HARTMANN CHOOSE FIBRE. SAVE NATURE.®

ANNUAL REPORT 2014

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HIGHLIGHTS

Hartmann delivered on the expectations for 2014, lifting both revenue and profit margin. The development was driven by increased sales of retail packaging across Hartmann's markets and by a positive effect of the capacity expansion in North America. Based on good results in 2014, expansion in North America and acquisition of South American activities in early 2015, we are launching the strategy 'Unpacking our potential' along with new financial targets for 2017.

CEO Ulrik Kolding Hartvig says: "2014 was a good year for Hartmann with increased sales of retail packaging and good results in both Europe and North America. Q4 turned out to be both historically strong and a milestone in Hartmann's development, with the expansion of production capacity in North America taking effect and the acquisition of South America's leading manufacturer of moulded-fibre packaging, effective from the start of 2015."

"Based on our expansion in the Americas, we are launching 'Unpacking our potential', Hartmann's new strategy for enhancing our efficiency and accelerating growth in the years ahead. In 2015, we expect revenue of DKK 2.0-2.1 billion and a profit margin of 10-11.5%. By the end of 2017, we intend to further lift revenue to DKK 2.2-2.4 billion and the profit margin to 12-14%."

Q4 2014

- Total revenue came to DKK 478 million (2013: DKK 410 million), with operating profit*up at DKK 75 million (2013: DKK 44 million), corresponding to a profit margin* of 15.8% (2013: 10.8%).
- In Europe, revenue grew to DKK 377 million (2013: DKK 337 million) and operating profit to DKK 57 million (2013: DKK 37 million), corresponding to a profit margin of 15.1% (2013: 10.8%). The positive development was driven by sales growth.
- In North America, revenue grew to DKK 100 million (2013: DKK 73 million) and operating profit to DKK 25 million (2013: DKK 14 million), corresponding to a profit margin of 25.2% (2013: 18.9%). The progress is attributable to increased sales and a higher proportion of premium products, just as the currency development contributed favourably.

2014

- Hartmann's total revenue came to DKK 1,615 million in 2014 (2013: DKK 1,579 million), and operating profit grew to DKK 163 million (2013: DKK 148 million), corresponding to a profit margin of 10.1% (2013: 9.4%). Return on invested capital was 22.3% (2013: 23.0%).
- The Board of Directors proposes dividends of DKK 9.50 per share (2013: DKK 9.50).
- In Europe, revenue grew to DKK 1,296 million (2013: DKK 1,287) and operating profit to DKK 128 million (2013: 109 million), corresponding to a profit margin of 9.9% (2013: 8.5%).
- In North America, revenue grew to DKK 319 million (2013: DKK 292 million) with operating profit at DKK 60 million (2013: DKK 63 million), corresponding to a profit margin of 18.7% (2013: 21.6%).

OUTLOOK FOR 2015 AND FINANCIAL TARGETS FOR 2017

- In 2015, revenue is expected to be DKK 2.0-2.1billion and the profit margin 10-11.5%.
- In 2017, revenue will reach DKK 2.2-2.4 billion and the profit margin 12-14%.

* Operating profit refers to operating profit before special items and profit margin to profit margin before special items.

ACCELERATING GROWTH

Over the last years, our strategy 'Competitive edge – driving growth' has set the course for Hartmann's development, and step by step we have built a stronger and more stable business with improved results. The progress has been driven by a positive momentum across our business areas and a consistent focus on strengthening our competitiveness.

2014 was a landmark year for Hartmann. We commissioned our new production capacity in North America and laid the foundation for expanding into the attractive markets in Brazil and Argentina with the acquisition of Sanovo Greenpack – South America's leading manufacturer of moulded-fibre packaging. On the basis of our performance in recent years, historically strong results in Q4 and the expansion of our business, we now continue the journey in 2015-2017 under the heading 'Unpacking our potential' with a keen focus on enhancing efficiency and speeding up growth.

Our ambition is for Hartmann to become a global market leader within egg packaging, a leading producer of fruit packaging in selected markets and the preferred supplier of related technology.

The potential is already there in the form of our market positions, product portfolio, production network and technological capabilities. In the coming years, to put it briefly, we will continue to further improve what we are already doing well – and add to that by accelerating organic growth and assessing whichever possibilities for attractive acquisitions that may arise.

We will leverage our strengths so we can continue to create value for our shareholders and deliver on our new 2017 targets with revenue of DKK 2.2-2.4 billion and a profit margin of 12-14%. We maintain our dividend policy as well as our requirements for operations and new investments to ensure our shareholders a continued attractive return on the invested capital of at least 22% at the end of 2017.

Agnete Raaschou-Nielsen
Chairman

Ulrik Kolding Hartvig
CEO

KEY FIGURES AND FINANCIAL RATIOS

DKKm

Group	2014	2013	2012	2011	2010
Statement of comprehensive income					
Revenue	1,615	1,579	1,544	1,488	1,483
Operating profit before special items	163	148	114	124	73
Special items	(7)	(39)	0	0	0
Financial income and expenses, net	(17)	(15)	(8)	(16)	(11)
Profit/(loss) before tax	139	95	107	108	62
Profit/(loss) for the year	119	86	93	76	50
Comprehensive income	117	77	104	26	53
Cash flows					
Cash flows from operating activities	141	178	153	155	144
Cash flows from investing activities	(98)	(112)	(57)	(35)	(55)
Cash flows from financing activities	(33)	(86)	(46)	(108)	(32)
Total cash flows	10	(20)	51	12	58
Balance sheet					
Assets	1,244	1,126	1,141	1,108	1,225
Investments in property, plant and equipment	99	115	62	41	59
Net working capital	175	155	131	117	129
Invested capital	736	689	655	653	734
Interest-bearing debt	161	138	137	171	275
Equity	663	612	600	560	549
Financial ratios, %					
Profit margin	10.1	9.4	7.4	8.3	4.9
Return on invested capital (ROIC)	22.3	23.0	16.7	17.6	9.5
Return on equity	19.2	14.9	15.7	13.4	9.3
Equity ratio	53.3	54.4	52.6	50.6	44.8
Gearing	24.2	22.6	22.8	30.5	50.0
Share-based financial ratios					
No. of shares (year end, excluding treasury shares)	6,915,090	6,915,090	6,915,090	6,915,090	6,915,090
No. of shares (average, excluding treasury shares)	6,915,090	6,915,090	6,915,090	6,915,090	6,915,090
Earnings per share, DKK (EPS)	17.2	12.4	13.4	11.0	7.2
Cash flow per share, DKK	20.4	25.7	22.2	22.4	20.8
Dividend per share, DKK (proposed)	9.50	9.50	9.50	9.25	2.25
Book value per share, DKK	95.8	88.5	86.8	81.0	79.4
Market price per share, DKK	173.0	167.0	110.5	101.0	76.0
Market price/book value per share	1.8	1.9	1.3	1.2	1.0
Price/earnings	10.1	13.4	8.3	9.2	10.5
Payout ratio, %	56.1	77.5	72.0	85.0	31.6
Market value	1,196.3	1,154.8	764.1	698.4	525.5
Employees					
Average no. of full-time employees	1,461	1,487	1,506	1,489	1,543

Earnings per share is calculated in accordance with IAS 33; see note 14 to the financial statements. The remaining financial ratios are calculated in accordance with 'Recommendations & Ratios, 2010', issued by the Danish Society of Financial Analysts; see note 39 to the financial statements.

2014 IN REVIEW

DEVELOPMENTS IN Q4 2014

In Q4, revenue was DKK 478 million (2013: DKK 410 million) of which the European business contributed DKK 377 million (2013: DKK 337 million). In North America, revenue was DKK 100 million (2013: DKK 73 million).

Operating profit grew to DKK 75 million (2013: DKK 44 million), corresponding to a profit margin of 15.8% (2013: 10.8%). Operating profit in our European business grew to DKK 57 million (2013: DKK 37 million) with the profit margin at 15.1% (2013: 10.8 %). In North America, operating profit grew to DKK 25 million (2013: DKK 14 million) with the profit margin at 25.2% (2013: 18.9%).

Cash flows from operating activities were a net inflow of DKK 49 million (2013: net inflow of DKK 34 million), while cash flows from investing activities were a net outflow of DKK 24 million (2013: net outflow of DKK 51 million). Cash flows from financing activities were a net outflow of DKK 13 million (2013: net outflow of DKK 42 million).

COMPREHENSIVE INCOME 2014

Revenue

Total revenue grew to DKK 1,615 million (2013: DKK 1,579 million) meeting our guidance of DKK 1.6-1.7 billion in revenue for 2014. The increase was driven by progress in both Europe and North America.

Europe

Revenue in our European business grew to DKK 1,296 million (2013: DKK 1,287 million). The development was driven by progress in sales of retail packaging to existing and new customers and a higher average selling price, while a planned temporary decline in sales of transport packaging impacted adversely on revenue.

Other revenue for Europe grew to DKK 121 million (2013: DKK 115 million) reflecting a positive development in Hartmann Technology.

North America

In North America, revenue grew to DKK 319 million (2013: DKK 292 million) driven by a higher proportion of premium products, general progress in sales and the positive effect of the production capacity expansion. The growth in North America was realised in a market of intensified competition.

Operating profit

Hartmann lifted operating profit for 2014 to DKK 163 million (2013: DKK 148 million), corresponding to a profit margin of 10.1%, meeting our guidance of a profit margin of 9.0-10.5%. The progress was driven by the positive development in the European business.

Europe

In Europe, operating profit grew to DKK 128 million (2013: DKK 109 million) and the profit margin to 9.9% (2013: 8.5%). The higher share of retail packaging offset the impact of increased competition on the European markets and contributed to lifting operating profit. The progress was also driven by lower energy prices and implented energy efficiencies.

North America

In North America, operating profit came to DKK 60 million (2013: DKK 63 million), corresponding to a profit margin of 18.7% (2013:

SELECTED KEY FIGURES AND FINANCIAL RATIOS, DKKm*

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Revenue	478	373	351	413	410
Operating profit before special items	75	26	17	45	44
Financial income and expenses, net	(6)	(2)	(4)	(5)	(3)
Profit for the period	53	21	11	34	38
Total cash flows	12	22	(1)	(24)	(59)
Profit margin, %	15.8	7.0	4.9	10.8	10.8

* The selected key figures and financial ratios are unaudited.

Hartmann met expectations for 2014 *with revenue of DKK 1.6 billion and a profit margin of 10.1%.*

21.6%). The expansion of the production capacity impacted on efficiency and entailed extra costs of a temporary nature, which to a very high extent were offset by higher sales and the increased share of premium products.

Corporate functions

Costs related to corporate functions came to DKK 25 million for 2014 (2013: DKK 24 million).

Special items

Special items relating to the purchase of Sanovo Greenpack were a net expense of DKK 7 million for 2014 (2013: net expense of DKK 39 million), see note 11 to the financial statements.

Financial income and expenses

As a result of adverse exchange rate adjustments, financial income and expenses grew to a net expense of DKK 17 million for 2014 (2013: net expense of DKK 15 million.)

Profit for the year

Profit before tax for 2014 increased to DKK 139 million (2013: 95 million). Tax on profit for the year amounted to an expense of DKK 20 million (2013: an expense of DKK 9 million), corresponding to an effective tax rate of 15% (2013: 10%), see note 13 to the financial statements. Tax for the year was favourably impacted by an expected higher rate of utilisation of tax-loss carry forwards in North America.

Profit for the year after tax grew to DKK 119 million (2013: 86 million).

Comprehensive income

Comprehensive income grew to DKK 117 million (2013: DKK 77 million) and was favourably affected by the increase in profit for the year and adversely affected by actuarial losses on pension obligations.

Investments and cash flows

At 31 December 2014, tangible and intangible assets came to DKK 571 million (2013: 547 DKK million). Investments came to DKK 99 million (2013: 115 million), while depreciation and amortisation fell to DKK 71 million (2013: DKK 77 million).

Total cash flows from operating activities were a net inflow of DKK 141 million in 2014 (2013: net inflow of DKK 178 million), and the development may be attributed to a higher amount of capital being tied in accounts receivable as a result of increased sales in Q4 2014.

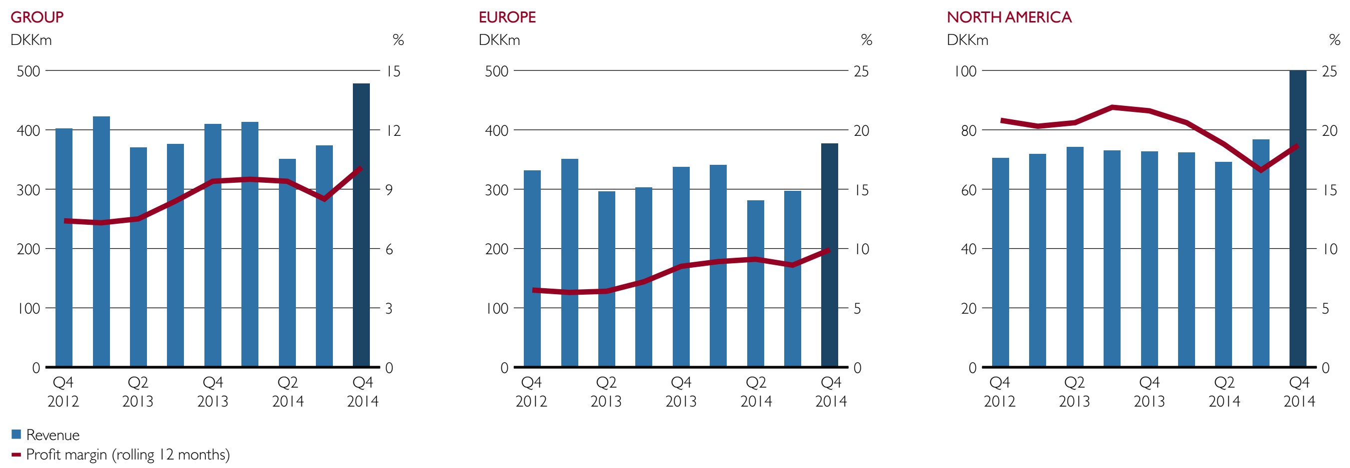
Cash flows from investing activities were a net outflow of DKK 98 million (2013: net outflow of DKK 112 million). Total cash flows from operating and investing activities came to a net inflow of DKK 43 million (2013: net inflow of DKK 66 million).

Cash flows from financing activities were a net outflow of DKK 33 million (2013: net outflow of DKK 86 million).

At 31 December 2014, the interest-bearing debt stood at DKK 161 million (2013: DKK 138 million).

Financial resources were satisfactory, standing at DKK 411 million at year-end 2014.

REVENUE AND PROFIT MARGIN



Earnings per share grew 39%, *and the Board of Directors proposes dividends of DKK 9.50 per share.*

BALANCE SHEET

Total assets at 31 December 2014 were DKK 1,244 million (2013: 1,126 million).

ROIC

Return on invested capital in 2014 was 22.3% against 23.0% in 2013.

Equity

At 31 December 2014, Hartmann's equity was DKK 663 million (2013: DKK 612 million) with an equity ratio of 53% (2013: 54%) and a gearing of 24% (2013: 23%).

Earnings per share for 2014 grew to DKK 17.2 (2013: DKK 12.4). At the annual general meeting to be held on 8 April 2015, the Board of Directors will propose a dividend payout of DKK 9.50 per share (2013: DKK 9.50), equivalent to a payout ratio of 56% (2013: 78%). The proposed dividend payout is based on the cash requirements relating to the completed purchase of the South American activities and on sustaining Hartmann's strategy

PARENT COMPANY 2014

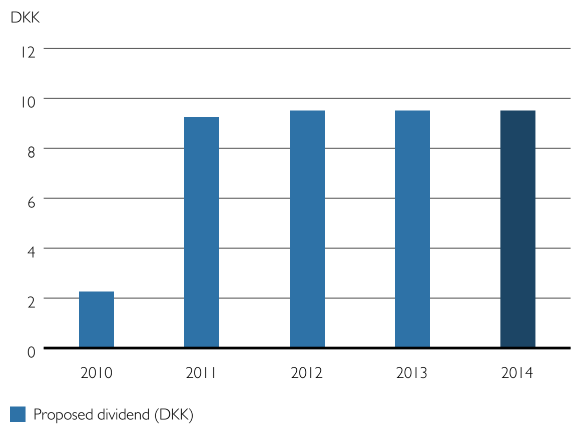
The parent company reported revenue of DKK 1,250 million (2013: 1,251 million), and operating profit of DKK 47 million (2013: DKK 35 million).

Profit for the year was DKK 140 million (2013: DKK 194 million). The development was favourably affected by the increase in operating profit. Lower dividend payments from subsidiaries and a decline in reversal of previous years' impairment of investments in subsidiaries had an adverse effect.

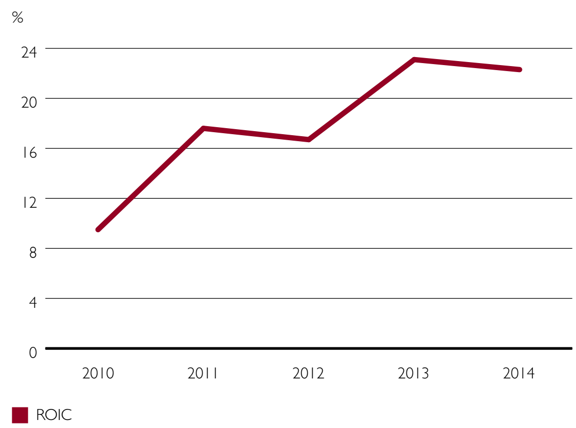
EVENTS AFTER THE BALANCE SHEET DATE

On 6 January 2015, Hartmann completed the purchase of the South American moulded-fibre activities ("Sanovo Greenpack") of Lactosan Sanovo Holding A/S as described in company announcement 11/2014 dated 1 December 2014.

DIVIDEND



ROIC



OUTLOOK

Based on the strategy ' Unpacking our potential', Hartmann will further enhance efficiency and accelerate growth in the years 2015-2017.

Outlook for 2015

In 2015, we expect to lift revenue to DKK 2.0-2.1 billion and the profit margin to 10-11.5% in consequence of the addition of the South-American activities along with improved capacity utilisation in Europe and North America.

Targets for 2017

Up to the end of 2017, efficiency improvements and organic growth through improved capacity utilisation and extension of the production network will ensure growth in sales to DKK 2.2-2.4 billion and a profit margin of 12-14%.

The underlying objective for Hartmann's operations and investments is to ensure our shareholders a continued attractive return on invested capital (ROIC) of at least 22% by the end of 2017.

The effect of potential acquisitions is not included in the targets, and the results will also depend on external factors such as fluctuations in commodity prices and exchange rates.

