Stock Exchange Release no. 10/2005

Kgs. Lyngby, 26 May 2005

The present announcement appears in both a Danish and an English version. In case of any discrepancies between the two versions, the Danish text shall prevail.

Report for the first quarter of 2005

A brief summary

- Revenues for 1Q 2005 totalled DKKm 429, which is on a par with the year-earlier level of DKKm 433.
- Operating profit for 1Q 2005 came to DKKm 18, up DKKm 23 from the year-earlier level of DKKm -5.
- North America posted a negative operating result of DKKm 18 for 1Q 2005, almost halving the loss posted in 1Q 2004 (DKKm -34).

  As announced on 25 April 2005, a new 3-year wage agreement has been signed with the blue-collar workers at the production facility in Canada. The outcome of the bargaining is deemed satisfactory – in addition to being crucial to the Group's efforts to achieve the necessary improvement in result, it is also a precondition for the fulfilment of the profit forecast for 2005.
- In the period in review, Hartmann sold its shareholdings in Celulosas Moldeadas Hartmann S.A., Spain and Duales System Deutschland AG, resulting in a total accounting gain of DKKm 23 and a positive effect on liquidity of DKKm 34. The accounting gain will not affect the amount in operating profit, but will be included in the net result for the period.
- Net profit for 1Q 2005 came to DKKm 30 against a deficit of DKKm 8 in the same period last year. The amount in net profit reflects the improvement in operating profit as well as the above sale of shareholdings.
- Due to seasonal fluctuations in working capital, cash flows from operating and investment activities in 1Q 2005 were negative in an amount of DKKm 2 against a negative amount of DKKm 30 in the same period last year.
- Hartmann maintains the outlook for 2005 announced in the Group's Annual Report 2004.

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President & CEO

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and adopted the Report for 1Q 2005 (1 January – 31 March 2005) of Brødrene Hartmann A/S.

The quarterly report, which is unaudited, has been prepared in accordance with the IFRS provisions on recognition and measurement, cf. the section on accounting policies, and Danish reporting requirements for the presentation of quarterly reports by listed companies.

We consider the accounting policies applied to be appropriate. In our opinion, the quarterly report gives a true and fair view of the Group's assets and liabilities and financial position at 31 March 2005 and the result of the Group's operations and cash flows in the period 1 January – 31 March 2005.

Kgs. Lyngby, 26 May 2005

Executive Board

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

Board of Directors

Bjarne Eriksen Chairman	Walther V. Paulsen Vice-Chairman	Stephen Horner
Peter-Ulrik Plesner	Preben Schou	Lars Rasmussen
Harry Nielsen	Svend Wind	Niels Chr. Petersen

Financial highlights and key figures

	1Q 2005	1Q 2004	FY 2004
Income statement (DKKm)			
Net revenues	429	433	1,642
Operating profit/loss before depreciation (EBITDA)	46	25	84
Operating profit/loss before goodwill amortisation (EBITA)	18	-4	-56
Operating profit/loss (EBIT)	18	-5	-118
Adjusted operating profit/loss (EBIT adjusted for restructuring and goodwill amortisation in 2004)	18	-5	-12
Gain on sale of other investments	23	-	-
Other interest income and expense and similar items, net	-8	-7	-29
Profit/loss before tax (EBT)	33	-12	-147
Profit/loss for the period (EAT)	30	-8	-123
Cash flows (DKKm)			
Cash flows from operating activities	-20	-12	74
Cash flows from investment activities	17	-18	-107
Cash flows from financing activities	-17	-9	55
Total cash flows	-19	-39	23
Balance (DKKm)			
Total assets	1,552	1,647	1,504
Total capital and reserves	618	709	593
Interest-bearing debt, net	500	489	491
Net working capital (NWC)	174	195	124
Invested capital (IC)	1,127	1,195	1,060
Key figures			
No. of shares (less treasury shares)	3,407,545	3,407,545	3,407,545
Operating margin, EBITDA, in %	10.7	5.8	5.1
Operating margin, EBITA, in %	4.1	-0.9	-3.4
Operating margin, EBIT, in %	4.1	-1.2	-7.2
Tax rate	8.0	36.9	16.8
Earnings per share (EPS) in DKK	8.9	-2.3	-35.9
Gearing	80.9	69.0	82.8
Book value per share in DKK (less minorities)	177	204	170
Listed price per share at end of period in DKK	145	118	120
Market value in DKKm	494	403	409
Listed price rated to book value	0.8	0.6	0.7

The key figures are stated in accordance with the recommendations from the Danish Society of Financial Analysts. For definitions of key figures, see the Group's Annual Report 2004.

