

INTERIM REPORT

HI 2010





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The interim report of Brødrene Hartmann A/S for the six months ended 30 June 2010 was released on 25 August 2010 in Danish and English through NASDAQ OMX Copenhagen A/S as company announcement no. 16/2010. In case of inconsistencies between the Danish and the English versions of the report, the Danish version will prevail.

The announcement is available on 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. 22). Questions may also be addressed to Peter A. Poulsen, CEO, on tel. +45 45 97 00 00 or mobile +45 51 51 40 69.



HIGHLIGHTS

Revenue increased in the first six months of 2010, primarily due to developments in exchange rates. The '10 in 10' initiatives had the anticipated effect, volumes grew, and the product and price mix improved. The period was adversely affected by a slowdown in industrial packaging activities, increasing raw material prices and additional costs. As a result, operating profit for H1 2010 was lower than expected. As already announced, Hartmann has downgraded its expectations for its EBIT margin for 2010 to approximately 7%.

- The Group reported consolidated revenue for Q2 2010 of DKK 326 million (2009: DKK 310 million) and an operating loss* of DKK 7 million (2009: an operating profit of DKK 12 million). Hartmann's revenue for H1 2010 came to DKK 706 million (2009: DKK 675 million), and the Group generated an operating profit of DKK 31 million (2009: DKK 24 million) and achieved an EBIT margin* of 4.3%.
- The business area Europe reported revenue for Q2 2010 of DKK 256 million (2009: DKK 255 million) and an operating profit of DKK 7 million (2009: DKK 18 million). Revenue for H1 2010 was DKK 562 million (2009: DKK 555 million) and operating profit DKK 55 million (2009: DKK 44 million). The performance was positively affected by favourable developments in exchange rates, a slight increase in volumes, an improved product and price mix within egg packaging and the operational improvements implemented. The performance was adversely affected by a slowdown in industrial packaging activities, increasing raw material prices and additional costs.
- The North American operations reported revenue for Q2 2010 of DKK 54 million (2009: DKK 41 million) and an operating profit of DKK 2 million (2009: an operating loss of DKK 2 million). Revenue for H1 2010 was DKK 107 million (2009: DKK 81 million) and the operating profit DKK 5 million (2009: an operating loss of DKK 3 million). This trend was primarily attributable to positive effects of developments in exchange rates and, to a lesser degree, to organic growth and an improvement of the product and price mix.
- Hartmann's other business areas, including costs relating to group functions, generated revenue for Q2 2010 of DKK 16 million (2009: DKK 14 million) and an operating loss of DKK 17 million (2009: an operating loss of DKK 7 million). The other business areas reported revenue for H1 2010 of DKK 38 million (2009: DKK 38 million) and an operating loss of DKK 33 million (2009: an operating loss of DKK 20 million). The period was adversely affected by a number of additional costs incurred in connection with group functions, e.g. due to advancement of a number of planned, new strategic measures in addition to the '10 in 10' initiatives already being implemented.
- As announced in company announcement no. 14/2010, Hartmann has downgraded its EBIT margin forecast for 2010 to approximately 7%, down from the previous forecast of approximately 10% (actual 2009: 5.7%). The revised EBIT margin corresponds to an expected operating profit for 2010 in the region of DKK 90-105 million against the original forecast of approximately DKK 140 million (actual 2009: DKK 79 million).

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

FINANCIAL HIGHLIGHTS AND KEY RATIOS

	Q2 2010	Q2 2009	YTD 2010	YTD 2009
Statement of comprehensive income (DKKm)				
Revenue	326	310	706	675
Operating profit before depreciation, amortisation and impairment (EBITDA)	15	31	74	57
Operating profit before special items	(7)	12	31	24
Special items	0	0	0	(6)
Operating profit/(loss) (EBIT)	(7)	12	31	18
Net financial income and expense	(2)	(1)	(9)	(3)
Profit/(loss) before tax (EBT)	(9)	11	22	15
Profit/(loss) for the period (EAT)	(6)	8	16	11
Comprehensive income	(20)	78	20	13
Cash flows (DKKm)				
Cash flows from operating activities	26	30	46	23
Cash flows from investing activities	(12)	(31)	(21)	(51)
Cash flows from financing activities	(16)	(5)	(22)	(11)
Total cash flows	(2)	(6)	3	(39)
Balance sheet (DKKm)				
Assets			1,207	1,165
Invested capital (IC)			769	758
Net working capital (NWC)			145	126
Net interest-bearing debt			346	350
Equity			517	469
Financial ratios in per cent				
Operating margin (EBITDA)	4.7	10.1	10.5	8.5
EBIT margin before special items	(2.0)	3.8	4.3	3.5
EBIT margin	(2.0)	3.8	4.3	2.6
Return on average invested capital (ROIC)			7.9	4.7
Return on equity			6.3	4.7
Equity ratio			42.8	40.2
Gearing			66.8	74.6
Share-related key figures				
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 in DKK (EPS)	(0.9)	1.2	2.3	1.6
Cash flows from operating activities per share, DKK	3.8	4.3	6.6	3.3
Book value per share, DKK			74.8	67.8
Market price per share, DKK			86.0	71.0
Market price/book value per share			1.2	1.0
Price/earnings			36.7	45.2



