

Stock Exchange Release no. 15/2005

Kgs. Lyngby, 22 August 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 second quarter of 2005

A summary of 2Q:

Amounts in DKKm	2Q		1H	
	2005	2004	2005	2004
Net revenues	417	385	846	818
Growth rate	8%		3%	
EBIT	7	-17	25	-22
Net profit/loss	1	-14	31	-22
Cash flows from operating and investment activities	-12	-40	-15	-69

- Developments in consolidated revenues and EBIT were on a par with the overall forecast for 2005.
- The Group posted revenue growth of 8% in 2Q 2005, up from the year-earlier level primarily due to a good performance in 2Q by Egg & Fruit Packaging Europe.
- Egg & Fruit Packaging North America posted an operating loss for 2Q 2005 which reflected a reduction of DKK 20 million of the operating loss posted in 2Q 2004, reflecting an overall reduction in operating loss for 1H 2005 of DKK 36 million (53%) of the loss posted in the same period last year. North America remains the biggest challenge for the Group, and a continued improvement in production is necessary in order to fulfil the expectations of a 50% reduction of the loss in North America in 2005.
- The forecast for FY 2005 announced in the Group's Annual Report 2004 is unchanged.

Further information is available from:

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board today discussed and approved the Report for 2Q 2005 (1 January – 30 June 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 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 30 June 2005 and of the result of the Group's operations and cash flows in the period 1 January – 30 June 2005.

Kgs. Lyngby, 22 August 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

	2Q 2005	2Q 2004	IH 2005	IH 2004	FY 2004
Income statement (in DKKm)					
Net revenues	417	385	846	818	1.642
Operating profit/loss before depreciation (EBITDA)	36	14	81	40	84
Operating profit/loss before goodwill amortisation and impairment (EBITA)	7	-15	25	-19	-56
Operating profit/loss (EBIT)	7	-17	25	-22	-118
Adjusted operating profit/loss (EBIT adjusted for restructuring and goodwill amortisation in 2004)	7	-17	25	-22	-12
Gain on sale of securities	-	-	23	-	-
Other interest income and expense and similar items, net	-2	-8	-10	-15	-29
Profit/loss before tax (EBT)	5	-25	38	-37	-147
Profit/loss for the period (EAT)	1	-14	31	-22	-123
Cash flows (in DKKm)					
Cash flows from operating activities	13	-14	-7	-25	74
Cash flows from investment activities	-25	-26	-8	-44	-107
Cash flows from financing activities	-4	-4	-21	-13	55
Total cash flows	-16	-44	-35	-82	23
Balance (in DKKm)					
Total assets			1,589	1,587	1,504
Capital and reserves			637	690	593
Interest-bearing debt, net			524	527	491
Net working capital (NWC)			187	206	124
Invested capital (IC)			1,180	1,208	1,060
Key figures					
No. of shares (less treasury shares)	3,407,545	3,407,545	3,407,545	3,407,545	3,407,545
Operating margin, EBITDA, in %	8.6	3.7	9.6	4.8	5.1
Operating margin, EBITA, in %	1.7	-3.9	3.0	-2.3	-3.4
Operating margin, EBIT, in %	1.7	-4.4	3.0	-2.7	-7.2
Tax rate	75.9	44.1	17.5	41.7	16.8
Earnings per share (EPS) in DKK	0.4	-4.1	9.2	-6.3	-35.9
Gearing			82.2	76.4	82.8
Book value per share in DKK (less minorities)			182	199	170
Listed price per share at end of period, in DKK			160	103	120
Market value, in DKKm			545	350	409
Listed price rated to book value			0.9	0.5	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 & Accounting policies

Annex 4 Balance sheet

Comments to the quarterly accounts

The Group posted net revenues of DKK 417 million in 2Q, reflecting a growth rate of 8% from the year-earlier level of DKK 385 million. Revenues for 1H aggregated DKK 846 million, up 3% from the year-earlier level of DKK 818 million mainly as a result of developments in Egg & Fruit Packaging Europe.

