

Brødrene Hartmann A/S

Interim Report no. 3/2007

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The report for Q3 2007 of Brødrene Hartmann A/S is published on 23 November 2007 in Danish and English through OMX The Nordic Exchange Copenhagen as our release no. 15/2007.

In case of discrepancies between the Danish and the English version of the report, the Danish version shall take precedence.

The release is available on our website at www.hartmann.dk and is distributed electronically to everyone having signed up for this service.

Enquiries concerning the present release or investor enquires in general should be addressed to Investor Relations (p. 20). Questions may also be addressed directly to the Group's CEO, Peter A. Poulsen, on tel. +45 45 87 50 30 or +45 51 51 40 69.

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Developments in brief

Hartmann's European core business within egg and industrial packaging is developing on a par with expectations. The value of the assets in North America is unchanged as at 30 September 2007, as improved operations compensate for the further deterioration of the CAD/USD cross rate. The outlook for the Group's operating profit/loss in 2007 is upheld, but the forecast for the Group's results after tax is adjusted downwards due to an increase in financials and tax.

- **Third-quarter revenue** reached the expected level of DKK 356 million, up from DKK 347 million in the same period last year. Accumulated for 2007, revenue reached DKK 1,070 million, down from DKK 1,077 million in the same period last year.
- **Operating profit/loss (EBIT)** for Q3 2007 stood at DKK -1 million against DKK 69 million last year, which reflected a positive earnings impact of DKK 66 million from the sale of the Group domicile in Lyngby.
- **Accumulated for 2007** the amount in operating profit/loss (EBIT) comes to DKK -172 million against the year-earlier level of DKK 76 million. After allowing for DKK 29 million in non-recurring items and DKK 164 million in impairment of assets, the amount in operating profit/loss stands at DKK 21 million. The year-earlier level reflected DKK 66 million in positive effect of the sale of the Group domicile as well as the negative effect of DKK 15 million in non-recurring items. After allowing for these items, the accumulated operating profit/loss for 2006 came to DKK 25 million, which is on a par with the accumulated amount for 2007.
- **The consolidated profit/loss (EAT)** for Q3 2007 came to DKK -31 million against the year-earlier level of DKK 45 million. Accumulated for 2007 the consolidated profit/loss comes to DKK -517 million against DKK 70 million in the same period last year.
- The total **value of operations in North America is unchanged** as at 30 September 2007. Positive developments and improvement in operations (sales prices, energy and cost level) compensate for the further deterioration of the CAD/USD cross rate.
- **Equity** declined from the opening level of DKK 544 million to DKK 218 million as at 30 September 2007.
- **The forecast** revenue and operating profit/loss before impairments in 2007 are unchanged. Due to increased financials and tax, the Group is making a downward adjustment of DKK 20 million of its forecast for profit/loss after tax (EAT) for the year for continuing operations to the level of between DKK -260 million and DKK -270 million. The profit/loss from discontinuing operations in South America reduces the total amount forecast in consolidated profit/loss (EAT) to the level of between DKK -500 million and DKK -510 million.
- Management believes that the **capital resources** of the Group are sufficient for the ongoing financing of present and planned operations.
- However, because of the present high gearing of the Group, major investments and further developments of the Group require the provision of additional capital. Against that background the Board of Directors decided at its meeting today, 23 November 2007, to **investigate the possibilities for obtaining additional capital**. The Board of Directors decided to retain Danske Markets (a division of Danske Bank A/S) and Nordea Corporate Finance as financial advisors for that purpose.
- An important element in the turnaround of Hartmann is the adjustment of the organisation to match the Group's current financial situation and the wish to focus on the Group's core activities. **The reduction of fixed costs** will amount to approx. DKK 40 million per year and

will involve measures such as the dismissal of approx. 50 employees at head office, at the Tønder plant and in the sales organisation. The full effect of these savings will occur in 2009.

- Furthermore, production capacity at the plant in Tønder will be reduced as a consequence of the ongoing trimming of the product portfolio and the transfer of part of the capacity at Tønder to Hungary. The reduction is expected to involve the dismissal of approx. 75 production workers, but the final number of dismissals will be negotiated locally.