PERFORMANCE IN HI 2010

THE GROUP

Revenue

Revenue was DKK 326 million for Q2 2010 (2009: DKK 310 million) and DKK 706 million for HI 2010 (2009: DKK 675 million). The revenue growth in HI 2010 was primarily attributable to developments in exchange rates in Europe and North America. Revenue was also positively affected by a slight increase in volumes and an improved product and price mix within egg packaging. As expected, revenue was, however, adversely affected by the slowdown in industrial packaging activities.

Operating profit

The Group reported an operating loss for Q2 2010 of DKK 7 million (2009: an operating profit of DKK 12 million), and an operating profit of DKK 31 million for HI 2010 (2009: DKK 24 million). Accordingly, the Group's performance in HI 2010 was attributable to the combination of a strong first quarter and a weak second quarter.

The performance in Q2 2010 was primarily due to increasing raw material prices and a number of additional costs incurred in connection with group functions, e.g. due to advancement of a number of planned, new strategic measures in addition to the '10 in 10' initiatives already being implemented.

The overall performance in HI 2010 was generally attributable to the favourable effects of developments in exchange rates (DKK 20 million) as well as favourable effects of operational improvements, increased volumes and an improved product and price mix (DKK 18 million). By contrast, operating profit for HI 2010 was negatively affected by increasing raw material prices in Europe (negative effect of DKK 9 million), the slowdown in industrial packaging activities (negative effect of DKK 6 million) and the additional costs referred to above.

Special items

HI 2010 was unaffected by special items (2009: an expense of DKK 6 million).

Financial income and expense

Financial income and expense for Q2 2010 amounted to a net expense of DKK 2 million (2009: a net expense of DKK 1 million) and a net expense of DKK 9 million for HI 2010 (2009: a net expense of DKK 3 million).

Profit/(loss) for the period

The Group reported a loss of DKK 6 million for Q2 2010 (2009: a profit of DKK 8 million) and a profit of DKK 16 million for HI 2010 (2009: a profit of DKK 11 million).

DEVELOPMENTS IN OPERATING PROFIT BY SEGMENT FROM HI 2009 TO HI 2010

in DKKm	Europe	North America	Other business areas
Operating profit for HI 2009	44	(3)	(20)
Effects of developments in exchange rates	13	7	0
Operational improvements, increased volume and improved product and price mix	17	1	0
Slowdown in industrial packaging activities	(6)	0	0
Effects of increasing raw material prices	(9)	0	0
Additional costs relating to strategic measures, recruitment of new management, etc.	(4)	0	(13)
Operating profit for HI 2010	55	5	(33)

Current management situation

As mentioned in company announcement no. 3 of 15 March 2010, Claus Frees Sørensen took up the position of chief financial officer (CFO) and joined the Executive Board on 1 August 2010.

As announced in company announcement no. 10 of 27 May 2010, Peter Arndrup Poulsen, CEO, has accepted a new position outside the Group and will leave Hartmann as at 1 December 2010 at the latest. The recruitment of a replacement is proceeding according to plan.

Due to the decease of Hartmann's former chairman, Erik Højsholt, on 18 May 2010, an extraordinary general meeting was held on 24 August 2010, at which the Board of Directors was supplemented with Agnete Raaschou-Nielsen as a new member of the Board. Immediately after the general meeting, the Board of Directors appointed Agnete Raaschou-Nielsen as new chairman of the Board (company announcement no. 15 of 24 August 2010).

EUROPE

Revenue

Revenue for Q2 2010 came to DKK 256 million (2009: DKK 255 million). The second quarter is generally a low season, and revenue was therefore lower compared with Q1 2010. Revenue for H1 2010 came to DKK 562 million (2009: DKK 555 million).

The development in H1 2010 was primarily attributable to the favourable effects of developments in exchange rates, a slight increase in volumes and an improved product and price mix within egg packaging. As expected, revenue was, however, adversely affected by the slowdown in industrial packaging activities.