Operating profit for the Group for 2Q came to DKK 7 million, reflecting an increase of DKK 24 million from last year (DKK -17 million). Operating profit for 1H aggregated DKK 25 million against DKK -22 million in 2004 (up DKK 47 million). The improvement in consolidated earnings was contributed primarily by the diminishing loss in North America, another contributory factor being the progress achieved by Egg & Fruit Packaging Europe and the closing down of Food Packaging.

Operating profit for the Group less Egg & Fruit Packaging North America stood at DKK 22 million for 2Q 2005 (DKK 58 million in 1H 2005) against DKK 18 million in the same period last year (DKK 47 million in 1H 2004), reflecting an improvement of DKK 4 million in 2Q alone and DKK 11 million in 1H.

Net revenues and operating profit/loss by activity

Amounts in DKKm

	2Q 2005	2Q 2004	Variance	1H 2005	1H 2004	Variance	FY 2004
Net revenues							
- Egg & Fruit Packaging Europe	238	216	22	486	464	22	940
- Egg & Fruit Packaging North America	34	35	-1	66	71	-5	144
- Egg & Fruit Packaging South America	35	33	2	75	70	5	130
- Industrial Packaging	42	40	2	85	86	-1	191
- Skjern Papirfabrik A/S	33	31	2	64	63	1	125
- Other	34	31	3	69	64	5	111
Total	417	385	32	846	818	28	1.642
Operating profit/loss (EBIT)							
- Egg & Fruit Packaging Europe	23	17	6	55	48	7	94
- Egg & Fruit Packaging North America	-15	-35	20	-33	-69	36	-162
- Egg & Fruit Packaging South America	-2	1	-3	1	2	-1	2
- Industrial Packaging	3	4	-1	9	14	-5	38
- Skjern Papirfabrik A/S	3	1	2	4	3	1	6
- Other	-4	-6	2	-11	-21	10	-45
Total – before restructuring in 2004	7	-17	24	25	-22	47	-68
Restructuring (Focus Plan)	-	-	-	-	-	-	-50
Operating profit/loss (EBIT) – after restructuring in 2004	7	-17	24	25	-22	47	-118
Adjusted operating profit/loss (EBIT less restructuring and North America)	22	18	4	58	47	11	94

Group interest income and expense and similar items for 2Q stood at DKK -2 million, up DKK 6 million from the year-earlier level of DKK -8 million mainly as a result of DKK 6 million in positive foreign exchange adjustments of which DKK 4 million is unrealised. Less gain on sale of securities, the item aggregated DKK -10 million in 1H 2005, down from DKK -15 million in 2004.

Tax on the profit for 2Q amounts to DKK 4 million. Tax on the profit for 1H 2005 aggregates DKK 7 million, reflecting an effective tax rate of 18%. The low rate in corporation tax is attributable to a gain of DKK 23 million on the sale of shareholdings in 1Q 2005 which involved no tax

liability. Moreover, the amount in tax payable for the period in review is adversely affected by a one-off cost item of DKK 2 million net, which relates primarily to the effect of change of provisions in Danish taxation law as a result of which Hartmann has decided to discontinue the joint taxation with a number of foreign subsidiaries. Allowing for these effects, the tax rate was unchanged from the year-earlier level.

Group profit after tax for 2Q came to DKK 1 million against DKK -14 million in the same period last year. Group profit after tax for 1H aggregated DKK 31 million, up from the year-earlier level of DKK -22 million. The DKK 53 million in improvement includes a total of DKK 23 million in gain on shareholdings sold in 1Q, other contributory factors being an increase in operating profit and a reduction of financial expenses.

As part of the Focus Plan, the production of egg packaging in Asia will be closed down in August 2005, whereupon the production capacity at the plant in Malaysia will be transferred to Industrial Packaging. The closure is not expected to involve any major costs. Egg & Fruit Packaging Asia posted revenues of DKK 17 million and an operating loss of DKK -3 million in 2004. The Group will continue its sales activities in Asia, however at a lower level and based on deliveries from Europe.

