



# INTERIM REPORT

## 9M 2011





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The interim report of Brødrene Hartmann A/S for the nine months ended 30 September 2011 was released on 24 November 2011 in Danish and English through NASDAQ OMX Copenhagen A/S as company announcement no. I3/2011. In case of inconsistencies between the Danish and the English versions of the report, the Danish version will prevail.

The announcement is available at [www.hartmann-packaging.com](http://www.hartmann-packaging.com), and it has been sent electronically to all subscribers to Hartmann's news service. Questions concerning this interim report or investor enquires in general may be addressed to Investor Relations (see p. 20). Questions may also be addressed to Michael Rohde Pedersen, CEO, or Claus Frees Sørensen, CFO, on tel. (+45) 45 97 00 00.

# HIGHLIGHTS

Hartmann's overall performance was in line with expectations. The nine months ended 30 September 2011 were favourably impacted by increased sales of moulded-fibre packaging and a continued positive effect of the operational improvements and cost reductions implemented. As a result, Hartmann expects to generate an operating profit at the high end of the previously announced DKK 105-125 million range.

Claus Frees Sørensen has announced that he will resign from his position as CFO and member of the Executive Board of Brødrene Hartmann A/S.

- Hartmann generated revenue of DKK 1,081 million for 9M 2011 (2010: DKK 1,044 million) and an operating profit\* of DKK 82 million (2010: DKK 51 million), corresponding to a profit margin\* of 7.6% (2010: 4.9%). For Q3 2011, Hartmann generated revenue of DKK 355 million (2010: DKK 338 million) and an operating profit of DKK 25 million (2010: DKK 21 million), corresponding to a profit margin of 7.1% (2010: 6.2%).
- The European business reported revenue for 9M 2011 of DKK 925 million (2010: DKK 883 million) and an operating profit of DKK 92 million (2010: DKK 71 million). Revenue for Q3 2011 was DKK 303 million (2010: DKK 284 million) and operating profit DKK 28 million (2010: DKK 24 million).
- The North American business area reported revenue for 9M 2011 of DKK 156 million (2010: DKK 161 million) and an operating profit of DKK 11 million (2010: DKK 8 million). For Q3 2011, the North American business reported revenue of DKK 52 million (2010: DKK 54 million) and an operating profit of DKK 4 million (2010: DKK 3 million).
- Hartmann retains its forecast of revenue for 2011 on a level with 2010 (DKK 1.5 billion). Based on the increased sales of moulded-fibre packaging and the satisfactory earnings growth in the nine months ended 30 September 2011, Hartmann is expected to generate an operating profit for 2011 at the high end of the previously announced DKK 105-125 million range, corresponding to a profit margin at the high end of the 7-8.5% range.
- As announced in company announcements nos. 11/2011 and 12/2011, Hartmann has been informed that Lactosan-Sanovo Holding A/S has submitted a voluntary public offer to the shareholders of Hartmann at DKK 95 per share. The offer period is determined at 4 weeks and will expire on 21 December 2011 at 6 pm (Danish time), unless it is extended. Later today, Hartmann's Board of Directors will issue a statement in respect of the offer. The statement will be available at [www.hartmann-packaging.com](http://www.hartmann-packaging.com).
- Claus Frees Sørensen has announced that he will resign from his position as Chief Financial Officer (CFO) and member of the Executive Board of Brødrene Hartmann A/S as soon as possible to seek new challenges. Claus Frees Sørensen will continue in his present position during a transition period and will leave the group no later than 31 May 2012..

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

# KEY FIGURES AND FINANCIAL RATIOS

**DKK**m

	Q3 2011	Q3 2010	9M 2011	9M 2010
<b>Statement of comprehensive income</b>				
Revenue	355	338	1,081	1,044
Operating profit before depreciation, amortisation and impairment (EBITDA)	46	43	144	118
Operating profit before special items	25	21	82	51
Special items	0	0	0	0
Operating profit (EBIT)	25	21	82	51
Net financial income and expense	(4)	(5)	(13)	(14)
Profit before tax (EBT)	21	16	69	38
Profit for the period (EAT)	16	12	52	28
Comprehensive income	(17)	8	22	28
<b>Cash flows</b>				
Cash flows from operating activities	45	20	102	66
Cash flows from investing activities	(15)	(16)	(24)	(37)
Cash flows from financing activities	(38)	(5)	(93)	(27)
Total cash flows	(8)	(1)	(15)	2
<b>Balance sheet</b>				
Assets			1,094	1,216
Invested capital (IC)			682	764
Net working capital (NWC)			132	151
Net interest-bearing debt			211	331
Equity			556	525
<b>Financial ratios in per cent</b>				
Operating margin (EBITDA)	12.9	12.7	13.3	11.3
Profit margin before special items	7.1	6.2	7.6	4.9
Profit margin (EBIT)	7.1	6.2	7.6	4.9
Return on invested capital (ROIC, 12 months)			14.4	11.1
Return on equity (ROE, 12 months)			13.7	8.4
Equity ratio			50.8	43.2
Gearing			38.0	63.0
<b>Share-related financial ratios</b>				
No. of shares (at period end, excluding treasury shares)	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
Earnings per share, DKK (EPS)	2.3	1.8	7.6	4.1
Cash flows from operating activities per share, DKK	6.5	2.9	14.7	9.5
Book value per share, DKK			80.4	75.9
Market price per share, DKK			95.0	71.0
Market price/book value per share			1.2	0.9
Price/earnings			12.5	17.3