Assumptions

Hartmann's revenue and profit margin guidance for 2015 reflects the acquisition of the South American activities as of January 2015. In addition, the combined costs of raw materials and the selling prices are assumed to remain relatively stable at the level prevailing at the date of release of this annual report. Deviations from these assumption may affect the 2015 performance.

Due to seasonal fluctuations, operating profit is generally higher for the first and fourth quarters than for the second and third quarters. The profit margin is mainly exposed to developments in raw material prices and exchange rates. We have hedged our primary currency exposure for the first nine months of 2015.

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 which 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 or amendments to legislation and regulation in our markets, changes in demand for products, competition and the prices of raw materials. See also the section on risk factors and note 34 to the financial statements.

GUIDANCE AND FINANCIAL TARGETS

	2015	2017
Revenue	DKK 2.0-2.1bn	DKK 2.2-2.4 bn
Profit margin	10-11.5%	12-14%

STRATEGY 2015-2017

Hartmann's core competence is the production of moulded-fibre packaging, which along with our strong market positions in existing markets forms the basis of our ambition to become a global market leader within moulded-fibre egg packaging, a leading manufacturer of fruit packaging in selected markets and the preferred supplier of related technology.

With the strategy 'Competitive edge – driving growth' in 2011-2014, we have built a solid and competitive business with a considerable potential. Up to the end of 2017, we will continue those efforts and unfold Hartmann's potential under the heading 'Unpacking our potential'.

Through the two key focus areas **growth** and **efficiency**, we will lift revenue to DKK 2.2-2.4 billion and the profit margin to 12-14% in 2017 by:

UNPACKING OUR POTENTIAL

Leveraging and expanding our **strong positions** in existing markets and assessing the possibilities for global growth through expansion of the production network and potential acquisitions of attractive businesses.

Applying and developing our **proven technological competencies** to fuel production optimisation, machine sales and new partnership agreements.

Tailoring our **versatile product portfolio** to the specific demand patterns in existing markets and increasing sales of transport packaging as well as standard and premium products.

Optimising and expanding our **well-established production platform** and generating a more efficient and flexible production.

EUROPE

In Europe, our focus on ensuring the optimal utilisation of our existing production capacity continues through adapting and developing both product portfolio and production equipment.

These efforts aim to enhance the efficiency and flexibility of our European factories and provide the basis for sales growth of both transport and retail packaging.

We will also continuously optimise the production network and maintain focus on reducing production and overhead costs in Europe in order to lift profitability.

NORTH AMERICA AND SOUTH AMERICA

Development of our American activities will contribute significantly to Hartmann's growth in the period ahead.

The completed expansion of production capacity in North America is to be fully leveraged, and during the strategy period we will consider opportunities for further expansion in the North American market with a view to continued sales growth.

With the completed purchase in January 2015 of Sanovo Greenpack, Hartmann holds a strong presence with four production facilities on the Brazilian and Argentinian markets for moulded-fibre egg and fruit packaging. During the strategy period, we will invest in expanding the capacity in South America. This will provide the foundation for accommodating the growing demand in these markets, which are characterised by favourable demographic trends and rising urbanisation. Further to that, we will continue our focus on integrating the South American business in the group to ensure we leverage our combined competencies and knowledge across our business areas in order to continously improve efficiency.

HARTMANN TECHNOLOGY

The technological competencies in Hartmann Technology are the common ground for Hartmann's business areas, which with their diverse product portfolios and business models serve a variety of markets.

Hartmann Technology will continue to sell technology and services outside of Hartmann's main markets. In this respect, we will assess where relevant the possibility of entering partnerships or acquiring minority holdings in companies which Hartmann Technology supplies. In this way, we can gain access to attractive new markets and lift Hartmann's earnings.

STRONG ORGANISATION

Hartmann has established a strong organisation with five business areas – Europe, Hartmann Technology, Israel, North America and South America – all supported by the corporate functions Finance, HR, Engineering and Operations & Process Development.

We operate in regions with highly varying market conditions, and therefore the decision-making competence is highly decentralised to the day-to-day management of each business area reporting directly to the Executive Board. The Executive Board has the overall responsibility for strengthening Hartmann's operations and developing the business within the framework of the strategy 'Unpacking our potential'.

Executive Board

Segment 'Europe'

Europe | **Hartmann Technology** | **Israel**

5 | 1,300

Segment 'Americas'

North America | **South America**

5 | 800

Going forward, Hartmann's reporting segments are: 'Europe' and 'Americas'.

MARKETS AND PRODUCTS

As a manufacturer of moulded-fibre packaging Hartmann operates in several diverse markets with varying product offerings that are continuously adapted to regional needs. With the addition of the South American activities in January 2015, Hartmann's aggregate product portfolio now comprises retail packaging for eggs and transport packaging for eggs and fruit.

Retail packaging for eggs continues to be our main product category. The segmentation into standard and premium products varies on each market depending on matters such as the maturity of the retail trade, the penetration of moulded-fibre packaging and consumers' focus on sustainability.

For sales of egg and fruit packaging, our main markets are Europe, North America and South America, while Hartmann Technology sells its machinery, technology and services relating to moulded-fibre manufacturing globally – and mostly outside of Hartmann's markets.

The demand for egg and fruit packaging is generally quite stable and not particularly sensitive to economic fluctuations. However, the demand is to some extent subject to seasonality. Hartmann's primary markets are highly competitive and dominated by a few large and medium-sized players.

Over the years, Hartmann has developed and launched new product lines, which have been standard-setters for quality packaging. The development of innovative products strengthens Hartmann's position as the customers' preferred supplier and entails a number of advantages within manufacturing and transportation. In that respect, we have taken out patents in order to actively protect our rights to production methods, trademarks, etc.

"We keep improving our operations in Europe to ensure the necessary capacity to grow sales of both transport and retail packaging."

Europe
With a market share of about 40%, Hartmann is the leading manufacturer of egg packaging in the relatively mature and well consolidated European markets with growth rates expected to be at the level of 3% in the coming strategy period. Market growth in Europe varies across borders but is generally driven by a growing demand for retail packaging. This is the result of continued progress and professionalisation of the retail trade along with the ongoing conversion from plastic to moulded-fibre packaging.

"With our capacity expansion in North America and the addition of the South American activities, Hartmann is strongly positioned in attractive growth markets."

North America
In North America, our moulded-fibre products represent some 15% of the total market for egg packaging in moulded fibre, plastic and foam. Market growth in North America is expected to be around 3%, driven by conversion to moulded-fibre packaging and rising egg consumption.

Customers increasingly want products in the premium segment where we have a strong market position. In 2014, we added a new and ground-breaking product to this segment – 'The Hybrid' – combining a bottom of protective moulded fibre with a top of folding carton, providing excellent marketing opportunities. The new product is sold to a number of customers and in November received the 'Package of the year 2014' award from the Paperboard Packaging Council in North America

South America
Hartmann is market leader in Brazil and Argentina where we sell both egg and fruit packaging, covering about one third of the demand for egg packaging. Hartmann's market share of fruit packaging is about one fifth in Brazil and about half in Argentina. Aggregate market growth in South America is expected to be at the level of 4-7% driven by growing demand, favourable demographic trends and the continual urbanisation.

In the coming years we will accommodate the demand by expanding the production network to allow Hartmann to continue and accelerate growth in South America.

RISK FACTORS

Hartmann is exposed to operating risks, which we monitor and actively consider on an ongoing basis. The Executive Board is responsible for identifying and managing risks in compliance with the policies approved by the Board of Directors. Together with the audit committee, the Executive Board reviews the risks that may affect Hartmann's operational and financial targets. The purpose of risk management is to identify the various risk areas, determine how to manage these risks and ensure an optimal balance between risk and return.

COMMERCIAL RISKS

Reliance on customers

Hartmann's customer portfolio is well-diversified and consists of several large customers as well as many small customers. Our customer portfolio is expected to be developing toward fewer and larger customers, and we expect to become more reliant on this customer group in future.

Demand for eggs and fruit

Our core business consists of sales of egg and fruit packaging, which are sensitive to the demand for eggs and fruit. The consumption of eggs and fruit can be influenced by a variety of factors beyond our control, including consumers' health perceptions, regional export and trade conditions, fear of potential health effects posed by diseases among laying hens, etc. The consumption of, and hence the demand for, Hartmann's products is driven by demographic trends and has historically been resilient to slowdowns in economic growth.

"Hartmann employs a structured approach to optimisation and certification of the production in accordance with international standards for businesses operating in the food industry."

Reliance on suppliers

We contract with a number of suppliers of recycled paper, energy and other raw materials used in the 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, we may not be able to source the necessary raw materials, or we may be compelled to make purchases from alternative suppliers and not necessarily on the same terms.

Hartmann has contracted with several different suppliers of recycled paper, energy and other raw materials.

Fluctuations in raw material prices

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

There is limited scope for reducing sensitivity to developments in the price of recycled paper if supplies of the required volumes are to be secured and maintained. We substitute to some extent certain types of paper for other types if prices are more favourable.

Hartmann regularly signs fixed-price agreements with energy suppliers for typically 6 or 12 months, covering a substantial part of our energy consumption. However, it is not possible to sign fixed-price agreements with energy suppliers in all the countries in which we operate.

We are committed to reducing our sensitivity to fluctuations in raw material prices through continuous implementation of technological improvements and optimisation of work processes.

Power plant

In 2008, district heating company Tønder Fjernvarme filed a complaint with the the Secretariat of the Danish Energy Regulatory Authority concerning the pricing of surplus heat from Hartmann's power plant in Tønder, Denmark, cf. note 3 to the financial statements. Once a decision has been made, management will assess whether to bring the case before the Danish Energy Board of Appeal.

*"The management models **STEP® Environment** and **STEP® Human** help reduce the environmental and social risks."*

ENVIRONMENTAL AND SOCIAL RISKS

Environmental risks

Hartmann's activities, including production, sale, use, storage and disposal of products, are subject to a number of environmental laws and regulations. Environmental risks are monitored both locally and from the head office. Our environment management model, STEP® Environment, is an effective and professional tool that helps prevent, remedy or minimise any adverse effect on the external environment. We use and expect to continue to use considerable resources to observe and comply with environmental laws and regulations in the countries in which we operate.

Hartmann is subject to rules governing noise reductions, waste water treatment and waste disposal as well as the EU CO_2 trading system. Our policy is to operate all production facilities in an environmentally responsible manner and in compliance with our sustainability principles and environment management model. A number of Hartmann's production facilities are ISO 14001-certified.

For more information about sustainable development, see 'Corporate social responsibility' or visit csr2014.hartmann-packaging.com.

Corporate social relations and risks

We give high priority to measures safeguarding health and safety at the workplace, protecting human values in society at large as well as the people who are in contact with Hartmann or with Hartmann's products. Our management model STEP® Human ensures compliance with our standards for health and safety at the workplace. The model also ensures that we handle our corporate social responsibility in an effective and efficient manner and act as a responsible player in the countries in which we operate.

INSURANCE

Hartmann has a comprehensive insurance programme which reflects the scope and extent of the operations and their geographical location. The insurance programme is reviewed annually by an insurance broker, and adjustments are made on an ongoing basis to support the development of the business.

The single most significant risk is the total loss of a factory from fire since the re-establishment of production facilities would be very time consuming and involve the risk of business interruption and loss of market share. Consequently, Hartmann has taken out an all risk insurance policy for all production facilities, which covers fire damage, consequential loss and other incidents. In addition, we work systematically to prevent injury and damage, and a Risk Management programme has been set up with the help of an insurance broker. Hartmann's insurance programme includes commercial and product liability, property and contents, consequential loss, work-related accidents, personal injury, and environmental liability.

FINANCIAL RISKS

Our financial results and equity are influenced by a number of financial risks, including interest rate, foreign exchange, liquidity and credit risks.

The management of financial risks is concentrated in our corporate finance function, which also acts as a service centre for all subsidiaries.

Forward contracts are used for hedging some of the financial risks that may arise out of commercial activities. Hartmann does not engage in speculative transactions.

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

CORPORATE SOCIAL RESPONSIBILITY

Our activities and achievements within corporate social responsibility are described in our Global Compact progress report for 2014, which in compliance with sections 99(a) and 99(b) of the Danish Financial Statements Act is available at csr2014.hartmann-packaging.com. The information in this report is a presentation of our key activities in 2014.

Our corporate social responsibility activities form an integral part of our business model with sustainability as a competitive advantage and an essential parameter in the marketing of our products. Consumers and retail chains in the mature markets continue to demand more and more of the sustainability of packaging, and Hartmann strengthened its profile in this area also in 2014.

Certification of the production network

We are continuously working to streamline and quality assure the production, and by certifying the processes at the factories, we achieve both improvements and marketing of our competencies.

The requirements for food safety in connection with the manufacture of packaging is increasing, and in 2014 the food safety system on Hartmann's Croatian factory was certified according to the internationally recognised ISO 22000 standard. The certification evidences the ability to effectively and safely identify, assess and manage hygiene risks in the production, and the implementation of the standard has led to several positive changes in processes, routines and behaviour.

Anti-corruption programme completed

In 2011, Hartmann launched an anti-corruption policy, focussing on providing information about the efforts to combat corruption and bribery. These efforts have included courses and training programmes for relevant managers and employees, and the enforcement of the principles under the policy has at least in one case resulted in the termination of a supplier. In 2014, the anti-corruption programme was completed when the last of the selected managers and employees did the training and committed to complying with the policy. Where relevant, new employees will receive the necessary training and subsequently commit to non-violation of the anti-corruption policy.

Efficiencies reduce emissions

We continue to focus on reducing CO_2 equivalent emissions, and in 2014, we planned and implemented a number of efficiencies in the production, including a new drying tool.

We have reduced the CO_2 equivalent emissions per kilogram product by 3.5% from the 2012 level. Efforts to reach the 2020 target of a 25% reduction from the level at end-2012 continue, and the target will be achieved through the following:

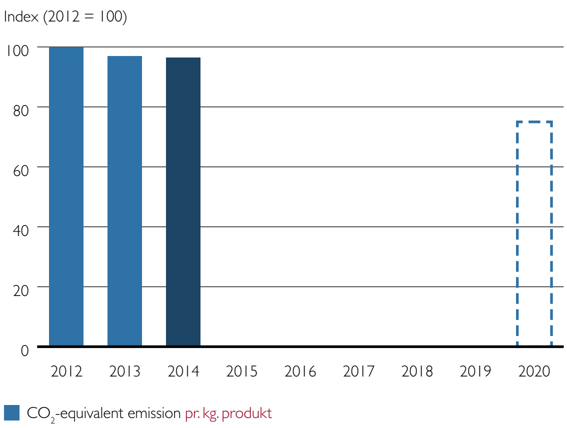
- Investment in new process technology
- Optimisation of existing technology
- Product development
- Waste reduction
- Increased share of renewable energy in production

Increased focus on safety

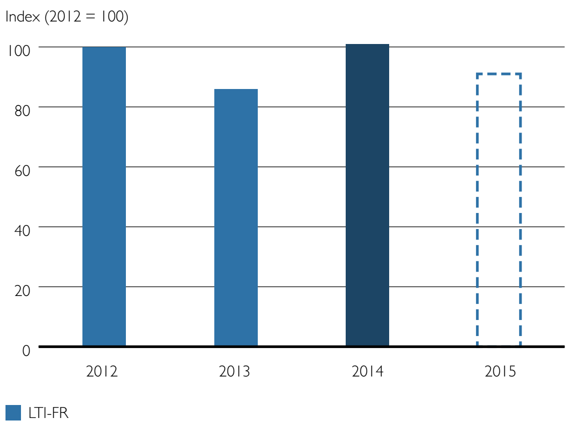
Efforts to increase safety in Hartmann's European production in 2014 did not result in improvements as expected, and we have reported a slight increase in the number of work-related accidents per million working hours (LTI-FR). In order to increase safety at our factories, we have accelerated some of the planned activities, one of which is creating greater awareness of potential risks relating to specific processes and areas. We will also install new safety equipment in some of our factories' print shops where the number of work accidents is relatively higher than in other production areas.

In 2015, we will reduce the number of reported accidents per million working hours by 10% compared to the level in 2014.

CO_2 EQUIVALENT EMISSIONS



WORK-RELATED ACCIDENTS



SHAREHOLDER INFORMATION

Share capital
Hartmann has one class of shares, and each share carries one vote. Accordingly, all shareholders have equal access to submit proposals and to attend, speak and vote at general meetings. The shares are negotiable instruments without restrictions on transferability, and issued to bearer. There have been no changes to Hartmann's share capital in 2014.

Our Board of Directors has been authorised by the general assembly in the period until 8 October 2015 to let Hartmann acquire up to 10% of the company's shares at the market price prevailing at the time in question with a deviation of up to 10%.

The Hartmann share
Our share opened 2014 at a price of DKK 167.0 and closed the year at DKK 173.0, up 4%. Including the dividends paid of DKK 9.50 per share, the Hartmann share yielded a return of 9%.

Hartmann has a market making agreement, which ensures that bid and ask prices are continually quoted for the Hartmann share.

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

Ownership
At end 2014, Hartmann had approximately 2,100 registered shareholders, representing 6.5 million shares in aggregate, or 93% of the share capital.

The following shareholder has notified us that it holds 5% or more of the share capital:

- Thornico Holding A/S and related parties, Copenhagen, Denmark (68.6%).

At 31 December 2014, Hartmann held treasury shares representing 1.4% of the share capital.

At 31 December 2014, the members of Hartmann's Board of Directors and Executive Board held 0.2% of the shares. The members of the Board of Directors and Executive Board are registered on Hartmann's insider list, and they can only trade in Hartmann shares during a four-week period following the release of profit announcements or other similar financial announcements, as set out in Hartmann's internal rules. Trading in shares by insiders is subject to a reporting duty.

Dividend
The Board of Directors takes the general view that excess capital should be distributed in the form of dividends or share buy-backs in order to generally maintain Hartmann's equity ratio at a maximum of 45%. However, the distribution of capital will always take into account our growth plans and liquidity needs. At the annual general meeting to be held on 8 April 2015, The Board of Directors will propose a distribution of dividends of DKK 9.50 per share for the year ended 31 December 2014 (2013: DKK 9.50), equivalent to DKK 66 million or a payout ratio of 56%.

Remuneration of the Executive Board
If a controlling interest in Hartmann changes ownership, the notice period for members of the Executive Board is extended from 12 to a maximum of 24 months effective from the day on which the shares are sold. The extended notice will apply up to 18 months after the transfer.

Investor relations
Hartmann's goal is to provide investors and analysts with the best possible insight into matters deemed relevant in ensuring an effective and fair pricing of the share. Our Executive Board and Investor Relations handle relations with investors and analysts, taking into consideration regulatory requirements and based on our corporate governance standards. Hartmann participates in selected seminars and holds individual meetings with Danish and international investors and analysts. For a period of four weeks up to the publication of the annual report, interim reports or other financial announcements, Hartmann does not comment on matters relating to the financial results or outlook.

