ørnegårdsvej 18, DK-2820 Gentofte
23	November 2010	Interim report for Q3 2010

Company announcements | *2009*

4	March 2009	Hartmann reaches settlement with the Lactosan Sanovo Holding A/S Group
19	March 2009	Revised financial calendar for 2009
19	March 2009	Annual Report 2008: A good year for Hartmann
2	April 2009	Proposal for general guidelines for incentive pay schemes in Brødrene Hartmann A/S
2	April 2009	Notice convening the Annual General Meeting
21	April 2009	Articles of Association
21	April 2009	Annual General Meeting held
23	April 2009	Cancellation of share option programme
28	April 2009	Notice convening extraordinary General Meeting
19	May 2009	Articles of Association
19	May 2009	Extraordinary General Meeting held
28	May 2009	Q1 2009: Performance in line with expectations
6	August 2009	Structural and organisational change in Industrial Packaging
27	August 2009	H1 2009: Overall performance of the Group in line with expectations
24	November 2009	Financial calendar 2010
24	November 2009	Q3 2009: Strong performance for Q3 2009

Corporate governance

In 2009, Hartmann continued to focus on constant optimisation of the Company's overall management. The Executive Board was expanded, a share option programme was cancelled and new initiatives were launched in the auditing area.

Hartmann complies with all corporate governance recommendations

The Board of Directors regularly considers the corporate governance recommendations of NASDAQ OMX Copenhagen A/S. The Board of Directors believes that Hartmann complies with all recommendations. Hartmann's corporate governance is also based on the Danish Public Companies Act, the Danish Financial Statements Act, IFRS, the Danish Securities Trading Act, the Rules for issuers of shares on NASDAQ OMX Copenhagen A/S, Hartmann's articles of association and best practice for businesses of the same size and with the same international scope as Hartmann.

The Board of Directors' work in 2009

In 2009, the Board of Directors held seven meetings. Special agenda items consisted of defining the third phase of Hartmann's strategy period. This was discussed at a strategy seminar held in Hungary, among other forums, in which connection the Board also visited the Hungarian factory. In 2009, the Board of Directors performed a self-assessment for the second consecutive year. The assessment was performed with assistance from an external consultant and did not give rise to any changes to the board work or the composition of the Board of Directors.

Remuneration of Management

Following the cancellation of the Company's share option programme in 2009, the Executive Board cannot receive any share option grants in future under the current articles of association. However, the framework for the cash performance-based bonus to the members of the Executive Board has been increased from a maximum of 33% to a maximum of 50% of the fixed annual salary. The cash variable incentive pay is subject to annual negotiation. For additional information about the remuneration of Management, see note 7 to the financial statements.

New corporate governance initiatives

Expansion of the Executive Board

In February 2010, the Board of Directors appointed Magali Depras, Chief Commercial Officer (CCO), and Søren Tolstrup, Chief Operations Officer (COO), to be members of the Executive Board. The Executive Board now consists of Peter Arndrup Poulsen, CEO, Tom Wrensted, CFO (who will resign as of 30 April 2010 and be replaced by Claus Frees Sørensen on the Executive Board), Magali Depras, CCO, and Søren Tolstrup, COO. The Executive Board was expanded for the purpose of strengthening the Group's Management and to continually ensure a customer-oriented decision-making process fully integrated in and coordinated with the Company's production and supply-chain activities. For additional information about the Executive Board, see page 31.

Cancellation of share option programme

Hartmann's share option programme was cancelled in April 2009, effective as of 2009. The reason for the cancellation of the share option programme was the prevailing unrest in the global financial markets, the related volatility as well as the difficulties of determining a correct and true and fair market price of the Hartmann share. Share options granted to the members of the Executive Board in 2007 and 2008 were not cancelled. The remuneration of the members of the Board of Directors does not include share option programmes or other bonus plans. See also note 8 to the financial statements.

New auditors

At the annual general meeting held on 21 April 2009, Deloitte Statsautoriseret Revisionsaktieselskab was appointed as Hartmann's new auditors. During the year, new procedures and processes for the audit work were put in place.

Establishment of audit committee

According to new rules, listed companies must set up audit committees, which must have at least one independent member with accounting and/or auditing qualifications. The Board of Directors of Hartmann has resolved that the duties of the audit committee are to be undertaken collectively by all members of the Board. The duties of the audit committee primarily cover the areas risk management, preparation of financial statements, financial reporting and internal controls.

Read more on our website

A full and detailed description of Hartmann's corporate governance standards is found on www.hartmann-packaging.com.

Board of Directors and Executive Board

Board of Directors

Erik Højsholt (1948)
- Joined the Board in 2007 (Chairman since 2007)
- No. of shares held: 4,900
- CEO of Aarhus United A/S (formerly Aarhus Oliefabrik A/S) until 2006. Now only engages in board work and similar work
- BC: Auriga Industries A/S, Cheminova A/S, BJ A/S, FCMB ApS, R2 Group A/S, Fluxome Sciences A/S, Brødrene Kier A/S, Novopan Træindustri A/S, K/S Golfcenter Holme Bjerge
- BVC: Jeka Fish A/S
- BM: Royal Unibrew A/S, Hans Schourup A/S, Good Food Group A/S, Vilhelm Kiers Fond and Aarhus University

Walther Vishof Paulsen (1949)
- Joined the Board in 2005 (Vice-Chairman since 2005)
- No. of shares held: 0
- CEO and member of the Executive Board of Carlsberg A/S until 2000. Now only engages in board work and similar work
- BC: Hotel Koldingfjord A/S
- BVC: C.W. Obel A/S
- BM: Investeringsforeningen Danske Invest, Dan-Ejendomme A/S, Dan-Ejendomme Holding A/S, Dan-Ejendom investering A/S, Det Obelske Familiefond, Sanistål A/S, Arkil A/S, Arkil Holding A/S and Dantherm A/S

*Jan Peter Antonisen** (1965)*
- Joined the Board in 2008
- No. of shares held: 0
- Team Leader Substitute with Brødrene Hartmann A/S in Tønder, Denmark, since 1993

*Ove Brandt** (1964)*
- Joined the Board in 2006
- No. of shares held: 144
- De-inking Employee with Brødrene Hartmann A/S in Tønder, Denmark, since 1986

Niels Hermansen (1953)
- Joined the Board in 2006
- No. of shares held: 0
- 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
- BC: Fredericia Furniture A/S, R. Færch Plast A/S, 1508 DK Holding A/S and Signal Clothing AS
- BVC: VIKAN AS and Vissingfonden
- BM: Færch Holding A/S

Peter-Ulrik Plesner (1946)*
- Joined the Board in 1982
- No. of shares held: 570
- Attorney-at-Law since 1974 and Partner of PLESNER law firm from 1978
- BC: EVA Denmark A/S, Johan Mangor A/S, Piet Hein A/S and Triumph International Textil A/S, the Brødrene Hartmann Foundation and B.H.F Invest A/S
- BM: Ida Løfbergs Fond
- Chairman of the Association for the Protection of Industrial Rights and member of several law associations in Denmark and abroad

*Hans Vilhelmsen** (1961)*
- Joined the Board in 2006
- No. of shares held: 600
- Process Operator with Brødrene Hartmann A/S in Tønder, Denmark since 1985

Executive Board

Peter Arndrup Poulsen (1962)

- No. of shares held: 6,825
- Number of share options held: 13,196
- CEO of Brødrene Hartmann A/S since 1 October 2006. Over the past 20 years, Peter Arndrup Poulsen has held a number of executive positions, e.g. in the building materials industry, serving as CEO of building materials supplier L. Hammerich & Co. A/S and manufacturer of furniture ScanCom International A/S
- BM: Per Aarsleff A/S, Noble-Nordmann A/S, Noble-Nordmann Holding A/S and a number of Hartmann subsidiaries

Tom Wrensted (1965)

- No. of shares held: 0
- Number of share options held: 2,183
- CFO of Brødrene Hartmann A/S and member of the Executive Board since 2007. Previously held the position of Finance Director of Hartmann North America. Previously Finance Director of ISS Healthcare, and, before that, he held several finance positions with Ecco Danmark A/S and Danfoss A/S, his last position with Danfoss being Finance Manager Japan and Korea
- BVC: Danfiber A/S
- BM: DanBørs A/S and a number of Hartmann subsidiaries
- Will take up the position as CFO of GEA Process Engineering as from May 2010

Magali Depras (1968)

- No. of shares held: 0
- Chief Commercial Officer (CCO) of Brødrene Hartmann A/S and member of the Executive Board since February 2010. Joined Brødrene Hartmann in 1991, taking up a position in Hartmann's French subsidiary. Responsible for sales in western and eastern Europe from 2002 and has held the position of Geschäftsführer/Managing Director of the European sales office in Germany since 2006. Appointed CCO in 2010.

Søren Tolstrup (1974)

- No. of shares held: 0
- Chief Operations Officer (CCO) of Brødrene Hartmann A/S and member of the Executive Board since February 2010. Joined Brødrene Hartmann A/S in 2004, initially as Management Assistant and subsequently as Business Development Manager. In the period from 2006 to 2007, he held the position of Supply Chain Director and was subsequently appointed COO. Has a background as Consultant with McKinsey.

* *Not considered to be an independent board member due to his role as a professional adviser to the Company, see the corporate governance recommendations of NASDAQ OMX Copenhagen A/S..*

** *Board member elected by the employees*

***BC**: Board Chairman*
***BVC**: Board Vice-Chairman*
***BM**: Board Member*

All board members elected by the shareholders serve for terms of one year. The information on these pages reflects the situation in early March 2010.

Environmental focus in marketing activities

Hartmann North America received the Crystal Egg Award of the U.S. Poultry & Egg Association, the world's largest poultry organisation. The award was given to Hartmann North America for its special focus on the environmental benefits of Hartmann's packaging at the International Poultry Expo in Atlanta in January 2009. Read more on www.poultryegg.org

Corporate social responsibility

In 2009, Hartmann focused on reducing energy consumption and further developing a unique sustainability concept for customers and business partners.

At Hartmann, a systematic and professional approach to sustainability is an integral part of the Group's business model, and has been so for several years. The Company's sustainability principles and goals cover both the development of the Company's products and its business practices.

Hartmann has laid down ten principles to form the overall framework for its sustainability efforts:

1. Health and safety in the workplace
2. The well-being of employees and their families
3. Fair wages
4. Good relations to the local community
5. Non-discrimination and equal opportunities
6. The right to organise and collective bargaining
7. Rejection of forced labour
8. Preventing child labour
9. Refraining from bribery and corruption
10. Proactive environmental protection

These principles are consistent with the ten principles of the UN Global Compact, which Hartmann endorsed in 2003. They are implemented in the Company by means of the STEP models developed by Hartmann (see below).

According to Hartmann's business model, sustainability must be taken into consideration in the development and manufacture of all Hartmann products with a view to increasing the use of products made from environment-friendly moulded fibre based on recycled paper.

Hartmann is also a frequent participant in international research projects and networks to promote sustainability. Collaborating with and providing advice to customers also make up an increasing part of Hartmann's external work.

Unique collaboration with customers on sustainability

Hartmann considers it a priority to achieve a high level of knowledge on sustainable development within the organisation and to efficiently share this knowledge with customers. For this reason, Hartmann has established extensive collaboration between sales and marketing and the department for sustainable development.

The initiative was launched as a result of customers increasingly expecting Hartmann to act as a professional and proactive partner in the area of sustainability, in addition to supplying moulded-fibre packaging. A business partner who will help them achieve their own goals for sustainable development.

This development has resulted in several sustainability workshops for large retail customers, themes on sustainability at trade fairs and an intensive sales training programme.

One STEP® at a time

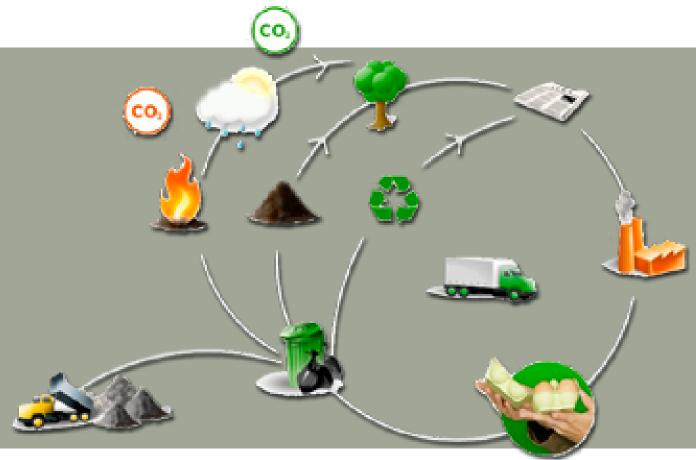
Already in 2000, Hartmann won the European Commission's Management Award for Sustainable Development, having developed a lifecycle-based management model for its environmental and social efforts, the socalled STEP® model (STEP®: Systematic Tool for Environmental Progress). Hartmann has since developed yet another STEP® model, and the Group now takes a targeted approach to working with STEP® Environment and STEP® Human. Read more about Hartmann's STEP® models on www.hartmann-packaging.com.

Key STEP®results in 2009:

- a 10% reduction of Hartmann's energy consumption per kilogramme of product;
- an extensive cradle-to-grave lifecycle analysis (LCA) of moulded-fibre packaging;
- Compostability Certificate for Hartmann's moulded-fibre packaging;
- signing the Climate Statement of the Danish Council for

Product lifecycle is crucial to customers' choice of material

Hartmann works systematically with lifecycle analyses (LCA) in order to improve the environmental profile of moulded-fibre packaging. A cradle-to-grave LCA takes into account all the factors that impact the natural environment; from raw materials, over energy and chemicals to disposal. The impact of these factors is computed and analysed and forms part of the product's total lifecycle. Read more on www.e-m-f-a.eu



Sustainable Business Development. The work of the members of the council focuses on their own climate work and on promoting intensified international, societal efforts;
- leading up to COP15 and the United Nations' Sign the Deal campaign, Hartmann was an active player, acknowledging its support through the UN campaign;
- renewal of all relevant certificates at all European factories: ISO 9001, ISO 14001, OHSAS 18001 and SA 8000.