The 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 in the annual report for 2010.

# DEVELOPMENTS IN 9M 2011

Hartmann's overall performance was in line with expectations. The nine months ended 30 September 2011 were favourably impacted by increased sales of moulded-fibre packaging and a continued positive effect of the operational improvements and cost reductions implemented.

During the nine months ended 30 September 2011, using the 'Competitive edge – driving growth' strategy as its platform, Hartmann strategically focused on developing the company into a more focused business on the basis of effective processes and strong capabilities. Efforts were committed to optimise collaboration within the group and to define targets and plans for the new functional organisational structure which was introduced in H1 2011. This included the identification of possible additional operational improvements. The sales organisation focused on strengthening customer relations further through partnerships within supply chain management and other initiatives. Hartmann will retain this strategic focus going forward.

## STATEMENT OF COMPREHENSIVE INCOME

### Revenue

Hartmann's consolidated revenue for 9M 2011 came to DKK 1,081 million (2010: DKK 1,044 million) and DKK 355 million for Q3 2011 (2010: DKK 338 million).

### Europe

The business area Europe reported revenue of DKK 925 million for 9M 2011 (2010: DKK 883 million) and DKK 303 million for Q3 2011 (2010: DKK 284 million).

The increase reflected general progress in the entire business area.

During the nine months ended 30 September 2011, Hartmann's sale of moulded-fibre packaging increased relative to the year-earlier period, despite the persistently intensifying price competition and the dioxin scandal in early 2011 when German and Dutch consumers responded to the discovery that dioxin-contaminated vegetable fat had been used as feed for poultry and other animals.

The price level of Hartmann's high-value packaging remained stable during the first half of 2011. In Q3 2011, some European high-price countries saw average prices fall as a result of the intensifying price competition. In Q3, this had a negative effect on the price of Hartmann's high-value products in Central Europe.

Demand for the less expensive transport packaging grew in 9M 2011, as egg production exceeded the consumption of eggs. Combined with the change in demand in Central Europe, this caused a change in the product mix and a lower average unit price.

In 9M 2011, Hartmann Technology increased the sale of machinery for the production of moulded-fibre packaging. Hartmann's combined heat and power plant also reported revenue growth.

### North America

Revenue came to DKK 156 million for 9M 2011 (2010: DKK 161 million) and DKK 52 million for Q3 2011 (2010: DKK 54 million).

Increased sales of egg packaging and a higher proportion of high-value products had a favourable effect on revenue. However, the positive trend in sales did not make up for the adverse effect of exchange rate movements during the period.

## CHANGE IN OPERATING PROFIT FROM 9M 2010 TO 9M 2011

DKKm	Europe	North America
Operating profit for 9M 2010	71	8
Effects of exchange rate movements	9	(7)
Operational improvements, change in volume and in product and price mix, etc.	36	22
Effects of fluctuating raw material prices and transport costs	(24)	(12)
<b>Operating profit for 9M 2011</b>	<b>92</b>	<b>11</b>

### Operating profit

Operating profit for 9M 2011 was DKK 82 million (2010: DKK 51 million) and DKK 25 million for Q3 2011 (2010: DKK 21 million).

Overall, the development in operating profit was positive, despite the higher prices of recycled paper and the intensified competition on the European market for egg packaging.

In line with expectations, the nine months ended 30 September 2011 were favourably impacted by a general increase in sales in Europe and the continued positive effect of the operational improvements and cost reductions implemented.

#### Europe

Europe generated an operating profit of DKK 92 million for 9M 2011 (2010: DKK 71 million) and DKK 28 million for Q3 2011 (2010: DKK 24 million).

Developments in 9M 2011 were spurred by a positive effect of the operational improvements and cost reductions implemented and the general increase in the sale of moulded-fibre packaging. The revenue growth at Hartmann Technology and the combined heat and power plant and the favourable effects of exchange rate movements also contributed to the development.

Intensified price competition and growing demand for the less expensive transport packaging resulted in a lower average unit price for the period.