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. The other elements of the Focus Plan are on track.

As announced in stock exchange release no. 13 of 10 June 2005, Hartmann has appointed Kim Kronborg Christiansen Chief Technology Officer (CTO) and member of the Group Executive Committee (GEC) effective from 1 September 2005. The position is newly created to support efforts to ensure and strengthen Hartmann's position within technology, innovation and processes.

Egg & Fruit Packaging Europe

Revenues in 2Q stood at DKK 238 million, representing an increase of DKK 22 million, or 10%, from the year-earlier level of DKK 216 million. Revenues for 1H aggregated DKK 486 million, reflecting an increase of DKK 22 million, or 5%.

Operating profit for 2Q came to DKK 23 million, or DKK 6 million higher than the year-earlier level of DKK 17 million. Operating profit for 1H aggregated DKK 55 million, or an increase of DKK 7 million from the year-earlier level of DKK 48 million.

The main driver of the improvement in operating profit for 2Q was the positive development in revenues brought about by a better product mix involving a larger proportion of high-value products. Also, the rollout of the Focus Plan is on track, and the sole effect of this is still expected to affect FY 2005 in an amount of approx. DKK 20 million, however with some of the improvement being offset by the steeply growing energy prices.

The division will try to obtain compensation for the increase in energy prices by raising sales prices, but whether or not this is possible is not yet clear.

Egg & Fruit Packaging North America

Revenues for 2Q came to DKK 34 million compared to DKK 35 million at the year-earlier level. This reflected a negative impact of the USD/CAD cross rate which was, however, partially com-

compensated for by means of price increases. Revenues for IH aggregated DKK 66 million against DKK 71 million in the same period last year, however with the latter figure including DKK 11 million in revenue contribution from cup carriers.

As announced in stock exchange release no. 10 of 26 May 2005 a new three-year collective wage agreement has been signed with the employees.

Operating loss for 2Q came to DKK -15 million, reflecting an improvement of DKK 20 million from the loss of DKK -35 million reported in the same period last year and an improvement of DKK 3 million over 1Q 2005. Operating loss for IH aggregated DKK -33 million against DKK -69 million in the same period last year, representing an overall increase of DKK 36 million. This is in keeping with the Group's objective of achieving a 50% reduction of the loss reported in 2004.

The production facility in Canada remains a top focus area for Hartmann, and the necessary improvements on the site are expected to constitute the biggest challenge for the Group in 2H 2005. Developments in capacity utilisation are still unsatisfactory, and the continued improvement in operating result in 2H must be achieved by means of growth in production levels and, at the same time, a reduction of the number of employees.

Egg & Fruit Packaging South America

Revenues in 2Q totalled DKK 35 million, representing an increase of DKK 2 million over the year-earlier level of DKK 33 million. Revenues for IH aggregated DKK 75 million, up from DKK 70 million in 2004 due to an increase in the rate of the Brazilian currency.

Operating loss for 2Q came to DKK -2 million, down DKK 3 million from the year-earlier level of DKK 1 million. Operating profit for IH aggregated DKK 1 million against DKK 2 million in 2004.

The development in operating profit for 2Q was driven mainly by the increasing price competition in the market which is also expected to affect the division's performance in 2H 2005.

Industrial Packaging

Revenues in 2Q stood at DKK 42 million, and this is on a par with the year-earlier level of DKK 40 million. Revenues for IH aggregated DKK 85 million against DKK 86 million in 2004. After an unusually strong 4Q 2004 activity levels experienced a temporary downturn in 1Q 2005, but are now moving back towards normal although revenue growth rates are lower than in 2004.

Operating profit in 2Q came to 3 million, down DKK 1 million from the year-earlier level of DKK 4 million. Operating profit for IH aggregated DKK 9 million against DKK 14 million in the same period last year.