Electronic communication
Hartmann communicates electronically with its shareholders, which allows us to quickly and efficiently convene general meetings and distribute relevant information. Shareholders can register at the Investor Portal through investor.hartmann-packaging.com.

Financial calendar 2015

8 April 2015	Annual general meeting
19 May 2015	Interim report Q1 2015
20 August 2015	Interim report Q2 2015
12 November 2015	Interim report Q3 2015

CORPORATE GOVERNANCE

Hartmann's statutory report on corporate governance for the 2014 financial year, cf. section 107 (b) of the Danish Financial Statements Act, is available at corporategovernance2014.hartmann-packaging.com.

The report contains a detailed account of Hartmann's management structure as well as a description of the main elements of our internal controls and risk management systems relating to financial reporting.

The report furthermore describes our position on the recommendations by the Danish Committee on Corporate Governance as implemented in NasdaqCopenhagen's Rules for issuers of shares. In 2014, we complied with the vast majority of the corporate governance recommendations, with the following exceptions:

- The Board of Directors has not set up a nomination committee.
- The Board of Directors has not set up a remuneration committee.

Management structure

Hartmann has a two-tier management structure comprising the Board of Directors and the Executive Board. The Board of Directors is elected by the shareholders and supervises the Executive Board. The Board of Directors and the Executive Board are independent of each other.

The Board of Directors is responsible for the overall management of the company and resolves matters relating to strategic development, budgets, risk factors, acquisitions and divestments as well as major development and investment projects.

In addition, the Board of Directors determines the Executive Board's employment terms and salary, which consists of a fixed annual salary and a performance-related cash bonus, which depends on the results obtained. Hartmann's remuneration policy is available at investor.hartmann-packaging.com, and the remuneration paid for 2014 is specified in note 9 to the financial statements.

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

The Board of Directors has set up an audit committee whose duties primarily include the areas of risk management, preparation of financial statements, financial reporting and internal controls. The committee consists of two board members or more, convenes at least five times a year and reports regularly to the Board of Directors.

Changes in 2014

Ulrik Kolding Hartvig joined Hartmann as CEO on 1 January 2014.

Former Vice Chairman of the Board of Directors Walther Vishof Paulsen did not seek re-election and thus resigned at the general meeting in April 2014. The Board of Directors then appointed Agnete Raaschou-Nielsen Chairman and Niels Hermansen Vice Chairman. Prior to the general meeting, the employees had re-elected Jan Antonisen and Niels Christian Petersen and elected Andy Hansenn.

BOARD OF DIRECTORS AND EXECUTIVE BOARD

BOARD OF DIRECTORS

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

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

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

Directorships and other managerial positions
Chairman: Arkil Holding A/S and one subsidiary.
Vice Chairman: Dalhoff Larsen & Horneman A/S (audit committee), Novozymes A/S, (audit committee) Solar A/S (audit committee) and the investment funds Danske Invest, Danske Invest Select, Profil Invest and ProCapture and the investment trusts Danske Invest Institutional and AP Invest.
Board member: Aktieselskabet Schouw & Co., Danske Invest Management A/S, Icopal Holding A/S and two subsidiaries.

No. of shares held: 2,000

Niels Hermansen (1953)
Joined the Board of Directors in 2006
Vice Chairman since 2014

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

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

Directorships and other managerial positions
Chairman: Dinex A/S, Fredericia Furniture A/S, Idavang A/S (audit committee) and Vikan A/S.
Board member: Nito A/S, Stjerneskansen Holding A/S, Vissing Holding A/S and Vissingfonden.

No. of shares held: 0

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

CEO of Xilco Holding CH AG (parent company of Sonion A/S).

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

Directorships and other managerial positions
Chairman: Five subsidiaries of Xilco Holding CH AG.

No. of shares held: 2,700

Steen Parsholt (1951)
Joined the Board of Directors in 2013
Chairman of the audit committee

Nordic head of Aon and member of its European management team until 2005. Former Group CEO of NCM Holding, Amsterdam, and Citibank, including as CEO in Denmark. Now only engages in board work and similar work.

Special expertise in international management, treasury and finance.

Directorships and other managerial positions
Chairman: Equinox Global Ltd. (UK), Holberg Fenger Holding A/S and five subsidiaries, Nopco ASA, Nyscan A/S and Nyscan Holding A/S.
Board member: Ejendomsselskabet August 2003 A/S, Keops Security A/S, Landic Property Bonds I A/S, SFK Systems A/S, Unwire ApS and Unwire Holding ApS.

No. of shares held: 2,781

BOARD OF DIRECTORS, cont'd

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

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

No. of shares held: 0

Andy Hansen* (1977)
Joined the Board of Directors in 2014

Boiler Attendant at Brødrene Hartmann A/S in Tønder, Denmark, since 2004.

No. of shares held: 0

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

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

No. of shares held: 72

EXECUTIVE BOARD

Ulrik Kolding Hartvig (1969)
CEO of Brødrene Hartmann A/S since 1 January 2014. Has previously held management positions in Denmark and abroad in Danish industrial companies operating internationally. Prior to joining Hartmann, Senior Vice President of FLSmidth in charge of Global Customer Services Cement.

Directorships and other managerial positions
Board member: Handelsbanken, branch of Svenska Handelsbanken AB (publ), Sweden.

No. of shares held: 3,000

Marianne Rørslev Bock (1963)
CFO of Brødrene Hartmann A/S since 2012. Extensive international management experience and strong expertise in finance, treasury, taxation and IT. Prior to joining Hartmann, Senior Vice President Corporate Finance of Danisco. State-authorised Public Accountant.

Directorships and other managerial positions
Board member: Kemp & Lauritzen A/S (remuneration committee).

No. of shares held: 1,250

* Board member elected by the employees for the period until the annual general meeting in 2018.

FINANCIAL STATEMENTS

CONTENTS

Consolidated and parent company financial statements

STATEMENT OF COMPREHENSIVE INCOME

DKKm

		Group		Parent company	
Note		2014	2013	2014	2013
5	Revenue	1,614.6	1,578.8	1,250.2	1,250.5
6,9	Production costs	(1,104.6)	(1,085.1)	(967.0)	(979.8)
	Gross profit/(loss)	**510.0**	**493.7**	**283.2**	**270.7**
7,9	Selling and distribution costs	(290.4)	(283.5)	(187.4)	(181.5)
8,9	Administrative expenses	(59.5)	(64.5)	(51.4)	(56.4)
10	Other operating income	2.9	2.8	2.8	2.6
10	Other operating expenses	0.0	(0.1)	0.0	0.0
	Operating profit/(loss) before special items	**163.0**	**148.4**	**47.2**	**35.4**
11	Special items	(7.0)	(38.9)	(7.0)	(27.0)
	Operating profit/(loss)	**156.0**	**109.5**	**40.2**	**8.4**
20	Profit/loss) after tax in associates	0.1	0.1	-	-
12	Financial income	1.8	2.6	122.9	284.3
12	Financial expenses	(18.7)	(17.1)	(13.5)	(32.9)
	Profit/(loss) before tax	**139.2**	**95.1**	**149.6**	**259.8**
13	Tax on profit/(loss) for the year	(20.3)	(9.2)	(10.0)	(66.2)
	Profit/(loss) for the year	**118.9**	**85.9**	**139.6**	**193.6**
	Items that cannot be reclassified to profit or loss:				
26	Actuarial gains/(losses) on pension obligations	(15.2)	13.1	0.0	0.0
13	Tax	4.0	(3.5)	0.0	0.0
	Items than can be classified to profit or loss:				
	Foreign exchange adjustment of:				
	Foreign subsidiaries	6.5	(20.6)	-	-
	Equity-like loans to subsidiaries	2.1	0.9	-	-
	Value adjustment of hedging instruments:				
	Recognised in other comprehensive income	(10.8)	(1.5)	(7.2)	1.3
	Transferred to revenue	7.7	(0.7)	4.2	(2.6)
	Transferred to production costs	1.3	1.6	1.3	1.6
	Transferred to financial income and expenses	2.4	3.0	2.4	3.0
13	Tax	(0.4)	(0.8)	(0.2)	(0.8)
	Other comprehensive income after tax	**(2.4)**	**(8.5)**	**0.5**	**2.5**
	Comprehensive income	**116.5**	**77.4**	**140.1**	**196.1**
14	Earnings per share, DKK	17.2	12.4	-	-
14	Earnings pers share, DKK, diluted	17.2	12.4	-	-

STATEMENT OF CASH FLOWS

DKKm

		Group		Parent company	
Note		2014	2013	2014	2013
	Operating profit/(loss) before special items	163.0	148.4	47.2	35.4
	Depreciation and amortisation	70.6	77.0	33.4	34.1
15	Adjustment for other non-cash items	(0.1)	(0.1)	0.0	0.0
15	Change in working capital	(38.1)	(15.7)	39.4	(110.3)
	Restructuring costs etc. paid	(23.2)	(12.0)	(23.2)	(10.8)
	Cash generated from operations	**172.2**	**197.6**	**96.8**	**(51.6)**
	Interest etc. received	1.8	2.6	2.4	1.7
	Interest etc. paid	(10.8)	(11.6)	(8.3)	(9.8)
	Net income tax paid	(22.3)	(10.8)	(2.9)	(0.6)
	Cash flows from operating activities	**140.9**	**177.8**	**88.0**	**(60.3)**
	Disposals of property, plant and equipment	0.6	0.9	0.0	4.0
	Acquisitions of property, plant and equipment	(98.6)	(115.2)	(37.1)	(28.1)
	Dividends received from subsidiaries	-	-	53.3	201.0
	Government grants received	0.9	2.5	0.0	0.0
	Acquisition of associates	(0.9)	0.0	(0.9)	0.0
	Cash flows from investing activities	**(98.0)**	**(111.8)**	**15.3**	**176.9**
	Cash flows from operating and investing activities	**42.9**	**66.0**	**103.3**	**116.6**
	Raising of non-current debt	261.5	39.9	261.5	39.9
	Repayment of non-current debt	(229.0)	(59.8)	(229.0)	(59.8)
	Subsidiaries' raising of non-current debt	-	-	(92.5)	(127.2)
	Subsidiaries' repayment of non-current debt	-	-	32.8	111.1
	Dividends paid	(65.7)	(65.7)	(65.7)	(65.7)
	Cash flows from financing activities	**(33.2)**	**(85.6)**	**92.9**	**(101.7)**
	Total cash flows	**9.7**	**(19.6)**	**10.4**	**14.9**
	Cash and bank debt at 1 January	45.7	66.4	15.4	1.2
	Foreign exchange adjustment	0.6	(1.1)	0.2	(0.7)
	Cash and bank debt at 31 December	**56.0**	**45.7**	**26.0**	**15.4**
	Recognition of cash at 31 December:				
	Cash	56.0	45.7	26.0	15.4
	Cash	**56.0**	**45.7**	**26.0**	**15.4**

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

BALANCE SHEET
ASSETS

DKKm

		Group		Parent company	
Note		2014	2013	2014	2013
	Goodwill	10.7	10.7	10.7	10.7
	Other intangible assets	0.0	1.5	0.0	1.5
16	**Intangible assets**	**10.7**	**12.2**	**10.7**	**12.2**
	Land and buildings	141.3	152.1	20.1	23.0
	Technical plant and machinery	379.4	316.0	105.5	125.2
	Fixures and fittings, tools and equipment	10.6	5.9	7.8	2.6
	Technical plant under construction	29.2	61.0	27.0	5.6
17	**Property, plant and equipment**	**560.5**	**535.0**	**160.4**	**156.4**
18	Investments in subsidiaries	-	-	451.6	385.5
19	Receivables from subsidiaries	-	-	145.1	85.3
20	Investments in associates	2.8	1.8	1.2	0.3
21	Other receivables	7.0	9.2	0.0	0.0
22	Deferred tax	109.7	100.2	0.0	0.0
	Other non-current assets	**119.5**	**111.2**	**597.9**	**471.1**
	Non-current assets	**690.7**	**658.4**	**769.0**	**639.7**
23	Inventories	131.2	112.0	55.8	48.3
24	Trade receivables	311.0	262.3	237.7	204.2
	Receivables from subsidiaries	-	-	9.8	45.8
	Income tax	3.2	4.2	0.0	1.1
	Other receivables	42.7	37.7	17.3	18.8
	Prepayments	9.1	5.5	6.5	4.0
	Cash	56.0	45.7	26.0	15.4
	Current assets	**553.2**	**467.4**	**353.1**	**337.6**
	Assets	**1,243.9**	**1,125.8**	**1,122.1**	**977.3**

BALANCE SHEET
EQUITY AND LIABILITIES

DKKm

		Group		Parent company	
Note		2014	2013	2014	2013
25	Share capital	140.3	140.3	140.3	140.3
	Hedging reserve	(2.5)	(3.0)	(1.3)	(1.8)
	Translation reserve	(48.7)	(57.0)	-	-
	Proposed dividend	65.7	65.7	65.7	65.7
	Retained earnings	507.9	465.9	394.4	320.5
	Equity	**662.7**	**611.9**	**599.1**	**524.7**
22	Deferred tax	20.3	21.8	11.3	12.6
26	Pension obligations	43.5	31.0	0.0	0.0
	Credit institutions	216.6	184.1	216.6	184.1
27	Government grants	14.6	19.6	2.7	3.4
	Non-current liabilities	**295.0**	**256.5**	**230.6**	**200.1**
27	Government grants	2.5	2.8	0.7	0.7
	Prepayments from customers	32.0	0.1	32.0	0.0
	Trade payables	148.6	117.0	86.4	66.7
	Payables to subsidiaries	-	-	104.4	97.5
	Payables to associates	3.4	4.6	3.4	4.6
	Income tax	8.5	5.7	7.4	0.0
28	Provisions	2.6	18.2	2.1	18.2
29	Other payables	88.6	109.0	56.0	64.8
	Current liabilities	**286.2**	**257.4**	**292.4**	**252.5**
	Liabilities	**581.2**	**513.9**	**523.0**	**452.6**
	Equity and liabilities	**1,243.9**	**1,125.8**	**1,122.1**	**977.3**

STATEMENT OF CHANGES IN EQUITY

DKKm

Group	Share capital	Hedging reserve	Translation reserve	Proposed dividend	Retained earnings	Total equity
Equity at 1 January 2014	140.3	(3.0)	(57.0)	65.7	465.9	611.9
Profit/(loss) for the year	-	-	-	65.7	53.2	118.9
Items than cannot be reclassified to profit/(loss)						
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	(15.2)	(15.2)
Tax	-	-	-	-	4.0	4.0
Items than can be reclassified to profit/(loss):						
Value adjustment of:						
Foreign subsidiaries	-	-	6.5	-	-	6.5
Equity-like loans to subsidiaries	-	-	2.1	-	-	2.1
Value adjustment of hedging instruments:						
Recognised in other comprehensive income	-	(10.8)	-	-	-	(10.8)
Transferred to revenue	-	7.7	-	-	-	7.7
Transferred to production costs	-	1.3	-	-	-	1.3
Transferred to financial income and expenses	-	2.4	-	-	-	2.4
Tax	-	(0.1)	(0.3)	-	-	(0.4)
Other comprehensive income	**0.0**	**0.5**	**8.3**	**0.0**	**(11.2)**	**(2.4)**
Total comprehensive income	**0.0**	**0.5**	**8.3**	**65.7**	**42.0**	**116.5**
Transactions with owners						
Dividend paid	-	-	-	(65.7)	-	(65.7)
Changes in equity in 2014	**0.0**	**0.5**	**8.3**	**0.0**	**42.0**	**50.8**
Equity at 31 December 2014	**140.3**	**(2.5)**	**(48.7)**	**65.7**	**507.9**	**662.7**
Equity at 1 January 2013	140.3	(4.8)	(37.1)	65.7	436.1	600.2
Profit for the year	-	-	-	65.7	20.2	85.9
Items than cannot be reclassified to profit/(loss)						
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	13.1	13.1
Tax	-	-	-	-	(3.5)	(3.5)
Items than can be reclassified to profit/(loss)						
Value adjustment of:						
Foreign subsidiaries	-	-	(20.6)	-	-	(20.6)
Equity-like loans to subsidiaries	-	-	0.9	-	-	0.9
Value adjustment of hedging instruments:						
Recognised in other comprehensive income	-	(1.5)	-	-	-	(1.5)
Transferred to revenue	-	(0.7)	-	-	-	(0.7)
Transferred to production costs	-	1.6	-	-	-	1.6
Transferred to financial income and expenses	-	3.0	-	-	-	3.0
Tax	-	(0.6)	(0.2)	-	-	(0.8)
Other comprehensive income	**0.0**	**1.8**	**(19.9)**	**0.0**	**9.6**	**(8.5)**
Total comprehensive income	**0.0**	**1.8**	**(19.9)**	**65.7**	**29.8**	**77.4**
Transactions with owners						
Dividend paid	-	-	-	(65.7)	-	(65.7)
Changes in equity in 2013	**0.0**	**1.8**	**(19.9)**	**0.0**	**29.8**	**11.7**
Equity at 31 December 2013	**140.3**	**(3.0)**	**(57.0)**	**65.7**	**465.9**	**611.9**

STATEMENT OF CHANGES IN EQUITY

DKKm

Parent company	Share capital	Hedging reserve	Proposed dividend	Retained earnings	Total equity
Equity at 1 January 2014	**140.3**	**(1.8)**	**65.7**	**320.5**	**524.7**
Profit/(loss) for the year	**-**	**-**	**65.7**	**73.9**	**139.6**
Value adjustment of hedging instruments:					
Recognised in other comprehensive income	-	(7.2)	-	-	(7.2)
Transferred to revenue	-	4.2	-	-	4.2
Transferred to production costs	-	1.3	-	-	1.3
Transferred to financial income and expenses	-	2.4	-	-	2.4
Tax	-	(0.2)	-	-	(0.2)
Other comprehensive income	**0.0**	**0.5**	**0.0**	**0.0**	**0.5**
Total comprehensive income	**0.0**	**0.5**	**65.7**	**73.9**	**140.1**
Transactions with owners					
Dividend paid	-	-	(65.7)	-	(65.7)
Changes in equity in 2014	**0.0**	**0.5**	**0.0**	**73.9**	**73.3**
Equity at 31 December 2014	**140.3**	**(1.3)**	**65.7**	**394.4**	**599.1**
Equity at 1 January 2013	**140.3**	**(4.3)**	**65.7**	**192.6**	**394.3**
Profit/(loss) for the year	**-**	**-**	**65.7**	**127.9**	**193.6**
Value adjustment of hedging instruments:					
Recognised in other comprehensive income	-	1.3	-	-	1.3
Transferred to revenue	-	(2.6)	-	-	(2.6)
Transferred to production costs	-	1.6	-	-	1.6
Transferred to financial income and expenses	-	3.0	-	-	3.0
Tax	-	(0.8)	-	-	(0.8)
Other comprehensive income	**0.0**	**2.5**	**0.0**	**0.0**	**2.5**
Total comprehensive income	**0.0**	**2.5**	**65.7**	**127.9**	**196.1**
Transactions with owners					
Dividend paid	-	-	(65.7)	-	(65.7)
Changes in equity in 2013	**0.0**	**2.5**	**0.0**	**127.9**	**130.4**
Equity at 31 December 2013	**140.3**	**(1.8)**	**65.7**	**320.5**	**524.7**

NOTES

Notes - Statement of comprehensive income

Notes - Statement of cash flows

Notes - Balance sheet

Notes without reference

NOTES

01 BASIS OF PREPARATION

The consolidated financial statements and the parent company financial statements for the year ended 31 December 2014 of the group and Brødrene Hartmann A/S, respectively, have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of listed companies, cf. the Danish Statutory Order on Adoption of IFRS issued in pursuance of the Danish Financial Statements Act. Brødrene Hartmann A/S is a public limited company and has its registered office in Denmark.