Hartmann reduced its energy consumption by 10% in 2009

In 2007, Hartmann endorsed the UN Caring for Climate charter, committing itself to reducing its carbon footprint and energy consumption substantially. Hartmann's goal for reduction of energy consumption is set at 20% per kilogramme product over a period of three years from 2009 to 2011. Hartmann achieved a 10% reduction in 2009.

Hartmann focuses on six areas to achieve its goal of a 20% energy reduction by the end of 2011:

- investments in new process technology
- maintenance and replacement of old equipment
- training of staff
- knowledge sharing
- developing best practices across the Group
- involving experts

Hartmann has appointed a person to be in charge of energy in Europe and to head the various energy initiatives across the factories. Each factory also has a person in charge of implementing energy initiatives and sharing experience and initiatives.

Lifecycle analyses (LCA)

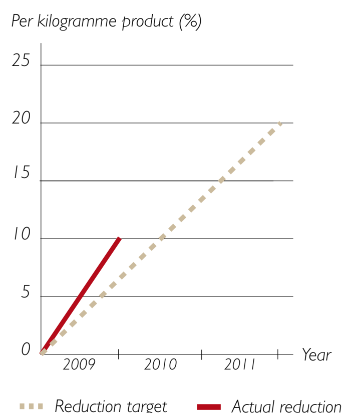
In recent years, Hartmann has worked systematically with lifecycle analyses (LCA) to improve the environmental profile of moulded-fibre packaging, including CO_2 emissions. In 2009, the European Moulded Fibre Association (EMFA) coordinated an extensive cradle-to-grave LCA of moulded-fibre packaging. The analysis was reviewed by the independent consultancy firm Pöyry Energy Consulting, and a growing number of customers include this analysis in their considerations concerning their choice of materials.

Communication on Progress (COP)

Hartmann has prepared a progress report in connection with its endorsement of the UN Global Compact. The report is available on www.hartmann-packaging.com

Reduction of energy consumption | *Group*

Per kilogramme product (%)



Future focus areas | *CSR*

- Further reduction of energy consumption and CO_2 emissions by 2012
- Sales tools, sales training and marketing of Hartmann's environment-friendly packaging
- Focus on the EU ECO design, using product development to design more environment-friendly packaging

Endorsing | *standards and initiatives*

- UN Global Compact (2003)
- UN Caring for Climate charter (2007)
- Climate Statement of the Danish Council for Sustainable Business Development (2009)

FINANCIAL STATEMENTS

Contents

Consolidated and parent company financial statements

Statement of comprehensive income 36

Statement of cash flows 37

Balance sheet, assets 38

Balance sheet, equity and liabilities 39

Statement of changes in equity 40

Notes to the financial statements 41

Management statement and independent auditor's report 82

Statement of total comprehensive income

amounts in DKKm

1 January - 31 December		Group		Parent company	
		2009	2008	2009	2008
Note					
5	Revenue	1,379.6	1,490.9	510.3	606.8
6, 7	Production costs	(1,001.8)	(1,083.9)	(476.7)	(508.6)
	Gross profit	**377.8**	**407.0**	**33.6**	**98.2**
7	Sales and distribution costs	(230.1)	(250.7)	(50.5)	(83.6)
7, 8	Administrative expenses	(71.7)	(69.8)	(59.7)	(58.2)
9	Other operating income	3.1	4.7	3.1	3.1
9	Other operating expense	(0.1)	(0.3)	0.0	0.0
	Operating profit/(loss) before special items	**79.0**	**90.9**	**(73.5)**	**(40.5)**
10	Special items, income	0.0	13.0	0.0	10.5
10	Special items, expense	(11.7)	(37.7)	0.0	(51.8)
	Operating profit/(loss) (EBIT)	**67.3**	**66.2**	**(73.5)**	**(81.8)**
	Profit after tax in associates	0.1	0.2	-	-
11	Financial income	13.5	2.5	57.1	45.4
11	Financial expenses	(32.2)	(79.4)	(26.0)	(53.3)
	Profit/(loss) before tax (EBT)	**48.7**	**(10.5)**	**(42.4)**	**(89.7)**
12	Tax on the profit/(loss) for the year	(12.9)	7.8	23.2	30.4
	Net profit/(loss) for the year (EAT)	**35.8**	**(2.7)**	**(19.2)**	**(59.3)**
	Foreign exchange adjustments, foreign subsidiaries	(2.0)	(9.4)	-	-
	Foreign exchange adjustments, equity-like loans to subsidiaries	(0.9)	12.2	-	-
	Value adjustment of hedging instruments transferred to revenue	10.2	(5.5)	(0.9)	4.4
	Value adjustment of hedging instruments transferred to financial items	8.7	(1.0)	7.6	0.0
	Value adjustment of hedging instruments	7.4	(9.3)	4.7	(3.3)
25	Actuarial gains/(losses) on defined benefit plans	(5.1)	0.5	0.0	0.0
12	Tax on other comprehensive income	(2.9)	(1.1)	(0.5)	(0.3)
	Other comprehensive income	**15.4**	**(13.6)**	**1.5**	**0.8**
	Total comprehensive income	**51.2**	**(16.3)**	**(17.7)**	**(58.5)**
13	Earnings per share in DKK (EPS)	5.2	(0.5)	-	-
13	Earnings per share in DKK, diluted (EPS-D)	5.2	(0.5)	-	-

Statement of cash flows

amounts in DKKm

1 January - 31 December		Group		Parent company	
		2009	2008	2009	2008
Note					
	Operating profit/(loss) before special items	79.0	90.9	(73.5)	(40.5)
	Depreciation and amortisation	86.8	90.3	37.1	43.0
14	Adjustment for other non-cash items	(1.1)	(2.6)	(1.2)	(1.3)
14	Change in working capital	(36.3)	(3.4)	(35.7)	(10.2)
	Cash flows from ordinary activities	**128.4**	**175.2**	**(73.3)**	**(9.0)**
	Interest etc. received	3.7	2.5	2.7	4.6
	Interest etc. paid	(19.7)	(44.6)	(16.2)	(43.6)
	Net restructuring costs paid	(6.1)	(3.6)	0.0	(3.6)
	Net income tax paid	(30.1)	(28.5)	0.1	(0.3)
	Cash flows from operating activities	**76.2**	**101.0**	**(86.7)**	**(51.9)**
	Disposals of intangible assets	0.7	0.0	0.7	0.0
	Disposals of property, plant and equipment	2.9	19.6	1.8	2.1
	Acquisition of property, plant and equipment	(101.0)	(108.2)	(37.6)	(23.0)
	Dividend received from associates	0.2	0.2	0.2	0.2
	Dividend received from subsidiaries	-	-	38.2	40.6
	Government grants received	3.1	5.3	0.0	0.0
	Capital injections in subsidiaries	-	-	(0.1)	(4.0)
	Cash flows from investing activities	**(94.1)**	**(83.1)**	**3.2**	**15.9**
	Cash flows from operating and investing activities (free cash flow)	**(17.9)**	**17.9**	**(83.5)**	**(36.0)**
14	Change in non-current liabilities	(22.3)	(99.1)	(20.0)	(96.7)
	Change in non-current receivables from subsidiaries	-	-	44.3	51.3
	Proceeds from sale of own pre-emptive rights	0.0	2.2	0.0	2.2
	Proceeds from rights issue	0.0	218.5	0.0	218.5
	Cash flows from financing activities	**(22.3)**	**121.6**	**24.3**	**175.3**
	Total cash flows	**(40.2)**	**139.5**	**(59.3)**	**139.3**
	Cash and cash equivalents and bank debt at beginning of year	8.8	(131.1)	(23.1)	(165.9)
	Foreign exchange adjustments	(7.7)	0.4	(7.3)	3.5
	Cash and cash equivalents and bank debt at end of year	**(39.1)**	**8.8**	**(89.6)**	**(23.1)**
	Recognition of cash and cash equivalents and bank debt end of year:				
	Cash and cash equivalents	53.4	63.9	0.1	27.6
	Bank debt (current liabilities)	(92.5)	(55.1)	(89.7)	(50.7)
	Total cash and cash equivalents and bank debt	**(39.1)**	**8.8**	**(89.6)**	**(23.1)**

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

Balance sheet, assets

amounts in DKKm

Note		Group 2009	Group 2008	Parent company 2009	Parent company 2008
	Non-current assets				
	Intangible assets				
	Goodwill	10.7	10.7	10.7	10.7
	Other intangible assets	10.1	0.1	10.1	0.1
15	**Total intangible assets**	**20.8**	**10.8**	**20.8**	**10.8**
	Property, plant and equipment				
	Land and buildings	163.6	158.1	33.6	37.3
	Technical plant and machinery	443.1	435.5	155.6	161.0
	Fixtures and fittings, other plants and equipment	14.1	14.3	6.2	6.5
	Technical plant under construction	16.4	23.9	9.3	11.3
16	**Total property, plant and equipment**	**637.2**	**631.8**	**204.7**	**216.1**
	Other non-current assets				
17	Investments in subsidiaries	-	-	347.0	347.0
18	Receivables from subsidiaries	-	-	71.1	67.3
19	Investments in associates	3.8	3.9	0.3	0.3
20	Other receivables	30.2	47.2	0.0	0.0
21	Deferred tax asset	73.5	51.6	33.5	9.6
	Total other non-current assets	**107.5**	**102.7**	**451.9**	**424.2**
	Total non-current assets	**765.5**	**745.3**	**677.4**	**651.1**
	Current assets				
22	Inventories	114.0	108.5	44.1	43.9
34	Trade receivables	225.0	225.8	35.7	33.9
23	Contract work in progress	1.3	0.0	1.7	0.0
	Receivables from subsidiaries	-	-	71.5	53.6
	Income tax receivable	7.1	4.5	0.0	0.3
	Other receivables	42.6	30.3	11.9	19.0
	Prepayments	7.5	10.5	3.0	10.2
	Cash and cash equivalents	53.4	63.9	0.1	27.6
	Total current assets	**450.9**	**443.5**	**168.0**	**188.5**
	Total assets	**1,216.4**	**1,188.8**	**845.4**	**839.6**

Balance sheet, equity and liabilities

amounts in DKKm

		Group		Parent company	
		2009	2008	2009	2008
Note					
	Equity				
24	Share capital	140.3	140.3	140.3	140.3
	Hedging reserve	10.2	(8.9)	(1.1)	(2.6)
	Translation reserve	(33.3)	(33.4)	0.0	0.0
	Proposed, dividend	10.5	0.0	10.5	0.0
	Retained earnings	379.8	358.2	66.8	96.4
	Total equity	**507.5**	**456.2**	**216.5**	**234.1**
	Non-current liabilities				
21	Deferred tax	13.6	7.2	0.0	0.0
25	Pension obligations	28.0	24.1	0.0	0.0
26	Loans	283.6	303.1	283.6	301.0
27	Government grants	47.9	59.4	6.4	7.3
	Total non-current liabilities	**373.1**	**393.8**	**290.0**	**308.3**
	Current liabilities				
26	Current portion of loans	22.0	22.7	20.0	20.0
	Current portion of government grants	4.8	5.3	0.9	0.9
26	Bank loans	92.5	55.1	89.7	50.7
23	Contract work in progress	0.0	0.5	0.0	0.5
	Prepayments from customers	0.5	1.1	0.5	1.1
	Trade payables	99.7	134.7	49.9	77.5
	Payable to subsidiaries	-	-	122.3	79.5
	Payable to associates	1.8	6.1	1.8	6.1
	Income tax	5.0	4.4	0.5	0.0
28	Provisions	1.3	1.8	1.6	1.8
29	Other payables	108.2	107.1	51.7	59.1
	Total current liabilities	**335.8**	**338.8**	**338.9**	**297.2**
	Total liabilities	**708.9**	**732.6**	**628.9**	**605.5**
	Total equity and liabilities	**1,216.4**	**1,188.8**	**845.4**	**839.6**

Statement of changes in equity

amounts in DKKm

Group

	Share capital	Hedging reserve	Translation reserve	Dividend proposed**	Retained earnings	Total equity
Equity at 1 January 2009	**140.3**	**(8.9)**	**(33.4)**	**0.0**	**358.2**	**456.2**
Comprehensive income	-	19.1	0.1	10.5	21.5	51.2
Share options	-	-	-	-	0.1	0.1
Total change in equity	**0.0**	**19.1**	**0.1**	**10.5**	**21.6**	**51.3**
Equity at 31 December 2009	**140.3**	**10.2**	**(33.3)**	**10.5**	**379.8**	**507.5**
Equity at 1 January 2008	**70.2**	**2.0**	**(30.2)**	**0.0**	**178.1**	**220.1**
Comprehensive income	-	(10.9)	(3.2)	0.0	(2.2)	(16.3)
Limit on defined benefit assets	-	-	-	-	(1.8)	(1.8)
Share options	-	-	-	-	0.2	0.2
Sale of pre-emptive rights, treasury shares	-	-	-	-	2.2	2.2
Rights issue*	70.1	-	-	-	181.7	251.8
Total change in equity	**70.1**	**(10.9)**	**(3.2)**	**0.0**	**180.1**	**236.1**
Equity at 31 December 2008	**140.3**	**(8.9)**	**(33.4)**	**0.0**	**358.2**	**456.2**

Parent company

	Share capital	Hedging reserve	Dividend proposed**	Retained earnings	Total equity
Equity at 1 January 2009	**140.3**	**(2.6)**	**0.0**	**96.4**	**234.1**
Comprehensive income	-	1.5	10.5	(29.7)	**(17.7)**
Share options	-	-	-	0.1	**0.1**
Total change in equity	**0.0**	**1.5**	**10.5**	**(29.6)**	**(17.6)**
Equity at 31 December 2009	**140.3**	**(1.1)**	**10.5**	**66.8**	**216.5**
Equity at 1 January 2008	**70.2**	**(3.4)**	**0.0**	**(28.4)**	**38.4**
Comprehensive income	-	0.8	0.0	(59.3)	(58.5)
Share options	-	-	-	0.2	0.2
Sale of pre-emptive rights, treasury shares	-	-	-	2.2	2.2
Rights issue*	70.1	-	-	181.7	251.8
Total change in equity	**70.1**	**0.8**	**0.0**	**124.8**	**195.7**
Equity at 31 December 2008	**140.3**	**(2.6)**	**0.0**	**96.4**	**234.1**

* The gross proceeds amounted to DKK 273.6 million, less DKK 21.8 million in costs relating to the rights issue in June 2008.

