To: Copenhagen Stock Exchange
via StockWise
Stock Exchange Release no. 4/2002
Date: Kgs. Lyngby. 6 May 2002

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Report for the 1st quarter of 2002

At its meeting today, the Board of Directors of Brødrene Hartmann A/S approved the Group's quarterly accounts for the period 1 January – 31 March 2002 (unaudited). The quarterly accounts were prepared in accordance with the provisions of the new Danish Financial Statements Act, and the opening balance of the quarterly accounts has been adjusted accordingly, cf. the separate paragraph below and annex 3.

Asger Domino, President & CEO, is available for questions on tel. +45 45 87 50 30.

The 1st quarter at a glance:

- Turnover and operating profit for 1Q 2002 were on a par with expectations.
- Turnover came to DKK 374 million, unchanged from the year-earlier level. This figure includes an 11% increase from Egg & Fruit Packaging and an expected decline in turnover in South America.
- Operating profit (EBIT) dropped approx. 18% from 1Q 2001 to DKK 31 million. As expected this is attributable to developments in South America.
- Net profit after tax thus came to DKK 15 million against DKK 21 million in 2001.
- The quarterly report was prepared in accordance with the provisions of the new Danish Financial Statements Act and new accounting guidelines.
- Hartmann's expectations are unchanged and include an operating profit for the full year (EBIT) of DKK 110-115 million, a profit after tax in the range of DKK 55-60 million, and a 2% increase in turnover to approx. DKK 1,450 million. However, this requires - as also mentioned in the annual report 2001 - a significant improvement of the results in Brazil.

BRØDRENE HARTMANN A/S

Mogens Petersen	Asger Domino
Chairman of the Board	President & CEO

Financial highlights and key figures

	1Q 2002	1Q 2001	Full year 2001
Profit and loss account (DKKm)			
Net turnover	374	372	1,422
Operating profit before goodwill amortisation (EBITA)	31	38	99
Goodwill depreciation and amortisation	0	0	7
Operating profit (EBIT)	31	37	92
Interest (net)	-10	-7	-27
Ordinary profit before tax	20	31	67
Profit for 1Q 2002	15	21	47

Balance (DKKm)	31 March 2002	31 March 2001	31 December 2001
Total assets	1,577	1,517	1,563
Capital and reserves	814	843	825
Interest-bearing debt, net	215	257	209
Working capital	138	110	108
Capital employed including intangible fixed assets	1,050	1,105	1,052
Capital employed excluding intangible fixed assets	1,027	1,074	1,028

Key figures			
No. of shares (less own shares), units	3,407,545	3,407,545	3,407,545
Profit margin (EBIT), %	8.2	10.1	6.5
Gearing	26.4	30.5	25.3
Earnings per share, DKK	4.4	6.1	13.8
Book value per share, DKK	239	247	242
Listed price per share at year-end, DKK	145	120	125
Market value, DKKm	493	407	426
Listed price/book value	0.61	0.49	0.52

Annex 1	Profit and loss account
Annex 2	Balance
Annex 3	Change in accounting policies

Comments to the quarterly accounts

The profit posted by the Group for 1Q 2002 was in keeping with expectations and was, as expected, lower than the year-earlier level due to developments in South America. 1Q 2001 was an very positive quarter because of a very strong performance in South America.

Consolidated turnover for 1Q 2002 came to DKK 374 million, which is on a par with the year-earlier level, and this figure reflects the positive contribution of the 11% increase posted by Egg & Fruit Packaging, the Group's largest business area. Turnover in South America declined from DKK 69 million in 1Q 2001 to DKK 53 million in 1Q 2002, the main reason being the devaluation in Argentina.

Following the introduction of the new Danish Financial Statements Act, the Group's accounting policies were changed effective from 1 January 2002. One of the changes relate to the recognition of goodwill capitalisation with a depreciation period of 15 years. Amortisation for the period amounts to DKK 0.4 million.