Financial key figures and ratios

	Q3 2007	Q3 2006	Acc. 2007	Acc. 2006	2006
Income statement (DKKm)					
Revenue	356	347	1.070	1.077	1.475
Operating profit/(loss) before depreciation (EBITDA)	21	119	65	155	162
Operating profit/(loss) (EBIT) excl. impairment	(1)	69	(8)	76	62
Operating profit/(loss) (EBIT)	(1)	69	(172)	76	62
Net financial income and expenses	(13)	(9)	(40)	(14)	(20)
Profit/(loss) before tax (EBT)	(14)	60	(211)	62	42
Profit/(loss) for the period from continuing operations	(31)	55	(272)	56	38
Profit/(loss) for the period from discontinued operations	-	(10)	(245)	14	(115)
Profit/(loss) for the period (EAT)	(31)	45	(517)	70	(77)
Statement of cash flows (DKKm)					
Cash flow from operating activities	16	(7)	11	7	39
Cash flow from investing activities	(33)	75	(121)	37	11
Cash flow from financing activities	125	(35)	104	(69)	(70)
Cash flow from continuing operations	109	33	(6)	(26)	(20)
Cash flow from discontinued operations	2	(24)	(48)	15	(3)
Cash flow in total	111	9	(54)	(10)	(22)
Balance sheet (DKKm)					
Assets			1.202	1.687	1.438
Equity			218	687	544
Net interest-bearing debt, excl. South America			602	353	333
<i>Net interest-bearing debt, incl. South America</i>			602	434	431
Net working capital (NWC)			118	172	144
Invested capital (IC)			818	1.008	979
Financial ratios in %					
Operating margin (EBITDA)			6,1	14,3	11,0
EBIT margin			(16,0)	7,0	4,2
Effective tax rate			(28,8)	9,4	8,8
Return on invested capital (ROIC)			(25,5)	10,0	6,2
Gearing excl. net interest-bearing debt in South America			276,7	51,4	61,2
<i>Gearing incl. net interest-bearing debt in South America</i>			276,7	63,2	79,2
Return on equity			(181,0)	14,0	(12,9)
Solvency ratio			18,1	40,7	37,9
Share-related key figures					
Number of shares (less treasury shares)			3.407.545	3.407.545	3.407.545
Earnings per share (EPS) (DKK)			(151,8)	19,9	(18,3)
Cash flow per share (DKK)			3,1	2,1	11,6
Book value per share			64	202	160
Listed price per share at year-end (DKK)			155	250	227
Listed price/book value			2,4	1,2	1,4

Developments in Group operations in Q3 2007

The accumulated profit/loss for the year reflects the ongoing turnaround efforts that were among the contributing factors to the occurrence in the first half of the year of non-recurring cost items and impairment of the assets in Asia and North America. The normalised consolidated third-quarter profit/loss is unchanged from the year-earlier level.

Amounts in DKKm				
	Q3 2007	Q3 2006	Acc. 2007	Acc. 2006
Operating profit/(loss) (EBIT)	(1)	69	(172)	76
Impairment of fixed assets Asia	-	-	49	-
Impairment of fixed assets North America	-	-	115	-
Non-recurring items, restructuring organisation	10	8	29	15
Non-recurring income, sales of head office	-	(66)	-	(66)
Operating profit/(loss) (EBIT) normalised	9	11	21	25
By divisions:				
Egg Packaging Europe	17	18	47	69
Egg Packaging North America	(5)	(11)	(20)	(34)
Industrial Packaging	9	4	22	5
Other	(11)	-	(27)	(15)
Operating profit/(loss) (EBIT) normalised	9	11	21	25

Developments in earnings

The Group posted DKK 356 million in third-quarter revenue, up from DKK 347 million last year and on a par with expectations.

The operating profit/loss (EBIT) for Q3 2007 came to DKK -1 million against DKK 69 million in the same period last year. However the year-earlier level reflected the positive effect of DKK 66 million from the sale of the Group domicile in Lyngby.

The amount in interest income and expense for Q3 2007 stood at DKK -13 million against DKK -9 million in the same period last year.

The profit/loss (EAT) on discontinued operations for Q3 2007 came to DKK 0 million against the year-earlier level of DKK -10 million.

The consolidated profit/loss (EAT) for Q3 2007 came to DKK -31 million, down from DKK 45 million last year.

Turnaround: 'Forward to basics'

In response to several years of declining earnings, Hartmann has launched a turnaround process, 'Forward to basics', which is expected to last for the period 2007-2008.

The purpose of the process is to strengthen the Group's core business within egg and industrial packaging in Europe, wind up loss-making operations in Asia and continue efforts to improve profitability in North America.

A large proportion of the loss-making operations has already been wound up or is in the process of winding-up, and Group focus is now on a restoration of earnings in the remaining and healthy parts of its business.

The following turnaround initiatives were rolled out in Q3 2007:

- Several production initiatives, including a trimming of the product portfolio and the announcement of price increases in 2008, will contribute to improved efficiency and increased productivity.
- As announced in the report for Q2 2007, Hartmann has decided to exit Asia and, as a result, has initiated a controlled winding-up of its two production plants in the region. This resulted in approx. DKK 7 million in closing-down costs as at 30 September 2007, see p. 7.
- An extensive reduction of the Group's fixed costs in the range of DKK 40 million per year. In the outlook for FY 2007, a total of DKK 10 million for this cost-adjustment process has been factored in, see below.

Reduction of fixed costs

The Group's contribution ratio has generally been dwindling for the past couple of years without an adjustment of fixed costs. As an important step in Hartmann's turnaround, Management is compelled to adapt the Group's organisation to its financial situation and to the wish to focus on its core operations.

- The reduction will involve measures such as the dismissal of approx. 50 employees at head office, the Tønder plant and in the sales organisation.
- The service functions at corporate head office will be reduced so as to match assignments and staffing to the current scope of Hartmann's operations.
- The European sales organisation will be adapted to the new trading patterns, involving increased efficiency in regional sales offices and support functions.

The above measures will bring down the level of consolidated fixed costs by approx. DKK 40 million per year in FY 2008 and 2009.

The dismissals made in connection with the above adjustment process involve non-recurring severance payments with a total earnings impact of approx. DKK 10 million in 2007.

Capacity adjustment at the Tønder plant

Staffing of production at the Tønder plant will be reduced as a result of the ongoing trimming of the product portfolio and the transfer to Hungary of part of the capacity at the Tønder plant.

