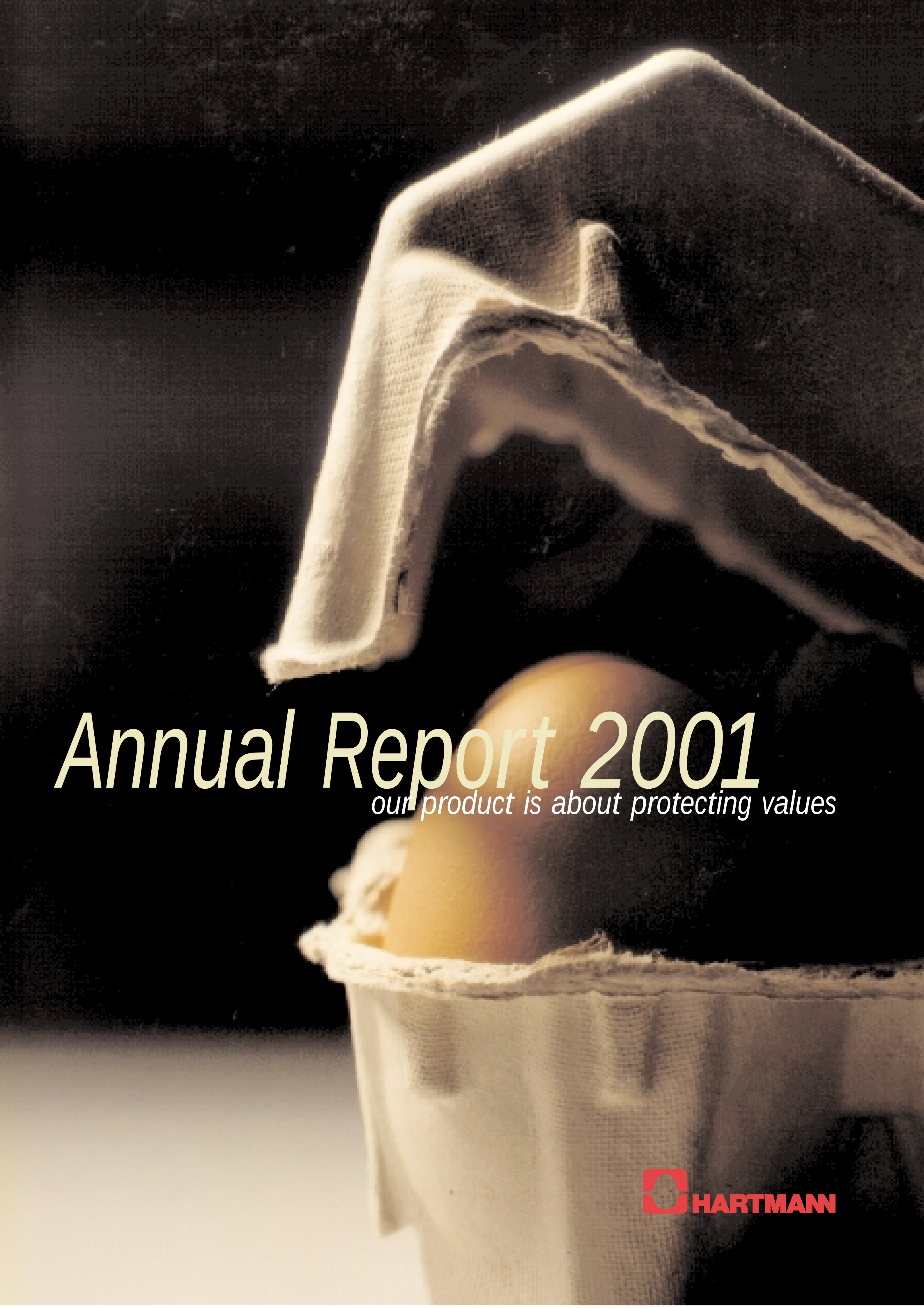


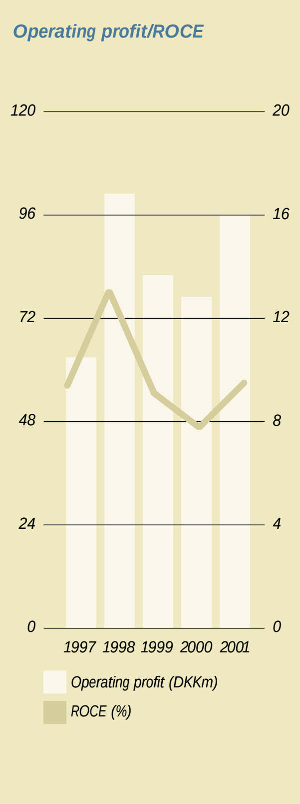
Annual Report 2001

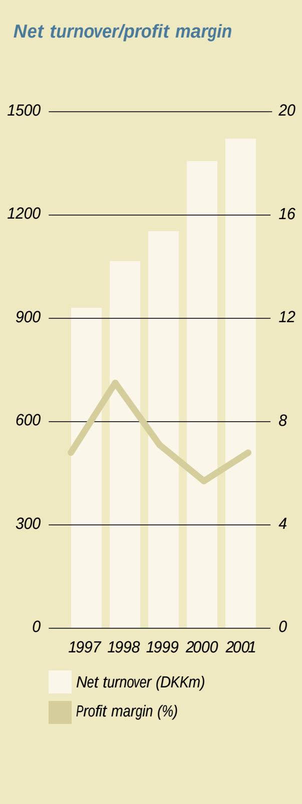
our product is about protecting values

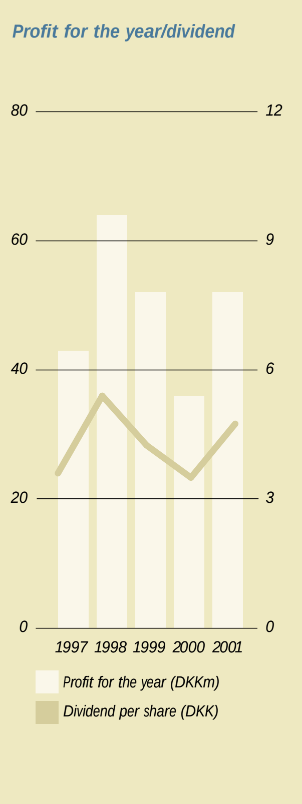
HARTMANN

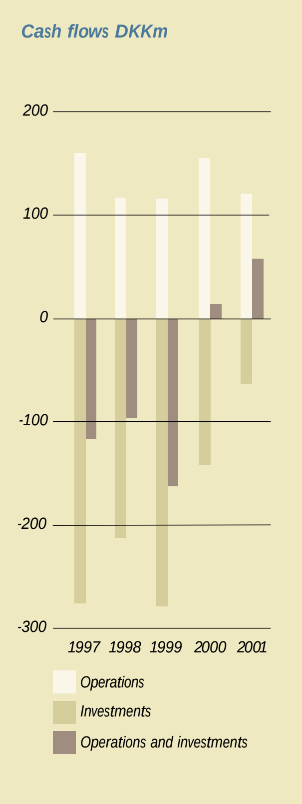
Hartmann fulfilled its expectations for 2001:

- Operating profit rose 25% to DKK 96.3 million
- ROCE increased from 7.8% to 9.5% - the objective of a minimum of 12% is maintained
- Consolidated turnover rose from DKK 1.36 billion to DKK 1.42 billion, or 5%
- Profit for the year after tax went up from DKK 38.6 million to DKK 52.2 million, or 35%
- Cash flows from operations and investments totalled DKK 57.4 million
- A dividend of DKK 4.75 per share will be declared, representing a pay-out ratio of 31%









Main events in 2001

Contents

Profile, vision and values

Profile

Hartmann is an internationally expanding packaging company specialised in the development, production and sale of moulded-fibre packaging.

The store of know-how and experience with regard to moulded fibre accumulated by the Group is beyond compare, and Hartmann is constantly developing its technological platform for the production of moulded-fibre packaging.
Hartmann focuses on three core business areas:

- Egg and fruit packaging
- Industrial packaging e.g. for mobile phones, consumer electronics and domestic appliances
- Food packaging

Hartmann is constantly striving to develop new products and closely monitors developments in customer requirements. The Group has a unique sales and marketing concept and is in close contact with both producers and retailers in its efforts to ensure optimum and proactive product development and effective sales.

Although headquartered in Denmark, Hartmann is a global operator. The Group has production sites in 9 countries and sales companies and offices in more than 20 countries in Europe, the Middle East, South America, North America and Asia. The total number of employees worldwide stands at approx. 2,100.

Hartmann was founded in 1917 and is listed on the Copenhagen Stock Exchange.

Besides moulded fibre the Group also produces paper and cardboard products at Skjern Papirfabrik A/S.

Vision and objectives

Hartmann wishes to be a successful company in growth and to be the obvious first choice of customers looking for a supplier of environmentally sound packaging – globally.

- Profit after tax will double over 5 years to minimum DKK 100 million
- Business focus on 3 strategic legs: Egg & Fruit Packaging, Industrial Packaging and Food Packaging
- Geographical focus on Europe, North America, Asia (primarily Japan) and South America
- The Group forecasts strong growth for the next 5 years, and minimum half of this growth is expected to be generated organically.

Values

Hartmann's values are closely linked to our products' reason for existing – to protect values.

The protection of values goes beyond the wish to create safe and high-profile packaging for the products entrusted to us by our customers. It also involves a wish to protect those human and environmental values that are directly or indirectly affected by our activities.

Hartmann believes that the creation of financial value and growth in the Group must be obtained through a sustainable development process in which work with themes such as the environment, social responsibility, human rights, health and safety in the workplace, and employee development are integral parts of the business base.

It is also our policy to produce documentation in proof of our efforts and to show that we wish to suit the action to the word. Hartmann has therefore developed a management model which ensures a systematic and operational approach to sustainable development. An important element in this model is cooperation and dialogue with the Group's stakeholders.

Group financial highlights and key figures – a 5-year record

		2001	2000	1999	1998	1997
Profit and loss account (DKKm)	Net turnover	1,422	1,357	1,153	1,066	930
	Operating profit	96	77	82	101	63
	Interest (net)	(27)	(26)	(8)	(15)	(1)
	Ordinary profit before tax	71	57	76	90	67
	Profit for the year	52	39	52	64	43
Cash flows (DKKm)	Cash flows from operations	121	155	116	117	160
	Cash flows from investments	(63)	(141)	(278)	(213)	(276)
	Cash flows from financing	82	(73)	79	(22)	55
	Total cash flows	140	(59)	(84)	(118)	(61)
	Investment in tangible fixed assets	95	134	152	133	110
Balance (DKKm)	Total assets	1,518	1,416	1,403	1,306	1,332
	Capital and reserves	776	771	749	766	777
	Interest-bearing debt (net)	209	254	208	63	(55)
	Working capital	98	65	64	25	(49)
	Capital employed	1,003	1,030	963	835	721
Key figures (%)	Profit margin (EBIT)	6.8	5.7	7.1	9.5	6.8
	Return on capital employed (ROCE)	9.5	7.8	9.1	13.0	9.4
	Gearing	26.9	33.0	27.8	8.2	(7.1)
	Return on equity	6.7	5.1	7.1	8.2	5.5
Other data	Number of employees	2,093	2,062	2,020	1,653	1,386
	Earnings per share (in DKK) (EPS)	15.3	11.3	15.3	18.2	12.2
	Cash flow per share (in DKK) (CFPS)	35.4	45.5	33.9	34.8	46.1

The key figures were prepared in accordance with the recommendations of the Association of Danish Financial Analysts (ADFA). Definitions of key figures are found on the back flap. Other share-related key figures are found in 'Investor relations' on p.15.

Report from the Management

2001 was a satisfactory year for the Hartmann Group. Despite a difficult market environment and a general downturn in the business cycle, Hartmann succeeded in achieving an operating profit on a par with expectations. The stronger focus on earnings caused ROCE to grow from 7.8% to 9.5%. Cash flows from operations and investments increased from DKK 14.3 million last year to DKK 57.4 million.

Turnover and development in profit

Consolidated turnover rose from DKK 1.36 billion in 2000 to DKK 1.42 billion in 2001, or 5%, and this is slightly below expectations. The increase was obtained exclusively through organic growth, with 50% being contributed by increased sales prices.

Operating profit rose 25% to DKK 96.3 million in 2001, up from the year-earlier level of DKK 77.3 million. This is in keeping with expectations and corresponds to a profit margin of 6.8% against 5.7% last year.

Profit after tax came to DKK 52.2 million against DKK 38.6 million in 2000. Tax payable for the year corresponds to an effective tax rate of 26.4%.

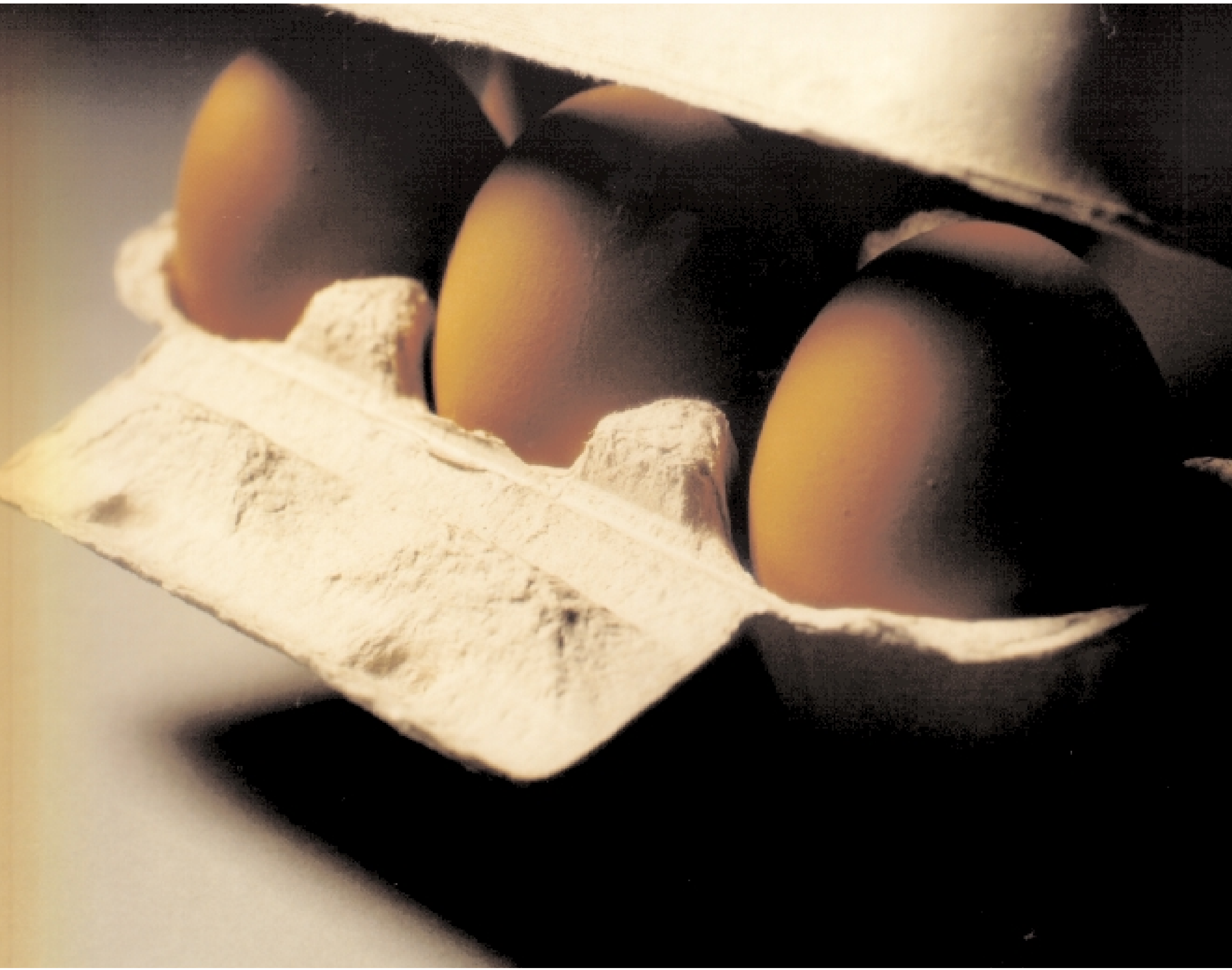
The main reason for Hartmann's progress in 2001 was the highly satisfactory performance of the Egg & Fruit Packaging Division (not including Brazil and Argentina). The Division, which in addition to packaging also includes two minor activities in the form of a combined heat and power plant and Hartmann Technology, recorded a 12% growth in turnover from DKK 864 million in 2000 to DKK 971 million in 2001. However, this growth was generated solely by the core activity, egg and fruit packaging, which saw continued strong growth in the markets in Eastern Europe in particular. The Division posted an operating profit of DKK 128 million, up 58%, despite continued investments in market penetration in North America and Asia, where activities are not yet profit-yielding. The Division's ROCE is significantly above the overall Group objective of 12%.

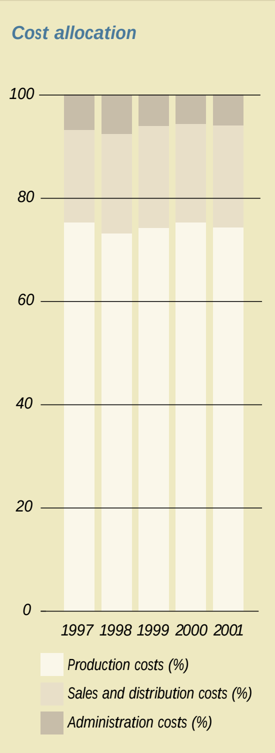
Brazil and Argentina returned a decline in turnover from DKK 241 million in 2000 to DKK 228 million in 2001. This was due mainly to a 12% weakening of the Brazilian currency, the Real, against the DKK in the course of the year. In mid-2001 the Brazilian government introduced an unexpected energy rationing plan which forced the two Brazilian production sites to reduce volumes. As a result, the utilisation of the production facilities was not optimal, and this had an adverse effect on earnings. Throughout 2001, and especially during the last months of the year, price competition was keen in Brazil. Argentina saw increases in turnover volumes i 2001, primarily due to a good apple harvest which boosted the demand for fruit packaging. The actual collapse of the national economy in late 2001 did not have any great influence on the earnings of the year. Overall the Division posted an operating profit representing a value of DKK 15 million, down 21% from the year-earlier level of DKK 19 million.

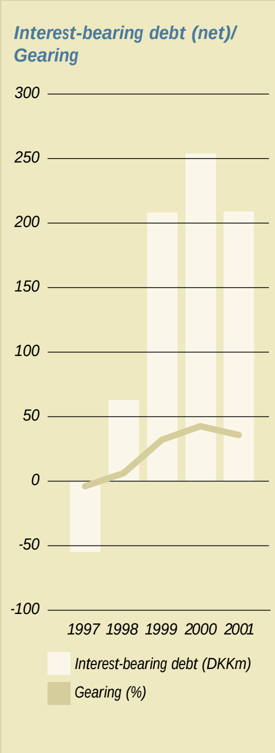
The Industrial Packaging Division had a difficult year in 2001 with a 12% decline in turnover from DKK 114 million in 2000 to DKK 100 million in 2001. This decline was attributable to a sizeable drop in sales for the Division's main activity, packaging for mobile phones, whereas turnover in its other product segments was almost on a par with the year before. The Division returned a negative operating profit of DKK 1 million, down from a positive DKK 8 million in 2000, the main reason being a loss of earnings in Europe, where the sales increase forecast for the second half of the year failed to materialise because of the general economic downturn. Profit in the new markets in South-East Asia, Japan and the USA was on a par with 2000. The Division drafted a new global sales strategy in the second half of 2001 to restore growth and reduce its dependence on single products. Effective from 1 March 2002 a Sales Director for the European market has been appointed who will contribute to an effective roll-out of the strategy.