Operating profit

The business area Europe generated an operating profit for Q2 2010 of DKK 7 million (2009: DKK 18 million) and an operating profit of DKK 55 million for H1 2010 (2009: DKK 44 million).

The performance in Q2 2010 was particularly affected by increasing raw material prices, additional costs as a result of the advancement of planned, new strategic measures in addition to the '10 in 10' initiatives already being implemented and a slightly negative trend in the sales of egg packaging in Europe as a result of seasonal fluctuations exceeding the normal level. The sales performance resulted in lower production efficiency in Q2 2010.

The trend in H1 2010 was attributable to favourable effects of developments in exchange rates (DKK 13 million) as well as favourable effects of operational improvements, increased volumes and an improved product and price mix (DKK 17 million). The profit for the period was negatively affected by increasing raw material prices (negative effect of DKK 9 million), the slowdown in industrial packaging activities (negative effect of DKK 6 million) and the additional costs referred to above in the section about the Group's performance (a negative effect of DKK 4 million).

In order to further improve the European core business going forward, new initiatives have been launched to follow up on the '10 in 10' initiatives already implemented. These mainly consist of an 'Operational Excellence' programme to ensure further optimisation of efficiency in production and planning.

Increasing raw material prices

In the first half of 2010, Hartmann was significantly affected by increasing prices of a number of raw materials; primarily the prices of recycled paper, which saw a sharp rise. Furthermore, the prices of energy, chemicals and packaging have increased to a lesser extent.

Recycled paper is one of the most important raw materials in Hartmann's production, and the sharp rise in prices had a negative impact on Hartmann's earnings. The aggregate supply of recycled paper in Europe decreased in the first half of 2010 while demand for especially newspaper-based recycled paper soared. This was partly due to increased demand from Asia, where increasing production is creating a need for higher volumes of raw materials for packaging, and partly due to increasing demand from European paper factories, which are increasingly targeting their sourcing of paper-based fibre material at the same segments as Hartmann. Small variations among individual production units aside, the price increases are consistent with the German benchmark BvSE index (Bundesverband Sekundärrohstoffe und Entsorgung e.V.), see the figure below.

To the extent possible, Hartmann has sought to minimise the effect of the increasing prices of recycled paper by signing fixed-price and framework agreements. The possibilities of doing so have, however, been limited in the current market conditions, where deliveries of the required volumes had to be secured and maintained.

The developments in energy prices in H1 2010 had a minor, adverse effect owing to an increase in the prices of gas, which was partially offset by decreasing prices of electricity. The limited increase in costs will, as planned, be offset by improved energy efficiency resulting from the '10 in 10' initiatives already initiated.

Price increases on a number of chemicals required for the production of moulded fibre had a minor, adverse impact on Hartmann's earnings

DEVELOPMENTS IN THE PRICES OF RECYCLED PAPER



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

for the period. A range of new technical initiatives was launched with a view to neutralising the price increases.

Finally, additional costs were incurred in relation to a new type of shipping pallet.

Status of the '10 in 10' initiatives

The '10 in 10' initiatives in Europe are concentrated on technological measures to offset the increasing raw material prices, improve energy efficiency, minimise production wastage and increase productivity per man hour. The planned '10 in 10' initiatives proceeded according to plan during the period and were focused on maintaining and following up on initiatives already launched with the aim of ensuring results in both the short term and the long term.

NORTH AMERICA

Revenue

Revenue was DKK 54 million for Q2 2010 (2009: DKK 41 million) and DKK 107 million for HI 2010 (2009: DKK 81 million). The positive trend was attributable to the hedging of the CAD/USD exchange rate risk and the translation effect from CAD to DKK, which contributed positively to revenue by an aggregate of DKK 19 million relative to the year-earlier period.

Revenue was also positively affected by organic growth driven by increased volume growth and improvements in the product and price mix (DKK 7 million).

Operating profit

Operating profit for Q2 2010 was DKK 2 million (2009: an operating loss of DKK 2 million) and DKK 5 million for HI 2010 (2009: an operating loss of DKK 3 million). The positive trend in HI 2010 was mainly due to the favourable effects of developments in exchange rates (DKK 7 million) and, to a lesser extent, to increased volumes and an improved product and price mix (DKK 1 million). Hedging for HI 2010 was effected at an average rate of 0.80, against an average rate of 0.95 for HI 2009.

Status of the '10 in 10' initiatives

A key element of the strategy in North America is to increase the

share of high-end packaging, and Hartmann's orders of these products increased towards the end of HI 2010.

The number of staff was reduced in the second quarter of the year in order to improve production efficiency.