The reduction is forecast to involve the dismissal of approx. 75 production workers, but the final number will be negotiated locally.

Management structure

In connection with the ongoing turnaround the Board of Directors has decided to strengthen the Group management by the promotion of Group Finance Director Tom Wrensted to Chief Financial Officer (CFO). Tom Wrensted will also join the Executive Board, and the members of the Executive Board are now CEO Peter A. Poulsen and CFO Tom Wrensted. For more information, see the subsequent stock exchange release.

The Board of Directors has also decided to transfer the work of the Accounts and Audit Committee to the Board in plenary.

Abandoning the system of multiple share classes

As announced earlier (stock exchange release no. 14/2007), the Hartmann Foundation has applied for permission from the Danish Civil Affairs Authority ("Civilstyrelsen") to change the Foundation's Charter so as to enable the Foundation to vote in favour of a proposal to abandon the current system of multiple share classes at a future Annual General Meeting of Brødrene Hartmann A/S on the previously announced conditions. The abandonment of the multiple share classes system will reduce the Foundation's voting power in the Group from 58.1% to 12.2%, which corresponds to its stake in the company. The Group believes that this amendment of its Articles of Association is of major importance in relation to its possibilities of carrying out a possible capital increase as described on p. 10.

The Hartmann Foundation has not yet received a reply from Civilstyrelsen.

Egg Packaging Europe

Revenue growth, but a minor profit decline owing to restructuring measures.

Revenue in Q3 2007 totalled DKK 253 million, up DKK 5 million (1.7%) from the year-earlier level of DKK 248 million.

The drivers of revenue growth are a different product mix in sales and higher sales prices, and these two factors more than make up for a planned reduction in sales volume caused by a necessary trimming of the product programme, primarily in Russia, Poland and Italy.

The amount in accumulated revenue for 2007 stands at DKK 757 million, up DKK 4 million from the year-earlier level of DKK 753 million.

Operating profit/loss in Q3 2007 totalled DKK 17 million, down DKK 1 million from the year-earlier level of DKK 18 million. Accumulated for 2007, the amount in operating profit/loss comes to DKK 48 million, down DKK 21 million from the year-earlier level of DKK 69 million.

The profit decline was contributed primarily by temporary costs in relation to the trimming of the product portfolio. Moreover, price increases for paper resulted in additional costs in the range of DKK 10-12 million, corresponding to an increase of approx. 20 % from 2006.

Egg Packaging North America

Egg Packaging North America has rolled out a number of automation initiatives. The unfavourable developments in exchange rates continue.

The Group's production plant in Canada has now completed the implementation of a comprehensive set of automation initiatives relating to its production processes. During implementation productivity at the plant was reduced, resulting in

limited developments in production and revenue in Canada in 2007.

The efforts to automate the production plant enabled Hartmann North America to reduce the number of jobs at the production plant by approx. 25.

Revenue in Q3 2007 came to DKK 37 million, up DKK 2 million from the year-earlier level of DKK 35 million. Accumulated for 2007, the amount in revenue comes to DKK 109 million, down DKK 8 million from the year-earlier level of DKK 117 million.

The operating profit/loss (EBIT) for Q3 2007 stood at DKK -5 million, reflecting a major improvement from the year-earlier level of DKK -11 million. Accumulated for 2007, the amount in operating profit/loss (EBIT) less impairment comes to DKK -22 million, up DKK 12 million from the year-earlier level of DKK -34 million. The amounts in EBIT for Q3 2007 and accumulated for 2007 reflect the positive effect of DKK 3 million in reduced depreciation compared to the year-earlier level. The reduction in depreciation was caused by the impairment made by Hartmann in connection with Q2 2007 of the value of the assets in North America in an amount of DKK 163 million as at 30 June 2007 (stock exchange release no. 11/2007).

Unfavourable developments in cross rate continue

As announced earlier, purchases of raw materials and other services for the Group's operations in North America are settled in Canadian dollar (CAD), whereas the majority of sales is in American dollar (USD). Accordingly, an increase in the cross rate CAD/USD involves a proportional reduction in income, resulting in a marked negative effect on the Group's earnings potential.

Because of the extremely unfavourable exchange rate developments, combined with the reduction of the original forecast relating to production targets, Hartmann wrote down the value of the North American assets in connection with the report for Q2 2007 in an amount of DKK 163 million as at 30 June 2007 (stock exchange release no. 11/2007).

However, the unfavourable developments in the cross rate CAD/USD have continued. When Hartmann first entered the North American market in 2002, the cross rate was listed at 0.62. When the report for Q2 2007 was released in August 2007, the cross rate was 0.94, and at the balance sheet date (30 September 2007) it had risen to 1.00.

Hartmann has made the required impairment test as at the balance sheet date. The total value of the operations in North America remains unchanged as at 30 September 2007. A positive development and improvement in operations (sales prices, energy and cost level) have thus compensated for the further deterioration of the CAD/USD cross rate.

See p. 12 for more information on Hartmann's foreign exchange risks and the forward cover thereof.

Industrial Packaging

Developments in Industrial Packaging reflect the positive effect of many restructuring measures taken in the course of the year.