A breakdown *of turnover and operating profit on activities*

	2001		2000	
DKKm	Turnover	Operating profit	Turnover	Operating profit
Egg & Fruit Packaging (excl. Brazil and Argentina)	897	125	790	72
Brazil and Argentina	228	15	241	19
Industrial Packaging	100	(1)	114	8
Hartmann Technology	31	8	34	11
Combined heat and power plant	43	(5)	40	(2)
Skjern Papirfabrik A/S	124	13	138	14







For the past couple of years Hartmann has been working on the development of a new product for food packaging. The development process included test runs with a number of potential customers who are keenly interested in the concept. In the second half of 2001 the production facilities were made ready for production. Although the market penetration takes longer than expected, the business area is still expected to develop favourably before long. Effective from 1 March 2002 a Business Unit Manager has been appointed who will ensure an efficient and speedy marketing of the product.

Skjern Papirfabrik A/S recorded a 10% decline in turnover from DKK 138 million in 2000 to DKK 124 million in 2001 and an operating profit of DKK 13 million, down from the year-earlier level of DKK 14 million and thus still at a reasonable level. The decline in both areas was caused mainly by dwindling demand in the primary markets. However, the decline in earnings was partially compensated for by a drop in prices of raw materials.

Group costs

The Group's costs of sales, distribution and administration increased from DKK 317 million in 2000 to DKK 341 million in 2001, or 7%. Expressed as a percentage, the increase in costs corresponds to the increase in turnover and relates primarily to increased sales activities aimed at ensuring future growth.

Financial items and taxation

Group net interest costs rose from DKK 26.2 million in 2000 to DKK 27.0 million in 2001. After allowing for DKK 4.1 million in positive exchange rate effect in 2001 in relation to integrated unita the Group's interest costs developed as expected.

Exchange rate changes in relation to investments in independent foreign units are taken to capital and reserves. They represented a loss of DKK 40.9 million (net) in 2001 which was contributed primarily by the investments in South America.

Tax on ordinary profit came to DKK 18.8 million in 2001 against DKK 22.2 million in 2000. This represents an effective tax rate of 26.3% against 38.8% in 2000, a decline which was expected and which relates to a change in the proportional distribution of income between Hartmann's units. Approx. 30% of Group profit is contributed by countries with a corporation tax rate below that of Denmark.

Financial position and control

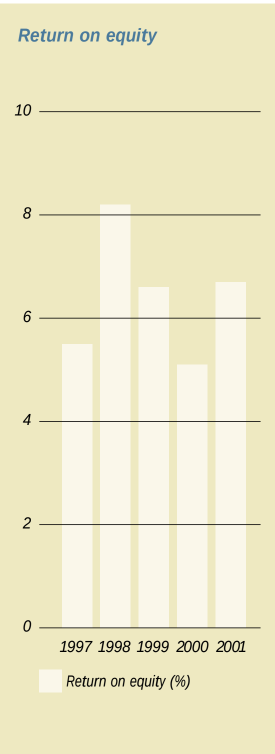
The Group's ready assets increased in 2001 to DKK 176.6 million, up by DKK 140.3 million. This includes a bond portfolio of DKK 97.6 million. Total Group debt rose by DKK 94.5 million to DKK 612,4 million, the main reason being an increase in interest-bearing debt (gross) of DKK 96.3 million to DKK 385.4 million, however with a reduction in interest-bearing debt (net) of DKK 45.5 million to DKK 208.9 million.

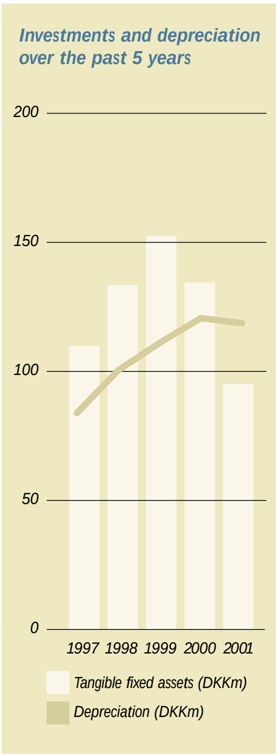
In the autumn of 2001 Hartmann increased its financial reserves by arranging a fixed-interest loan of DKK 100 million and investing it upon pay-out in short-term mortgage bonds expiring on 15 March 2002. The Group's financial reserves at 31 December 2001 totalled DKK 336 million and consisted of ready assets, bonds and unutilised credit facilities.

Interest-bearing debt (net) represents 27% of capital and reserves, and the Group's gearing has thus been reduced from 33% in 2000.

Investments, cash flows and rates of return

Total Group investments came to DKK 95.0 million in 2001. Of this amount DKK 20.0 million was invested in an increase of capacity, the remaining amount being invested in efficiency-improving measures and new acquisitions for the existing production plant. Depreciation totalled DKK 117.3 million, down from DKK 119.1 million in 2000.





Cash flows from operations came to DKK 120.6 million in 2001, down from DKK 155.0 million the year before, the main reason being a DKK 45.1 million increase in the Group's working capital caused by exchange rate effects. Cash flows after investments and before financing came to DKK 57.4 million, up from the year-earlier level of DKK 14.3 million and include a positive effect of the sale of the DKK 30.0 million shareholding in Uniscrap A/S Genvindingsindustri.

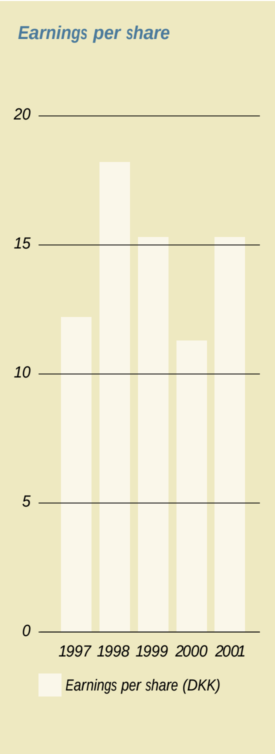
Working capital totalled DKK 98.4 million at year-end against DKK 64.7 million at year-end 2000, the increase being attributable mainly to changes in deferred tax assets and a large amount in VAT and tax receivables.

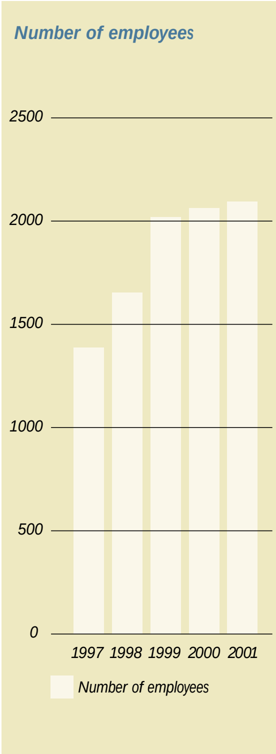
Return on equity came to 6.7%, up from 5.1% in 2000. ROCE came to 9.5%, which is an improvement of the year-earlier level of 7.8%, but still below the Group's short-term objective of 12%. The capital employed dropped 3% to DKK 1,003 million at year-end 2001.

Developments in capital and reserves, earnings per share and dividend

Group capital and reserves rose from DKK 771.1 million in 2000 to DKK 776.1 million in 2001. This increase is contributed by profit for the year (DKK 52.2 million), exchange rate adjustments net (DKK 40.9 million) and a proposed dividend of DKK 16.2 million. Also, the amount in capital and reserves was affected by the sale of the shareholding in Uniscrap A/S Genvindingsindustri, which contributed an accounting gain of DKK 9.9 million which was taken directly to capital and reserves as a reversal of goodwill previously written off directly.

Earnings per share (EPS) came to DKK 15.3 against DKK 11.3 in 2000. The Board of Directors proposes to the Annual General Meeting that a dividend be declared of DKK 4.75 per share, up from DKK 3.50 last year. This reflects a pay-out ratio of 31.0% and is in keeping with the Group's dividend policy.





Important events after the closing of fiscal 2001

In early January 2002, the Argentinian government decided to discontinue the 1:1 relationship between the USD and the country's currency (the Peso) which had been in operation for more than 10 years. As a result, the Peso was devaluated to 1.70 against the USD, and this is also the exchange rate used by Hartmann in the 2001 accounts. The rate of exchange has later been fluctuating between 1.40 and 2.30 against the USD. The great instability in the national economy is expected to adversely affect Hartmann's operations in Argentina – and to have a rub-off effect on market conditions in Brazil. Hartmann works with the objective of minimising its sensitivity to further devaluations and increasing the efficiency of its production sites in South America. However, the devaluation of the Argentinian Peso may also have a positive effect on the country's growing fruit exports for which Hartmann supplies the packaging.

Outlook for 2002

The Group's expectations for 2002 were prepared on the basis of the likely impact on the accounts of the implementation of the new Danish Corporate Annual Accounts Act. The Group's expectations are prior to any acquisitions.

The biggest impact on the Group's accounts of the new Corporate Annual Accounts Act will be in relation to the capitalisation and write-down of goodwill, the capitalisation and write-down of R&D costs and the capitalisation of indirect production overheads (addition of share of IPO) for stocks and inventories, but is expected to be of relatively limited effect.

Hartmann forecasts turnover growth from DKK 1,422 million in 2001 to approx. DKK 1,450 million in 2002. The expectations for 2002 comprise a decline of approx. DKK 40 million caused by the devaluation in Argentina. An organic growth of 5% in the rest of the Group is expected to come from increasing sales of egg and fruit packaging in Western and Central Europe as well as in the new markets, i.e. in North America, Asia and Eastern Europe. With its new global sales strategy, the Industrial Packaging Division is expected to restore growth in Europe and South-East Asia, and to continue the growth trend in Japan and the USA. Expectations remain high for Food Packaging, the Group's new business area, and the ambition is to sign more contracts with customers in 2002.

Operating profit is expected to grow around 15% to DKK 110-115 million in 2002. Net profit after tax and minorities is expected to increase by approx. 10% to DKK 55-60 million. With the increase in earnings, the Group is expected to be close to its objective of generating a return on capital employed (ROCE) of minimum 12%. An effective tax rate of approx. 28% is expected.

The expectations to the development in profit build upon the assumptions of unchanged exchange rates and that the Division for Egg & Fruit Packaging continues the positive development of ever-increasing sales of high-value products, and that sales prices remain at the present level. Due to the lack of stability in the markets in South America, a drop in earnings has been forecast for 2002. If the strong price competition currently prevailing in Brazil is not reduced significantly over the next couple of months, the result in South America is likely to deteriorate considerably. Industrial Packaging is expected to see a sizeable increase in operating profit, especially in Europe, and the new sales strategy is expected to lessen the dependence on the mobile phone market and raise earnings from the other business segments. The new Food Packaging Division is not expected to make a positive contribution to earnings until 2003.

Implementation of IAS

The Group is currently considering the implementation of IAS (International Accounting Standards) effective from fiscal 2002. Besides strengthening internal reporting within the Group, the changeover to international accounting standards will also make it easier for existing and potential investors to analyse and compare Hartmann with other companies. In the medium term more transparency will improve the pricing of the company's share and make it more attractive, and this is an important objective for Hartmann. As the Group has already built its expectations on the new Act, the changeover is unlikely to affect the Group's results in 2002 and will primarily result in more detailed notes in the consolidated financial statements.

Hartmann is waiting for the new IAS requirements with regard to the first set of accounts presented under the standards. They are scheduled for publication in 1 quarter 2002, whereupon the Group will make its final decision.

Quarterly financial statements from 2002

As part of the same strategy on increased transparency and more frequent contact with the share market, Hartmann has decided to introduce quarterly financial statements beginning in 2002, cf. the financial diary under investor relations on page 15.

Incentive programme

Hartmann still believes that the long-term interests of Management and shareholders must coincide. In late 2001 the Board decided to roll out a new share option scheme for the Executive Board and up to 10 employees at senior management level involving a total of 50,000 shares of which half will go to the Executive Board. The Board of Directors is not included in the scheme. The scheme builds upon the partial discontinuation of the previous option programme, but this requires the prior approval of the Danish Central Customs and Tax Administration, and so allocation cannot begin formally until in spring 2002. The options are exercisable at a price of 120 – the price quoted at the time the scheme was approved – not earlier than 2 years and not later than 5 years after the allocation. There are no special conditions attached to the exercise of the options apart from a proportional reduction in the event of an optionholder resigning from the job before the exercise period begins. Hartmann has a portfolio of own shares in cover of the share option schemes, cf. note 15 on p. 63.

Turnover by region

	2001 DKKm	2001 in %	2000 DKKm	2000 in %
Denmark	91	6%	88	6%
EUR-countries	622	44%	609	45%
Other countries in Europe*	381	27%	325	24%
South America	228	16%	245	18%
Rest of the world	100	7%	90	7%
*Hereof Eastern Europe	129	9%	82	6%

Management of risk factors

It is Hartmann's general policy to reduce the Group's exposure to major financial and environmental risks. During the first half of 2002, a new and structured corporate risk management system will be established to ensure an ongoing assessment of the Group's operational risks and compliance with corporate policies in the field. With this system, Hartmann's Board of Directors and Executive Board will be held constantly updated on the Group's exposure and risk profiles.

Below is an outline of some of the risks that are important for an evaluation of the Hartmann Group in 2002 and onwards, and which are significant factors in connection with the expectations to the Group's development. The description is not exhaustive, and the risks do not appear in a prioritised order.

Commercial risks

Although the Group does not arrange cover of commercial risks such as e.g. fluctuations in prices of raw materials and energy, it does nevertheless try to compensate for these factors by adjustments of sales prices. Hartmann tries constantly to minimise price sensitivity in egg packaging by offering a wide and deep range of products and by initiating strategic marketing activities, which involve offering assistance to food retail chains and egg producers on product differentiation for the purpose of increasing sales.

The transition from mass product to concept sales is well advanced in Western Europe, and most of the Group's other markets are showing positive developments.

Financial risks

The Group's financial risks are managed at central level. There is also centralised coordination of liquidity management, including the provision of capital and the investment of surplus liquidity.

The Group has adopted a financial policy which builds upon a low risk profile. Consequently, as a general rule risks in relation to currency, interest rates and debtors appear solely in connection with commercial transactions.

Currency risks

The Group's currency exposure is related partly to cash flows, partly to net assets in foreign currency. 90% of consolidated turnover is contributed by countries other than Denmark. It will appear from the table on page 11 that turnover is generated in many countries outside Denmark, mainly countries participat-ing in the EUR (50%).

A significant proportion of the Group's production, purchasing of raw materials and other costs involve transactions in similar currencies, and this reduces its currency exposure considerably.

Hartmann's largest transaction risks are in EUR and GBP, which represent the largest positive cash flows. The cash flows in EUR are seen to constitute a low currency risk due to the Danish fixed-rate policy vis-a-vis the EUR. Forward cover is arranged for the expected cash flows in GBP on an ongoing basis, and for 2002 the average rate is 12.00.

Forward cover contracts in GBP at 31 December 2001 represented a total contractual value of GBP 5.3 million corresponding to DKK 63.2 million.

As a general rule, forward cover is not arranged for periods above 12 months, and losses and gains on such contracts are entered in the profit and loss account upon the realisation of the transactions for which cover was arranged. At 31 December 2001 the market value of the above forward cover contracts in GBP showed a minus of DKK 1.2 million.

Hartmann engages in currency dealings only to obtain forward cover of commercial transactions. It is not the Group's general policy to arrange forward cover of net investments in foreign subsidiaries.

Interest rates

Risks in relation to interest rates appear primarily in the form of interest-bearing debt items as the Group had no significant interest-bearing assets of long duration at 31 December 2001. An overwhelming part of the Group's interest-bearing debt, corresponding to more that 90% at 31 December 2001, takes the form of fixed-interest long-term loans in either DKK or EUR. Consequently, changes in interest rate levels do not materially affect the Group's result, and the interest risk is therefore considered to be modest.

Credit granting

Whenever possible, the Group arranges insurance of its trade receivables. Hartmann generally uses the credit insurance companies Hermes and NCM for insurance of trade receiv-ables. A few of the key accounts with prime credit ratings are not insured.

In some developing countries such insurance cannot be arranged, and this places a higher credit risk upon the Group. This applies primarily in South America, but also in some countries in Central and Eastern Europe, as well as in South-East Asia.

Environmental risks

When Hartmann acquires a company, there is a risk that activities performed by previous owners have caused environmental impairment, in which case Hartmann may incur financial and legal commitments. Hartmann takes steps to cover this risk by performing an environmental due diligence before closing the deal. This process involves a mapping out of national legislation and regulations compared with the findings of physical analyses of an array of environmental aspects. Against the backdrop of the analyses made, the Group will take the measures necessary to ensure compliance with national and international environmental guidelines. Hartmann is working systematically with environmental aspects throughout the Group, and this enables it to prevent and eliminate risks in a professional and effective manner.

Social matters

In connection with company acquisitions there is the further risk of Hartmann incurring financial and legal commitments in relation to health and safety and other labour-law problems arising out of activities previously performed on the site. As part of its risk management system, Hartmann performs social due diligence in selected key areas before the deal is closed. Once it has been acquired, the company will then be included in the Group's new management model, STEP™-human, which ensures ongoing and consistent focus on the area.

Monetary segmentation of turnover

Currency	Turnover in %
DKK	10 %
EUR-related	50 %
USD-related	5 %
GBP	10 %
South American	15 %
Others	10 %

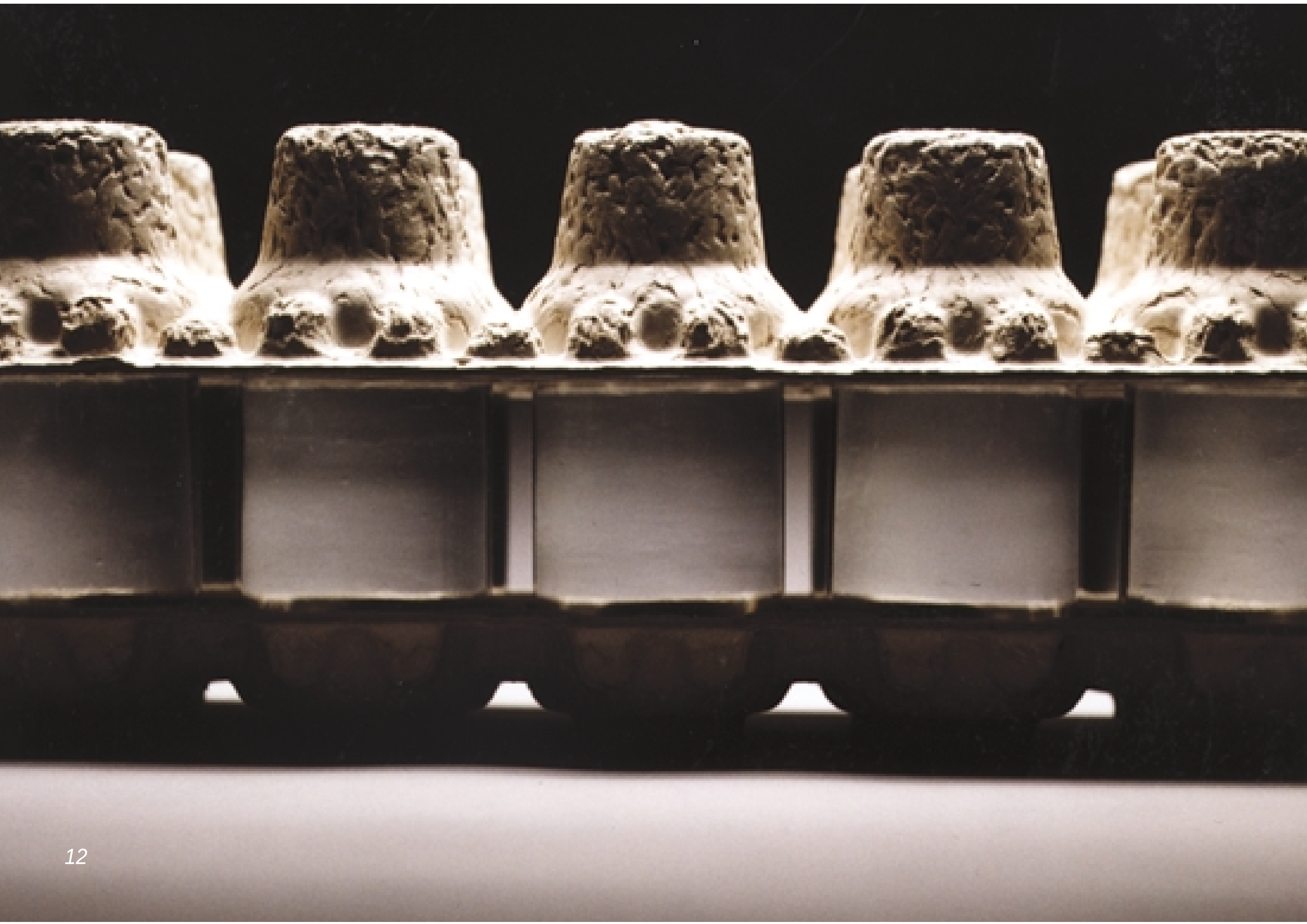
Insurance

Fire is one of the biggest risks, as the re-establishment of a production site can take a long time and involves the risk of losing business in the process. Cover is arranged of the individual sites under comprehensive all-risks insurance policies, also for e.g. fire and consequential loss.