** For the financial year ended 31 December 2009, the Board of Directors has proposed a dividend of DKK 10.5 million, corresponding to DKK 1.5 per share, which will be paid to the shareholders immediately after the annual general meeting to be held on 20 April 2010, subject to approval of the proposal by the shareholders in general meeting. As the dividend is subject to approval by the shareholders in general meeting, it has not been recognised as a liability in the balance sheet at 31 December 2009.

Notes to the financial statements

1	Basis of preparation	42
2	Accounting regulations	42
3	Significant accounting estimates and judgments	43
4	Segment information	44

Notes - statement of total comprehensive income

5	Revenue	46
6	Cost of sales	46
7	Staff costs	46
8	Share-based payment	48
9	Other operating income and other operating expenses	49
10	Special items	50
11	Financial income and expense	50
12	Tax on profit/(loss) for the year	51
13	Earnings per share	52

Notes - statement of cash flows

14	Statement of cash flows	52

Notes - balance sheet

15	Intangible assets	53
16	Property, plant and equipment	54
17	Investments in subsidiaries	56
18	Receivables from subsidiaries	57
19	Investments in associates	58
20	Other receivables	58
21	Deferred tax	59
22	Inventories	61
23	Contract work in progress	61
24	Share capital	62
25	Pension obligations	63
26	Current and non-current liabilities	66
27	Government grants	68
28	Provisions	69
29	Other payables	69

Supplementary notes

30	Fee to the auditors	70
31	Provision of security and contingent liabilities	70
32	Operating leases	70
33	Other contractual obligations	70
34	Financial risks	71
35	Derivative financial instruments	73
36	Related party transactions	74
37	Subsequent events	74
38	Accounting policies	75

Notes

1. Basis of preparation

The consolidated financial statements and the parent company financial statements for 2009 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 additional Danish disclosure requirements for the 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 of 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 and share options, which are measured at fair value.

The accounting policies, which are described in note 38 to the financial statements, have been consistently applied for the financial year and for the comparative figures.

2. Accounting regulations

New financial reporting standards in 2009

Hartmann has implemented all new and revised financial reporting standards and interpretations adopted by the EU that apply to financial years beginning on or after 1 January 2009. Hartmann has assessed that the new and revised standards and interpretations that are effective for financial years beginning on or after 1 January 2009 are either not relevant to the Group or the parent company, or not of significant importance.

Amendments and interpretations which have not yet come into force and which have not been prospectively implemented

In 2009, the IASB issued a number of financial reporting standards, amendments and interpretations, which had been adopted by the EU as at 31 December 2009. Accordingly, the Group and the parent company must comply with these standards, amendments and interpretations for financial years beginning on or after 1 January 2010.

The financial reporting standards, amendments and interpretations which have not yet come into force are not assessed to become of significant importance to the consolidated financial statements or the parent company in future and have therefore not been prospectively implemented.

Change in presentation

The revised IAS 1 has led to a change in presentation in the form of the introduction the statement of comprehensive income, a change in the order of primary statements and a few new disclosure requirements in the consolidated and parent company financial statements.

The Group and the parent company have changed the presentation of the balance sheet, combining the non-current items 'Mortgage debt', 'Bank debt' and 'Other debt' in the item 'Loans' under non-current liabilities. The comparative figures have been restated accordingly.

As the change described above only consisted of a combination of items within non-current liabilities, which does not otherwise affect the balance it is not assessed to be a change in compliance with IAS 1 concerning reclassification of items in the consolidated and parent company financial statements.

Furthermore, the Group has made minor adjustments of financial ratios in compliance with the guidelines of the Danish Society of Financial Analysts. The comparative figures have been restated accordingly.

Notes

3. 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 assume a course of events 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 2009, 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 value in use of the cash-generating units to which the goodwill amounts have been allocated. The calculation of the 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 2009. For a detailed description of discount rates etc. see note 15.

Recoverable amount of the activities of the segment Egg Packaging North America

Determining any need for impairment write-down of recognised property, plant and equipment and deferred tax assets requires a calculation of the value in use of the North American activities. The calculation of the 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 at 31 December 2009 in the segment Egg Packaging North America amounted to DKK 108.6 million at 31 December 2009.

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 carrying amount of deferred tax assets amounted to DKK 73.6 million at 31 December 2009. 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 amounted to DKK 30.2 million at 31 December 2009. For a detailed description of the conditions of the grants etc. see note 27.

Notes

amounts in DKKm

4. Segment information

Segment information

Hartmann's business is divided into four reportable segments, reflecting the Group's products and markets and the Group's internal financial control and management reporting. Corporate management regularly receives this information with a view to resource allocation and performance evaluation.

No operating segments have been accumulated to represent the reportable segments.

Egg Packaging Europe
This segment comprises manufacturing and sales of moulded-fibre egg packaging. Products are manufactured at the Group's European factories and are primarily sold to egg producers, egg packing companies and, increasingly, to retail chains. European sales are coordinated from the sales office in Germany.

Egg Packaging North America
This segment comprises manufacturing and sales of moulded-fibre egg packaging. Products are primarily manufactured at the Group's North American factory and sold to egg producers, egg packing companies and, increasingly, to retail chains.

Industrial Packaging
This segment comprises design, manufacturing and sales of moulded-fibre industrial packaging. The product range includes display packaging for electronics and transport protection. The products are manufactured at the Group's Hungarian factory and are sold as project sales to customers. Sales are coordinated from the head office in Denmark.

Other business areas
This segment comprises the combined heat and power plant, Hartmann Technology (internal and external sales of machinery) and corporate functions.

Other segment information

Management assesses the 'operating profit' for the reportable segements separately in order to make decisions in resource allocation and performance evaluation. The accounting policies applying to the consolidated financial statements are also applied in relation to the calculation of the operating profit from the reportable segments. Group financing (including financial income and expense) and income tax are handled at Group level and are not allocated to the reportable segments.

Segment assets and segment liabilities comprise inventories, trade receivables and trade payables directly relating to the individual segment.

Other segment information comprises investments in intangible assets, property, plant and equipment and depreciation, amortisation and impairment.

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

Notes

amounts in DKKm

4. Segment information, cont'd

2009	Egg Packaging Europe	Egg Packaging North America	Industrial Packaging	Other business areas	Total of reportable segments	Eliminations	Total
External revenue	1,099.8	163.2	47.7	68.9	1.379.6	-	1,379.6
External revenue, see annual report							**1,379.6**
Operating profit/(loss) before special items	**108.2**	**(7.1)**	**10.4**	**(34.3)**	**77.2**	**1.8**	**79.0**
Special items, income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Special items, expense	(11.7)	0.0	0.0	0.0	(11.7)	0.0	(11.7)
Operating profit/(loss)	**96.5**	**(7.1)**	**10.4**	**(34.3)**	**65.5**	**1.8**	**67.3**
Profit after tax in associates	-	-	-	-	-	-	0.1
Financial income	-	-	-	-	-	-	13.5
Financiel expense	-	-	-	-	-	-	(32.2)
Profit/(loss) before tax , see financial statements							**48.7**
Inventories	70.1	27.6	6.5	10.9	115.1	(1.1)	114.0
Trade receivables	188.1	15.7	7.5	13.7	225.0	0.0	225.0
Non-current assets	-	-	-	-	-	-	765.5
Current assets (in addition to inventories and trade receivables)	-	-	-	-	-	-	111.9
Total assets, see financial statements							**1,216.4**
Trade payables	59.0	16.7	0.0	24.0	99.7	0.0	99.7
Non-current liabilities	-	-	-	-	-	-	373.1
Current liabilities (in addition to trade payables)	-	-	-	-	-	-	236.1
Total liabilities, see financial statements							**708.9**
Other segment information							
Investments intangible assets and property, plant and equipment	69.6	18.4	1.3	11.7	101.0	0.0	101.0
Depreciation and amortisation	78.7	10.7	3.8	7.3	100.5	(8.2)	92.3
Impairment, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0

2008	Egg Packaging Europe	Egg Packaging North America	Industrial Packaging	Other business areas	Total of reportable segments	Eliminations	Total
External revenue	1,141.6	123.0	126.0	100.3	1.490.9	-	1,490.9
External revenue, see annual report							**1,490.9**
Operating profit/(loss) before special items	**117.6**	**(27.2)**	**29.0**	**(23.7)**	**95.7**	**(4.8)**	**90.9**
Special items, income	0.0	6.4	8.4	4.6	19.4	(6.4)	13.0
Special items, expens	0.0	0.0	(37.7)	0.0	(37.7)	0.0	(37.7)
Operating profit/(loss	**117.6**	**(20.8)**	**(0.3)**	**(19.1)**	**77.4**	**(11.2)**	**66.2**
Profit after tax in associates	-	-	-	-	-	-	0.2
Financial income	-	-	-	-	-	-	2.5
Financiel expense	-	-	-	-	-	-	(79.4)
Profit/(loss) before tax , see financial statements							**(10.5)**
Inventories	67.3	19.6	14.3	9.1	110.3	(1.8)	108.5
Trade receivables	186.8	16.6	14.6	7.8	225.8	0.0	225.8
Non-current assets	-	-	-	-	-	-	745.3
Current assets (in addition to inventories and trade receivables)	-	-	-	-	-	-	109.2
Total assets, see financial statements							**1,188.8**
Trade payables	74.8	10.9	0.2	48.8	134.7	0.0	134.7
Non-current liabilities	-	-	-	-	-	-	393.8
Current liabilities (in addition to trade payables)	-	-	-	-	-	-	204.1
Total liabilities, see financial statements							**732.6**
Other segment information							
Investments intangible assets and property, plant and equipment	107.0	6.2	27.5	6.4	147.1	(38.9)	108.2
Depreciation and amortisation	76.5	10.1	11.5	9.5	107.6	(12.1)	95.5
Impairment, net	0.0	0.0	36.6	0.0	36.6	0.0	36.6

Geographical information

	External sales		Intang. assets, property, plant and equipment total	
	2009	2008	2009	2008
Denmark	98.4	111.2	184.9	178.8
Western Europe	860.9	1.002.0	58.8	56.0
Central and Eastern Europe*	187.6	201.1	292.0	310.8
North America	168.9	123.0	108.6	87.9
South America	1.9	0.0	0.0	0.0
Asia	0.2	3.1	0.0	0.0
Other	61.7	50.5	13.2	9.1
Total	**1,379.6**	**1,490.9**	**657.5**	**642.6**

*Of which intangible assets, property, plant and equipment in Hungary: DKK 229 million (2008: DKK 250 million).

Breakdown of geographical information:

Denmark	Denmark
Western Europe	Austria, Belgium, Finland, France, Germany, Italy, the Netherlands, Norway, Sweden, Switzerland and the UK
Central and Eastern Europe	Baltic States, Czech Republic, Croatia, Hungary, Poland and Russia
North America	Canada, Mexico and USA
South America	Argentina, Brazil and Chile
Asia	China, Japan and South East Asia
Other	Israel and Australia

Notes to the statement of comprehensive income

amounts in DKKm

	Group		Parent company	
	2009	2008	2009	2008
5. Revenue				
Value of goods sold	1,370.6	1,451.4	482.4	528.6
Sales value of production for the year from contracts	9.0	39.5	26.7	77.2
Sales of services to subsidiaries	-	-	1.2	1.0
Total revenue	**1,379.6**	**1,490.9**	**510.3**	**606.8**

	2009	2008	2009	2008
6. Cost of sales				
Cost of sales for the year	648.7	685.1	308.2	445.4
Inventory write-downs for the year	0.1	0.4	0.1	0.4
Reversed inventory write-downs	0.0	0.0	0.0	0.0
Total cost of sales	**648.8**	**685.5**	**308.3**	**445.8**

	2009	2008	2009	2008
7. Staff costs				
Breakdown of staff costs:				
Wages, salaries and remuneration	380.6	407.8	192.3	214.4
Pension costs, defined benefits plans	2.9	3.4	0.0	0.0
Pension contributions, defined contribution plans	35.2	32.1	16.0	18.9
Other social security costs	20.9	23.4	2.6	3.6
Total staff costs	**439.6**	**466.7**	**210.9**	**236.9**
Recognition of staff costs in the financial statements:				
Production costs	335.0	345.2	162.8	185.1
Sales and distribution costs	47.3	49.9	8.3	6.7
Administrative expenses	45.8	71.6	39.8	45.1
Special items	11.5	0.0	0.0	0.0
Total staff costs	**439.6**	**466.7**	**210.9**	**236.9**
Number of employees				
Average number of full-time employees	**1,553**	**1,629**	**447**	**555**

For information on pension obligations, see note 25.

Notes to the statement of comprehensive income

amounts in DKKm

7. Staff costs, cont'd

Remuneration to members of the Executive Board and the Board of Directors and key employees
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.

The Group's Executive Board and a few other key employees have signed an agreement under which, in the event of a change of ownership of a controlling interest in Brødrene Hartmann A/S, their notice of termination will be extended to 24 months effective from the date when the shareholding is sold. The extended notice will apply for a period of up to 18 months after the transfer.

From February 2010 COO Søren Tolstrup and CCO Magali Depras are members of the Executive Board. In the table below, they are both included under 'key employees'.

Remuneration of the Executive Board and key employees	2009					2008
	Salary	Bonus	Pension	Other benefits	Total	Total
Peter Arndrup Poulsen	3.4	0.6	0.3	0.2	4.5	3.8
Tom Wrensted	2.4	0.4	0.2	0.2	3.2	2.6
Remuneration of the Executive Board	**5.8**	**1.0**	**0.5**	**0.4**	**7.7**	**6.4**
Key employees	14.4	1.0	0.9	0.4	16.7	7.7
Total remuneration	**20.2**	**2.0**	**1.4**	**0.8**	**24.4**	**14.1**

The remuneration of the Board of Directors is a fixed fee which is approved by the shareholders at the annual general meeting. Ordinary Board members each receive an annual fee of DKK 150,000. The vice chairman receives the amount of the ordinary fee multiplied by two, and the chairman receives the amount of the ordinary fee multiplied by three. The Board of Directors recommends that the fee to the Board of Directors for 2010 remains unchanged compared with 2009.