Operating profit was impacted by higher prices of recycled paper and increased transport costs compared with the year-earlier period.

#### North America

North America reported an operating profit of DKK 11 million for 9M 2011 (2010: DKK 8 million) and DKK 4 million for Q3 2011 (2010: DKK 3 million).

The positive trend in operating profit was attributable to the change in the product and price mix with an increasing proportion of high-value packaging. The effect of cost reductions and efficiency improvement initiatives implemented in 2010 and 2011 also contributed to the positive trend. These factors more than offset unfavourable developments in exchange rates and higher costs of raw materials.

#### Group costs

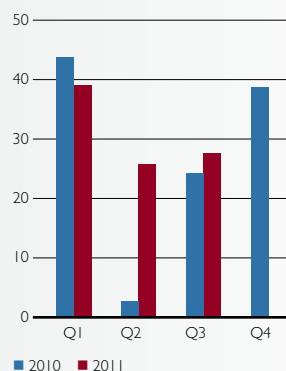
Group costs recognised in operating profit amounted to DKK 22 million for 9M 2011 (2010: DKK 28 million) and DKK 6 million for Q3 2011 (2010: DKK 7 million).

### OPERATING PROFIT

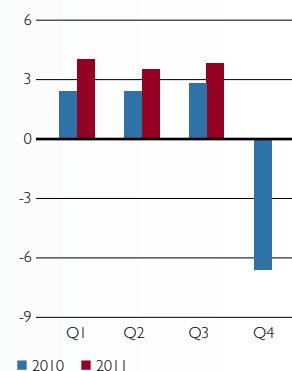
GROUP  
DKKm



EUROPE  
DKKm



NORTH AMERICA  
DKKm



### Financial income and expense

Financial income and expense for 9M 2011 amounted to a net expense of DKK 13 million (2010: a net expense of DKK 14 million). For Q3 2011, financial income and expense was a net expense of DKK 4 million (2010: a net expense of DKK 5 million).

### Profit for the period

Profit for the period was DKK 52 million for 9M 2011 (2010: DKK 28 million) and DKK 16 million for Q3 2011 (2010: DKK 12 million).

## CASH FLOWS

### Cash flows from operating activities

Cash flows from operating activities amounted to a cash inflow of DKK 102 million for 9M 2011 (2010: a cash inflow of DKK 66 million) and a cash inflow of DKK 45 million for Q3 2011 (2010: a cash inflow of DKK 20 million). Cash flows from operating activities were favourably impacted by the improvement in operating profit and reduced tax payments compared with 9M 2010.

### Cash flows from investing activities

Cash flows from investing activities amounted to a cash outflow of DKK 24 million for 9M 2011 (2010: a cash outflow of DKK 37 million) and a cash outflow of DKK 15 million for Q3 2011 (2010: a cash outflow of DKK 16 million). Hartmann's investment level in H1 2011 was low, compared with the level in Q3 2011, which was on a level with the year-earlier period.

### Cash flows from financing activities

Cash flows from financing activities amounted to a cash outflow of DKK 93 million for 9M 2011 (2010: a cash outflow of DKK 27 million) and a cash outflow of DKK 38 million for Q3 2011 (2010: a cash outflow of DKK 5 million). Cash flows from financing activities were affected by dividend distributions to Hartmann's shareholders of DKK 15.6 million (2010: DKK 10.5 million). Furthermore, as mentioned in the annual report for 2010, Hartmann has repaid existing long-term loans totalling DKK 273 million and raised a new flexible loan with total drawing rights of DKK 295 million as at 30 September 2011.

Hartmann has not utilised the full drawing rights. Hartmann's unutilised drawing facilities on long-term loans thus amounted to DKK 94 million at 30 September 2011.

## BALANCE SHEET

### Capital resources

The group's net interest-bearing debt at 30 September 2011 amounted to DKK 211 million, against DKK 275 million at 31 December 2010. Hartmann has reduced its net interest-bearing debt by DKK 120 million from DKK 331 million at 30 September 2010. The group's financial gearing stood at 38.0% at 30 September 2011, against 50.0% at 1 January 2011. Management considers the capital resources satisfactory.

### Changes in equity

At 30 September 2011, the group's equity stood at DKK 556 million, an increase of DKK 7 million on 1 January 2011. Weakening exchange rates in the countries in which Hartmann has established subsidiaries adversely affected equity by DKK 24 million against 1 January 2011. Hartmann's equity ratio rose from 44.8% at 1 January 2011 to 50.8% at 30 September 2011.

## THE HARTMANN SHARE

The official market price of the Hartmann share was 76 at 31 December 2010 and 95 at 30 September 2011. Information on share performance is available on Hartmann's investor section at [www.hartmann-packaging.com](http://www.hartmann-packaging.com).

