HARTMANN CHOOSE FIBRE. SAVE NATURE.®

ANNUAL REPORT
2010

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- Hartmann's **revenue for 2010** was DKK 1,483 million (2009: DKK 1,380 million), its operating profit* was DKK 73 million (2009: DKK 79 million) and its profit margin* 4.9% (2009: 5.7%).

- The Board of Directors proposes a **dividend of DKK 2.25 per share**, equal to 32% of the profit for the year.

- Hartmann appointed a **new management** in H2 2010, and its organisation was adjusted in order to enhance Hartmann's competitive strength and earnings capacity.

- Hartmann is launching the strategy **"Competitive edge – driving growth"**, which aims to add to its competitive strength and secure profitable growth towards 2016.

- Hartmann's **revenue for 2011** is expected to be on a level with 2010, while its operating profit is expected to come to DKK 105-125 million, corresponding to a profit margin of 7-8.5%.

HIGHLIGHTS

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

A STRONGER HARTMANN

MAJOR CHANGES IN 2010

2010 was characterised by major changes at Hartmann; both in terms of the day-to-day operations and the management of the business.

A range of initiatives were implemented in production during the year. These initiatives contributed to a strengthening of Hartmann's underlying operations and offset the effects of significantly higher raw material prices in 2010. Production optimisation is still high on the agenda, and in the years ahead we will make a committed effort to strengthen Hartmann's production efficiency.

Significant management changes were implemented, and in the second half of 2010, our new chairman took up office following the decease of our former chairman in May 2010. In late 2010 we established a more efficient management structure with shorter chains of command and a leaner Executive Board. We also adjusted our organisation with the aim of enhancing our competitive strength and earnings capacity, thus taking yet another important step towards creating a stronger Hartmann.

In connection with the organisational adjustment, we revised our guidance for 2010, and with revenue of DKK 1,483 million (2009: DKK 1,380 million), operating profit of DKK 73 million (2009: DKK 79 million) and a profit margin of 4.9% (2009: 5.7%), we met our expectations.

Our 2010 performance reflected improved sales of egg packaging and a successful increase of the share of high-value packaging in supermarkets. This trend must be sustained in the years ahead in order for our customers to achieve the best possible results in their product marketing efforts, and for us to improve our earnings.

The performance for the year was also in part driven by favourable exchange rate developments, whereas increased raw material and energy prices and the costs associated with strategic initiatives and an organisational adjustment had an adverse impact on earnings.

COMPETITIVE EDGE – DRIVING GROWTH

During autumn 2010, we defined a new framework for Hartmann's strategy for the next five years. Our strategy "Competitive edge – driving growth" is a two-pronged strategy and will ensure a positive development for Hartmann towards 2016.

In the period 2011-2012, we will focus primarily on creating a more competitive Hartmann. We intend to achieve this by optimising our internal collaboration and coordination, using our ongoing 'One Company' approach as our basis. At the same time, we will standardise our work processes and develop our competencies further with a view to continually exploiting our competitive edge and strengthening our market position. In the period 2013-2015, we will strengthen our efforts to generate profitable growth by increasing our market share in selected growth markets.

"We will devote intensive efforts to supply the best products on the market on the basis of a standardised and cost-efficient production process"

In the years ahead, our focus on customers and quality will remain one of Hartmann's key priorities in terms of competition and a cornerstone of our strategy work. We will devote intensive efforts to supply the best products on the market on the basis of a standardised and cost-efficient production process. At the same time, we will of course continue to offer our customers customised services and value-creating advice based on our core competencies. In this way, we can address the effects that fluctuations in the prices of raw materials and energy and in exchange rates invariably have on global, raw material-intensive businesses such as Hartmann's, and prepare the company for pursuing expansion and acquisition opportunities in the medium term.

WELL UNDERWAY...

The efforts to create a stronger Hartmann are well underway, and our leading position within the development, production and sales of moulded-fibre egg packaging places us in a good position for growth. As early as in 2011, we expect to be able to lift operating profit to DKK 105-125 million, and in the slightly longer term we intend to improve Hartmann's earnings through growth and to secure a profit margin in the region of 7-10%.

With our skilled employees combined with our strong market position and our ability to fine-tune both production and sales, we are confident that Hartmann will see a positive development in the years ahead, to the benefit of our shareholders, customers and employees.

Michael Rohde Pedersen
CEO

FINANCIAL HIGHLIGHTS AND RATIOS

DKKm

	2010	2009	2008	2007	2006
Statement of comprehensive income					
Revenue	1,483	1,380	1,491	1,492	1,475
Operating profit before special items (EBITDA)	168	154	193	106	168
Operating profit before special items	73	79	91	53	17
Special items	0	(12)	(25)	(199)	45
Operating profit/(loss) (EBIT)	73	67	66	(146)	62
Net financial income and expense	(11)	(19)	(77)	(52)	(20)
Profit/(loss) before tax (EBT)	62	49	(11)	(198)	42
Profit/(loss) for the year from continuing activities	50	36	(3)	(271)	38
Profit/(loss) for the year from continued activities	0	0	0	(242)	(115)
Profit/(loss) for the year (EAT)	50	36	(3)	(513)	(77)
Comprehensive income	53	51	(16)	(324)	(95)
Statement of cash flows					
Cash flows from operating activities	144	76	101	56	39
Cash flows from investing activities	(55)	(94)	(83)	(141)	11
Cash flows from financing activities	(32)	(22)	122	74	(70)
Cash flows from continuing activities	58	(40)	140	(12)	(20)
Cash flows from discontinued activities	0	0	0	(64)	(2)
Total cash flows	58	(40)	140	(76)	(22)
Balance sheet					
Assets	1,225	1,216	1,189	1,220	1,438
Invested capital (IC)	733	786	725	799	920
Net working capital (NWC)	128	151	100	112	144
Net interest-bearing debt	275	345	317	592	338
Equity	549	508	456	220	544
Financial ratios in per cent					
Operating margin (EBITDA)	11.3	11.2	12.9	7.1	11.4
Profit margin before special items	4.9	5.7	6.1	3.6	1.2
Profit margin (EBIT)	4.9	4.9	4.4	(9.8)	4.2
Return on invested capital (ROIC)	9.6	8.9	8.7	(17.0)	6.1
Return on equity	9.4	7.4	(0.8)	(134.9)	(12.9)
Equity ratio	44.8	41.7	38.4	18.0	37.9
Gearing	50.0	68.0	69.5	269.0	62.2
Share-related key figures*					
No. of shares (at year end, excluding treasury shares)	6,915,090	6,915,090	6,915,090	3,407,545	3,407,545
No. of shares (average, excluding treasury shares)	6,915,090	6,915,090	5,732,568	4,483,612	4,483,612
Earnings per share, DKK (EPS)	7.2	5.2	(0.5)	(113.7)	(13.9)
Cash flows from operating activities per share, DKK	20.8	11.0	17.6	12.5	8.7
Dividend per share, DKK (proposed)	2.3	1.5	0.0	0.0	0.0
Book value per share, DKK	79.4	73.4	79.6	49.1	120.6
Market price per share, DKK	76.0	95.0	70.5	112.5	172.5
Market price/book value per share	1.0	1.3	0.9	2.3	1.4
Price/earnings	10.5	18.3	(145.5)	(1.3)	(16.3)
Pay-out ratio, %	31.6	29.4	-	-	-
Market value	525.5	656.9	487.5	504.3	773.5
Employees					
Average no. of full-time employees	1,543	1,553	1,629	1,946	1,929

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

The key ratios are calculated in accordance with 'Recommendations & Ratios, 2010', issued by the Danish Society of Financial Analysts, see note 39 to the financial statements.

STRATEGY

STRONG PLATFORM FOR PROFITABLE GROWTH

Hartmann's management has laid down a strategy for the period towards 2016 under the heading "Competitive edge – driving growth". Hartmann will be developed into a more focused business on the basis of efficient processes and strong competencies. The development will be based on Hartmann's knowledge and long-standing experience of technologies to produce moulded fibre and the marketing of egg packaging. On this basis, Hartmann will be able to pursue attractive opportunities and achieve growth and a leading position in selected markets. Our "Competitive edge – driving growth" strategy is a two-pronged strategy, the key objectives of which are to enhance Hartmann's competitive strength and expand its market position.

Hartmann's overall business model, with emphasis on moulded-fibre egg packaging, will be maintained, and by further adding to its competitive strength, Hartmann intends to create a strong platform for profitable growth. The key points of Hartmann's strategic focus towards 2016 are outlined in this annual report, and the individual elements of the "Competitive edge – driving growth" strategy will be developed and adjusted continually based on an internal strategy process, which is expected to be finalised in the summer of 2011.

Competitive edge

Hartmann will create a stronger business by making collaboration within the group more efficient, further optimising operations and accelerating competency development. This will provide a basis for more stable underlying operations in the years ahead, when Hartmann's processes, production and sales efforts will be further systematised and prepared for growth.

COMPETITIVE EDGE – DRIVING GROWTH

Competitive edge

- One Company
- Operational Excellence
- Strong competencies

Driving growth

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

In the period 2011-2012, the main focus will be on optimising the existing business, but pursuit of attractive acquisition opportunities or opportunities to enter into strategic partnership agreements, supporting Hartmann's overall strategic goals, cannot be ruled out.

One Company

The efforts to boost Hartmann's competitive strength in the coming years will be rooted in a strong, shared business culture that will tie the business areas closer together. Tasks will be solved on the basis of standardised, well defined guidelines, and internal communication will be enhanced, allowing for strategic decisions to be made on a common platform across the organisation. The current efforts to establish a One Company culture will continue and be intensified, as they will play a crucial role in the efforts to create a more competitive Hartmann.

A more dynamic business will evolve, based on clearly defined roles and a clearer division of responsibilities at all levels of the organisation. This will result in, among other things, a strengthening of the corporate sales and production organisations and the establishment of a corporate profit centre, allowing factories to retain focus on managing and optimising production. Hartmann's IT systems must support the development and provide a platform for enhancing flexibility and achieving economies of scale from increased centralisation and a division of management responsibilities according to function.

As part of the strategy for the coming years, Hartmann will take a structured approach to using the balanced scorecard method. This will contribute to ensuring that all employees are motivated to meet their individual targets and thus to contribute to achieving Hartmann's overall business goals.

Operational Excellence

Product quality is a key competitive parameter, and in the coming years the group will focus on further enhancing quality and optimising production processes by implementing a number of innovative operational improvements. These operational improvements will primarily be achieved by strengthening Hartmann's corporate sales and operational planning, in order to make it possible to offer customers improved quality and more stable and flexible deliveries. The corporate planning is intended to increase capacity utilisation on and optimise the allocation of tasks between factories and hence strengthen Hartmann's underlying operations and earnings capacity.

"Product quality is a key competitive parameter, and in the coming years the group will focus on further enhancing quality and optimising production processes by implementing a number of innovative operational improvements"

The efforts to strengthen Hartmann's underlying operations will be supported by defining a number of performance targets and success criteria, which will ensure that progress is measurable and that employees will be motivated to reach Hartmann's business goals through joint efforts.

The operational improvements primarily consist of optimising work processes in the individual business areas and across the organisation. Hartmann will continue to invest in upgrades of operating equipment, to the extent such investments can contribute to enhance its competitive strength and earnings in the short and medium term.

Strong competencies

Competent employees will be a prerequisite for enhancing Hartmann's competitive strength in the years ahead. Hartmann will therefore ensure that the group continues to be able to attract, retain and develop employees who will contribute to meeting Hartmann's business goals.

Targeted efforts will be made to ensure that employees hold the necessary professional skills, for example in production, marketing and sales, ensuring that Hartmann will retain and expand its leading position in the market for moulded-fibre egg packaging. Hartmann will therefore solve as many tasks critical to its business as possible in-house with a view to building and anchoring significant competencies within its organisation. Employee performance will be assessed regularly, and Hartmann will focus on developing its competencies within technology and marketing, thus preparing the business for growth.

Hartmann has strengthened its management by appointing two Vice Presidents to head production and sales and marketing, respectively. The two Vice Presidents have extensive experience in the paper industry and strong competencies in sales and negotiations with major players in the retail trade, respectively. They will join Hartmann in April 2011 and will be responsible for optimising production processes and ensuring knowledge sharing across Hartmann's business areas and for building and strengthening customer relations in the retail sector; a strategic focus area for Hartmann in the years ahead. Hartmann's customer relations will thus be strengthened, with focus being on quality, a high level of service and advice to major customers on marketing and sustainability of egg packaging.

Driving growth

Based on the initiatives to be implemented over the next few years, Hartmann will exploit its enhanced competitive strength, position the business as a clear market leader in mature markets and substantially increase its market share in selected growth markets.

During the period 2013-2015, Hartmann will further accelerate growth by retaining and increasing market shares in existing markets and expanding capacity in new growth markets by establishing production, entering into strategic partnerships or making acquisitions.

Consolidation in mature markets

Hartmann intends to exploit its competitive edge by retaining and increasing its market shares in the mature western European markets. This development will be driven by efficient production, strong customer relations and a high level of product quality.

Hartmann will continue to focus on positioning the company as a leading producer of moulded-fibre egg packaging, and the growth potential of the mature European markets is believed to primarily lie in the high-value segment.

Focus on European growth markets

With modern retail trade gaining ground and the consumption of eggs on the rise, the southern and eastern parts of Europe constitute a strategic growth market. Hartmann intends to accelerate growth in the region, using its strong position in the other European markets as a platform. Hartmann will generate growth through intensified sales efforts in southern Europe and possibly through acquisition of production facilities in Eastern Europe.

Hartmann already produces egg packaging in Croatia and Hungary and is in a strong position to pursue the opportunities in the region through enhanced utilisation of production capacity to be achieved through operational improvements and process optimisation in the next few years and expansion of its production capacity in the medium term.

Strong market position in North America

The North American market offers substantial growth potential, and in the long term Hartmann will not be able to fully exploit such growth with only one factory in Canada. Hartmann will therefore explore the possibility of obtaining a stronger market position by increasing its production capacity in the North American market through entering into new strategic partnerships, acquisitive growth or acquisition of production facilities.

Hartmann has gained extensive experience in sales and built a strong network with suppliers, customers and retail chains in the North American market. These strategic advantages will form part of Hartmann's considerations in relation to expansion in this market.

MARKETS AND PRODUCTS

The development, production and sales of moulded-fibre egg packaging constitute Hartmann's core business area and represented 92% of its revenue for 2010. The egg packaging business covers the two geographical areas Europe and North America, and the product portfolio ranges from high-value products to discount products and transport trays.

Hartmann's knowledge of development and production of moulded-fibre packaging is also used in the business unit Other business areas, which includes Hartmann Technology, a leader within the development, production and sales of machinery and technology for producing moulded-fibre packaging outside Hartmann's markets. Other business areas also comprise the combined heat and power plant at Hartmann's factory in Denmark, which supplies heat to both the factory and to external customers.

Stable demand for eggs

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

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

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

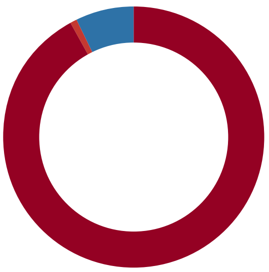
Growing interest in high-value packaging

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

The increased supply of premium eggs in the retail trade and the need to differentiate these eggs from standard eggs have led to growing interest in egg packaging in the high-value segment in Hartmann's markets. Dedicated efforts are made to boost the sale of high-value packaging, which provides customers with a stronger marketing platform

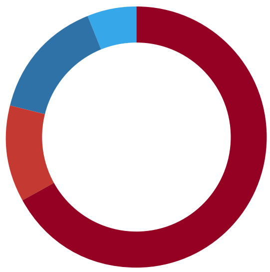
REVENUE DISTRIBUTION

PRODUCTS



- Egg packaging
- Industrial packaging
- Other activities

GEOGRAPHY



- Western Europe
- Central and eastern Europe
- North America
- Other markets

"Dedicated efforts are made to boost the sale of high-value packaging, which provides customers with a stronger marketing platform and results in higher earnings per product for Hartmann"

and results in higher earnings per product for Hartmann. However, it is still essential to Hartmann to develop the products in its other categories, as Hartmann's large customers prefer to place their orders for packaging across all categories with a single supplier. For this reason, Hartmann launched a new product, Hartmann Basic®, in Q4 2010 in order to retain its market share in standard packaging and to offer the market an even stronger alternative to the moulded-fibre and plastic products offered by competitors.

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

Competition

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

The European and the North American markets for moulded-fibre retail packaging are also relatively well consolidated and are served by a few, large players as well as a number of small, local and regional players that mainly produce discount and transport packaging. Hartmann is one of the largest producers of moulded-fibre retail packaging in the European market and one of the small producers on the North American market.