	2009	2008
Remuneration of the Board of Directors		
Former members of the Board of Directors:		
Chairman	0.0	0.1
Present members of the Board of Directors:		
Chairman	0.5	0.5
Vice Chairman	0.3	0.3
Ordinary members	0.8	0.8
Total remuneration of the Board of Directors	**1.6**	**1.7**

Notes to the statement of comprehensive income

amounts in DKKm

8. Share-based payment

As appears from company announcement no. 6/2009, the Company's share option programme was cancelled with effect from 2009. Accordingly, no share options were granted in 2009. In connection with the cancellation of the share option programme, the Company's Executive Board and five other executives received compensation. The total cost of the cancellation of the share option obligation was DKK 2.0 million.

Share options already granted consisted of a number of share options corresponding to a value of up to 50% of the fixed annual salary. Fifty percent of the grant was not subject to any performance criteria, and up to an additional 50% was granted relative to the degree of bonus target achievement.

Each share option entitles the holder to acquire one existing share of DKK 20 in the Company. The options can only be settled in shares (equity-based programme). The share option programme is funded through the Company's holding of treasury shares.

If all unexercised share options (15,379 options) at 31 December 2009 were exercised, it would correspond to 0.22% of the share capital.

Share options vest on a continuous basis from the date of grant to the date of exercise. Share options are exercisable during a period from three to five years after the grant. The share options are subject to various conditions in connection with death, resignation, etc.

Based on the assumptions below, the market value of outstanding share options at the date of grant was computed at DKK 0.5 million. The total cost of share-based payment for 2009 was DKK 0.1 million (2008: DKK 0.1 million).

As a consequence of Tom Wrensted's resignation with effect from the end of April 2010, the share options granted to him in 2008 (6,789 options) will not vest.

	Exercise period		Number of options*					
Issued	Start year	End year	1 Jan. 2009	Expired	Not vested	Exercised	31 Dec. 2009	Exercise price*
Members of the Executive Board								
2007	2010	2012	5,504	0	0	0	5,504	158.08
2008	2011	2013	16,664	0	(6,789)	0	9,875	107.92
Total			**22,168**	**0**	**(6,789)**	**0**	**15,379**	

Notes to the statement of comprehensive income

amounts in DKKm

8. Share-based payment, cont'd

Assumptions for the determination of the market value at the date of grant for share options recognised in 2008:

	2009	2008
Market value per option, DKK*	-	32.9
Share price*	-	107.9
Exercise price*	-	107.9
Volatility	-	30%
Risk-free interest rate	-	4.3%
Payout ratio	-	0%
Expected term	-	4 years

The share price and exercise price are calculated as the average market price of the the Brødrene Hartmann A/S share on NASDAQ OMX Copenhagen A/S during the first 10 trading days after the publication of the annual report.

The volatility value applied reflects Management's best estimate at the date of grant.

The expected term is determined on the basis of exercise taking place in the middle of the exercise period. The market value of share options builds on the Black-Scholes' formula for the valuation of options.

* Adjusted for the bonus element in connection with the rights issue in June 2008.

	Group		Parent company	
	2009	2008	2009	2008
9. Other operating income and other operating expenses				
Other operating income				
Gains on the sale of property, plant and equipment	1.3	2.9	1.3	1.3
Licence fees	1.8	1.8	1.8	1.8
Total other operating income	**3.1**	**4.7**	**3.1**	**3.1**
Other operating expenses				
Losses on the sale of property, plant and equipment	0.1	0.3	0.0	0.0
Total other operating expenses	**0.1**	**0.3**	**0.0**	**0.0**

Notes to the statement of comprehensive income

amounts in DKKm

	Group		Parent company	
	2009	2008	2009	2008
10. Special items				
Special items, income				
Proceeds from the sale of property, plant and equipment in connection with the closing-down of operations in Asia	0.0	13.0	0.0	10.5
Total special items, income	**0.0**	**13.0**	**0.0**	**10.5**
Special items, expense				
Impairment and reversal of impairment of property, plant and equipment, Industrial Packaging	0.0	36.6	0.0	47.1
Impairment of other assets	0.0	1.1	0.0	1.1
Restructuring/closing down of operations	0.0	3.6	0.0	3.6
Reversal of provision, Industrial Packaging Asia	0.0	(3.6)	0.0	0.0
Severance pay etc. in connection with restructuring of organisation*	11.7	0.0	0.0	0.0
Total special items, expense	**11.7**	**37.7**	**0.0**	**51.8**
Total special items	**(11.7)**	**(24.7)**	**0.0**	**(41.3)**
If special items had been recognised in operating profit before special items, they would have been recognised in the comprehensive income:				
Production costs	6.1	24.7	0.0	41.3
Sales and distribution costs	5.6	0.0	0.0	0.0
Total special items	**11.7**	**24.7**	**0.0**	**41.3**

* In 2009, Hartmann incurred costs of DKK 11.7 million (2008: DKK 24.7 million) of an exceptional nature relative to the Group's earnings-generating operating activities. These costs are presented as special items in order to provide a fair presentation of the Group's operating profit.

	Group		Parent company	
	2009	2008	2009	2008
11. Financial income and expense				
Financial income				
Dividend from subsidiaries	-	-	38.2	40.6
Dividend from associates	-	-	0.2	0.2
Reversal of write-down on intera-group accounts	-	-	11.6	0.0
Interest income, subsidiaries	-	-	4.2	3.5
Interest income, cash and cash equivalents etc.	3.9	2.5	1.2	1.1
Net foreign exchange gains	9.6	0.0	1.7	0.0
Total financial income	**13.5**	**2.5**	**57.1**	**45.4**
Financial expense				
Interest expense, subsidiaries	-	-	2.4	4.2
Write-down of investments in subsidiaries	-	-	0.1	3.2
Interest expense, loans and bank debt	17.8	35.1	16.8	32.1
Net foreign exchange loss	0.0	38.8	0.0	8.8
Other expenses*	14.4	5.5	6.7	5.0
Total financial expense	**32.2**	**79.4**	**26.0**	**53.3**
Total financial income and expense	**(18.7)**	**(76.9)**	**31.1**	**(7.9)**

* Of which the interest effect of discounting of non-current liabilities amounted to DKK 7.4 million. (2008: DKK 0 million).

Notes to the statement of comprehensive income

amounts in DKKm

	Group		Parent company	
	2009	2008	2009	2008
12. Tax on profit/(loss) for year				
Breakdown of tax for the year:				
Tax on profit/(loss) for the year	12.9	(7.8)	(23.2)	(30.4)
Tax on other comprehensive income	2.9	1.1	0.5	0.3
Total tax	**15.8**	**(6.7)**	**(22.7)**	**(30.1)**
Breakdown of tax on profit/(loss) for the year:				
Current tax	26.7	31.0	0.1	0.3
Changes in deferred tax	(17.0)	(36.7)	(21.9)	(28.3)
Change of income tax rate	4.3	0.9	0.0	0.0
Tax relating to prior year	(1.1)	(3.0)	(1.4)	(2.4)
Total tax on profit/(loss) for the year	**12.9**	**(7.8)**	**(23.2)**	**(30.4)**
Breakdown of tax on profit/(loss) for the year is specified as follows:				
Profit/(loss) before tax	48.7	(10.5)	(42.4)	(89.7)
Dividend from subsidiaries and associates	-	-	(38.2)	(40.8)
Profit/(loss) after tax in associates	(0.2)	(0.2)	(0.2)	(0.2)
	48.5	**(10.7)**	**(80.8)**	**(130.7)**
Tax charged at 25%	12.2	(2.7)	(20.1)	(32.7)
Adjustment of tax calculated for foreign subsidiaries in relation to 25%	(0.6)	(2.7)	-	-
Tax effect of:				
Change of income tax rate	4.3	0.9	0.0	0.0
Non-deductible write-down of investments in subsidiaries	-	-	0.0	0.8
Unrecognised deferred tax assets in foreign subsidiaries	(3.4)	(4.7)	0.0	0.0
Non-taxable income and non-deductible expenses	1.5	4.4	(1.7)	3.9
Tax relating to prior years	(1.1)	(3.0)	(1.4)	(2.4)
	12.9	**(7.8)**	**(23.2)**	**(30.4)**
Effective tax rate	**27**	**73**	**29**	**23**
Tax on other comprehensive income:				
Foreign exchange adjustments, equity-like loans to subsidiaries	(3.0)	3.1	0.0	0.0
Value adjustment of hedging instruments	7.3	(2.2)	0.5	0.3
Actuarial gain/(loss) on defined benefit plans	(1.4)	0.2	0.0	0.0
	2.9	**1.1**	**0.5**	**0.3**

Notes to the statement of comprehensive income

amounts in DKKm

	Group	
	2009	2008
13. Earnings per share		
Average number of shares	7,015,090	5,832,568
Average number of treasury shares	(100,000)	(100,000)
Average number of shares in circulation	**6,915,090**	**5,732,568**
Average dilutive effect of unexercised share options	0	0
Average number of shares, diluted	**6,915,090**	**5,732,568**
Profit/(loss) for the year attributable to the shareholders of Brødrene Hartmann A/S	**35.8**	**(2.7)**
Earnings per share in DKK (EPS)	5.2	(0.5)
Earnings per share in DKK, diluted (EPS-D)	5.2	(0.5)

Average number of shares are adjusted for the bonus element in connection with the rights issue in June 2008.

Notes to the statement of cash flows

	Group		Parent company	
	2009	2008	2009	2008
14. Cash flows				
Adjustment for other non-cash itmes				
Profits and losses from the sale of intangible assets and property, plant and equipment	(1.2)	(2.6)	(1.3)	(1.3)
Adjustment of share options for the year	0.1	0.0	0.1	0.0
Total	**(1.1)**	**(2.6)**	**(1.2)**	**(1.3)**
Change in working capital				
Inventories and contract work in progress	(5.0)	4.2	(2.4)	17.5
Receivables	11.4	28.5	7.1	8.4
Trade payables	(36.3)	15.8	(27.6)	6.7
Prepayments from customers	(0.6)	(2.9)	(0.6)	(2.8)
Other debt etc.	(4.1)	(51.4)	(12.2)	(40.0)
Pension obligations relating to operations	(1.7)	2.4	0.0	0.0
Total	**(36.3)**	**(3.4)**	**(35.7)**	**(10.2)**
Change in non-current liabilities				
Servicing and repayment of debt	(22.3)	(82.4)	(20.0)	(80.0)
Subordinated loan	0.0	(50.0)	0.0	(50.0)
Of which converted into share capital in connection with rights issue	0.0	33.3	0.0	33.3
Total	**(22.3)**	**(99.1)**	**(20.0)**	**(96.7)**

Notes to the balance sheet

amounts in DKKm

	Goodwill	Other intangible assets	Total
15. Intangible assets			
Group and parent company			
Cost at 1 January 2009	22.8	1.0	23.8
Additions	0.0	10.7	10.7
Cost at 31 December 2009	**22.8**	**11.7**	**34.5**
Amortisation and impairment at 1 January 2009	12.1	0.9	13.0
Amortisation	0.0	0.7	0.7
Amortisation and impairment at 31 December 2009	**12.1**	**1.6**	**13.7**
Carrying amount at 31 December 2009	**10.7**	**10.1**	**20.8**
Cost at 1 January 2008	22.8	6.6	29.4
Disposals	0.0	(5.6)	(5.6)
Cost at 31 December 2008	**22.8**	**1.0**	**23.8**
Amortisation and impairment at 1 January 2008	12.1	6.3	18.4
Amortisation	0.0	0.2	0.2
Disposals	0.0	(5.6)	(5.6)
Amortisation and impairment at 31 December 2008	**12.1**	**0.9**	**13.0**
Carrying amount at 31 December 2008	**10.7**	**0.1**	**10.8**

Goodwill

Goodwill has been allocated to Egg Packaging Europe.

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 2010-2014 and by using a pre-tax discount rate of 10% (2008: 10%) which takes into account the specific risks characterising the European market. The calculation is not based on significant growth assumptions.

Other intangible assets

Amortisation of development projects amounted to DKK 0.1 million(2008: DKK 0.2 million) and is recognised in the statement of comprehensive income under 'production costs'. Amortisation of software etc. amounted to DKK 0.6 million (2008: DKK 0.0 million) and is recognised in the statement of comprehensive income under 'administrative expenses'.

In 2009 development costs totalled DKK 1.3 million (2008: DKK 0.5 million), which are recognised in the statement of comprehensive income under 'production costs'.