Annex 1 Income statement
Annex 2 Statement of cash flows
Annex 3 Movements in capital and reserves
Annex 4 Balance sheet

Accounting policies

The quarterly report is presented in accordance with the provisions on recognition and measurement of the international financial reporting standards IFRS and and Danish reporting requirements for the presentation of quarterly reports by listed companies.

The accounting policies applied for the presentation of the quarterly report are identical to those applied for the presentation of the Group's Annual Report 2004, with the exception of the changes outlined below resulting from changes in the IFRS:

- Goodwill is no longer amortised. In accordance with the provisions of IFRS, the comparative figures have not been changed. The change will have a positive effect on the operating profit for 1Q 2005 of DKKm 0.4 (DKKm 1.5 for FY 2005).

- The share in operating profit to minorities for the period is no longer stated as a cost item in the income statement but is included in the distribution of profit. As a result, the amount stated in capital and reserves for Brødrene Hartmann A/S includes the value of minorities. The comparative figures have been changed accordingly.

Comments to the quarterly accounts

The Group posted total revenues of DKKm 429 for 1Q 2005, and this is on a par with the year-earlier level of DKKm 433.

Group operating profit for 1Q came to DKKm 18, reflecting an increase of DKKm 23 from the year-earlier level (DKKm -5). The amount in operating profit for 1Q 2005 was slightly above the level contained in the outlook for 2005 announced in the Annual Report 2004.

Net revenues and operating profit/loss by activity

Amounts in DKKm	1Q 2005	1Q 2004	Variation	FY 2004
Net revenues				
- Egg & Fruit Packaging Europe	248	248	0	940
- Egg & Fruit Packaging North America	32	37	-5	144
- Egg & Fruit Packaging South America	39	37	2	130
- Industrial Packaging	43	46	-3	191
- Skjern Papirfabrik A/S	31	32	-1	125
- Other	35	34	1	111
Total	**429**	**433**	**-4**	**1.642**
Operating profit/loss (EBIT)				
- Egg & Fruit Packaging Europe	32	30	2	94
- Egg & Fruit Packaging North America	-18	-34	16	-162
- Egg & Fruit Packaging South America	3	1	2	2
- Industrial Packaging	7	10	-3	38
- Skjern Papirfabrik A/S	1	1	0	6
- Other	-7	-14	7	-45
Total – before the restructuring in 2004	**18**	**-5**	**23**	**-68**
Restructuring (Focus plan)	-	-	-	-50
Operating profit/loss (EBIT) - after the restructuring in 2004	**18**	**-5**	**23**	**-118**
Adjusted operating profit/loss (EBIT less restructuring and North America)	35	29	6	94

The Group posted an operating profit adjusted for North America of DKKm 35 against DKKm 29 in the same period last year, reflecting an increase of DKKm 6.

As announced in stock exchange release no. 6 of 31 March 2005, Hartmann sold its shareholding of a nominal 18.4% in Celulosas Moldeadas Hartmann S.A., Spain, resulting in an accounting gain of DKKm 19. The Group also sold its shareholding in Duales System Deutschland AG in 1Q 2005, which resulted in an accounting gain of DKKm 4. The two sales had a total positive effect on liquidity in 1Q of DKKm 34.

Other interest income and expense and similar items for the Group in 1Q 2005 represented an expense item of DKKm 8, and this is on a par with the year-earlier level of DKKm -7.

Corporation tax on the profit for 1Q amounts to DKKm 3, reflecting a tax rate of approx. 8%. This represents a decline from the previous level exclusively as a result of the above-mentioned sale of shareholdings, which is not tax liable. Adjusted for the gain on this sale, the tax rate is unchanged from the year-earlier level.

Profit after tax for 1Q 2005 stood at DKKm 30 against a loss of DKKm 8 last year – an improvement of DKKm 38. Adjusted for the DKKm 23 gain on the above-mentioned sale of shareholdings, profit after tax for 1Q 2005 reflected an increase of approx. DKKm 15 from the level in 1Q 2004.