The Group posted an operating profit (EBIT) of DKK 31 million for 1Q 2002, down from DKK 37 million in 1Q 2001. This decrease is attributable mainly to a steep decline in the contribution margin in Brazil caused by keen price competition, but other contributory factors are the devaluation in Argentina (by a further approx. 30% in 2002).

Egg & Fruit Packaging posted a very positive result of DKK 41 million for 1Q 2002, up from DKK 36 million in 1Q 2001.

The Group's financial items for the period in review reflected costs of DKK 10 million, DKK 3 million above the year-earlier level due to an increase in interest-bearing debt. Further the financial items in Argentina were affected by a one-time effect of DKK –1.5 million due to exchange rate adjustments of USD debt.

Against this background the Group posted a consolidated profit of DKK 15 million in 1Q 2002, down from DKK 21 million in 1Q 2001.

Turnover and operating profit by activity

DKKm	1Q 2002	1Q 2001	Full year 2001
Turnover			
- Egg & Fruit Packaging	251	226	897
- Brazil and Argentina	53	69	227
- Industrial Packaging	24	26	100
- Hartmann Technology	2	5	31
- Combined Heat and Power Plant (CHP)	13	12	43
- Skjern Papirfabrik A/S	31	34	124
Operating profit			
- Egg & Fruit Packaging	41	36	125
- Brazil and Argentina	0	10	15
- Industrial Packaging	1	1	-1
- Hartmann Technology	0	1	8
- CHP plant	-1	-3	-5
- Skjern Papirfabrik A/S	2	4	13

Egg & Fruit Packaging, including the CHP plant and Hartmann Technology

The Division posted a total turnover of DKK 266 million, representing an increase of DKK 23 million, or 9%, from the year-earlier level.

Turnover from packaging activities rose 11% in 2Q 2002, not least as a result of considerable increases in volumes sold.

Operating profit for the whole Division increased 18%, from DKK 34 million in 2001 to DKK 40 million in 2002, most of which was contributed by progress in packaging activities.

Packaging activities

Prices of paper and energy were relatively stable in 1Q 2002, as expected. Sales prices, which are at a level corresponding to current raw material prices, were also unchanged.

Traditionally, sales are relatively high in Europe in the first quarter, and in 2002 sales were even higher than expected. All regions reported of increases over the year-earlier level, and Central and Eastern Europe delivered the anticipated continuation of last year's very positive trend.

The company in Israel was only marginally affected by the turbulence in the area and posted a financial performance in keeping with expectations.

The other plants in Europe also continued production with a high level of efficency, but some of them posted temporary cost increases due to the relatively high sales volumes.

Sales in North America reflected a continuation of the high growth rates. Turnover is still relatively modest, but there is a considerable interest in Hartmann products. The Group still plans to set up local production in North America.

Sales in Asia rose significantly above the level of 1Q 2001. The plant in Malaysia reported of considerable improvements in productivity.

The CHP plant in Tønder

The result posted by the CHP plant in Tønder was above the year-earlier level, but activities are still loss-making (a loss of – DKK 1 million). The current instability in relation to world market energy prices did not significantly affect the result in 1Q 2002. The arbitration case against Tønder Fjernvarme (the local district heating utility), which was mentioned in the Group's Annual Report 2001, is scheduled for completion in mid-2002.

Hartmann Technology

External turnover in 1Q 2002 fell short of the year-earlier level, but internal turnover was relatively high. Due to the decline in external sales, Hartmann Technology posted a breakeven compared to a modest profit in the same period last year.

Brazil and Argentina

The Division posted a decline in turnover of 23%, from DKK 69 million in 1Q 2001 to DKK 53 million in 1Q 2002. This was primarily caused by the devaluation in Argentina, but the price war currently raging in the Brazilian market also had a minor adverse effect on turnover.