## EVENTS AFTER THE BALANCE SHEET DATE

### Lactosan-Sanovo Holding A/S has submitted a voluntary public offer

On 10 November 2011, the Thornico Group (including Lactosan-Sanovo Holding A/S) announced that together with Thor Stadil it held an aggregate of 33.32% of the shares in Hartmann. As announced in company announcements nos. 11/2011 and 12/2011, Hartmann has been informed that Lactosan-Sanovo Holding A/S has submitted a voluntary public offer to the shareholders of Hartmann at DKK 95 per share. The offer period is determined at 4 weeks and will expire on 21 December 2011 at 6 pm (Danish time), unless it is extended. Later today, Hartmann's Board of Directors will issue a statement in respect of the offer. The statement will be available at [www.hartmann-packaging.com](http://www.hartmann-packaging.com).

### CFO Claus Frees Sørensen leaves Hartmann

Claus Frees Sørensen has announced that he will resign from his position as Chief Financial Officer (CFO) and member of the Executive Board of Brødrene Hartmann A/S as soon as possible to seek new challenges. Claus Frees Sørensen will continue in his present position during a transition period and will leave the group no later than 31 May 2012.



# OUTLOOK FOR 2011

Hartmann retains its forecast of revenue for 2011 on a level with 2010 (DKK 1.5 billion). Based on the increased sales of moulded-fibre packaging and the satisfactory earnings growth in 9M 2011, Hartmann is expected to generate an operating profit for 2011 at the high end of the DKK 105-125 million range, corresponding to a profit margin at the high end of the 7-8.5% range.

## ASSUMPTIONS

Hartmann's revenue and operating profit forecast for 2011 is based on the present composition of the group's business operations. In addition, the combined costs of raw materials and selling costs are assumed to remain relatively stable at the level prevailing at the time of presentation of this interim report. Any costs incurred in connection with the offer for Hartmann (company announcements nos. 11/2011 and 12/2011) have not been taken into account. Any deviations from these assumptions may affect the 2011 performance. Hartmann's operating profit is primarily exposed to changes in the US dollar, Canadian dollar, British pound sterling, euro, Polish zloty, Swiss franc, Swedish krona and Hungarian forint rates. Hartmann has hedged its primary exchange rate exposure for the remainder of 2011.

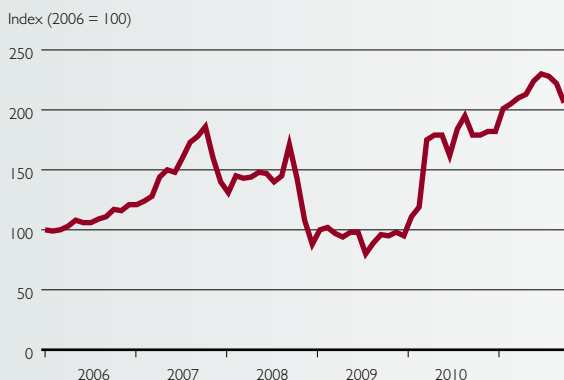
## FORWARD-LOOKING STATEMENTS

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

## OUTLOOK AND FINANCIAL TARGETS

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

## DEVELOPMENTS IN THE PRICE OF RECYCLED PAPER



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

The price of recycled paper saw a downward trend in Q3 2011, but remained above the price level of the year-earlier period. There is limited scope for reducing Hartmann's sensitivity to developments in the price of recycled paper if deliveries of required volumes are to be secured and maintained. In order to accommodate the effects of fluctuating prices of recycled paper, Hartmann also uses other types of paper in production and to some extent substitutes some types of papers for other types if prices are more favourable.

# RISK MANAGEMENT

See the section on risk factors and note 35 to the financial statements in the annual report for 2010 for a full description of Hartmann's risk factors.

## RAW MATERIALS

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

There is limited scope for reducing Hartmann's sensitivity to developments in the price of recycled paper if deliveries of required volumes are to be secured and maintained. Hartmann uses other types of paper in production and to some extent substitutes some types of paper for other types if prices are more favourable.

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

Hartmann is committed to reducing its sensitivity to fluctuations in the prices of raw materials through continual implementation of technological improvements and optimisation of work processes.

## CURRENCY

Hartmann's currency risk stems from an imbalance between income and expenses in the individual currencies (transaction risk) and Hartmann's international business profile with foreign subsidiaries (translation risk).

Hartmann is exposed to transaction risk due to cross-border transactions leading to contractual cash flows in foreign currency. Most of Hartmann's sales in North America are denominated in USD, whereas most costs are denominated in CAD. Therefore, the currency exposure in relation to the USD/CAD exchange rate constitutes one of the group's single largest transaction risks. Operating profit is also exposed to transaction risks with respect to the currencies CHF, EUR, GBP, HUF, PLN and SEK.