Egg & Fruit Packaging Europe

The division posted revenues of DKKm 248 for 1Q 2005, unchanged from the year-earlier level of DKKm 248. Operating profit for 1Q 2005 stood at DKKm 32, an increase of DKKm 2 from the year-earlier level of DKKm 30.

The implementation of the Focus Plan is on track. The plan alone will generate an annual improvement in profit (EBIT) of DKKm 20 in 2005, but in 1Q this effect was somewhat dampened by increases in energy costs.

Egg & Fruit Packaging North America

Revenues for 1Q 2005 came to DKKm 32 against DKKm 37 in 1Q 2004, the decline being attributable mainly to sales of cup holders for which production was discontinued when the old production plant was divested in July 2004.

Revenues were also adversely affected by the rate of exchange between USD/CAD, the rate of the USD being significantly lower in 1Q 2005 than in 1Q 2004. However, the effect of the decline in the crossrate was offset by price increases.

The division posted an operating result for 1Q on a par with expectations amounting to a loss of DKKm 18. The loss posted for 1Q 2005 reflects an improvement of DKKm 16 from the year-earlier level. Operating result for 1Q 2005 was unchanged from 4Q 2004 (less goodwill amortisation), but does reflect a negative exchange rate development and a minor adverse effect from the fire at the production plant (cf. the stock exchange release of 26 January 2005).

As announced in the stock exchange release of 25 April 2005, a new 3-year wage agreement has been signed with the blue-collar workers at the production facility in Canada. The bargaining outcome is deemed satisfactory and involves, among other things, a higher degree of flexibility among production staff and declining labour costs. The outcome of the bargaining is crucial to the Group's efforts to achieve the necessary improvement in result.

Therefore, the loss in 2005 in North America is still expected to be halved compared to 2004.

Egg & Fruit Packaging South America

The division posted revenues for 1Q 2005 of DKKm 39, up DKKm 2 from the year-earlier level of DKKm 37. Operating profit for 1Q 2005 came to DKKm 3 against DKKm 1 last year, an improvement of DKKm 2.

The increase in operating profit reflects a continuation of the turnaround process and is attributable mainly to improvements in production which have led to lower production costs.

Industrial Packaging

Revenues for 1Q 2005 totalled DKKm 43, down DKKm 3 from the year-earlier level of DKKm 46. The decline, which was not unexpected and was mentioned in the Annual Report 2004, was due primarily to an unusually high level of stockbuilding among customers in 4Q 2004 which acted as a damper on sales in early 2005.

Operating profit for 1Q 2005 came to DKKm 7, down DKKm 3 from the year-earlier level of DKKm 10 mainly as a result of the decline in sales.

Skjern Papirfabrik A/S

Revenues for 1Q 2005 came to DKKm 31, and this is on a par with the year-earlier level of DKKm 32. Operating profit for 1Q 2005 stood at DKKm 1, also unchanged from the year-earlier level of DKKm 1.

The sales efforts relating to Skjern Papirfabrik A/S continue, and as previously announced the sale will come through only if a satisfactory solution is found.

Other business areas (incl. consolidated costs)

Developments in other business areas and consolidated costs were as expected, reflecting an operating result for 1Q 2005 of DKKm -7 against DKKm -14 last year. The improvement can be seen mainly as a result of the closure of Food Packaging which posted a loss of DKKm 6 for 1Q 2004. The division was closed down as part of the Focus Plan in late 2004.

Cash flows and capital resources

Cash flows from operating activities totalled DKKm -20 for 1Q 2005 against DKKm -12 in the same period last year. Due to seasonal fluctuations the Group's working capital increased DKKm 50 in 1Q 2005 (DKKm 27 in 1Q 2004). The amount in working capital declined DKKm 21 from the level at 31 March 2004.

The increase in working capital in 1Q was expected and was attributable partly to an increase in trade debtors primarily caused by seasonal fluctuations, partly to a change in work in progress in Hartmann Technology. Also, due to the fire damage at the plant in Canada in January 2005 the Group has a major amount owing from the insurers, and prepaid costs in 1H are higher than in 2H.