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

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

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

02 ACCOUNTING REGULATIONS

New financial reporting standards and interpretations in 2014
Hartmann has implemented all new and revised financial reporting standards and interpretations adopted by the EU that are effective for financial years beginning on or after 1 January 2014. Hartmann has assessed that the new and revised standards and interpretations that are effective for financial years beginning on or after 1 January 2014 are either not relevant to the group or the parent company, or not of significant importance.

New financial reporting standards which have not yet come into force and which have not been early adopted
The IASB has issued a number of financial reporting standards, amendments and interpretations, with which the group and the parent company must comply for financial years beginning on or after 1 January 2015.

The financial reporting standards, amendments and interpretations that have not yet come into force are not considered to significantly affect the consolidated financial statements or the parent company in future financial years. However, the analysis of the expected impact of implementing IFRS 9 and IFRS 15 has not been finalised, see below.

IFRS 9 'Financial Instruments', which replaces IAS 39, changes the classification and subsequent measurement of financial assets and liabilites.

The standard introduces a more logical approach to classification of financial assets based on the business model applied in the enitity and the characteristics of the underlying cashflows. The standard also introduces a new impairment model for all financial assets.

IFRS 15 'Revenue from Contracts with Customers', which replaces the current revenue standards (IAS 11 and IAS 18) and interpretations, introduces a new framework for recognition and measurement of revenue from contracts with customers.

The standard provides a five-step model to be applied to all contracts with customers to determine when and how revenue is to be recognised in profit and loss.

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03 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

The estimates and underlying assumptions are assessed on an ongoing basis. Changes to accounting estimates are recognised in the reference period in which the change occurs and in future reference periods if the change affects both the period during which the change takes place and subsequent reference periods.

Significant accounting estimates, assumptions and uncertainties

The recognition and measurement of assets and liabilities often depend on future events that are somewhat uncertain. In that connection, it is necessary to make an assumption that reflects management's assessment of the most likely course of events. In the consolidated financial statements and the parent company financial statements, the following assumptions and uncertainties are in particular to be noted, since they have 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:

Power plant in Tønder

In 2008, district heating company Tønder Fjernvarme filed a complaint with the the Secretariat of the Danish Energy Regulatory Authority ('the Secretariat') concerning the pricing of surplus heat from Hartmann's combined heat and power plant in Tønder, Denmark. By an advisory opinion passed by the Secretariat on 9 December 2014 Hartmann is required to adjust earlier invoiced amounts for district heating supplied in the years 2003-2013 by a total of DKK 45 million. Hartmann met with the Secretariat on 23 January 2015 for negotiations about the content of the opinion dated 9 December 2014, to which Hartmann disagrees. Upon the negotiations, the Secretariat resolved to reopen the case but no decision has been made as yet.

When a decision has been made, management will reassess whether to bring the case before the Danish Energy Board of Appeal.

In January 2015, Tønder Fjernvarme notified Hartmann that it no longer requires district heating supplied by Hartmann's power plant. In continuation hereof, Hartmann has submitted a project proposal to Tønder municipality to be released from its service obligation to supply heat. The proposal is expected to be considered during the first six months of 2015, and it is management's expectation that Hartmann will be released from its service obligation. The power plant will then be included in the operating assets of the Tønder factory with valuation and profitablity depending on aggregate operations.

The carrying amount of property, plant and equipment relating to the Power Plant was DKK 19.6 million at 31 December 2014. Receivables from Tønder Fjernvarme amounted to DKK 40.5 million.

Deferred tax assets

In the measurement of deferred tax assets, it is assessed whether, on the basis of budgets and operating plans, future earnings will allow the utilisation of the temporary differences between tax bases and carrying amounts or tax loss carry-forwards. The assessment also includes pending tax audits. The net carrying amount of deferred tax assets was DKK 89.4 million at 31 December 2014 (2013: DKK 78.4 million). For a detailed description of the utilisation period etc., see note 22.

Allocation of purchase price

In acquisition of companies, the acquired companies' assets, liabilities and contingent liabilities are recognised in accordance with the acquisition method. The main assets are goodwill, trademarks, customer portfolios, property, plant and equipment, receivables and inventories.

For a substantial part of the assets and liabilities acquired, no efficient markets exist for determining the fair value. This is especially applicable for intangible assets acquired. Therefore, management makes estimates when determining the fair value of the acquired assets, liabilities and contingent liabilities. Depending on the nature of the item, the fair value determination can be subject to uncertainty and possibly to subsequent adjustment. The non-allocated purchase price (positive amount) is recognised in the balance sheet as goodwill, which is allocated to cash flow generating units.

The present value of estimated future cash flows is based on budgets and business plans, projections for subsequent years and management's expectations for the development. Essential parameters are revenue development, profit margin, future investments in property, plant and equipment as well as growth expectations for subsequent years. Man-

NOTES

03 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS CONT'D

agement expects that the purchase price recognised in the consolidated financial statements is the best estimate of the total fair value of the companies and thus the allocation of goodwill.

Trademarks
In business combinations, an estimate is made of the value of the acquired trademarks as well as the expected useful life of these. The fair value of the acquired trademarks is calculated by discounting the royalty payments that will be saved through owning the right of use of the trademark (the relief-from-royalty method). The applied discount rate is after tax and reflects the risk-free interest rate.

Customer portfolios
In business combinations, the value of the acquired customer portfolios is estimated. The value is calculated as the present value of the net cash flow generated through sales to customers less return on other cash flow generating assets.

Fair value of property, plant and equipment
The fair value of land and buildings and for technical and other plant acquired in business combinations is to the extent possible based on the fair value of a similar asset in similar condition, which can be bought and sold in an efficient market. The fair value of property, plant and equipment for which there is no reliable market documentation of the fair value is determined on the basis of a calculated value of the depreciated replacement cost. The determination is based on the replacement value of an equivalent asset that has the same functionality and capacity. The calculated replacement value of each asset is then reduced to reflect the functional and physical wear and tear.

The expected synergies and user-specific intentions with the use of the individual assets are not included in the assessment of the fair value.

For further information on allocation of purchase price, see note 37.

04 SEGMENT INFORMATION

The reporting of business segments is in accordance with the internal reporting to the Executive Board and the Board of Directors. The Executive Board and the Board of Directors constitute the Chief Operating Decision Maker of Hartmann.

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

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

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

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

The reporting segments are:

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

- **North America** comprising the production and sale of moulded-fibre packaging. The products are primarily manufactured at the North American factory and sold to egg producers, egg packing businesses and retail chains.

Other segment information
External revenue is allocated to the geographical areas on the basis of the customer's geographical location. Allocation of intangible and property, plant and equipment is based on the geographical location of the assets.

No single customer represents more than 10% of external revenue.

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

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04 SEGMENT INFORMATION CONT'D

OPERATIONS 2014

	Europe	North America	Total reporting segments
Moulded fibre	1,174.8	318.6	1,493.4
Other revenue, external	121.2	0.0	121.2
Revenue	**1,296.0**	**318.6**	**1,614.6**
Other revenue, intra-segmental	17.4	0.0	17.4
Revenue for reporting segments	**1,313.4**	**318.6**	**1,632.0**
Operating profit/(loss) before special items	**127.9**	**59.7**	**187.6**
Operating profit/(loss) before special items, intra-segmental	2.1	0.0	2.1
Operating profit/(loss) before special items for reporting segments	**130.0**	**59.7**	**189.7**
Other segment information			
Depreciation, amortisation and impairment	57.0	14.4	
Investments in intangible assets and property, plant and equipment	56.7	49.5	
Net working capital	139.1	36.5	
Invested capital	511.0	233.5	
Segment assets	805.1	275.1	1,080.2

GEOGRAPHICAL DISTRIBUTION 2014

	Denmark	Other Europe	North America	Other world	Total group
Revenue	99.7	1,063.6	338.6	112.7	1,614.6
Intangible assets and property, plant and equipment*	171.1	203.4	189.2	7.5	571.2

* Other Europe includes intangible assets and property, plant and equipment in Hungary of DKK 129.4 million.

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04 SEGMENT INFORMATION CONT'D

OPERATIONS 2013

	Europe	North America	Total reporting segments
Moulded fibre	1,172.1	291.8	1,463.9
Other revenue, external	114.9	0.0	114.9
Revenue	**1,287.0**	**291.8**	**1,578.8**
Other revenue, intra-segmental	25.3	0.0	25.3
Revenue for reporting segments	**1,312.3**	**291.8**	**1,604.1**
Operating profit/(loss) before special items	**109.1**	**63.1**	**172.2**
Operating profit/(loss) before special items, intra-segmental	5.4	0.0	5.4
Operating profit/(loss) before special items for reporting segments	**114.5**	**63.1**	**177.6**
Other segment information			
Depreciation, amortisation and impairment	64.2	13.4	
Investments in intangible assets and property, plant and equipment	47.7	67.5	
Net working capital	142.6	12.7	
Invested capital	525.4	165.2	
Segment assets	771.4	204.0	975.4

GEOGRAPHICAL DISTRIBUTION 2013

	Denmark	Other Europe	North America	Other world	Total group
Revenue	103.3	1,063.2	298.5	113.8	**1,578.8**
Intangible assets and property, plant and equipment*	168.6	219.6	151.1	7.9	**547.2**

* Other Europe includes intangible assets and property, plant and equipment in Hungary of DKK 143.4 million.

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04 SEGMENT INFORMATION CONT'D

RECONCILIATION

	2014	2013
Revenue		
Revenue for reporting segments	1,632.0	1,604.1
Eliminations	(17.4)	(25.3)
Revenue, cf. statement of comprehensive income	**1,614.6**	**1,578.8**
Performance targets		
Operating profit/(loss) before special items for reporting segments	189.7	177.6
Non-allocated corporate functions	(25.4)	(24.4)
Eliminations	(1.3)	(4.8)
Operating profit/(loss) before special items, cf. statement of comprehensive income	163.0	148.4
Special items	(7.0)	(38.9)
Operating profit/(loss) cf. financial statements	156.0	109.5
Profit/(loss) after tax in associates	0.1	0.1
Financial income	1.8	2.6
Financial expenses	(18.7)	(17.1)
Profit/(loss) before tax, cf. statement of comprehensive income	**139.2**	**95.1**
Assets		
Assets for reporting segments	1,080.2	975.4
Non-allocated assets	171.8	151.9
Eliminations	(8.1)	(1.5)
Assets, cf. balance sheet	**1,243.9**	**1,125.8**

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05 REVENUE

	Group		Parent company	
	2014	2013	2014	2013
Value of goods sold	1,621.2	1,577.0	1,253.3	1,246.8
Value of services sold	1.1	1.1	1.1	1.1
Value adjustment of derivative financial instruments	(7.7)	0.7	(4.2)	2.6
Revenue	**1,614.6**	**1,578.8**	**1,250.2**	**1,250.5**

06 PRODUCTION COSTS

	Group		Parent company	
	2014	2013	2014	2013
Cost of sales for the year	793.0	773.2	837.4	856.1
Staff costs included in cost of sales	(220.3)	(215.9)	(97.4)	(92.6)
Inventory write-down for the year	0.8	1.1	0.0	0.0
Reversed inventory write-downs	0.0	(0.3)	0.0	(0.3)
Staff costs, cf. note 9	325.8	322.5	146.7	140.6
Depreciation and impairment, cf. note 17	67.4	74.2	30.6	31.7
Other production costs	136.6	128.7	48.4	42.7
Value adjustment of derivative financial instruments	1.3	1.6	1.3	1.6
Production costs	**1,104.6**	**1,085.1**	**967.0**	**979.8**

07 SELLING AND DISTRIBUTION COSTS

	Group		Parent company	
	2014	2013	2014	2013
Staff costs, cf. note 9	68.9	71.1	16.1	15.8
Depreciation and impairment, cf. note 17	0.6	0.4	0.2	0.0
Other selling and distribution costs	220.9	212.0	171.1	165.7
Selling and distribution costs	**290.4**	**283.5**	**187.4**	**181.5**

Other selling and distribution costs mainly include freight costs.

08 ADMINISTRATIVE EXPENSES

	Group		Parent company	
	2014	2013	2014	2013
Staff costs, cf. note 9	45.6	44.9	40.4	39.9
Depreciation and impairment, cf. notes 16 and 17	2.6	2.4	2.6	2.4
Other administrative expenses	11.3	17.2	8.4	14.1
Administrative expenses	**59.5**	**64.5**	**51.4**	**56.4**

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09 STAFF COSTS

	Group		Parent company	
	2014	2013	2014	2013
Wages, salaries and remuneration	380.0	394.1	183.5	194.2
Pension costs, defined benefit plans	2.5	3.3	0.0	0.0
Pension contributions, defined contribution plans	34.6	36.3	16.3	17.2
Other social security costs	23.2	21.9	3.4	2.0
Staff costs	**440.3**	**455.6**	**203.2**	**213.4**
Recognition of staff costs in the financial statements:				
Production costs	325.8	322.5	146.7	140.6
Selling and distribution costs	68.9	71.1	16.1	15.8
Administrative costs	45.6	44.9	40.4	39.9
Special costs	0.0	17.1	0.0	17.1
	440.3	**455.6**	**203.2**	**213.4**
Number of employees				
Average no. of full-time employees	1,461	1,487	427	423

For information about pension obligations, see note 26.

REMUNERATION OF MEMBERS OF THE EXECUTIVE BOARD

The remuneration of members of the Executive Board is based on a fixed salary, defined contribution 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 is extended to 18 months (24 months in the case of Marianne Rørslev Bock) effective from the date on which the shareholding is sold. The extended notice will apply until 18 months after the transfer.

	Salary*	Bonus	Pension	Other benefits	Total
2014					
Ulrik Kolding Hartvig	2.6	0.2	0.3	0.2	3.3
Marianne Rørslev Bock	1.8	0.1	0.2	0.2	2.3
	4.4	**0.3**	**0.5**	**0.4**	**5.6**
2013					
Michael Rohde Pedersen (resigned on 30 June 2013)	7.0	0.0	0.2	0.1	7.3
Marianne Rørslev Bock	2.3	0.5	0.2	0.2	3.2
	9.3	**0.5**	**0.4**	**0.3**	**10.5**

* 2013: The salary paid to Michael Rohde Pedersen includes a severance payment of DKK 5.6 million. The salary paid to Marianne Rørslev Bock includes DKK 0.6 million for undertaking the function as interim CEO.

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09 STAFF COSTS CONT'D

REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration paid to the Board of Directors is a fixed fee which is approved by the shareholders at the annual general meeting. Ordinary board members each receive an annual fee of DKK 200,000. The vice chairman receives a fee equal to the ordinary fee multiplied by two, and the chairman receives a fee equal to the ordinary fee multiplied by three.

	2014	2013
Chairman	0.6	0.6
Vice chairman	0.4	0.4
Ordinary board members	1.0	1.0
	2.0	**2.0**

REMUNERATION OF THE AUDIT COMMITTEE

The remuneration paid to the members of the audit committee is a fixed fee which is approved by the shareholders at the annual general meeting. Ordinary committee members each receive an annual fee of DKK 100,000. The chairman receives a fee equal to the ordinary fee multiplied by two. If the chairman is also the vice chairman of the Board of Directors, the chairman will only receive the fee paid to ordinary committee members.

	2014	2013
Chairman	0.2	0.1
Ordinary board members	0.1	0.2
	0.3	**0.3**

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

	No. of shares			
	01.01.2014	Purchased	Sold	31.12.2014
Executive Board				
Ulrik Kolding Hartvig	3,000	0	0	3,000
Marianne Rørslev Bock	1,250	0	0	1,250
Board of Directors				
Agnete Raaschou-Nielsen	2,000	0	0	2,000
Niels Hermansen	0	0	0	0
Jørn Mørkeberg Nielsen	2,700	0	0	2,700
Steen Parsholt	2,781	0	0	2,781
Jan Peter Antonisen	0	0	0	0
Andy Hansen	0	0	0	0
Niels Christian Petersen	72	0	0	72

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10 OTHER OPERATING INCOME AND OPERATING EXPENSES

	Group		Parent company	
	2014	2013	2014	2013
Gains on the sale of intangible assets and property, plant and equipment	0.1	0.2	0.0	0.0
Licence fees	2.8	2.6	2.8	2.6
Other operating income	**2.9**	**2.8**	**2.8**	**2.6**
Loss on the sale of intangible assets and property, plant and equipment	0.0	0.1	0.0	0.0
Other operating expenses	**0.0**	**0.1**	**0.0**	**0.0**
Other operating income and operating expenses	**2.9**	**2.7**	**2.8**	**2.6**

11 SPECIAL ITEMS

	Group		Parent company	
	2014	2013	2014	2013
Impairment of property, plant and equipment	0.0	11.9	0.0	0.0
Demolition and clearing costs	0.0	6.6	0.0	6.6
Severance payments	0.0	17.1	0.0	17.1
Other costs relating to closure of factory	0.0	3.3	0.0	3.3
Costs related to the acquisition of Sanovo Greenpack	7.0	0.0	7.0	0.0
Special costs	**7.0**	**38.9**	**7.0**	**27.0**
Special items	**(7.0)**	**(38.9)**	**(7.0)**	**(27.0)**
If special items had been recognised 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	(26.4)	0.0	(14.5)
Selling and distribution costs	0.0	(1.1)	0.0	(1.1)
Administrative expenses	(7.0)	(11.4)	(7.0)	(11.4)
	(7.0)	**(38.9)**	**(7.0)**	**(27.0)**

Items of a special nature relative to the group's earnings-generating operating activities have been recognised as special items for purposes of comparability in the statement of comprehensive income and for purposes of providing a clearer presentation of operating profit.