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

## LIQUIDITY

Hartmann's principal banker has granted a loan under customary covenants, including special financial covenants, which must be met by Hartmann in order for the loan to continue. The agreement further contains a number of provisions whereby significant credit facilities may be withdrawn in the event of a change of control of the company.

# MANAGEMENT STATEMENT

The Board of Directors and the Executive Board have today considered and approved the interim report of Brødrene Hartmann A/S for the nine months ended 30 September 2011.

The interim report, which has been neither audited nor reviewed by the company's auditors, was prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and Danish disclosure requirements for interim reports of listed companies.

In our opinion, the interim financial statements give a true and fair view of the group's assets, liabilities and financial position at 30 September 2011 and of the results of the group's operations and cash flows for the nine months ended 30 September 2011.

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

Gentofte, 24 November 2011

**Executive Board:**

Michael Rohde Pedersen  
*Chief Executive Officer*

Claus Frees Sørensen  
*Chief Financial Officer*

**Board of Directors:**

Agnete Raaschou-Nielsen  
*Chairman*

Walther V. Paulsen  
*Vice Chairman*

Jan Peter Antonisen

Niels Hermansen

Jørn Mørkeberg Nielsen

Niels Christian Petersen

Peter-Ulrik Plesner



# INTERIM **FINANCIAL STATEMENTS**

# STATEMENT OF COMPREHENSIVE INCOME

**DKK m**

	Q3 2011	Q3 2010	9M 2011	9M 2010
Revenue	354.6	338.2	1,081.4	1,044.3
Production costs	(255.4)	(239.3)	(779.1)	(750.3)
<b>Gross profit</b>	<b>99.2</b>	<b>98.9</b>	<b>302.3</b>	<b>294.0</b>
Selling and distribution costs	(62.5)	(55.5)	(178.4)	(170.6)
Administrative expenses	(12.2)	(23.0)	(43.3)	(73.3)
Other operating income	0.7	0.4	1.7	1.4
Other operating expenses	0.0	0.0	(0.1)	(0.1)
<b>Operating profit before special items</b>	<b>25.2</b>	<b>20.8</b>	<b>82.2</b>	<b>51.4</b>
Special items	0.0	0.0	0.0	0.0
<b>Operating profit (EBIT)</b>	<b>25.2</b>	<b>20.8</b>	<b>82.2</b>	<b>51.4</b>
Financial income	1.4	0.2	2.8	1.2
Financial expense	(5.7)	(4.9)	(16.0)	(14.9)
<b>Profit before tax (EBT)</b>	<b>20.9</b>	<b>16.1</b>	<b>69.0</b>	<b>37.7</b>
Tax on profit for the period	(5.0)	(4.0)	(16.6)	(9.4)
<b>Profit for the period (EAT)</b>	<b>15.9</b>	<b>12.1</b>	<b>52.4</b>	<b>28.3</b>
Foreign exchange adjustment, foreign subsidiaries	(27.9)	(4.4)	(24.2)	7.5
Hedge accounting of net investments	0.6	8.4	5.2	(6.1)
Foreign exchange adjustment, equity-like loans to subsidiaries	(0.4)	(8.1)	(4.4)	4.7
Value adjustment of hedging instruments transferred to revenue	(0.7)	(6.7)	(2.6)	(17.0)
Value adjustment of hedging instruments transferred to financial income and expense	0.0	(1.6)	0.0	0.2
Value adjustment of hedging instruments	(6.5)	8.5	(5.9)	7.3
Tax on other comprehensive income	1.6	0.0	1.9	3.3
<b>Other comprehensive income</b>	<b>(33.3)</b>	<b>(3.9)</b>	<b>(30.0)</b>	<b>(0.1)</b>
<b>Total comprehensive income</b>	<b>(17.4)</b>	<b>8.2</b>	<b>22.4</b>	<b>28.2</b>
Earnings per share, DKK (EPS)	2.3	1.8	7.6	4.1
Earnings per share, DKK, diluted (EPS-D)	2.3	1.8	7.6	4.1