North America

The North American market offers substantial growth potential due to substitution from oil-based foam packaging and moulded-fibre discount packaging towards standard segment moulded-fibre packaging. In the North American market, products from the upper part of Hartmann's European standard range are considered high-value products. The substitution from the foam and discount segment to the standard segment is driven by consumers' increased awareness of the health properties of premium eggs, retailers' increased focus on using marketing initiatives to differentiate various types of eggs as well as the environmental advantages and health benefits of using moulded-fibre packaging. Hartmann is well positioned to meet customers' needs and

PRODUCT PORTFOLIO, EGG PACKAGING

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

"Hartmann's expertise in marketing and sustainability contributes to securing its position as a preferred supplier among large customers in both the European and the North American markets"

is focused on offering relevant services and supplying moulded-fibre packaging of a high quality within all product categories.

Europe

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

In central and eastern Europe, markets are generally less mature, and retail packaging is not as widely used as in western Europe. As the retail trade is gradually becoming more professional in this region, retail packaging is becoming more widespread. These years, the central and eastern European markets are witnessing relatively strong growth, and Hartmann is therefore continuously working to retain and extend its leading position and increase sales and earnings in these markets.

Alternatives to moulded fibre

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

Capacity utilisation

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

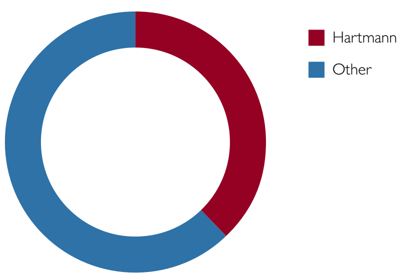
Hartmann is committed to maintaining its position as a recognised producer of high-quality moulded-fibre egg packaging in order to secure its competitive position within both transport and retail packaging.

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

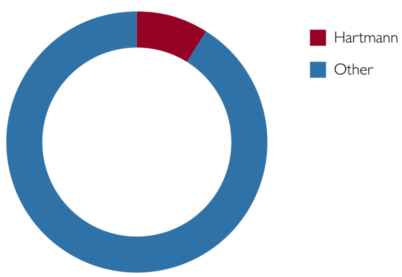
Due to the current excess capacity and the technical and financial barriers to entry, Hartmann expects any increases in capacity for production of moulded-fibre packaging to be very limited.

MARKET SHARE, MOULDED-FIBRE RETAIL PACKAGING

EUROPE



NORTH AMERICA



Retailers' increased focus on sustainability and marketing of eggs strengthens Hartmann's position as a supplier and sounding board in these areas.

Hartmann's products are primarily sold to egg producers and egg packing businesses. Increasingly, however, partnerships are established with retail chains, including on the development of packaging and in-store marketing of eggs.

DEVELOPMENTS IN 2010

In 2010, Hartmann consolidated its business and enhanced its competitive strength through continued focus on operational improvements, adjustment and simplification of its organisation and forming closer relations with a number of major customers. Revenue saw a stable development, and operating profit fell moderately due to the costs incurred in connection with the efforts to boost Hartmann's competitive strength and earnings capacity. During the year, Hartmann revised its forecast for 2010 and met its expectations as most recently announced in its interim report for the first nine months of 2010.

Strengthening the organisation

In the second half of 2010, a new chairman was elected and a new Executive Board was appointed. They introduced a range of initiatives that will create a stronger and more uniform Hartmann in the years ahead. The initiatives were initiated in Q3 2010 and are based on systematisation of work processes, further production efficiency improvements, introduction of shorter chains of command, a clearer division of responsibilities and a clearer management structure. In addition, Hartmann continued the initiatives already introduced to strengthen cross-functional business processes.

Improving customer relations

In 2010, spurred by the increased influence retailers now have on its markets, Hartmann focused on strengthening its relations with a number of major customers in this segment. These efforts have served to strengthen Hartmann's position in relation to the customers and established Hartmann as a competent sounding board within marketing of eggs. As a result, Hartmann successfully increased the share of high-value packaging in 2010 and secured increased capacity utilisation at its factories.

STATEMENT OF COMPREHENSIVE INCOME

Revenue

Hartmann's revenue for 2010 grew by 7% to DKK 1,483 million (2009: DKK 1,380 million). Market trends were stable in 2010, and the revenue growth was mainly attributable to increased sales of egg packaging (DKK 32 million), increased sales of machinery in Hartmann Technology (DKK 17 million) and favourable exchange rate developments (DKK 78 million) in the US dollar (USD) and other currencies. Performance was adversely affected by declining sales of industrial packaging (negative effect of DKK 34 million).

Revenue for Q4 2010 was DKK 438 million (Q4 2009: DKK 380 million).

Europe

Hartmann's European business generated revenue of DKK 1,167 million for 2010 (2009: DKK 1,148 million), an increase of 2%. A lower level of activity in industrial packaging had an adverse impact on performance, whereas the improved sales of egg packaging and the increased share of high-value packaging contributed to growth.

North America

Revenue in the North American business rose by 34% to DKK 218 million (2009: DKK 163 million). A substantial part of Hartmann's

OPERATING PROFIT – REPORTING SEGMENTS

DKKm	Europe	North America	Other business areas
Operating profit for 2009	119	(7)	(34)
Effects of exchange rate developments	26	13	0
Operational improvements, increased volumes and changed product and price mix	23	8	5
Slowdown in activities*	(6)	0	0
Effects of higher paper prices	(26)	(7)	0
Additional costs relating to i.a. strategic initiatives and recruitment of new management	(10)	0	(16)
Costs relating to organisational adjustment in Q4 2010	(10)	(6)	(6)
Operating profit for 2010	**116**	**1**	**(51)**

* Relating to slowdown in activities in industrial packaging.

growth in North America was driven by favourable developments in exchange rates, and by the successful efforts to increase the sale of high-value packaging and maintain a high degree of capacity utilisation throughout the year.

Other business areas

Revenue in Other business areas rose by 42% to DKK 98 million in 2010 (2009: DKK 69 million). The strong performance was mainly due to a significant increase in the sale of machinery in Hartmann Technology relative to 2009, when the level of activity was adversely affected by the global economic crisis and restraint exercised by the customers of the business area in relation to investments.

Gross profit

Profit for the year amounted to DKK 392 million (2009: DKK 378 million), bringing Hartmann's gross margin to 26% (2009: 27%) despite the significantly higher paper prices in 2010 relative to 2009. While the increased paper prices adversely affected gross profit, a number of efficiency-improving initiatives across Hartmann's business areas combined with favourable exchange rate developments had a positive effect on performance. At Hartmann's Danish factory, for example, the degree of automation was increased, making it possible to lay down a costly weekend shift.

Operating profit

Hartmann's operating profit for 2010 was DKK 73 million (2009: DKK 79 million), corresponding to a profit margin of 4.9% (2009: 5.7%). Generally, operating profit was positively affected by the impact of a number of operational improvements at Hartmann's factories, which resulted in reduced production waste and increased energy efficiency and productivity. Moreover, a general improvement in the sale of egg packaging, an increased share of high-value packaging and favourable developments in exchange rates contributed positively to operating profit for 2010. At the same time, operating profit was adversely affected by higher paper prices (negative effect of DKK 33 million), costs associated with a number of strategic initiatives and management changes during the first nine months of 2010 (negative effect of DKK 26 million) and the organisational adjustment that took place in Q4 2010 (negative effect of DKK 22 million).

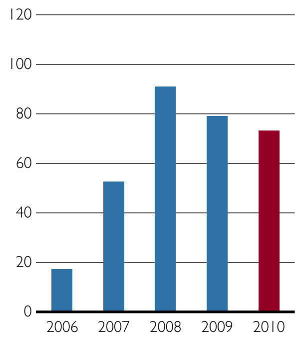
Hartmann's operating profit for Q4 2010 was DKK 22 million (Q4 2009: DKK 39 million).

Europe

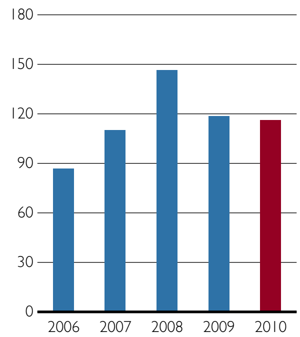
Hartmann's European business reported an operating profit for 2010 of DKK 116 million (2009: DKK 119 million), corresponding to a profit margin of 10.0% (2009: 10.3%). The implementation of organisational and technological initiatives, one of the aims of which was to compensate for the increased paper prices, had a positive effect on operating profit for the European business for 2010. The slowdown in activities in industrial packaging (negative effect of DKK 6 million), the higher paper prices (negative effect of DKK 26 million) and costs associated with strategic initiatives and management changes (negative effect of DKK 10 million) as well as the organisational adjustment (negative effect of DKK 10 million) reduced the performance.

OPERATING PROFIT

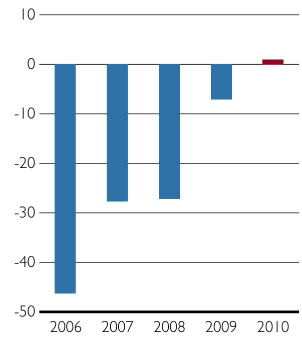
GROUP
DKKm



EUROPE
DKKm



NORTH AMERICA
DKKm



North America

In North America, Hartmann reported an operating profit for 2010 of DKK 1 million (2009: a loss of DKK 7 million), corresponding to a profit margin of 0.5% (2009: negative at 4.4%). Hartmann continuously aims to increase the share of high-value packaging on the North American market, and these efforts had a positive effect on operating profit for 2010. In addition, improved sales of egg packaging and a high degree of capacity utilisation at the North American factory contributed positively to the development, and favourable developments in exchange rates also had a significant positive effect. Higher paper prices (negative effect of DKK 7 million) and costs relating to the organisational adjustment contributed negatively to performance (negative effect of DKK 6 million).

Other business areas

Other business areas reported an operating loss of DKK 51 million (2009: a loss of DKK 34 million). The trend in 2010 in Other business areas, which comprise costs relating to corporate functions among other things, was primarily attributable to costs relating to a number of strategic initiatives and the recruitment of a new management (expense of DKK 16 million) and an organisational adjustment (expense of DKK 6 million).

Special items

The 2010 performance was unaffected by special items (2009: negative effect of DKK 12 million).

Financial income and expense

Financial income and expense constituted a net expense of DKK 11 million in 2010 (2009: an expense of DKK 19 million). Compared with 2009, financial income and expense was positively affected by the DKK 14 million interest rate effect relating to non-current receivables, which was partially offset by an adverse development in foreign exchange adjustments of DKK 10 million in 2010.

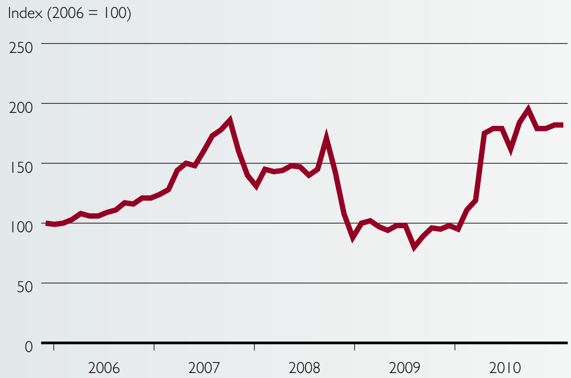
Profit for the year and comprehensive income

Profit before tax came to DKK 62 million (2009: DKK 49 million). Tax on profit for the year was an expense of DKK 12 million, equivalent to an effective tax rate of 20%, see note 12 to the financial statements.

Profit for the year amounted to DKK 50 million (2009: DKK 36 million).

Comprehensive income for the year amounted to DKK 53 million (2009: DKK 51 million).

DEVELOPMENT IN THE PRICE OF RECYCLED PAPER



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

In 2010, the price of recycled paper increased significantly, and the trend adversely affected Hartmann's operating profit.

In the coming years, Hartmann will standardise and optimise production efficiency with a view to address the effects that fluctuations in the prices of raw materials and energy and in exchange rates invariably have on global, raw material-intensive businesses such as Hartmann's.

"Generally, developments in 2010 were positively affected by the impact of a number of operational improvements at Hartmann's factories, which resulted in reduced production waste, improved product quality and increased energy efficiency and productivity"

Investments and cash flows
At 31 December 2010, Hartmann's intangible assets and property, plant and equipment amounted to DKK 620 million (31 December 2009: DKK 658 million). Total investments for 2010 came to DKK 60 million (2009: DKK 101 million) and depreciation and amortisation DKK 94 million (2009: DKK 87 million). The reduced investment level in 2010 reflected the implementation of the most important automation and efficiency-improving initiatives at Hartmann's factories and that focus is now primarily centred on maintenance and adjustment of the existing production apparatus rather than on cost-intensive, new investments.

Cash flows from operating activities were a net cash inflow of DKK 144 million in 2010 (2009: a cash inflow of DKK 76 million). The increase was mainly due to a markedly positive change in working capital.

Cash flows from investing activities were a net cash outflow of DKK 55 million in 2010 (2009: a cash outflow of DKK 94 million). Cash flows from operating and investing activities thus amounted to a net cash inflow of DKK 89 million (2009: a cash outflow of DKK 18 million).

Cash flows from financing activities were a net cash outflow of DKK 32 million in 2010 (2009: a cash outflow of DKK 22 million). The change was attributable to distribution of dividends.

Net interest-bearing debt at 31 December 2010 stood at DKK 275 million, down DKK 70 million from 31 December 2009. Management considers its financial resources, DKK 228 million at 31 December 2010 (31 December 2009: DKK 181 million), satisfactory. Financial resources were determined without taking into account the financial covenants.

BALANCE SHEET

At 31 December 2010, Hartmann's total assets amounted to DKK 1,225 million (31 December 2009: DKK 1,216 million).

ROIC
Return on invested capital (ROIC) was 9.6% (2009: 8.9%).

Equity
Equity was DKK 549 million at 31 December 2010 (31 December 2009: DKK 508 million).

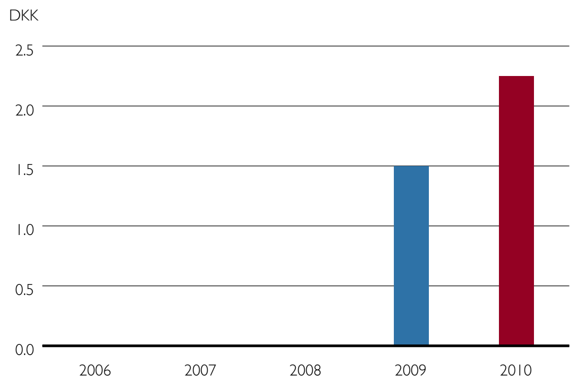
At 31 December 2010, Hartmann's equity ratio stood at 45% (31 December 2009: 42%), and its gearing fell to 50% (31 December 2009: 68%).

Earnings per share were DKK 7.2 in 2010 (2009: DKK 5.2). At the annual general meeting to be held on 26 April 2011, the Board of Directors will propose that dividends of DKK 2.25 per share be distributed (2009: DKK 1.50), corresponding to a payout ratio of 32%.

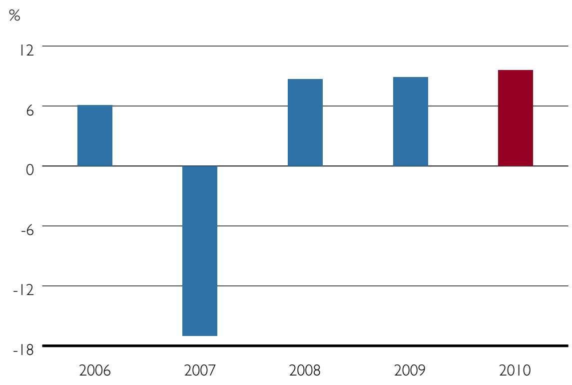
EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred after the balance sheet date.

DIVIDEND PER SHARE (PROPOSED)



ROIC



OUTLOOK

Hartmann expects the moderate growth in its markets for moulded-fibre egg packaging to continue in the years ahead, as international retail chains continue to gain ground in less mature markets and as sustainable moulded-fibre packaging continues to be substituted for oil-based plastic and foam packaging.

Outlook for the medium term

In the coming years, based on the "Competitive edge – driving growth" strategy, Hartmann will focus on adding to its competitive strength and increasing its market share in selected growth markets. Based on this, Hartmann will make a targeted effort to achieve a profit margin in the region of 7-10%, depending on fluctuations in the prices of raw materials and energy and in exchange rates.