It was not unexpected that, due to the above factors, the Division's operating profit dropped, but the Division also felt the negative impact of unforeseen, considerable increases in prices of recycled paper and rising energy prices. As mentioned in the Group's Annual Report 2001, the Brazilian market is currently characterised by cut-throat price competition fuelled by imported products from suppliers in Argentina.

In early April 2002, one of the plants in Brazil (Sorocaba) completed the installation of a de-inking plant as part of its efforts to differentiate products and, thus, stabilise prices. The intention is to enhance product whiteness and give dyed products a brighter and more attractive hue than traditional products. Hartmann is the only producer of moulded fibre in South America capable of differentiating products with this technique.

After the devaluation in January 2002, the situation in Argentina is very unstable. However, reported in Pesos, sales in Argentina did rise modestly above the year-earlier level. Primary focus is on a minimisation of risk due to expectations of a rise in inflation. Inflation in 1Q 2002 alone was as high as 9.7%.

Industrial Packaging

The Industrial Packaging Division posted a turnover on a par with 1Q 2001 and an operating profit of DKK 1 million, which is also unchanged from the year-earlier level.

The flat turnover of moulded fibre reflected an increase in sales in North America and a modest decline in sales in Europe and Asia.

As mentioned in the Group's Annual Report 2001, the Division's new sales strategy involves a focus on key accounts. The satisfactory development in sales activities in 1Q 2002 enabled the Division to maintain its performance targets of solid growth in turnover and earnings in 2002.

Skjern Papirfabrik A/S

Turnover in the first three months of 2002 came to DKK 31 million, or DKK 3 million below the year-earlier level. This was mainly due to declining sales prices as a result of lower prices of raw materials and a generally weaker market for core board and liner. Operating profit came to DKK 2 million in 1Q 2002, or DKK 2 million below the level achieved in 1Q 2001.

Outlook

The Group's expectations for the full fiscal 2002 do not include any acquisitions and are at the same time unchanged from the announcements made in the Annual Report 2001. They include:

- a turnover of approx. DKK 1,450 million
- an operating profit of DKK 110-115 million
- a net profit of DKK 55-60 million

- a return on capital employed (ROCE) close to 12%

Turnover is expected to increase from DKK 1,422 million in 2001 to approx. DKK 1,450 million in 2002. As stated in the Annual Report 2001, the Group generally expects organic growth in turnover of 5%. Following the devaluation of the Argentinian Peso, which was weakened even further in the course of 1Q 2002 (30% against the USD), the currency has lost some 70% of its value, and this is expected to reduce total turnover growth for the Group to 2%.

This forecast builds upon the assumptions of unchanged exchange rates and a continuation of the positive development trend recorded by Egg & Fruit Packaging in 1Q 2002. As stated in the Annual Report 2001, the performance of South America is expected to deteriorate significantly in 2002. If the current keen price competition in Brazil has not abated by the end of the first half of 2002, there is a risk that the Group cannot meet its overall expectations for 2002. The expectations for Industrial Packaging are unchanged and include a strong improvement in operating profit from the year-earlier level. Expectations for *dualpack™* remain high, and Hartmann is expected to establish a firm foothold in the market for food packaging in 2002 although the business area is not expected to make a positive contribution to earnings until in 2003.

Changes in accounting policies

The Group's accounting policies have been changed after the introduction of the new Danish Financial Statements Act and several new accounting guidelines.

These changes caused a DKK 1 million decline in the amount in profit for the period in review (an increase of DKK 1 million in 1Q 2001). The changes also resulted in an increase of DKK 43 million in capital and reserves and assets and liabilities at 31 March 2002 (DKK 51 million at 31 March 2001), a decline of DKK 5 million in the amount in profit for the year 2001, and a DKK 49 million increase in capital and reserves at 31 December 2001. Annex 3 contains more specified information on the implications of the changes.