The decline in operating profit was driven mainly by the increase in fixed costs generated by the addition of new capacity in Europe. The increase was necessary as the utilisation of capacity in the division in 2H 2004 went beyond 100%.

Because of the closing down of the production of egg packaging in Asia, the division's production capacity in Asia will increase, and this is expected to trigger growth in activities and profitability for Industrial Packaging in Asia.

Skjern Papirfabrik A/S

Revenues in 2Q came to DKK 33 million, and this was on a par with the year-earlier level of DKK 31 million. Revenues for 1H aggregated DKK 64 million and this, too, was on a par with the same period in 2004 (DKK 63 million).

Operating profit in 2Q totalled DKK 3 million, up from DKK 1 million in 2004. Operating profit for 1H 2005 aggregated DKK 4 million against DKK 3 million in 2004.

Other business areas (including consolidated costs)

The overall operating loss contributed by the other business areas in the Group for 2Q 2005 was not unexpected and totalled DKK -4 million against DKK -6 million last year, the improvement being driven primarily by the closing down of Food Packaging which returned a loss of DKK 4 million in 2Q 2004. Moreover, Hartmann Technology reported the expected decline in activity levels in 2Q compared to the same period last year.

Cash flows and capital resources**Cash flows from operating activities**

Cash flows from operating activities totalled DKK 13 million for 2Q 2005 against DKK -14 million in the same period last year. In the period in review, the Group's working capital reflected the expected increase of DKK 13 million, which is unchanged from the year-earlier level.

Cash flows from operating activities in 1H aggregated DKK -7 million against DKK -25 million last year, reflecting an improvement of DKK 19 million. The Group's working capital increased DKK 63 million in 1H 2005 against an increase of DKK 41 million in 1H 2004, and yet at the end of June 2005 the Group's working capital was lower than at the end of June 2004. The increase in working capital was attributable mainly to an increase in trade debtors, but this was partially offset by a rise in inventories caused by seasonal fluctuations.

Cash flows from investment activities

Cash flows from investment activities in 2Q 2005 totalled DKK -25 million, unchanged from the same period last year and slightly below the level of depreciation. Cash flows from investment activities in 1H 2005 aggregated DKK -8 million against DKK -44 million last year, the improvement being contributed mainly by the sale of shareholdings in 1Q 2005. Adjusted for this, cash flows from investment activities for 1H 2005 were on a par with the year-earlier level.

Total cash flows from operating and investment activities

Total cash flows from operating and investment activities in 2Q 2005 came to DKK -12 million against DKK -40 million in the same period last year. Cash flows from operating and investment activities for 1H 2005 aggregated DKK -15 million, reflecting an improvement of DKK 55 million from the year-earlier level.

The Group's capital resources are still considered satisfactory.

Movements in capital and reserves

Capital and reserves (including minorities) totalled DKK 637 million at 30 June 2005, up DKK 44 million from DKK 593 million at 31 December 2004.

The increase in capital and reserves was attributable to the Group's net profit of DKK 31 million and DKK 49 million in positive foreign exchange adjustments relating to subsidiaries, although the latter were partially offset by DKK 14 million in negative foreign exchange adjustments relating to financial instruments. Capital and reserves for 1H 2005 were adversely affected in an amount of DKK 23 million by the reversal of revaluations of securities, cf. the above-mentioned sale of shareholdings in 1Q 2005.

The performance of the Hartmann share

The opening price listed for the Hartmann share in 2005 was 120 rising to 185 in early August 2005. In 2Q 2005, a total of 1,104 transactions were made representing a value of DKK 57 million, against 628 transactions representing a value of DKK 40 million 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:

- Net revenues of approx. DKK 1,600 – 1,650 million
- An operating profit of approx. DKK 50 million.
- A profit after tax of approx. DKK 25 million.