Cash flows from investment activities in 1Q 2005 were positive in an amount of DKKm 17 compared to DKKm -18 in the same period last year. The DKKm 35 improvement was attributable to the above-mentioned sale of shareholdings, which had a positive effect on the Group's liquidity of DKKm 34. Adjusted for this sale, investments in 1Q 2005 were on a par with the year-earlier level, but considerably below the DKKm 28 in depreciation for the period in review.

Cash flows from operating and investment activities for 1Q 2005 totalled DKKm -2 against DKKm -30 in the same period last year.

The Group's capital resources are still considered satisfactory.

Movements in capital and reserves

Capital and reserves totalled DKKm 618 at 31 March 2005, up DKKm 25 from the level at 31 December 2004 (DKKm 593).

The increase in capital and reserves is attributable to the Group's net profit of DKKm 30 and DKKm 20 in positive exchange rate adjustments relating to subsidiaries. Capital and reserves were adversely affected in an amount of DKKm 23 in 1Q 2005 due to a reversal of revaluations of securities after the sale of two shareholdings in 1Q 2005.

The performance of the Hartmann share

The opening price listed for the Hartmann share in 2005 was 120, rising to 142 in mid-May 2005. In 1Q 2005, a total of 1,432 transactions were made representing a value of DKKm 88 against 916 transactions representing a value of DKKm 74 in the same period last year.

Outlook for 2005

Hartmann's outlook for 2005 is unchanged from the announcement made in the Group's Annual Report 2004 which included:

- Revenues of approx. DKKm 1,600 – 1,650
- An operating profit of approx. DKKm 50
- A profit after tax of approx. DKKm 25

Due to seasonal fluctuations, the Group expects a major decline in operating profit (EBIT) in 2Q and 3Q 2005 from the level achieved in 1Q 2005. This outlook is unchanged from the previously announced forecast for 2005.

Annex 1 - Income statement

Amounts in DKKm	1Q 2005	1Q 2004	FY 2004
Net revenues	429.0	432.9	1,641.9
Production costs	-312.8	-327.5	-1,242.9
Gross profit	**116.2**	**105.4**	**399.0**
Distribution and sales costs	-74.0	-81.8	-312.9
Administrative expenses	-24.7	-27.6	-93.1
Other operating income	0.2	0.3	1.0
Reorganisation	-	-	-50.0
Operating profit/loss before goodwill amortisation (EBITA)	**17.7**	**-3.7**	**-56.0**
Goodwill amortisation and impairment	-	-1.6	-62.3
Operating profit/loss (EBIT)	**17.7**	**-5.3**	**-118.3**
Profit/loss after tax in associates	0.0	-0.1	0.2
Gain on sale of securities	22.6	-	-
Other financial income	0.4	0.8	3.8
Financial expenses	-7.9	-7.6	-33.1
Profit/loss before tax (EBT)	**32.8**	**-12.2**	**-147.4**
Tax on profit/loss for the period	-2.6	4.5	24.7
Profit/loss for the period (EAT)	**30.2**	**-7.7**	**-122.7**

Annex 2 – Statement of cash flows

Amounts in DKKm	1Q 2005	1Q 2004	FY 2004
Profit/loss for the period (EAT)	30.2	-7.7	-122.7
Adjustments	12.2	34.4	217.6
Changes in working capital	-50.0	-26.9	32.5
Cash flows from operating activities before interest income and expense and similar items	**-7.6**	**-0.2**	**127.4**
Received in dividend from other investments	-	-	0.8
Interest income	0.1	0.8	3.0
Interest expense	-7.9	-7.6	-30.0
Cash flows from ordinary operating activities	**-15.4**	**-7.0**	**101.2**
Paid in corporation tax, net	-4.2	-4.5	-26.8
Cash flows from operating activities	**-19.6**	**-11.5**	**74.4**
Sale of other investments	33.7	-	-
Acquisition of tangible fixed assets, net	-16.4	-18.2	-106.1
Acquisition of intangible fixed assets	-	-	-0.8
Received in dividend from associates	-	-	0.2
Cash flows from investment activities	**17.3**	**-18.2**	**-106.7**
Cash flows from operating and investment activities	**-2.3**	**-29.7**	**-32.3**
Repayment of long-term debt	-16.7	-8.8	-25.9
Raising of long-term loans	-	-	80.7
Cash flows from financing activities	**-16.7**	**-8.8**	**54.8**
Total cash flows	**-19.0**	**-38.5**	**22.5**
Cash at bank and in hand and bank debt at 1 January 2005	-21.2	-42.9	-42.9
Foreign exchange adjustment	0.8	0.1	-0.8
Cash at bank and in hand and bank debt at end of period	**-39.4**	**-81.3**	**-21.2**