The changes affected the following areas:

R&D costs
R&D projects that are clearly defined and identifiable and which are believed to result in new products marketable in a future potential market are recognised as intangible fixed assets. R&D projects are valued at original cost less the lower of accumulated depreciation and amortisation and recoverable amount.

Capitalised costs include direct and indirect production costs attributable to the individual project.

Capitalised R&D costs are depreciated on a straight-line basis upon completion of the R&D project over the expected useful life, based on an individual assessment of the individual project. The depreciation period is fixed at 5-10 years.

Goodwill
Goodwill (a positive difference between acquisition cost and fair value of acquired assets and liabilities) is recognised under intangible fixed assets. Goodwill is depreciated on a straight-line basis over the expected useful life, which is determined on the basis of an individual assessment of the future earnings potential. The maximum depreciation period is 15 years.

The accounting value of goodwill is estimated on an ongoing basis. If the assumptions used to determine the accounting value of goodwill are deemed to change, the value will be written down to the lower recoverable amount.

Indirect production costs
Indirect production costs are henceforth recognised under stocks. As a result, indirect production costs such as maintenance and depreciation of production plant will be recognised as part of the original cost of goods in progress and finished goods.

Derived financial instruments
In its efforts to arrange hedging of future assets and liabilities, the Group uses derived financial instruments as part of its risk management.

Derived financial instruments are recognised in the balance and are entered at the date of transaction at original cost with later valuations being at fair value. Subsequent changes in fair value are recognised in capital and reserves under profit brought forward. If the asset or liability item for which hedging has been arranged affects the profit and loss account in future, the amount with which it has been recognised will be taken to capital and reserves in the profit and loss account.

Price loss, remortgaging
Price losses occurring as a result of the remortgaging of long-term liabilities are no longer recognised as assets in the balance.

Leasing
The Group only has intra-Group leasing contracts. Thus, the change outlined below will only affect the accounts of the Parent Company.

Leasing contracts for tangible fixed assets for which the right of ownership is vested with the Parent Company, but for which all significant risks and maintenance duties lie with the subsidiary (financial leasing), are recognised in the balance of the subsidiary at the lower of the market value of the leasing asset and the present value of the future leasing payments.

The capitalised value of the leasing payments is recognised as a financial fixed asset by the Parent Company, and such part of the leasing payment as is accounted for by interest is recognised as income in the profit and loss account under financial income on an ongoing basis.

The capitalised residual leasing liability is recognised as a debt item by the subsidiary, and such part of the leasing payment as is accounted for by interest is recognised as a cost item under financial costs on an ongoing basis.

Dividend for the fiscal year
The amount proposed in dividend in the individual fiscal year will appear as a separate item under capital and reserves.

In addition to the above changes, a limited number of items in the profit and loss account and the balance have been renamed so as to accommodate the changed requirements to tables and presentations in the new Danish Financial Statements Act.

Reclassification

Following changes in management structures, integrated companies have been reclassified effective from 1 January 2002 and will henceforth be treated for accounting purposes as independent units. A reclassification carried out at an earlier date would have had a positive effect of DKK 1 million on the profit for 1Q 2001 and a negative effect of DKK 2 million for the full fiscal 2001. Furthermore, Group capital and reserves would have been adversely affected in an amount of DKK 10 million at 31 March 2001 and DKK 6 million at 31 December 2001.

Due to the changed requirements to tables and presentations in the new Danish Financial Statements Act, some items in the profit and loss account and the balance have been renamed. These changes do not affect profit and capital and reserves.

The comparative figures have been changed in accordance with the above changes in accounting policies and classifications. Otherwise the accounting policies are unchanged.

Movements in Group capital and reserves

Capital and reserves came to DKK 814 million at 31 March 2002, corresponding to an equity ratio of 52%. Capital and reserves fell DKK 11 million in 1Q 2002 and was affected in early 2002 by DKK 49 million from changes in accounting policies, cf. above. The exchange rate adjustment of - DKK 21 million is primarily attributable to Argentina.