Hartmann aims to secure an attractive return on invested capital (ROIC >15%) for its shareholders and to distribute any excess capital by means of dividends or share buy-backs, in order to generally maintain Hartmann's equity ratio at a maximum of 45%.

Outlook for 2011

In 2011, Hartmann will focus on further enhancing its competitive strength and earnings capacity. This will be achieved by:

Optimising production and work processes

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

Strengthening customer relations

Hartmann will build on its leading position as a provider of advice to retail chains on marketing of eggs and sustainable packaging solutions with a view to establishing stronger relations with key decision-makers and customers in this segment.

Increasing the share of high-value products

Active efforts will be made to offer customers the best and most innovative solutions on the market and to generate higher earnings per product sold by selling high-value packaging rather than standard or discount packaging.

Revenue for 2011 is expected to be on a level with 2010 due to the expected market trends.

Operating profit for 2011 is expected to amount to DKK 105-125 million, corresponding to a profit margin of 7-8.5%, attributable to general cost reductions across Hartmann's business areas and the efforts made in the areas mentioned above. All of Hartmann's business areas are expected to make a positive contribution to operating profit.

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

Assumptions

Hartmann's operating profit forecast for 2011 is based on the present composition of the group's business operations. In addition, the combined costs of energy and raw materials as well as selling prices are assumed to remain relatively stable at the end of 2010. Any deviations from these assumptions may affect the 2011 profit.

Hartmann's operating profit is primarily exposed to changes in the US dollar (USD), Canadian dollar (CAD), pound sterling (GBP), euro (EUR), Swiss franc (CHF), Polish zloty (PLN), Swedish krona (SEK) and Hungarian forint (HUF) rates. Hartmann has hedged its primary exchange rate exposure for the first nine months of 2011.

Forward-looking statements

The forward-looking statements in this annual report reflect Hartmann's current expectations for future events and financial results. The statements are inherently subject to uncertainty, and actual results may therefore differ from expectations. Factors that may cause the actual results to deviate from expectations include, but are not limited to, general economic developments and developments in the financial markets, changes and amendments to legislation and regulation on Hartmann's markets, changes in demand for products, competition and the prices of raw materials. See also the section on risk factors and note 35 to the financial statements.

OUTLOOK FOR 2011 AND MEDIUM TERM FINANCIAL TARGETS

	2011	Medium term
Revenue growth	0-2%	4-7%
Profit margin	7-8.5%	7-10%
ROIC	>15%	>15%

In 2011, Hartmann will focus on further enhancing its competitive strength and earnings capacity. Based on this, Hartmann's revenue is expected to be on a level with 2010, while its operating profit is expected be DKK 105-125 million and its profit margin 7-8.5%.

RISK FACTORS

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

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

COMMERCIAL RISKS

Dependence on customers

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

Demand for eggs

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

Dependence on suppliers

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

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

Fluctuations in the prices of raw materials and energy

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

The possibilities of reducing Hartmann's sensitivity to developments in the prices of recycled paper are limited if deliveries of the required volumes are to be secured and maintained. Hartmann uses other types of paper in production and to some extent substitutes some types of papers for other types if prices are more favourable. Seen in isolation, a price increase of 5% on all types of paper used in Hartmann's production will adversely affect operating profit by approximately DKK 5 million.

Hartmann regularly signs fixed-price agreements with energy suppliers, typically for periods of 12 months, covering a substantial part of the group's energy consumption. However, some of the countries in which Hartmann operates do not permit fixed-price agreements with energy suppliers. Seen in isolation, a general price increase of 5% on Hartmann's purchases of energy will adversely affect operating profit by approximately DKK 3 million.

Furthermore, Hartmann is committed to reducing its sensitivity to fluctuations in raw material and energy prices through continuous implementation of technological improvements and optimisation of work processes.

ENVIRONMENTAL AND SOCIAL RISKS

Environmental risks

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

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

Social relations and risks

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

INSURANCE

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

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

FINANCIAL RISKS

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

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

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

Financial risks and financial risk management are described in detail in note 35 to the financial statements.

SHAREHOLDER INFORMATION

Hartmann is committed to keeping shareholders regularly informed about the company's performance and strengthen the equity market's interest in the company. Hartmann therefore emphasises providing timely and adequate information about its business activities and developments in the company's markets.

Share capital

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

No changes to the share capital occurred in 2010.

The company's Board of Directors has been authorised by the shareholders, in the period until 20 October 2011, to arrange for Hartmann to acquire treasury shares with a nominal value of up to DKK 14,030,180 at the market price applying from time to time, subject to a deviation of up to 10%.

The Hartmann share opened 2010 at a price of 95.0 and closed the year at 76.0, corresponding to a decrease of 20%. The average daily turnover in the shares of Hartmann on NASDAQ OMX Copenhagen came to DKK 0.7 million in 2010, against DKK 0.3 million in 2009.

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

Ownership

At the end of 2010, Hartmann had just under 2,200 registered shareholders, representing 5.9 million shares in aggregate, or 84% of Hartmann's share capital. At 31 December 2010, 59% of Hartmann's registered shares were held by the company's four largest shareholders.

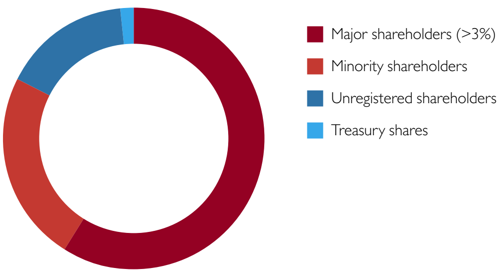
The following shareholders have notified Hartmann that they hold 5% or more of the share capital:

- LD Equity I K/S, Copenhagen, Denmark (20.6%)
- ATP, Hillerød, Denmark (14.7%)
- B.H.F. Invest A/S (the Brødrene Hartmann Foundation), Gentofte, Denmark (12.2%)
- EDJ-Gruppen, Esbjerg, Denmark (12.0%)

At 31 December 2010, Hartmann's holding of treasury shares represented 1.4% of the share capital.

At 31 December 2010, the members of the Board of Directors and the Executive Board of Hartmann held 0.2% of the share capital. The members of the Board of Directors and the Executive Board are registered on Hartmann's insider list. They may only trade in Hartmann shares during a four-week period following the release of profit an-

SHAREHOLDER DISTRIBUTION IN %



DATA – HARTMANN SHARE

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

nouncements or other similar financial announcements, cf. Hartmann's internal rules. Share transactions are subject to a reporting duty.

Dividends

The Board of Directors has revised Hartmann's dividend policy, which was previously based on distribution of dividends of not less than 30% of the profit for the year. The Board of Directors takes the general view that, in future, any excess capital should be distributed by means of dividends or share buy-backs, in order to generally maintain Hartmann's equity ratio at a maximum of 45%. However, the level of dividend declared will always take into account Hartmann's growth plans and the company's cash requirement.

At the annual general meeting to be held on 26 April 2011, the Board of Directors will propose that, due to the profit for the year, dividends of DKK 2.25 per share be distributed for 2010, representing 32% of the profit for the year.

Analyst coverage

The Hartmann share is covered by:
- Danske Equities
- Nordea Markets
- SEB Enskilda

Investor relations

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

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

Subscribe to Hartmann news

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

Contact

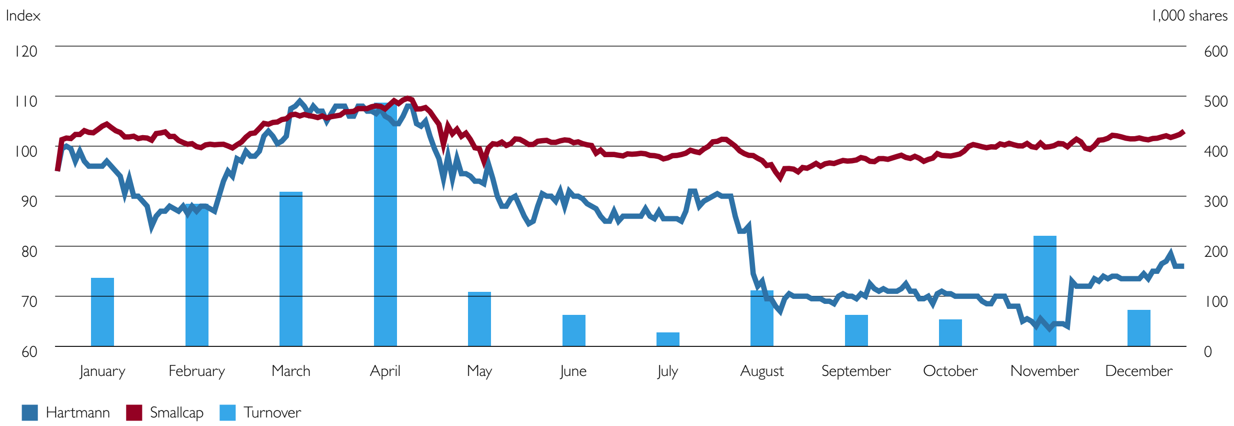
Michael Rohde Pedersen, CEO
mpe@hartmann-packaging.com
Tel. +45 45 97 00 00

Claus Frees Sørensen, CFO
cfs@hartmann-packaging.com
Tel. +45 45 97 00 00

Aske Hougaard, IR Manager
aho@hartmann-packaging.com
Tel. +45 97 00 00 or +45 31 21 68 72

Ruth Pedersen, Executive Secretary
rp@hartmann-packaging.com
Tel. +45 97 00 00 or +45 21 20 60 28

SHARE PRICE PERFORMANCE 2010



COMPANY ANNOUNCEMENTS

5 January 2010	CFO Tom Wrensted has accepted a new job as CFO of GEA Process Engineering and will leave Hartmann no later than 30 April 2010
3 February 2010	CCO Magali Depras and COO Søren Tolstrup have been appointed members of the Executive Board of Brødrene Hartmann A/S
15 March 2010	Claus Frees Sørensen appointed CFO of Brødrene Hartmann A/S
17 March 2010	Annual Report 2009: Hartmann met expectations
23 March 2010	Notice convening the annual general meeting
20 April 2010	Course of annual general meeting
27 April 2010	Articles of association
5 May 2010	Articles of association
19 May 2010	The Chairman of the Board of Directors of Brødrene Hartmann has passed away
27 May 2010	CEO Peter Arndrup Poulsen to take up new position as CEO of Tvilum-Scanbirk
27 May 2010	Hartmann performed well in Q1 2010
30 June 2010	Proposal for new member of the Board of Directors of Brødrene Hartmann A/S
28 July 2010	Notice convening an extraordinary general meeting
17 August 2010	EBIT margin forecast for 2010 downgraded
24 August 2010	Report on extraordinary general meeting held on Tuesday, 24 August 2010
25 August 2010	Interim report for H1 2010
7 September 2010	Michael Rohde Pedersen appointed CEO of Brødrene Hartmann A/S
14 September 2010	Magali Depras resigns as CCO at Brødrene Hartmann A/S
24 November 2010	Interim report for 9M 2010

FINANCIAL CALENDAR 2011

17 March 2011	Annual report 2010
26 April 2011	Annual general meeting 2011
25 May 2011	Interim report for the first quarter of 2011
25 August 2011	Interim report for the first half year of 2011
24 November 2011	Interim report for 9M 2011

CORPORATE GOVERNANCE

MANAGEMENT STRUCTURE

Shareholders

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

Board of Directors

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

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

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

The board work is governed by rules of procedure prepared in accordance with the provisions of the Danish Companies Act and is subject to annual review. In 2010, the Board of Directors held seven meetings with two instances of non-attendance by a member. One of the most important tasks in the 2010 financial year was the recruitment of a new chairman to the Board of Directors and a new Executive Board. In 2010, the Board of Directors performed a self-evaluation following the management changes implemented at Hartmann. The chairman was responsible for the evaluation, which was performed in-house and did not give rise to any changes to the board work or the composition of the Board of Directors.

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

Executive Board

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

Remuneration of management

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

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

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

Hartmann's remuneration policy is available on www.hartmann-packaging.com, and the remuneration paid for 2010 is specified in note 7 to the financial statements.

"2010 was characterised by a number of management changes at Hartmann. A new chairman of the Board of Directors was elected and a new Executive Board was appointed. Furthermore, a more simple and efficient management structure was established, based on shorter chains of command and a clear division of responsibilities"

Management changes at Hartmann in 2010

A number of management changes occurred in 2010.

Resignations

- In April, CFO Tom Wrensted resigned
- In September, CEO Peter Arndrup Poulsen resigned
- In November, COO Søren Tolstrup resigned
- In December, CCO Magali Depras resigned

The former chairman of the Board of Directors, Erik Højsholt, passed away in May.

Appointments

- In August, Agnete Raaschou-Nielsen was elected chairman of the Board of Directors
- In August, Claus Frees Sørensen took up the position as CFO
- In September, Michael Rohde Pedersen took up the position as CEO

In Q4 2010, it was resolved to simplify the organisational and management structure. Hartmann's Executive Board was reduced and is now made up of Michael Rohde Pedersen, CEO, and Claus Frees Sørensen, CFO. The reduction of the number of members of the Executive Board was an essential element of creating an efficient management structure with a clear division of responsibilities. In Q1 2011, Hartmann has appointed two Vice Presidents to head sales and marketing and production, respectively. They will both join Hartmann in April 2011 and will report directly to the Executive Board.

For additional information about Hartmann's management, see the section "Board of Directors and Executive Board".

CORPORATE GOVERNANCE AT HARTMANN

The Board of Directors regularly considers the corporate governance recommendations of NASDAQ OMX Copenhagen A/S, which were most recently revised by the Committee on Corporate Governance in April 2010 and implemented in the Rules for issuers of shares of NASDAQ OMX Copenhagen A/S in July 2010. The recommendations are publicly available at corporategovernance.dk. Hartmann complies with the vast majority of the recommendations, but in 2010 the company deviated from the recommendations in the following areas:

- As a result of the limited size of the company and the complexity of its accounting and auditing, the company has not set up any actual audit committee. The tasks of the audit committee are instead undertaken by the entire Board of Directors. The tasks primarily comprise risk management, preparation of financial statements, financial reporting and internal controls. The charter of the committee is found on the company's website.
- Hartmann's Board of Directors has not set up any actual nomination or remuneration committees. Board duties relating to nomination and remuneration are prepared by the chairman and vice chairman, who submit their proposals to the entire Board of Directors.

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

A full and detailed description of Hartmann's corporate governance standards is found on www.corporategovernance2010.hartmann-packaging.com.

INTERNAL CONTROL AND RISK MANAGEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

BOARD OF DIRECTORS AND EXECUTIVE BOARD

BOARD OF DIRECTORS

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

Until 2011, Executive Vice President, COO of Aalborg Portland A/S. Former managing director of Zacco Denmark A/S, general manager of Coca-Cola Tapperierne A/S and Group Vice President of Carlsberg A/S.

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

Directorships:
Chairman: Juristernes og Økonomernes Pensionskasse
Vice chairman: Investeringsforeningen Danske Invest
Board member: Dalhoff Larsen & Horneman A/S, Danske Invest Management A/S and Novozymes A/S

Number of shares: 2,000 (2,000 shares acquired in 2010)

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

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

Special competencies within general management, treasury and finance.

Directorships:
Chairman: Hotel Koldingfjord A/S
Vice Chairman: C.W. Obel A/S
Board member: Investeringsforeningen Danske Invest, Dan-Ejendomme A/S, Dan-Ejendomme Holding A/S, Dan-Ejendomsinvestering A/S, Det Obelske Familiefond, Sanistål A/S, Arkil A/S and Arkil Holding A/S

Number of shares: 0 (unchanged in 2010)

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

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

Number of shares: 0 (unchanged in 2010)

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

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

Number of shares: 72 (unchanged in 2010)

* Board member elected by the employees.

BOARD OF DIRECTORS, cont'd

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

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

Special competencies within general business management in the processing and packaging industries.

Directorships:
Chairman: Fredericia Furniture A/S, R. Færch Plast A/S, 1508 DK Holding A/S, Royal Copenhagen A/S and Signal Clothing A/S
Vice Chairman: VIKAN A/S and Vissingfonden
Board member: Færch Holding ApS

Number of shares: 0 (unchanged in 2010)

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

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

Special competencies within law and general business management.

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

Number of shares: 570 (unchanged in 2010)

EXECUTIVE BOARD

Michael Rohde Pedersen (1957)
CEO of Brødrene Hartmann A/S since 15 September 2010.

Many years of experience in the paper industry and extensive management experience in the operations of international businesses engaged in the processing industry. Former general manager of Georgia-Pacific, a US company with activities within building products and paper, and general manager of SCA Hygiejne Products' Polish operations, and other positions.