The Group is working systematically with prevention, and in addition to 24-hour surveillance and firefighting procedures at all plants, sprinkler systems have been installed in almost all units.

After the terrorist attack in the USA on 11 September 2001 the Group's insurance company has terminated the cover of terrorist actions effective from 1 January 2002. This cover was previously integrated in the all-risks insurance. Hartmann believes that none of its major production facilities are located in a risk area and that, consequently, the actual risk is minimal. The Group is monitoring developments in the global insurance market closely and the Group's insurance cover is assessed on an ongoing basis.

The Group's insurances also cover liability in the broad sense, including commercial and product liability which form part of the all-risks insurance policies. This is coordinated centrally within the organisation.



Investor relations

Share performance

The opening listing of the Hartmann share in fiscal 2001 was 111, and at the end of the year the share price had risen almost 13% to 125. Measured against the indexes generally used by Hartmann for comparison, this is a very satisfactory development. Both KFX (the Copenhagen Stock Exchange index) and Carnegies Small Cap Index showed a drop of 10 – 30%, and a similar decline was recorded for 2001 by CSE 15, the industrial index of which Hartmann is part under the industry classification system recently introduced by the Copenhagen Stock Exchange.

The Hartmann B-share has been listed on the Copenhagen Stock Exchange since 1982 and has ISIN code DK0010256197.

Hartmann wishes to make sure that the flow of information to the market, which is a precondition for obtaining an efficient pricing of the share, is satisfactory and exhaustive. The Group also gives top priority to the objective of enabling itself to attract a wider range of Danish investors in future. As part of this strategy, initiatives will be taken in 2002 to use targeted information and dialogues to enhance Hartmann's market profile and thereby increase liquidity in its share. One such initiative is the decision to start the release of quarterly financial statements in 2002.

Corporate governance

In December 2001, a committee set up by the Danish government (the Nørby Committee) presented a report aimed at promoting good corporate governance in the Danish business community. The report takes the form of a list of recommendations, and this is also the spirit in which Hartmann will consider its contents in the course of 2002. The process will build upon the openness which characterizes the Hartmann Group.

In its Annual Report for 2002, the Hartmann Management will specify its response to the individual recommendations contained in the report.

Among the recommendations is one encouraging companies which operate with more than one class of shares to reconsider the appropriateness of such a differentiation. Today Hartmann's principal shareholder is the Brødrene Hartmann Foundation. The Foundation holds 16% of the total share capital, and because of the division into A-, AA- and B-shares it has the majority of votes. Hartmann believes that this structure have been and will continue to be appropriate for the long-term development of the Group.

Dividend

According to Hartmann's dividend policy, shareholders are remunerated partly by current increases in share prices, partly by the payment of an annual dividend representing approx. 30% of profit for the year after tax. It is recommended to the Annual General Meeting that a dividend be declared for fiscal 2001 of DKK 4.75 per share, representing 31% of net profit for the year.

Analysts watching Hartmann

Among the stockbrokers monitoring the performance of the Hartmann share are Carnegie Bank (Christian Reinholdt: +45 3288 0200 – creinholdt@carnegie.dk) and Gudme Raaschou (Michael West Hybholt: +45 3344 9000 – mwh@gr.dk)

Ownership

The Group's share capital amounts to DKK 70,150,900 of which DKK 8,533,000 accounts for A- and AA-shares held by the Brødrene Hartmann Foundation. According to the Foundation's Charter, A- and AA-shares cannot be sold as long as the Foundation exists.

The denomination of all shares is DKK 20 or multiples thereof. Holders of A- and AA-shares get 10 votes per share, whereas holders of B-shares get 1 vote.

On 1 March 2002 the Group had 2,601 shareholders – including 458 employees – of whom 1,463 had effected name registration of their shares. Five shareholders had filed holdings of more than 5% of the total share capital. The company has a good and very stable base of shareholders, particularly among major Danish institutional investors.

The Board of Directors and the Executive Board hold less than 1% of the Group share capital. The Group holds 2.9% of its own shares for use in the cover of incentive schemes, cf. note 15 on p. 63.

Investor relations

Hartmann welcomes inquiries from shareholders, analysts, stock exchange brokers and other interested parties. All shareholders having effected name registration of their holding will receive stock exchange releases and Info, the Group's newsletter. Further information about e.g. Group structure, procedures and financial matters are available from www.hartmann.dk.

Contacts with shareholders and analysts:

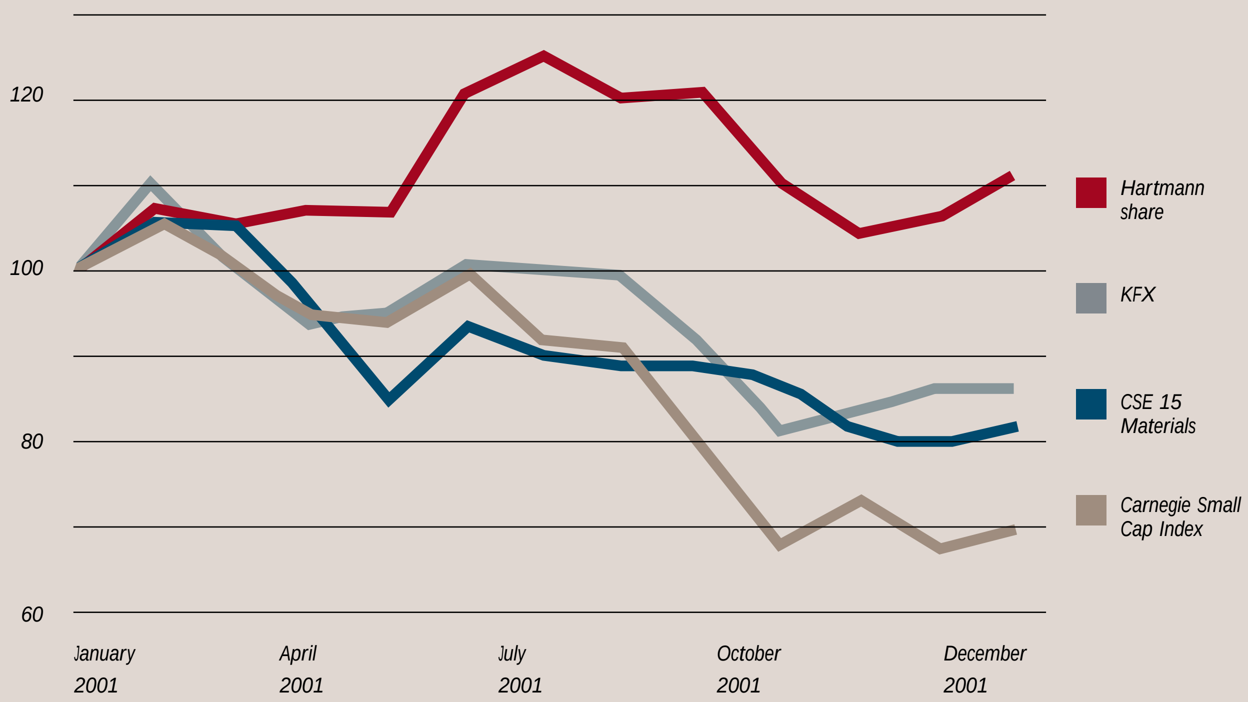
Asger Domino, President & CEO
E-mail: ado@hartmann.dk
Phone: (+45) 45 87 50 30
Fax: (+45) 45 87 96 33

Michael Hedegaard Lyng, CFO
E-mail: mhl@hartmann.dk
Phone: (+45) 45 87 50 30
Fax: (+45) 45 87 19 68

Investor relations secretariat

Ruth Pedersen, Head of Secretariat
E-mail: rp@hartmann.dk
Phone: (+45) 45 87 50 30
Fax: (+45) 45 87 96 33

The Hartmann share vs. index



Shareholder-related **key figures**

	2001	2000	1999	1998	1997
No. of shares excl. own shares units	3,407,545	3,407,545	3,407,545	3,373,050	3,473,050
Earnings per share (EPS) DKK	15.3	11.3	15.3	18.2	12.2
Growth in EPS %	35	(26)	(16)	50	38
Book value per share DKK	228	226	220	222	224
Listed price per share at year-end DKK	125	111	140	194	206
Price/earning at year-end DKK	8.2	9.8	9.2	10.6	16.9
Dividend per share DKK	4.75	3.50	4.25	5.40	3.60
Pay-out ratio %	31.0	30.9	27.8	28.7	29.4
Cash flow per share DKK	35.4	45.5	33.9	34.8	46,1
Market value DKK m	426	378	477	654	715
Listed price/book value	0.55	0.49	0.64	0.87	0.92

List of principal **shareholders**

Major shareholders		%
The Brødrene Hartmann Foundation	A-shares, AA-shares, B-shares	16.1
LD/Danish Employees Capital Pension Fund	B-shares	13.0
ATP/Danish Labour Market Supplementary Pension Scheme	B-shares	11.4
Bankinvest Danske Small Cap Shares	B-shares	9.3
Thor Stadil, attorney-at-law	B-shares	>5.0
Holding of own shares	B-shares	2.9

Financial diary 2002

Release of quarterly financial statement for 1Q02 and Annual General Meeting:	6 May 2002, at 2 pm.
Release of quarterly financial statement for 2Q02:	20 August 2002
Release of quarterly financial statement for 3Q02:	12 November 2002


HARTMANN

New strategy creates value

Within the field of moulded-fibre packaging (egg packaging, industrial packaging and food packaging) we intend to double profit over the next five years with focus on growth in Europe, North America and Asia. The increase in profit will be contributed primarily by organic growth achieved through product development and a more aggressive market penetration strategy in a combination with improved efficiency throughout the Group.

Strategy for the business development of Hartmann - towards 2006

Over the next 5 years Hartmann will double consolidated profit after tax to minimum DKK 100 million and build a solid foundation for continued attractive growth in the years after 2006.

ROCE close to 12% in 2002

Through a targeted effort Hartmann expects to achieve a return on capital employed of close to 12% in 2002 (ROCE). Operating profit is expected to increase approx. 15% from DKK 96.2 million in 2001 to DKK 110-115 million in 2002. Besides organic growth the factors generating this growth will be several improvement projects that have already been launched throughout the Group in relation to processes and functions within production, logistics and purchasing, and a number of corporate functions, the purpose being to ensure further efficiency improvements and cost-savings for the Group.

In other words, 2002 will create the foundation for profitable growth.

Developments in product range and geographical coverage

Hartmann's results and growth will be created within moulded-fibre packaging, which is the Group's core business area. Detailed surveys of e.g. market size have identified a realistic potential for strong growth in turnover and a doubling of profit after tax over the next 5 years – and major opportunities for growth even after 2006.

The Hartmann Group will undergo changes over the next 5 years. From its present role as primarily an egg packaging company it will develop into a company with three large strategic business areas: egg packaging, industrial packaging and food packaging – all of them areas which represent specialty packaging of high value and with high earnings margins.

Also, from its present role as primarily a European company, Hartmann will develop into a global supplier with Europe as its domestic market no. 1, North America as its domestic market no. 2, a firm position in Asia (especially in Japan) and a continued firm position in South America.

Strong focus on organic growth in a large potential market

It is Hartmann's ambition to generate an organic growth of 3-5% per year within Egg & Fruit Packaging outside Brazil and Argentina. With a targeted and more aggressive sales and marketing effort the Group is still capable of capturing market shares – even in markets that are not growing. The total market is estimated at DKK 6 billion.

Growth within Industrial Packaging and Food Packaging, too, will primarily be organic.

Industrial Packaging will as a minimum achieve a doubling in turnover over the next 5 years to DKK 200 million-plus, and this will turn the Division into an actual strategic leg. Industrial Packaging will be able to achieve this level of turnover merely by focusing on its key accounts which, even today, constitute the business base of the Division. This is the market segment in which Hartmann is most competitive and capable of offering customers the best solutions with the highest added value. Thorough market surveys have confirmed that the potential among the key accounts is sufficiently large and attractive in terms of earnings to provide a basis for the Group's expansion. The market is estimated to represent a value of DKK 1.5 billion-plus.

Food Packaging will reach a turnover level of minimum DKK 100 million over the next 5 years. This is incorporated into the strategy plan, but the ambition is to go further than that, and the objective will be reviewed once the business area has obtained its first success in the market. The market is estimated to represent a value of several billion DKK.

Hartmann will continue on the acquisitive trail in the industry on the basis of a selective strategy which emphasises e.g. the need for acquisition targets to have a certain size, good earnings and a potential for considerable synergies.

Organic growth over the next 5 years will be of approximately the same size as the growth generated by acquisitions.

Organic growth will be generated by product innovation, technological development and an aggressive market penetration policy.

Growth obtained with the existing capacity

Hartmann currently has some excess capacity within both egg and fruit packaging, industrial packaging and food packaging. Moreover, as sales levels increase, it will be possible to increase capacity at a relatively low cost. This is because the investments required initially to obtain an increase in capacity of installa-

Ambitions for a new, **stronger Hartmann**

	Hartmann today (2001)	**Hartmann in 5 years**
Key Figures		
Turnover	*DKK 1,422 million*	*> DKK 2,000 million*
Net profit after tax	*DKK 52 million*	*> DKK 100 million*
Return on capital employed (ROCE)	*9.5%*	*constantly > 12%*
Business area	*Mainly egg packaging*	■ *Egg packaging*
		■ *Industrial packaging*
		■ *Food packaging - dualpack™*
Geographical region	*Primarily Europe*	*Global*
	■ *No. 1-2 in Europe*	■ *Absolute market leader in Europe*
	■ *No. 1 in South America*	■ *Significant position in North America*
	■ *Foothold in Asia*	■ *Significant position in Asia*
		■ *Absolute market leader in South America*
Management style	■ *Divisional management*	■ *Team-oriented top management*
	■ *Financial management*	■ *Clear operational goals and follow-up*
		■ *Human resources development as a group priority*
		■ *Open and communicative*

Attractive growth agenda **for moulded-fibre packaging, both in the short, medium and long term**

Existing areas are being strengthened
Egg & Fruit Packaging – Europe
Industrial Packaging – Europe
South America

Several areas are undergoing development
Egg & Fruit Packaging – North America
Industrial Packaging – North America
Industrial Packaging – Asia/Japan
Food Packaging – dualpack™
- the UK/Europe

Investigation of entirely new potential areas
Hartmann has identified several new major and attractive market areas for moulded fibre, and we will spend the next couple of years on a thorough assessment and prioritisation so that, once the short and medium term areas have been fully implemented the new areas are capable of generating new growth.

tions at existing plants are relatively low and can be followed later by marginal expansion in terms of new production lines added to existing production sites.

South America in a consolidation phase

Right now the situation in Brazil and Argentina is difficult, although Hartmann's business activities in the region also show some bright spots. For the next 12-24 months South America will be in a consolidation phase, and consequently the Group has not included any major improvements or growth in this region in its short-term corporate objectives. However, after this consolidation phase of 12-24 months, a more ambitious strategy can be prepared for Brazil and Argentina which still offer considerable growth opportunities.

Hartmann recently invested in a de-inking facility in Brazil which enables it to produce a new line of high-value products at competitive prices. This will strengthen the Group's competitiveness in the market and be one of the important tools with which to consolidate the Group's market position and earnings.

Moulded fibre is a solid base

Moulded fibre is a natural product based upon renewable resources. Moreover, based on the criterion of life cycle, moulded-fibre packaging compares extremely favourably with e.g. plastic with regard to environmental profile. Surveys show that consumers in most countries in the western world prefer fibre-based materials such as moulded fibre to plastic, and an increasing number of countries have adopted legislation which stimulates the use of fibre-based materials.

The technology required to produce moulded-fibre packaging is not easily available. Hartmann is one of only three major global suppliers of moulded-fibre packaging. They all produce technology as well, but primarily for their own use. The other market actors have access to only limited technology.

The total world market for moulded fibre is served by three major global suppliers, with Hartmann being the only one having moulded-fibre activities as a primary business focus. Together, the three suppliers account for about half of the world market, with the remaining half being served by several small producers with local operations only. The number of suppliers was considerably higher 5 years ago, but the three major suppliers – and Hartmann in particular – have been actively involved in the consolidation of the market through an array of acquisitions which left the industry in a considerably more structured state. In the same period no major new competitors entered the market.

Focused management

In order to obtain a more targeted and effective roll-out of the new strategy, Hartmann will shift its management focus. Instead of being exclusively division-oriented and strongly financially driven, the Group will henceforth be managed on the basis of a more team-oriented and business-driven approach with focus on just a few selected key indicators. They include organic growth in the individual businesses, their underlying growth-drivers, key-account pipeline for Industrial Packaging and Food Packaging, specific and well-defined efficiency-improving projects, and innovation and technology development projects. A new reporting system has been established which ensures ongoing structured follow-up on developments in the defined key indicators. The system works as a supplement to the Group's financial reporting system.

For the purpose of ensuring the efficient implementation of the new strategy throughout the Group, responsibility for fulfilment of the defined objectives has been vested in Hartmann's Corporate Management Committee (CMC). In addition to the three members of the Executive Board (Asger Domino, President & CEO, Per Vinge Frederiksen, Executive Director, and Steen Ulrik Madsen, Executive Director) the CMC consists of Michael Hedegaard Lyng, CFO, Anna Lise Mortensen, Director of Sustainable Development, John Hoffmann Frederiksen, Director of R&D and Food Packaging, and Per E.L. Olsen, Director of Brazil and Argentina.

Left to right: Per Vinge Frederiksen, Michael Hedegaard Lyng, Asger Domino, Steen Ulrik Madsen, Per E.L. Olsen, John Hoffmann Frederiksen and Anna Lise Mortensen.