The trimming of the portfolio of industrial customers and products initiated in 1H 2007 continued in Q3. The Group also rolled out further efficiency measures in the organisation of its Industrial Packaging operations, among them a reduction of the European sales organisation and the closing-down of the production plants in Asia, which has now been initiated (see below).

The purpose of these measures of change is to raise the efficiency of operations and focus on the European part of the Group's business. The Group finds that the effect of the many initiatives is now reflected in the development of its business.

Revenue in Q3 2007 came to DKK 53 million, up DKK 3 million from the year-earlier level of DKK 50 million. Accumulated for 2007, the amount in revenue comes to DKK 157 million, up DKK 8 million from the year-earlier level of DKK 148 million driven by growth in European sales.

The amount in operating profit/loss (EBIT) less impairment in Q3 2007 came to DKK 2 million, unchanged from the year-earlier level of DKK 2

million. Accumulated for 2007, the amount in operating profit/loss stands at DKK 10 million, up DKK 7 million from the year-earlier level of DKK 3 million.

The positive developments in operating profit were driven by a smaller and more focused product portfolio, higher production efficiency and a more profitable sales mix.

Not unexpectedly, the restructuring measures rolled out in Industrial Packaging had an adverse effect of DKK 7 million in Q3 2007 (accumulated for 2007 the amount is DKK 12 million) because of the decision to close down operations in Asia. Adjusted for these non-recurring items, the accumulated operating profit/loss of Industrial Packaging for 2007 stands at DKK 22 million, reflecting a considerable earnings increase for Industrial Packaging after adjusting for non-recurring items.

However the future sales possibilities for Industrial Packaging must expect to be met with increased competition from alternative packaging solutions.

Closing down the production plants in Asia

As announced earlier, Hartmann wishes to concentrate its business within industrial packaging in Europe from both a geographical and an organisational point of view (stock exchange release no. 11/2007).

Accordingly, Hartmann will be winding up its operations in Asia consisting of a production plant in Malaysia and a test plant in China. It is the opinion of Management that the most favourable solution for Hartmann overall will be to close down both plants, and the process was initiated in Q3 2007.

The total estimated loss in connection with the winding-up is unchanged in the range of DKK 81 million (including DKK 49 million in impairment at 30 June 2007 and DKK 7 million in closing-down costs at 30 September 2007). The effect on 2007 will be a reduction in the operating profit/loss of Industrial Packaging of approx. DKK 60 million and a negative effect on equity of the same order of magnitude. No major cash flow effect is anticipated for 2007.

The winding-up of the operations in Asia is expected to be finalised in the first half of 2008 with a likely negative earnings effect of DKK 21 million in 2008 of which DKK 15 million relates to accumulated foreign exchange losses (stated at 30 September 2007) for reclassification to the income statement in connection with the final closure. The reclassification relates exclusively to the income statement and does not affect equity.

The winding-up is still expected to have a negative effect of DKK 67 million on Group equity and a negative cash flow effect of DKK 22 million.

Cash flows and capital resources

Cash flows from operating and investing activities for the continuing operations came to DKK -16 million in Q3 2007 against DKK 68 million in the same period last year mainly as a result of the sale of the Group domicile in Q3 2006. Accumulated cash flows in 2007 from operating and investing activities come to DKK -110 million against DKK 44 million in the same period last year.

Cash flows from operating activities

Cash flows from operating activities in Q3 2007 totalled DKK 16 million against the year-earlier level of DKK -7 million.

The accumulated cash flows from operating activities for 2007 come to DKK 11 million compared to DKK 7 million in the same period last year, up DKK 4 million driven by positive developments in working capital primarily as a result of lower inventory levels.

Cash flows from investing activities

Cash flows from investing activities in Q3 2007 totalled DKK -33 million, a decline of DKK 108 million from the year-earlier level of DKK 75 million primarily as a result of the sale of the Group domicile in Q3 2006, which alone contributed DKK 111 million in liquidity. Adjusted for this contribution, the figure for Q3 2007 reflects a decline of DKK 3 million.

The accumulated cash flows from investing activities for 2007 come to DKK 121 million compared to DKK 37 million in the same period last year. Adjusted for the above DKK 111 million, cash flows from investing activities reflect an increase of DKK 46 million due mainly to the expansion of the production plant in Hungary.

Cash flows from financing activities

Cash flows from financing activities in Q3 2007 totalled DKK 125 million against the year-earlier level of DKK -35 million. The accumulated cash flows from financing activities for 2007 come to DKK 104 million against DKK -69 million in the same period in 2006, the variance reflecting the receipt of an amount of DKK 50 million in subordinate loan capital from the Hartmann

Foundation and the granting of a short-term bank loan of DKK 80 million.

Cash flows from discontinued operations

Cash flows from discontinued operations in Q3 2007 totalled DKK 2 million against DKK -24 million in the same period last year. The accumulated cash flows from discontinued operations for 2007 come to DKK -48 million against DKK 15 million last year.

Capital resources

The Group had a total of DKK 602 million in net interest-bearing debt as at 30 September 2007, up from DKK 431 million as at 31 December 2006 (including debt in South America) mainly as a result of an increased investment level (primarily at the plant in Hungary) and the effect of the divestment of the operations in South America.

In connection with the divestment of the operations in South America, the parent company raised loans in Danish banks to repay the bank debt of Hartmann South America.