Notes to the balance sheet

amounts in DKKm

	Land and buildings	Technical plant and machinery	Other operating equipment	Production plant under construction	Total
16. Property, plant and equipment					
Group					
Cost at 1 January 2009	340.1	1,556.0	128.5	23.9	2,048.5
Foreign exchange adjustments	5.1	25.1	0.8	0.0	31.0
Transfer	0.0	23.9	0.0	(23.9)	0.0
Additions	13.3	53.4	7.2	16.4	90.3
Disposals	(0.9)	(1.6)	(8.2)	0.0	(10.7)
Cost at 31 December 2009	**357.6**	**1,656.8**	**128.3**	**16.4**	**2,159.1**
Depreciation and impairment at 1 January 2009	182.0	1,120.5	114.2	0.0	1,416.7
Foreign exchange adjustments	1.0	21.2	0.5	0.0	22.7
Depreciation	11.0	73.4	7.2	0.0	91.6
Disposals	0.0	(1.4)	(7.7)	0.0	(9.1)
Depreciation and impairment at 31 December 2009	**194.0**	**1,213.7**	**114.2**	**0.0**	**1,521.9**
Carrying amount at 31 December 2009	**163.6**	**443.1**	**14.1**	**16.4**	**637.2**
Cost at 1 January 2008	349.9	1,592.2	146.4	26.1	2,114.6
Foreign exchange adjustments	(11.1)	(56.6)	(1.0)	(0.1)	(68.8)
Transfer	0.0	26.1	0.0	(26.1)	0.0
Additions	14.5	63.5	6.2	24.0	108.2
Disposals	(13.2)	(69.2)	(23.1)	0.0	(105.5)
Cost at 31 December 2008	**340.1**	**1,556.0**	**128.5**	**23.9**	**2,048.5**
Depreciation and impairment at 1 January 2008	180.5	1,116.7	127.4	0.0	1,424.6
Foreign exchange adjustments	(2.7)	(44.9)	(0.9)	0.0	(48.5)
Reversal of impairment	0.0	(10.5)	0.0	0.0	(10.5)
Impairment	1.3	45.0	0.8	0.0	47.1
Depreciation	12.6	74.8	7.9	0.0	95.3
Disposals	(9.7)	(60.6)	(21.0)	0.0	(91.3)
Depreciation and impairment at 31 December 2008	**182.0**	**1,120.5**	**114.2**	**0.0**	**1,416.7**
Carrying amount at 31 December 2008	**158.1**	**435.5**	**14.3**	**23.9**	**631.8**

	Group	
	2009	**2008**
Breakdown of depreciation is specified as follows:		
Depreciation	91.6	95.3
Impairment and reversal of impairment	0.0	36.6
Part of government grants recognised as income	(5.5)	(5.2)
Total depreciation	**86.1**	**126.7**
Depreciation is recognised in the statement of comprehensive income under the following items:		
Production costs	83.8	87.5
Sales and distribution costs	0.7	1.5
Administrative expenses	1.6	1.1
Special items	0.0	36.6
Total depreciation	**86.1**	**126.7**

Notes to the balance sheet

amounts in DKKm

	Land and buildings	Technical plant and machinery	Other operating equipment	Production plant under construction	Total
16. Property, plant and equipment, cont'd					
Parent company					
Cost at 1 January 2009	166.8	800.4	96.3	11.3	1.074.8
Transfer	0.0	11.3	0.0	(11.3)	0.0
Additions	1.0	13.5	3.1	9.3	26.9
Disposals	(0.9)	(0.2)	(6.5)	0.0	(7.6)
Cost at 31 December 2009	**166.9**	**825.0**	**92.9**	**9.3**	**1,094.1**
Depreciation and impairment at 1 January 2009	129.5	639.4	89.8	0.0	858.7
Depreciation	3.8	30.1	3.4	0.0	37.3
Disposals	0.0	(0.1)	(6.5)	0.0	(6.6)
Depreciation and impairment at 31 December 2009	**133.3**	**669.4**	**86.7**	**0.0**	**889.4**
Carrying amount at 31 December 2009	**33.6**	**155.6**	**6.2**	**9.3**	**204.7**
Cost at 1 January 2008	165.8	802.4	102.7	15.4	1.086.3
Transfer	0.0	12.4	0.0	(12.4)	0.0
Additions	1.0	8.3	3.1	10.6	23.0
Disposals	0.0	(22.7)	(9.5)	(2.3)	(34.5)
Cost at 31 December 2008	**166.8**	**800.4**	**96.3**	**11.3**	**1,074.8**
Depreciation and impairment at 1 January 2008	123.2	571.5	93.4	0.0	788.1
Impairment	1.3	44.4	1.4	0.0	47.1
Depreciation	5.0	35.8	3.1	0.0	43.9
Disposals	0.0	(12.3)	(8.1)	0.0	(20.4)
Depreciation and impairment at 31 December 2008	**129.5**	**639.4**	**89.8**	**0.0**	**858.7**
Carrying amount at 31 December 2008	**37.3**	**161.0**	**6.5**	**11.3**	**216.1**

	Parent company	
	2009	**2008**
Breakdown of depreciation:		
Depreciation	37.3	43.9
Impairment and reversal of impairment	0.0	47.1
Part of government grants recognised as income	(0.9)	(1.1)
Total depreciation	**36.4**	**89.9**
Depreciation is recognised in the statement of comprehensive income under the following items:		
Production costs	34.7	41.3
Sales and distribution costs	0.0	0.4
Administrative expenses	1.7	1.1
Special items	0.0	47.1
Total depreciation	**36.4**	**89.9**

Notes to the balance sheet

amounts in DKKm

	Parent company	
	2009	2008
17. Investments in subsidiaries		
Cost at 1 January	882.0	1.000.7
Additions	0.1	4.0
Disposals	0.0	(122.7)
Cost at 31 December	**882.1**	**882.0**
Impairment at 1 January	535.0	654.5
Imairment for the year	0.1	3.2
Disposals	0.0	(122.7)
Impairment at 31 December	**535.1**	**535.0**
Carrying amount at 31 December	**347.0**	**347.0**

Additions for the year came to DKK 0.1 million (2008: DKK 4.0 million) and related to a cash capital injection in the wholly-owned subsidiary Hartmann Italy S.r.l., the equity of which was negative at the time of the capital injection.

Impairment for the year came to DKK 0.1 million (2008: DKK 3.2 million) and related to the write-down to recoverable amounts of investments in the wholly-owned subsidiary Hartmann Italy S.r.l.

There have been no disposals for the year 2009 (2008: DKK 122.7 million).

Name	Registered office	Stake 2009	Stake 2008
Hartmann (UK) Ltd.	England	100%	100%
Hartmann France S.a.r.l.	France	100%	100%
Hartmann Verpackung AG	Switzerland	100%	100%
Hartmann Italiana S.r.l. (in liqudation)	Italy	100%	100%
Hartmann-Schwedt GmbH	Germany	100%	100%
Hartmann Verpackung GmbH (subsidiary of Hartmann Schwedt GmbH)	Germany	100%	100%
Hartmann-Hungary Kft.	Hungary	100%	100%
Hartmann Pólska Sp. z o.o.	Poland	100%	100%
Brødrene Hartmann Invest ApS	Denmark	100%	100%
Hartmann China Holding A/S	Denmark	100%	100%
Hartmann Papirna Ambalaža d.o.o.	Croatia	100%	100%
Hartmann-Mai Ltd.	Israel	100%	100%
Hartmann-Varkaus Oy	Finland	100%	100%
H-Novi SAD	Serbia	100%	100%
Hartmann Canada Inc.	Canada	100%	100%
Hartmann Dominion Inc. (subsidiary of Hartmann Canada Inc.)	Canada	100%	100%
Hartmann USA Inc. (subsidiary of Hartmann Canada Inc.)	USA	100%	100%

Notes to the balance sheet

amounts in DKKm

	Parent company	
	2009	**2008**
18. Receivables from subsidiaries		
Carrying amount at 1 January	67.3	89.3
Foreign exchange adjustments	3.9	(1.3)
Additions	22.3	22.3
Disposals	(22.4)	(43.0)
Carrying amount at 31 December	**71.1**	**67.3**
Of this amount, DKK 0.0 million (2008: DKK 14.2 million) related to finance leases.		
Gross amounts of receivables from finance leases fall due as follows:		
Due within 1 year	0.0	14.5
Due within 1 to 5 years	0.0	0.0
Due after 5 years	0.0	0.0
Total gross amounts receivable	**0.0**	**14.5**
Unearned future finance income	0.0	(0.3)
Net investments in finance leases	**0.0**	**14.2**
Net investments in finance leases fall due as follows:		
Due within 1 year	0.0	14.2
Due within 1 to 5 years	0.0	0.0
Due after 5 years	0.0	0.0
Net investments in finance leases	**0.0**	**14.2**

Finance leases cover leases for production equipment manufactured by Hartmann Technology for use in a foreign subsidiary.

Notes to the balance sheet

amounts in DKKm

	Group		Parent company	
	2009	2008	2009	2008
19. Investments in associates				
Cost at 1 January	0.3	0.3	0.3	0.3
Cost at 31 December	**0.3**	**0.3**	**0.3**	**0.3**
Revaluations at 1 January	3.6	3.6	-	-
Dividend	(0.2)	(0.2)	-	-
Share of profit/(loss) for the year	0.1	0.2	-	-
Revaluations at 31 December	**3.5**	**3.6**	**-**	**-**
Carrying amount at 31 December	**3.8**	**3.9**	**0.3**	**0.3**

2009

Name	Registered office	Stake	Gross profit	Profit for the year	Assets	Liabilites	Equity
DanFiber A/S	Søborg	33.4%	6.8	0.7	32.6	21.1	11.5

2008

Name	Registered office	Stake	Gross profit	Profit for the year	Assets	Liabilites	Equity
DanFiber A/S	Søborg	33.4%	6.9	0.7	28.0	16.3	11.7

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 cost.

	Group		Parent company	
	2009	2008	2009	2008
20. Other receivables				
Carrying amount at 1 January	47.2	0.0	0.0	0.0
Foreign exchange adjustments	(0.5)	0.0	0.0	0.0
Additions	0.0	50.2	0.0	0.0
Recognised in profit/(loss) for the year	(7.8)	(3.0)	0.0	0.0
Write-down*	(8.7)	(0.0)	0.0	0.0
Carrying amount at 31 December	**30.2**	**47.2**	**0.0**	**0.0**

* A reassessment of the grants receivable in the form of reduced tax payments in the Hungarian production company entailed disposals of DKK 8.7 million see also note 27.

	Group		Parent company	
	2009	2008	2009	2008
Other non-current receivables are expected to fall due:				
Within 1 year	3.7	9.1	0.0	0.0
Within 1 to 5 years	15.7	32.8	0.0	0.0
After 5 years	10.8	5.3	0.0	0.0
	30.2	**47.2**	**0.0**	**0.0**

Notes to the balance sheet

amounts in DKKm

	Group		Parent company	
	2009	2008	2009	2008
21. Deferred tax				
Deferred tax at 1 January	(44.4)	(9.7)	(9.6)	22.0
Foreign exchange adjustments	(3.6)	3.1	-	-
Change of income tax rate recognised in profit/(loss) for the year	4.3	0.9	0.0	0.0
Deferred tax for the year recognised in profit/(loss) for the year	(17.0)	(36.7)	(21.9)	(28.3)
Deferred tax on foreign exchange adjustments recognised in other comprehensive income	(3.0)	3.1	0.0	0.0
Deferred tax on hedging instruments recognised in other comprehensive income	7.3	(2.2)	0.5	0.3
Deferred tax on actuarial gains and losses	(1.4)	0.2	0.0	0.0
Adjustment of deferred tax relating to prior years	(2.1)	(3.1)	(2.5)	(3.6)
Deferred tax at 31 December	**(59.9)**	**(44.4)**	**(33.5)**	**(9.6)**
Breakdown of deferred tax:				
Intangible assets	1.1	1.1	1.1	1.1
Property, plant and equipment	18.9	4.5	16.4	14.9
Current assets	1.1	0.3	1.3	1.1
Liabilities	(3.7)	(2.8)	(2.2)	(2.2)
Other	0.3	(0.1)	0.0	0.0
Tax loss carry-forwards	(77.6)	(47.4)	(50.1)	(24.5)
Deferred tax at 31 December	**(59.9)**	**(44.4)**	**(33.5)**	**(9.6)**
Deferred tax is recognised in the following balance sheet items:				
Other non-current assets	(73.5)	(51.6)	(33.5)	(9.6)
Non-current liabilities	13.6	7.2	0.0	0.0
	(59.9)	**(44.4)**	**(33.5)**	**(9.6)**
Value of unrecognised deferred tax assets	**94.9**	**93.3**	**0.0**	**0.0**

No recognition is made of deferred tax assets that are not expected to be realised or that are otherwise subject to significant risks of not being utilised.

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 exeeding 7 years.

The carrying amount at 31 December 2009 of tax loss carry-forwards relates to Hartmann North America and the Danish parent company Brødrene Hartmann A/S.

Notes to the balance sheet

amounts in DKKm

	Intangible assets	Property, plant and equipment	Current assets	Liabilities	Other	Tax loss carried forward etc.	Total
21. Deferred tax, cont'd							
Group							
Deferred tax at 1 January 2009	1.1	4.5	0.3	(2.8)	(0.1)	(47.4)	(44.4)
Foreign exchange adjustments	0.0	(0.6)	0.0	0.0	0.0	(3.0)	(3.6)
Recognised in profit/(loss) for the year, net	0.0	15.0	0.8	0.5	(6.9)	(24.2)	(14.8)
Recognised in other comprehensive income, net	0.0	0.0	0.0	(1.4)	7.3	(3.0)	2.9
Deferred tax at 31 December 2009	**1.1**	**18.9**	**1.1**	**(3.7)**	**0.3**	**(77.6)**	**(59.9)**
Deferred tax at 1 January 2008	1.0	7.5	2.2	(5.8)	(1.7)	(12.9)	(9.7)
Foreign exchange adjustments	0.0	2.9	0.0	0.2	0.1	(0.1)	3.1
Recognised in profit/(loss) for the year, net	0.1	(5.9)	(1.9)	2.6	3.7	(37.5)	(38.9)
Recognised in other comprehensive income, net	0.0	0.0	0.0	0.2	(2.2)	3.1	1.1
Deferred tax at 31 December 2008	**1.1**	**4.5**	**0.3**	**(2.8)**	**(0.1)**	**(47.4)**	**(44.4)**
Parent company							
Deferred tax at 1 January 2009	1.1	14.9	1.1	(2.2)	0.0	(24.5)	(9.6)
Recognised in profit/(loss) for the year, net	0.0	1.5	0.2	0.0	0.0	(26.1)	(24.4)
Recognised in other comprehensive income, net	0.0	0.0	0.0	0.0	0.0	0.5	0.5
Deferred tax at 31 December 2009	**1.1**	**16.4**	**1.3**	**(2.2)**	**0.0**	**(50.1)**	**(33.5)**
Deferred tax at 1 January 2008	1.0	32.5	1.8	(3.9)	(1.1)	(8.3)	22.0
Recognised in profit/(loss) for the year, net	0.1	(17.6)	(0.7)	1.7	1.1	(16.5)	(31.9)
Recognised in other comprehensive income, net	0.0	0.0	0.0	0.0	0.0	0.3	0.3
Deferred tax at 31 December 2008	**1.1**	**14.9**	**1.1**	**(2.2)**	**0.0**	**(24.5)**	**(9.6)**

Notes to the balance sheet

amounts in DKKm

	Group		Parent company	
	2009	2008	2009	2008
22. Inventories				
Raw materials and consumables	50.0	47.0	24.9	23.9
Work in progress	13.7	11.0	1.9	0.7
Finished goods and goods for resale	50.3	50.5	17.3	19.3
Inventories at 31 December	**114.0**	**108.5**	**44.1**	**43.9**
Inventories recognised at net realisable value	0.0	0.0	0.0	0.0

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

	Group		Parent company	
	2009	2008	2009	2008
23. Contract work in progress				
Sales value of contracts	1.3	0.4	1.7	0.4
Progress billing	0.0	(0.9)	0.0	(0.9)
Total contract work in progress	**1.3**	**(0.5)**	**1.7**	**(0.5)**
Recognised as follows:				
Contract work in progress (assets)	1.3	0.0	1.7	0.0
Contract work in progress (liabilities)	0.0	(0.5)	0.0	(0.5)
Total contract work in progress	**1.3**	**(0.5)**	**1.7**	**(0.5)**

Notes to the balance sheet

amounts in DKKm

			Parent company
24. Share capital			
Share capital at 1 January 2005			70.2
Addition at 24 June 2008			70.1
Share capital at 31 December 2009	**7,015,090 shares**	**of DKK 20 each**	**140.3**

No shares has special rights.