Egg & Fruit Packaging - including the combined heat and power plant (CHP) and Hartmann Technology

Fiscal 2001 was a highly satisfactory year for the Division, which returned turnover growth of 12% to DKK 971 million, up from DKK 864 million in 2000, and a 58% increase in operating profit to DKK 128 million, up from DKK 81 million the year before. This positive development in profit was achieved despite continued investments in the penetration of new markets in the USA and Asia which are not yet profit-making. The decline in turnover in Hartmann Technology and the loss posted by the CHP plant were as expected.

Focus in 2001 was on achieving solid organic growth and improved earnings. Prices of raw materials and energy showed the expected decline in the course of the year and stabilised at a level which matches the current sales prices.

Turnover of packaging rose 14%. This increase was contributed by organic growth and is distributed evenly on increased volume and higher sales prices due to price increases, changes in mix and favourable exchange rates.

Developments in sales and earnings

DKKm	2001	2000
Net turnover, total	971	864
- Egg & Fruit Packaging	897	790
- CHP plant	43	40
- Hartmann Technology	31	34
Operating profit	128	81
- Egg & Fruit Packaging	125	72
- CHP plant	(5)	(2)
- Hartmann Technology	8	11

Europe

Hartmann recorded considerable progress in 2001 in several countries in Western Europe as well as in Central and Eastern Europe. Growth in Central and Eastern Europe remains high despite the consolidation trend noticeable in some of the more established markets, e.g. Poland and Hungary, which causes growth rates to be more moderate. In the year in review the Division embarked upon a more systematic sales effort in countries such as Rumania and Russia, with especially the latter seeing strong growth in activity levels and giving a positive reception to the product range offered by Hartmann. Sales of the new *Superface* retail packaging, which was launched two years ago, grew markedly in 2001 in several European countries.

All production sites in Europe reported of high efficiency. The sites in Hungary and Croatia are now reaping the benefit of recent years' considerable investments, and the resulting increased productivity, higher volumes and increased sales prices have given these countries their breakthrough in terms of earnings. In Hungary the same production of egg packaging is achieved on fewer lines after the changeover in late 2001 of one production line to industrial packaging.

The plant in Israel, which temporarily closed down production in part of 2000, had a full year of operations in 2001 and is now profit-making. The turbulence in the area affected sales only marginally.

In 2001 the Division established a Centre of Excellence for marketing services and product development in Frankfurt. Thanks to the activities of the Centre, Hartmann has succeeded in standing out even further among its competitors. Product development, too, is working well and shows promising results which are expected to contribute to the Group's continued growth.

In the course of the year the Division worked on several major projects within areas such as logistics and an optimisation of production structures. Several of these projects are now being implemented and will lead to a strengthening of competitiveness and improved earnings in coming years.

North America

In 1999 Hartmann started up sales activities in North America, and in 2000 the Group followed up on these activities with the establishment of a sales office in Chicago. Sales efforts were strengthened in 2001, and Hartmann won several new customers in the attractive high-value segment. The market is generally keenly interested in Hartmann. Although turnover still constitutes only a minor proportion of consolidated turnover, the market, which is of the same size as Europe, is expected to make a significant contribution to the Division's growth in future years. In the long term the plan is to set up local production in North America.

Asia

Asia constitutes a major market for egg packaging, but it is also a market which is still very much dominated by plastic packaging. This makes it a market with a considerable potential for Hartmann's more environmentally-sound and user-friendly moulded-fibre packaging, but it also constitutes a challenge because it involves trying to change consumption patterns. The result is a relatively slow penetration, and this has caused sales to fall short of expectations and the newly-established production line in Malaysia to be unprofitable. However, new customers are constantly being won over in several countries in the region, and in 2001 a structured sales effort was initiated in Australia and New Zealand.

In the past year the Division launched a brand new product within retail packaging. The product, called Eye|Pack, was developed specifically for the market in Asia. It was well received by the market and is expected to be launched in other regions, too.

The market environment

Hartmann is one of only three dominant manufacturers worldwide. This position is the result of constant product development and optimisation of the production process. Hartmann is different from its competitors in that it has a clear focus on egg packaging and the specific requirements of customers in this segment. Over the years the Group has developed a unque marketing concept in which marketing to consumers is developed in a collaborative effort with food retail chains and egg producers.

The market environment showed no significant changes in the different regions in 2001.

The market in Western Europe is characterised by limited growth due to a stagnation in egg consumption. On the other hand, there is a growing need for product development due to more differentiation of egg types. Together with a rise in the proportion of total egg sales accounted for by retailers, this offers reasonable prospects of growth.

The markets in Eastern Europe are mirroring the pattern seen in Western Europe, however with a timing difference depending on the stage in economic development achieved by the individual country. Growth rates in the region fell, but nevertheless remain high due to the large-scale establishment of retail chains. Russia, the Baltic Republics and South-Eastern Europe are among the markets likely to experience major growth in the relatively short term.

Retail trade continued growing in Malaysia, and this led to a marked shift in sales from 30-egg cartons to retail cartons. Moreover, there is considerable focus on specialty eggs and large amounts are being invested in modern egg production. These factors have boosted the interest in quality packaging.

Egg consumption in North America is rising. Moreover, sales of specialty eggs are booming, and this boosts the need for new and more attractive types of packaging for the purpose of obtaining a better differentiation on supermarket shelves.

Most markets are showing clear signs of increasing polarisation, and this causes growth in the demand for quality products at one end of the spectrum and discount products at the other end. Hartmann's product strategy focuses primarily on a development of the market for quality products, but the Group is also working on a systematic development of its production facilities and processes in its endeavours to constantly accommodate the need for discount products at competitive prices.

The combined heat and power plant in Tønder

The CHP plant in Tønder remains an unacceptable financial burden for Hartmann, and the Group is making a targeted effort to change this situation. Despite falling gas prices in 2001 the level remains high, and operating profit dropped another DKK 3 million from the year-earlier level. At the same time, the system of politically determined production grants was abolished late in the year, and this totally neutralised the positive effect of the recently adopted net principle. Several discussions are being conducted at political levels, but it remains uncertain whether it will be possible to find the political support for the necessary solutions.

Hartmann is still negotiating with DONG (Danish Oil and Natural Gas) and several potential foreign gas suppliers, but the impression remains that the liberalisation of the Danish gas market exists in theory only.

A considerable proportion of the poor economy in the CHP plant is due to an unreasonable settlement model for the supply of heating to the district heating utility in Tønder. In March 2001 Hartmann brought the matter before a court of arbitration, demanding a renegotiation of the heating rates. The court is expected to give its decision in mid-2002.

Hartmann Technology

Hartmann Technology was established in late 2001 by the merger of the former Machinery & Technology Division and the staff function Efficiency & Quality.

2001 was a satisfactory year for Hartmann Technology, which posted external sales and earnings on the expected level, albeit below the year-earlier level. In the course of the year Hartmann Technology delivered a complete production line for retail trays to Russia and equipment and moulding technology to external customers in Central and South America. Sales of spare parts continue last year's positive trend.

The creation of Hartmann Technology is a consolidation and strengthening of the Group's development and utilisation of technology. There is only a handful of manufacturers of moulded-fibre machines worldwide, and Hartmann's strong position in this area is an important competitive parameter. It is therefore an important task for Hartmann Technology to interact with the Group's production sites and R&D department in a targeted effort to attain considerable technological advances which will help improve the Group's competitiveness within packaging. Hartmann has a finely meshed net of sub-suppliers, but the core technology is kept within the Group with development and construction being located at the plant in Tønder.

Hartmann Technology is also responsible for a systematic and comprehensive benchmarking of the Group's production sites. The individual sites are visited at regular intervals for the purpose of optimising production processes and defining and assisting in the implementation of improvement projects.

Outlook for 2002

The Division expects an overall increase in turnover due to organic growth attained in certain markets in Western Europe and in Eastern Europe, North America and Asia. Moreover, sales growth is forecast for the new retail packaging products *Superface* and Eye|Pack. Prices of paper and energy are expected to remain at the present, relatively high, level and sales prices are also expected to remain flat.

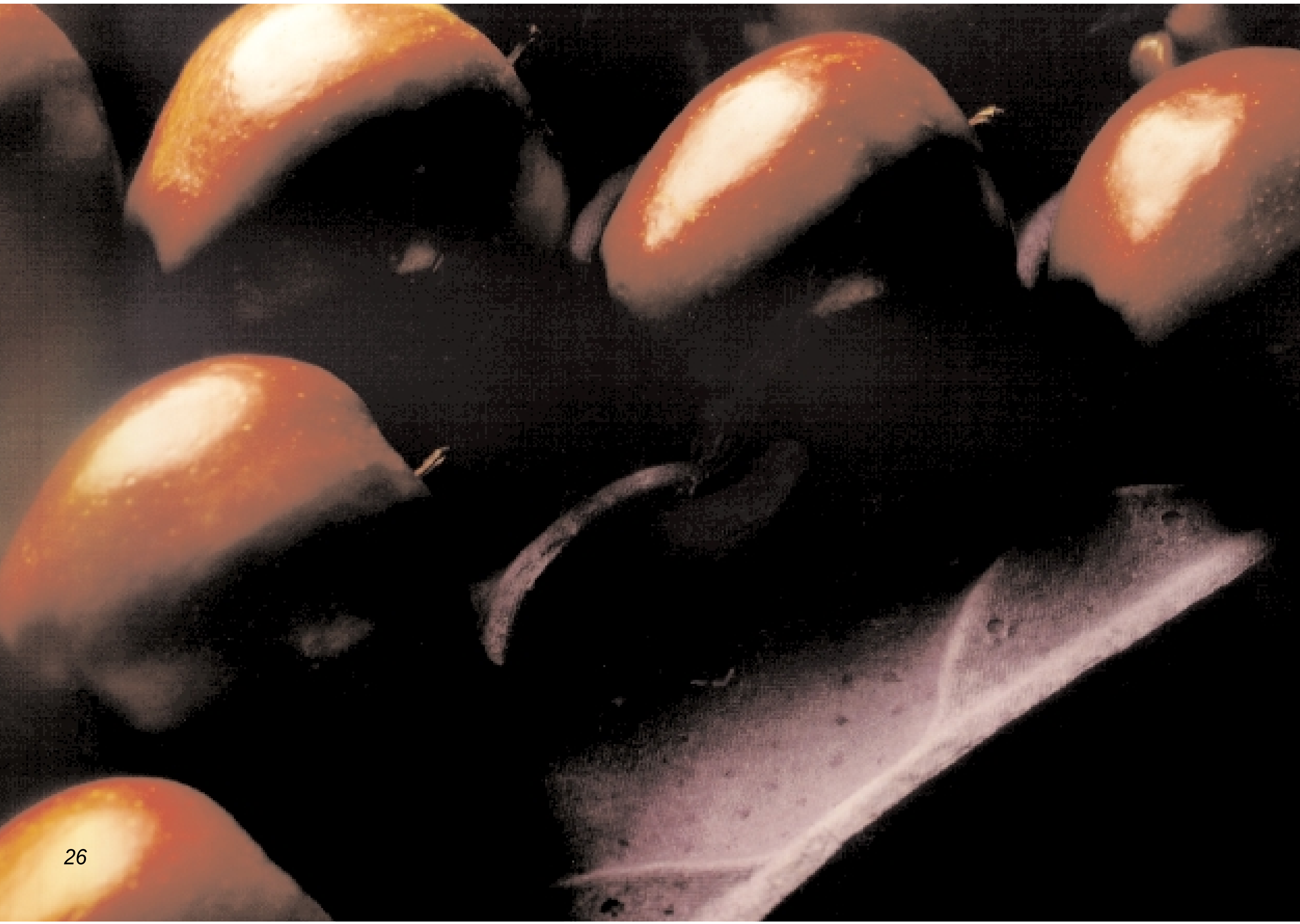
Without taking into account the outcome of the arbitration case, the CHP plant is likely to return a loss of the same order of magnitude as in 2001. Hartmann Technology expects a modest decline in external sales and earnings.

Overall the outlook for the Division is positive, and both turnover and earnings are expected to grow in 2002.

Facts on the Division

The Division produces, markets and sells moulded-fibre products globally (outside Brazil and Argentina). The product range consists primarily of egg trays but also includes trays for berries and fruit and kidney trays for hospitals. The Division's production sites are located in Denmark, Germany, Hungary, Croatia, Israel, Finland and Malaysia. It has sales offices in most countries in Europe as well as in North America and Malaysia. Hartmann Technology and the CHP plant in Tønder are included in the Division which contributed 68% of consolidated turnover in 2001.

Responsible: Per Vinge Frederiksen, Executive Director



Brazil and Argentina

The Division posted a decline in total turnover of 5% from DKK 241 million in 2000 to DKK 228 million in 2001. The decline is caused primarily by the weakening of the Brazilian currency, the Real, against DKK of 12% during the year. At the same time the two production sites in Brazil were affected by an energy rationing scheme rolled out by the Brazilian government in mid-2001. As a result the Division's operating profit dropped to DKK 15 million in 2001 from DKK 19 million in 2000 in spite of an increase in the result in Argentina.

Brazil

The positive development experienced by Hartmann in Brazil in 2000 did not continue in 2001, when the Division posted a decline in both turnover and earnings. One of the reasons for this development was a massive energy crisis which prompted the government to introduce an energy rationing scheme, and under this scheme the power available to Hartmann's two production sites dropped 20%. This forced the sites to lower the planned production volumes, thereby preventing them from fully utilising their production capacity. The events on 11 September, 2001, severely affected all of South America, and in Brazil the growth in GDP fell from 4.5% to below 2%.

The economic downturn made it impossible to go ahead with the price increases that had become necessary after the weakening of the Real against the USD (19%), and exports to the other Mercosur countries slowed down during the year. Moreover, the apple harvest dropped to half its previous level, causing the demand for fruit trays to plummet.

Developments in **sales and earnings**

DKKm	2001	2000
Net turnover, total	228	241
Operating profit	15	19

Argentina

Hartmann posted a decline in sales of egg packaging in Argentina in 2001, but the Group was amply compensated for this by strong growth in sales of fruit packaging in the wake of a good apple harvest. Total turnover rose above the year-earlier level.

However, the economic situation in Argentina deteriorated strongly and suffered an actual collapse late in the year. In the accounts for 2001 the translation into DKK of the balance at the balance sheet date takes account of the devaluation made on 7 January 2002, and the Argentinian Peso is stated at 1.70 against the USD. Since then the rate of exchange has been fluctuating between 1.40 and 2.30.

On the other hand, with recent years' investments in improved efficiency and restructuring measures the Division was able to counteract some of the pressure, and further cost-saving measures have contributed positively to the earnings.

The market environment

Hartmann is the leader in the market for moulded-fibre packaging in Brazil and Argentina, having captured approx. 50% of the market for retail packaging.

Despite the above-mentioned weakening of its national currency and political instability, Brazil still inspires the confidence of international investors who invested approx. USD 23 billion in the country in 2001 alone. The retail trade is among the industries showing steady growth and this, together with the increasing domination by large, multinational food retail chains such as Carrefour, Wal-Mart and Dutch Royal Ahold, stimulates the demand for retail packaging.

Hartmann is extremely well positioned to meet this growing demand. With production facilities and a technology which allow the Group to change over from the traditional 30-egg trays to customised retail cartons, Hartmann still has a positive potential for the coming years.

Throughout 2001, and especially during the last months of the year, price competition was keen among manufacturers of moulded-fibre packaging, and this caused earnings margins to drop. In an attempt to stabilise prices, one of the production sites in Brazil (Sorocaba) will introduce a deinking plant in early 2002 with which it will be possible to enhance product whiteness and give dyed products a brighter and more attractive hue than traditional products. It will also reduce the consumption of colourants. Hartmann will be the only manufacturer of moulded-fibre packaging in the market capable of differentiating its products with this technique.

The current economic crisis in Argentina is also putting pressure on the market in Brazil, the reason being that due to the decline in their domestic market Argentinian manufacturers of moulded-fibre products are motivated to export lower-priced packaging products to the neighbouring market in Brazil.

Hartmann is affected by the current crisis in Argentina because of the steeply declining demand for egg packaging. On the other hand, the recent devaluations are likely to strengthen the country's exports – including exports of apples and other fruit for which Hartmann supplies packaging solutions.

Outlook for 2002

A fierce price competition is still expected in Brazil for the first months of the year, however it is expected to decline during 2002, caused among other by introducing the new deinking unit. The energy rationing scheme introduced for the manufacturing industries in the country continued into early 2002 as the power supply is mainly produced by hydroelectric plants. However, after a period with plenty of rain in late 2001 the rationing is expected to be relaxed somewhat. The measures taken to increase energy efficiency will help ensure an efficient production.

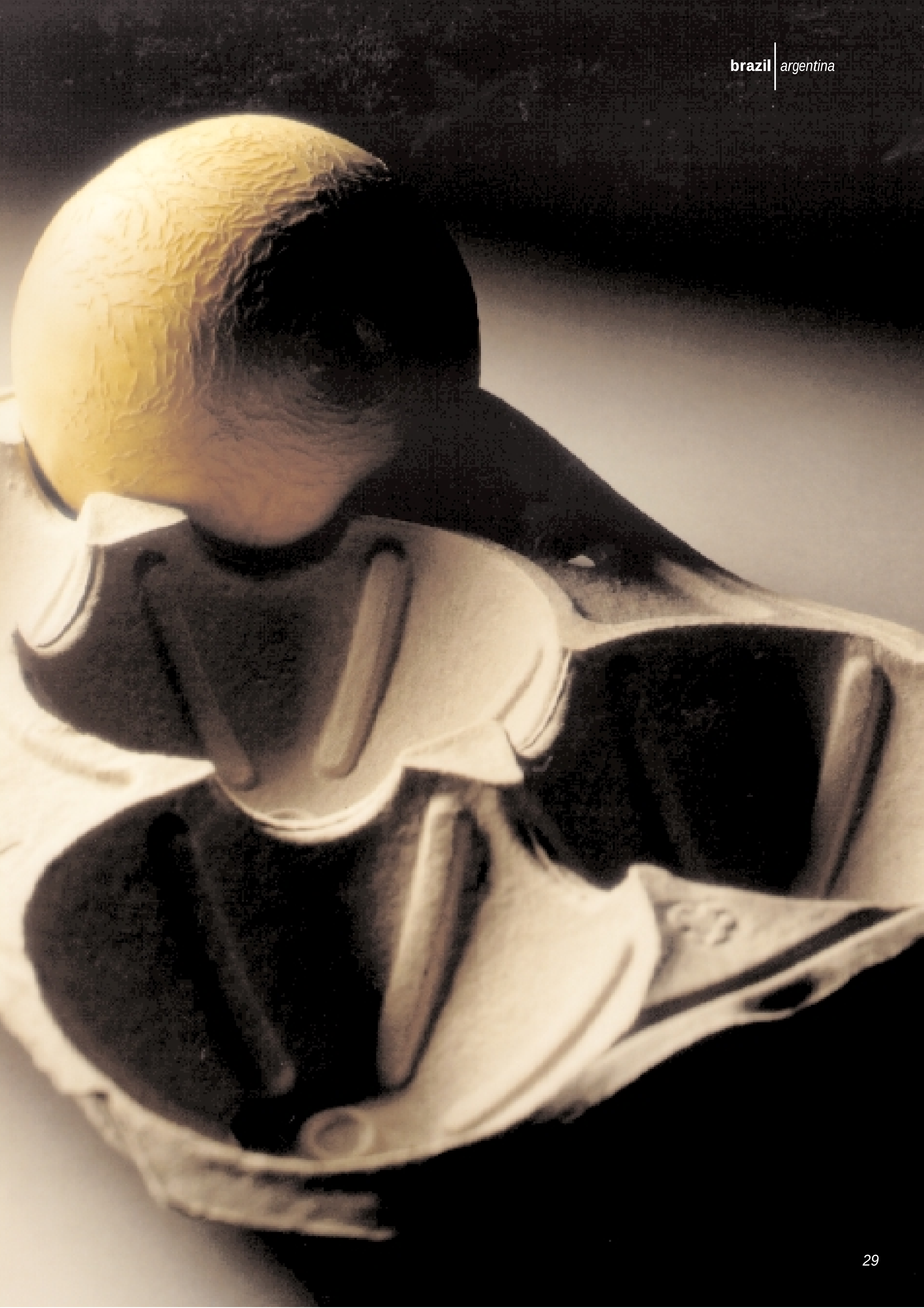
The Division is cautious in its outlook for Argentina. Focus will be on hedging against further devaluations and a higher number of bad and doubtful debts, and cost-cutting measures will be initiated whenever possible. But the devaluation may also have a positive effect on turnover because of the growing exports of fruit for which Hartmann supplies the packaging.