The Group's financial gearing increased from 79 % (including debt in South America) at 31 December 2006 to 277 % at 30 September 2007 mainly as a reflection of a significant increase in net interest-bearing debt combined with the decline in equity caused by the impairment of the assets in North America and Asia totalling DKK 212 million as at 30 June 2007.

The Group's unutilised bank credit lines amounted to DKK 141 million as at 30 September 2007 (DKK 194 million as at 31 December 2006). Cash and cash equivalents came to DKK 41 million as at 30 September 2007 against DKK 69 million as at 31 December 2006, resulting in a total amount in cash

resources available to the Group of DKK 182 million as at 30 September 2007 against DKK 263 million as at 31 December 2006.

It is the opinion of Management that the Group has sufficient capital resources to cover the ongoing financing of current and planned operations.

However, because of the present high gearing of the Group, major investments or further developments of the Group will require the procurement of additional capital. Accordingly, at its meeting today, 23 November 2007, the Board of Directors decided to investigate the possibilities of obtaining additional capital for the company. In that connection the

Board decided to retain Danske Markets (Division of Danske Bank A/S) and Nordea Corporate Finance as financial advisors.

Movements in equity

Equity (including minorities) came to DKK 218 million as at 30 September 2007, reflecting a decline of DKK 326 million from 31 December 2006 (DKK 544 million), primarily as a result of the impairment of the assets in North America and Asia and the effect of the sale of the Group's operations in South America.

Outlook for 2007

The outlook for the Group's operations in 2007 is upheld, but the forecast amount in profit/loss after tax is adjusted downwards due to an increase in financials and tax. Owing to the continued unfavourable development in the CAD/USD cross rate in Q4 2007, there is a growing risk of a later impairment relating to operations in North America.

Amounts in DKKm	Outlook announced in Interim report no.2 2007	Revised outlook as at 23 November 2007
Revenue	1.480	1.480
Continuing operations:		
Operating profit/(loss) (EBIT) before impairment of assets	0 to 10	0 to 10
Operating profit/(loss) (EBIT)	(155) to (165)	(155) to (165)
Profit/(loss) for the year (EAT) before impairment of assets	(30) to (40)	(50) to (60)
Profit/(loss) for the year (EAT)	(240) to (250)	(260) to (270)
Discontinued operations:		
Reclassification of foreign exchange loss in South America (without equity effect)	(192)	(192)
Effect of divestment in South America (including expected operating loss until completion of sale)	(53)	(53)
Land sold	-	5
Profit/(loss) for the year (EAT)	(245)	(240)
Total for the Group		
Profit/(loss) for the year (EAT)	(485) to (495)	(500) to (510)

Revenue

Hartmann maintains the amount in consolidated revenue forecast for 2007 in the range of DKK 1,480 million.

Operating profit/loss (EBIT)

In the report for Q2 2007, the Group announced expectations of an operating profit/loss (EBIT) before impairment of DKK 0-10 million. These expectations are unchanged.

As announced previously, the Group expects an operating profit/loss (EBIT) for 2007 in the range of DKK -155 million to DKK -165 million.

In Q4 2007 additional structural measures have been taken to strengthen the Group's long-term earnings capacity, including an extensive reduction

of fixed costs. Approx. DKK 10 million has been expensed in Q4 2007 for that purpose. These costs are factored into the forecast for the full year.

Profit/loss for the year (EAT)

Due to increased financials and tax the Group is making a downward adjustment of DKK 20 million of the amount forecast in profit/loss for the year after tax (EAT) for continuing operations, to between DKK -260 million and DKK -270 million.

As announced earlier, Brødrene Hartmann A/S has sold its operations in South America to the Lactosan Sanovo Holding A/S Group (stock exchange release no. 8/2007). Moreover, in October 2007 Hartmann sold the piece of land in Brazil that was not part of the above transaction to the Lactosan Sanovo Holding A/S Group without

any guarantees and warranties on the part of Brødrene Hartmann A/S.

The sale of the land brings Hartmann an overall positive effect from discontinued operations of approx. DKK 5 million.

The Lactosan Sanovo Holding A/S Group has announced its intention to raise claims for compensation of up to DKK 50 million against Brødrene Hartmann A/S in relation to the sale of the South American operations to the Lactosan Sanovo Holding A/S Group. The claim has not yet been documented, and no arbitration claim has as yet been filed. It is the opinion of Brødrene Hartmann A/S' lawyers that the claims for compensation are unfounded and so the Group has not made any provisions relating thereto.

The profit/loss of discontinuing operations in South America reduces the amount forecast in profit/loss after tax (EAT) for the Group to between DKK - 500 million and DKK-510 million.

Risks

Foreign exchange risks

Hartmann's foreign exchange exposure is caused partly by the absence of a balance between foreign currencies of the Group's income and outgoings, partly by the denomination in foreign currency of part of the Group's net assets.

The operating profit/loss is exposed in relation to the American dollar (USD), the euro (EUR), the Polish zloty (PLN), the Hungarian forint (HUF) and the pound sterling (GBP). In the autumn of 2007 forward cover was arranged for the most important currencies for the full year 2008.

In the consolidated financial statements and its communications to the market, Management has consistently emphasised the special and significant risk related to the investment in North America in case it proves impossible to provide a basis for satisfactory earnings rated to the size of the investment (see e.g. Risk Management on p. 17 of the Annual Report 2006). The risks remain significant.