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12 FINANCIAL INCOME AND EXPENSES

	Group		Parent company	
	2014	2013	2014	2013
Interest income, subsidiaries	-	-	2.0	1.2
Interest income, cash and cash equivalents, etc.	0.4	0.8	0.4	0.5
Other interest income	0.6	0.8	0.0	0.0
Interest income from financial assets not measured at fair value through profit or loss	**1.0**	**1.6**	**2.4**	**1.7**
Dividend from subsidiaries	-	-	53.3	201.0
Reversal of prior-year impairment of investments in subsidiaries	-	-	67.2	81.6
Interest rate effect on discounting of non-current receivables	0.8	1.0	0.0	0.0
Financial income	**1.8**	**2.6**	**122.9**	**284.3**
Interest expenses, subsidiaries	-	-	0.9	1.3
Interest expenses, credit institutions	4.1	4.1	3.8	4.0
Net interest on defined benefit plans, see note 26	1.0	1.5	-	-
Other expenses	3.2	3.0	1.4	1.9
Interest expenses from financial assets not measured at fair value through profit or loss	**8.3**	**8.6**	**6.1**	**7.2**
Impairment of investments in subsidiaries	-	-	1.2	12.3
Foreign exchange losses, net	8.0	5.5	3.8	10.4
Value adjustment of derivative financial instruments	2.4	3.0	2.4	3.0
Financial expenses	**18.7**	**17.1**	**13.5**	**32.9**
Financial income and expenses	**(16.9)**	**(14.5)**	**109.4**	**251.4**

Other expenses include DKK 0.9 million (2013: 0 million) relating to the impact of ineffective foreign exchange hedging.

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13 TAX ON PROFIT/(LOSS) FOR THE YEAR

	Group		Parent company	
	2014	2013	2014	2013
Breakdown of tax for the year:				
Tax on profit/(loss) for the year	20.3	9.2	10.0	66.2
Tax on other comprehensive income	3.6	(4.3)	(0.2)	(0.8)
	23.9	**4.9**	**9.8**	**65.4**
Tax on profit/(loss) for the year has been calculated as follows:				
Current tax	17.9	12.5	8.2	0.8
Current tax, joint taxation contributions	0.0	(1.1)	0.0	(1.1)
Change in deferred tax	(5.1)	(7.6)	(1.3)	65.7
Change in income tax rate	(0.1)	(0.3)	0.0	0.0
Tax relating to prior years	7.6	5.7	3.1	0.8
	20.3	**9.2**	**10.0**	**66.2**
Tax on profit/(loss) for the year can be specified as follows:				
Profit/(loss) before tax	139.2	95.1	149.6	259.8
Dividend from subsidiaries and associates	-	-	(53.3)	(201.0)
Reversal of prior-year impairment of investments in subsidiaries	-	-	(67.2)	(81.6)
Impairment of investments in subsidiaries	-	-	1.2	12.3
Profit/(loss) after tax in associates	(0.1)	0.0	0.0	0.0
	139.1	**95.1**	**30.3**	**(10.5)**
Tax charged at 24.5% (2013: 25%)	34.1	23.8	7.4	(2.6)
Adjustment of calculated tax for foreign subsidiaries in relation to 24.5% (2013: 25%)	(0.5)	(0.7)	-	-
Tax effect of:				
Change in income tax rate*	(0.1)	(0.3)	0.0	0.0
Recognised deferred tax assets in foreign subsidiaries	(18.0)	(22.2)	0.0	0.0
Non-taxable income and non-deductible expenses	1.5	0.4	1.7	0.1
Change in valuation of net tax assets	1.1	4.6	0.0	0.0
Value of increased depreciation basis for tax purposes	0.0	(1.3)	0.0	(1.3)
Other tax costs	0.2	0.8	0.4	0.2
Deferred tax relating to prior years	(5.6)	0.0	(2.6)	69.0
Tax relating to prior years	7.6	5.7	3.1	0.8
	20.3	**9.2**	**10.0**	**66.2**
Effective tax rate	**15**	**10**	**33**	**-**
Tax on other comprehensive income:				
Actuarial gains/(losses) on pension obligations	4.0	(3.5)	0.0	0.0
Foreign exchange adjustment of equity-like loans to subsidiaries	(0.3)	(0.2)	0.0	0.0
Value adjustment of hedging instruments:				
Recognised in other comprehensive income	2.7	0.4	1.8	(0.3)
Transferred to revenue	(1.9)	0.2	(1.1)	0.7
Transferred to production costs	(0.3)	(0.4)	(0.3)	(0.4)
Transferred to financial income and expenses	(0.6)	(0.8)	(0.6)	(0.8)
	3.6	**(4.3)**	**(0.2)**	**(0.8)**

* The effect of the change in income tax rate is related to the deferred tax and is attributable to the gradual reduction in the Danish company tax rate from 25% in 2013 to 24.5% in 2014, 23.5% in 2015 and 22% in 2016 and onwards. The effect in 2014 is attributable to changed estimates as to when the temporary differences are realised in relation to what was expected when the annual report for 2013 was prepared.

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14 EARNINGS PER SHARE

	Group	
	2014	2013
Average no. of shares	7,015,090	7,015,090
Average no. of treasury shares	(100,000)	(100,000)
Average no. of shares in circulation	**6,915,090**	**6,915,090**
Average dilutive effect of outstanding subscription rights	0	0
Average no. of shares, diluted	**6,915,090**	**6,915,090**
Profit/(loss) attributable to the shareholders of Brødrene Hartmann A/S	**118.9**	**85.9**
Earnings per share, DKK	17.2	12.4
Earnings per share, DKK, diluted	17.2	12.4

15 CASH FLOWS

	Group		Parent company	
	2014	2013	2014	2013
(Profits)/losses on sales of intangible assets and property, plant and equipment	(0.1)	(0.1)	0.0	0.0
Adjustment for other non-cash items	**(0.1)**	**(0.1)**	**0.0**	**0.0**
Inventories	(19.4)	16.0	(7.5)	13.3
Receivables	(56.6)	(25.8)	1.8	(41.7)
Trade payables	31.5	(0.7)	19.6	(0.2)
Prepayments from customers	31.9	(12.0)	32.0	(12.1)
Other payables etc.	(22.7)	7.7	(6.5)	(69.6)
Pension obligations	(2.8)	(0.9)	0.0	0.0
Change in working capital	**(38.1)**	**(15.7)**	**39.4**	**(110.3)**

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16 INTANGIBLE ASSETS

Group and parent company	Goodwill	Other intangible assets	Total
Cost at 1 January 2014	22.8	12.9	35.7
Cost at 31 December 2014	**22.8**	**12.9**	**35.7**
Amortisation and impairment at 1 January 2014	12.1	11.4	23.5
Amortisation	0.0	1.5	1.5
Amortisation and impairment at 31 December 2014	**12.1**	**12.9**	**25.0**
Carrying amount at 31 December 2014	**10.7**	**0.0**	**10.7**
Cost at 1 January 2013	22.8	12.9	35.7
Cost at 31 December 2013	**22.8**	**12.9**	**35.7**
Amortisation and impairment at 1 January 2013	12.1	9.1	21.2
Amortisation	0.0	2.3	2.3
Amortisation and impairment at 31 December 2013	**12.1**	**11.4**	**23.5**
Carrying amount at 31 December 2013	**10.7**	**1.5**	**12.2**

	Group and parent company 2014	Group and parent company 2013
Amortisation is recognised in the statement of comprehensive income in the following items:		
Administrative expenses	1.5	2.3
	1.5	**2.3**

Goodwill

Goodwill has been allocated to the Europe segment.

Based on 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 for 2015 and forecasts for the period 2016-2019 (the terminal period) and by using a pre-tax discount rate of 10% (2013: 10%) which takes into account the specific risks that characterise the European market. Growth in the terminal period has been set at 1% (2013: 1%), which is at level with the expected inflation. The present value of future net cash flows for the segment Europe considerably exceeds the value of the segment assets. Management also believes that the impairment test is not sensitive to fluctuations in the level of interest rates or growth assumptions.

Other intangible assets

In 2014, development costs totalled DKK 0.1 million (2013: DKK 0.2 million), which are recognised in the statement of comprehensive income under Selling and distribution costs.

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17 PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings	Technical plant and machinery	Fixtures and fittings, tools and equipment	Technical plant under construction	Total
Cost at 1 January 2014	**386.2**	**1,646.4**	**90.0**	**61.0**	**2,183.6**
Foreign exchange adjustment	(1.9)	(1.4)	(0.2)	(1.4)	(4.9)
Transfer	0.0	59.6	0.0	(59.6)	0.0
Additions	2.1	59.4	7.9	29.2	98.6
Disposals	0.0	(0.9)	(1.8)	0.0	(2.7)
Cost at 31 December 2014	**386.4**	**1,763.1**	**95.9**	**29.2**	**2,274.6**
Depreciation and impairment at 1 January 2014	234.1	1,330.4	84.1	0.0	1,648.6
Foreign exchange adjustment	(0.9)	(3.1)	(0.2)	0.0	(4.2)
Depreciation	11.9	56.9	3.0	0.0	71.8
Disposals	0.0	(0.5)	(1.6)	0.0	(2.1)
Depreciation and impairment at 31 December 2014	**245.1**	**1,383.7**	**85.3**	**0.0**	**1,714.1**
Carrying amount at 31 December 2014	**141.3**	**379.4**	**10.6**	**29.2**	**560.5**
Cost at 1 January 2013	396.6	1,671.9	93.6	18.1	2,180.2
Foreign exchange adjustment	(8.4)	(36.5)	(0.2)	0.0	(45.1)
Transfer	0.0	19.9	0.0	(18.1)	1.8
Additions	7.9	44.0	2.3	61.0	115.2
Disposals	(9.9)	(52.9)	(5.7)	0.0	(68.5)
Cost at 31 December 2013	**386.2**	**1,646.4**	**90.0**	**61.0**	**2,183.6**
Depreciation and impairment at 1 January 2013	229.5	1,339.6	87.1	0.0	1,656.2
Foreign exchange adjustment	(2.7)	(28.3)	0.1	0.0	(30.9)
Transfer	0.0	1.8	0.0	0.0	1.8
Impairment	5.2	6.7	0.0	0.0	11.9
Depreciation	12.0	62.7	2.6	0.0	77.3
Disposals	(9.9)	(52.1)	(5.7)	0.0	(67.7)
Depreciation and impairment at 31 December 2013	**234.1**	**1,330.4**	**84.1**	**0.0**	**1,648.6**
Carrying amount at 31 December 2013	**152.1**	**316.0**	**5.9**	**61.0**	**535.0**

	Group	
	2014	2013
Breakdown of depreciation:		
Impairment	0.0	11.9
Depreciation	71.8	77.3
Part of government grants recognised as income	(2.7)	(2.6)
	69.1	**86.6**
Depreciation is recognised in the statement of comprehensive income in the following items:		
Production costs	67.4	74.2
Selling and distribution costs	0.6	0.4
Administrative expenses	1.1	0.1
Special costs	0.0	11.9
	69.1	**86.6**

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17 PROPERTY, PLANT AND EQUIPMENT CONT'D

Parent company	Land and buildings	Technical plant and machinery	Fixtures and fittings, tools and equipment	Technical plant under construction	Total
Cost at 1 January 2014	**166.2**	**803.8**	**64.5**	**5.6**	**1,040.1**
Transfer	0.0	5.6	0.0	(5.6)	0.0
Additions	0.0	3.2	6.9	27.0	37.1
Disposals	0.0	(0.6)	0.0	0.0	(0.6)
Cost at 31 December 2014	**166.2**	**812.0**	**71.4**	**27.0**	**1,076.6**
Depreciation and impairment at 1 January 2014	**143.2**	**678.6**	**61.9**	**0.0**	**883.7**
Depreciation	2.9	28.0	1.7	0.0	32.6
Disposals	0.0	(0.1)	0.0	0.0	(0.1)
Depreciation and impairment at 31 December 2014	**146.1**	**706.5**	**63.6**	**0.0**	**916.2**
Carrying amount at 31 December 2014	**20.1**	**105.5**	**7.8**	**27.0**	**160.4**
Cost at 1 January 2013	166.2	773.0	63.8	13.1	1,016.1
Transfer	0.0	13.1	0.0	(13.1)	0.0
Additions	0.0	21.8	0.7	5.6	28.1
Disposals	0.0	(4.1)	0.0	0.0	(4.1)
Cost at 31 December 2013	**166.2**	**803.8**	**64.5**	**5.6**	**1,040.1**
Depreciation and impairment at 1 January 2013	140.5	649.7	61.1	0.0	851.3
Depreciation	2.7	29.0	0.8	0.0	32.5
Disposals	0.0	(0.1)	0.0	0.0	(0.1)
Depreciation and impairment at 31 December 2013	**143.2**	**678.6**	**61.9**	**0.0**	**883.7**
Carrying amounnt at 31 December 2013	**23.0**	**125.2**	**2.6**	**5.6**	**156.4**

	Parent company 2014	Parent company 2013
Breakdown of depreciation:		
Depreciation	32.6	32.5
Part of government grants recognised as income	(0.7)	(0.7)
	31.9	**31.8**
Depreciation is recognised in the statement of comprehensive income in the following items:		
Production costs	30.6	31.7
Selling and distribution costs	0.2	0.0
Administrative expenses	1.1	0.1
	31.9	**31.8**

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18 INVESTMENTS IN SUBSIDIARIES

	Parent company	
	2014	2013
Cost at 1 January	799.6	799.6
Disposals for the year	0.0	0.0
Cost at 31 December	**799.6**	**799.6**
Impairment at 1 January	**414.1**	**483.4**
Impairment write-downs for the year	1.1	12.3
Reversed impairment write-downs for the year	(67.2)	(81.6)
Impairment at 31 December	**348.0**	**414.1**
Carrying amount at 31 December	**451.6**	**385.5**

Impairment write-downs for the year of DKK 1.1 million are attributable to the write-down to recoverable amount of investment in the wholly-owned subsidiary Hartmann-Schwedt GmbH (2013: DKK 12.3 million, Hartmann-Mai Ltd. and Hartmann-Varkaus Oy). Reversed impairment write-downs for the year relate to the North American activities. The reversal is based on a value assessment of the net assets (value in use) in North America at 31 December 2014. The remaining impairment write-downs in relation to the historical cost of the North American activities are DKK 297 million.

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

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19 RECEIVABLES FROM SUBSIDIARIES

	Parent company	
	2014	2013
Carrying amount at 1 January	**85.3**	**69.2**
Foreign exchange adjustment	0.2	0.0
Additions	92.4	127.2
Disposals	(32.8)	(111.1)
Carrying amount at 31 December	**145.1**	**85.3**

20 INVESTMENTS IN ASSOCIATES

	Group		Parent company	
	2014	2013	2014	2013
Cost at 1 January	0.3	0.3	0.3	0.3
Additions	0.9	0.0	0.9	0.0
Cost at 31 December	**1.2**	**0.3**	**1.2**	**0.3**
Value adjustments at 1 January	**1.5**	**1.4**	-	-
Share of profit/(loss) for the year	0.1	0.1	-	-
Value adjustments at 31 December	**1.6**	**1.5**	**0.0**	**0.0**
Carrying amount at 31 December	**2.8**	**1.8**	**1.2**	**0.3**

2014

Name	Registered office	Stake	Gross profit	Profit for the year*	Assets	Liabilities	Equity
DanFiber A/S	Søborg	49.0%	6.3	0.1	19.4	13.7	5.7

2013

Name	Registered office	Stake	Gross profit	Profit for the year*	Assets	Liabilities	Equity
DanFiber A/S	Søborg	32.4%	4.9	0.1	19.3	13.9	5.4

*Profit for the year is attributable to continuing operations and is identical to comprehensive income for the year.

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

Change in investment in associate

In 2014, the stake in DanFiber A/S was increased from 32.4% to 49.0%. The purchase price was DKK 0.9 million. The increased ownership was made with a view to generating further security of supplies of paper for the production of moulded fibre.

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21 OTHER RECEIVABLES

	Group		Parent company	
	2014	2013	2014	2013
Carrying amount at 1 January	9.2	10.8	0.0	0.0
Foreign exchange adjustment	(0.5)	(0.2)	0.0	0.0
Additions	0.0	0.3	0.0	0.0
Disposals	(2.5)	(2.7)	0.0	0.0
Interest rate effect on discounting	0.8	1.0	0.0	0.0
Carrying amount at 31 December	**7.0**	**9.2**	**0.0**	**0.0**
Other non-current receivables are expected to fall due:				
In 1 year or less	2.4	2.4	0.0	0.0
In 1-5 years	4.6	6.8	0.0	0.0
	7.0	**9.2**	**0.0**	**0.0**

There were no changes in 2014 in the eligibility criteria for the government grant in Hungary in the form of reduced tax payments, see also note 27.

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22 DEFERRED TAX

TEMPORARY DIFFERENCES BETWEEN CARRYING AMOUNT AND TAX BASE

Group	Intangible assets	Property plant and equipment	Current assets	Liabil-ities	Other	Tax loss carried forward	Total
Deferred tax at 1 January 2014	(2.0)	(15.7)	(1.7)	(8.0)	15.4	(66.4)	(78.4)
Transfer	0.0	0.0	0.0	0.0	(61.5)	61.5	0.0
Foreign exchange adjustment	0.0	(2.1)	(0.1)	0.0	0.0	(0.1)	(2.3)
Adjustment of deferred tax relating to prior years	0.0	0.0	0.0	0.0	0.0	(5.6)	(5.6)
Recognised in profit/(loss) for the year, net	3.1	(5.1)	2.9	(0.5)	(9.9)	10.0	0.5
Recognised through other comprehensive income, net	0.0	0.0	0.0	(4.0)	0.2	0.2	(3.6)
Deferred tax at 31 December 2014	**1.1**	**(22.9)**	**1.1**	**(9.2)**	**1.2**	**(60.7)**	**(89.4)**
Deferred tax at 1 January 2013	2.1	(26.2)	(0.2)	(7.0)	21.2	(67.6)	(77.7)
Foreign exchange adjustment	0.0	2.3	0.2	0.4	(0.3)	0.0	2.6
Adjustment of deferred tax relating to prior years	(3.5)	3.6	0.0	0.0	0.0	(0.9)	(0.8)
Recognised in profit/(loss) for the year, net	(0.6)	4.6	(1.7)	(4.9)	(6.1)	1.9	(6.8)
Recognised through other comprehensive income, net	0.0	0.0	0.0	3.5	0.6	0.2	4.3
Deferred tax at 31 December 2013	**(2.0)**	**(15.7)**	**(1.7)**	**(8.0)**	**15.4**	**(66.4)**	**(78.4)**

Parent company	Intangible assets	Property plant and equipment	Current assets	Liabil-ities	Other	Tax loss carried forward	Total
Deferred tax at 1 January 2014	(2.0)	6.2	0.8	(5.5)	18.1	(5.0)	12.6
Adjustment of deferred tax relating to prior years	0.0	0.0	0.0	0.0	0.0	(2.6)	(2.6)
Recognised in profit/(loss) for the year, net	3.1	(0.1)	0.1	4.0	(13.6)	7.6	1.1
Recognised through other comprehensive income, net	0.0	0.0	0.0	0.0	0.2	0.0	0.2
Deferred tax at 31 December 2014	**1.1**	**6.1**	**0.9**	**(1.5)**	**4.7**	**0.0**	**11.3**
Deferred tax at 1 January 2013	2.1	(1.9)	0.9	(0.9)	23.9	(78.0)	(53.9)
Adjustment of deferred tax relating to prior years	(3.5)	8.4	0.0	0.0	(6.5)	70.6	69.0
Recognised in profit/(loss) for the year, net	(0.6)	(0.3)	(0.1)	(4.6)	0.7	1.6	(3.3)
Recognised through other comprehensive income, net	0.0	0.0	0.0	0.0	0.0	0.8	0.8
Deferred tax at 31 December 2013	**(2.0)**	**6.2**	**0.8**	**(5.5)**	**18.1**	**(5.0)**	**12.6**

The item Other includes the expected tax effect of corresponding adjustments in the respective subsidiaries of the ongoing tax audit of the group's transfer prices in prior financial year. Other also includes deferred tax of recapture balances relating to losses utilised in foreign subsidiaries.