Number of shares: 2,000 (acquired 2,000 shares in 2010)

Claus Frees Sørensen (1959)
CFO of Brødrene Hartmann A/S since 1 August 2010. Extensive international experience from several industrial companies and strong competencies within IT and finance. Former CFO of Fritz Hansen A/S and other positions. State-authorised public accountant.

Number of shares: 10,000 (acquired 9,053 shares in 2010)

* Peter-Ulrik Plesner is not considered to be an independent board member due to his role as a professional adviser to the company and as he has been a member of the Board of Directors for more than 12 years, see the corporate governance recommendations of NASDAQ OMX Copenhagen A/S.

CORPORATE SOCIAL RESPONSIBILITY

Hartmann has always been committed to responsible and value-creating business operations, and a systematic approach to sustainability remains an integral part of its business model, ensuring that Hartmann enjoys competitive strength and recognition among suppliers and customers. The company's approach to sustainability has an impact on the development and the manufacturing of Hartmann's products as well as on its business practices.

Hartmann endorsed the United Nations Global Compact in 2003, and based on the principles of Global Compact, Hartmann has laid down ten principles forming an overall framework for its sustainability efforts within Human Rights, Social Responsibility, Labour, Anti-corruption and Environment. Continuous progress is made within the different areas using models such as the STEP® model, which Hartmann has developed over more than ten years. Hartmann's main focus is on the environmental area, within which the company has identified the greatest potential for improvements in the form of further energy savings, the use of more environmentally-friendly materials and other measures.

Hartmann's energy consumption reduced by 8% in 2010
Operations at Hartmann's factories are continually optimised with the aim of increasing profitability and reducing energy consumption and CO_2 emissions from production. In 2007, Hartmann endorsed the United Nations Caring for Climate charter, setting the goal of achieving a 20% reduction of its energy consumption per kilogramme of product in 2011, relative to the 2007 level. In 2010, Hartmann reduced its energy consumption by 8%, and since the endorsement of the charter its energy consumption has been reduced by just over 17% in aggregate by focusing on six areas:

- Investment in new process technology
- Maintenance and replacement of existing equipment
- Training of staff
- Knowledge sharing
- Development of best practices across the organisation
- Involvement of experts

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

Sustainability – a competitive advantage to Hartmann
In 2008, Hartmann launched a sales and marketing campaign under the slogan "Choose Fibre. Save Nature.®", which focuses on the environmental benefits of using moulded-fibre packaging. In 2010, Hartmann took the campaign a step further by entering into a partnership on sustainability initiatives with some of its customers. These initiatives have comprised training programmes and workshops focusing on sustainability in the product lifecycle.

Hartmann's CSR efforts and the results achieved are presented in Hartmann's Global Compact progress report for 2010, which is found on www.csr2010.hartmann-packaging.com.

The information in this annual report constitutes a voluntary presentation of the key action areas and results of Hartmann's CSR efforts in 2010.

"In 2010, Hartmann reduced its energy consumption by 8% and strengthened its collaboration with a number of major customers in the field of sustainability"

Hartmann's knowledge of sustainability and its offer to customers for collaboration on better solutions in this area give Hartmann a competitive edge. Customers' interest in working with sustainable packaging and their achievements in doing so demonstrate Hartmann's ability to offer competent and value-creating advice.

Strong results with STEP® models

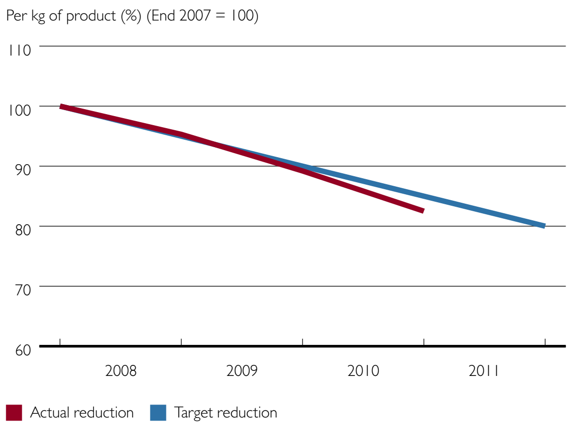
In 2000, Hartmann won the European Commission's Management Award for Sustainable Development, having developed a lifecycle-based management model for its environmental efforts, the so-called STEP® model (STEP: Systematic Tool for Environmental Progress). Hartmann has since developed yet another STEP® model, and the group now takes a targeted approach to working with STEP® Environment and STEP® Human.

The STEP® models ensure a systematic and structured approach to CSR efforts. The results achieved in 2010 included:

- An 8% reduction of Hartmann's energy consumption per kilogramme of product
- Providing advice to major customers on sustainability
- Renewal of the ISO 14001 certification (environment) at all European factories
- Renewal of the SA 8000 (workers' rights) and OHSAS 18001 (human rights) certification

For additional information about the STEP® models, see www.hartmann-packaging.com.

ENERGY REDUCTION



Focus on the entire value chain

Evaluations of suppliers are regularly carried out both at group level and at the individual factories to ensure that suppliers meet the company's requirements and comply with its principles of sustainability. These evaluations provide a basis for Hartmann to select the right suppliers, and suppliers are encouraged to improve their efforts in the areas covered by the evaluations.

In 2010, Hartmann performed a number of supplier evaluations, leading, among other things, to a supplier of ancillary materials to be rejected on the grounds that the supplier was unable to document directly that its production would comply with Hartmann's principles of sustainability.

One Company – CSR is a matter of common interest

Hartmann is dedicated to working with a number of One Company initiatives to ensure that Hartmann's values are anchored throughout the business. In 2010, a process was initiated to incorporate Hartmann's sustainability principles in the One Company efforts, with the aim of promoting the principles through these going forward. The efforts comprise measures such as updating Hartmann's One Company tools, which challenge the company's employees on their knowledge of Hartmann and their understanding of the company's values. The process will continue in 2011, and the updated tools will promote the employees' understanding of and commitment to Hartmann's sustainability efforts across the organisation.

Efforts will continue in 2011

Hartmann will continue its CSR efforts in 2011 with special focus on reducing its energy consumption and CO_2 emissions further and strengthening its efforts in the design of environmentally-friendly packaging (the EU ECO design) as well as its collaboration with customers within the field of sustainability.

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STATEMENT OF COMPREHENSIVE INCOME

DKKm

Note		Group 2010	Group 2009	Parent company 2010	Parent company 2009
5	Revenue	1,482.7	1,379.6	545.6	510.3
6, 7	Production costs	(1,090.9)	(1,001.8)	(472.3)	(476.7)
	Gross profit	**391.8**	**377.8**	**73.3**	**33.6**
7	Selling and distribution costs	(231.0)	(230.1)	(61.4)	(50.5)
7, 8	Administrative expenses	(80.9)	(71.7)	(61.4)	(59.7)
9	Other operating income	2.0	3.1	2.1	3.1
9	Other operating expenses	(8.7)	(0.1)	(6.5)	0.0
	Operating profit before special items	**73.2**	**79.0**	**(53.9)**	**(73.5)**
10	Special items	0.0	(11.7)	0.0	0.0
	Operating profit/(loss) (EBIT)	**73.2**	**67.3**	**(53.9)**	**(73.5)**
	Profit after tax in associates	0.2	0.1	-	-
11	Financial income	9.3	15.5	89.4	57.1
11	Financial expense	(20.5)	(34.2)	(28.4)	(26.0)
	Profit before tax (EBT)	**62.2**	**48.7**	**7.1**	**(42.4)**
12	Tax on profit for the year	(12.3)	(12.9)	18.6	23.2
	Profit for the year (EAT)	**49.9**	**35.8**	**25.7**	**(19.2)**
	Foreign exchange adjustment, foreign subsidiaries	13.0	8.9	-	-
	Hedge accounting of net investments	(11.4)	(10.9)	-	-
	Foreign exchange adjustment, equity-like loans to subsidiaries	8.8	(0.9)	-	-
	Value adjustment of hedging instruments transferred to revenue	(15.3)	10.2	3.5	(0.9)
	Value adjustment of hedging instruments transferred to financial income and expense	1.5	8.7	1.5	7.6
	Value adjustment of hedging instruments	(0.2)	7.4	(3.9)	(4.7)
26	Pension obligations	2.2	(5.1)	0.0	0.0
12	Tax on other comprehensive income	4.1	(2.9)	(0.3)	(0.5)
	Other comprehensive income	**2.7**	**15.4**	**0.8**	**1.5**
	Total comprehensive income	**52.6**	**51.2**	**26.5**	**(17.7)**
13	Earnings per share, DKK, basic (EPS)	7.2	5.2	-	-
13	Earnings per share, DKK, diluted (EPS-D)	7.2	5.2	-	-

STATEMENT OF CASH FLOWS

DKKm

Note		Group 2010	Group 2009	Parent company 2010	Parent company 2009
	Operating profit before special items	73.2	79.0	(53.9)	(73.5)
	Depreciation and amortisation	94.3	86.8	39.7	37.1
14	Adjustment for other non-cash items	8.2	(1.1)	5.9	(1.2)
14	Change in working capital	15.9	(36.3)	(4.0)	(35.7)
	Cash generated from operating activities	**191.6**	**128.4**	**(12.3)**	**(73.3)**
	Interest, etc. received	2.0	3.7	1.7	2.7
	Interest, etc. paid	(19.8)	(19.7)	(14.7)	(16.2)
	Net restructuring costs etc. paid	0.0	(6.1)	0.0	0.0
	Net income tax paid	(29.9)	(30.1)	(1.4)	0.1
	Cash flows from operating activities	**143.9**	**76.2**	**(26.7)**	**(86.7)**
	Disposals of intangible assets	0.0	0.7	0.0	0.7
	Disposals of property, plant and equipment	0.7	2.9	9.3	1.8
	Acquisition of intangible assets	(1.2)	(10.7)	(1.2)	(10.7)
	Acquisition of property, plant and equipment	(58.7)	(90.3)	(15.4)	(26.9)
	Dividend received from associates	0.2	0.2	0.2	0.2
	Dividend received from subsidiaries	-	-	87.4	38.2
	Government grants received	4.3	3.1	0.0	0.0
	Capital injections in subsidiaries	-	-	(0.1)	(0.1)
	Cash flows from investing activities	**(54.7)**	**(94.1)**	**80.2**	**3.2**
	Cash flows from operating and investing activities	**89.2**	**(17.9)**	**53.5**	**(83.5)**
	Repayment of debt	(21.3)	(22.3)	(20.0)	(20.0)
	Change in non-current receivables from subsidiaries	-	-	16.0	44.3
	Dividend paid	(10.4)	0.0	(10.4)	0.0
	Cash flows from financing activities	**(31.7)**	**(22.3)**	**(14.4)**	**24.3**
	Total cash flows	**57.5**	**(40.2)**	**39.1**	**(59.2)**
	Cash and cash equivalents and bank debt at 1 January	(39.1)	8.8	(89.6)	(23.1)
	Foreign exchange adjustment	(12.3)	(7.7)	(12.4)	(7.3)
	Cash and cash equivalents and bank debt at 31 December	**6.1**	**(39.1)**	**(62.9)**	**(89.6)**
	Recognition of cash and cash equivalents and bank debt at 31 December:				
	Cash and cash equivalents	69.1	53.4	0.1	0.1
	Bank debt (current liabilities)	(63.0)	(92.5)	(63.0)	(89.7)
	Total cash and cash equivalents and bank debt	**6.1**	**(39.1)**	**(62.9)**	**(89.6)**

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

BALANCE SHEET, ASSETS

DKKm

Note		Group 2010	Group 2009	Parent company 2010	Parent company 2009
	Non-current assets				
	Intangible assets				
	Goodwill	10.7	10.7	10.7	10.7
	Other intangible assets	8.8	10.1	8.8	10.1
15	**Total intangible assets**	**19.5**	**20.8**	**19.5**	**20.8**
	Property, plant and equipment				
	Land and buildings	171.4	163.6	31.4	33.6
	Technical plant and machinery	405.7	443.1	128.6	155.6
	Fixtures and fittings, other plants and equipment	10.3	14.1	4.6	6.2
	Technical plant under construction	13.4	16.4	1.9	9.3
16	**Total property, plant and equipment**	**600.8**	**637.2**	**166.5**	**204.7**
	Other non-current assets				
17	Investments in subsidiaries	-	-	337.3	347.0
18	Receivables from subsidiaries	-	-	81.7	71.1
19	Investments in associates	3.8	3.8	0.3	0.3
20	Other receivables	8.8	30.2	0.0	0.0
21	Deferred tax asset	95.6	73.5	52.8	33.5
	Total other non-current assets	**108.2**	**107.5**	**472.1**	**451.9**
	Total non-current assets	**728.5**	**765.5**	**658.1**	**677.4**
	Current assets				
22	Inventories	108.8	114.0	41.5	44.1
23	Trade receivables	266.8	225.0	65.7	35.7
24	Construction contracts	0.0	1.3	0.0	1.7
	Receivables from subsidiaries	-	-	76.4	71.5
	Income tax receivable	6.5	7.1	0.0	0.0
	Other receivables	39.9	42.6	20.0	11.9
	Prepayments	5.3	7.5	1.9	3.0
	Cash and cash equivalents	69.1	53.4	0.1	0.1
	Total non-current assets	**496.4**	**450.9**	**205.6**	**168.0**
	Total assets	**1,224.9**	**1,216.4**	**863.7**	**845.4**

BALANCE SHEET, EQUITY AND LIABILITIES

DKKm

Note		Group 2010	Group 2009	Parent company 2010	Parent company 2009
	Equity				
25	Share capital	140.3	140.3	140.3	140.3
	Hedging reserve	0.2	10.2	(0.3)	(1.1)
	Translation reserve	(22.3)	(33.3)	-	-
	Dividend, proposed	15.6	10.5	15.6	10.5
	Retained earnings	415.6	379.8	76.7	66.8
	Total equity	**549.4**	**507.5**	**232.3**	**216.5**
	Non-current liabilities				
21	Deferred tax	14.1	13.6	0.0	0.0
26	Pension obligations	25.1	28.0	0.0	0.0
27	Loans	118.3	283.6	118.3	283.6
28	Government grants	21.5	47.9	5.6	6.4
	Total non-current liabilities	**179.0**	**373.1**	**123.9**	**290.0**
	Current liabilities				
27	Current portion of loans	162.4	22.0	162.4	20.0
	Current portion of government grants	2.4	4.8	0.8	0.9
27	Bank loans	63.0	92.5	63.0	89.7
	Prepayments from customers	5.0	0.5	4.7	0.5
	Trade payables	127.7	99.7	67.5	49.9
	Payable to subsidiaries	-	-	142.0	122.3
	Payable to associates	3.2	1.8	3.2	1.8
	Income tax	0.8	5.0	0.1	0.5
29	Provisions	1.1	1.3	1.3	1.6
30	Other payables	130.9	108.2	62.5	51.7
	Total non-current liabilities	**496.5**	**335.8**	**507.5**	**338.9**
	Total liabilities	**675.5**	**708.9**	**631.4**	**628.9**
	Total equity and liabilities	**1,224.9**	**1,216.4**	**863.7**	**845.4**

STATEMENT OF CHANGES IN EQUITY

DKKm

Group	Share capital	Hedging reserve	Translation reserve	Dividend proposed*	Retained earnings	Total equity
Equity at 1 January 2010	**140.3**	**10.2**	**(33.3)**	**10.5**	**379.8**	**507.5**
Profit for the year	-	-	-	15.6	34.3	49.9
Other comprehensive income for the financial year	-	(10.0)	11.0	-	1.7	2.7
Total comprehensive income	0.0	(10.0)	11.0	15.6	36.0	52.6
Dividend paid	-	-	-	(10.5)	0.1	(10.4)
Share options	-	-	-	-	(0.3)	(0.3)
Total change in equity	0.0	(10.0)	11.0	5.1	35.8	41.9
Equity at 31 December 2010	**140.3**	**0.2**	**(22.3)**	**15.6**	**415.6**	**549.4**
Equity at 1 January 2009	**140.3**	**(8.9)**	**(33.4)**	**0.0**	**358.2**	**456.2**
Profit for the year	-	-	-	10.5	25.3	35.8
Other comprehensive income for the financial year	-	19.1	0.1	-	(3.8)	15.4
Comprehensive income for the year	-	19.1	0.1	10.5	21.5	51.2
Share options	-	-	-	-	0.1	0.1
Total change in equity	0.0	19.1	0.1	10.5	21.6	51.3
Equity at 31 December 2009	**140.3**	**10.2**	**(33.3)**	**10.5**	**379.8**	**507.5**

Parent company	Share capital	Hedging reserve	Dividend proposed*	Retained earnings	Total equity
Equity at 1 January 2010	**140.3**	**(1.1)**	**10.5**	**66.8**	**216.5**
Profit for the year	-	-	15.6	10.1	25.7
Other comprehensive income for the financial year	-	0.8	-	0.0	0.8
Comprehensive income for the year	0.0	0.8	15.6	10.1	26.5
Dividend paid	-	-	(10.5)	0.1	(10.4)
Share options	-	-	-	(0.3)	(0.3)
Total change in equity	0.0	0.8	5.1	9.9	15.8
Equity at 31 December 2010	**140.3**	**(0.3)**	**15.6**	**76.7**	**232.3**
Equity at 1 January 2009	**140.3**	**(2.6)**	**0.0**	**96.4**	**234.1**
Profit for the year	-	-	10.5	(29.7)	(19.2)
Other comprehensive income for the financial year	-	1.5	-	0.0	1.5
Comprehensive income for the year	0,0	1.5	10.5	(29.7)	(17.7)
Share options	-	-	-	0.1	0.1
Total change in equity	0.0	1.5	10.5	(29.6)	(17.6)
Equity at 31 December 2009	**140.3**	**(1.1)**	**10.5**	**66.8**	**216.5**

* For the financial year ended 31 December 2010, the Board of Directors has proposed a dividend of DKK 15.6 million, corresponding to DKK 2.25 per share, which will be paid to the shareholders immediately after the annual general meeting to be held on 26 April 2011, subject to approval of the proposal by the shareholders in general meeting. As the dividend is subject to approval by the shareholders in general meeting, it has not been recognised as a liability in the balance sheet at 31 December 2010. No dividend is paid in respect of treasury shares.