The Group still expects that, due to seasonal deviations, operating profit (EBIT) in 2Q and 3Q 2005 will be substantially lower than in 1Q and 4Q 2005. This outlook is unchanged from the previously announced forecast for 2005.

Annex I - Income statement

Amounts in DKKm

	2Q 2005	2Q 2004	IH 2005	IH 2004	FY 2004
Net revenues	417.4	385.2	846.4	818.1	1,641.9
Production costs	-310.0	-306.3	-622.8	-633.8	-1,242.9
Gross profit	107.4	78.9	223.6	184.3	399.0
Distribution and sales costs	-77.1	-75.1	-151.2	-157.0	-312.9
Administrative expenses	-23.2	-19.2	-47.9	-46.8	-93.1
Other operating income	0.2	0.2	0.5	0.5	1.0
Restructuring	-	-	-	-	-50.0
Operating profit/loss before goodwill amortisation and impairment (EBITA)	7.3	-15.2	25.0	-19.0	-56.0
Goodwill amortisation and impairment	-	-1.6	-	-3.2	-62.3
Operating profit/loss (EBIT)	7.3	-16.8	25.0	-22.2	-118.3
Profit/loss before tax in associates	0.1	0.1	0.1	0.1	0.2
Gain on sale of securities	-	-	22.6	-	-
Other financial income	7.2	1.5	7.6	2.3	3.8
Financial expenses	-9.2	-9.6	-17.1	-17.2	-33.1
Profit/loss before tax (EBT)	5.4	-24.8	38.2	-37.0	-147.4
Tax on profit/loss for the period	-4.1	10.9	-6.7	15.4	24.7
Profit/loss for the period (EAT)	1.3	-13.9	31.5	-21.6	-122.7

Annex 2 – Statement of cash flows

Amounts in DKKm

	2Q 2005	2Q 2004	IH 2005	IH 2004	FY 2004
Profit/loss for the period (EAT)	1.3	-13.9	31.5	-21.6	-122.7
Adjustments	37.8	26.4	50.0	60.8	217.6
Changes in working capital	-12.6	-13.8	-62.6	-40.7	32.5
Cash flows from operating activities before interest income and expense and similar items	26.5	-1.3	18.9	-1.5	127.4
Received in dividend on securities	-	-	-	-	0.8
Interest income	1.1	1.2	1.2	2.0	3.0
Interest expense	-9.2	-9.3	-17.1	-16.9	-30.0
Cash flows from ordinary operating activities	18.4	-9.4	3.0	-16.4	101.2
Paid in corporation tax, net	-5.6	-4.5	-9.8	-9.0	-26.8
Cash flows from operating activities	12.8	-13.9	-6.8	-25.4	74.4
Sale of securities	-	-	33.7	-	-
Acquisition of tangible fixed assets, net	-25.2	-25.6	-41.6	-43.8	-106.1
Acquisition of intangible fixed assets	-	-	-	-	-0.8
Received in dividend from associates	-	-	-	-	0.2
Cash flows from investment activities	-25.2	-25.6	-7.9	-43.8	-106.7
Cash flows from operating and investment activities	-12.4	-39.5	-14.7	-69.2	-32.3
Repayment of long-term debt	-3.9	-4.2	-20.6	-13.0	-25.9
Raising of long-term loan	-	-	-	-	80.7
Cash flows from financing activities	-3.9	-4.2	-20.6	-13.0	54.8
Total cash flows	-16.3	-43.7	-35.3	-82.2	22.5
Cash at bank and in hand and bank debt at 1 January 2005	-39.4	-81.3	-21.2	-42.9	-42.9
Foreign exchange adjustment	-0.2	-	0.6	0.1	-0.8
Cash at bank and in hand and bank debt at end of period	-55.9	-125.0	-55.9	-125.0	-21.2