The total value of the operations in North America is maintained as at 30 September 2007. Hartmann has made the required impairment test as at the balance sheet date. Positive developments and improvements in operations (sales prices, energy and cost level) thus compensate for the further deterioration of the CAD/USD cross rate.

In the event that the negative development in the CAD/USD cross rate continues in the remaining part of 2007, the risk of a potential additional impairment of the assets in North America increases.

Management will continue its close monitoring of developments at the production plant in Canada to consider on an ongoing basis the relationship between the risks and the long-term strategic perspectives of the Group.

Cover of foreign exchange risks

It is Group policy to contain the effect of exchange rate fluctuations on its results and financial position. Cover is arranged of the amount in expected sales in USD by means of financial derivatives, primarily in the form of forward cover contracts and currency options or combinations thereof, typically with a term of up to 12 months. In the medium term the effect of exchange rate fluctuations may merely be postponed at best. Exchange rate developments thus remain a significant risk.

Cover is arranged of the foreign exchange risk relating to investments in foreign subsidiaries in so far as it is deemed appropriate. Cover is arranged primarily by means of the raising of currency loans. The net exposure relating to the investment in Canada totalling DKK 140 million as at 30 September 2007 has been covered by loans in CAD. Because of the impairment of the operations in North America (11/2007), the currency loans arranged in CAD as at 30 September 2007 are higher than the total net exposure of DKK 140 million. After the expiry of Q3 2007 this situation was resolved by a conversion of part of the loan into DKK.

Operational risks

Recycled paper and energy (electricity and gas) constitute the most important raw materials in Hartmann's production. Accordingly, fluctuations in

prices of paper and energy have a major impact on developments in the Group's results.

Whenever possible, Hartmann signs fixed-price contracts for paper and energy. In some countries, national legislation does not allow the signing of fixed-price contracts with energy suppliers.

The fixed-price contracts ensure stable prices during the term of the contract, but they do not reduce the effect of price increases in the long term. Whenever possible, the Group tries to obtain compensation for the price increases in sales prices.

Statement by Board of Directors and Executive Board

The Board of Directors and the Executive Board today discussed and approved the Interim Report for the period 1 January – 30 September 2007 of Brødrene Hartmann A/S.

The Interim Report, which is unaudited and has not been reviewed by the Group's auditor, has been prepared in accordance with the EU-approved IFRS provisions on recognition and measurement and other Danish reporting requirements for the presentation of interim reports by listed companies.

The Interim Report was presented under the same accounting policies as the Annual Report 2006.

We consider the accounting policies applied to be appropriate. In our opinion, the Interim Report gives a true and fair view of the Group's assets and liabilities and financial position at 30 September 2007 and of the results of the Group's operations and cash flows in the period 1 January – 30 September 2007.

Kgs. Lyngby, 23 November 2007

Executive Board:

Peter Arndrup Poulsen
CEO

Board of Directors:

Erik Højsholt
Chairman

Walther V. Paulsen
Vice Chairman

Ove Brandt

Niels Hermansen

Michael S. Nielsen

Tom Nielsen

Peter-Ulrik Plesner

Income statement

Amounts in DKKm

	Q3 2007	Q3 2006	Acc. 2007	Acc. 2006	2006
Revenue	356,2	347,3	1.069,5	1.077,0	1.474,7
Production costs	(265,4)	(257,4)	(805,6)	(796,2)	(1.104,1)
Gross profit	90,8	89,9	263,9	280,8	370,6
Sales and distribution costs	(63,3)	(70,4)	(200,0)	(209,6)	(284,1)
Administrative expenses *	(28,9)	(17,1)	(73,9)	(61,9)	(91,0)
Other operating income	0,8	66,1	2,4	66,6	66,7
Operating profit/(loss) (EBIT) before impairment	(0,6)	68,5	(7,6)	75,9	62,2
Impairment of fixed assets **	-	-	(164,0)	-	-
Operating profit/(loss) (EBIT)	(0,6)	68,5	(171,6)	75,9	62,2
Operating profit after tax in associates	-	0,1	-	0,1	0,2
Other financial income	0,4	2,7	1,6	13,7	6,2
Other financial expenses	(13,7)	(11,7)	(41,4)	(27,9)	(26,5)
Profit/(loss) before tax (EBT) from continuing operations	(13,9)	59,6	(211,4)	61,8	42,1
Tax on the profit for the period from continuing operations	(17,3)	(5,1)	(60,8)	(5,8)	(3,7)
Profit/(loss) for the period from continuing operations	(31,2)	54,5	(272,2)	56,0	38,4
Profit/(loss) for the period from discontinued operations ***	-	(9,5)	(244,9)	13,8	(115,4)
Net profit/(loss) for the period (EAT)	(31,2)	45,0	(517,1)	69,8	(77,0)

* The amount in administration expenses in 3. Quarter 2007 was adversely affected by approx. DKK 10 million in non-recurring items of which DKK 7 million is attributable to Industrial Packaging and DKK 3 million being attributable to other business areas. Accumulated for 2007 the adverse effect on expenses totalled DKK 29 million which, in addition to the DKK 3 million mentioned above, consists of DKK 12 million in reorganisation expenses for Industrial Packaging and DKK 14 million in Research & Development and other business areas. The amount in administration expenses in 3. Quarter 2006 was adversely affected by DKK 15 million in non-recurring items which is attributable to severance arrangement and recruitment.