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NOTES

1. Basis of preparation

The consolidated financial statements and the parent company financial statements for 2010 of the group and Brødrene Hartmann A/S, respectively, have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of listed companies, see the Danish Statutory Order on Adoption of IFRS issued in pursuance of the Danish Financial Statements Act.

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

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

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

The accounting policies, which are described in note 39 to the financial statements, have been consistently applied for the financial year and for the comparative figures.

2. Accounting regulations

New financial reporting standards in 2010
Hartmann has implemented all new and revised financial reporting standards and interpretations adopted by the EU that apply to financial years beginning on or after 1 January 2010. Hartmann has assessed that the new and revised standards and interpretations that are effective for financial years beginning on or after 1 January 2010 are either not relevant to the group or the parent company, or not of significant importance.

Finally, Hartmann has adopted early a change to IAS 1, 'Presentation of financial statements', which enters into force at 1 January 2011. The presentation of comprehensive income and statement of changes in equity have been adjusted to reflect the new requirements.

Amendments and interpretations which have not yet come into force and which have not been prospectively implemented
In 2010, the IASB issued a number of financial reporting standards, amendments and interpretations, which had been adopted by the EU as at 31 December 2010. Accordingly, the group and the parent company must comply with these standards, amendments and interpretations for financial years beginning on or after 1 January 2011.

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

Change in presentation
As a result of the organisational combination of operations, the reporting segments Egg Packaging Europe and Industrial Packaging were combined as from the financial year 2010. The combination also extended to internal financial control and management reporting. The segment Egg Packaging Europe changed its name to Europe, and the segment Egg Packaging North America changed its name to North America. The comparative figures have been restated accordingly.

NOTES

3. Significant accounting estimates and judgments

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

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

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

Significant accounting estimates, assumptions and uncertainties

Recognition and measurement of assets and liabilities often depend on future events subject to some uncertainty. In that connection, it is necessary to assume a course of events that reflects management's assessment of the most probable course of events. In respect of the consolidated financial statements and the parent company financial statements for 2010, the following assumptions and uncertainties should especially be noted, as they had a significant influence on the assets and liabilities recognised in the consolidated financial statements and the parent company financial statements and may necessitate corrections in subsequent financial years if the assumed course of events fails to materialise as expected:

Recoverable amount of goodwill

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

Recoverable amount of the activities of the segment North America

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

Deferred tax

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

Recoverable amount of other non-current receivables

Determining any need for impairment write-down of recognised other non-current receivables, which relate to government grants not yet received, depends on a number of estimates and judgments. The carrying amount of other non-current receivables amounted to DKK 8.8 million at 31 December 2010. For a detailed description of the conditions of the grant etc. see note 20 and 28.

NOTES

4. Segment information

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

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

Europe
This segment comprises production and sales of moulded-fibre packaging. Products are produced at the group's European factories and are primarily sold to egg producers, egg packing businesses and retail chains and buyers of industrial packaging. European sales are coordinated from the sales office in Germany.

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

Other business areas
This segment includes the combined heat and power plant, Hartmann Technology and corporate functions.

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

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

Other segment information includes investments in intangible assets and property, plant and equipment.

Revenue distribution is based on the customers' geographical location. Intangible assets and property, plant and equipment are based on the geographical location of the assets.

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

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

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4. Segment information, cont'd

2010	Europe	North America	Other business-areas	Total reporting segments
External revenue	**1,166.9**	**218.1**	**97.7**	**1,482.7**
Operating profit/(loss) before depreciation, amortisation and impairment and before special items	188.5	19.0	(40.0)	167.5
Depreciation and amortisation	(72.2)	(18.0)	(10.8)	(101.0)
Operating profit/(loss) before special items	**116.3**	**1.0**	**(50.8)**	**66.5**
Special items	0.0	0.0	0.0	0.0
Operating profit/(loss)	**116.3**	**1.0**	**(50.8)**	**66.5**
Balance sheet				
Inventories	68.5	25.4	14.9	108.8
Trade receivables	203.4	21.0	42.4	266.8
Trade payables	63.6	19.1	45.0	127.7
Other segment information				
Investments intangible assets and property plant and equipment	47.5	8.2	3.0	58.7

2009	Europe	North America	Other business-areas	Total reporting segments
External revenue	**1,147.5**	**163.2**	**68.9**	**1,379.6**
Operating profit/(loss) before depreciation, amortisation and impairment and before special items	201.1	3.6	(27.0)	177.7
Depreciation and amortisation	(82.5)	(10.7)	(7.3)	(100.5)
Operating profit/(loss) before special items	**118.6**	**(7.1)**	**(34.3)**	**77.2**
Special items	(11.7)	0.0	0.0	(11.7)
Operating profit/(loss)	**106.9**	**(7.1)**	**(34.3)**	**65.5**
Balance sheet				
Inventories	75.5	27.6	10.9	114.0
Trade receivables	195.6	15.7	13.7	225.0
Trade payables	59.0	16.7	24.0	99.7
Other segment information				
Investments intangible assets and property plant and equipment	70.9	18.4	11.7	101.0

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4. Segment information, cont'd

GEOGRAPHICAL INFORMATION

External sales	Group 2010	2009
Denmark	100.1	98.4
Other Europe	1,067.8	1,048.5
North America	219.3	168.9
Other world	95.5	63.8
External sales, see financial statements	**1,482.7**	**1,379.6**

Intangible assets and property, plant and equipment	Group 2010	2009
Denmark	186.0	225.5
Other Europe*	343.5	350.7
North America	111.2	108.6
Other world	12.7	13.2
	653.4	**698.0**
Elimination of investments in subsidiaries	(33.1)	(40.0)
Intangible assets and property, plant and equipment, see financial statements	**620.3**	**658.0**

* Of which DKK 225.8 million (2009: DKK 228.7 million) represented intangible assets and property, plant and equipment in Hungary.

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4. Segment information, cont'd

RECONCILIATION

	2010	2009
Revenue		
External revenue for reporting segments	1,482.7	1,379.6
Total revenue, see financial statements	**1,482.7**	**1,379.6**
Performance targets		
Operating profit/(loss) before special items for reporting segments	66.5	77.2
Eliminations	6.7	1.8
Operating profit/(loss) before special items, see financial statements	73.2	79.0
Special items for reporting segments	0.0	(11.7)
Eliminations	0.0	0.0
Operating profit/(loss), see financial statements	73.2	67.3
Profit after tax in associates	0.2	0.1
Financial income	9.3	15.5
Financial expense	(20.5)	(34.2)
Profit/(loss) before tax, see financial statements	**62.2**	**48.7**
Assets		
Inventories for reporting segments	108.8	114.0
Trade receivables for reporting segments	266.8	225.0
Non-current assets, see financial statements	728.5	765.5
Other current assets, see financial statements	120.8	111.9
Eliminations	0.0	0.0
Total assets, see financial statements	**1,224.9**	**1,216.4**
Liabilities		
Trade payables for reporting segments	127.7	99.7
Non-current liabilities, see financial statements	179.0	373.1
Other non-current liabilities, see financial statements	368.8	236.1
Total liabilities, see financial statements	**675.5**	**708.9**

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5. Revenue

	Group		Parent company	
	2010	2009	2010	2009
Value of goods sold	1,454.4	1,370.6	516.4	482.4
Selling price of production for the year from construction contracts	28.3	9.0	28.5	26.7
Sales of services to subsidiaries	-	-	0.7	1.2
Total revenue	**1,482.7**	**1,379.6**	**545.6**	**510.3**

6. Cost of sales

	Group		Parent company	
	2010	2009	2010	2009
Cost of sales for the year	702.4	648.7	307.8	308.2
Inventory write-downs for the year	2.2	0.1	2.2	0.1
Reversed inventory write-downs	0.0	0.0	0.0	0.0
Total cost of sales	**704.6**	**648.8**	**310.0**	**308.3**

7. Staff costs

	Group		Parent company	
	2010	2009	2010	2009
Breakdown of staff costs:				
Wages, salaries and remuneration	397.4	380.6	203.1	192.3
Pension costs, defined benefit plans	2.6	1.6	0.0	0.0
Pension contributions, defined contribution plans	33.9	35.2	16.7	16.0
Other social security costs	21.3	20.9	4.8	2.6
Total staff costs	**455.2**	**438.3**	**224.6**	**210.9**
Recognition of staff costs in the financial statements:				
Production costs	342.8	334.9	160.2	162.8
Selling and distribution costs	47.7	46.1	5.9	8.3
Administrative expenses	64.7	45.8	58.5	39.8
Special items, expense	0.0	11.5	0.0	0.0
Total staff costs	**455.2**	**438.3**	**224.6**	**210.9**
Number of employees				
Average no. of full-time employees	1,543	1,553	446	447

For information on pension obligations, see note 26.

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7. Staff costs, cont'd

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

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

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

CCO Magali Depras and COO Søren Tolstrup are included in the item 'Key employees' for 2009.

Remuneration of the Executive Board and key employees	Salary	Bonus	Pension	Other benefits	Total
2010					
Michael Rohde Pedersen (commenced 15 Sept. 2010)	0.9	0.0	0.1	0.1	1.1
Claus Frees Sørensen (commenced 1 Aug. 2010)	0.7	0.3	0.1	0.1	1.2
Peter Arndrup Poulsen (resigned 14 Sept. 2010)	2.2	0.3	0.3	0.2	3.0
Tom Wrensted (resigned 3 May 2010)	1.1	0.2	0.1	0.1	1.5
Magali Depras (resigned 17 Dec. 2010)*	1.9	0.3	0.2	1.2	3.6
Søren Tolstrup (resigned 24 Nov. 2010)**	1.8	0.0	0.3	2.5	4.6
Remuneration of the Executive Board	**8.6**	**1.1**	**1.1**	**4.2**	**15.0**
Key employees	2.1	0.5	0.5	0.2	3.3
Total remuneration	**10.7**	**1.6**	**1.6**	**4.4**	**18.3**
2009					
Peter Arndrup Poulsen	3.4	0.6	0.3	0.2	4.5
Tom Wrensted	2.4	0.4	0.2	0.2	3.2
Remuneration of the Executive Board	**5.8**	**1.0**	**0.5**	**0.4**	**7.7**
Key employees	14.4	1.0	0.9	0.4	16.7
Total remuneration	**20.2**	**2.0**	**1.4**	**0.8**	**24.4**

* DKK 1.0 million of the DKK 1.2 million other benefits constitutes payment for competition clause.
** DKK 2.3 million of the DKK 2.5 million other benefits constitutes severance payment.

The remuneration paid to the Board of Directors is a fixed fee which is approved by the shareholders at the annual general meeting. Ordinary Board members each receive an annual fee of DKK 150,000. The vice chairman receives the amount of the ordinary fee multiplied by two, and the chairman receives the amount of the ordinary fee multiplied by three.

Remuneration of the Board of Directors	2010	2009
Chairman	0.4	0.5
Vice chairman	0.4	0.3
Ordinary members	0.7	0.8
Total remuneration	**1.5**	**1.6**

The former chairman of Hartmann's Board of Directors, Erik Højsholt, passed away in May 2010, and Agnete Raaschou-Nielsen was elected chairman in August 2010. During the interim period, Walter Vishof Paulsen and Peter-Ulrik Plesner acted as chairman and vice chairman, respectively.

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8. Share-based payment

As appears from company announcement no. 6/2009, the company's share option programme was cancelled with effect from 2009. Accordingly, no share options were granted in 2009 and 2010.

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

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

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

Due to Peter Arndrup Poulsen and Tom Wrensted having resigned in 2010, the share options allotted to them in 2007 and 2008 will not vest. In connection with their resignation, share options previously expensed have been reversed. The total income in connection with the reversal has been calculated at DKK 0.3 million (2009: expense of DKK 0.1 million).

	Exercise period		No.					Exercise
Issued	Start year	End year	1 Jan. 2010	Expired	Not vested	Exercised	31 Dec. 2010	price
Members of the Executive Board								
2007	2010	2012	5,504	0	(5,504)	0	0	158.08
2008	2011	2013	9,875	0	(9,875)	0	0	107.92
Total			**15,379**	**0**	**(15,379)**	**0**	**0**	

9. Other operating income and operating expenses

	Group		Parent company	
	2010	2009	2010	2009
Other operating income				
Gains on the sale of intangible assets and property, plant and equipment	0.2	1.3	0.3	1.3
Licence fees	1.8	1.8	1.8	1.8
Total other operating income	**2.0**	**3.1**	**2.1**	**3.1**
Other operating expenses				
Losses on the sale of property, plant and equipment	8.7	0.1	6.5	0.0
Total other operating expenses	**8.7**	**0.1**	**6.5**	**0.0**

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10. Special items

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Special items, expense				
Severance pay etc. relating to restructuring*	0.0	11.7	0.0	0.0
Total special items, expense	**0.0**	**11.7**	**0.0**	**0.0**
Total special items	**0.0**	**(11.7)**	**0.0**	**0.0**
If special items had been included in operating profit before special items, they would have been recognised in the following items in the statement of comprehensive income:				
Production costs	0.0	6.1	0.0	0.0
Selling and distribution costs	0.0	5.6	0.0	0.0
Total special items	**0.0**	**11.7**	**0.0**	**0.0**

* In 2010, Hartmann incurred costs of DKK 0.0 million (2009: DKK 11.7 million) of a special nature relative to the group's earnings-generating operating activities. These expenses are presented as special items to facilitate the comparability of the statement of comprehensive income and in order to provide a clearer presentation of operating profit.