OTHER BUSINESS AREAS

Other business areas comprise Hartmann Technology, a combined heat and power plant in Tønder, Denmark, and costs relating to group functions.

Revenue

Revenue was DKK 16 million for Q2 2010 (2009: DKK 14 million) and DKK 38 million for HI 2010 (2009: DKK 38 million). The activity level at Hartmann Technology and the Group's combined heat and power plant therefore remained unchanged compared with the year-earlier period.

Operating profit

Other business areas reported an operating loss for Q2 2010 of DKK 17 million (2009: an operating loss of DKK 7 million) and an operating loss of DKK 33 million for HI 2010 (2009: an operating loss of DKK 20 million). The period was adversely affected by a number of additional costs incurred in connection with group functions, e.g. due to advancement of a number of planned, new strategic measures in addition to the '10 in 10' initiatives already being implemented.

THE HARTMANN SHARE

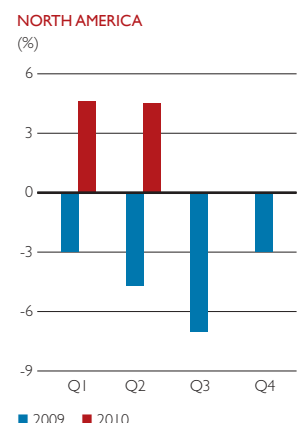
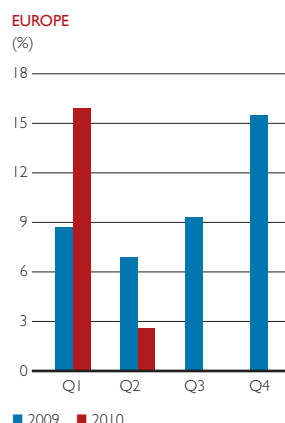
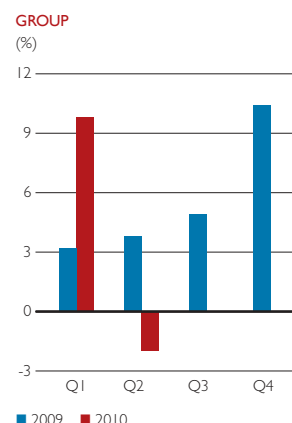
The official market price of the Hartmann share was 95 on 1 January 2010 and 86 on 30 June 2010. Information on share performance is available on Hartmann's investor section on www.hartmann-packaging.com.

IMPORTANT BOARD RESOLUTIONS

Hartmann has released the following company announcements since 30 June 2010:

- Notice convening an extraordinary general meeting (28 July 2010)
- EBIT margin forecast for 2010 downgraded (17 August 2010)
- Report on extraordinary general meeting (24 August 2010)

EBIT MARGIN BEFORE SPECIAL ITEMS





CASH FLOWS AND CAPITAL RESOURCES

CASH FLOWS

Cash flows from operating activities during HI 2010 were a cash inflow of DKK 46 million (2009: a cash inflow of DKK 23 million).

Cash flows from investing activities during HI 2010 were a cash outflow of DKK 21 million (2009: a cash outflow of DKK 51 million).

Cash flows from financing activities during HI 2010 were a cash outflow of DKK 22 million (2009: a cash outflow of DKK 11 million). The change was attributable to dividends paid to the shareholders of Brødrene Hartmann A/S.

Accordingly, total cash flows amounted to a cash inflow of DKK 3 million during HI 2010 (2009: a cash outflow of DKK 39 million).

CAPITAL RESOURCES

The Group's net interest-bearing debt at 30 June 2010 amounted to DKK 346 million (31 December 2009: DKK 345 million).

The Group's financial gearing at 30 June 2010 stood at 67% (1 January 2010: 68%).

The Group complied with its financial covenants during the period.

At 30 June 2010, financial resources amounted to DKK 170 million (31 December 2009: DKK 181 million), excluding financial covenants.

Financial resources, considered by Management to be satisfactory, are made up as the sum of cash and short-term credit facilities.

CHANGES IN EQUITY

At 30 June 2010, the Group's equity stood at DKK 517 million, up DKK 9 million from 1 January 2010. Hartmann's equity ratio increased from 42% at 1 January 2010 to 43% at 30 June 2010.



OUTLOOK FOR 2010

BACKGROUND

As announced in company announcement no. 14/2010 of 17 August 2010, Hartmann has downgraded its EBIT margin forecast for 2010 to approximately 7%, down from the original forecast of approximately 10%. The revised forecast for 2010 is maintained, and the background for the adjustment is explained below.

REVENUE

Hartmann retains the forecast announced in its Annual Report 2009 of revenue of approximately DKK 1.4 billion.