Due to the current uncertainty with regard to exchange rate developments in Brazil and Argentina, and in view of the price competition in Brazil, lower earnings are forecast for 2002. If the strong price competition currently prevailing in Brazil is not reduced significantly over the next couple of months, the result in South America is likely to deteriorate considerably compared to 2001.

Facts about the Division

The Division comprises Hartmann-Mapol do Brasil Ltda. and Hartmann-PPM Argentina S.R.L., and they both produce and market egg and fruit packaging in Brazil, Argentina and their neighbouring countries. The Division contributed 16% of consolidated turnover in 2001

Responsible: Per E. L. Olsen, Director



Industrial Packaging

Fiscal 2001 was a difficult year for Industrial Packaging which posted a total drop in turnover of 12%, from DKK 114 million in 2000 to DKK 100 million in 2001. The drop was due to the development in sales to the Division's largest customer segment, packaging for mobile phones, which were considerably lower than expected due to factors such as the general economic downturn in the second half of the year.

Operating profit was negative in an amount of DKK 1 million against the positive DKK 8 million posted in 2000, mainly due to the loss of earnings in Europe, whereas earnings in the new markets in South-East Asia, Japan and the USA remained at the year-earlier level.

In the second half of the year the Division reviewed its sales strategy and initiated the roll-out of a new strategy plan to reduce dependence on the mobile phone market and allow a restoration of growth in the Division through a focused sales effort vis-a-vis other customer segments.

Manufacturers of mobile phones constitute the Division's largest customer segment in Europe. After several years of strong growth in this segment, the Division recorded a significant decline in sales in 2001. The steep increase in demand forecast by manufacturers of mobile phones for the second half of 2001 never materialised, one of the reasons being the generally negative business trends. This also had an adverse effect on demand in the other customer segments – but here Hartmann succeeded in maintaining the turnover level almost unchanged.

South-East Asia, too, reported of a sizeable downturn in sales of packaging for mobile phones but also saw positive developments in sales to the other customer segments in 2001. Japan was off to a slow start, but the first major orders have now been landed in competition with local suppliers, and several large orders are currently being negotiated. The potential offered by the Japanese market proved larger than expected, and late in the year Hartmann decided to give a further boost to its sales efforts in this country.

In North America sales showed satisfactory growth, and the Group's activities in 2001 generated a satisfactory earnings margin.

Hartmann has an important competitive advantage in being the only manufacturer worldwide with activities on three continents. This enables the Group to deliver packaging for global producers with production units placed in a geographical spread. The Group worked intensively to further benefit from this advantage in 2001, and in the second half of the year the first global orders were landed for delivery of the same product to several continents. This type of references will pave the way for more global orders in future.

The market environment

The European market for industrial packaging of moulded fibre is undergoing consolidation, and in the course of 2001 several suppliers discontinued their sales efforts. With its share of 50% of the market, Hartmann was market leader as early as in 2000, and it is estimated that this share has been maintained despite dwindling sales.

Hartmann is a leading market actor in South-East Asia with a market share of approx. 30%. Several minor manufacturers of moulded fibre started up in 2001, but they are not believed to

Developments in **sales and earnings**

DKKm	2001	2000
Net turnover, total	100	114
Operating profit	(1)	8
- Europe	7	17
- Malaysia/Japan/USA	(8)	(9)

seriously affect Hartmann's marketing opportunities in the long term. In the short term, however, the escalated competition may pressurise prices.

Japan remains a new market to Hartmann and is characterised by few large suppliers and several small competitors. However, thanks to its unique production technology and low production costs in Malaysia, Hartmann has several competitive advantages.

In North America Hartmann is a relatively new and small supplier. This market is characterised primarily by regional producers and one single major competitor. The potential is deemed bigger than that offered by Europe, and the Division's competitive advantages are already generating the first positive results.

Outlook for 2002

The new sales strategy is expected to restore growth in 2002 and cause a major improvement in the Division's earnings.

The Division's products remain strongly positioned in the markets compared to other manufacturers of moulded fibre. This is a good basis for a considerably more aggressive and focused sales effort. The objective is to capture significant market shares from manufacturers of industrial packaging in corrugated cardboard, expanded polystyrene or thermo-moulded plastic, but also from other existing manufacturers of moulded fibre. The market is thus seen to have a considerable potential.

Growth in 2002 will be generated both by the Division's main market, Europe, and by the relatively new markets in South-East Asia, Japan and the USA.

Europe is expected to see satisfactory growth in sales – primarily to customers outside the mobile phone industry – and significant growth in earnings. The sales organisation has been strengthened with the appointment of a sales director for Europe effective from 1 March 2002.

Activities in Malaysia and Japan are expected to generate major growth in sales and a strong improvement in earnings. However, these markets are still in the intitial stages and are not expected to generate an overall profit until 2003.

The market in North America is expected to record a minor increase in both turnover and earnings. The Group is constantly checking out different possibilities of setting up local production as part of its efforts to improve exploitation of the market potential and raise the earnings margin even further.

Overall the Group expects solid growth in both turnover and earnings in 2002. The new sales strategy is expected to make the Division less dependent on the mobile phone industry in the long term and boost Hartmann's sales of packaging for other consumer electronics products.

Facts on the Division

Industrial Packaging develops and produces moulded-fibre packaging customised to the needs of the individual customer. The typical customer is a major multinational manufacturer of e.g. consumer electronics, IT products, mobile phones, power tools, domestic appliances etc. The Division has production sites in Denmark, Hungary and Malaysia and serves customers through sales offices in 4 countries in Europe, 4 countries in South-East Asia and sales offices in Japan and the USA. The Division contributed 7% of consolidated turnover in 2001.

Responsible: Steen Ulrik Madsen, Executive Director

Skjern Papirfabrik A/S

Skjern Papirfabrik posted a turnover of DKK 124 million in 2001, and this reflects a 10% decline from the year-earlier level of DKK 138 million. Demand for core board dwindled, especially in the second half of the year, and sales of both core board and liner fell short of the level attained in fiscal 2000.

Operating profit remained flat at DKK 13 million against DKK 14 million in 2000.

The main reason for the decline in turnover and operating profit was the generally sagging demand in the primary markets of Skjern Papirfabrik. However, the decline in sales volume and sales prices was partially offset by reductions in prices of raw materials.

The market environment

The general downturn in the national economies in Europe also affected demand in the primary business areas of Skjern Papirfabrik, i.e. core board and liner. Skjern Papirfabrik succeeded in maintaining its market shares, but the company posted a general sagging in demand especially in the second half of the year and primarily with regard to liner and certain core board qualities. This raised the proportion of turnover accounted for by products for high-volume markets with keener price competition and, thus, lower prices.

Developments in **sales and earnings**

DKKm	2001	2000
Net turnover, total	124	138
Operating profit	13	14

Outlook for 2002

Developments in the demand for core board and liner are expected to stabilise in the course of 2002, and the proportion of total turnover accounted for by quality products is expected to be restored.

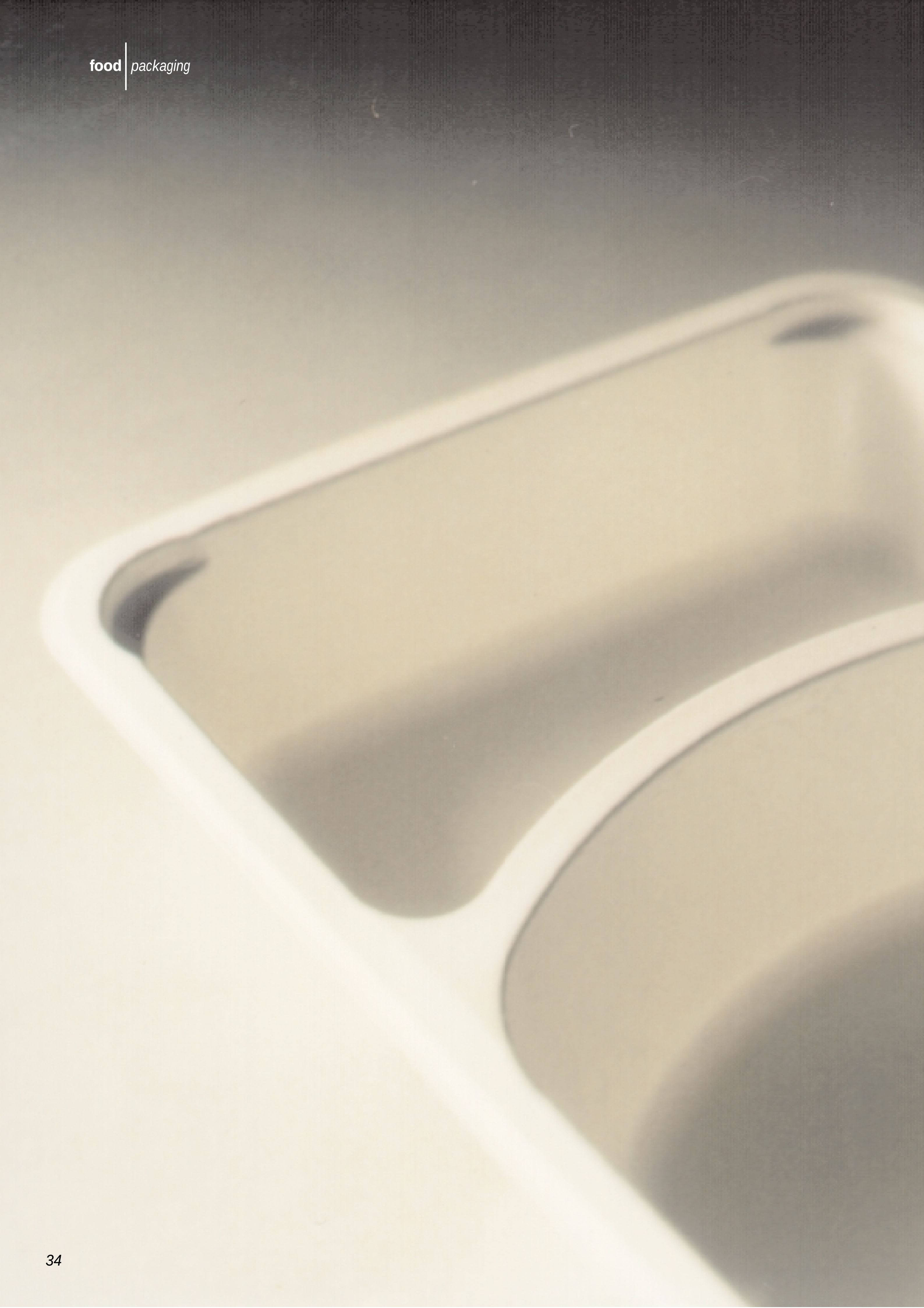
Energy prices are expected to remain flat, and after an optimisation of the product mix the plant is expected to improve productivity.

Overall the company expects turnover and operating profit on a par with the level attained in 2001.

Facts on the Division

Skjern Papirfabrik mainly produces liner for the graphic industry and core board for further processing by manufacturers of household paper and industrial core tubing. All products are made from recycled paper and are sold to companies in the Netherlands, Germany, the UK and Scandinavia. In 2001 the company contributed 9% of consolidated turnover.

Responsible: Jens Thøger Hansen, General Manager



Food Packaging

Developments in products and production

In 1999 Hartmann made it an objective to develop an entirely new concept for food packaging based on the wish to generate increased growth within moulded-fibre packaging. When added with a thin plastic barrier, moulded fibre can be used as packaging even for wet materials – including food.

In 2001 the Group established the facilities and equipment necessary to start up production of the new type of laminated food packaging, which is marketed under the name *dualpack*™, at the existing production site in Tønder. The production process for food packaging requires very high standards of hygiene, and it therefore proved necessary to build a separate production unit with a separate air and climate control system. The running-in of the production facilities took longer than expected, but in late 2001 the facilities were operational.

Hartmann also launched a product and tool development process intended for a basic range of products in a close collaborative effort with potential customers. Throughout the process Hartmann has cooperated with several potential customers who are keenly interested in the product.

The market environment

The market for ready meals, which is the primary market area for *dualpack*™, is a growth market with a resulting positive development in the need for packaging. Growth rates as high as 9% have been recorded in recent years, in particular in the UK which has a well-developed industry for 'convenience food'. The market is divided into frozen and chilled meals with a long, respectively a short, shelf life. The market in the UK prefers chilled meals, whereas the rest of Europe primarily uses frozen ready meals. The total market for ready-meal packaging in Europe is estimated at minimum DKK 500 million. *dualpack*™ is well-suited for both frozen and chilled meals and can also be used for heating in both microwave ovens and conventional ovens.

The existing market for ready-meal packaging is divided between three different types of material: products made of heat stable plastic and products based on core board or aluminium. The UK market prefers plastic, while the rest of Europe is divided between the three different types. dualpack™ has excellent insulating properties, a good design and a strong environmental profile, and this makes it a good alternative to established products. And lastly, dualpack™ is competitive in terms of price.

Outlook for 2002

Hartmann expects to become an established actor in the market for food packaging in 2002. Cooperation with potential customers is expected to develop favourably in 2002, and sales growth is expected to give a positive contribution to consolidated earnings beginning in 2003.

As the development stage of dualpack™ is almost finalised and production is about to begin, a Business Unit Manager for dualpack™, Europe, has been appointed effective from 1 March 2002.

The Group plans to obtain hygiene certification of the production process in 2002.

Responsible: John Hoffmann Frederiksen, Director

Sustainability

For several years already Hartmann has been spearheading environmental work, and among our achievements is the EU Environmental Award which we received for the best management model for sustainable development in Europe. We can produce documentation to show that our efforts generated more sales, saved resources and reduced risks. By positioning ourselves at the cutting edge, we have been able to combine accountability with business benefits.

Sustainable development and corporate communication

Hartmann's work with regard to sustainability is an important pivot in the corporate strategy. The Group's products are created for the purpose of protecting elements of value - be they eggs, fruit or other types of food that have to be handled with care, or advanced technology. There is inherent logic in the fact that Hartmann also tries to protect the other elements of value contained in the supply chain of which its products form part – be they nature's own resources, the environment or the Group's employees – and it also seems only natural for Hartmann to safeguard the interests of shareholders by ensuring economic growth in the company.

Hartmann's approach to sustainability is three-pronged. Its elements are: the environment, people and communication. The concept 'people' here covers both the internal HR work and Hartmann's corporate social responsibility in general.

For several years, the Group has been doing a targeted effort to create environmental improvements and implement environmental management systems. The environmental department is also in charge of the Group's health and safety work.

However, efforts to document and highlight the Group's social responsibility are still in their infancy. A pilot project was carried out in 2001, and in the next year indicators and reporting principles will be defined and provide the basis for the first mapping out of the Group's production sites.

Communication is intended to ensure that the Group's stakeholders are informed of its environmental and social responsibility work. In the course of 2001 the objective of the function was extended to include overall corporate communication with all internal and external stakeholders. This underscores the central position of sustainability in Hartmann's overall profile.

Environment, health and safety

In the period in review, Hartmann continued its targeted efforts to improve aspects in relation to environment, health and safety. The overall purpose of these efforts is to increase the value to both customers and employees and, at the same time, to reduce operating costs and the impact on the surrounding environment.

Another two of the Group's production sites were awarded accreditation under the international standards ISO 14001 and the European EMAS regulation in the course of 2001. This brought the total number of Hartmann's production sites with accreditation of the EMAS systems to 6.

STEP™-environment

STEP™-environment is the overall management model for Hartmann's environmental work, and the Group's environmental department gives ongoing assistance to the production sites in their implementation of the model. In 2002 there will be stronger focus on health and safety aspects, and from now on these aspects will be part of STEP™-human, which specifies, systematises and operationalises Hartmann's corporate social responsibility.

A progress report of the implementation of STEP™-environment in 2001 is available on Hartmann's website, www.hartmann.dk, showing the progress made by the individual production sites and their plans for 2002.

Improvement projects

Hartmann devotes considerable resources to the identification and development of methods and technologies capable of improving the Group's cost-efficiency while, at the same time, improving the profile of products and processes in relation to the environment, health and safety. The most important activities done by the Environmental Department in this area in the past year focused on three activities, all of which received public grants:

Hartmann's environmental management model
STEP™–environment

	step 1	step 2	step 3	step 4	step 5
network		appointment of environmental responsible	establishment of an environmental organisation	development of the environmental organisation	establishment of life cycle networks
management systems	environmental due diligence	preliminary environmental review	construction of an environmental management system	ISO 14001 certification and EMAS registration of the environmental management system	continuous environmental improvements
preventive action		overall targets for cleaner technology effort	implementation of cleaner technology projects	systematic implementation of cleaner technology projects	systematic implementation of cleaner technology projects
life cycle management			involvement of suppliers	preparation of basic life cycle assessment	implementation of life cycle management
communication		internal environmental report	public environmental report	public environmental report	public environmental report
training		how to do basic environmental work	how to do systematic environmental work	how to do holistic environmental work	how to do life cycle management

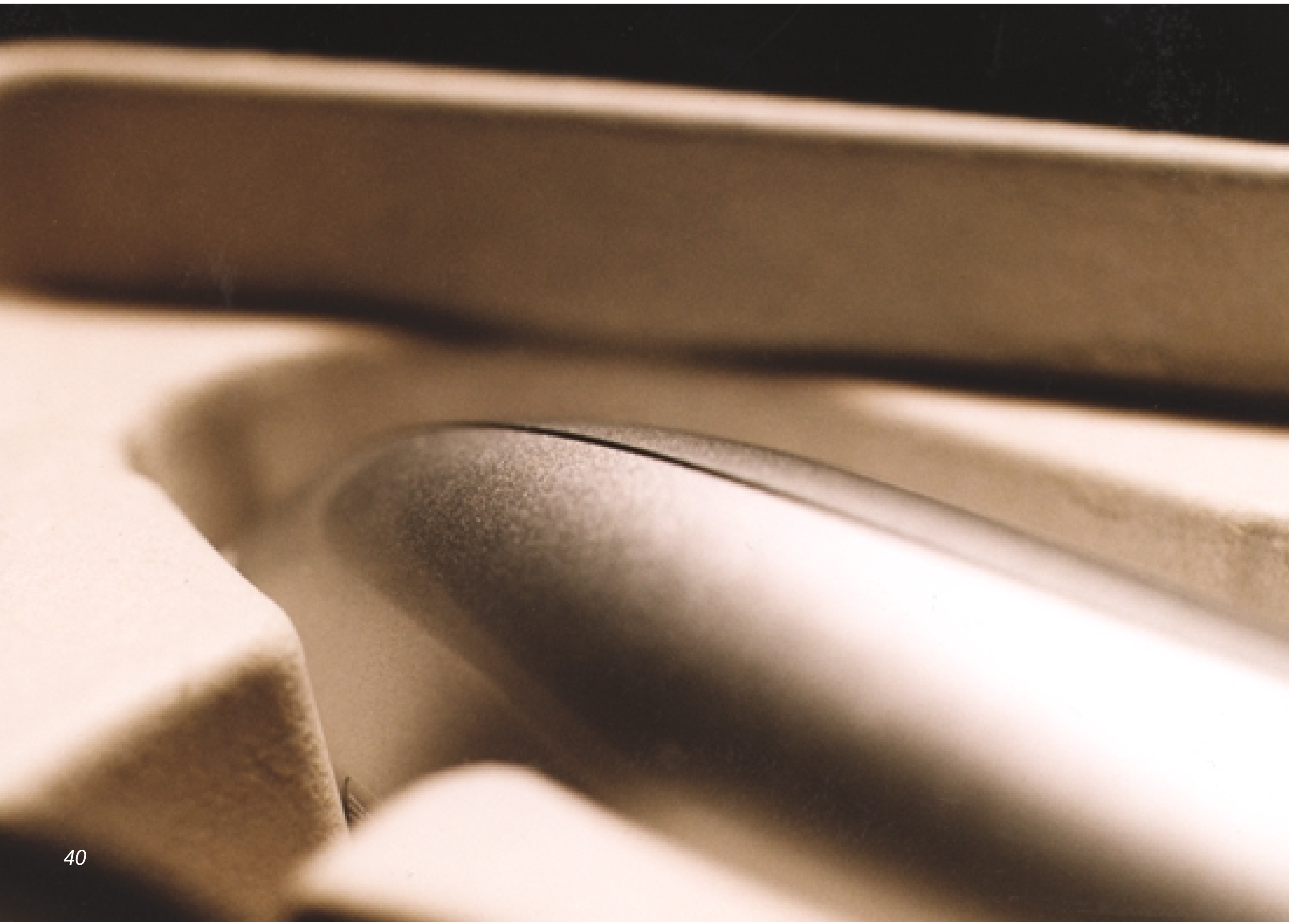
ISO: International Standard Organisation
EMAS: Environmental Management and Audit Scheme

CEVI (Centre for Water in Industry) is supported by the Danish Agency for Trade and Industry and is a centre set up to promote cooperation between a number of Danish companies and establishments of higher education.