Below is a specification of movements in Group capital and reserves.

DKKm	**1Q 2002**	**1Q 2001**
Capital and reserves at 31 December	776	771
Changes in accounting policies at 1 January:		
Total adjustment of capital and reserves	49	50
Resulting in Group capital and reserves at 1 January of	**825**	**821**
Changed recognition of reclassification	-6	-
Change in fair value of derived financial instruments	1	-
Consolidated profit after minority interests	15	21
Exchange rate adjustments etc.	-21	1
Group capital and reserves at 31 March 2002	**814**	**843**

Annex 1 - Profit and loss account

Amounts in DKKm	1Q 2002	1Q 2001	Full year 2001
Net turnover	374.0	372.0	1,422.1
Production costs	-257.9	-251.8	-985.3
Gross profit	**116.1**	**120.2**	**436.8**
Distribution and sales costs	-69.0	-64.8	-263.4
Administration costs	-17.0	-18.9	-77.8
Other income	0.9	1.4	3.5
Operating profit before goodwill amortisation (EBITA)	**31.0**	**37.9**	**99.1**
Goodwill depreciation and amortisation	-0.4	-0.5	-7.4
Operating profit (EBIT)	**30.6**	**37.4**	**91.7**
Ordinary profit before tax in associated companies	-0.2	0.2	1.6
Financial income from other participating interests	-	-	0.6
Financial income	1.9	1.3	14.8
Financial costs	-12.0	-8.0	-41.6
Ordinary profit before tax (EBT)	**20.3**	**30.9**	**67.2**
Tax on ordinary profit	-5.8	-9.0	-19.6
Profit for the year	**14.5**	**21.9**	**47.5**
Share in profit to minority interests	0.2	-1.2	-0.4
Share in profit for the year to Group	**14.7**	**20.7**	**47.1**

Bilag 2 – Balance, assets

Amounts in DKKm	31 March 2002	31 March 2001	31 December 2001
Fixed assets			
Intangible fixed assets			
Development projects	8.5	8.3	8.7
Goodwill	14.9	22.1	15.3
Total intangible fixed assets	**23.4**	**30.4**	**24.0**
Tangible fixed assets			
Land and buildings	233.3	266.6	249.8
Technical plant and machinery	588.7	624.0	601.7
Other operating assets	40.6	44.2	44.3
Tangible fixed assets under construction and prepayments for tangible fixed assets	34.2	33.8	29.8
Total tangible fixed assets	**896.8**	**968.6**	**925.6**
Financial fixed assets			
Participating interests in associated companies	5.1	27.4	8.2
Other participating interests	10.8	10.8	10.7
Deferred tax assets	9.1	3.5	9.1
Total financial fixed assets	**25.0**	**41.7**	**28.0**
Total fixed assets	**945.2**	**1,040.7**	**977.6**
Current assets			
Stocks	104.9	113.1	104.4
Receivables			
Trade debtors	279.3	269.5	255.3
Receivables from associated companies	2.9	0.1	-
Receivable in corporation tax	6.4	5.3	14.4
Other receivables	32.7	23.0	29.6
Prepayments and accrued income	10.1	9.3	5.2
Total receivables	**331.4**	**307.2**	**304.5**
Securities	-	-	97.6
Cash funds	195.6	56.4	79.0
Total current assets	**631.9**	**476.7**	**585.5**
Total assets	**1,577.1**	**1,517.4**	**1,563.1**