# STATEMENT OF CASH FLOWS

DKK<sup>m</sup>

	Q3 2011	Q3 2010	9M 2011	9M 2010
Operating profit before special items	25.2	20.8	82.2	51.4
Depreciation and amortisation	20.6	22.2	61.9	66.1
Adjustment for other non-cash items	(0.1)	(0.4)	(0.3)	(0.5)
Change in working capital	9.8	(9.2)	(12.5)	(5.1)
<b>Cash flows from operating activities</b>	<b>55.5</b>	<b>33.4</b>	<b>131.3</b>	<b>111.9</b>
Interest, etc. received	0.2	0.2	0.4	1.6
Interest, etc. paid	(5.1)	(7.6)	(15.4)	(17.2)
Restructuring costs etc. paid	(0.6)	0.0	(1.8)	0.0
Net income tax paid	(4.8)	(5.9)	(12.8)	(30.5)
<b>Cash flows from operating activities</b>	<b>45.2</b>	<b>20.1</b>	<b>101.7</b>	<b>65.8</b>
Disposals of property, plant and equipment	0.1	0.0	0.4	0.7
Acquisition of property, plant and equipment	(15.3)	(15.8)	(24.8)	(38.2)
Dividend received from associates	0.0	0.0	0.2	0.2
Government grants received	0.0	0.0	0.0	0.2
<b>Cash flows from investing activities</b>	<b>(15.2)</b>	<b>(15.8)</b>	<b>(24.2)</b>	<b>(37.1)</b>
<b>Cash flows from operating and investing activities</b>	<b>30.0</b>	<b>4.3</b>	<b>77.5</b>	<b>28.7</b>
Raising of non-current debt	0.0	0.0	120.4	0.0
Repayment of non-current debt	(37.8)	(5.1)	(197.6)	(16.3)
Dividend paid	0.0	0.0	(15.6)	(10.4)
<b>Cash flows from financing activities</b>	<b>(37.8)</b>	<b>(5.1)</b>	<b>(92.8)</b>	<b>(26.7)</b>
<b>Total cash flows</b>	<b>(7.8)</b>	<b>(0.8)</b>	<b>(15.3)</b>	<b>2.0</b>
Cash and cash equivalents and bank debt at beginning of period	2.3	(52.2)	6.1	(39.2)
Foreign exchange adjustment	(0.1)	8.7	3.6	(7.1)
<b>Cash and cash equivalents and bank debt at end of period</b>	<b>(5.6)</b>	<b>(44.3)</b>	<b>(5.6)</b>	<b>(44.3)</b>
<b>Recognition of cash and cash equivalents and bank debt at end of period:</b>				
Cash and cash equivalents	48.9	58.0	48.9	58.0
Credit institutions (current liabilities)	(54.5)	(102.3)	(54.5)	(102.3)
<b>Total cash and cash equivalents and bank debt</b>	<b>(5.6)</b>	<b>(44.3)</b>	<b>(5.6)</b>	<b>(44.3)</b>

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

# BALANCE SHEET, ASSETS

DKKm

	30 Sept. 2011	30 Sept. 2010	31 Dec. 2010
<b>Non-current assets</b>			
<i>Intangible assets</i>			
Goodwill	10.7	10.7	10.7
Other intangible assets	6.9	8.4	8.8
<b>Total intangible assets</b>	<b>17.6</b>	<b>19.1</b>	<b>19.5</b>
<i>Property, plant and equipment</i>			
Land and buildings	165.8	159.0	171.4
Technical plant and machinery	353.8	409.3	405.7
Fixtures and fittings, tools and equipment	7.5	12.3	10.3
Technical plant under construction	18.6	31.9	13.4
<b>Total property, plant and equipment</b>	<b>545.7</b>	<b>612.5</b>	<b>600.8</b>
<i>Other non-current assets</i>			
Investments in associates	3.7	3.6	3.8
Other receivables	8.3	29.7	8.8
Deferred tax asset	85.2	93.7	95.6
<b>Total other non-current assets</b>	<b>97.2</b>	<b>127.0</b>	<b>108.2</b>
<b>Total non-current assets</b>	<b>660.5</b>	<b>758.6</b>	<b>728.5</b>
<i>Current assets</i>			
Inventories	111.3	128.0	108.8
Trade receivables	222.4	203.4	266.8
Income tax receivable	10.6	9.8	6.5
Other receivables	29.4	47.8	39.9
Prepayments	11.3	10.5	5.3
Cash and cash equivalents	48.9	58.0	69.1
<b>Total current assets</b>	<b>433.9</b>	<b>457.5</b>	<b>496.4</b>
<b>Total assets</b>	<b>1,094.4</b>	<b>1,216.1</b>	<b>1,224.9</b>