In 2001 the centre worked on the development of methods and tools contributing to a reduction in costs related to water, energy and chemicals. Several promising results bode well for the attainment of savings and environmental improvements in coming years.

KEMI (Centre for Chemicals in Industry) is a similar collaborative body which focused in 2001 on the development and testing of methods for further improvements of health and safety in the workplace. The centre works i.a. on a computer tool to improve the efficiency of the handling of chemical data and environmental assessments of chemicals.

And lastly, Hartmann is part of a two-year collaborative effort with Dansk Energi Analyse (Danish Energy Analysis), Instituttet for ProduktUdvikling (the Institute for Product Development) and the Water and Environmental Department of DHI (the Danish Hydraulics Institute). The purpose of the effort is to analyse the present drying technology, identify areas with a potential for improvement and test new and more energy-efficient drying technologies.



Hartmann's management model for social responsibility
STEP™-human

	step 1	step 2	step 3	step 4	step 5
network		Appointment of HS&S responsible	Establishment of HS&S organisation	Development of the HS&S organisation	Establishment of life cycle networks
management systems	HS&S due diligence	Preliminary HS&S review	Construction of HS&S management system	Certification of HS&S management (e.g. OHSAS 18001)	Continuous HS&S improvements
preventive action		Overall targets for HS&S effort	Implementation of HS&S projects	Systematic implementation of HS&S projects	Systematic implementation of HS&S projects
life cycle management			Involvement of suppliers	Preparation of basic HS&S life cycle assessment	Implementation of HS&S life cycle management
communication		Internal HS&S report	Public HS&S report (GRI)	Public HS&S report (GRI)	Public HS&S report (GRI)
training		How to do basic HS&S work	How to do systematic HS&S work	How to do holistic HS&S work	How to do HS&S life cycle management

HS&S: Health, Safety and Social
OHSAS: Occupational Health and Safety Assessment Series
GRI: Global Reporting Initiative

Promising results are expected to contribute to a reduction in energy consumption in coming years. The project is receiving financial support from the Danish Energy Agency.

Participation in the above activities, which involves cooperation with the Group's R&D function and production sites, allows Hartmann to accumulate new and valuable knowledge about products, processes and technologies. By means of effective guidelines and seminars held at the production sites, the findings are communicated, implemented and made value-creating. Implementation is handled in a close collaborative effort with Hartmann Technology.

In order to stimulate the growing environmental awareness in the market, answer inquiries from customers and strengthen sales of the Group's products, Hartmann plans to prepare environmental product labels and obtain accreditation of the bio-degradability of moulded-fibre packaging in 2002.

People

Hartmann wishes to strengthen its efforts to optimise performance and product quality through the systematic development of the Group's human resources. It is considered a success criterion for Hartmann's employee and management development activities that they are integrated with the business strategy and business processes.

Previously, work in relation to employee and management development was handled exclusively by the individual production sites/business units. From now on this work will be supported by a newly-established corporate function, Human Resource Development (HRD), whose job it will be to initiate and inspire to HRD activities across all units in the Group. The function will also work on the drafting of policies, methods and tools for use by all Group units, and it will act as a forum for the creation of networks and knowledge-sharing within HR.

Hartmann has joined forces with the County of Southern Jutland, the municipalities in the county and the companies ECCO A/S, Hydro A/S and Mærsk Container Industry A/S, to set up Business Academy Denmark SouthWest for the purpose of enabling this region to attract career-conscious and ambitious young people by means of a range of business-oriented training programmes organised in close cooperation with the participating companies.

In its work with corporate social responsibility, Hartmann focuses on both internal and external aspects. The HRD function will be involved in efforts to roll out STEP™-human and carry out surveys of employee satisfaction. These surveys will be used as a starting-point for the targeted development of the organisation, the employees and the managers.

Communication

In the autumn of 2001, Hartmann set up a corporate communication function – Corporate Communications - whose job it is to strengthen both internal and external Group communication and contribute to a targeted and systematic handling of the growing quantities of communication activities that follow naturally from the Group's continued growth and globalisation.

The general purpose of Hartmann's internal communication is to bring together all units in the organisation and strengthen it, thereby enchancing its role as a unified source of power. This will be done i.a. by a focused communication effort involving a great deal of knowledge-sharing across the organisation.

Communication with the different groups of stakeholders is vital to Hartmann in its efforts to reap the optimum benefit of its growth strategy. Over the next years, Hartmann will focus on the communication and dialogue potential to be had from a systematic application of information technology.

Responsible Anna Lise Mortensen, Director

Research & Development (R&D)

In 2001 the Group's R&D department carried out activities in a number of different areas.

They included:
- Rolling out the technology concept for lamination of moulded-fibre products – the so-called dualpack™ concept
- Development of process and production methods aimed at improving product quality

The technology for lamination of moulded-fibre products was implemented at the plant in Tønder. After the development, installation and running-in of the production equipment the concept for in-line lamination of moulded-fibre products by means of a heat-resistant barrier was completed, and the whole system became operational in late 2001.

As part of the efforts to improve product quality, a pilot project was launched in 2001 for the purpose of promoting production methods which give products a smoother surface, sharper edges and brighter colours. The pilot project identified several techniques which considerably improve product quality, and the most promising elements are scheduled for implementation in the production process in early 2003.

Focus areas

The Group's R&D activities are derived from the overall corporate business strategy.

These activities are:
- Business development achieved by the development of new product areas
- The creation of competitive advantages in existing business areas by the development of techniques which reduce production costs, methods which increase product quality, and technologies which promote flexibility
- Research into basic knowledge of moulded fibre
- Tests and measurements of product properties

Plans and objectives for 2002

Hartmann's R&D activities will focus on three R&D projects in 2002.

They are:
- Improved product quality in areas such as surface smoothness, edges and colour
- Development of the next product segment by means of the dualpack™ technology
- A pilot project for the assessment of new production concepts

Responsible: John Hoffmann Frederiksen, Director

Group's **R & D costs**

	2001	2000	1999	1998	1997
R&D costs (in DKK'000)	10,471	8,199	5,578	6,269	5,388

Board of Directors and Executive Board

The members of the Board of Directors and the Executive Board held the following directorships and executive positions in other Danish limited companies at 1 March 2002:

CB: Chairman of the board
MB: Member of the board

Board of Directors

Chairman
Mogens Petersen
CB: Caribbean Holding A/S, Basil Product A/S, Apport Systems A/S.
MB: The Nordea Denmark Foundation, the Brødrene Hartmann Foundation.

Vice-Chairman
John Gath
Director, Strategia Finans A/S.
CB: The Brødrene Hartmann Foundation.
MB: Ove Arkil A/S, Ove Arkil Holding A/S, Strategia Finans A/S.

Stephen Horner
Business Affairs Director, EMI-Medley A/S.
MB: Hits and Bits A/S.

Peter-Ulrik Plesner
Attorney-at-law, Law Offices Plesner Svane Grønborg.
CB: Eva Denmark A/S, Johan Mangor Holding A/S, Upfront Chromatography A/S, Piet Hein A/S, Triumph International Textil A/S.
MB: Ciba Vision Danmark A/S, Imadec Holding A/S, Novartis Danmark A/S, Novartis Healthcare A/S, Bahlsen A/S, the Ida Løfberg Foundation, the Brødrene Hartmann Foundation.

Preben Schou
CB: Siemens Aktieselskab.
MB: GN Store Nord A/S, the Gerda & Victor B. Strand Foundation.

Bjarne Eriksen
Director, Julius Koch A/S.

Vagn C. Brink*
Packing Operator

Harry Nielsen*
Production Manager

Svend Wind*
Laboratory Assistant

* Elected by the employees.

Executive Board

Asger Domino
President & CEO
CB: Buhl & Bønsøe A/S.
MB: Nordic Bioscience A/S, the Brødrene Hartmann Foundation.

Per Vinge Frederiksen
Executive Director
CB: Danfiber A/S

Steen Ulrik Madsen
Executive Director
MB: Spejder Sport A/S

Top (left to right): Steen Ulrik Madsen, John Gath, Mogens Petersen, Bjarne Eriksen, Vagn C. Brink, Preben Schou, Peter-Ulrik Plesner and Svend Wind. Bottom (left to right): Harry Nielsen, Stephen Horner, Asger Domino and Per Vinge Frederiksen.

Accounting policies

General

The annual accounts of Parent Company and Group are prepared in accordance with the provisions of the Danish Company Accounts Act and the Copenhagen Stock Exchange guidelines for listed companies. The accounts are presented on the basis of the same accounting policies as last year, however with the full implementation of Accounting Guidelines no. 14 on income tax. Thus, deferred tax assets are recognised in the accounts if they are likely to reduce tax payments in future years.

The change in accounting policies has not affected the profit for the year, nor has it affected the comparative figures for the profit in fiscal 2000. The change in accounting policies has led to a DKK 9.1 million increase in capital and reserves and assets and liabilities at 31 December 2001 (DKK 3.5 million at 31 December 2000).

Where changes have been made in accounting policies and in the grouping of individual items, the comparative figures have been changed accordingly.

There have been no other changes in the Group's accounting policies.

Principles of consolidation

The consolidated accounts include the accounts of the Parent Company, Brødrene Hartmann A/S, and the companies in which, directly or indirectly, the Parent Company holds more than 50% of the votes or otherwise has a controlling interest.

The consolidated accounts are based on the annual accounts of Parent Company and subsidiaries and are prepared by combining items of a like nature from the individual annual accounts prepared under the same accounting policies as applied by the Parent Company.

Eliminations are made for intra-group transactions, interest, dividends, inter-company balances and profits. Shareholdings in subsidiaries are offset against the corresponding share of their capital and reserves.

Associated companies, defined as companies in which the Parent Company holds not less than 20% and not more than 50% of the total voting rights, are valued in the consolidated accounts under the equity method, whereby the share in the profit for the year is included in the profit and loss account, and the share of the net book value is included in the balance sheet.

Acquired goodwill and any excess of the cost price of shareholdings in subsidiaries and associated companies (including acquisition costs) over the net book value at the time of acquisition (Group goodwill) are written off in full against capital and reserves in the year of acquisition after deduction of any tax related thereto.

Newly-acquired companies are included in the consolidated accounts from the date of acquisition. The comparative figures are not changed accordingly.

The annual accounts of foreign subsidiaries that are integrated units are translated into DKK as follows:

Current assets and short-term debt are translated at year-end exchange rates, whereas fixed assets and long-term debt are translated at historical rates. For sales companies with only few fixed assets etc., the balance is translated in its entirety at year-end rates. The profit and loss account is translated at average exchange rates which do not deviate significantly from the exchange rate ruling at the date of transaction. Exchange rate differences from the translation of items are included in the profit and loss account.

The annual accounts of foreign subsidiaries that are independent units are translated into DKK as follows:

The balance is translated at year-end exchange rates. The profit and loss account is translated at average exchange rates which do not deviate significantly from the exchange rate ruling at the date of transaction. Any exchange rate differences occurring in the process are taken directly to capital and reserves.

For foreign associated companies translation is made at year-end exchange rates. Any exchange rate differences resulting from the translation of opening shareholders' equity at year-end exchange rates are taken directly to capital and reserves. Whenever they are considered to be part of the total investment in the individual company, exchange rate adjustments of inter-company accounts with independent foreign subsidiaries are taken directly to capital and reserves.

Minority interests

In the consolidated profit and loss account and balance sheet, such share in the subsidiaries' profit and capital and reserves as is attributable to minority interests is entered separately.
In case of changes in minority interests, the changed share in the profit will be included with effect from the time the change was made.

Translation of foreign currency

Receivables and payables in foreign currency are translated at the rate of exchange ruling at the balance sheet date.
Both unrealised and realised exchange rate gains and losses on these items are included in the profit and loss account.

Public grants

Grants received from public authorities are recognised as income in the period in which the corresponding costs are incurred. Grants relating to assets are accrued and recognised as income over the depreciation period of the asset.

Financial instruments

The Group uses financial instruments to manage financial risks arising out of operations, financing and investment activities.
If the accounting items for which cover has been arranged are recognised assets or liabilities, gains and losses on financial instruments are taken to the profit and loss account at the same time as the accounting items covered.
Exchange rate adjustments of financial instruments arranged in cover of future transactions are taken to the profit and loss account in step with the realisation of the transaction involved.
Gains and losses on loans and financial instruments arranged in forward cover of foreign units or parts thereof are offset in the translation differences which occur in consolidation.

Profit and loss account

The profit and loss account appears in a vertical format, with items being classified according to function.

Net turnover

Net turnover represents amounts invoiced from sales completed during the year.

Production costs

Production costs comprise both direct and indirect costs, including depreciation and wages and salaries. The item also comprises development costs expensed in the year in which they are incurred.

Sales and distribution costs

Sales and distribution costs comprise costs of shipping, staff in the sales organisation, advertising and exhibitions etc., including depreciation.

Administration costs

Administration costs comprise costs of the administrative staff, the management, office premises, office costs etc., including depreciation.

Profits and losses in subsidiaries/associated companies

Profits and losses in subsidiaries/associated companies include the proportional shares in profits and losses before tax after adjustment for movements in intra-group profit.
The proportional share of tax in subsidiaries/associated companies is included in the item "Tax on ordinary profit".

Extraordinary items

Extraordinary items comprise income and expenses which clearly derive from activities other than the ordinary operations and which thus are not expected to occur often or regularly. Tax concerning extraordinary items is shown in connection herewith.

Taxation

Tax on profit for the year includes current tax and changes in deferred tax.

Current tax includes the amount in tax calculated on the basis of the estimated taxable income for the year according to the tax rates applying for the fiscal year.

Any adjustments of tax regarding previous years are entered as a separate item in the profit and loss account.

The Parent Company is taxed jointly with all Danish subsidiaries and some of the foreign subsidiaries.

Corporation tax payable is distributed on a proportional basis on Danish companies with a positive taxable income.

Deferred tax is provided for according to the balance-oriented liability method on the basis of all timing differences between accounting and taxation values of assets and liabilities.

Deferred tax assets are recognised if they are likely to reduce future tax payments within a short period.

Deferred tax is provided for at the expected tax rate.

No provisions are made for deferred tax, if any, on shareholdings in subsidiaries and associated companies.

The balance sheet

The balance sheet appears in a horizontal format.

Tangible fixed assets

Tangible fixed assets are stated at acquisition cost, respectively original cost, with the addition of production overheads and less depreciation made.

Tangible fixed assets are depreciated on a straight-line basis over the estimated useful life in accordance with the following main principles:

Buildings and combined heat and power plant	25 years
Technical plant and machinery	5-15 years
Other operating assets	5-10 years
Computer equipment including basic programmes	3-5 years

Computer software other than basic programmes and purchases not exceeding DKK 9,800 are expensed at the time of purchase.

Gains and losses on sales (other than property sales) are entered as ordinary items.

Shareholdings in subsidiaries

Shareholdings in subsidiaries are valued in the Parent Company under the equity method and are entered in the Parent Company's balance sheet at the net book value of the subsidiaries less intra-group profit on assets and the share accounted for by minority interests.

Shareholdings in associated companies

Shareholdings in associated companies are also valued in the Parent Company under the equity method.

Shareholdings in other companies

Shareholdings in other companies are entered in the balance sheet at acquisition cost less any write-downs whenever it is estimated that there is a lasting value reduction.

Own shares

Holdings of own shares are not recognised as assets, but are written down in full against capital and reserves.

Stocks

Raw materials are valued at purchase price.

Work in progress and finished goods are stated at original cost defined as the purchase price of raw materials and consumables with addition of such direct labour costs as are traceable to the individual goods. No production overheads are included in the original cost.

Goods, for which the expected sales price less any cost to complete and sell (net realisation value) is lower than the purchase price, respectively the original cost, are written down to net realisation value.

Original cost, respectively purchase price, is calculated on the basis of average prices.

Receivables

Receivables are stated less provisions for bad and doubtful debts based on an assessment of the individual item. In addition general provisions are made.

Securities

Securities entered as current assets comprise listed bonds which are valued at the market price quoted on the balance sheet date. Both realised and non-realised price adjustments are included in the profit and loss account.

Statement of cash flows

The consolidated statement of cash flows is presented under the indirect method based on the profit for the year as it appears in the profit and loss account.

The statement shows the Group's cash flows in the year under review as well as its cash funds at 1 January and 31 December.

Cash flows from operations are shown indirectly and are stated as the profit for the year adjusted for non-monetary operating items, changes in current assets and short-term debt, financial and extraordinary items paid, and taxes paid.

Cash flows from investments comprise payments made in connection with the acquisition and sale of fixed assets, including acquisitions of companies. For acquisitions of companies cash flows include only the period after the time of acquisition.

Cash flows from financing activities comprise payments to and from shareholders and the establishment of and repayments on long-term debt.

Cash funds comprise liquid funds, securities and short-term bank debt.

At its meeting today, the Board of Directors and the Executive Board have considered and approved the annual report for fiscal 2001 and recommend its approval by the Annual General Meeting.