OPERATING PROFIT

As announced in company announcement no. 14/2010 of 17 August 2010, Hartmann has changed its original EBIT margin forecast and now expects to achieve an EBIT margin of approximately 7%, down from the original forecast of approximately 10% (actual 2009: 5.7%). The expected EBIT margin corresponds to an expected operating profit for 2010 in the region of DKK 90-105 million against the original forecast of an operating profit in the region of DKK 140 million (actual 2009: DKK 79 million).

The revised operating profit forecast is primarily attributable to increasing raw material prices, lower-than-expected organic growth in North America and additional costs incurred in connection with group functions.

The financial targets for the coming strategy period 2011-13 will be communicated in connection with the annual report for 2010.

FACTORS OF IMPORTANCE TO THE REVISED PROJECTIONS

Changes have occurred with respect to the following factors of importance to the projections described in Hartmann's Annual Report 2009.

Increasing raw material prices in Europe

The original forecast of raw material prices remaining stable in 2010 on a level with the prices in Q4 2009 proved incorrect.

Generally, the prices of raw materials have increased more than expected, and the prices of recycled paper; in particular, are expected to be higher for the remainder of 2010 than previously anticipated.

Already in the first months of the year, Hartmann saw a marked increase in the prices of recycled paper. These increases were considered to be temporary fluctuations similar to those seen in previous years. The development in prices and an assessment of future developments, however, indicate that costs will remain on a higher level for a prolonged period of time. To the extent possible, Hartmann seeks to minimise the effect of the increasing prices of recycled paper by signing fixed-price and framework agreements. The possibilities of doing so are, however, limited in the current market conditions if deliveries of the required volumes are to be secured and maintained. The increasing prices of raw materials and energy in 2010 are expected to adversely affect production costs and hence the EBIT margin by approximately two percentage points this year. The development in raw material prices in H2 2010 will show if this will have long-term influence on the company's operating profit.

Additional costs at Group level

The first half of 2010 was adversely affected by a number of additional costs incurred in connection with group functions, e.g. due to advancement of a number of planned, new strategic measures in addition to the '10 in 10' initiatives already being implemented. The Group also expects to incur additional costs in this respect in the second half of 2010.

Organic growth in North America failed to materialise

The original forecast for 2010 was based, among other things, on expectations of significant organic growth in the North American operations. However, growth fell short of expectations, adversely affecting the guidance for 2010 as previously announced.

Several sales initiatives have been launched in order to strengthen Hartmann's competitive strength in the long term, but these initiatives are expected to have only a limited effect on 2010.

The forecast for the North American operations remains on a higher level than that of 2009 due to the favourable hedging of exchange rate risks for 2010. The proportion of additional earnings originally expected due to significant revenue growth is no longer expected to be achieved. The overall forecast for 2010 is consequently lowered.

FACTORS THAT CONTINUE TO APPLY TO THE PROJECTIONS

The below factors, as set out in Annual Report 2009, continue to apply.

Operating profit for Europe is expected to improve as a result of the implementation of the '10 in 10' initiatives taking full effect. Furthermore, the Group still expects a slight increase in the sales of egg packaging, positive developments in exchange rates, and that cost measures already implemented will take full effect.

Operating profit is expected to be adversely affected by a slowdown in industrial packaging activities.

Operating profit is expected to be positively affected by improved hedging of the CAD/USD exchange rate risk in the North American operations.

INVESTMENTS

The reduced earnings generated in H1 2010 and the downgrade of the full-year earnings forecast have implied that several planned investment projects will be postponed in order to ensure cash inflows and retain focus on production for the remainder of the year. Consequently, investment projects with no immediate positive effect on earnings for 2010

have been postponed, and expected investments have been reduced from DKK 100-110 million to DKK 65-75 million.

ASSUMPTIONS

Hartmann's revenue and operating profit forecast for 2010 is based on the Group's present composition of business operations and the below assumptions. Any negative deviations from these assumptions may adversely affect the 2010 operating profit.