Annex 3 – Movements in capital and reserves & Accounting policies

Amounts in DKKm

	30 June 2005	30 June 2004	31 Dec. 2004
Share in capital and reserves to the shareholders of Brødrene Hartmann A/S at start of period	580.0	695.8	695.8
Profit/loss for the period	31.5	-21.6	-122.4
Change in fair value of derivative financial instruments	-13.9	-2.0	-13.5
Change in fair value of securities	-	-	22.6
Reversal of revaluation relating to sale of securities	-22.6	-	-
Foreign exchange adjustment etc.	46.2	4.9	-2.5
Share in capital and reserves to the shareholders of Brødrene Hartmann A/S at end of period	621.2	677.1	580.0
Minorities at start of period	12.8	13.4	13.4
Share in profit for the period	0.0	0.0	0.3
Foreign exchange adjustment	3.2	-0.5	-0.9
Minorities at end of period	16.0	12.9	12.8
Total capital and reserves	637.2	690.0	592.8

Accounting policies

The quarterly report is presented in accordance with the provisions on recognition and measurement of the international financial reporting standards IFRS and other 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 changes resulting from changes in the IFRS. Goodwill is no longer amortised, and minorities appear as an item under capital and reserves. More details are available in stock exchange release no. 10 of 26 May 2005.

Annex 4 – Balance, assets

Amounts in DKKm

	30 June 2005	30 June 2004	31 December 2004
Long-term assets			
<i>Intangible assets</i>			
Development projects	3.6	15.4	4.2
Goodwill	10.7	69.6	10.7
Total intangible assets	14.3	85.0	14.9
<i>Tangible assets</i>			
Land and buildings	246.9	251.1	243.5
Technical plant and machinery	634.5	629.1	627.3
Other operating assets	31.9	36.0	26.5
Plant under construction	50.4	31.6	29.5
Total tangible assets	963.7	947.8	926.8
<i>Other long-term assets</i>			
Investments in associates	3.9	3.7	3.8
Other investments (securities)	-	10.7	33.3
Deferred tax asset	76.4	43.2	55.5
Other long-term assets, total	80.3	57.6	92.6
Total long-term assets	1,058.3	1,090.4	1,034.3
Short-term assets			
Inventories	139.9	117.3	112.4
Trade receivables	272.7	260.9	263.1
Contract work in progress	-	6.6	0.0
Receivable in corporation tax	4.8	5.7	2.6
Other receivables	47.5	37.4	36.5
Prepayments	15.8	15.2	6.6
Cash at bank and in hand	50.3	53.0	48.5
Total short-term assets	531.0	496.1	469.7
Total assets	1,589.3	1,586.5	1,504.0

Annex 4 – Balance, liabilities

Amounts in DKKm

	30 June 2005	30 June 2004	31 December 2004
Capital and reserves			
Share capital	70.2	70.2	70.2
Premium on issue	-	300.0	-
Profit brought forward	551.0	306.9	509.8
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Share in capital and reserves to the shareholders of Brødrene Hartmann A/S	621.2	677.1	580.0
Minorities	16.0	12.9	12.8
Total capital and reserves	637.2	690.0	592.8
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Long-term financial liabilities			
Deferred tax	37.2	48.0	39.4
Pension liabilities	17.9	16.2	17.4
Mortgages	55.7	26.9	58.7
Bank debt	386.5	343.9	378.7
Other debt	22.8	5.0	14.1
Government grants	11.8	15.5	13.3
Total long-term financial liabilities	531.9	455.5	521.6
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Short-term financial liabilities			
Part of long-term financial liabilities accounted for by short-term financial liabilities	25.6	31.1	32.6
Bank debt	106.2	178.0	69.7
Prepayments from customers	2.6	0.7	4.9
Trade payables	114.7	91.4	122.0
Payable to associates	2.2	4.0	3.8
Corporation tax	17.0	16.7	10.1
Provisions	9.6	8.0	16.5
Other debt	142.3	111.1	130.0
Total short-term financial liabilities	420.2	441.0	389.6
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Total financial liabilities	952.1	896.5	911.2
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Total liabilities	1,589.3	1,586.5	1,504.0