11. Financial income and expense

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Financial income				
Dividend from subsidiaries	-	-	87.4	38.2
Dividend from associates	-	-	0.2	0.2
Reversal of write-down on intra-group accounts	-	-	0.0	11.6
Interest income, subsidiaries	-	-	1.4	4.2
Interest income, cash and cash equivalents etc.	0.0	3.2	0.4	1.2
Calculated expected return on assets held in defined benefit pension plans, see note 26	2.7	2.0	0.0	0.0
Net foreign exchange gain	0.0	9.6	0.0	1.7
Interest rate effect on discounting of non-current receivables	6.6	0.7	0.0	0.0
Total financial income	**9.3**	**15.5**	**89.4**	**57.1**
Financial expense				
Interest expense, subsidiaries	-	-	0.0	2.4
Write-down of investments in subsidiaries	-	-	9.8	0.1
Interest expense, loans and bank debt	15.0	17.8	14.4	16.8
Net foreign exchange loss	0.0	0.0	3.9	0.0
Calculated interest on liabilities relating to defined benefit pension plans, see note 26	3.9	3.3	0.0	0.0
Interest rate effect on discounting of non-current receivables	0.0	7.4	0.0	0.0
Other interest expenses	1.6	5.7	0.3	6.7
Total financial expense	**20.5**	**34.2**	**28.4**	**26.0**
Total financial income and expense	**(11.2)**	**(18.7)**	**61.0**	**31.1**

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12. Tax on profit/(loss) for the year

	Group		Parent company	
	2010	2009	2010	2009
Breakdown of tax for the year:				
Tax on profit/(loss) for the year	12.3	12.9	(18.6)	(23.2)
Tax on other comprehensive income	(4.1)	2.9	0.3	0.5
Total tax	**8.2**	**15.8**	**(18.3)**	**(22.7)**
Breakdown of tax on profit/(loss) for the year:				
Current tax	26.0	26.7	0.9	0.1
Change in deferred tax	(11.7)	(17.0)	(18.5)	(21.9)
Change of income tax rate	(1.0)	4.3	0.0	0.0
Tax relating to prior years	(1.0)	(1.1)	(1.0)	(1.4)
Tax on profit/(loss) for the year	**12.3**	**12.9**	**(18.6)**	**(23.2)**
Breakdown of tax on profit/(loss) for the year is specified as follows:				
Profit/(loss) before tax	62.2	48.7	7.1	(42.4)
Dividend from subsidiaries and associates	-	-	(87.4)	(38.2)
Profit/(loss) after tax in associates	(0.2)	(0.2)	(0.2)	(0.2)
	62.0	**48.5**	**(80.5)**	**(80.8)**
Tax charged at 25%	15.5	12.1	(20.1)	(20.2)
Adjustment of tax calculated for foreign subsidiaries in relation to 25%	(3.2)	(0.6)	-	-
Tax effect of:				
Change of income tax rate	(1.0)	4.3	0.0	0.0
Non-deductible write-down of investments in subsidiaries	-	-	2.5	0.0
Unrecognised deferred tax assets in foreign subsidiaries	3.5	(3.4)	0.0	0.0
Non-taxable income and non-deductible expenses	(1.5)	1.6	0.0	(1.6)
Tax relating to prior years	(1.0)	(1.1)	(1.0)	(1.4)
	12.3	**12.9**	**(18.6)**	**(23.2)**
Effective tax rate	**20**	**27**	**23**	**29**
Tax on other comprehensive income:				
Foreign exchange adjustment, equity-like loans to subsidiaries	(0.6)	(3.0)	0.0	0.0
Value adjustment of hedging instruments	(4.0)	7.2	0.3	0.5
Pension obligations	0.5	(1.3)	0.0	0.0
	(4.1)	**2.9**	**0.3**	**0.5**

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13. Earnings per share

	Group 2010	Group 2009
Average no. of shares	7,015,090	7,015,090
Average no. of treasury shares	(100.000)	(100.000)
Average no. of shares in circulation	**6,915,090**	**6,915,090**
Average dilutive effect of unexercised share options	0	0
Average no. of shares, diluted	**6,915,090**	**6,915,090**
Profit/(loss) for the year attributable to the shareholders of Brødrene Hartmann A/S	**49.9**	**35.8**
Earnings per share, DKK (EPS)	7.2	5.2
Earnings per share, DKK, diluted (EPS)	7.2	5.2

14. Statement of cash flows

	Group		Parent company	
	2010	2009	2010	2009
Adjustment for other non-cash items				
Profits and losses from the sale of intangible assets and property, plant and equipment	8.5	(1.2)	6.2	(1.3)
Adjustment of share options for the year	(0.3)	0.1	(0.3)	0.1
Total	**8.2**	**(1.1)**	**5.9**	**(1.2)**
Change in working capital				
Inventories and construction contracts	11.2	(5.0)	4.3	(2.4)
Receivables	(44.8)	11.4	(41.9)	7.1
Trade payables	25.6	(36.3)	17.6	(27.6)
Prepayments from customers	4.5	(0.6)	4.2	(0.6)
Other payables etc.	23.1	(4.1)	11.8	(12.2)
Pension obligations relating to operations	(3.7)	(1.7)	0.0	0.0
Total	**15.9**	**(36.3)**	**(4.0)**	**(35.7)**

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15. Intangible assets

Group and parent company	Goodwill	Other intangible assets	Total
Cost at 1 January 2010	22.8	11.7	34.5
Additions	0.0	1.2	1.2
Cost at 31 December 2010	**22.8**	**12.9**	**35.7**
Amortisation and impairment at 1 January 2010	12.1	1.6	13.7
Amortisation	0.0	2.5	2.5
Amortisation and impairment at 31 December 2010	**12.1**	**4.1**	**16.2**
Carrying amount at 31 December 2010	**10.7**	**8.8**	**19.5**
Cost at 1 January 2009	22.8	1.0	23.8
Additions	0.0	10.7	10.7
Cost at 31 December 2009	**22.8**	**11.7**	**34.5**
Amortisation and impairment at 1 January 2009	12.1	0.9	13.0
Amortisation	0.0	0.7	0.7
Amortisation and impairment at 31 December 2009	**12.1**	**1.6**	**13.7**
Carrying amount at 31 December 2009	**10.7**	**10.1**	**20.8**

	Group and parent company	
	2010	2009
Amortisation is recognised in the statement of comprehensive income in the following items:		
Administrative expenses	2.5	0.7
Total amortisation	**2.5**	**0.7**

Goodwill

Goodwill has been allocated to Egg Packaging Europe.

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

The recoverable amount is based on the value in use determined by means of expected net cash flows on the basis of approved budgets and forecasts for the period 2011-2015 and by using a pre-tax discount rate of 10% (2009: 10%) which takes into account the specific risks characterising the European market. The calculation is not based on significant growth assumptions.

Other intangible assets

Amortisation of development projects is recognised in the statement of comprehensive income under production costs.

In 2010, development costs totalled DKK 2.3 million (2009: DKK 1.3 million), which are recognised in the statement of comprehensive income under production costs.

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16. Property, plant and equipment

Group	Land and buildings	Technical plant and machinery	Other operating equipment	Production plant under construction	Total
Cost at 1 January 2010	357.6	1,656.8	128.3	16.4	2,159.1
Foreign exchange adjustment	5.2	30.0	1.8	0.0	37.0
Transfer	0.0	16.4	0.0	(16.4)	0.0
Additions	14.4	27.3	3.6	13.4	58.7
Disposals	(1.2)	(43.8)	(42.1)	0.0	(87.1)
Cost at 31 December 2010	**376.0**	**1,686.7**	**91.6**	**13.4**	**2,167.7**
Depreciation and impairment at 1 January 2010	194.0	1,213.7	114.2	0.0	1,521.9
Foreign exchange adjustment	1.1	24.8	0.4	0.0	26.3
Depreciation	10.0	81.5	5.1	0.0	96.6
Disposals	(0.5)	(39.0)	(38.4)	0.0	(77.9)
Depreciation and impairment at 31 December 2010	**204.6**	**1,281.0**	**81.3**	**0.0**	**1,566.9**
Carrying amount at 31 December 2010	**171.4**	**405.7**	**10.3**	**13.4**	**600.8**
Cost at 1 January 2009	340.1	1,556.0	128.5	23.9	2,048.5
Foreign exchange adjustment	5.1	25.1	0.8	0.0	31.0
Transfer	0.0	23.9	0.0	(23.9)	0.0
Additions	13.3	53.4	7.2	16.4	90.3
Disposals	(0.9)	(1.6)	(8.2)	0.0	(10.7)
Cost at 31 December 2009	**357.6**	**1,656.8**	**128.3**	**16.4**	**2,159.1**
Depreciation and impairment at 1 January 2009	182.0	1,120.5	114.2	0.0	1,416.7
Foreign exchange adjustment	1.0	21.2	0.5	0.0	22.7
Depreciation	11.0	73.4	7.2	0.0	91.6
Disposals	0.0	(1.4)	(7.7)	0.0	(9.1)
Depreciation and impairment at 31 December 2009	**194.0**	**1,213.7**	**114.2**	**0.0**	**1,521.9**
Carrying amount at 31 December 2009	**163.6**	**443.1**	**14.1**	**16.4**	**637.2**

	Group	
	2010	**2009**
Breakdown of depreciation:		
Depreciation	96.6	91.6
Part of government grants recognised as income	(4.8)	(5.5)
Total depreciation	**91.8**	**86.1**
Depreciation is recognised in the statement of comprehensive income in the following items:		
Production costs	89.5	83.8
Selling and distribution costs	0.6	0.7
Administrative expenses	1.7	1.6
Total depreciation	**91.8**	**86.1**

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16. Property, plant and equipment, cont'd

Parent company	Land and buildings	Technical plant and machinery	Other plant and equipment	Production-plant under construction	Total
Cost at 1 January 2010	166.9	825.0	92.9	9.3	1,094.1
Transfer	0.0	9.3	0.0	(9.3)	0.0
Additions	0.5	12.9	0.1	1.9	15.4
Disposals	(1.2)	(46.3)	(30.3)	0.0	(77.8)
Cost at 31 December 2010	**166.2**	**800.9**	**62.7**	**1.9**	**1,031.7**
Depreciation and impairment at 1 January 2010	133.3	669.4	86.7	0.0	889.4
Depreciation	2.1	34.5	1.5	0.0	38.1
Disposals	(0.6)	(31.6)	(30.1)	0.0	(62.3)
Depreciation and impairment at 31 December 2010	**134.8**	**672.3**	**58.1**	**0.0**	**865.2**
Carrying amount at 31 December 2010	**31.4**	**128.6**	**4.6**	**1.9**	**166.5**
Cost at 1 January 2009	166.8	800.4	96.3	11.3	1,074.8
Transfer	0.0	11.3	0.0	(11.3)	0.0
Additions	1.0	13.5	3.1	9.3	26.9
Disposals	(0.9)	(0.2)	(6.5)	0.0	(7.6)
Cost at 31 December 2009	**166.9**	**825.0**	**92.9**	**9.3**	**1,094.1**
Depreciation and impairment at 1 January 2009	129.5	639.4	89.8	0.0	858.7
Depreciation	3.8	30.1	3.4	0.0	37.3
Disposals	0.0	(0.1)	(6.5)	0.0	(6.6)
Depreciation and impairment at 31 December 2009	**133.3**	**669.4**	**86.7**	**0.0**	**889.4**
Carrying amount at 31 December 2009	**33.6**	**155.6**	**6.2**	**9.3**	**204.7**

	Parent company 2010	Parent company 2009
Breakdown of depreciation:		
Depreciation	38.1	37.3
Part of government grants recognised as income	(0.9)	(0.9)
Total depreciation	**37.2**	**36.4**
Depreciation is recognised in the statement of comprehensive income in the following items:		
Production costs	35.3	34.7
Administrative expenses	1.9	1.7
Total depreciation	**37.2**	**36.4**

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17. Investments in subsidiaries

	Parent company	
	2010	**2009**
Cost at 1 January	882.1	882.0
Additions for the year	0.1	0.1
Cost at 31 December	**882.2**	**882.1**
Impairment at 1 January	535.1	535.0
Impairment write-downs for the year	9.8	0.1
Impairment at 31 December	**544.9**	**535.1**
Carrying amount at 31 December	**337.3**	**347.0**

Additions for the year came to DKK 0.1 million (2009: DKK 0.1 million) and related to a cash capital injection in the wholly owned subsidiary Hartmann Italiana S.r.l., the equity of which was negative at the time of the capital injection.

Impairment for the year came to DKK 9.8 million (2009: DKK 0.1 million) and related to the write-down to recoverable amounts of investments in the wholly owned subsidiary Hartmann-Varkaus Oy.

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

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18. Receivables from subsidiaries

	Parent company 2010	Parent company 2009
Carrying amount at 1 January	71.1	67.3
Foreign exchange adjustment	9.1	3.9
Additions	1.5	22.3
Disposals	0.0	(22.4)
Carrying amount at 31 December	**81.7**	**71.1**

19. Investments in associates

	Group		Parent company	
	2010	2009	2010	2009
Cost at 1 January	0.3	0.3	0.3	0.3
Cost at 31 December	**0.3**	**0.3**	**0.3**	**0.3**
Revaluations at 1 January	3.5	3.6	-	-
Dividend	(0.2)	(0.2)	-	-
Share of profit/(loss) for the year	0.2	0.1	-	-
Revaluations at 31 December	**3.5**	**3.5**	**-**	**-**
Carrying amount at 31 December	**3.8**	**3.8**	**0.3**	**0.3**

2010

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

2009

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

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

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20. Other receivables

	Group		Parent company	
	2010	2009	2010	2009
Carrying amount at 1 January	30.2	47.2	0.0	0.0
Foreign exchange adjustment	(0.7)	(0.5)	0.0	0.0
Disposals	(4.1)	0.0	0.0	0.0
Interest effect of discounting	6.6	(7.8)	0.0	0.0
Write-down*	(23.2)	(8.7)	0.0	0.0
Carrying amount at 31 December	**8.8**	**30.2**	**0.0**	**0.0**
Other non-current receivables are expected to fall due:				
Within 1 year	2.0	3.7	0.0	0.0
Within 1 to 5 years	4.9	15.7	0.0	0.0
After 5 years	1.9	10.8	0.0	0.0
	8.8	**30.2**	**0.0**	**0.0**

* A reassessment of the grants receivable in the form of reduced tax payments in the Hungarian production company entailed an impairment write-down of DKK 23.2 million (2009: DKK 8.7 million), see also note 28.

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21. Deferred tax

	Group		Parent company	
	2010	2009	2010	2009
Deferred tax at 1 January	(59.9)	(44.4)	(33.5)	(9.6)
Foreign exchange adjustment	(3.7)	(3.6)	-	-
Deferred tax for the year recognised in profit/(loss) for the year	(11.7)	(17.0)	(18.5)	(21.9)
Change of income tax rate recognised in profit/(loss) for the year	(1.0)	4.3	0.0	0.0
Deferred tax on foreign exchange adjustment recognised in other comprehensive income	(0.6)	(3.0)	0.0	0.0
Deferred tax on hedging instruments recognised in other comprehensive income	(4.0)	7.3	0.3	0.5
Deferred tax on pension obligations	0.5	(1.4)	0.0	0.0
Adjustment of deferred tax relating to prior years	(1.1)	(2.1)	(1.1)	(2.5)
Deferred tax at 31 December	**(81.5)**	**(59.9)**	**(52.8)**	**(33.5)**
Breakdown of deferred tax:				
Intangible assets	3.4	1.1	3.4	1.1
Property, plant and equipment	14.2	18.9	12.8	16.4
Current assets	1.1	1.1	0.9	1.3
Liabilities	(5.4)	(3.7)	(5.7)	(2.2)
Other	1.5	0.3	0.0	0.0
Tax-loss carry forwards	(96.3)	(77.6)	(64.2)	(50.1)
Deferred tax at 31 December	**(81.5)**	**(59.9)**	**(52.8)**	**(33.5)**
Deferred tax is recognised in the following balance sheet items:				
Other non-current assets	(95.6)	(73.5)	(52.8)	(33.5)
Non-current liabilities	14.1	13.6	0.0	0.0
	(81.5)	**(59.9)**	**(52.8)**	**(33.5)**
Tax value of unrecognised deferred tax assets	**100.5**	**94.9**	**0.0**	**0.0**

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

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

The carrying amount at 31 December 2010 of tax loss carry-forwards relates to Hartmann North America and the Danish parent company Brødrene Hartmann A/S.

The increase in tax value of unrecognised deferred tax assets, is due to positive exchange rate of CAD/DKK.