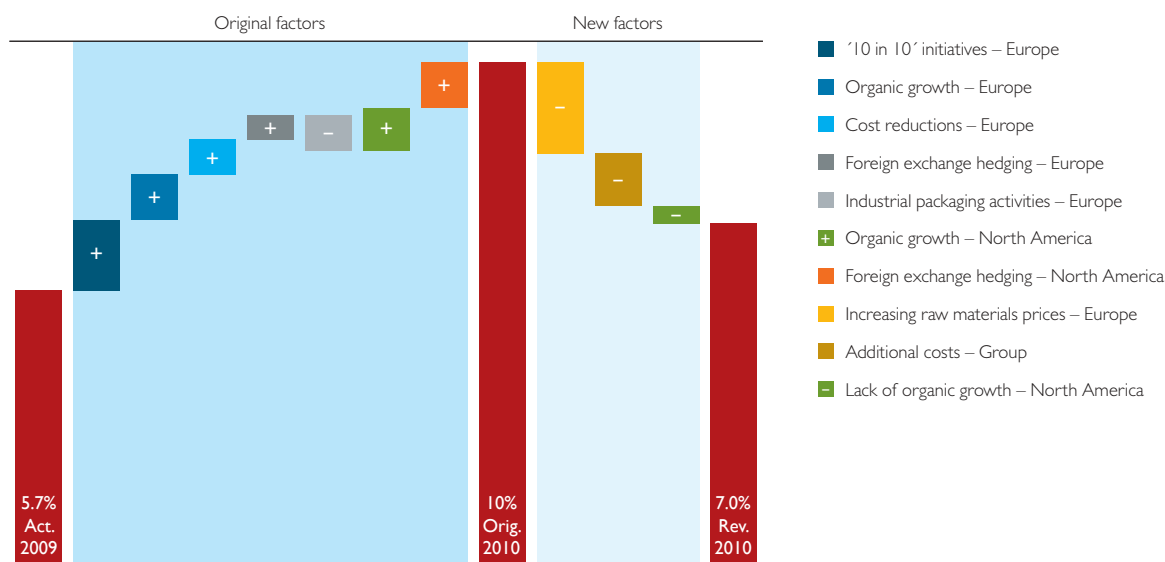
It is assumed that raw material prices for the remainder of the year will remain on a level with the prices prevailing at the time of presentation of this interim report. It is also assumed that selling prices for the remainder of the year will remain on a level with the prices prevailing at the time of presentation of this interim report.

The Group's operating profit is exposed to changes in the US dollar (USD), Canadian dollar (CAD), pound sterling (GBP), euro (EUR), Norwegian krone (NOK), Polish zloty (PLN), Swedish krona (SEK) and Hungarian forint (HUF) rates. Hartmann has hedged the CAD/USD exchange rate risk for the full year of 2010. This represents one of the Group's main currency transaction risks. Furthermore, the Group has hedged its exposure to GBP/DKK, PLN/DKK and SEK/DKK exchange rate risk for the remainder of 2010.

FORWARD-LOOKING STATEMENTS

The forward-looking statements in this interim report reflect Hartmann's current expectations for future events and financial results. Statements regarding 2010 are inherently subject to uncertainties which may result in deviations 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 regulations on Hartmann's markets, changes in demand for products, competition and the prices of raw materials.

OUTLOOK – EBIT MARGIN





RISK FACTORS

See the section on risk factors and note 34 to the financial statements in Annual Report 2009 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 prices of recycled paper and energy (electricity and gas), which are the most important raw materials used in production. To the extent possible, Hartmann seeks to achieve a partial reduction of its sensitivity to developments in the prices of recycled paper by signing fixed-price and framework agreements. The current market conditions, however, limit the possibilities of hedging, if deliveries of the required volumes are to be secured and maintained.

In addition, Hartmann has signed 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.

Currency

Hartmann's currency risk stems partly from an imbalance between income and expenses in the individual currencies (transaction risk) due to Hartmann's international business profile with foreign subsidiaries; partly from part of the Group's net assets being denominated in foreign currency (translation risk). Hartmann is exposed to transaction risk due to cross-border transactions, leading to contractual cash flows in foreign currency.

Hartmann's sales in North America are denominated in USD, whereas costs are dominated in CAD, and this means that the currency exposure in relation to the CAD/USD exchange rate constitutes one of the Group's single largest transaction risks.

Currency exposure in the EUR/HUF exchange rate represents another significant transaction risk. This exposure is a result of sales from Hartmann's factory in Hungary to other subsidiaries being denominated in EUR, and costs being denominated primarily in HUF. Hartmann's operating profit is also exposed to transaction risk with respect to the currencies EUR, GBP, NOK, PLN and SEK.

Due to its foreign subsidiaries, Hartmann is exposed to currency risk in the form of translation risk, since a major part of earnings derives from these foreign subsidiaries and is translated and recognised in the Group's operating profit denominated in DKK. Foreign subsidiaries' reporting in the currencies CAD, EUR, GBP, HRK, HUK and PLN represents Hartmann's greatest translation exposure. Operating profit from Hartmann North America and Hartmann Hungary in CAD and HUF, respectively, is particularly exposed in connection with translation into DKK. Translation risk is generally not hedged, as it does not have any direct impact on Hartmann's cash resources or underlying cash flows.