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22 DEFERRED TAX
CONT'D

DEFERRED TAX ASSETS AND LIABILITIES

	2014			2013		
Group	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Intangible assets	0.0	1.1	1.1	(3.5)	1.5	(2.0)
Property, plant and equipment	(39.9)	17.0	(22.9)	(37.2)	21.5	(15.7)
Current assets	0.0	1.1	1.1	(2.7)	1.0	(1.7)
Liabilities	(12.5)	0.0	(12.5)	(8.0)	0.0	(8.0)
Other	(60.7)	4.9	55.8	(3.1)	18.5	15.4
Tax loss carry-forwards	(0.4)	0.0	(0.4)	(66.4)	0.0	(66.4)
Deferred tax (assets)/liabilities	**(113.5)**	**24.1**	**(89.4)**	**(120.9)**	**42.5**	**(78.4)**
Set-off within legal entities	3.8	(3.8)	0.0	20.7	(20.7)	0.0
Total deferred tax (assets)/liabilities, net	**(109.7)**	**20.3**	**(89.4)**	**(100.2)**	**21.8**	**(78.4)**

	2014			2013		
Parent company	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Netto
Intangible assets	0.0	1.1	1.1	(3.5)	1.5	(2.0)
Property, plant and equipment	(1.9)	8.0	6.1	(2.1)	8.3	6.2
Current assets	0.0	0.9	0.9	0.0	0.8	0.8
Liabilities	(1.5)	0.0	(1.5)	(5.5)	0.0	(5.5)
Other	(0.2)	4.9	4.7	(0.4)	18.5	18.1
Tax loss carry-forwards	0.0	0.0	0.0	(5.0)	0.0	(5.0)
Total deferred tax (assets)/liabilities	**(3.6)**	**14.9**	**11.3**	**(16.5)**	**29.1**	**12.6**
Set-off within legal entity	3.6	(3.6)	0.0	16.5	(16.5)	0.0
Total deferred tax (assets)/liabilities, net	**0.0**	**11.3**	**11.3**	**0.0**	**12.6**	**12.6**

UNRECOGNISED DEFERRED TAX ASSETS

	Group		Parent company	
	2014	2013	2014	2013
Tax value at 1 January	61.8	90.1	0.0	0.0
Foreign exchange adjustment	(0.4)	(7.7)	0.0	0.0
Change in income tax rate	2.4	1.5	0.0	0.0
Additions	0.0	1.8	0.0	0.0
Disposals	(18.0)	(23.9)	0.0	0.0
Tax value at 31 December	**45.8**	**61.8**	**0.0**	**0.0**

The disposals of DKK 18.0 million in 2014 relate to a reassessment of previously unrecognised deferred tax assets in Hartmann North America, which have now been recognised in the profit/(loss) for the year (2013: 22.2 million).

Deferred tax assets that are not expected to be realised or otherwise subject to significant risks of not being utilised are not recognised. Unrecognised deferred tax assets relate to subsidiaries in North America and Finland.

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23 INVENTORIES

	Group		Parent company	
	2014	2013	2014	2013
Raw materials and consumables	74.0	55.7	30.1	23.9
Work in progress	3.1	4.0	2.8	3.6
Finished goods and goods for resale	54.1	52.3	22.9	20.8
Inventories at 31 December	**131.2**	**112.0**	**55.8**	**48.3**
Inventories recognised at net realisable value	6.0	5.5	3.3	3.4

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

24 TRADE RECEIVABLES

	Group		Parent company	
	2014	2013	2014	2013
Trade receivables (gross)	333.2	275.9	255.9	212.1
Provision for bad debt:				
Provision at 1 January	13.6	11.4	7.9	5.3
Provision for the year (net)	8.9	2.2	10.3	2.6
Losses incurred during the year	(0.3)	0.0	0.0	0.0
Provision at 31 December	22.2	13.6	18.2	7.9
Trade receivables (net)	**311.0**	**262.3**	**237.7**	**204.2**
Trade receivables (net) correspond to an average credit period of (days)	70	61	69	60
Trade receivables not written down for can be specified as follows:				
Not due	182.1	160.3	126.6	120.1
Overdue by:				
1-30 days	58.0	41.1	49.9	36.0
31-60 days	5.3	8.8	4.3	6.4
More than 60 days	3.7	11.0	1.9	7.6
Trade receivables not written down	**249.1**	**221.2**	**182.7**	**170.1**
Trade receivables individually assessed and written down can be specified as follows:				
Not due	18.2	19.0	11.9	11.7
Overdue by:				
1-30 days	2.5	1.4	2.5	1.4
31-60 days	1.3	0.6	1.3	0.6
More than 60 days	39.9	20.1	39.3	20.4
Trade receivables individually assessed and written down (net)	**61.9**	**41.1**	**55.0**	**34.1**
Trade receivables (net)	**311.0**	**262.3**	**237.7**	**204.2**

Provisions for bad debt are made if the value upon an individual assessment of the specific customers' ability to pay has been reduced, eg. in the case of suspension of payments, bankruptcy etc. Provisions are made at net realisable value.

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25 SHARE CAPITAL

		Parent company
Share capital at 1 January 2010		140.3
Share capital at 31 December 2014	**7,015,090 shares of DKK 20 each**	**140.3**

No shares confer special rights.

Treasury shares
Pursuant to an authorisation from the shareholders, Brødrene Hartmann A/S may acquire up to 10% of its own shares. The authorisation is valid until 8 October 2015.

Hartmann holds 100,000 treasury shares representing a nominal value of DKK 2 million, or 1.4% of the total share capital. The value of the shares at 31 December 2014 was DKK 17.3 million (2013: DKK 16.7 million).

Dividend
Proposed dividend
For the financial year ended 31 December 2014, the Board of Directors has proposed dividends of DKK 65.7 million (2013: DKK 65.7 million), corresponding to DKK 9.50 (2013: DKK 9.50) per share to be paid to the shareholders immediately after the annual general meeting to be held on 8 April 2015, subject to the shareholders' approval of the proposal. As the dividends are subject to approval by the shareholders, they have not been recognised as a liability in the balance sheet at 31 December 2014. Proposed dividend does not include dividend on treasury shares.

Dividend paid
For the financial year ended 31 December 2014, Hartmann distributed dividends of DKK 65.7 million (2013: DKK 65.7 million), corresponding to DKK 9.50 (2013: DKK 9.50) per share.

26 PENSION OBLIGATIONS

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

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

In the event of changes in the assumptions used in the calculation of defined benefit plans for 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.

The weighted average duration of the obligations are 16-19 years in Canada and 15 years in Germany.

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26 PENSION OBLIGATIONS CONT'D

	Group 2014	Group 2013
Recognition of defined plans in the statement of comprehensive income:		
Pension costs for the year	2.5	3.3
Costs of plan administration for the year	0.4	0.5
Interest expenses, net	1.0	1.5
Recognised in profit/(loss) for the year	**3.9**	**5.3**
Return on plan assets (excluding amounts recognised in interest expenses, net)	(2.0)	(2.3)
Actuarial (gains)/losses from changes in demographic assumptions	3.3	0.0
Actuarial (gains)/losses from changes in financial assumptions	14.5	(11.2)
Actuarial (gains)/losses from experience-based adjustments	(0.6)	0.4
Tax	(4.0)	3.5
Recognised in other comprehensive income (income)	**11.2**	**(9.6)**
Recognised in comprehensive income (income)	**15.1**	**(4.3)**
Recognition of defined benefit plans in the balance sheet:		
Present value of plan with plan assets	83.3	63.0
Market value of plan assets	(72.0)	(60.7)
Net obligation of plans with plan assets	11.3	2.3
Present value of plan without plan assets	32.2	28.7
Recognised net obligation	**43.5**	**31.0**

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

	Group 2014	Group 2013
Change in defined benefit pension plan obligations		
Present value of pension obligations at 1 January	91.7	106.5
Foreign exchange adjustment	2.7	(8.3)
Pension costs for the year	2.5	3.3
Interest on pension obligation	4.2	3.8
Contributions from plan participants	1.3	1.2
Actuarial (gains) and losses:		
- From changes in demographic assumptions	3.3	0.0
- From changes in financial assumptions	14.5	(11.2)
- From experience-based adjustments	(0.6)	0.4
Pension benefits paid out	(4.1)	(4.0)
Present value of pension obligations at 31 December	**115.5**	**91.7**
Change in defined benefit plan assets		
Present value of plan assets at 1 January	60.7	59.7
Foreign exchange adjustment	2.8	(6.7)
Return on plan assets (excluding amounts recognised in interest expenses, net)	2.0	2.3
Interest on plan assets	3.0	2.3
Administrative expenses	(0.4)	(0.5)
Employer's contributions	6.0	5.7
Pension benefits paid out	(2.1)	(2.1)
Fair value of plan assets at 31 December	**72.0**	**60.7**

Hartmann expects to contribute DKK 7.8 million (2013: DKK 5.7 million) to plan assets in 2015.

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26 PENSION OBLIGATIONS CONT'D

	Group	
	2014	2013
Breakdown of actual return on plan assets:		
Return on plan asets (excluding amount recognised in interest expenses, net)	2.0	2.3
Interest on plan assets	3.0	2.3
	5.0	**4.6**

	2014		2013	
	DKKm	%	DKKm	%
Composition of plan assets:				
Shares and investment funds	46.4	64.4	40.0	65.9
Bonds and other securities	17.4	24.3	14.6	24.1
Cash and cash equivalents	8.2	11.3	6.1	10.0
	72.0	**100.0**	**60.7**	**100.0**

Plan assets are measured at fair value based on quoted prices in an active market. None of the plan assets have any relation to the group entities.

	Group	
	2014	2013
Defined benefit plans are calculated based on the following actuarial assumptions:		
Discount rate, %		
- Germany	1.90	3.30
- Canada, wage earners	4.10	4.90
- Canada, salaried employees	4.00	4.80
Expected pay rises, %		
- Germany	-	-
- Canada, wage earners	-	-
- Canada, salaried employees	3.00	3.00

The primary assumption applied in the calculation of the pension obligations is the discount rate. The sensitivy analysis stated below indicates the development of the pension obligation in the case of a change in the discount rate by 1 percentage point up or down.

	2014		2013	
	+ 1%	- 1%	+ 1%	- 1%
Pension obligations' sensitiviy to changes in the discount rate:				
- Germany	(3.3)	3.7	(2.8)	3.1
- Canada, wage earners	(4.8)	6.9	(6.0)	8.4
- Canada, salaried employees	(2.2)	3.1	(1.7)	3.7

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27 GOVERNMENT GRANTS

	Group		Parent company	
	2014	2013	2014	2013
Government grants at 1 January	22.4	25.3	4.1	4.8
Foreign exchange adjustment	(1.0)	(0.4)	-	-
Additions	0.0	0.2	0.0	0.0
Disposals	(1.6)	(0.1)	0.0	0.0
Recognised in the statement of comprehensive income	(2.7)	(2.6)	(0.7)	(0.7)
Carrying amount of government grants at 31 December	**17.1**	**22.4**	**3.4**	**4.1**
Of which recognised as non-current liabilities	14.6	19.6	2.7	3.4
Of which recognised as current liabilities	2.5	2.8	0.7	0.7
	17.1	**22.4**	**3.4**	**4.1**

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

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

In the event that eligible assets in the German subsidiary are not used in accordance with the eligibility criteria, the repayment obligation will total DKK 0.1 million at 31 December 2014 (2013: DKK 0.2 million). The repayment obligation will be gradually reduced in the period until the end of 2015.

The Hungarian subsidiary has received government grants in the form of direct grants and reduced future tax payments. The grants are capped at 50% of the investment, corresponding to a nominal amount of DKK 72.3 million, of which direct grants represent a nominal amount of DKK 9.0 million. If the eligibility criteria are not met, future grants receivable in the form of reduced tax payments may be reduced or discontinued. Actual government grants received in the form of reduced tax payments was DKK 19.0 million accumulated at 31 December 2014 (2013: DKK 18.0 million).

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

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28 PROVISIONS

	Group		Parent company	
	2014	2013	2014	2013
Warranty commitments at 1 January	2.1	2.2	2.1	2.2
Additions	2.0	1.3	1.5	1.3
Disposals	(1.5)	(1.4)	(1.5)	(1.4)
Warranty commitments at 31 December	**2.6**	**2.1**	**2.1**	**2.1**
Restructuring at 1 January	16.1	0.0	16.1	0.0
Additions	0.0	27.0	0.0	27.0
Disposals	(16.1)	(10.9)	(16.1)	(10.9)
Restructuring at 31 December	**0.0**	**16.1**	**0.0**	**16.1**
Provisions at 31 December	**2.6**	**18.2**	**2.1**	**18.2**

Provision has been made for warranty commitments in cover of contract-related warranty complaints for goods and services already delivered. The commitment has been calculated on the basis of historical warranty costs. Provisions for restructuring comprise restructuring related to the adjustment of the European production network.

29 OTHER PAYABLES

	Group		Parent company	
	2014	2013	2014	2013
Wages, salaries and holiday pay, etc.	62.4	53.9	40.2	33.7
VAT and other taxes	2.5	2.2	2.2	0.0
Interest rate swaps and forward contracts	3.7	3.9	2.9	3.2
Other liabilities	20.0	49.0	10.7	27.9
Other payables	**88.6**	**109.0**	**56.0**	**64.8**

NOTES WITHOUT REFERENCE

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30 FEE TO SHAREHOLDER-APPOINTED AUDITOR

	Group		Parent company	
	2014	2013	2014	2013
Fee to Deloitte				
Statutory audit	1.9	2.1	1.0	1.1
Assurance engagements other than audits	0.1	0.2	0.1	0.2
Tax and VAT-related services	0.1	0.2	0.1	0.1
Services related to acquisition of subsidiaries	2.0	0.0	2.0	0.0
Other services	0.7	0.8	0.6	0.8
Fee to shareholder-appointed auditor	**4.8**	**3.3**	**3.8**	**2.2**

31 PROVISION OF SECURITY AND CONTINGENT LIABILITIES

Guarantees

Brødrende Hartmann A/S has provided a parent company guarantee to Hartmann (UK) Ltd. to allow them to claim exemption from audit under Section 479A of the British Companies Act 2006. At year end, the amounts owed to creditors of Hartmann (UK) Ltd. were DKK 0.8 million.

Joint taxation

Brødrene Hartmann A/S and its Danish subsidiaries are jointly taxed with Thornico Holding A/S, which is the administratation company. The company thus has secondary liability with respect to income taxes etc. and any obligations to withhold taxes on interest, royalties and dividends applying to the jointly taxed companies. Such secondary liability is, however, capped at an amount equal to the portion of the share capital in the company held directly or indirectly by the ultimate parent.

Pending litigation

As stated in note 3, Hartmann is party to a dispute with district heating company Tønder Fjernvarme concerning the pricing of surplus heat. In an advisory opinion dated 9 December 2014, the Secretariat of the Danish Energy Regulatory Authority ('the Secretariat') laid down principles for the pricing of district heating. The effect of this amounts to DKK 45 million concerning the years 2003-2013. Hartmann disagrees with the advisory opinion, and in negotiations with the Secretariat in a meeting held on 23 January 2015, Hartmann provided supplementary information in the matter. In continuation hereof, the Secretariat has decided to reopen the case. When the Secretariat has come to a decision in the matter, management will assess whether to bring the case before the Energy Board of Appeal. Furthermore, the group is party to a few lawsuits and disputes. Management believes that these lawsuits and disputes will not significantly affect the financial position of the group or the parent company.

32 OPERATING LEASING

	Group		Parent company	
	2014	2013	2014	2013
Expected maturity				
In 1 year or less	12.9	10.6	6.5	5.0
In 1-5 years	37.3	26.1	16.1	11.3
After 5 years	1.4	1.4	1.4	0.0
Rental and leasing obligations	**51.6**	**38.1**	**24.0**	**16.3**
Rental and leasing obligations (operating leases) for the year	10.6	11.2	5.0	5.6

DKK 10.3 million of the total rental and leasing obligations relates to the lease obligation concerning the lease Ørnegårdsvej 18, 2820 Gentofte, Denmark (2013: DKK 13.3 million).

NOTES WITHOUT REFERENCE

33 OTHER CONTRACTUAL OBLIGATIONS

In 2013, the parent company signed a three-year maintenance agreement for the company's combined heat and power plant. The contract term expires on 31 October 2016, and Hartmann incurred costs of DKK 2.9 million in 2014. The cost expected for 2015 is at the same level. Moreover, the heat and power plant is under an obligation to supply heat to the district heating company Tønder Fjernvarme unless the municipal council of Tønder resolves to change the heat supply. In 2013, Tønder Fjernvarme obtained approval for its project proposal to build a geothermal plant. Hartmann expects that the supply obligation will expire on or before commission of the geothermal plant. In a letter dated 7 January 2015, Tønder Fjernvarme notified Hartmann that with effect from 8 January 2015 it no longer required district heating supplies from Hartmann's power plant. In continuation hereof, Hartmann has requested the municipality of Tønder to be released from its obligation to supply heat.

34 FINANCIAL RISKS

General risks
Hartmann's financial results and equity are influenced by a number offinancial risks, among them interest rate, currency, liquidity and credit risks.

See note 35 for a specification of financial instruments.

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

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

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

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

Management of interest rate risk
It is Hartmann's policy to seek to reduce the impact of interest rate fluctuations on its profit/loss and financial position to the greatest extent possible

Financing is primarily arranged in the form of non-current, committed credit facilities in the group's main currencies, DKK and EUR.