Annex 3 – Movements in capital and reserves

Amounts in DKKm	31 March 2005	31 March 2004	31 December 2004
Share in capital and reserves to the shareholders of Brødrene Hartmann A/S at start of period	**580**	**696**	**696**
Profit/loss for the period	30	-8	-122
Change in fair value of derivative financial instruments	-4	-6	-14
Reversal of revaluation relating to sale of other investments	-23	-	23
Foreign exchange adjustment etc.	21	13	-3
Share in capital and reserves to the shareholders of Brødrene Hartmann A/S at end of period	**604**	**695**	**580**
Minorities at start of period	**13**	**13**	**13**
Share in profit for the period	0	0	0
Foreign exchange adjustment	1	1	0
Minorities at end of period	**14**	**14**	**13**
Total capital and reserves	**618**	**709**	**593**

Annex 4 – Balance, assets

Amounts in DKKm	31 March 2005	31 March 2004	31 December 2004
Long-term assets			
Intangible assets			
Development projects	3.9	15.1	4.2
Goodwill	10.7	72.9	10.7
Total intangible assets	**14.6**	**88.0**	**14.9**
Tangible assets			
Land and buildings	245.1	256.6	243.5
Technical plant and machinery	624.3	654.1	627.3
Other operating assets	25.8	31.6	26.5
Plant under construction	38.7	14.3	29.5
Total tangible assets	**933.9**	**956.6**	**926.8**
Other long-term assets			
Investments in associates	3.8	3.7	3.8
Other investments	-	10.8	33.3
Deferred tax asset	64.4	48.0	55.5
Other long-term assets, total	**68.2**	**62.5**	**92.6**
Total long-term assets	**1,016.7**	**1,107.1**	**1,034.3**
Short-term assets			
Inventories	114.8	117.0	112.4
Trade receivables	276.8	281.2	263.1
Contract work in progress	7.3	4.9	0.0
Receivable in corporation tax	4.3	3.8	2.6
Other receivables	51.0	37.2	36.5
Prepayments	14.8	11.7	6.6
Cash at bank and in hand	66.1	83.6	48.5
Total short-term assets	**535.1**	**539.4**	**469.7**
Total assets	**1,551.8**	**1,646.5**	**1,504.0**

Annex 4 – Balance, liabilities

Amounts in DKKm	31 March 2005	31 March 2004	31 December 2004
Capital and reserves			
Share capital	70.2	70.2	70.2
Premium on issue	-	300.0	-
Profit brought forward	533.8	324.8	509.8
Share in capital and reserves to the shareholders of Brødrene Hartmann A/S	604.0	695.0	580.0
Minorities	13.5	13.7	12.8
Total capital and reserves	**617.5**	**708.7**	**592.8**
Long-term financial liabilities			
Deferred tax	38.4	66.4	39.4
Pension liabilities	17.4	16.3	17.4
Mortgages	57.5	28.9	58.7
Bank debt	377.8	362.1	378.7
Other debt	13.9	11.9	14.1
Government grants	12.7	15.5	13.3
Total long-term financial liabilities	**517.7**	**501.1**	**521.6**
Short-term financial liabilities			
Part of long-term financial liabilities accounted for by short-term financial liabilities	25.0	16.4	32.6
Bank debt	105.5	164.9	69.7
Prepayments from customers	0.7	4.6	4.9
Trade payables	118.6	94.1	122.0
Payable to associates	2.7	5.2	3.8
Corporation tax	13.2	14.8	10.1
Provisions	13.1	7.9	16.5
Other debt	137.8	128.8	130.0
Total short-term financial liabilities	**416.6**	**436.7**	**389.6**
Total financial liabilities	**934.3**	**937.8**	**911.2**
Total liabilities	**1,551.8**	**1,646.5**	**1,504.0**