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 six months ended 30 June 2010.

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 additional Danish disclosure requirements for interim reports of listed companies.

In our opinion, the interim report gives a true and fair view of the Group's assets, liabilities and financial position at 30 June 2010 and of the results of the Group's operations and cash flows for the six months ended 30 June 2010.

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, 25 August 2010

Executive Board:

Peter Arndrup Poulsen
Chief Executive Officer

Magali Depras
Chief Commercial Officer

Søren Tolstrup
Chief Operations Officer

Claus Frees Sørensen
Chief Financial Officer

Board of Directors:

Agnete Raaschou-Nielsen
Chairman

Walther V. Paulsen
Vice Chairman

Peter-Ulrik Plesner

Jan Peter Antonisen

Niels Hermansen

Niels Christian Petersen



INTERIM FINANCIAL **STATEMENTS**

STATEMENT OF COMPREHENSIVE INCOME

amounts in DKKm	Q2 2010	Q2 2009	YTD 2010	YTD 2009
Revenue	325.5	309.6	706.1	674.9
Production costs	(247.5)	(229.8)	(511.0)	(502.4)
Gross profit	78.0	79.8	195.1	172.5
Sales and distribution costs	(56.4)	(54.8)	(115.1)	(116.8)
Administrative expenses	(28.7)	(13.5)	(50.3)	(32.8)
Other operating income	0.6	0.3	1.0	0.7
Other operating expense	(0.1)	0.0	(0.1)	0.0
Operating profit/(loss) before special items	(6.6)	11.8	30.6	23.6
Special items	0.0	0.0	0.0	(6.1)
Operating profit/(loss) (EBIT)	(6.6)	11.8	30.6	17.5
Financial income	0.8	3.6	1.0	6.3
Financial expenses	(2.7)	(4.7)	(10.0)	(9.3)
Profit/(loss) before tax (EBT)	(8.5)	10.7	21.6	14.5
Tax on the profit/(loss) for the period	2.1	(2.6)	(5.4)	(3.6)
Net profit/(loss) for the period (EAT)	(6.4)	8.1	16.2	10.9
Foreign exchange adjustments, foreign subsidiaries	(14.0)	32.2	(2.6)	(4.4)
Foreign exchange adjustments, equity-like loans to subsidiaries	5.9	(0.3)	12.8	(0.2)
Value adjustment of hedging instruments transferred to revenue	(13.8)	1.6	(10.3)	3.9
Value adjustment of hedging instruments transferred to financial items	0.0	0.0	0.0	0.0
Value adjustment of hedging instruments	5.4	44.0	0.6	3.6
Tax on other comprehensive income	2.5	(8.1)	3.3	(1.1)
Other comprehensive income	(14.0)	69.4	3.8	1.8
Total comprehensive income	(20.4)	77.5	20.0	12.7
Earnings per share in DKK (EPS)	(0.9)	1.2	2.3	1.6
Earnings per share in DKK, diluted (DEPS)	(0.9)	1.2	2.3	1.6

STATEMENT OF CASH FLOWS

amounts in DKKm	Q2 2010	Q2 2009	YTD 2010	YTD 2009
Operating profit/(loss) before special items	(6.6)	11.8	30.6	17.5
Depreciation and amortisation	21.8	19.8	43.9	39.9
Adjustment for other non-cash items	(0.2)	0.0	(0.1)	0.0
Change in working capital	29.2	8.7	4.1	(15.8)
Cash flows from ordinary activities	44.2	40.3	78.5	41.6
Interest etc. received	1.2	0.2	1.4	1.7
Interest etc. paid	(4.1)	(4.7)	(9.6)	(9.3)
Net income tax, paid	(14.9)	(6.2)	(24.6)	(11.2)
Cash flows from operating activities	26.4	29.6	45.7	22.8
Disposals of property, plant and equipment	0.7	0.0	0.7	0.0
Acquisition of property, plant and equipment	(13.5)	(30.6)	(22.4)	(50.9)
Dividend received from associates	0.2	0.0	0.2	0.0
Government grants received	0.2	0.0	0.2	0.0
Cash flows from investing activities	(12.4)	(30.6)	(21.3)	(50.9)
Cash flows from operating and investing activities (free cash flow)	14.0	(1.0)	24.4	(28.1)
Change in non-current liabilities	(5.6)	(4.5)	(11.2)	(11.1)
Dividend distributed	(10.4)	0.0	(10.4)	0.0
Cash flows from financing activities	(16.0)	(4.5)	(21.6)	(11.1)
Total cash flows	(2.0)	(5.5)	2.8	(39.2)
Cash and cash equivalents and bank debt at beginning of period	(44.4)	(26.4)	(39.2)	8.8
Foreign exchange adjustments	(5.8)	(1.1)	(15.8)	(2.6)
Cash and cash equivalents and bank debt at end of period	(52.2)	(33.0)	(52.2)	(33.0)
Recognition of cash and cash equivalents and bank debt end of period:				
Cash and cash equivalents	48.3	56.9	48.3	56.9
Bank debt (current liabilities)	(100.5)	(89.9)	(100.5)	(89.9)
Total cash and cash equivalents and bank debt	(52.2)	(33.0)	(52.2)	(33.0)