Annex 2 – Balance, liabilities

Amounts in DKKm	31 March 2002	31 March 2001	31 December 2001
Capital and reserves			
Share capital	70.2	70.2	70.2
Premium on issue	300.0	300.0	300.0
Net revaluation reserve under the equity method	4.7	9.8	7.6
Profit brought forward	423.1	451.0	431.0
Proposal for dividend for the fiscal year	16.2	11.9	16.2
Total capital and reserves	**814.2**	**842.8**	**825.0**
Minority interests	**25.3**	**32.2**	**26.8**
Provisions			
Provisions for deferred tax	97.2	92.9	97.9
Other provisions	15.8	16.0	16.0
Total provisions	**113.0**	**108.9**	**113.9**
Debt			
Long-term debt			
Mortgage banks	40.4	41.9	41.4
Credit institutions	274.5	187.3	283.0
Other debt	8.2	8.6	10.1
Accruals and deferred income	18.6	14.8	14.4
Total long-term debt	**341.7**	**252.6**	**348.9**
Short-term debt			
Short-term debt as part of long-term debt	17.0	27.8	20.4
Credit institutions	72.1	48.2	32.1
Prepayments from customers	0.1	1.3	1.1
Trade payables	52.0	60.0	81.4
Payable to associated companies	2.1	2.5	1.6
Corporation tax	3.2	6.5	5.0
Other debt	136.4	134.5	106.9
Total short-term debt	**282.9**	**280.8**	**248.5**
Total debt	**624.6**	**533.4**	**597.4**
Total liabilities	**1,577.1**	**1,517.4**	**1,563.1**

Annex 3 – Changes in accounting policies

Amounts in DKKm	1Q 2002			1Q 2001			Full year 2001		
	Previous acc. policies	Change	Present acc. policies	Previous acc. policies	Change	Present acc. policies	Previous acc. policies	Change	Present acc. policies
Profit and loss account:									
Production costs	-257.0	-0.9	-257.9	-252.5	0.7	-251.8	-988.1	2.8	-985.3
Administration costs	-16.8	-0.2	-17.0	-19.8	1.0	-18.9	-77.6	-0.2	-77.8
Other income	0.9	-	0.9	1.4	-	1.4	3.3	0.2	3.5
Goodwill depreciation and amortisation	-	-0.4	-0.4	-	-0.5	-0.5	-	-7.4	-7.4
Financial income	1.9	-	1.9	1.3	-	1.3	14.8	-	14.8
Financial costs	-12.1	0.1	-12.0	-8.1	0.1	-8.0	-41.8	0.2	-41.6
Tax on ordinary profit	-6.2	0.4	-5.8	-8.5	-0.5	-9.0	-18.9	-0.7	-19.6
Consolidated profit	**15.7**	**-1.0**	**14.7**	**19.9**	**0.8**	**20.7**	**52.2**	**-5.1**	**47.1**

Balance:			**31.03.2002**			**31.03.2001**			**31.12.2001**
Development projects	-	8.5	8.5	-	8.3	8.3	-	8.7	8.7
Goodwill	-	14.9	14.9	-	22.1	22.1	-	15.3	15.3
Land and buildings	234.4	-1.1	233.3	267.9	-1.3	266.6	250.9	-1.1	249.8
Stocks	83.8	21.1	104.9	91.8	21.3	113.1	82.4	22.0	104.4
Total assets	**1,533.7**	**43.4**	**1,577.1**	**1,467.0**	**50.4**	**1,517.4**	**1,518.2**	**44.9**	**1,563.1**
Capital and reserves	765.9	48.3	814.2	791.9	51.0	842.8	776.1	48.9	825.0
Provisions for deferred tax	86.1	11.0	97.1	82.2	10.7	92.9	86.9	11.0	97.9
Other provisions	-	15.8	15.8	-	16.0	16.0	-	16.0	16.0
Other debt	151.9	-15.5	136.4	149.9	-15.4	134.5	121.7	-14.8	106.9
Dividend for the fiscal year	16.2	-16.2	0.0	11.9	-11.9	0.0	16.2	-16.2	0.0
Total liabilities	**1,533.7**	**43.4**	**1,577.1**	**1,467.0**	**50.4**	**1,517.4**	**1,518.2**	**44.9**	**1,563.1**