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

Treasury shares

Hartmann's portfolio of treasury shares remains unchanged at 100,000 shares of a nominal value of DKK 2 million, representing 1,4% of the total share capital.

The value of the shares at 31 December 2009 was DKK 9.5 million (2008: DKK 7.1 million). The shares were acquired to cover liabilities related to share-based payments.

According to an authorisation from the shareholders which is valid intil 21 October 2010, Brødrene Hartmann A/S may acquire up to 10% of its own shares.

For the financial year ended 31 December 2009, the Board of Directors has proposed a dividend of DKK 10.5 million, corresponding to DKK 1.5 per share, which will be paid to the shareholders immediately after the annual general meeting to be held on 20 April 2010, subject to approval of the proposal by the shareholders in general meeting. As the dividend is subject to approval by the shareholders in general meeting, it has not been recognised as a liability in the balance sheet at 31 December 2009.

Notes to the balance sheet

amounts in DKKm

25. Pension obligations

Defined contribution pension plans

Hartmann provides 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 payments of premium (e.g. a fixed amount or a fixed percentage of the salary) on a regular basis to independent insurers, who are responsible for the pension liabilities. 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 calculations of defined benefit pension plans relating to existing and former employees, actuarial gains and losses are recognised in other comprehensive income.

The total pension obligations relate to funded plans in the subsidiary in Canada and unfunded plans in the subsidiary in Germany.

Notes to the balance sheet

amounts in DKKm

	Group	
	2009	**2008**
25. Pension obligations, cont'd		
Recognition of the obligation relating to defined benefit plans in the balance sheet:		
Pension obligations and similar obligations	28.0	24.1
Pension assets	0.0	0.0
Total pension obligations, net	**28.0**	**24.1**
Calculation of net obligation		
Present value of plan and plan assets	37.8	26.0
Market value of plan assets	(39.8)	(29.0)
Net obligation of plans with plan assets	**(2.0)**	**(3.0)**
Present value of plan without plan assets	22.8	21.6
Assets not recognised due to asset cap	7.2	5.5
Recognised net obligation	**28.0**	**24.1**
Calculation of total obligation		
Present value of plan with assets	37.8	26.0
Present value of plan without assets	22.8	21.6
Total pension obligations	**60.6**	**47.6**
Developments in obligations		
Pension obligations at 1 January	47.6	60.0
Pension costs during the period	1.6	2.4
Employee contribution	0.5	0.6
Calculated interest expense	3.3	3.1
Actuarial gain/(loss)	6.1	(9.4)
Benefits paid out	(2.7)	(3.2)
Foreign exchange adjustments, etc.	4.2	(5.9)
Total pension obligations at 31 December	**60.6**	**47.6**
Developments in plan assets		
Market value of assets at 1 January	29.0	41.6
Reclassification	0.0	(5.8)
Calculated expected return	2.0	2.1
Actuarial gain/(loss)	2.0	(4.8)
Contributions to the plans	3.9	4.2
Benefits paid out	(1.6)	(2.3)
Foreign exchange adjustments, etc.	4.5	(6.0)
Market value of assets at 31 December	**39.8**	**29.0**
Breakdown of actual return on assets:		
Actual return on plan assets	2.0	2.1
Expected return on plan assets	2.0	(4.8)
Actuarial return on plan assets	**4.0**	**(2.7)**

	2009		**2008**	
Distribution of plan assets	**DKKm.**	**%**	**DKKm.**	**%**
Shares and investment funds	30.4	76.4	14.0	48.3
Bonds and other securities	8.7	21.8	6.6	22.7
Cash and cash equivalents	0.7	1.8	8.4	29.0
Total	**39.8**	**100.0**	**29.0**	**100.0**

Notes to the balance sheet

amounts in DKKm

	Group	
	2009	2008
25. Pension obligations, cont'd		
Assumptions used:		
Discount rate	5.60-7.00%	5.25-7.00%
Expected return on plan assets	6.0%	6.0%
Future rate of increase in salaries	2.2-3.0%	2.2-3.0%
Future rate of increase in pensions	2.25-2.50%	2.25-2.50%
Recognised in the statement of comprehensive income		
Pension costs relating to the year	1.6	2.4
Calculated expected return on assets	(2.0)	(2.1)
Calculated interest expense, obligations	3.3	3.1
Total amount recognised in respect of defined benefit plans	2.9	3.4
Total amount recognised in respect of defined contribution plans	35.2	32.1
Total amount recognised in the statement of comprehensive income	**38.1**	**35.5**
Costs are recognised under the following line items in the comprehensive income:		
Production costs	28.9	26.0
Sales and distribution costs	3.6	3.0
Administrative expenses	3.3	6.5
Special items, expense	2.3	0.0
Total amount recognised in the statement of comprehensive income	**38.1**	**35.5**
Recognised in other comprehensive income:		
Recognised at 1 January	(2.3)	(3.6)
Implementation of IFRIC 14/effect of limit on defined benefit assets	(1.0)	(4.1)
Actuarial gain/(loss) for the period	(4.1)	4.6
Foreign exchange adjustments etc.	(0.8)	0.8
Recognised at 31 December	**(8.2)**	**(2.3)**
Deferred tax:		
Recognised at 1 January	(0.7)	(1.1)
Deferred tax for the period	(1.3)	0.2
Foreign exchange adjustments etc.	(0.2)	0.2
Deferred tax relating to changes recognised in other comprehensive income	**(2.2)**	**(0.7)**

Five-year summary

	2009	2008	2007	2006	2005
Obligations	60.6	47.6	60.0	68.8	59.0
Plan assets	(39.8)	(29.0)	(41.6)	(50.4)	(42.3)
Unfunded	**20.8**	**18.6**	**18.4**	**18.4**	**16.7**
Experience-based adjustment of obligations	6.1	(9.4)	(2.9)	0.1	0.1
Experience-based adjustment of plan assets	2.0	(4.8)	(1.4)	2.2	0.0

The majority of pensions falls due more than 1 year after the balance sheet date.

Notes to the balance sheet

amounts in DKKm

	Group		Parent company	
	2009	2008	2009	2008
26. Current and non-current liabilities				
Long-term loans:				
Mortgage loans	0.0	1.3	0.0	0.0
Bank loans	277.5	298.4	277.5	297.6
Other debt (interest rate swap)	6.1	3.4	6.1	3.4
Total long-term loans	**283.6**	**303.1**	**283.6**	**301.0**
Short-term loans:				
Current portion of loans	22.0	22.7	20.0	20.0
Bank loans	92.5	55.1	89.7	50.7
Total short-term loans	**114.5**	**77.8**	**109.7**	**70.7**
Total short-term and and long-term loans	**398.1**	**380.9**	**393.3**	**371.7**

	2009				2008			
Maturity of long-term loans:	Within 1 year	Within 1 to 5 years	After 5 years	Total	Within 1 year	Within 1 to 5 years	After 5 years	Total
Group								
Mortgage loans	-	0.0	0.0	0.0	-	1.3	0.0	1.3
Bank loans	-	277.5	0.0	277.5	-	298.4	0.0	298.4
Other debt (interest rate swap)	-	6.1	0.0	6.1	-	3.4	0.0	3.4
Total	**-**	**283.6**	**0.0**	**283.6**	**-**	**303.1**	**0.0**	**303.1**
Parent company								
Bank loans	-	277.5	0.0	277.5	-	297.6	0.0	297.6
Other debt (interest rate swap)	-	6.1	0.0	6.1	-	3.4	0.0	3.4
Total	**-**	**283.6**	**0.0**	**283.6**	**-**	**301.0**	**0.0**	**301.0**

	2009				2008			
Breakdown on currencies of short- term and long-term loans:	Within 1 year	Within 1 to 5 years	After 5 years	Total	Within 1 year	Within 1 to 5 years	After 5 years	Total
Group								
DKK	26.9	39.2	0.0	66.1	0.7	58.4	0.0	59.1
CAD	83.6	0.0	0.0	83.6	73.5	0.0	0.0	73.5
EUR	0.3	244.4	0.0	244.7	1.9	244.5	0.0	246.4
Other	3.7	0.0	0.0	3.7	1.7	0.2	0.0	1.9
Total	**114.5**	**283.6**	**0.0**	**398.1**	**77.8**	**303.1**	**0.0**	**380.9**
Parent company								
DKK	26.9	39.2	0.0	66.1	0.7	58.3	0.0	59.0
CAD	80.8	0.0	0.0	80.8	69.1	0.0	0.0	69.1
EUR	0.0	244.4	0.0	244.4	0.0	242.7	0.0	242.7
Other	2.0	0.0	0.0	2.0	0.9	0.0	0.0	0.9
Total	**109.7**	**283.6**	**0.0**	**393.3**	**70.7**	**301.0**	**0.0**	**371.7**

Notes to the balance sheet

amounts in DKKm

26. Current and non-current liabilities, cont'd

Interest rate risk at 31 December

Group	Interest type	Interest rate	Carrying amount	Interest rate risk
2009				
Fixed rate*	Fixed	4.5%	1.3	Fair value
Total mortgage loans			**1.3**	
Floating rate	Floating	0.8%	201.7	Cash flow
Fixed rate	Fixed	2.05% and 6.25%	189.0	Fair value
Total bank loans			**390.7**	
2008				
Fixed rate*	Fixed	4.5%	2.6	Fair value
Total mortgage loans			**2.6**	
Floating rate	Floating	4.6% - 6.3%	294.1	Cash flow
Fixed rate	Fixed	6.25%	80.8	Fair value
Total bank loans			**374.9**	

Parent company	Interest type	Interest rate	Carrying amount	Interest rate risk
2009				
Floating rate	Floating	0.8%	198.2	Cash flow
Fixed rate*	Fixed	2.05% and 6.25%	189.0	Fair value
Total bank loans			**387.2**	
2008				
Floating rate	Floating	4.6% - 6.3%	288.3	Cash flow
Fixed rate*	Fixed	6.25%	80.0	Fair value
Total bank loans			**368.3**	

* A floating-rate bank loan was raised and convered into a fixed rate loan using a swap. The term of the loan is less than five years.

Notes to the balance sheet

amounts in DKKm

	Group		Parent company	
	2009	2008	2009	2008
27. Government grants				
Government grants at 1 January	95.2	40.2	21.7	21.7
Foreign exchange adjustments	(0.8)	0.0	-	-
Additions	3.0	55.0	0.0	0.0
Disposals*	(8.7)	0.0	0.0	0.0
Government grants at 31 December	**88.7**	**95.2**	**21.7**	**21.7**
Recognised at 1 January	30.5	25.3	13.5	12.4
Recognised in the profit/(loss) during the year	5.5	5.2	0.9	1.1
Recognised at 31 December	**36.0**	**30.5**	**14.4**	**13.5**
Carrying amount at 31 December	**52.7**	**64.7**	**7.3**	**8.2**
Amount recognised as current liabilities	4.8	5.3	0.9	0.9
Amount recognised as non-current liabilities	47.9	59.4	6.4	7.3
	52.7	**64.7**	**7.3**	**8.2**

* A reassessment of the prospects of utilising grants receivable in the form of reduced tax payments in the Hungarian production company entailed disposals of DKK 8.7 million. See also note 20.

Parent company

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

Group

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

In the event that eligible assets in the German subsidiary are not used in accorda nce with the eligibility criteria, the repayment obligation will total DKK 1.7 million at 31 December 2009 (2008: DKK 2.3 million). The repayment obligation will be gradually reduced in the period up until 2012.

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, including environmental standards, cf. note 31, are not met, grants receivables in the form of reduced tax payments may be reduced or discontinued.

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

Notes to the balance sheet

amounts in DKKm

	Group		Parent company	
	2009	2008	2009	2008
28. Provisions				
Warranty commitments at 1 January	1.8	0.9	1.8	0.9
Additions	0.5	1.8	0.8	1.8
Disposals	(1.0)	(0.9)	(1.0)	(0.9)
Warranty commitments at 31 December	**1.3**	**1.8**	**1.6**	**1.8**
Provisions at 31 December	**1.3**	**1.8**	**1.6**	**1.8**

Provisions have been made for warranties 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.

	Group		Parent company	
	2009	2008	2009	2008
29. Other payables				
Salaries and holiday pay, etc.	41.8	42.6	31.0	33.2
Payable withholding tax	11.1	5.0	6.8	1.8
VAT and other taxes	10.2	6.8	0.0	0.0
Other payables	45.1	52.7	13.9	24.1
Other payables	**108.2**	**107.1**	**51.7**	**59.1**

The change in other payables was primarily attributable to provisions for restructuring costs relating to operations closed down in Industrial Packaging in 2008.

Supplementary notes

amounts in DKKm

	Group		Parent company	
	2009	**2008**	**2009**	**2008**
30. Fee to the auditors				
Deloitte (2008: KPMG)	4.1	5.8	2.7	3.8
Others	2.4	1.7	0.8	0.4
Total fee	**6.5**	**7.5**	**3.5**	**4.2**
Specification:				
Statutory audit	2.5	3.0	0.7	1.1
Assurance engagements other than audits	0.3	0.4	0.1	0.3
Tax and VAT-related services	2.0	2.1	1.3	0.8
Other services	1.7	2.0	1.4	2.0
Total fee	**6.5**	**7.5**	**3.5**	**4.2**

31. Provision of security and contigent liabilities

The Group is party to legal lawsuits and disputes and maintains an ongoing dialogue with the authorities of some countries concerning compliance with enviromental requirements. Management believes that the pending cases will not significantly affect the financial position of the Group and the parent company. This situation is unchanged from last year.