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21. Deferred tax, cont'd

Group assets	Intangible equipment	Property, plant and equipment	Current assets	Liabil-ities	Other	Tax loss carried forward etc.	Total
Deferred tax at 1 January 2010	1.1	18.9	1.1	(3.7)	0.3	(77.6)	(59.9)
Foreign exchange adjustment	0.0	(0.3)	0.0	0.0	0.0	(3.4)	(3.7)
Recognised in profit/(loss) for the year, net	2.3	(4.4)	0.0	(2.2)	5.2	(14.7)	(13.8)
Recognised in other comprehensive income, net	0.0	0.0	0.0	0.5	(4.0)	(0.6)	(4.1)
Deferred tax at 31 December 2010	**3.4**	**14.2**	**1.1**	**(5.4)**	**1.5**	**(96.3)**	**(81.5)**
Deferred tax at 1 January 2009	1.1	4.5	0.3	(2.8)	(0.1)	(47.4)	(44.4)
Foreign exchange adjustment	0.0	(0.6)	0.0	0.0	0.0	(3.0)	(3.6)
Recognised in profit/(loss) for the year, net	0.0	15.0	0.8	0.5	(6.9)	(24.2)	(14.8)
Recognised in other comprehensive income, net	0.0	0.0	0.0	(1.4)	7.3	(3.0)	2.9
Deferred tax at 31 December 2009	**1.1**	**18.9**	**1.1**	**(3.7)**	**0.3**	**(77.6)**	**(59.9)**

Parent company	Intangible assets	Property plant and equipment	Current assets	Liabil-ities	Other	Tax loss carried forward etc.	Total
Deferred tax at 1 January 2010	1.1	16.4	1.3	(2.2)	0.0	(50.1)	(33.5)
Recognised in profit/(loss) for the year, net	2.3	(3.6)	(0.4)	(3.5)	0.0	(14.4)	(19.6)
Recognised in other comprehensive income, net	0.0	0.0	0.0	0.0	0.0	0.3	0.3
Deferred tax at 31 December 2010	**3.4**	**12.8**	**0.9**	**(5.7)**	**0.0**	**(64.2)**	**(52.8)**
Deferred tax at 1 January 2009	1.1	14.9	1.1	(2.2)	0.0	(24.5)	(9.6)
Recognised in profit/(loss) for the year, net	0.0	1.5	0.2	0.0	0.0	(26.1)	(24.4)
Recognised in other comprehensive income, net	0.0	0.0	0.0	0.0	0.0	0.5	0.5
Deferred tax at 31 December 2009	**1.1**	**16.4**	**1.3**	**(2.2)**	**0.0**	**(50.1)**	**(33.5)**

22. Inventories

	Group		Parent company	
	2010	2009	2010	2009
Raw materials and consumables	51.8	50.0	27.3	24.9
Work in progress	13.8	13.7	0.2	1.9
Finished goods and goods for resale	43.2	50.3	14.0	17.3
Inventories at 31 December	**108.8**	**114.0**	**41.5**	**44.1**
Inventories recognised at net realisable value	5.5	3.0	5.5	3.0

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

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23. Trade receivables

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Trade receivables, gross	273.0	232.0	65.7	36.0
Provision for bad debt:				
Provision at 1 January	7.0	7.4	0.4	0.4
Impairment write-downs for the year	1.0	0.1	(0.1)	(0.4)
Losses incurred during the year	(1.8)	(0.5)	(0.3)	0.3
Provision at 31 December	6.2	7.0	0.0	0.3
Total trade receivables	**266.8**	**225.0**	**65.7**	**35.7**
Trade receivables, net correspond to an average credit period of (days)	66	60	44	26
Breakdown of trade receivables:				
Not due	223.6	181.4	55.2	24.3
Due within:				
1 to 30 days	29.4	34.8	7.5	11.4
31 to 60 days	7.4	7.6	0.8	0.0
More than 60 days	6.4	1.2	2.2	0.0
	266.8	**225.0**	**65.7**	**35.7**

The group's write-downs on debtors at 31 December 2010 were all attributable to specific customers.

24. Construction contracts

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Selling price of construction contracts	0.0	1.3	0.0	1.7
Progress billing	0.0	0.0	0.0	0.0
Total construction contracts	**0.0**	**1.3**	**0.0**	**1.7**
Recognised as follows:				
Construction contracts (assets)	0.0	1.3	0.0	1.7
Total construction contracts	**0.0**	**1.3**	**0.0**	**1.7**

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25. Share capital

		Parent company
Share capital at 1 January 2006		70.2
Addition at 24 June 2008		70.1
Share capital at 31 December 2010	**7,015,090 shares of DKK 20 each**	**140.3**

No shares confer any special rights upon any shareholder.

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

Treasury shares

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

The value of the shares at 31 December 2010 was DKK 7.6 million (2009: DKK 9.5 million). The shares were acquired to cover liabilities related to share-based payments.

According to an authorisation from the shareholders which is valid until 21 October 2010, Brødrene Hartmann A/S may acquire up to 10% of its own shares. The authorisation is valid until 20 October 2011.

Dividends

For the financial year ended 31 December 2010, the Board of Directors has proposed a dividend of DKK 15.6 million (2009: DKK 10.5 million), corresponding to DKK 2.25 per share (2009: DKK 1.5), which will be paid to the shareholders immediately after the annual general meeting to be held on 26 April 2011, subject to approval of the proposal by the shareholders in general meeting. As the dividend is subject to approval by the shareholders, it has not been recognised as a liability in the balance sheet at 31 December 2010. Proposed dividend is exclusive dividend of treasury shares.

26. Pension obligations

Defined contribution plans

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

Defined benefit plans

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

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

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

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26. Pension obligations, cont'd

	Group 2010	Group 2009
Recognition of the obligation relating to defined benefit plans in the balance sheet:		
Pension obligations and similar obligations	25.1	28.0
Pension assets	0.0	0.0
Total pension obligations, net	**25.1**	**28.0**
Calculation of net obligation		
Present value of plan and plan assets	50.9	37.8
Market value of plan assets	(50.9)	(39.8)
Net obligation of plans with plan assets	0.0	(2.0)
Present value of plan without plan assets	24.0	22.8
Assets not recognised due to asset cap	1.1	7.2
Recognised net obligation	**25.1**	**28.0**
Calculation of total obligation		
Present value of plan and plan assets	50.9	37.8
Present value of plan without plan assets	24.0	22.8
Total pension obligations	**74.9**	**60.6**
Developments in obligations		
Pension obligations at 1 January	60.6	47.6
Pension costs during the period	2.6	1.6
Employee contributions	0.6	0.5
Calculated interest expense	3.9	3.3
Actuarial gain/(loss)	5.3	6.1
Benefits paid out	(3.5)	(2.7)
Foreign exchange adjustment	5.4	4.2
Total pension obligations at 31 December	**74.9**	**60.6**
Developments in plan assets		
Market value of assets at 1 January	39.8	29.0
Calculated expected return	2.7	2.0
Actuarial gain/(loss)	0.6	2.0
Contributions to the plans	4.6	3.9
Benefits paid out	(2.4)	(1.6)
Foreign exchange adjustment	5.6	4.5
Market value of assets at 31 January	**50.9**	**39.8**
Breakdown of actual return on plan assets:		
Expected return on plan assets	2.7	2.0
Actuarial gain/(loss)	0.6	2.0
Actual return on plan assets	**3.3**	**4.0**

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26. Pension obligations, cont'd

Distribution of plan assets	2010 DKKm	2010 %	2009 DKKm	2009 %
Shares and investment funds	38.1	74.9	30.4	76.4
Bonds and other securities	11.1	21.8	8.7	21.8
Cash and cash equivalents	1.7	3.3	0.7	1.8
Total	**50.9**	**100.0**	**39.8**	**100.0**

	Group 2010	Group 2009
Assumptions used:		
Discount rate	5.2-5.5%	5.6-7.0%
Expected return on plan assets	6.0%	6.0%
Future rate of increase in salaries	2.2%	2.2-3.0%
Future rate of increase in pensions	2.0-2.5%	2.3-2.5%
Recognised in the statement as income		
Pension costs relating to the year	2.6	1.6
Calculated expected return on assets	(2.7)	(2.0)
Calculated interest expense, obligations	3.9	3.3
Total amount recognised in respect of defined benefit plans	3.8	2.9
Total amount recognised in respect of defined contribution plans	33.9	35.2
Total amount recognised as income	**37.7**	**38.1**
Costs are recognised under the following line items in the statement of comprehensive income:		
Production costs	30.5	28.8
Selling and distribution costs	1.9	2.4
Administrative expenses	4.1	3.3
Special items	0.0	2.3
Total staff costs, see note 7	**36.5**	**36.8**
Financial income	(2.7)	(2.0)
Financial expense	3.9	3.3
Total	**37.7**	**38.1**
Recognised in other comprehensive income:		
Recognised at 1 January	(8.2)	(2.3)
Effect of limit in the form of asset cap	7.0	(1.0)
Actuarial gains/(losses) for the period	(4.8)	(4.1)
Foreign exchange adjustment etc.	(1.2)	(0.8)
Recognised at 31 December	**(7.2)**	**(8.2)**
Deferred tax		
Recognised at 1 January	(2.2)	(0.7)
Deferred tax for the period	0.5	(1.3)
Foreign exchange adjustment etc.	(0.3)	(0.2)
Deferred tax relating to changes recognised in other comprehensive income	**(2.0)**	**(2.2)**

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26. Pension obligations, cont'd

Five-year summary	2010	2009	2008	2007	2006
Obligations	74.9	60.6	47.6	60.0	68.8
Plan assets	(50.9)	(39.8)	(29.0)	(41.6)	(50.4)
Unfunded	**24.0**	**20.8**	**18.6**	**18.4**	**18.4**
Experience-based adjustment of obligations	5.3	6.1	(9.4)	(2.9)	0.1
Experience-based adjustment of plan assets	0.6	2.0	(4.8)	(1.4)	2.2

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

Hartmann expects to contribute DKK 4.6 million (2009: DKK 3.9 million) to plan assets in 2011.

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27. Current and non-current liabilities

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Long-term loans:				
Bank loans	118.3	277.5	118.3	277.5
Other debt (interest rate swap)	0.0	6.1	0.0	6.1
Total long-term loans	**118.3**	**283.6**	**118.3**	**283.6**
Short-term loans:				
Current portion of loans	162.4	22.0	162.4	20.0
Bank loans	63.0	92.5	63.0	89.7
Total short-term loans	**225.4**	**114.5**	**225.4**	**109.7**
Total current and non-current liabilities	**343.7**	**398.1**	**343.7**	**393.3**

Maturity of long-term loans:	2010 Within 1 year	2010 Within 1 to 5 years	2010 After 5 years	2010 Total	2009 Within 1 year	2009 Within 1 to 5 years	2009 After 5 years	2009 Total
Group								
Bank loans	-	118.3	0.0	118.3	-	277.5	0.0	277.5
Other debt (interest rate swap)	-	0.0	0.0	0.0	-	6.1	0.0	6.1
Total	**0,0**	**118.3**	**0.0**	**118.3**	**0,0**	**283.6**	**0.0**	**283.6**
Parent company								
Bank loans	-	118.3	0.0	118.3	-	277.5	0.0	277.5
Other debt (interest rate swap)	-	0.0	0.0	0.0	-	6.1	0.0	6.1
Total	**0,0**	**118.3**	**0.0**	**118.3**	**0,0**	**283.6**	**0.0**	**283.6**

Current and non-current liabilities by currency:	2010 Within 1 year	2010 Within 1 to 5 years	2010 After 5 years	2010 Total	2009 Within 1 year	2009 Within 1 to 5 years	2009 After 5 years	2009 Total
Group								
DKK	42.0	9.0	0.0	51.0	26.9	39.2	0.0	66.1
CAD	90.8	0.0	0.0	90.8	83.6	0.0	0.0	83.6
EUR	88.5	109.3	0.0	197.8	0.3	244.4	0.0	244.7
Other	4.1	0.0	0.0	4.1	3.7	0.0	0.0	3.7
Total	**225.4**	**118.3**	**0.0**	**343.7**	**114.5**	**283.6**	**0.0**	**398.1**
Parent company								
DKK	42.0	9.0	0.0	51.0	26.9	39.2	0.0	66.1
CAD	90.8	0.0	0.0	90.8	80.8	0.0	0.0	80.8
EUR	88.5	109.3	0.0	197.8	0.0	244.4	0.0	244.4
Other	4.1	0.0	0.0	4.1	2.0	0.0	0.0	2.0
Total	**225.4**	**118.3**	**0.0**	**343.7**	**109.7**	**283.6**	**0.0**	**393.3**

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

Interest rate risk at 31 December

Group	Interest type	Average effective interest rate	Carrying amount	Interest rate risk
2010				
Floating rate	Floating	1.60%	161.6	Cash flow
Fixed rate*	Fixed	2.05% and 6.25%	179.2	Faitr value
Total bank loans			**340.8**	
2009				
Fixed rate	Fixed	4.5%	1.3	Fair value
Total mortgage loans			**1.3**	
Floating rate	Floating	1.88%	201.7	Cash flow
Fixed rate*	Fixed	2.05% and 6.25%	189.0	Fair value
Total bank loans			**390.7**	

Parent company	Interest type	Average effective interest rate	Carrying amount	Interest rate risk
2010				
Floating rate	Floating	1.60%	161.6	Cash flow
Fixed rate*	Fixed	2.05% and 6.25%	179.2	Fair value
Total bank loans			**340.8**	
2009				
Floating rate	Floating	1.88%	198.2	Cash flow
Fixed rate*	Fixed	2.05% and 6.25%	189.0	Cash flow
Total bank loans			**387.2**	

* A floating-rate bank loan was raised and covered into a fixed rate loan using interest rate swaps. The term of fixed rate loan is less than one year.

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28. Government grants

	Group		Parent company	
	2010	2009	2010	2009
Government grants at 1 January	52.7	64.7	7.3	8.2
Foreign exchange adjustment	(1.0)	(0.8)	-	-
Additions	0.2	3.0	0.0	0.0
Disposals*	(23.2)	(8.7)	0.0	0.0
Recognised in statement of comprehensive income	4.8	(5.5)	(0.9)	(0.9)
Carrying amount of government grants at 31 December	**23.9**	**52.7**	**6.4**	**7.3**
Amount of which recognised as non-current liabilities	21.5	47.9	5.6	6.4
Amount of which recognised as current liabilities	2.4	4.8	0.8	0.9
	23.9	**52.7**	**6.4**	**7.3**

* A reassessment of the prospects of utilising grants receivable in the form of reduced tax payments in the Hungarian production company entailed disposals of DKK 23.2 million (2009: DKK 8.7 million). See also note 20.

Parent company

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

Group

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

In the event that eligible assets in the German subsidiary are not used in accordance with the eligibility criteria, the repayment obligation will total DKK 0.5 million at 31 December 2010 (2009: DKK 1.7 million). The repayment obligation will be gradually reduced in the period up until 2012.

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

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

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29. Provisions

	Group		Parent company	
	2010	2009	2010	2009
Warranty commitments at 1 January	1.3	1.8	1.6	1.8
Additions	1.0	0.5	0.9	0.8
Disposals	(1.2)	(1.0)	(1.2)	(1.0)
Warranty commitments at 31 December	**1.1**	**1.3**	**1.3**	**1.6**
Provisions at 31 December	**1.1**	**1.3**	**1.3**	**1.6**

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

30. Other payables

	Group		Parent company	
	2010	2009	2010	2009
Salaries and holiday pay, etc.	52.4	52.9	36.2	37.8
VAT and other taxes	13.4	10.2	0.0	0.0
Other liabilities	65.1	45.1	26.3	13.9
Other payables	**130.9**	**108.2**	**62.5**	**51.7**

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31. Fee to auditors

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Deloitte	5.8	4.1	4.2	2.7
Other	0.0	2.4	0.0	0.8
Total fee	**5.8**	**6.5**	**4.2**	**3.5**
Breakdown:				
Statutory audit	2.3	2.5	0.9	0.7
Assurance engagements other than audits	0.1	0.3	0.1	0.1
Tax and VAT-related services	2.5	2.0	2.3	1.3
Other services	0.9	1.7	0.9	1.4
Total fees	**5.8**	**6.5**	**4.2**	**3.5**

32. Provision of security and contingent liabilities

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

33. Operating leases

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Rental and leasing obligations (operating leases)				
Due within 1 year	12.9	12.8	7.0	7.2
Due within 1 to 5 years	35.3	37.2	18.6	20.6
Due after 5 years	17.4	21.5	6.6	9.4
Total rental and leasing obligations	**65.6**	**71.5**	**32.2**	**37.2**
Rental and leasing obligations for the year (operating leases)	12.8	11.6	7.2	7.6

DKK 21.3 million of the total rental and leasing obligations related to the lease obligation concerning the lease Ørnegårdsvej 18, DK-2820 Gentofte.

34. Other contractual obligations

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35. Financial risks

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

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

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

Interest rate risk
Hartmann's interest rate risk relates mainly to the group's interest-bearing debt to mortgage banks and banks. A specification of the group's current and non-current liabilities is given in note 27.

Interest rate hedging has been arranged for approximately 52% (2009: 48%) of the Hartmann's net interest-bearing debt.

A change in the interest rate by 1 percentage point would affect the profit/loss for the year by DKK 1 million, provided an interest rate hedging at 52%.

At 31 December 2010, loans with a long term to maturity accounted for 36% (2009: 76%) of interest-bearing debt. The debt is recognised at amortised cost. The net present value of interest-bearing debt at 31 December 2010 was DKK 15 million (2009: DKK 20 million) lower than the carrying amount.

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

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

The need to hedge the non-current interest rate risk is assessed on an ongoing basis. Changes in the interest rate level are not assessed to have a significant effect on the group's profit before tax, and the group's interest rate risk over the next 2-3 years is considered to be limited.