Kgs. Lyngby, 19 March 2002

Executive Board:

Asger Domino President & CEO	Per Vinge Frederiksen Executive Director	Steen Ulrik Madsen Executive Director

Board of Directors:

Mogens Petersen Chairman	John Gath Vice-Chairman	Stephen Horner
Peter-Ulrik Plesner	Preben Schou	Bjarne Eriksen
Harry Nielsen	Svend Wind	Vagn C. Brink

Auditors' report

We have audited the consolidated financial statements and the financial statements of Brødrene Hartmann A/S for the year 2001 presented by the Board of Directors and the Executive Board.

Basis of opinion

We planned and conducted our audit in accordance with generally accepted Danish auditing principles and international standards on auditing (ISA) to obtain reasonable assurance that the financial statements are free from material misstatements. Based on an evaluation of materiality and risk during the audit, we tested the basis and documentation for the amounts and disclosures in the financial statements. An audit includes an assessment of the accounting policies applied and the accounting estimates made. In addition, we evaluated the overall adequacy of the presentation in the financial statements.

Our audit did not result in any qualifications.

Opinion

In our opinion, the consolidated financial statements and the financial statements of Brødrene Hartmann A/S have been presented in accordance with the accounting provisions of Danish legislation and give a true and fair view of the Group's and the Parent Company's assets and liabilities, financial position and profit/loss for the year.

Copenhagen, 19 March 2002

KPMG C. Jespersen		Grant Thornton Statsautoriseret Revisionsaktieselskab
Bjarne Fabienke State-authorised Public Accountant	Niels Bjørn Rasmussen State-authorised Public Accountant	Christian Fløistrup State-authorised Public Accountant

Profit and loss account

DKKm

for the period 1 January to 31 December

	Group		*Parent company*		
	2001	**2000**	**2001**	**2000**	**Note**
Net turnover	1,422.1	1,357.3	632.4	644.4	1
Other income	3.3	3.1	14.0	13.8	
	1,425.4	1,360.4	646.4	658.2	
Production costs	(988.1)	(966.4)	(498.5)	(516.3)	
Gross profit	**437.3**	**394.0**	**147.9**	**141.9**	
Sales and distribution costs	(263.4)	(245.2)	(85.6)	(82.6)	
Administration costs	(77.6)	(71.5)	(47.6)	(40.6)	
Profit before tax in subsidiaries	-	-	57.0	41.6	2
Operating profit	**96.3**	**77.3**	**71.7**	**60.3**	
Profit before tax in associated companies	1.6	5.2	1.6	5.2	
Profit before interest etc.	**97.9**	**82.5**	**73.3**	**65.5**	
Other income from financial fixed assets	0.6	0.8	0.6	0.8	3
Interest (net)	(27.0)	(26.2)	(2.8)	(10.9)	4
Ordinary profit before tax	**71.5**	**57.1**	**71.1**	**55.4**	
Tax on ordinary profit	(18.8)	(22.2)	(18.8)	(21.9)	5
Adjustment of tax re previous years	(0.1)	5.2	(0.1)	5.1	5
Profit before minority interests	**52.6**	**40.1**	**52.2**	**38.6**	
Share of profit attributable to minority interests	(0.4)	(1.5)	-	-	
Profit for the year	**52.2**	**38.6**	**52.2**	**38.6**	

Proposed distribution of profit:	
Dividend	16.2
Transfer to other reserves	24.3
Transfer to reserve for net revaluation under the equity method	11.7
	52.2

Balance sheet

DKKm

at 31 December

	Group		*Parent Company*		
Assets	**2001**	**2000**	**2001**	**2000**	**Note**
Fixed assets					
Tangible fixed assets					
Land and buildings	250.9	269.3	109.8	113.9	
Technical plant and machinery	601.7	640.5	263.2	284.7	
Other operating assets	44.3	46.0	21.1	22.2	
	896.9	955.8	394.1	420.8	6
Prepayments and plant under construction	29.8	26.9	16.0	12.9	
Total tangible fixed assets	**926.7**	**982.7**	**410.1**	**433.7**	
Financial fixed assets					
Shareholdings in subsidiaries	-	-	513.7	525.4	7
Receivables from subsidiaries	-	-	33.0	41.4	
Shareholdings in associated companies	8.2	27.1	8.2	27.1	8
Shareholdings in other companies	10.7	10.8	10.7	10.8	9
Deferred tax assets	9.1	3.5	-	-	12
Total financial fixed assets	**28.0**	**41.4**	**565.6**	**604.7**	
Total fixed assets	**954.7**	**1,024.1**	**975.7**	**1,038.4**	
Current assets					
Stocks	82.4	87.8	30.1	31.4	10
Receivables					
Trade debtors	254.5	237.6	37.3	28.6	
Bills of exchange	0.8	2.0	0.8	2.0	
Receivables from subsidiaries	-	-	102.9	68.4	
Dividend receivable from subsidiaries	-	-	26.6	29.0	
Dividend receivable from associated companies	-	0.1	-	0.1	
Corporation tax	14.4	9.0	2.7	1.0	
Other receivables	29.6	16.9	17.8	4.1	
Prepayments and accrued income	5.2	2.4	2.8	1.1	
Total receivables	**304.5**	**268.0**	**190.9**	**134.3**	
Securities	97.6	-	97.6	-	
Cash funds	79.0	36.3	20.3	0.1	
Total current assets	**563.5**	**392.1**	**338.9**	**165.8**	
Total assets	**1,518.2**	**1,416.2**	**1,314.6**	**1,204.2**	

Balance sheet

DKKm

at 31 December

Liabilities	Group 2001	Group 2000	Parent Company 2001	Parent Company 2000	Note
Capital and reserves					
Share capital	70.2	70.2	70.2	70.2	11
Premium on issue	300.0	300.0	300.0	300.0	
Reserve for net revaluation under the equity method	7.6	10.9	-	-	
Other reserves	398.3	390.0	405.9	400.9	
Total capital and reserves	**776.1**	**771.1**	**776.1**	**771.1**	
Minority interests	**26.8**	**31.7**	**-**	**-**	
Provisions					
Deferred tax	86.9	79.3	70.3	63.0	12
Total provisions	**86.9**	**79.3**	**70.3**	**63.0**	
Long-term debt					
Mortgages	41.4	32.3	14.4	17.6	
Bank debt	283.0	196.8	273.6	182.3	
Other long-term debt	10.1	8.3	-	-	
Accruals	14.4	14.3	11.8	12.6	13
Total long-term debt	**348.9**	**251.7**	**299.8**	**212.5**	**14**
Short-term debt					
Repayment of long-term debt	20.4	24.3	12.5	12.3	
Prepayments from customers	1.1	1.4	0.3	1.4	
Bank debt	32.1	30.8	16.4	17.2	
Trade payables	81.4	72.6	42.4	39.4	
Payable to subsidiaries	-	-	22.3	20.6	
Payable to associated companies	1.6	3.7	0.8	1.7	
Corporation tax owing	5.0	10.0	-	-	
Other creditors	121.7	127.7	57.5	53.1	
Dividend for the financial year	16.2	11.9	16.2	11.9	
Total short-term debt	**279.5**	**282.4**	**168.4**	**157.6**	
Total debt and provisions	**715.3**	**613.4**	**538.5**	**433.1**	
Total liabilities	**1,518.2**	**1,416.2**	**1,314.6**	**1,204.2**	
Own shares and incentive programmes					15
Provision of security and contingent liabilities					16
Financial instruments					17
Staff					18
Fee to auditors appointed by the General Annual Meeting					19
Group goodwill					20
Related parties					21

Statement of cash flows — DKKm

for the period 1 January – 31 December

	Group		
	2001	**2000**	**Note**
Profit for the year	**52.6**	**40.1**	
Adjustments	157.5	155.9	22
Changes in working capital	(45.1)	(7.1)	23
Cash flows from operations before financial items	**165.0**	**188.9**	
Interest received and similar items	15.5	7.8	
Interest paid and similar items	(40.5)	(33.2)	
Cash flows from ordinary operations	**140.0**	**163.5**	
Corporation tax paid	(19.4)	(8.5)	
Cash flows from operations	**120.6**	**155.0**	
Divestment of companies etc.	30.0	-	24
Acquisition of companies etc.	-	(6.8)	25
Investments in tangible fixed assets	(103.9)	(137.3)	
Sales of tangible fixed assets	8.9	2.9	
Public grants for fixed assets	1.7	0.4	
Dividend received from associated companies	0.1	0.1	
Cash flows from investments	**(63.2)**	**(140.7)**	
Changes in cash flows due to operations and investments	**57.4**	**14.3**	
Repayment of long-term debt	(22.4)	(24.8)	
Establishment of long-term loans	116.6	9.8	
Debt re company acquisitions	-	(43.5)	
Dividend paid	(11.9)	(14.5)	
Cash flows from financing	**82.3**	**(73.0)**	
Changes in cash funds	139.7	(58.7)	
Cash funds (net) at 1 January	4.8	64.2	26
Cash funds (net) at 31 December	**144.5**	**5.5**	**26**

Developments in capital and reserves DKKm

Group	Share capital (in units of DKK 20)	Premium on issue	Net revaluation under the equity method	Other reserves	Total capital and reserves at year-end
Balance at 1 January 2000	**70.2**	**300.0**	**7.8**	**367.4**	**745,4**
Effect of change in accounting policies	-	-	-	3.5	3.5
Adjusted balance at 1 January 2000	**70.2**	**300.0**	**7.8**	**370.9**	**748.9**
Profit for the year	-	-	-	38.6	38.6
Accounted for by associated companies after tax and dividend	-	-	3.1	(3.1)	-
Dividend for the accounting year	-	-	-	(11.9)	(11.9)
Goodwill net, including acquisition costs	-	-	-	(5.0)	(5.0)
Exchange rate adjustments etc.	-	-	-	0.5	0.5
Balance at 31 December 2000	**70.2**	**300.0**	**10.9**	**390.0**	**771,1**
Profit for the year	-	-	-	52.2	52.2
Accounted for by associated companies after tax and dividend	-	-	1.1	(1.1)	-
Dividend for the accounting year	-	-	-	(16.2)	(16.2)
Gain on sale of shareholdings in associated company	-	-	-	9.9	9.9
Exchange rate adjustments etc.	-	-	-	(40.9)	(40.9)
Brought forward	-	-	(4.4)	4.4	-
Balance at 31 December 2001	**70.2**	**300.0**	**7.6**	**398.3**	**776.1**

Parent Company					
Balance at 1 January 2000	**70.2**	**300.0**	**-**	**375.2**	**745.4**
Effect of change in accounting policies	-	-	-	3.5	3.5
Adjusted balance at 1 January 2000	**70.2**	**300.0**	**-**	**378.7**	**748.9**
Brought forward	-	-	-	22.5	22.5
Profit for the year	-	-	4.1	-	4.1
Goodwill net, including acquisition costs	-	-	(0.7)	(4.3)	(5.0)
Exchange rate adjustments etc.	-	-	0.6	-	0.6
Transfer	-	-	(4.0)	4.0	-
Balance at 31 December 2000	**70.2**	**300.0**	**-**	**400.9**	**771.1**
Brought forward	-	-	-	24.3	24.3
Profit for the year	-	-	11.7	-	11.7
Gain on sale of shares in associated company	-	-	-	9.9	9.9
Exchange rate adjustments etc.	-	-	(40.9)	-	(40.9)
Transfer	-	-	29.2	(29.2)	-
Balance at 31 December 2001	**70.2**	**300.0**	**-**	**405.9**	**776.1**

Notes

DKKm

	Group		Parent Company	
1. Net turnover	**2001**	**2000**	**2001**	**2000**
Export sales	1,330.9	1,269.6	558.3	574.7
Domestic sales	91.2	87.7	74.1	69.7
Total net turnover	**1,422.1**	**1,357.3**	**632.4**	**644.4**
2. Profit before tax in subsidiaries, Parent Company				
Profit before tax	-	-	78.5	68.3
Loss before tax	-	-	(21.4)	(26.4)
	-	-	57.1	41.9
Change in intra-group profits	-	-	(0.1)	(0.3)
Total profit before tax in subsidiaries	-	-	**57.0**	**41.6**
3. Other income from financial fixed assets				
Dividend on shares in other companies	0.6	0.8	0.6	0.8
4. Interest (net)				
Interest income				
Interest income, subsidiaries	-	-	3.8	5.2
Exchange-rate adjustment re translation of subsidiaries	4.1	-	4.1	-
Exchange-rate adjustment securities (net)	0.2	-	0.2	-
Other interest income	10.5	9.5	4.6	2.5
Total interest income	**14.8**	**9.5**	**12.7**	**7.7**
Interest expenses				
Interest expenses, subsidiaries	-	-	1.2	-
Exchange-rate adjustment re translation of subsidiaries	-	2.6	-	2.6
Interest expenses on long-term debt	17.2	16.4	12.8	12.0
Other interest expenses	24.6	16.7	1.5	4.0
Total interest expenses	**41.8**	**35.7**	**15.5**	**18.6**
Interest (net)	**(27.0)**	**(26.2)**	**(2.8)**	**(10.9)**

Notes

DKKm

5. Tax for the year	Group 2001	Group 2000	Parent Company 2001	Parent Company 2000
Corporation tax	10.9	13.5	2.3	2.2
Change in deferred tax	7.6	6.6	7.3	5.9
	18.5	20.1	9.6	8.1
Tax in subsidiaries	-	-	8.9	11.7
Share of tax, associated companies	0.4	2.1	0.4	2.1
Change in deferred tax on intra-group profits	(0.1)	-	(0.1)	-
Total tax on ordinary profit	**18.8**	**22.2**	**18.8**	**21.9**
Changes in deferred tax (due to lowering of tax rate)	-	(4.6)	-	(4.0)
Tax re previous years in subsidiaries	-	-	0.2	(3.0)
Tax re previous years	0.1	(0.6)	(0.1)	1.9
Adjustment of tax previous years	**0.1**	**(5.2)**	**0.1**	**(5.1)**
Tax for the year	**18.9**	**17.0**	**18.9**	**16.8**
A breakdown of tax on ordinary profit for the year:				
Calculated 30% tax on ordinary profit before tax (2000: 32%)	21.4	18.3	21.3	17.7
Adjustment of calculated tax in foreign companies at 30% (2000: 32%)	(10.9)	9.1	(10.1)	8.2
Non-taxable income items and non-deductible cost items:	8.5	(5.2)	7.8	(3.9)
Effect of change in Danish tax rate	-	(4.6)	-	(4.0)
Adjustment of tax re previous years	(0.1)	(0.6)	(0.1)	(1.2)
	18.9	**17.0**	**18.9**	**16.8**
Effective tax rate	26.4%	29.8%	26.6%	30.3%

The Parent Company paid a total of (net) DKK 3.9 million in corporation tax in 2001 (taxes paid by Group in 2001: DKK 19.4 million)

Notes

DKKm

6. Tangible fixed assets, Group	Land and buildings	Technical plant and machinery	Other operating assets	Total
Total acquisition cost at 1 January 2001	418.4	1,339.0	175.5	1,932.9
Exchange rate adjustment	(15.5)	(36.7)	(5.0)	(57.2)
Additions	6.6	73.0	21.6	101.2
Disposals	-	(18.3)	(6.6)	(24.9)
Total acquisition cost at 31 December 2001	**409.5**	**1,357.0**	**185.5**	**1,952.0**
Total depreciation and write-downs at 1 January 2001	149.1	698.5	129.5	977.1
Exchange-rate adjustment	(2.9)	(19.4)	(3.0)	(25.3)
Depreciation on assets sold	-	(11.8)	(4.3)	(16.1)
Depreciation for the year	12.2	88.0	19.0	119.2
Depreciation re price loss on remortgaging	0.2	-	-	0.2
Total depreciation and write-downs at 31 December 2001	**158.6**	**755.3**	**141.2**	**1,055.1**
Net book value at 31 December 2001	**250.9**	**601.7**	**44.3**	**896.9**

The rateable cash value of Danish properties at 1 January 2001 came to DKK 147.9 million. The Danish properties have a book value of DKK 122.2 million of which DKK 1.1 million relates to a price loss on remortgaging.

Security has been provided for a DKK 65.6 million guarantee issued by a third party in the form of a letter of indemnity with a nominal value of DKK 82.0 million and registered on real property.

Notes

DKKm

6. Tangible fixed assets - continued, Parent Company	Land and buildings	Technical plant and machinery	Other operating assets	Total
Total acquisition cost at 1 January 2001	210.1	681.5	109.8	1,001.4
Additions	0.8	18.2	10.5	29.5
Disposals	-	(11.8)	(3.8)	(15.6)
Total acquisitions at 31 December 2001	**210.9**	**687.9**	**116.5**	**1,015.3**
Total depreciation and write-downs at 1 January 2001	96.2	396.8	87.7	580.7
Depreciation on assets sold	-	(10.2)	(2.4)	(12.6)
Depreciation for the year	4.7	38.1	10.1	52.9
Depreciation re price loss on remortgaging	0.2	-	-	0.2
Total depreciation and write-downs at 31 December 2001	**101.1**	**424.7**	**95.4**	**621.2**
Net book value at 31 December 2001	**109.8**	**263.2**	**21.1**	**394.1**

"Land and buildings" includes a price loss from remortgaging of DKK 1.0 million.

The rateable cash value of real property at 1 January 2001 came to DKK 135.1 million.

Security has been provided for a DKK 65.6 million guarantee issued by a third party in the form of a letter of indemnity with a nominal value of DKK 82.0 million and registered on real property.

"Technical plant and machinery" includes assets with a net book value of DKK 54.2 million leased to a subsidiary.