The parent company has provided guarantees for the debt of subsidiaries and guarantees in relation to third parties in an amount of DKK 1.8 million (2008: 4.0 million).

	Group		Parent company	
	2009	**2008**	**2009**	**2008**
32. Operating leases				
Rental and leasing obligations (operating leases)				
Due within 1 year	12.8	11.6	7.2	7.6
Due within 1 to 5 years	37.2	28.0	20.6	21.7
Due after 5 years	21.5	13.1	9.4	13.1
Total rental and leasing obligations (operating leases)	**71.5**	**52.7**	**37.2**	**42.4**
Rental and leasing costs for the year (operating leases)	11.6	11.7	7.6	4.3

33. Other contractual obligations

The parent company has signed a five-year (2007–2012) maintenance agreement for the Company's combined heat and power plant. The Company will incur annual costs of up to DKK 2.0 million under the contract.

Supplementary notes

amounts in DKKm

34. Financial risks

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

Management of financial risk
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 corporate finance function which also functions as a service centre to all subsidiaries.

Interest rate risk
Hartmann's interest rate risk relates mainly to the Group's interest-bearing debt to mortgage banks and banks. A specification of the Group's current and non-current liabilities is given in note 26 in the financial statements.

Interest rate hedging has been arranged for approximately 35% (2008: 25%) of the Group's interest-bearing debt.

At 31 December 2009, loans with a long term to maturity accounted for 82% (2008: 95%) of interest-bearing debt. The debt is recognised at amoritised cost. The net present value of interest-bearing debt at 31 December 2009 was DKK 20 million (2008: DKK 52 million) lower than the carrying amount. Due to a higher level of refinancing in 2011, the interest rate risk will increase if and when significant increases in the current interest rate level occur.

A change in the interest rate by 1% would affect the profit/(loss) for the year by DKK 3 million.

Management of interest rate risk
It is Hartmann's policy to manage interest rate risks to mitigate the negative effects of interest rate fluctuations on earnings and the balance sheet.

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

The need to hedge the non-current interest rate risk is assessed on an ongoing basis. In early 2009, Hartmann therefore arranged for additional interest rate hedging in the form of 50% of the Group's non-current EUR loans. Accordingly, changes in the interest rate level are not assessed to have a significant effect on the Group's profit before tax, and the Group's interest rate risk over the next 2-3 years is considered to be limited.

Currency risk
Hartmann's currency risk stems partly from an imbalance between income and payments in the individual currencies (transaction risk) due to Hartmann's international business profile with foreign subsidiaries (translation risk), and from part of its net assets being denominated in foreign currency.

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

Hartmann's sales in North America are denominated in USD, whereas costs are dominated in CAD, and this means that the currency exposure in relation to the CAD/USD exchange rate constitutes one of the Group's single largest translation risks. All other things being equal, a decline of 5% in USD against CAD relative to the exchange rate at the balance sheet date would reduce Hartmann Canada's operating profit/(loss) ad equity by approximately DKK 5 million in 2010 if the USD/CAD exchange rate is not hedged forward. Due the forward hedging, the Company does expect to see any significant effects of exchange rates movements in 2010 (subject to 100% effective forward hedging).

Currency exposure in the EUR/HUF exchange rate represents another significant transaction risks. This exposure is a result of sales from Hartmann's factory in Hungary to other subsidiaries being denominated in EUR, and costs being denominated primarily in HUF. All other things being equal, a decline of 5% in EUR against HUF relative to the exchange rate at the balance sheet date would reduce Hartmann Hungary's operating profit/(loss) by approximately DKK 7-8 million if the EUR/HUF exchange rate is not hedged forward.

Operating profit/(loss) is also exposed to transaction risks with respect to the currencies GBP, PLN, NOK, SEK and EUR.

Due to its foreign subsidiaries, Hartmann is exposed to currency risks in the form of translation risks, as a major part of earnings derive from these foreign subsidiaries and is translated and included in the Group's operating profit in DKK. Foreign subsidiary reporting in the currencies HUF, PLN, HRK, CAD, GBP and EUR represents Hartmann's highest translation exposure. It should be noted that especially operating profit from both Hartmann Canada and Hartmann Hungary in CAD and HUF, respectively, is exposed in connection with translation into DKK.

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

Future payments in relation to e.g. purchases and sales in other currencies are continually reviewed. Normally, when the budget for the next year has been prepared, such payments are hedged by derivative financial instruments with a term to maturity of up to 12 months, and sometimes up to 24 months. Gains and losses on derivative financial instruments are recognised as income when the transactions are made.

The most important currencies for which Hartmann had arranged forward cover at 31 December 2009 appear from note 35. Furthermore, in early 2010, Hartmann entered into foreign exchange transactions for the first three quarters of 2010 in relation to the Group's net exposure to GBP, PLN, NOK and SEK, respectively.

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 appropriate and primarily by means of currency loans. In relation to the DKK 97 million investment in Canada, approximately 85% of the net exposure at 31 December 2009 was hedged by loans in CAD (2008: DKK 80 million, 95 per cent 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.

Brødrene Hartmann A/S's two primary bankers have provided a combination of committed credit facilities and an uncommitted credit

The interest margin on the loan is floating and is fixed each quarter based on a margin pricing grid. The loan runs for three years until end of 2011 and has a total of DKK 20 million in annual service payments.

The loan is subject to standard covenants which Hartmann must observe in order to maintain the loan, including special financial covenants which entail that the financial ratios 'solvency' and 'interest-bearing debt (net)' relative to 'operating profit/(loss) before depreciation, amortisation and impairment' (EBITDA) is subject to continuous review and quarterly certification.

The loan agreement also contains restrictions with respect to Brødrene Hartmann A/S's possibility of distributing dividends, since changes in the general dividend policy are subject to consent from the banks. Other than this, Hartmann is not bound by any restrictions on the use of its capital resources that have materially affected or could materially affect, directly or indirectly, the Group.

Supplementary notes

amounts in DKKm

34. Financial risks, cont'd

Management of liquidity risk

The Group's short-term liquidity is managed primarily by the transfer of liquidity from the business units to the Group's treasury function for the purpose of directing cash to units with cash requirements.

Hartmann's subsidiaries finance their operations mainly through the Group treasury function, but local circumstances may require financing to be arranged through one of the Group's foreign banks.

It is the opinion of Management that the Group has sufficient capital resources to cover the ongoing financing of current and planned operations.

Hartmann continuously complies with the covenants for maintaining the loan. In 2009, Hartmann complied with the covenants.

The drawing rights are short-term credit facilities on which the Group may draw and which may at any time be terminated by the banks. The agreements concerning the loan and the drawing rights, respectively, contain cross default clauses.

At 31 December 2009, the Group's net interest-bearing debt was DKK 345 million (2008: DKK 317 million). The increase in net interest-bearing debt was mainly due to higher investments through 2009.

The Group's unused bank credit lines amounted to DKK 128 million at 31 December 2009 (31 December 2008: DKK 164 million). Cash and cash equivalents came to DKK 53 million at 31 December 2009 (31 December 2008: DKK 64 million), resulting in a total amount in cash resources available to the Group of DKK 181 million at 31 December 2009 (31 December 2008: DKK 228 million).

Credit risk

Hartmann's credit risk occurs in relation to the risk of losses on receivables or credit institutions. The Group is not deemed to have any major concentration of credit risk.

	2009	2008
Trade receivables (gross)	232.0	233.2
Write-down for bad debt:		
Write-down at 1 January	7.4	8.3
Bad debt recognised for the year	0.1	1.0
Losses incurred during the year	(0.5)	(1.9)
Write-down at 31 December	7.0	7.4
Total trade receivables	225.0	225.8
Net. trade receivables correspond to an average credit period of (days)	60	55
Gross trade receivables		
Breakdown:		
Not due	181.4	185.5
Due within:		
1 and 30 days	34.8	33.5
31 and 60 days	7.6	4.8
More than 60 days	8.2	9.4
	232.0	233.2

The Group's writedowns on debtors at 31 December 2009 were all attributable to specific customers.

The Group's other credit risks, such as risks in relation to financial counterparties, are deemed to be very limited.

Management of credit risk

Hartmann takes out credit insurance on its trade receivables to a high degree. Cover is not arranged for trade receivables from customers with very high credit ratings. Also, in certain circumstances local conditions make it impossible to take out credit insurance. In these cases, Hartmann applies a stricter internal credit assessment procedure by retrieving information on credit ratings from various information sources.

The Group manages its credit risk relating to financial counterparties in connection with trading in derivative financial instruments and investments of surplus liquidity by limiting such transactions to banks with satisfactory credit ratings from one or more credit rating agencies as required under the Group's finance policy.

Write downs of debtors are made individually and on a portfolio level.

Raw materials risk

Hartmann is dependent on the purchase prices of the raw materials used in the Group's production. Hartmann is particularly exposed to fluctuations in the purchase prices of recycled paper and energy (electricity and gas), which are the most important raw materials used in production. The prices of these raw materials have fluctuated considerably in the past.

The cost of paper accounts for 5-10%, and the cost of energy for 10-15% of revenue. Accordingly, fluctuations in the prices of paper and energy have a major impact on developments in the Group's financial performance. All other things being equal, a 5% change in the price of paper would change the Group's operating profit/(loss) (EBIT) by DKK 3-5 million. Similarly, all other things being equal, a 5% change in energy prices would change the Group's operating profit/(loss) (EBIT) by DKK 7-11 million.

Management of raw materials risk

Hartmann seeks to reduce its sensitivity to developments in paper prices by signing fixed-price and framework agreements. Because of these agreements, which have been concluded with some of the largest paper suppliers, the effect on Hartmann's purchase prices of developments in the market price of paper occurs at a certain delay, which may improve the chances of making the necessary adjustments.

In addition, Hartmann has signed fixed-price agreements with energy suppliers, typically for periods of 12 months, covering a substantial part of the Group's energy consumption. However, some countries in which Hartmann operates do not permit fixed-price agreements with energy suppliers.

Management of 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 generating 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 the annual dividend to shareholders should represent approximately 30% of the profit for the year after tax. However, the level of dividend declared will always take into account the Group's capital resources and growth plans. At the Annual General Meeting to be held on 20 April 2010, the Board of Directors will recommend that dividend be declared for 2009, due to the results for the year.

The Group's capital structure is assessed on an ongoing basis, and the capital structure is managed on the principle of a 1:1 ratio between the Group's net interest-bearing debt and its equity, approximately 100% (gearing). The Group's gearing fell from 70% at 31 December 2008 to 68% 31 December 2009.

Supplementary notes

amounts in DKKm

35. Derivative financial instruments

At 31 December 2009 the Group had open forward contracts with terms of up to 12 months and interest rate swaps with terms to maturity of up to 20 months. In accordance with the Group's accounting policies, the fair value is recognised in receivables and payables and under other comprehensive income at 31 December 2009 and is recognised in the profit for the year as, and when the hedged future transactions are realised. The fair value of derivative, is determined based on observable inputs (level 2).

2009	Gains/(losses) in the profit/(loss) for the year		Fair value, net		In curreny	Curreny	Average rate per unit	Year due
	Group	*Parent company*	*Group*	*Parent company*				
Forward contracts								
PLN/DKK	(0.5)	(0.5)	-	-	-	-	-	expired
GBP/DKK	0.9	0.9	0.8	0.8	3.4	GBP	8.51	2010
USD/CAD	(4.9)	0.0	15.7	0.0	15.8	USD	1.25	2010
EUR/HUF	(7.3)	0.0	(1.3)	0.0	0.0	EUR	294.31	2010
SEK/DKK	0.5	0.5	(0.1)	(0.1)	17.5	SEK	0.72	2010
NOK/DKK	(0.6)	(0.6)	(0.7)	(0.7)	15.0	NOK	0.85	2010
Total forward contracts	**(11.9)**	**0.3**	**14.4**	**0.0**				
					Nominal amount			
Interest rate swap								
EUR/EUR	(1.3)	(1.3)	(1.9)	(1.9)	16.0	EUR	-	2011
DKK/DKK	(5.7)	(5.7)	(4.2)	(4.2)	70.0	DKK	-	2011
Total interest rate swaps	**(7.0)**	**(7.0)**	**(6.1)**	**(6.1)**				
Options								
GBP/DKK	0.0	0.0	0.0	0.0	2.0	GBP	-	2010
PLN/DKK	(0.2)	(0.2)	(0.2)	(0.2)	6.5	PLN	-	2010
SEK/DKK	(0.2)	(0.2)	(0.2)	(0.2)	8.8	SEK	-	2010
NOK/DKK	0.0	0.0	0.0	0.0	10.0	NOK	-	2010
Total options	**(0.4)**	**(0.4)**	**(0.4)**	**(0.4)**				
Total	**(19.3)**	**(7.1)**	**7.9**	**(6.5)**				

The ineffective portion of derivative financial instruments recognised in income amounted to DKK 5.9 million (2008: DKK 1.0 million)

2008	Gains/(losses) in the profit/(loss) for the year		Fair value, net		In curreny	Curren	Average rate per unit	Year due
	Group	*Parent company*	*Group*	*Parent company*				
Foward contracts								
GBP/DKK	12.2	12.2	-	-	-	-	-	expired
CAD/EUR	0.0	(2.0)	-	-	-	-	-	expired
PLN/DKK	(0.5)	(0.5)	-	-	-	-	-	expired
PLN/HUF	(0.8)	0.0	-	-	-	-	-	expired
SEK/DKK	1.5	1.5	-	-	-	-	-	expired
NOK/DKK	2.0	2.0	-	-	-	-	-	expired
USD/CAD	(7.4)	0.0	(9.7)	0.0	14.4	CAD	0.92	2009
EUR/HUF	4.9	0.0	(0.9)	0.0	30.0	EUR	272.04	2009
USD/CAD	0.0	0.0	1.8	0.0	7.9	CAD	0.79	2010
Total forward contracts	**11.9**	**13.2**	**(8.8)**	**0.0**				
					Nominal amount			
Interest rate swap								
CAD/CAD	(0.2)	(0.2)	-	-	8.0	CAD	-	settled
CAD/CAD	(2.1)	(2.1)	-	-	22.0	CAD	-	settled
DKK/DKK	(0.0)	(0.0)	(3.4)	(3.4)	75.0	DKK	-	2011
Total interest rate swap	**(2.3)**	**(2.3)**	**(3.4)**	**(3.4)**				
Options								
USD/CAD	(2.8)	(2.8)	0.7	0.7	14.4	USD		2009
Total options	**(2.8)**	**(2.8)**	**0.7**	**0.7**				
Total	**6.8**	**8.1**	**(11.5)**	**(2.7)**				

Supplementary notes

amounts in DKKm

36. Related party transactions

Group

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 note 17-19, in which Brødrene Hartmann A/S exercises control or significant influence. Hartmann has engaged in the following significant related party transactions:

	Group		Parent company	
	2009	2008	2009	2008
Sales of finished goods to subsidiaries	-	-	261.2	359.5
Sales of machines and spare parts to subsidiaries	-	-	30.0	62.8
Purchases of raw materials from associates	15.1	36.2	15.1	28.3
Sales of services to subsidiaries	-	-	14.9	7.9

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 the normal prices that apply to customers who are not related parties.