# BALANCE SHEET, EQUITY AND LIABILITIES

DKK<sup>m</sup>

	30 Sept. 2011	30 Sept. 2010	31 Dec. 2010
<b>Equity</b>			
Share capital	140.3	140.3	140.3
Hedging reserve	(6.2)	3.6	0.2
Translation reserve	(45.9)	(26.8)	(22.3)
Dividend, proposed	0.0	0.0	15.6
Retained earnings	468.0	407.8	415.6
<b>Total equity</b>	<b>556.2</b>	<b>524.9</b>	<b>549.4</b>
<i>Non-current liabilities</i>			
Deferred tax	13.5	13.7	14.1
Pension obligations	24.5	27.8	25.1
Loans	205.6	3.3	118.3
Government grants	19.5	44.6	21.5
<b>Total non-current liabilities</b>	<b>263.1</b>	<b>89.4</b>	<b>179.0</b>
<i>Current liabilities</i>			
Current portion of loans	0.0	283.2	162.4
Current portion of government grants	2.0	4.0	2.4
Credit institutions	54.5	102.3	63.0
Prepayments from customers	13.3	11.7	5.0
Trade payables	89.8	80.3	127.7
Payable to associates	1.6	3.6	3.2
Income tax	0.4	1.3	0.8
Provisions	1.5	0.3	1.1
Other payables	112.0	115.1	130.9
<b>Total current liabilities</b>	<b>275.1</b>	<b>601.8</b>	<b>496.5</b>
<b>Total liabilities</b>	<b>538.2</b>	<b>691.2</b>	<b>675.5</b>
<b>Total equity and liabilities</b>	<b>1,094.4</b>	<b>1,216.1</b>	<b>1,224.9</b>

# STATEMENT OF CHANGES IN EQUITY

**DKK**m

	Share capital	Hedging reserve	Translation reserve	Dividend proposed	Retained earnings	Total equity
<b>Equity at 1 January 2011</b>	<b>140.3</b>	<b>0.2</b>	<b>(22.3)</b>	<b>15.6</b>	<b>415.6</b>	<b>549.4</b>
Profit for the period	-	-	-	-	52.4	52.4
Other comprehensive income for the period	-	(6.4)	(23.6)	-	0.0	(30.0)
Comprehensive income for the period	0.0	(6.4)	(23.6)	0.0	52.4	22.4
Dividend paid	-	-	-	(15.6)	-	(15.6)
Total changes in equity	0.0	(6.4)	(23.6)	(15.6)	52.4	6.8
<b>Equity at 30 September 2011</b>	<b>140.3</b>	<b>(6.2)</b>	<b>(45.9)</b>	<b>0.0</b>	<b>468.0</b>	<b>556.2</b>
<b>Equity at 1 January 2010</b>	<b>140.3</b>	<b>10.2</b>	<b>(33.3)</b>	<b>10.5</b>	<b>379.8</b>	<b>507.5</b>
Profit for the period	-	-	-	-	28.3	28.3
Other comprehensive income for the period	-	(6.6)	6.5	-	0.0	(0.1)
Comprehensive income for the period	0.0	(6.6)	6.5	0.0	28.3	28.2
Share-based payments	-	-	-	-	(0.3)	(0.3)
Dividend paid	-	-	-	(10.5)	-	(10.5)
Total changes in equity	0.0	(6.6)	6.5	(10.5)	28.0	17.4
<b>Equity at 30 September 2010</b>	<b>140.3</b>	<b>3.6</b>	<b>(26.8)</b>	<b>0.0</b>	<b>407.8</b>	<b>524.9</b>

# NOTES

DKK m

## 1. Accounting policies

The interim financial statements are presented as condensed financial statements in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and Danish disclosure requirements for interim reports of listed companies. No interim financial statements have been prepared for the parent company. The interim financial statements are presented in Danish kroner (DKK), which is the parent company's functional currency.

The accounting policies applied in the interim financial statements are consistent with the accounting policies applied in the consolidated financial statements for 2010, which are in accordance with the International Financial Reporting Standards as adopted by the EU. The annual report for 2010 contains a more detailed description of the accounting policies applied, including the definitions of the ratios used, which are calculated in accordance with the definitions in 'Recommendations & Financial Ratios 2010' issued by the Danish Society of Financial Analysts.

### *New financial reporting standards in 2011*

Hartmann has implemented all new and amended financial reporting standards and interpretations adopted by the EU that apply to financial years beginning on or after 1 January 2011. Hartmann has assessed that the new and amended standards and interpretations that are effective for financial years beginning on or after 1 January 2011 are either not relevant or not of significant importance.

### *Change in accounting policies*

A change has been made in the internal financial management and management reporting. As a result, the Other business areas segment has been discontinued, and the activities of Hartmann Technology and the combined heat and power plant and a number of costs that were previously allocated to Other business areas will in future be allocated to the Europe segment.

Comparative figures have been restated in accordance with the change in segment reporting.

The change does not affect the group's financial results, comprehensive income, cash flows, assets, liabilities or equity.

## 2. Significant accounting estimates and judgments and other factors

### *Significant accounting estimates and judgments*

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

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

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

### *Other factors*

The group's revenue and results of operations are subject to seasonal fluctuations.