** In 2. Quarter 2007 the impairment of assets totalled DKK 164 million of which DKK 49 million related to Industrial Packaging in Asia and DKK 115 million related to Egg Packaging in North America.

*** Note on the profit for discontinued operations for the period:

- EBIT in 2006 includes insurance compensation relating to the fire in Argentina of DKK 35 million.
- The profit/(loss) for year 2007 is negatively affected of DKK 192 million in accumulated foreign exchange translation losses and effect of sales of DKK 53 million.

Amounts in DKKm

	Q3 2007	Q3 2006	Acc. 2007	Acc. 2006	2006
South America					
Revenue	-	37,6	92,0	118,4	162,9
EBIT	-	(2,6)	(0,3)	36,4	28,1
Profit/(loss) for the period from discontinued operations	-	(9,5)	(245,7)	13,8	(115,4)

Statement of cash flows

Amounts in DKKm

	Q3 2007	Q3 2006	Acc. 2007	Acc. 2006	2006
Profit/(loss) for the period from continuing operations	(31,2)	54,5	(272,2)	56,0	38,4
Adjustments	50,7	(25,1)	328,4	31,9	57,8
Changes in working capital	12,2	(21,0)	(5,4)	(44,7)	(6,0)
Cash flows from operating activities before interest income and expense and similar items	31,7	8,4	50,8	43,2	90,2
Financial income	0,4	6,9	1,6	7,2	2,0
Financial expenses	(10,3)	(14,7)	(24,4)	(21,4)	(26,5)
Cash flows from ordinary activities	21,8	0,6	28,1	29,0	65,7
Net income tax paid	(5,4)	(7,5)	(17,4)	(21,9)	(26,3)
Cash flows from operating activities	16,4	(6,9)	10,7	7,1	39,4
Acquisition of property, plant and equipment	(32,5)	(35,9)	(120,7)	(74,5)	(103,7)
Disposal of property, plant and equipment	-	111	0,2	111	114,7
Dividend received from associates	-	-	-	-	0,1
Cash flows from investing activities	(32,5)	75,1	(120,5)	36,5	11,1
Cash flows from operating and investing activities	(16,1)	68,2	(109,9)	43,6	50,5
Repayment of non-current loans	(4,8)	(33,6)	(25,8)	(58,3)	(59,4)
Dividend paid	-	-	-	(8,5)	(8,5)
Acquisition of treasury shares	-	(1,6)	-	(4,7)	(6,7)
Drawdown bank debt	80,0	-	80,0	-	-
Subordinated loan	50,0	-	50,0	-	-
Share options exercised	-	-	-	2,3	4,3
Cash flows from financing activities	125,2	(35,2)	104,2	(69,2)	(70,3)
Cash flows from continuing operations	109,1	33,0	(5,7)	(25,6)	(19,8)
Cash flows from discontinued operations	1,8	(23,8)	(48,3)	15,3	(2,5)
Total cash flows	110,9	9,2	(54,0)	(10,3)	(22,3)
Cash and cash equivalents at 1 January	(219,8)	(56,5)	(54,5)	(36,4)	(36,4)
Foreign exchange translation differences	(0,1)	0,2	(0,5)	(0,4)	4,2
Cash and cash equivalents at 30 September	(109,0)	(47,1)	(109,0)	(47,1)	(54,5)
Recognition of cash and cash equivalents at 30 September:					
Cash	41,2	175,8	41,2	175,8	69,1
Cash included in assets held for sale	-	1,5	-	1,5	1,9
Banks, included in liabilities relating to assets held for sale	-	(82,6)	-	(82,6)	(100,2)
Banks (current liabilities)	(150,2)	(141,8)	(150,2)	(141,8)	(25,3)
Total cash and bank debt	(109,0)	(47,1)	(109,0)	(47,1)	(54,5)

Business segments

Amounts in DKKm

	Q3 2007	Q3 2006	Diff.	Acc. 2007	Acc. 2006	Diff.	2006
Revenue							
Egg Packaging Europe	253	248	5	757	753	4	1.037
Egg Packaging North America	37	35	2	109	117	(8)	153
Industrial Packaging	53	50	3	157	148	8	203
Other	13	14	(1)	46	59	(13)	82
Total	356	347	10	1.070	1.077	(8)	1.475
Operating profit/(loss) (EBIT)							
Egg Packaging Europe	17	18	(1)	48	69	(21)	78
Egg Packaging North America	(5)	(11)	6	(22)	(34)	13	(46)
Egg Packaging North America incl. impairment	(5)	(11)	6	(137)	(33)	(104)	(46)
Industrial Packaging	2	2	(1)	10	3	6	9
Industrial Packaging incl. impairment	2	2	(1)	(40)	3	(43)	9
Other	(14)	60	(74)	(43)	38	(81)	21
Total	(1)	69	(70)	(172)	77	(248)	62