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

In 2009, Hartmann carried out transactions totalling DKK 1.3 million (2008: DKK 4.9 million) with the law firm PLESNER, of which Peter-Ulrik Plesner, a member of the Board of Directors of Brødrene Hartmann A/S, is a partner. At 31 December 2009, the amount payable by Hartmann to PLESNER was DKK 0.3 million (31 December 2008: 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 7.

37. Subsequent events

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.

Supplementary notes

amounts in DKKm

38. 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 consolidating 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 individual 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 prevailing at the transaction date. Gains and losses arising between the transaction rate and the rate prevailing at the date of payment are recognised in the statement of comprehensive income under financial income and expense, net. Receivables, payables and other monetary items denominated in foreign currency are translated into the functional currency at the exchange rate prevailing at the balance sheet date. Differences between the balance sheet rate and the transaction rate or the exchange rate stated in the latest annual report are recognised in the statement of comprehensive income under financial income and expense, net. On recognition of foreign subsidiaries and associates with functional currencies other than DKK, income statement items are translated at transaction rates, and balance sheet items including goodwill are translated at balance sheet rates. Transaction rates are calculated as the average rate of the individual month to the extent that this does not significantly distort the presentation of the underlying transactions.

Foreign exchange adjustments arising on the translation of opening equity of these entities at the balance sheet rates and on the translation of income statement items from average rates to the balance sheet rates are recognised in the consolidated financial statements as a separate reserve in other comprehensive income in equity. Foreign exchange adjustments of intra-group balances with foreign subsidiaries, which are considered part of the total investment in subsidiaries with functional currencies other than DKK, are recognised in the consolidated financial statements as a separate reserve in other comprehensive income. Similarly, foreign exchange gains and losses on such parts of loans and derivative financial instruments 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 as a separate reserve in other comprehensive income.

Upon the complete or partial divestment of a foreign entity or upon the settlement of intra-group balances that are considered part of the net investment, such part of the accumulated foreign exchange adjustment as is recognised directly in equity relating to that foreign entity is recognised in the profit/(loss) for the year concurrently with the recognition of any gains or losses from the divestment.

Derivative financial instruments

Derivative financial instruments are recognised and measured in the balance sheet at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively, and positive and negative values are set off solely when the enterprise has the right to and intends to settle several contracts net. The fair value of derivative financial instruments is calculated on the basis of current market data. Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in income together with changes in the fair value of the hedged asset or liability as regards the hedged part. Changes in such part of the fair value of derivative financial instruments as has been designated as and qualify for recognition as a hedge of future cash flows, and which effectively hedges against changes in the value of the hedged item, are recognised in other comprehensive income. The ineffective portion is immediately recognised in income. Income and expenses relating to such hedging transactions are transferred from equity upon the realisation of the hedged item and are recognised in the same line item as the hedged item. For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement under interest income and expense and similar items as they occur. Changes in the fair value of derivative financial instruments used as a hedge of net investments in foreign subsidiaries and which effectively hedges against changes in foreign exchange rates in these enterprises are recognised in the consolidated financial statement in a separate translation reserve in other comprehensive income in the financial statement.

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 exclusive of VAT. Discounts granted are recognised as revenue. Contract work in progress concerning the production of moulding machines in Hartmann Engineering is recognised as revenue by reference to the stage of completion, meaning 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 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.

Supplementary notes

38. Accounting policies, cont'd

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.

Sales and distribution costs

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

Administrative expenses

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

Other operating income and costs

Other operating income and costs comprise accounting items of a secondary nature, among others gains from sales 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 an exceptional 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 one-off 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.

The items are stated separately to give a true and fair view of the Group's operating profit/(loss) and 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 after elimination of the proportionate share in intra-group profit/(loss) is recognised in consolidated income.

Dividend from investments in subsidiaries and associates in the parent company's financial statements

Dividend from investments in subsidiaries and associates is recognised as income in the parent company's profit/(loss) for the year in the financial year it is declared.

Financial income and expense, net

Financial income and expense, net comprise interest, realised and unrealised foreign exchange adjustments, revaluation of securities, amortisation of liabilities 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 the profit/(loss) for the year

The parent company is subject to the Danish rules on joint taxation of the Danish subsidiaries in the Group. 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 actual amount payable in Danish income tax is divided 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 profit (full distribution). 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 cash and cash equivalents at the opening and closing of the year.

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 taxes paid and restructuring costs paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and divestments of intangible assets and property, plant and equipment, including acquisitions of enterprises.

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 acquisitions and divestments 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

Goodwill is initially recognised in the balance sheet at cost, with subsequent recognition 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 time of acquisition. The identification of cash-generating units follows the management structure and internal financial control.

Supplementary notes

38. Accounting policies, cont'd

Other intangible assets

Other intangible assets comprise salaries, amortisation and depreciation, 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 sales price can cover production costs, sales 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 the income as and when the costs are incurred.

Costs for development and implementation of major IT systems are capitalised and amortised over the estimated economic useful 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 sum and any costs directly attributable to the acquisition until such time as 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, as 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 the profit/(loss) for the year as and when incurred. Property, plant and equipment are depreciated on a straight-line basis over the expected useful life of the assets/components. The expected useful lives are as follows:

- Buildings and building parts, 15–25 years
- Technical plant and machinery, 3-25 years
- Operating equipment and fixtures, 5-10 years
- IT equipment including basic programmes, 3-5 years

Depreciation is not provided on land. The depreciation basis is determined taking into account the scrap value of the asset less any impairment losses. The scrap value is determined at the time of acquisition and is revalued annually. If the scrap value exceeds the carrying amount of the asset, depreciation will cease. The effect on depreciation of changes in the depreciation period or scrap value is recognised prospectively as a change in accounting estimates. Depreciation is recognised in the the total comprehensive income as production costs, divestment and distribution costs and administrative expenses respectively. Gains and losses on the divestment of property, plant and equipment are determined as the difference between the sales price less divestment costs and the carrying amount at the date of divestment. Gains or losses are recognised in the total comprehensive income both in other operating income or in other operating costs.

Leases (parent company)

Leases relating to property, plant and equipment in which the parent company obtains the title, but for which all material risks and maintenance obligations are assigned to the subsidiary (finance leases), are recognised in the balance sheet of the parent company in the same way as other non-current assets. The cost of finance leases is stated at the net present value of future lease payments. For the calculation of the net present value, the interest rate stated in the leases is used as the discount rate.

Investments in associates in the consolidated financial statements

Investments in associates are measured according to the equity method. Investments in associates are measured in the balance sheet at the proportionate share of the enterprises' equity value calculated in accordance with the Group's accounting policies minus or plus the proportionate share of unrealised intra-group profits and losses and 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 the lower of the two.

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 for development projects in progress.

The carrying amount of goodwill is tested for impairment minimum once a year 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 income if the carrying amount is higher. As a general rule, 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 set off against tax on future income or by 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 period for the set-off of the

Supplementary notes

38. Accounting policies, cont'd

deferred tax asset, tax-planning possibilities etc. The carrying amount of other non-current assets is tested annually for any indication of impairment. When such an indication exists, 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 on goodwill is 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 losses are made only to the extent that the new carrying amount of the asset does not exceed the carrying amount it would have had upon depreciation and impairment, had the original write-down not been made.

Inventories

Inventories are measured at cost in accordance with the weighted average cost method. Where the net realisable value is lower than the acquisition 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 indirect. Production overheads comprise indirect materials and labour costs as well as maintenance and depreciation of production machinery, buildings, equipment, plant administration and management.

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 are including government grants receivables measured at amortised cost. Write-downs are made on the basis of probability of default. Impairment is made on the basis of probability of default when depreciation is estimated to occur. Write-downs are made individually and on a portfolio basis.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and the total expected income from the individual contracts. The stage of completion is determined on the basis of an assessment of the work performed. Contract work in progress for which the selling price of the work performed exceeds progress billings and expected losses is recognised in receivables. Contracts for which progress billings and expected losses exceed the selling price are recognised in liabilities. Prepayments from customers are recognised in liabilities. Selling costs and costs incurred in securing contracts are recognised in income as and when incurred.

Prepayments

Prepayments recognised in assets 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 under equity. Proposed dividend is recognised as a liability at the time it is adopted at the AGM.

Treasury shares

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

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 a cash flow hedge and for which the hedged transaction has not yet been realised.

Share-based payments

The programmes are equity-settled, which are measured at the grant date fair value recognised in income under staff costs over the vesting period. The offsetting entry is recognised directly in equity. The fair value of the granted options at the date of grant is based upon a Black-Scholes model.

Pension obligations

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

For defined benefit plans, annual actuarial calculations are made of the present value of future benefits payable under the pension plan. The calculation of the present value builds upon assumptions about the future developments of factors such as wages and salaries, interest rates, inflation and mortality. The present value is calculated solely for those benefits that have been earned by the employees in return for past service rendered to the Group. The present value as calculated by actuaries, less the fair value of any plan assets, is recognised in the balance sheet under pension obligations. The total pension costs of the year, based upon actuarial estimates and a financial forecast at the beginning of the year, are recognised in other comprehensive income. 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 equity. If a pension plan net is an asset, such asset is recognised only insofar as it leads to future refunds under the plan or a reduction in future contributions

Supplementary notes

38. Accounting policies, cont'd

Income tax and deferred tax

According to the rules on joint taxation, the parent company in its capacity of management company assumes liability for the payment of income tax of 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 affiliates. 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 income 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 the best estimate of Management with regard to 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 previous financial years.

Financial liabilities

Amounts owed to mortgage credit institutions and banks 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

Government grants received are recognised in balance sheet under liabilities. The grants are recognised in income over the useful lives of the assets.

Segment information

The Group's reportable segements:

- Egg Packaging Europe
- Egg Packaging North America
- Industrial Packaging
- Other segments, including the combined heat and power plant, Hartmann Technology and Group functions

The division into segments reflects the Group's products and market and the Group's internal financial management and management reporting. Segment income, expenses and assets and liabilities comprise those items that can be directly attributed to each individual segment and those items that can be allocated to the individual segments on a reliable basis. Group financing (including financial income and expense) and corporate tax are handled at Group level and are not allocated to the individual reporting segments. The segment assets and segment liabilities comprise inventories, trade receivables and trade payables. Other segment information includes investments in intangible assets, property, plant and equipment and depreciation, amortisation and impairment. Segment information has been prepared in accordance with the Group's accounting policies.

Supplementary notes

38. Accounting policies, cont'd

Definitions of financial ratios

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 and bank debt - Loans - Bank debt

Profit margin

$$\frac{\text{Operating profit/(loss) for the year} \times 100}{\text{Revenue}}$$

Return on average invested capital (ROIC)

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

Return on equity

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

Equity ratio

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

Gearing

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

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

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

Price/earnings

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

Pay-out ratio

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

Cash flow per share

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

Management statement

The Board of Directors and the Executive Board have today considered and approved the Annual Report of Brødrene Hartmann A/S for the financial year ended 31 December 2009.

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

In our opinion, the consolidated financial statements and the financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2009 and of the results of the Group's and the parent company's operations and cash flows for the financial year ended 31 December 2009.

We are furthermore of the opinion that the management report includes a fair review of the development and performance of the Group's and the parent company's business and financial position, the results for the year and the Group's and the parent company's overall financial position together with a description of the principal risks and uncertainties that the Group and the parent company face.

The Annual Report is recommended for adoption by the annual general meeting.

Gentofte, 17 March 2010

Executive Board:

Peter Arndrup Poulsen
Chief Executive Officer

Tom Wrensted
Chief Financial Officer

Magali Depras
Chief Commercial Officer

Søren Tolstrup
Chief Operations Officer

Board of Directors:

Erik Højsholt
Chairman

Walther V. Paulsen
Vice Chairman

Jan Peter Antonisen

Ove Brandt

Niels Hermansen

Peter-Ulrik Plesner

Hans Vilhelmsen

Independent auditor's report

To the shareholders of Brødrene Hartmann A/S

Report on the consolidated financial statements and financial statements

We have audited the consolidated financial statements and financial statements of Brødrene Hartmann A/S for the financial year 1 January - 31 December 2009, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statements and notes, including the accounting policies, for the Group as well as the Parent. The consolidated financial statements and financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and financial statements

Management is responsible for the preparation and fair presentation of consolidated financial statements and financial statements in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on these consolidated financial statements and financial statements based on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and 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 financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of consolidated financial statements and financial statements 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 evaluating the overall presentation of the consolidated financial statements and 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 financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2009, and of their financial performance and their cash flows for the financial year 1 January - 31 December 2009 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

Statement on the management's review

Management is responsible for preparing a management's review that contains a fair review in accordance with the Danish Financial Statements Act.

Our audit did not include the management's review, but we have read it pursuant to the Danish Financial Statements Act. We did not perform any procedures other than those performed during the audit of the consolidated financial statements and financial statements.

Based on this, we believe that the disclosures in the management's report are consistent with the consolidated financial statements and financial statements.

Copenhagen, 17 March 2010

Deloitte
Statsautoriseret Revisionsaktieselskab

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

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http://www.hartmann-packaging.com

CVR no 63 04 96 11

The Annual Report 2009 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

The Annual Report is published in Danish and English. In case of discrepancies between the two versions and in case of doubt, the Danish version shall prevail.

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