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

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

Hartmann's sales in North America are denominated in USD, whereas costs are dominated in CAD, and this means that the currency exposure in relation to the USD/CAD exchange rate constitutes one of the group's single largest translation risks. All other things being equal, a decline of 5% in USD against CAD relative to the exchange rate at the balance sheet date would reduce Hartmann Canada's operating profit/loss and equity by approximately DKK 5 million in 2011 if the USD/CAD exchange rate is not hedged forward. Due the forward hedging, the company does not expect to see any significant effects of exchange rates movements in 2011 (subject to 100% effective forward hedging).

Operating profit is also exposed to transaction risk with respect to the currencies EUR, GBP, HUF, PLN and SEK.

Due to its foreign subsidiaries, Hartmann is exposed to currency risks in the form of translation risks, as a major part of earnings derive from these foreign subsidiaries and is translated and included in the group's profit/loss in DKK. Foreign subsidiaries' reporting in the currencies CAD, EUR, GBP, HRK, HUF and PLN represents Hartmann's highest translation exposure.

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

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

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35. Financial risks, cont'd

The most important currencies for which Hartmann had arranged forward cover at 31 December 2010 appear from note 36. Furthermore, Hartmann has entered into foreign exchange transactions for the first nine months of 2010 in relation to the group's net exposure.

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

Currency risk relating to investments in foreign subsidiaries is hedged in part when deemed appropriate and primarily by means of currency loans. In relation to the DKK 93 million investment in Canada, approximately 100% of the net exposure at 31 December 2010 was hedged by loans in CAD (2009: DKK 97 million, 85% hedged).

Liquidity risk

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

Brødrene Hartmann A/S's two primary bankers have provided a combination of committed credit facilities (hereinafter referred to as 'the loan') and an uncommitted credit facility.

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

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

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

In late 2010, Hartmann renegotiated the framework and terms and conditions applying to the refinancing of committed credit facilities with Nordea, who have firm commitment in late 2010.

Management of liquidity risk

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

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

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

Hartmann continuously complies with the covenants for maintaining the loan. In 2010, the group complied with the covenants.

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

At 31 December 2010, the group's net interest-bearing debt was DKK 275 million (2009: DKK 345 million).

The group's unused bank credit lines amounted to DKK 159 million at 31 December 2010 (31 December 2009: DKK 128 million). Cash and cash equivalents amounted to DKK 69 million at 31 December 2010 (31 December 2009: DKK 53 million). The group's available cash and cash equivalents DKK 228 million at 31 December 2010 (31 December 2009: DKK 181 million). Financial resources were determined without taking into account the financial covenants.

Credit risk

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

Management of credit risk

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

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

The group manages its credit risk relating to financial counterparties in connection with trading in derivative financial instruments and investments of surplus liquidity by limiting such transactions to banks with

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35. Financial risks, cont'd

satisfactory credit ratings from one or more credit rating agencies as required under the group's finance policy. Hartmann does not have any significant credit risk in relation to derivative financial instruments and cash and cash equivalents.

The maximum credit risk corresponds to the carrying amount of the financial assets.

Management of capital structure

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

The Board of Directors takes the general view that the annual dividend to shareholders should represent approximately 30% of the profit for the year after tax. However, the level of dividend declared will always take into account the group's capital resources and growth plans. The loan agreement also contains restrictions with respect to Brødrene Hartmann A/S's possibility of distributing dividends, since changes in the general dividend policy are subject to consent from the banks.

At the annual general meeting to be held on 26 April 2011, the Board of Directors will recommend that, due to the financial results in 2010, dividend be declared for 2010.

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36. Derivative financial instruments

Financial instruments
The fair value of financial instruments is determined based on observable market data (level 2).

Hedging of future cash flows
Hartmann's main foreign exchange exposure relates to sales in currencies other than the functional currencies of the individual group companies. Interest rate exposure relates to changes in the market rate applicable to the group's interest-bearing debt.

Forward exchange contracts and interest rate swaps are used to hedge future cash flows. In accordance with the group's accounting policies, the fair value of financial instruments has been recognised in receivables and payables at 31 December 2010. Changes in the fair value of financial instruments that qualify for hedge accounting of future cash flows are recognised in other comprehensive income.

Hedging of net investments in foreign subsidiaries
Changes in the fair value of hedging instruments which are used to hedge currency exposure on net investments in foreign subsidiaries, are recognised in other comprehensive income. If the fair value adjustment does not exceed the exchange rate adjustment of the net investment, the adjustment of the financial instrument is recognised in other comprehensive income.

Moreover, a loan to the subsidiary in Canada has been classified as an addition to the net investment. The foreign exchange adjustment on the loan is recognised in other comprehensive income.

TOTAL HEDGING ACTIVITIES

Group	Fair value adjustment recognised in statement of comprehensive income	Fair value	Contract amount in currency	Expected recognition
2010				
Currency-related instruments				
Forward exchange contracts				
PLN/DKK	(0.3)	(0.4)	16.8	2011
GBP/DKK	(2.6)	0.4	6.3	2011
USD/CAD	3.4	1.5	9.9	2011
EUR/HUF	0.3	-	-	expired
SEK/DKK	(1.9)	(0.6)	31.5	2011
NOK/DKK	(0.5)	-	-	expired
Total forward exchange contracts	(1.6)	0.9		
Debt instrument, hedging of net investment (CAD)	(11.4)	(94.8)	(16.9)	-
Total currency-related instruments	**(13.0)**	**(93.9)**		
Interest-related instruments				
Interest rate swap, EUR/EUR	1.4	(0.6)	16.0	2011
Interest rate swap, DKK/DKK	1.9	(2.3)	60.0	2011
Total interest-related instruments	**3.3**	**(2.9)**		
Total financial instruments	**(9.7)**	**(96.8)**		

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36. Derivative financial instruments, cont'd

Group	Fair value adjustment recognised in statement of comprehensive income	Fair value	Contract amount in currency	Expected recognition
2009				
Currency-related instruments				
Forward exchange contracts				
PLN/DKK	(0.5)	-	-	expired
GBP/DKK	1.6	0.8	3.4	2010
USD/CAD	19.0	15.7	15.8	2010
EUR/HUF	(6.9)	(1.3)	30.0	2010
SEK/DKK	0.4	(0.1)	17.5	2010
NOK/DKK	(0.6)	(0.7)	15.0	2010
Total forward exchange contracts	13.0	14.4		
Currency options				
GBP/DKK	0,0	0,0	2.0	2010
PLN/DKK	(0.2)	(0.2)	6.5	2010
NOK/DKK	0,0	0,0	10.0	2010
SEK/DKK	(0.2)	(0.2)	8.8	2010
Total currency options	(0.4)	(0.4)		
Debt instrument, hedging of net investment (CAD)	(10.9)	(81.1)	(16.4)	-
Total currency-related instruments	**1.7**	**(67.1)**		
Interest-related instruments				
Interest rate swap, EUR/EUR	(1.9)	(1.9)	16.0	2011
Interest rate swap, DKK/DKK	(0.9)	(4.2)	70.0	2011
Total interest-related instruments	**(2.8)**	**(6.1)**		
Total financial instruments	**(1.1)**	**(73.2)**		

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36. Derivative financial instruments, cont'd

Parent company	Fair value adjustment recognised in statement of comprehensive income	Fair value	Contract amount in currency	Expected recognition
2010				
Currency-related instruments				
Forward exchange contracts				
PLN/DKK	(0.3)	(0.4)	16.8	2011
GBP/DKK	(2.6)	0.4	6.3	2011
SEK/DKK	(1.9)	(0.6)	31.5	2011
NOK/DKK	(0.5)	-	-	expired
Total foreign exchange contracts	(5.3)	(0.6)		
Total currency-related instruments	**(5.3)**	**(0.6)**		
Interest-related instruments				
Interest rate swap, EUR/EUR	1.4	(0.6)	16.0	2011
Interest rate swap, DKK/DKK	1.9	(2.3)	60.0	2011
Total interest-related instruments	**3.3**	**(2.9)**		
Total financial instruments	**(2.0)**	**(3.5)**		
2009				
Currency-related instruments				
Forward exchange contracts				
PLN/DKK	(0.5)	-	-	expired
GBP/DKK	1.6	0.8	3.4	2010
SEK/DKK	0.4	(0.1)	17.5	2010
NOK/DKK	(0.6)	(0.7)	15.0	2010
Total forward exchange contracts	(0.9)	(0.0)		
Currency options				
GBP/DKK	0.0	0.0	2.0	2010
PLN/DKK	(0.2)	(0.2)	6.5	2010
NOK/DKK	0.0	0.0	10.0	2010
SEK/DKK	(0.2)	(0.2)	8.8	2010
Total currency options	(0.4)	(0.4)		
Total currency-related instruments	**0.5**	**(0.4)**		
Interest-related instruments				
Interest rate swap, EUR/EUR	(1.9)	(1.9)	16.0	2011
Interest rate swap, DKK/DKK	(0.9)	(4.2)	70.0	2011
Total interest-related instruments	**(2.8)**	**(6.1)**		
Total financial instruments	**(2.3)**	**(6.5)**		

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36. Derivative financial instruments, cont'd

PRESENTATION IN STATEMENT OF COMPREHENSIVE INCOME

	Group		Parent company	
	2010	2009	2010	2009
Recognition of fair value adjustment:				
Hedging of cash flows, where hedge accounting is not used*	1.9	(4.2)	(1.9)	(4.2)
Hedge accounting of cash flows (transferred from other comprehensive income)	13.8	(12.3)	(5.0)	(0.1)
Fair value adjustment recognised in profit for the year	**15.7**	**(16.5)**	**(3.1)**	**(4.3)**
Hedge accounting of cash flows	(14.0)	23.0	1.1	(1.3)
Ineffective hedge accounting (transferred from other comprehensive income)*	0.0	3.3	0.0	3.3
Hedge accounting of net investments	(11.4)	(10.9)	-	-
Fair value adjustment recognised in other comprehensive income	**(25.4)**	**15.4**	**1.1**	**2.0**
Total fair value adjustment recognised in statement of comprehensive income	**(9.7)**	**(1.1)**	**(2.0)**	**(2.3)**

* Fair value adjustment relating to ineffective part of interest rate hedging

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37. Related party transactions

Group

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

Related parties also include subsidiaries and associates, see notes 17 and 19, in which Brødrene Hartmann A/S exercises control or significant influence. Hartmann has engaged in the following significant related party transactions:

	Group		Parent company	
	2010	2009	2010	2009
Sales of finished goods to subsidiaries	-	-	278.6	261.2
Sales of machinery and spare parts to subsidiaries	-	-	22.6	30.0
Purchases of raw materials from associates	23.6	15.1	23.6	15.1
Sales of services to subsidiaries	-	-	53.9	14.9

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

Sales of goods to related parties were made at the usual prices that apply to customers who are not related parties.

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

In 2010, Hartmann carried out transactions totalling DKK 0.7 million (2009: DKK 1.3 million) with the law firm PLESNER, of which Peter-Ulrik Plesner, a member of the Board of Directors of Hartmann, is a partner. At 31 December 2010, the amount payable by Hartmann to PLESNER was DKK 0.3 million (2009: DKK 0.3 million).

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

For information on remuneration paid to the members of the Executive Board and the Board of Directors, see note 7.

38. Events after the balance sheet date

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

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39. Accounting policies

BASIS OF CONSOLIDATION

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

Foreign currency translation

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

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

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

Derivative financial instruments

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

STATEMENT OF COMPREHENSIVE INCOME

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the profit/loss for the year provided that delivery and transfer of risk to the buyer has taken place at the balance sheet date and that the income can be reliably measured and is expected to be received. Revenue is measured at the fair value of the consideration receivable exclusive of VAT. Discounts granted are recognised as revenue. Contract work in progress concerning the production of moulding machines in Hartmann Engineering is recognised as revenue by reference to the stage of completion, meaning that revenue corresponds to the selling price of work performed during the year (the percentage of completion method). Revenue is recognised when total income and

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39. Accounting policies, cont'd

expenses relating to the construction contract and the stage of completion of the work at the balance sheet date can be reliably calculated and when it is probable that the economic benefits including payments will flow to the group.

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

Amortisation of capitalised development costs is also recognised.

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

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

Other operating income and costs
Other operating income and costs comprise accounting items of a secondary nature, among others gains and losses from sales of property, plant and equipment.

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

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

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

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

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

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

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

STATEMENT OF CASH FLOWS

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

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

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

NOTES

39. Accounting policies, cont'd

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise cash and current bank debt.

BALANCE SHEET

Goodwill

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

Other intangible assets

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

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

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

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

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

Property, plant and equipment

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

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

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

Investments in associates in the consolidated financial statements

Investments in associates are measured using the equity method. Investments in associates are measured in the balance sheet at the proportionate share of the enterprises' equity value calculated in accordance with the group's accounting policies with the deduction or addition of the proportionate share of unrealised intra-group profits and losses and plus the carrying amount of goodwill.

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

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

NOTES

39. Accounting policies, cont'd

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

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

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

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

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

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

Prepayments
Prepayments recognised as assets comprise costs incurred that relate to subsequent financial years.

EQUITY

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

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

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

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

Share-based payments
The programmes are equity-settled, which are measured at the grant date fair value and recognised in income for the year under staff costs over the vesting period. The balancing item is recognised in equity. The fair value of the granted options at the date of grant is based upon a Black-Scholes model.

NOTES

39. Accounting policies, cont'd

Pension obligations

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

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

Income tax and deferred tax

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

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

Provisions

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

Financial liabilities

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

Other liabilities are measured at net realisable value.

Government grants

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

SEGMENT INFORMATION

The group's reporting segments:

- Europe
- North America
- Other business segments, including the combined heat and power plant, Hartmann Technology and corporate functions

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

NOTES

39. Accounting policies, cont'd

DEFINITIONS OF FINANCIAL RATIOS

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

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

Net working capital (NWC)
Inventories + receivables + other current operating assets - pension obligations - trade payables - other current operating liabilities

Net interest-bearing debt
Cash and cash equivalents - loans - bank debt

Profit margin

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

Return on invested capital (ROIC)

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

Return on equity

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

Equity ratio

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

Gearing

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

Earnings per share (EPS)

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

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

Book value per share

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

Price/earnings

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

Pay-out ratio

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

Cash flow per share

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

MANAGEMENT STATEMENT

The Board of Directors and the Executive Board have today considered and approved the annual report of Brødrene Hartmann A/S for the financial year ended 31 December 2010.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31 December 2010 and of the results of the group's and the parent company's operations and cash flows for the financial year ended 31 December 2010.

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

We recommend that the annual report be adopted by the shareholders in general meeting.

Gentofte, 17 March 2011

Executive management:	Michael Rohde Pedersen *CEO*	Claus Frees Sørensen *CFO*	
Board of Directors:	Agnete Raaschou-Nielsen *Chairman*	Walther V. Paulsen *Vice Chairman*	Jan Peter Antonisen
	Niels Hermansen	Niels Christian Petersen	Peter-Ulrik Plesner

INDEPENDENT AUDITORS' REPORT

To the shareholders of Brødrene Hartmann A/S
Report on the consolidated financial statements and financialstatements

We have audited the consolidated financial statements and financial statements of Brødrene Hartmann A/S for the financial year 1 January - 31 December 2010, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statements and notes, including the accounting policies, for the Group as well as the Parent. The consolidated financial statements and financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

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

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

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on these consolidated financial statements and financial statements based on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of consolidated financial statements and financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2010, and of their financial performance and their cash flows for the financial year 1 January - 31 December 2010 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

Statement on the management's review

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

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

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

Copenhagen, 17 March 2011

Deloitte
Statsautoriseret Revisionsaktieselskab

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

HARTMANN AT A GLANCE

Hartmann is among the World's three largest producers of moulded-fibre egg packaging. The group also offers industrial packaging and technology and machinery for the manufacturing of moulded-fibre packaging. Hartmann's market position can be ascribed to its strong technology know-how and extensive experience of the production of moulded-fibre since 1936.

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

Markets
Hartmann's egg packaging is sold on most European markets and in North America. Hartmann is the market leader in Europe and has a small share of the North American market.

Customers
Hartmann's customers comprise egg producers, egg packing businesses and supermarket chains, which increasingly demand Hartmann's expertise in marketing of eggs. Hartman has more than 1,500 customers in 50 countries, and most of these have longstanding relations with Hartmann. In 2010, Hartmann generated total revenue of DKK 1.5 billion.

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

Sales
The group has sales offices in 12 countries, and the European sales and marketing activities are based in Frankfurt, Germany.

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

Brødrene Hartmann A/S
Ørnegårdsvej 18
DK-2820 Gentofte
Denmark
Tel. +45 97 00 00 00
Fax +45 97 00 00 01
E-mail: bh@hartmann-packaging.com
www.hartmann-packaging.com
CVR no. 63 04 96 11

The annual report for 2010 was prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

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