	Group		*Parent Company*	
Breakdown of depreciation for the year	**2001**	**2000**	**2001**	**2000**
Depreciation for the year	119.2	120.9	52.9	56.8
Share of public grant charged to income	(1.9)	(1.8)	(1.2)	(1.1)
Total depreciation (net)	**117.3**	**119.1**	**51.7**	**55.7**
Total depreciation (net) for the year is entered in the profit and loss account in the following items:				
Production costs	107.2	108.2	47.5	50.8
Sales and distribution costs	3.2	3.4	0.8	0.9
Administration costs	6.9	7.5	3.4	4.0
Total depreciation (net)	**117.3**	**119.1**	**51.7**	**55.7**

Notes

DKKm

7. Shareholdings in subsidiaries

	Shareholding	Net book value
Skjern Papirfabrik A/S, Denmark, nominal value DKK 2,000,000	100%	38.3
Hartmann Verpackung Ges.mbH, Austria, nominal value ATS 500,000	100%	0.4
Hartmann (UK) Ltd., England, nominal value GBP 75,000	100%	2.4
Hartmann Belgium N.V./S.A., Belgium, nominal value BEF 2,500,000	100%	0.9
Hartmann France S.a.r.l., France, nominal value FRF 700,000	100%	2.2
Hartmann Verpackung AG, Switzerland, nominal value CHF 100,000	100%	1.2
Hartmann Italiana S.r.l., Italy, nominal value ITL 20,000,000	100%	0.2
Hartmann-Schwedt GmbH, Germany, nominal value DEM 6,000,000	100%	31.4
(subsidiary: Hartmann Verpackung GmbH)	100%	
Hartmann-Bábolna Packaging Kft., Hungary, nominal value HUF 786,870,000	100%	89.3
Hartmann Polska Sp. z o.o., Poland, nominal value PLN 50,000	100%	0.8
Hartmann CZ s.r.o., the Czech Republic, nominal value CZK 1,000,000	100%	0.4
Brødrene Hartmann Invest ApS, Denmark, nominal value DKK 20,000,000	100%	60.6
(subsidiary: Hartmann-PPM Argentina S.R.L.)	85%	
Hartmann-Mapol do Brasil Ltda., Brazil, nominal value BRL 19,245,363	85%	131.2
Hartmann Holdings (S) Pte. Ltd., Singapore, nominal value SGD 20,000,000	100%	57.6
(subsidiary: Hartmann Malaysia Sdn. Bhd.)	100%	
Hartmann Bilokalnik d.o.o., Croatia, nominal value HRK 53,727,800	100%	62.2
Hartmann-Mai Ltd., Israel, nominal value ILS 2,000	100%	16.1
Hartmann-Varkaus Oy, Finland, nominal value FIM 5,000,000	100%	29.7
Hartmann Vilnius, Lithuania, nominal value LTL 10,000	100%	-
Nihon Hartmann K.K., Japan, nominal value JPY 10,000,000 JPY	100%	-
		524.9
Reversed intra-group profits		(16.0)
Deferred tax thereon		4.8
Shareholdings in subsidiaries at 31 December 2001		**513.7**

Acquisition cost at 1 January 2001	588.6
Capital increase	19.0
Acquisition cost at 31 December 2001	**607.6**
Revaluation at 1 January 2001	(63.2)
Profit for the year	48.1
Dividend	(41.5)
Other revaluations	(37.3)
Revaluations at 31 December 2001	**(93.9)**
Book value at 31 December 2001	**513.7**

Notes

DKKm

8. Shareholdings in associated companies

	Shareholding	Net book value
DanFiber A/S, Søborg, nominal value DKK 500,000	50%	8.2
Shareholdings in associated companies at 31 December 2001		**8.2**
Shareholdings in associated companies at 1 January 2001		27.1
Disposal		(19.9)
Adjustment to shareholders' equity		1.0
Shareholdings in associated companies at 31 December 2001		**8.2**

9. Shareholdings in other companies

Celulosas Moldeadas Hartmann S.A., "CEMOSA", Spain, nominal value ESP 127,873,000	**18.4%**	10.7
Colombiana de Moldeados S.A., "COMOLSA", Colombia, nominal value COP 4,773,843	**1.1%**	-
Shareholdings in other companies at 31 December 2001		**10.7**

10. Stocks

	Group		*Parent Company*	
	2001	**2000**	**2001**	**2000**
Raw materials and consumables	39.0	44.9	17.5	20.4
Work in progress	1.0	0.7	0.9	0.7
Finished goods	42.4	42.2	11.7	10.3
Stocks at 31 December	**82.4**	**87.8**	**30.1**	**31.4**

11. Capital and reserves, Group

		2001	**2000**
Composition of the share capital:			
A-shares:	1 unit of DKK 5,000,000	5.0	5.0
	1 unit of DKK 1,400,000	1.4	1.4
AA-shares:	1 unit of DKK 2,133,000	2.2	2.2
B-shares:	3,080,895 units of DKK 20	61.6	61.6
Share capital at 31 December		**70.2**	**70.2**

Notes

DKKm

12. Deferred tax	Group 2001	Group 2000	Parent Company 2001	Parent Company 2000
Deferred tax at 1 January 2001	75.8	71.3	63.0	55.2
Opening adjustment, deferred tax asset	-	(3.5)	-	-
Deferred tax for the year	2.0	8.0	7.3	7.8
Deferred tax at 31 December	**77.8**	**75.8**	**70.3**	**63.0**
A breakdown of deferred tax:				
Classified under liabilities:				
Additional tax depreciation of tangible fixed assets	92.7	71.5	70.7	51.3
Provisions for bad debts	(2.4)	(2.2)	(2.1)	(2.2)
Others	(3.4)	10.0	1.7	13.9
Deferred tax at 31 December	**86.9**	**79.3**	**70.3**	**63.0**
Classified under financial fixed assets:				
Tax deficit brought forward	(3.5)	(3.5)	-	-
Others	(5.6)	-	-	-
Deferred tax at 31 December	**(9.1)**	**(3.5)**	**-**	**-**

13. Accruals (public grants)	Group	Parent Company
Total public grants at 1 January 2001	27.1	18.8
Exchange rate adjustments etc.	0.0	-
Additions	1.8	0.4
Total public grants at 31 December 2001	**28.9**	**19.2**
Depreciation at 1 January 2001	11.0	5.0
Exchange rate adjustments	0.0	-
Depreciation for the year	1.9	1.2
Total depreciation at 31 December 2001	**12.9**	**6.2**
Book value at 31 December 2001	16.0	13.0
Short-term debt thereof	(1.6)	(1.2)
Accruals at 31 December 2001	**14.4**	**11.8**

Notes

DKKm

14. Long-term debt

Group

	Due within 1 – 5 years	Due after 5 years	Total
Mortgages, fixed interest 5.2 – 9.6%	23.5	17.9	41.4
Bank debt, fixed interest 4.6 – 8.6%	60.5	222.5	283.0
Other long-term debt, variable interest	5.1	5.0	10.1
Accruals	5.9	8.5	14.4
Long-term debt at 31 December 2001	**95.0**	**253.9**	**348.9**

14. Long-term debt - continued

Parent Company

Mortgages, fixed interest 5.2%	14.4	-	14.4
Bank debt, fixed interest 4.6 – 8.6%	54.5	219.1	273.6
Accruals	4.0	7.8	11.8
Long-term debt at 31 December 2001	**72.9**	**226.9**	**299.8**

15. Own shares and incentive programmes

Hartmann's holding of own shares is unchanged at 100,000 units, representing 2.85% of the total share capital. The shares were acquired in cover of option contracts made with the Executive Board in October 1998 and exercisable until August 2003 at a price of 214. On page 9 of the Annual Report there is an outline of a new share option scheme involving 50,000 shares scheduled for allocation in Spring 2002 and exercisable at a price of 120 not earlier than 2 years and not later than 5 years after the allocation. The new 50,000-share scheme is intended to partially replace the share option scheme from 1998 and is included in the holding of own shares. The market value of the old and new scheme at 31 December 2001 came to a total of DKK 1.3 million. The stated market values are calculated under the Black-Scholes model for the valuation of share options. The calculation is based upon an assumed volatility of 10%, a risk-free interest rate of 5% and an expected term of 18 months after the commencement of the exercise period.

16. Provision of security and contingent liabilities

The Parent Company has provided guarantees of DKK 36.2 million for the debt of subsidiaries.

The Parent Company is jointly and severally liable with the other jointly-taxed Danish companies for the tax payable on jointly-taxed income.

17. Financial instruments

At 31 December 2001 the Group has arranged open-ended forward contracts with a term of up to 9 months. The contracts represent a value of GBP 5.3 million corresponding to DKK 63.2 million. The market value (net) amounts to minus DKK 1.2 million which will be taken to the profit and loss account in step with the realisation of the transactions involved.

Notes

DKKm

18. Staff	Group 2001	Group 2000	Parent Company 2001	Parent Company 2000
Staff costs are itemised as follows:				
Wages, salaries and remuneration	378.8	372.2	212.4	209.7
Pension contributions	35.5	32.7	16.5	15.3
Other social security contributions	18.1	17.3	1.2	1.2
Total staff costs	**432.4**	**422.2**	**230.1**	**226.2**
Number of employees				
Average number of full-time employees	2,093	2,062	646	684

The amount entered for wages, salaries, remuneration and pension contributions in the Parent Company include salaries and remuneration to the Executive Board of DKK 7.1 million (DKK 8.3 million in 2000) and emoluments to the Board of Directors of DKK 1.3 million (DKK 1.1 million in 2000).The amounts entered for wages, salaries, remuneration and pension contributions in the Group include salaries and remuneration to the Executive Board of the Parent Company of DKK 7.1 million (DKK 8.5 million in 2000) and emoluments to the Board of Directors of DKK 1.3 million (DKK 1.1 million in 2000).

19. Fees to the auditors appointed by the General Meeting	Parent Company 2001	Parent Company 2000
Statutory audit:		
KPMG C.Jespersen	0.7	0.7
Grant Thornton Statsautoriseret Revisionsaktieselskab	0.1	0.1
	0.8	0.8
Other services:		
KPMG C.Jespersen	0.6	0.9
Grant Thornton Statsautoriseret Revisionsaktieselskab	-	-
	0.6	0.9
Total fees	**1.4**	**1.7**

20. Group goodwill

According to the Group's accounting policies goodwill, including Group goodwill etc., from the acquisition of subsidiaries and associated companies, is written off in full against capital and reserves in the year of acquisition. In the period 1992-2001 a total of DKK 64.7 million was written off against capital and reserves in Group goodwill net. Below is a breakdown of this amount on the individual years:

1992	6.2
1993	0.7
1994	1.0
1997	18.4
1998	7.3
1999	24.3
2000 (before allowing for tax)	6.8
Total	64.7

Notes

DKKm

21. Related parties

The Group companies have not been involved in transactions with related parties.

22. Adjustments to the statement of Group cash flows

	Group 2001	Group 2000
Depreciation	117.3	119.2
Gains/losses on sales of fixed assets	(0.2)	(0.5)
Share of profit before tax in associated companies	(1.6)	(5.2)
Other income re financial fixed assets	(0.6)	(0.8)
Interest received and similar income	(14.8)	(6.9)
Interest paid and similar costs	38.5	33.1
Tax on ordinary profit for the year etc.	18.9	17.0
Total adjustments	**157.5**	**155.9**

23. Changes in working capital

	2001	2000
Changes in receivables	(61.5)	(18.2)
Changes in stocks	(0.5)	-
Changes in trade payables etc.	16.9	11.1
Total changes in working capital	**(45.1)**	**(7.1)**

24. Divestment of companies etc., Group

Consists of the sale of the shareholding in Uniscrap A/S Genvindingsindustri.

25. Acquisition of companies etc., Group

Consists of goodwill acquired and acquisition costs.

26. Cash funds, Group

	2001	2000
Cash funds (net) at 1 January	5.5	64.1
Unrealised exchange rate adjustments for the year	(0.7)	0.1
Adjusted cash funds (net) at 1 January	**4.8**	**64.2**
Cash funds (net) at 31 December comprise:		
Cash and bank deposits incl. bonds	176.6	36.3
Short-term bank debt	(32.1)	(30.8)
Cash funds (net) at 31 December	**144.5**	**5.5**

GROUP DIRECTORY

Head office:

Brødrene Hartmann A/S
Klampenborgvej 203
DK-2800 Kgs. Lyngby, Denmark

Phone:	+45 45 87 50 30
Fax:	
Executive Board:	+45 45 87 96 33
Administration:	+45 45 87 78 58
Sales, Packaging:	+45 45 87 52 30
Industrial Packaging:	+45 45 87 15 03
Hatmann Technology:	+45 45 87 33 21

E-mail: bh@hartmann.dk
http://www.hartmann.dk

Production plant under parent company:

Brødrene Hartmann A/S
Hartmannsvej 2
DK-6270 Tønder, Denmark
Phone: +45 74 72 85 00
Fax: +45 74 72 02 34
E-mail: bhtonder@hartmann.dk

Subsidiaries in Europe

Hartmann-Bábolna Packaging Kft.
HU-2941 Ács, Ipar U.1., Hungary
Phone: +36 34 595 100
Fax: +36 34 595 101
E-mail: hba@hartmann.dk

Hartmann Belgium N.V./S.A.
Lievestraat 6
BE-9000 Gent, Belgium
Phone: +32 9 225 69 14
Fax: +32 9 233 01 63
E-mail: jdw@hartmann.dk

Hartmann Bilokalnik
ambalaža d.o.o.
Dravska bb
HR-48000 Koprivnica, Croatia
Phone: +385 48 658 800
Fax: +385 48 658 808
E-mail: hbi@hartmann.dk

Hartmann CZ s.r.o.
Gabinova 867
CZ-152 00 Prag 5, the Czech Republic
Phone: +420 2 518 130
Fax: +420 2 518 119 49
E-mail: ptu@hartmann

Hartmann France S.a.r.l.
Le Bailliage du Roi
3, rue du Bailliage
FR-78000 Versailles, France
Phone: +33 1 39 51 21 41
Fax: +33 1 30 21 50 83
E-mail: mde@hartmann.dk

Hartmann Italiana S.r.l.
Via Ronchi, 37
IT-35010 Carmignano di Brenta (PD),
Italy
Phone: +39 049 595 8340
Fax: +39 049 595 8562
E-mail: italiana@hartmann.dk

Hartmann Polska Sp. z o.o.
ul. Pionierów 1
PL-66-400 Gorzów Wlkp., Poland
Phone: +48 957 202 036
Fax: +48 957 352 514
E-mail: hartmann@shaco.pl

Hartmann-Schwedt GmbH
Kuhheide 32
DE-16303 Schwedt/Oder, Germany
Phone: +49 3332 26550
Fax: +49 3332 265529
E-mail: hsc@hartmann.dk

Hartmann (UK) Ltd.
Exchange House
Exchange Square
Beccles
Suffolk NR34 9HH, UK
Phone: +44 1502 71 71 01
Fax: +44 1502 71 38 31
E-mail: huk@hartmann.dk

Hartmann-Varkaus Oy
Satakunnankatu 10
P. O. Box 265
FIN-78201 Varkaus, Finland
Phone: +358 2046 1460
Fax: +358 2046 32 146
E-mail: hvar@hartmann.dk

Hartmann Verpackung AG
Buggenrain 5
CH-6043 Adligenswil-Luzern, Switzerland
Phone: +41 41 370 7038
Fax: +41 41 370 7028
E-mail: jbu@hartmann.dk

Hartmann Verpackung Ges.mbH
Passinigasse 2
AT-1100 Vienna, Austria
Phone: +43 1 688 6006
Fax: +43 1 688 7671

Hartmann Verpackung GmbH
Hauptstrasse 71-79
DE-65760 Eschborn, Germany
Phone: +49 6196 9320
Fax: +49 6196 932 139
E-mail: hvg-de@t-online.de
http://www.hartmannverpackung.de

Skjern Papirfabrik A/S
Birkvej 14
DK-6900 Skjern, Denmark
Phone: +45 97 35 11 55
Fax: +45 97 35 09 09
E-mail: skjernpaper@hartmann.dk

Subsidiaries and sales offices in South America, the Middle East and Asia:

Hartmann-Mai Ltd.
10 Haorzim Street,
Industrial Zone
P.O.B. 13456
IL-42138 Nathanya, Israel
Phone: +972 9 862 1845
Fax: +972 9 862 4467
E-mail: koh@hartmann.dk

Hartmann Malaysia Sdn. Bhd.
PLO 548, Jalan Keluli 11
Kawasan Perindustrian Pasir Gudang
81700 Pasir Gudang
Johor, Malaysia
Phone: +60 7 253 2200
Fax: +60 7 252 3300
E-mail: jen@hartmann-malaysia.com.my

Hartmann-Malaysia Sdn.Bhd
Suite 721, Block B2,
Leisure Commerce Square, No.9,
Jalan PJS 8/9, 46150 Petaling Jaya,
Selangor D.E.
Malaysia
Phone: +60 3 7875 5030
Fax: +60 3 7861 1365,
+60 3 7861 1366

Hartmann-Mapol do Brasil Ltda.
Rua Quintana, 753, 12° andar – Conj. 121
Brooklin Novo
São Paulo, S.P.
CEP 04569-011, Brazil
Phone: +55 11 5505 2755
Fax: +55 11 5505 2707
E-mail: po@hartmann-mapol.com.br

Hartmann-Mapol do Brasil Ltda.
Estrada das Pitas, 431
Aparecidinha
Sorocaba, S.P.
CEP 18087-190, Brazil
Phone: +55 15 238 3200
Fax: +55 15 228 2733
E-mail: jkr@hartmann-mapol.com.br

Hartmann-Mapol Montes Claros Ltda.
Rua H. Andersen, 311
Bairro Industrial
Montes Claros, M.G
CEP 39404-005, Brazil
Phone: +55 38 3222 7616
Fax: +55 38 3222 7476
E-mail: och@hartmann-mapol.com.br

Hartmann-PPM Argentina S.R.L.
Ruta 151 - Km. 0,5
AR-8324 Cipolletti
Rio Negro, Argentina
Phone: +54 299 478 1567
Fax: +54 299 478 2343
E-mail: hs@hartmann-ppm.com.ar

Hartmann-PPM Argentina S.R.L.
Av. Alicia Moreau de Justo 1750, 1-B
Puerto Madero
CP 1107 Buenos Aires, Argentina
Phone: +54 11 4314 1032
Fax: +54 11 4314 1027
E-mail: pwo@hartmann-ppm.com.ar

Nihon Hartmann K.K.
August House 3F
3-23-5 Uehara
Shibuya-ku
Tokyo 151-0064, Japan
Phone: +81 3 3465 3011
Fax: +81 3 3465 3380
E-mail: sss@hartmann.dk

Hartmann - The Philippines
Jaime G. Joson
No. 8, Evangelista St. Maliksi 1, Bacoor
Cavite, The Philippines
Phone: +63 46 417 7612
Fax: +63 46 417 0132
E-mail: jgj@hartmann-malaysia.com.my

Hartmann, Thailand
Wara Kamchaisatian
134/2, Charoenmuang Road,
Rongmuang, Pathumwan,
Bangkok 10330.
Thailand
Phone: +66 1833 1910
E-mail : wrk@hartmann-malaysia.com.my

Hartmann USA – Industrial Packaging
Scott M. Davis
10 East Trillium Circle
The Woodlands, Texas 77381
Phone: +1 409 273 3368
Fax: +1 409 273 3369
E-mail: smd@hartmann.dk

Hartmann USA – Egg & Fruit Packaging
William L. Berndt
1631 Stratton Pond Lane
Schaumburg, Illinois 60194
Phone: +1 847 466 5444
Fax: +1 847 466 5854
E-mail: wb@hartmann.dk

Layout:
Black Pencil A/S

Tekst:
Bottomline Communications A/S

Photos:
Stig Stagie
Christian Graversen

Print:
Interprint A/S

Paper:
Galerie art silk
Omslag 300 g./indhold 170 g.

Trykt på et miljøcertificeret og EMAS-registreret trykkeri med vegetabilske trykfarver

NORDISK MILJØMÆRKNING

Key figures, definitions

Working capital*	Deferred tax assets + stocks + total receivables – deferred tax – non-interest-bearing short-term debt, less dividend owing and debt re acquisitions
Earnings per share (EPS)	Ordinary profit after tax and minority interests / Average number of shares
Return on equity	Ordinary profit after tax and minority interests x 100 / Average capital and reserves
Return on capital employed (ROCE)*	Operating profit x 100 / Capital and reserves less own shares, plus minority interests and interest bearing debt, and less shareholdings in associated companies, cash funds (net) and securities. Calculated as an average of opening and year-end balances.
Profit margin	Operating profit x 100 / Net turnover
Book value per share	Capital and reserves less minority interests at year-end / Number of shares at year-end
Price earnings	Stock market price / Earnings per share (EPS)
Pay-out ratio	Total dividend pay-out x 100 / Ordinary profit after tax and minority interests
Equity ratio	Capital and reserves less minority interests at year-end x 100 / Liabilities at year-end
Gearing*	Interest-bearing debt less cash funds at year-end x 100 / Capital and reserves at year-end
Cash flow per share	Cash flows from operations / Average number of shares

The key figures were prepared in accordance with the recommendations of the Association of Danish Financial Analysts (ADFA).

*) Not included in the ADFA recommendations.


2 ABC
3 DEF
GHI
5 JKL
6 MNO
8 TUV
9 WXYZ
0 +
GPRS

Brødrene Hartmann A/S

Klampenborgvej 203

DK-2800 Kgs. Lyngby

Denmark

Phone: +45 45 87 50 30

Fax: +45 45 87 78 58

E-mail: bh@hartmann.dk

http://www.hartmann.dk

CVR no. 63049611