It is Hartmann's policy to assess on an ongoing basis if a proportion of the group's non-current credit facilities may be favourably converted into fixed-rate facilities using interest-rate swaps.

In December 2014, Hartmann refinanced its non-current credit facilities.

The credit facilities carry a floating rate and have not been converted into fixed-rate facilities.

A change in the general interest rate level by 1 percentage point would affect profit/loss for the year by approximately DKK 2 million (2013: DKK 1 million).

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

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

The USD/CAD exchange rate exposure constitutes one of the group's single largest transaction risks. This is a consequence of the fact that most sales generated in the North American business are invoiced in USD, while most costs are incurred in CAD.

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

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

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

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

Hartmann hedges its transaction risk to the effect that primary currencies are continuously hedged for a period of not less than 6 and not more than 12 months.

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

NOTES WITHOUT REFERENCE

34 FINANCIAL RISKS CONT'D

Translation risks are not hedged, as they do not have any direct impact on Hartmann's cash resources or underlying cash flows.

Currency risk relating to investments in foreign subsidiaries is not hedged.

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

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

In December 2014, the group refinanced an existing committed credit facility. The new non-current, committed facility is a loan of DKK 350 million expiring on 31 December 2017 with an option to extend by up to 2 years. The group also entered a 5-year committed loan agreement to be used for the acquisition of subsidiaries in South America. The loan amounts to DKK 400 million.

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

The loan is subject to standard covenants which Hartmann must observe in order to maintain the loan, including special financial covenants concerning the financial ratios 'solvency' and 'net interest-bearing debt' relative to 'operating profit/(loss) before depreciation, amortisation and impairment'. In 2014, the group complied with all covenants.

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

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

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

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

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

The group's undrawn credit facilities with banks amounted to DKK 355 million at 31 December 2014 (2013: DKK 287 million). Cash amounted to DKK 56 million at 31 December 2014 (2013: DKK 46 million). Accordingly, total cash available to the group amounted to DKK 411 million at 31 December 2014 (2013: DKK 333 million). The calculation of total cash was done with due consideration to compliance with covenants.

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

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

Management of credit risk
It is Hartmann's policy to take out credit insurance on its trade receivables. Circumstances may exist where 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 assessments from various information sources.

Provisions for bad debt are made individually. The credit risk in relation to receivables is assessed to have been included in carrying amounts.

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

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

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

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

At the annual general meeting to be held on 8 April 2015, the Board of Directors will propose that the company distribute dividends of DKK 9.50 per share for the financial year ended 31 December 2014.

NOTES WITHOUT REFERENCE

DKKm

35 FINANCIAL INSTRUMENTS

MATURITIES OF FINANCIAL LIABILITIES INCLUDING INTEREST PAYMENTS

GROUP	Carrying amount	Payment obligation	In 1 year or less	In 1-5 years	After 5 years
2014					
Other credit institutions	216.6	227.0	2.6	224.4	0.0
Trade payables	148.6	148.6	148.6	0.0	0.0
Payables to associates	3.4	3.4	3.4	0.0	0.0
Other payables	88.6	88.6	88.6	0.0	0.0
	457.2	**467.6**	**263.6**	**224.4**	**0.0**
2013					
Other credit institutions	184.1	188.7	2.9	185.8	0.0
Trade payables	117.0	117.0	117.0	0.0	0.0
Payables to associates	4.6	4.6	4.6	0.0	0.0
Other payables	109.0	109.0	109.0	0.0	0.0
	414.7	**419.3**	**233.5**	**185.8**	**0.0**

Parent company	Carrying amount	Payment obligation	In 1 year or less	In 1-5 years	After 5 years
2014					
Other credit institutions	216.6	227.0	2.6	224.4	0.0
Trade payables	86.4	86.4	86.4	0.0	0.0
Payables to subsidiaries	104.4	104.4	104.4	0.0	0.0
Payables to associates	3.4	3.4	3.4	0.0	0.0
Other payables	56.0	56.0	56.0	0.0	0.0
	466.8	**477.2**	**252.8**	**224.4**	**0.0**
2013					
Other credit institutions	184.1	188.7	2.9	185.8	0.0
Trade payables	66.7	66.7	66.7	0.0	0.0
Payables to subsidiaries	97.5	97.5	97.5	0.0	0.0
Payables to associates	4.6	4.6	4.6	0.0	0.0
Other payables	64.8	64.8	64.8	0.0	0.0
	417.7	**422.3**	**236.5**	**185.8**	**0.0**

NOTES WITHOUT REFERENCE

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35 FINANCIAL INSTRUMENTS CONT'D

FINANCIAL INSTRUMENT CATEGORIES

Group	2014 Carrying amount	2014 Fair value	2013 Carrying amount	2013 Fair value
Derivative financial instruments to hedge future cash flows	0.4	0.4	0.0	0.0
Financial assets used as hedging instruments	**0.4**	**0.4**	**0.0**	**0.0**
Trade receivables	311.0	311.0	262.3	262.3
Other receivables	45.9	45.9	41.9	41.9
Cash	56.0	56.0	45.7	45.7
Loans and receivables	**412.9**	**412.9**	**349.9**	**349.9**
Derivative financial instruments to hedge future cash flows	3.7	3.7	3.9	3.9
Financial liabilities used as hedging instruments	**3.7**	**3.7**	**3.9**	**3.9**
Credit institutions	216.6	216.6	184.1	184.1
Other liabilities	245.4	245.4	232.4	232.4
Financial liabilities measured at amortised cost	**462.0**	**462.0**	**416.5**	**416.5**

Parent company	2014 Carrying amount	2014 Fair value	2013 Carrying amount	2013 Fair value
Derivative financial instruments to hedge future cash flows	0.4	0.4	0.0	0.0
Financial assets used as hedging instruments	**0.4**	**0.4**	**0.0**	**0.0**
Receivables from subsidiaries	154.9	154.9	131.1	131.1
Trade receivables	237.7	237.7	204.2	204.2
Other receivables	17.3	17.3	65.7	65.7
Cash	26.0	26.0	15.4	15.4
Loans and receivables	**435.9**	**435.9**	**308.5**	**308.5**
Derivative financial instruments to hedge future cash flows	2.9	2.9	3.2	3.2
Financial liabilities used as hedging instruments	**2.9**	**2.9**	**3.2**	**3.2**
Credit institutions	216.6	216.6	184.1	184.1
Other liabilities	254.7	254.7	230.4	230.4
Financial liabilities measured at amortised cost	**471.3**	**471.3**	**414.5**	**414.5**

NOTES WITHOUT REFERENCE

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35 FINANCIAL INSTRUMENTS CONT'D

FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

Hartmann's primary currency exposure relates to sales denominated in currencies other than the functional currency of the individual group companies. Interest rate exposure relates to changes in the market rate applicable to the group's interest-bearing debt. Forward exchange contracts and interest rate swaps are used to hedge future cash flows. In accordance with the group's accounting policies, the fair value of financial instruments has been recognised in receivables and payables at 31 December 2014. Changes in the fair value of financial instruments that qualify for hedge accounting as hedges of future cash flows are recognised in other comprehensive income. The fair value of derivative financial instruments to hedge future cash flows is based on observable data (level 2).

	2014			2013		
Group	Positive	Negative	Net	Positive	Negative	Net
Currency-related instruments						
Forward contract, CHF/DKK	0.0	0.0	0.0	0.0	(0.2)	(0.2)
Forward contract, GBP/DKK	0.0	(0.4)	(0.4)	0.0	(1.1)	(1.1)
Forward contract, PLN/DKK	0.4	0.0	0.4	0.0	(0.8)	(0.8)
Forward contract, USD/CAD	0.0	(0.8)	(0.8)	0.0	(0.7)	(0.7)
Forward contract, EUR/HRK	0.0	0.0	0.0	0.0	(0.3)	(0.3)
Forward contract, EUR/HUF	0.0	(1.7)	(1.7)	0.7	0.0	0.7
Forward contract, DKK/HUF	0.0	(0.8)	(0.8)	0.0	0.0	0.0
	0.4	(3.7)	(3.3)	0.7	(3.1)	(2.4)
Interest-related instruments						
Interest rate swap, EUR/EUR	0.0	0.0	0.0	0.0	(1.5)	(1.5)
	0.0	0.0	0.0	0.0	(1.5)	(1.5)
	0.4	**(3.7)**	**(3.3)**	**0.7**	**(4.6)**	**(3.9)**
Expected maturity						
In 1 year or less	0.4	(3.7)	(3.3)	0.7	(4.6)	(3.9)
	0.4	**(3.7)**	**(3.3)**	**0.7**	**(4.6)**	**(3.9)**

	2014			2013		
Parent company	Positive	Negative	Net	Positive	Negative	Net
Currency-related instruments						
Forward contract, CHF/DKK	0.0	(0.0)	0.0	0.0	(0.2)	(0.2)
Forward contract, GBP/DKK	0.0	(0.4)	(0.4)	0.0	(1.1)	(1.1)
Forward contract, PLN/DKK	0.4	(0.0)	0.4	0.0	(0.8)	(0.8)
Forward contract, EUR/HRK	0.0	(0.0)	0.0	0.0	(0.3)	(0.3)
Forward contract, EUR/HUF	0.0	(1.7)	(1.7)	0.7	0.0	0.7
Forward contract, DKK/HUF	0.0	(0.8)	(0.8)	0.0	0.0	0.0
	0.4	(2.9)	(2.5)	0.7	(2.4)	(1.7)
Interest-related instruments						
Interest rate swap, EUR/EUR	0.0	0.0	0.0	0.0	(1.5)	(1.5)
	0.0	0.0	0.0	0.0	(1.5)	(1.5)
	0.4	**(2.9)**	**(2.5)**	**0.7**	**(3.9)**	**(3.2)**
Expected maturity						
In 1 year or less	0.4	(2.9)	(2.5)	0.7	(3.9)	(3.2)
	0.4	**(2.9)**	**(2.5)**	**0.7**	**(3.9)**	**(3.2)**

NOTES WITHOUT REFERENCE

DKKm

35 FINANCIAL INSTRUMENTS CONT'D

HEDGING OF FUTURE CASH FLOWS

Group	Notional amount, net	Fair value	Recognised in other comprenhen-sive income	Expected date of transfer to profit/(loss) for the year: Within 1 year	In 1-2 years	After 2 years
2014						
Currency-related instruments						
Forward contract, CHF/DKK	22.3	0.0	0.0	0.0	0.0	0.0
Forward contract, GBP/DKK	46.2	(0.4)	(0.4)	(0.4)	0.0	0.0
Forward contract, PLN/DKK	26.2	0.4	0.4	0.4	0.0	0.0
Forward contract, USD/CAD	66.2	(0.8)	(0.8)	(0.8)	0.0	0.0
Forward contract, EUR/HRK	46.7	0.0	0.0	0.0	0.0	0.0
Forward contract, EUR/HUF	57.6	(1.7)	(1.7)	(1.7)	0.0	0.0
Forward contract, DKK/HUF	28.3	(0.8)	(0.8)	(0.8)	0.0	0.0
	293.5	(3.3)	(3.3)	(3.3)	0.0	0.0
2013						
Currency-related instruments						
Forward contract, CHF/DKK	25.5	(0.2)	(0.2)	(0.2)	0.0	0.0
Forward contract, GBP/DKK	45.6	(1.1)	(1.1)	(1.1)	0.0	0.0
Forward contract, PLN/DKK	32.3	(0.8)	(0.8)	(0.8)	0.0	0.0
Forward contract, USD/CAD	50.3	(0.7)	(0.7)	(0.7)	0.0	0.0
Forward contract, EUR/HRK	46.9	(0.3)	(0.3)	(0.3)	0.0	0.0
Forward contract, EUR/HUF	79.3	0.7	0.7	0.7	0.0	0.0
	279.9	(2.4)	(2.4)	(2.4)	0.0	0.0
Interest-related instruments						
Interest-rate swap, EUR/EUR	119.3	(1.5)	(1.5)	(1.5)	0.0	0.0
	119.3	(1.5)	(1.5)	(1.5)	0.0	0.0
	399.2	**(3.9)**	**(3.9)**	**(3.9)**	**0.0**	**0.0**

NOTES WITHOUT REFERENCE

DKKm

35 FINANCIAL INSTRUMENTS CONT'D

Parent company	Notional amount, net	Fair value	Recognised in other comprehensive income	Expected date of transfer to profit/(loss) for the year: Within 1 year	In 1-2 years	After 2 years
2014						
Currency-related instruments						
Forward contract, CHF/DKK	22.3	0.0	0.0	0.0	0.0	0.0
Forward contract, GBP/DKK	46.2	(0.4)	(0.4)	(0.4)	0.0	0.0
Forward contract, PLN/DKK	26.2	0.4	0.4	0.4	0.0	0.0
Forward contract, EUR/HRK	46.7	0.0	0.0	0.0	0.0	0.0
Forward contract, EUR/HUF	57.6	(1.7)	(1.7)	(1.7)	0.0	0.0
Forward contract, DKK/HUF	28.3	(0.8)	(0.8)	(0.8)	0.0	0.0
	227.3	(2.5)	(2.5)	(2.5)	0.0	0.0
2013						
Currency-related instruments						
Forward contract, CHF/DKK	25.5	(0.2)	(0.2)	(0.2)	0.0	0.0
Forward contract, GBP/DKK	45.6	(1.1)	(1.1)	(1.1)	0.0	0.0
Forward contract, PLN/DKK	32.3	(0.8)	(0.8)	(0.8)	0.0	0.0
Forward contract, EUR/HRK	46.9	(0.3)	(0.3)	(0.3)	0.0	0.0
Forward contract, EUR/HUF	79.3	0.7	0.7	0.7	0.0	0.0
	229.6	(1.7)	(1.7)	(1.7)	0.0	0.0
Interest-related instruments						
Interest-rate swap, EUR/EUR	119.3	(1.5)	(1.5)	(1.5)	0.0	0.0
	119.3	(1.5)	(1.5)	(1.5)	0.0	0.0
	348.9	**(3.2)**	**(3.2)**	**(3.2)**	**0.0**	**0.0**

NOTES WITHOUT REFERENCE

DKKm

35 FINANCIAL INSTRUMENTS CONT'D

FAIR VALUE HEDGING

Group	2014 Monetary items Assets*	2014 Monetary items Liabilities	2014 Covered by hedging instruments	2014 Net position	2013 Monetary items Assets*	2013 Monetary items Liabilities	2013 Covered by hedging instruments	2013 Net position
CAD	32.8	(23.4)	0.0	9.4	20.9	(30.6)	0.0	(9.7)
CHF	4.1	(3.7)	0.0	0.5	7.0	(3.0)	0.0	4.0
EUR	121.3	(188.5)	0.0	(67.3)	98.4	(194.1)	0.0	(95.7)
GBP	27.0	(1.0)	0.0	26.0	22.7	(0.6)	0.0	22.1
HUF	51.0	(19.6)	0.0	31.4	44.4	(10.2)	0.0	34.2
PLN	22.3	(0.8)	0.0	21.5	25.2	(0.7)	0.0	24.5
SEK	9.4	0.0	0.0	9.4	9.2	0.0	0.0	9.2
USD	50.9	(24.4)	0.0	26.5	21.1	(5.4)	0.0	15.7
Other currencies	66.4	(19.2)	0.0	47.3	50.9	(18.0)	0.0	32.9

* Excluding equity-like loans included in 'Hedging of net assets in foreign subsidiaries'.

Parent company	2014 Monetary items Assets	2014 Monetary items Liabilities	2014 Covered by hedging instruments	2014 Net position	2013 Monetary items Assets	2013 Monetary items Liabilities	2013 Covered by hedging instruments	2013 Net position
CAD	21.7	(0.1)	0.0	21.6	26.7	(21.6)	0.0	5.1
CHF	4.2	(6.4)	0.0	(2.3)	6.8	(5.5)	0.0	1.3
EUR	251.3	(207.9)	0.0	43.4	190.5	(220.8)	0.0	(30.3)
GBP	26.9	(4.9)	0.0	22.0	21.6	(1.8)	0.0	19.8
HUF	35.1	(39.4)	0.0	(4.3)	28.4	(0.3)	0.0	28.1
PLN	22.1	(4.2)	0.0	17.9	24.5	(2.3)	0.0	22.2
SEK	9.4	0.0	0.0	9.4	9.2	0.0	0.0	9.2
USD	21.9	(18.6)	0.0	3.3	3.1	(0.2)	0.0	2.9
Other currencies	15.2	(6.7)	0.0	8.5	4.2	(7.1)	0.0	(2.9)

NOTES WITHOUT REFERENCE

DKKm

35 FINANCIAL INSTRUMENTS CONT'D

HEDGING OF NET ASSETS IN FOREIGN SUBSIDIARIES

Group	2014 Invest-ment*	Amount hedged	Net position	Curr. adjustment recognised in other comprehensive income	2013 Invest-ment*	Amount hedged	Net position	Curr. adjustment recognised in other comprehensive income
CAD	275.7	0.0	275.7	10.8	210.2	0.0	210.2	(19.5)
CHF	2.0	0.0	2.0	0.0	1.9	0.0	1.9	0.0
EUR	29.3	0.0	29.3	(0.1)	31.2	0.0	31.2	(0.1)
GBP	2.6	0.0	2.6	0.2	2.5	0.0	2.5	0.0
HRK	48.3	0.0	48.3	(0.2)	48.1	0.0	48.1	(0.6)
HUF	71.4	0.0	71.4	(4.0)	96.3	0.0	96.3	(1.6)
ILS	35.3	0.0	35.3	0.3	35.1	0.0	35.1	1.2
PLN	2.6	0.0	2.6	(0.1)	2.8	0.0	2.8	0.0
USD	(3.5)	0.0	(3.5)	1.7	(3.3)	0.0	(3.3)	0.9
Other currencies	0.6	0.0	0.6	0.0	0.6	0.0	0.6	0.0
	464.3	**0.0**	**464.3**	**8.6**	**425.4**	**0.0**	**425.4**	**(19.7)**

* Including equity-like loans

INTEREST RATE RISK

Group	2014 Nominal value	Carrying amount	Interest rate	Interest rate risk	2013 Nominal value	Carrying amount	Interest rate	Interest rate risk
Credit institutions								
Fixed rate	-	-	-	Fair value	119.3	119.3	3.6%	Fair value
Floating rate	216.6	216.6	0.8%	Cash flow	64.8	64.8	1.1%	Cash flow

Parent company	2014 Nominal value	Carrying amount	Interest rate	Interest rate risk	2013 Nominal value	Carrying amount	Interest rate	Interest rate risk
Receivables from subsidiaries								
Fixed rate	6.7	6.7	5%	Fair value	5.7	5.7	5.0%	Fair value
Floating rate	138.4	138.4	1.6%	Cash flow	79.6	79.6	1.3%	Cash flow
Credit institutions								
Fixed rate	-	-	-	Fair value	119.3	119.3	3.6%	Fair value
Floating rate	216.6	216.6	0.8%	Cash flow	64.8	64.8	1.1%	Cash flow
Paybles to subsidiaries								
Fixed rate	-	-	-	Fair value	5.7	5.7	5.0%	Fair value
Floating rate	37.4	37.4	1.8%	Cash flow	51.1	51.1	1.8%	Cash flow

NOTES WITHOUT REFERENCE

DKKm

36 RELATED PARTIES

Sales of goods to related parties were made at standard prices. Purchases of goods were also made at market prices less discounts offered on the basis of volumes purchased.