Movements in equity

Amounts in DKKm

	Sept. 30, 2007	Sept. 30, 2006	Dec. 31, 2006
Share in opening equity to the shareholders of Brødrene Hartmann A/S	540,5	631,1	631,1
Net profit/(loss) for the period	(515,5)	67,7	(62,7)
Revaluation of hedging instruments	8,8	4,5	7,1
Share options granted	0,3	-	-
Share options exercised	-	4,3	4,3
Acquisition of treasury shares	-	(6,7)	(6,7)
Dividend paid	-	(8,5)	(8,5)
Reversal of exchange translation differences related to South America	191,4	-	-
Reversal of exchange translation differences related to equity-like loans	7,8	-	-
Foreign exchange translation differences, foreign subsidiaries	(20,0)	(19,1)	(14,7)
Tax on equity movements	2,1	(3,7)	(9,4)
Share in equity to the shareholders of Brødrene Hartmann A/S at end of period	215,4	669,6	540,5
Minority interests at opening	3,8	15,2	15,2
Share of net profit/(loss) for the period	(1,6)	2,1	(15,4)
Foreign exchange translation differences, foreign subsidiaries	-	(0,2)	-
Share of capital increase	-	-	4,0
Minority interests end of period	2,2	17,1	3,8
Total equity	217,6	686,7	544,3

Balance sheet, assets

Amounts in DKKm	Sept. 30, 2007	Sept. 30, 2006	Dec. 31, 2006
<i>Non-current assets</i>			
<i>Intangible assets</i>			
Development projects	0,6	1,9	1,6
Goodwill	10,7	10,7	10,7
Total intangible assets	11,3	12,6	12,3
<i>Property, plant and equipment</i>			
Land and buildings	165,8	152,7	156,4
Technical plant and machinery	418,6	547,9	563,4
Other operating equipment and fixtures	15,6	24,5	24,8
Plant under construction	84,8	52,4	30,8
Total property, plant and equipment	684,8	777,5	775,4
<i>Other non-current assets</i>			
Investments in associates	3,6	3,9	4,0
Deferred tax asset	36,7	94,1	91,4
Total other non-current assets	40,3	98,0	95,4
Total non-current assets	736,4	888,1	883,1
<i>Current assets</i>			
Inventories	112,5	127,7	114,6
Trade receivables	239,4	246,7	258,8
Contract work in progress	-	1,2	-
Corporation tax receivables	6,8	5,6	5,3
Other receivables	40,3	35,9	29,1
Prepayment	24,9	23,4	17,2
Cash and cash equivalents	41,2	175,8	69,1
Assets classified as held for sale	-	182,9	60,8
Total current assets	465,1	799,2	554,9
Total assets	1.201,5	1.687,3	1.438,0

Balance sheet, liabilities

Amounts in DKKm

	Sept. 30, 2007	Sept. 30, 2006	Dec. 31, 2006
Equity			
Share capital	70,2	70,2	70,2
Retained earnings	145,2	599,4	470,3
Equity attributable to the shareholders of			
Brødrene Hartmann A/S	215,4	669,6	540,5
Minority interests	2,2	17,1	3,8
Total equity	217,6	686,7	544,3
Non-current liabilities			
Deferred tax	27,2	40,3	36,7
Pension obligations	18,2	16,6	18,4
Mortgages	3,4	4,7	4,0
Bank debt	330,3	363,5	343,7
Other debt	1,7	8,9	6,9
Government grants	10,5	10,7	10,6
Total non-current liabilities	391,3	444,7	420,3
Current liabilities			
Current portion of non-current liabilities	109,4	19,0	29,1
Bank debt	150,2	141,8	25,3
Subordinated loan	50,0	-	-
Prepayments from customers	6,1	0,6	0,4
Trade payables	105,6	111,5	139,7
Payables to associates	4,1	3,7	4,5
Corporation tax	2,4	2,6	2,3
Provisions	1,1	1,3	1,5
Other payables	163,7	129,7	111,3
Liabilities classified as assets held for sale	-	145,7	159,3
Total current liabilities	592,6	555,9	473,4
Total liabilities	983,9	1.000,6	893,7
Total equity and liabilities	1.201,5	1.687,3	1.438,0

Investor service

Anyone interested in subscribing to Hartmann's news service may sign up for the service on the Group's website. Subscribers also receive emails with communications from Hartmann to the share market.

Developments of the Hartmann share

The opening price listed for the Hartmann share in 2007 was 227, and in early November it had declined to 182. Trading in the share came to DKK 121 million in the first nine months of 2007 and involved 2,176 transactions, compared to DKK 340 million and 3,910 transactions in the same period last year.

Financial diary for 2008

Thursday, 13 March 2008:

Release of the consolidated financial statements for 2007

Friday, 14 March 2008:

Investor presentation on FY 2007

Tuesday, 22 April 2008:

Annual General Meeting

Thursday, 22 May 2008:

Report for Q1 2008

Thursday, 28 August 2008:

Report for Q2 2008

Friday, 29 August 2008:

Investor presentation on H1 2008

Wednesday, 19 November 2008:

Report for Q3 2008

Corporate Governance

The Group's Corporate Governance policy was explained in full in stock exchange release no. 4/2006 of 23 March 2006 and appears with a few additions in the Group's Annual Report 2006. The full text is also available on Hartmann's website at www.hartmann.dk

The Group's website, www.hartmann.dk, contains historical and topical information on Group operations, stock exchange releases, financial statements, investor presentations, etc.

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