## 3. Segment information

### **Segment information**

The reporting of business segments is in accordance with the internal reporting to the Group Executive Board and the Board of Directors. The Group 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 follows 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 operating profit of the individual segments 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 inter-segment transactions is made on an arm's length basis.

Segment income and costs 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. Profit in associates, financial income and expense, 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** comprises production and sale of moulded-fibre packaging. Products are produced at factories in Europe (including Israel) and are primarily sold to egg producers, egg packing businesses and retail chains and buyers of industrial packaging. The segment also comprises the sale of machinery for production of moulded-fibre packaging and the combined heat and power plant in Tønder, Denmark.
- **North America** comprises production and sale of moulded-fibre packaging. Products are primarily produced at the North American factory and sold to egg producers, egg packing businesses and retail chains.

# NOTES

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## 3. Segment information, cont'd

9M 2011	Europe	North America	Total reporting segments
<b>External revenue</b>			
Moulded fibre	853.5	156.4	1,009.9
Other revenue	71.5	0.0	71.5
<b>Total</b>	<b>925.0</b>	<b>156.4</b>	<b>1,081.4</b>
<b>Operating profit before special items</b>	<b>92.3</b>	<b>11.3</b>	<b>103.6</b>
<b>Other segment information</b>			
Depreciation, amortisation and impairment	53.4	9.0	
Investments in intangible assets and property, plant and equipment	18.6	6.2	
Net working capital (NWC)	119.3	12.2	
Invested capital	570.6	113.9	
ROIC, % (12 months)	22.4	3.7	
Segment assets	799.6	149.2	948.8

9M 2010	Europe	North America	Total reporting segments
<b>External revenue</b>			
Moulded fibre	836.2	160.9	997.1
Other revenue	47.2	0.0	47.2
<b>Total</b>	<b>883.4</b>	<b>160.9</b>	<b>1,044.3</b>
<b>Operating profit before special items</b>	<b>70.7</b>	<b>7.7</b>	<b>78.4</b>
<b>Other segment information</b>			
Depreciation, amortisation and impairment	55.5	11.3	
Investments in intangible assets and property, plant and equipment	32.4	5.8	
Net working capital (NWC)	117.6	30.4	
Invested capital	598.3	141.8	
ROIC, % (12 months)	18.9	4.5	
Segment assets	847.8	167.0	1,014.8

# NOTES

**DKKm**

## 3. Segment information, cont'd

RECONCILIATION	9M 2011	9M 2010
<b>Revenue</b>		
External revenue for reporting segments	1,081.4	1,044.3
<b>Total revenue according to interim financial statements</b>	<b>1,081.4</b>	<b>1,044.3</b>
<b>Performance targets</b>		
<b>Operating profit before special items for reporting segments</b>	<b>103.6</b>	<b>78.4</b>
Non-allocated group functions	(21.9)	(27.7)
Eliminations	0.5	0.7
<b>Operating profit before special items according to interim financial statements</b>	<b>82.2</b>	<b>51.4</b>
Financial income	2.8	1.2
Financial expense	(16.0)	(14.9)
<b>Profit before tax according to interim financial statements</b>	<b>69.0</b>	<b>37.7</b>
	<b>30 Sept. 2011</b>	<b>30 Sept. 2010</b>
<b>Assets</b>		
Assets for reporting segments	948.8	1,014.8
Non-allocated assets	148.4	204.8
Eliminations	(2.8)	(3.5)
<b>Total assets according to interim financial statements</b>	<b>1,094.4</b>	<b>1,216.1</b>

## 4. Events after the balance sheet date

See 'Events after the balance sheet date' on page 7 of the Management report. Other than as set out above, no significant events have occurred after the balance sheet date of the interim report for 9M 2011, other than those mentioned in this interim report, that affect Hartmann's assets, liabilities or financial position as at 30 September 2011 and its results of operations and cash flows for 9M 2011.



# ADDITIONAL INFORMATION

## FINANCIAL CALENDAR 2012

**Tuesday, 14 February 2012:**

Deadline for requests to include items on the agenda for the annual general meeting

**Thursday, 8 March 2012:**

Annual report 2011

**Wednesday, 28 March 2012:**

Annual general meeting 2012

**Tuesday, 15 May 2012:**

Interim report Q1 2012

**Wednesday, 22 August 2012:**

Interim report H1 2012

**Wednesday, 14 November 2012:**

Interim report 9M 2012

Historical and current information about Hartmann's operations, company announcements, financial statements, investor presentations, etc. are available at Hartmann's website, [www.hartmann-packaging.com](http://www.hartmann-packaging.com). You can also sign up for Hartmann's news service at our website. Subscribers receive communications by e-mail at the same time as the market.

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