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

IN ADDITION TO DIVIDEND PAID, THE FOLLOWING TRANSACTIONS HAVE BEEN RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME AND THE BALANCE SHEET

	Group		Parent company	
	2014	2013	2014	2013
Companies with a controlling interest				
Revenue	12.2	4.7	12.2	4.7
Prepayments from customers	9.1	0.0	9.1	0.0
Associates				
Production costs	36.6	32.1	36.6	32.1
Payables to associates	3.4	4.6	3.4	4.6
Subsidiaries				
Revenue	-	-	54.4	67.4
Production costs	-	-	622.8	546.3
Other costs recognised in operating profit	-	-	(1.6)	(5.3)
Interest income	-	-	2.0	1.2
Interest expenses	-	-	0.9	1.3
Receivables from subsidiaries, non-current	-	-	145.1	85.3
Receivables from subsidiaries, current	-	-	9.8	45.8
Payables to subsidiaries	-	-	104.4	97.5

Companies with a controlling interest in Brødrene Hartmann A/S consist of Lactosan-Sanovo Holding A/S, which is the immediate owner, and Thornico Holding A/S, which is the ultimate owner.

Associates consist of Danfiber A/S; see note 20.

Subsidiaries consist of companies in which Brødrene Hartmann A/S has a controlling interest; see note 18. Transactions with subsidiaries have been eliminated in the consolidated financial statements in accordance with the accounting policies.

The remuneration paid to the members of the Executive Board and the Board of Directors is disclosed in note 9 and is not included in the amounts stated above.

NOTES WITHOUT REFERENCE

DKKm

37 ACQUISITIONS

Business combinations after the balance sheet date

On 6 January 2015, Hartmann completed the acquisition of the South American moulded-fibre activities of Lactosan Sanovo Holding A/S ('Sanovo Greenpack'). The transaction was executed as a share purchase. The allocation of the purchase price on the acquired assets and liabilities is expected to be included in the interim report for Q1 2015.

Sanovo Greenpack is South America's leading producer of moulded-fibre packaging for eggs and fruit with about 600 employees and four production facilities in Brazil and Argentina.

The purchase of Sanovo Greenpack falls within Hartmann's strategic goal of creating sustainable growth based on the company's strong market position and competitiveness. Hartmann is expanding its business volume significantly through its presence in the attractive growth markets in South America, strengthening the group's global position within production and sale of moulded-fibre egg packaging.

Sanovo Greenpack's revenue is derived from sales of moulded-fibre egg and fruit packaging to the attractive markets in Brazil and Argentina, which are characterized by favourable demographic trends and increasing urbanisation. In addition, the production facilities in Brazil and Argentina are based on machine technology developed and manufactured by Hartmann, which allows for synergies in operating and maintaining the machinery.

PRELIMINARY SPECIFICATION OF RECOGNISED, ACQUIRED ASSETS AND LIABILITIES AT THE TIME OF ACQUISITION

DKKm	Recognised value at the time of acquisition
Intangible assets	40.4
Property, plant and equipment	123.1
Other non-current assets	35.2
Inventories	56.9
Receivables	114.4
Cash	17.2
Credit institutions	(44.3)
Deferred tax liabilities	(16.9)
Trade payables	(26.0)
Other payables	(50.8)
Provisions	(20.0)
Net assets acquired	**229.2**
Goodwill	70.8
Purchase price	**300.0**
Of which cash and cash equivalents in Sanovo Greenpack	(17.2)
Purchase price in cash	**282.8**

The purchase price was DKK 300 million. Hartmann incurred transaction costs relating to the acquisition of approximately DKK 7 million, primarily concerning consultancy services recognised in special items in the statement of comprehensive income for 2014.

NOTES WITHOUT REFERENCE

37 ACQUISITIONS CONT'D

The fair value of the acquired technical plant is estimated on the basis of the depreciated replacement value.

The fair value of the acquired finished goods and work in progress is determined on the basis of expected selling prices to be obtained in the course of normal business operations less expected completion costs and costs incurred to execute the sale, and with deduction of a reasonable profit on the sales effort and a reasonable profit on the completion.

The fair value of the acquired raw materials and goods for sale is determined at replacement cost.

An estimate is made of the value of the the acquired trademarks as well as the expected useful life of these. The fair value of the acquired trademarks is calculated by discounting the royalty payments that will be saved through owning the right of use of the trademark (the relief-from-royalty method). A discount rate in the level of 12-13% has been applied, depending on the market in question. The applied discount rate is after tax and reflects the risk-free interest rate.

The fair value of customer relations is determined through use of the Multi-Period Excess Earnings method (MEEM). Customer relations are calculated as the present value of the net cash flow generated by sales to customers after deduction of a reasonable return on all other assets which contribute to generating the cash flows in question. The fair value of other intangible assets is based on the discounted cash flows that are expected to be generated by the continued use or sale of the assets.

Receivables are valued at the present value of the amounts that are expected to be received less expected costs for collection. The group's loan interest rate before tax is used in the case of discounting. However, discounting is not used when the effect is immaterial.

Liabilities are valued at the present value of the amounts that are required for settling the liabilities. The group's loan interest rate before tax is used in the case of discounting. However, discounting is not used when the effect is immaterial.

Acquired net assets include trade receivables and services at a fair value of DKK 114 million.

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill relating to the acquisition has been determined at DKK 71 million. Goodwill represents the value of the existing staff, access to new markets as well as the expected synergies from the merger with Hartmann. The recognised goodwill is not tax deductible.

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 recognised or mentioned in this annual report.

NOTES WITHOUT REFERENCE

39 ACCOUNTING POLICIES

CONSOLIDATED FINANCIAL STATEMENTS

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

Business combinations

Newly acquired enterprises are recognised in the consolidated financial statements from the date of acquisition. The date of acquisition is the date on which control of the company is de facto taken over.

In the acquisition of new enterprises where the group obtains control over the acquired enterprise, the acquisition method is used under which the acquired enterprises' identifiable assets, liabilities and contingent liabilities are measured at fair value on the date of acquisition. Restructuring costs are recognised in the takeover balance sheet only if they constitute an obligation for the acquiring enterprise. The tax effect of the revaluations performed is taken into account.

The purchase consideration of an enterprise consists of the fair value of the consideration paid for the acquired enterprise. If the final determination of the consideration is contingent on one or more future events, such events are recognised at fair value at the date of acquisition. Costs relating to the acquisition are recognised in profit or loss when incurred.

Positive balances (goodwill) between the purchase consideration for the acquired enterprise and the fair value of the acquired assets, liabilities and contingent liabilities are recognised as an asset in intangible assets and tested for impairment at least annually. If the carrying amount of the asset exceeds its recoverable amount, it is written down to the lower recoverable amount.

In the case of negative balances (negative goodwill) the fair values and the purchase consideration are reassessed. If the balance is still negative, it is recognised as income in profit or loss.

If at the date of acquisition there is uncertainty about the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the purchase consideration, the first recognition is made on the basis of initially calculated values. These values may be adjusted or additional assets or liabilities may be recognised until 12 months after the acquisition, if new information is obtained about circumstances that existed at the date of acquisition and which would have affected the calculation of the values on the date of acquisition had the information been known.

Subsequent changes in estimates of conditional purchase considerations are as a rule recognised directly in profit or loss.

Foreign currency translation

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

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

NOTES WITHOUT REFERENCE

39 ACCOUNTING POLICIES CONT'D

that are designated as hedges of foreign subsidiaries which effectively set off foreign exchange gains and losses on investments in the subsidiary are also recognised in the consolidated financial statements in other comprehensive income.

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

Derivative financial instruments

The group uses forward exchange contracts and interest rate swaps to limit its currency and interest rate exposure. Derivative financial instruments are not used for speculative purposes. Derivative financial instruments are recognised at fair value at the date of transaction and are subsequently recognised at fair value at the balance sheet date. The fair value of derivative financial instruments is recognised in other receivables (positive value) and other payables (negative value). Realised and unrealised gains and losses on contracts are recognised in the statement of comprehensive income under financial income and expenses, unless the derivative financial instruments have been used to hedge future cash flows. Value adjustments of derivative financial instruments used to hedge future cash flows are recognised in other comprehensive income if the hedge is effective. Value adjustments of any ineffective part of the relevant derivative financial instruments are recognised in financial income and expenses. When the hedged transaction is realised, the gain or loss on the hedging instrument is recognised in the same item as the hedged item, and the amount recognised in other comprehensive income is reversed. If a hedged transaction is no longer expected to take place, the accumulated net gains or net losses are taken to profit/loss for the year from 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 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 relating to services is recognised as and when the services are delivered. Revenue from minor repair and renovation work is recognised when the task is completed. In the case of major tasks, revenue is recognised as and when the tasks are performed. Revenue is measured at the fair value of the agreed consideration, excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue. Construction contracts relating to production of moulding machines involving delivery of plant that is to a high degree individually designed are recognised in revenue in proportion to the work completed, so that revenue is matched with the sales value of the work carried out during the year (the percentage of completion method). If the profit or loss from a construction contract cannot be reliably estimated, revenue is recognised only for costs incurred to the extent that it is likely such costs will be recovered.

Production costs

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

Amortisation of capitalised development costs is also recognised.

Selling and distribution costs

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

Administrative costs

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

Other operating income and other operating expenses

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

Operating profit/(loss) before special items

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

Special items

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

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

NOTES WITHOUT REFERENCE

39 ACCOUNTING POLICIES CONT'D

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

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

Financial income and expenses
Financial income and expenses comprise interest, realised and unrealised foreign exchange adjustments, market value adjustment of securities, amortisation and surcharges and refunds under the on-account tax scheme. Also included are realised and unrealised gains and losses relating to derivative financial instruments that cannot be classified as hedging instruments.

Tax on profit/(loss) for the year
The group's Danish companies are jointly taxed with its principal shareholder, Thornico Holding A/S, and its Danish subsidiaries. The current Danish income tax liability is allocated among the companies of the tax pool in proportion to their taxable income (full allocation subject to reimbursement in respect of tax losses). Tax for the year, comprising current income tax for the year, joint taxation contributions for the year and changes in deferred tax for the year, including such changes as follow from changes in the tax rate, is recognised in profit/loss for the year, other comprehensive income or in 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, changes in cash and bank debt and the opening and closing cash and bank debt.

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.

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

Cash
Cash comprises cash and current bank debt.

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

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

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

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

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

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

NOTES WITHOUT REFERENCE

39 ACCOUNTING POLICIES CONT'D

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

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

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

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

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 such lower value.

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

The carrying amount of goodwill is tested for impairment at least annually together with the other non-current assets of the cash-generating unit to which goodwill has been allocated and is written down to the recoverable amount in profit 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 is allocated. Deferred tax assets are tested for impairment annually and are written down if it is deemed likely that the deferred tax asset cannot be utilised against tax on future income or set off against deferred tax liabilities in the same legal tax entity and jurisdiction. The assessment takes account of the type and nature of the recognised deferred tax asset, the estimated time frame for the set-off of the deferred tax asset 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 profit/loss for the year. Impairment losses on goodwill are not reversed. Impairment losses on other assets are reversed to the extent that changes have occurred in the assumptions and estimates used to determine impairment. Reversals of impairment are made only to the extent that the new carrying amount of the asset does not exceed the carrying amount it would have had net of depreciation or amortisation, had the write-down not been made.

Inventories
Inventories are measured at cost using the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. Goods for resale, raw materials and consumables are measured at cost, comprising the purchase price plus delivery costs. Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct labour costs and produc-

NOTES WITHOUT REFERENCE

39 ACCOUNTING POLICIES CONT'D

tion overheads. Production overheads comprise indirect materials and labour costs as well as maintenance and depreciation of production machinery, factory buildings and equipment and factory administration and management costs.

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

Current and non-current receivables

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

Prepayments

Prepayments, recognised in assets, include expenses paid in respect of subsequent financial years.

Equity

Dividend

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

Treasury shares

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

Currency translation reserve

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

Hedging reserve

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

Pension ogligations

Obligations relating to defined contribution plans, under which the group regularly pays fixed contributions into an independent pension fund, are recognised in profit/loss for the year in the period in which they are earned, 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 in variables such as salary levels, interest, inflation and mortality rates. The present value is only calculated for benefits earned by the employees through their employment with the group to date. The actuarial present value less the fair value of any plan assets is recognised in the balance sheet under pension obligations. The pension costs for the year, based on actuarial estimates and financial forecasts at the beginning of the year, are recognised in profit/loss for the year. The difference between the forecast development in pension assets and liabilities and the realised values is called actuarial gains or losses and is recognised in the statement of comprehensive income via other comprehensive income. If a pension plan constitutes a net asset, the asset is recognised only insofar as it equals the value of future repayments under the plan or it leads to a reduction in future contributions to the plan.

Income tax and deferred tax

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 as income tax in the balance sheet.

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.

NOTES WITHOUT REFERENCE

39 ACCOUNTING POLICIES CONT'D

Provisions
Provisions are recognised when, as a result of events occurring before or at the balance sheet date, the group incurs a legal or constructive obligation and it is probable that there may be an outflow of financial resources to settle the obligation. Provisions are measured at management's best estimate of the amount required to settle the obligation at the balance sheet date.

Warranty commitments are recognised when goods and services are sold on the basis of warranty costs incurred in prior financial years.

Restructuring costs are recognised as liabilities when a detailed, formal restructuring plan has been announced not later than at the balance sheet date to the parties affected by the plan.

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

Debt to credit institutions is 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 profit/loss for the year over the term of the loan.

Other liabilities are measured at the net realisable value.

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

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

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

The internal management reporting complies with the group's accounting policies.

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

The reporting segments are:
- Europe
- North America

NOTES WITHOUT REFERENCE

39 ACCOUNTING POLICIES CONT'D

DEFINITIONS OF FINANCIAL RATIOS

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

Invested capital

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

Net working capital

Inventories + receivables + other current operating assets - pension obligations - trade payables - other current operating liabilities (excluding restructuring)

Interest-bearing debt

Credit institutions + overdraft facilities - cash

Profit margin

$$\frac{\text{Operating profit before special items} \times 100}{\text{Revenue}}$$

Return on invested capital (ROIC)

$$\frac{\text{Operating profit/(loss) before special items}}{\text{Average invested capital}}$$

Return on equity

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

Solvency ratio

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

Gearing

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

Earnings per share (EPS)

$$\frac{\text{Profit for the year}}{\text{Average no. of shares}}$$

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

Book value per share

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

Price/earnings

$$\frac{\text{Market price}}{\text{Earnings per share}}$$

Payout ratio

$$\frac{\text{Total dividend paid} \times 100}{\text{Profit for the year}}$$

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 today considered and approved the annual report of Brødrene Hartmann A/S for the financial year ended 31 December 2014.

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

In our opinion, the consolidated financial statements and the parent company 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 2014 and of the results of the group's and the parent company's operations and cash flows for the financial year ended 31 December 2014.

We are 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, cash flows and financial position together with a description of the principal risks and uncertainties that the group and the parent company face.

The annual report is recommended for approval by the annual general meeting.

Gentofte, 9 March 2015

Executive Board:	Ulrik Kolding Hartvig *CEO*	Marianne Rørslev Bock *CFO*	
Board of Directors:	Agnete Raaschou-Nielsen *Chairman*	Niels Hermansen *Vice Chairman*	Jan Peter Antonisen
	Jørn Mørkeberg Nielsen	Steen Parsholt	Niels Christian Petersen
	Andy Hansen		

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BRDR. HARTMANN A/S

Report on the consolidated financial statements and parent financial statements

We have audited the consolidated financial statements and parent financial statements of Brødrene Hartmann A/S for the financial year 1 January - 31 December 2013, which comprise the statement of comprehensive income, cash flows, balance sheet, statement of changes in equity and notes, including the accounting policies, for the group as well as for the parent. The consolidated financial statements and parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

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

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

Auditor's responsibility

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

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

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the group's and the parent's financial position at 31 December 2014 and of the results of their operations and cash flows for the financial year 1 January - 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

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

Copenhagen, 9 March 2015

Deloitte
Statsautoriseret Revisionspartnerselskab

Martin Faarborg
State authorised
Public Accountant

HARTMANN AT A GLANCE

Hartmann is the world's leading manufacturer of moulded-fibre egg packaging, market leader within the production of fruit packaging in South America and one of the world's largest manufacturers of machinery for producing moulded-fibre packaging. Founded in 1917, Hartmann's market position is based on its strong technology know-how and extensive experience of moulded-fibre production since 1936.

Sustainability
Sustainability and environmental considerations are integral elements of Hartmann's business model and strategy. All Hartmann's products are based on recycled paper, which is a renewable, CO_2-neutral and bio-degradable resource. Hartmann works closely with its customers to support the need for sustainable products in the retail trade and was the first manufacturer to offer both FSC-certified and CO_2-neutral retail packaging.

Markets
Hartmann's egg packaging is sold globally. The main markets are Europe, South America and North America, where Hartmann has strong market positions. Hartmann is market leader in Europe and in South America, where the product portfolio also includes fruit packaging. Hartmann has a small, but growing share of the North American market. Hartmann's technology, including machinery and services, is also sold globally outside its main markets..

Customers
Hartmann sells egg and fruit packaging to manufacturers, distributors and retail chains, which are increasingly seeking Hartmann's marketing expertise. Hartmann's technology and related services are sold to manufacturers of moulded-fibre packaging. In 2014, Hartmann generated total revenue of DKK 1.6 billion.

Organisation
Headquartered in Gentofte, Denmark, Hartmann has 2,100 employees. Production takes place at Hartmann's own factories, of which four are in Europe, one in Israel, four in South America and one in Canada.

The Hartmann share
Hartmann's shares have been listed on Nasdaq Copenhagen since 1982. There is one class of shares, and each share carries one vote. Interested parties can receive financial reports and company announcements by subscribing to Hartmann's news service at investor.hartmann-packaging.com.

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Company reg. (CVR) no. 63 04 96 11

The annual report was released as company announcement no. 3/2015 through Nasdaq Copenhagen in Danish and English. In case of discrepancies between the two versions and in case of doubt, the Danish version shall prevail.