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

BALANCE SHEET, ASSETS

amounts in DKKm	30 June 2010	30 June 2009	31 Dec. 2009
Non-current assets			
<i>Intangible assets</i>			
Goodwill	10.7	10.7	10.7
Other intangible assets	8.9	0.0	10.1
Total intangible assets	19.6	10.7	20.8
<i>Property, plant and equipment</i>			
Land and buildings	163.7	156.0	163.6
Technical plant and machinery	425.1	413.2	443.1
Fixtures and fittings, other plants and equipment	12.5	13.0	14.1
Technical plant under construction	22.6	57.3	16.4
Total property, plant and equipment	623.9	639.5	637.2
<i>Other non-current assets</i>			
Investments in associates	3.6	3.7	3.8
Other receivables	28.6	43.7	30.2
Deferred tax asset	92.2	63.1	73.5
Total other non-current assets	124.4	110.5	107.5
Total non-current assets	767.9	760.7	765.5
<i>Current assets</i>			
Inventories	126.2	108.1	114.0
Trade receivables	203.6	191.1	225.0
Contract work in progress	0.0	0.7	1.3
Income tax receivables	11.8	5.2	7.1
Other receivables	37.9	27.4	42.6
Prepayments	11.4	14.5	7.5
Cash and cash equivalents	48.3	56.9	53.4
Total current assets	439.2	403.9	450.9
Total assets	1,207.1	1,164.6	1,216.4

BALANCE SHEET, EQUITY AND LIABILITIES

amounts in DKKm	30 June 2010	30 June 2009	31 Dec. 2009
Equity			
Share capital	140.3	140.3	140.3
Hedging reserve	13.1	(4.1)	10.2
Translation reserve	(32.4)	(36.4)	(33.3)
Dividend proposed	0.0	0.0	10.5
Retained earnings	396.0	369.1	379.8
Total equity	517.0	468.9	507.5
<i>Non-current liabilities</i>			
Deferred tax	13.0	7.0	13.6
Pension obligations	28.6	23.5	28.0
Loans	5.1	295.7	283.6
Government grants	44.4	57.1	47.9
Total non-current liabilities	91.1	383.3	373.1
<i>Current liabilities</i>			
Current portion of loans	288.3	21.0	22.0
Current portion of government grants	3.9	4.6	4.8
Bank debt	100.5	89.9	92.5
Prepayments from customers	2.1	0.1	0.5
Trade payables	87.4	84.6	99.7
Payables to associates	1.8	0.6	1.8
Income tax	1.2	5.0	5.0
Provisions	0.7	1.6	1.3
Other payables	113.1	105.0	108.2
Total current liabilities	599.0	312.4	335.8
Total liabilities	690.1	695.7	708.9
Total equity and liabilities	1,207.1	1,164.6	1,216.4

STATEMENT OF CHANGES IN EQUITY

amounts in DKKm	Share capital	Hedging reserve	Translation reserve	Dividend proposed	Retained earnings	Total equity
Equity at 1 January 2010	140.3	10.2	(33.3)	10.5	379.8	507.5
Comprehensive income	-	(6.8)	10.6	(10.5)	16.2	9.5
Total change in equity	0.0	(6.8)	10.6	(10.5)	16.2	9.5
Equity at 30 June 2010	140.3	3.4	(22.7)	0.0	396.0	517.0
Equity at 1 January 2009	140.3	(8.9)	(33.4)	0.0	358.2	456.2
Comprehensive income	-	4.8	(3.0)	0.0	10.9	12.7
Total change in equity	0.0	4.8	(3.0)	0.0	10.9	12.7
Equity at 30 June 2009	140.3	(4.1)	(36.4)	0.0	369.1	468.9

NOTES

1. Accounting policies

The interim financial statements are presented as condensed interim financial statements in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU. 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 2009, which are in accordance with the International Financial Reporting Standards as adopted by the EU. The annual report for 2009 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 2010

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 2010. Hartmann has assessed that the new and amended standards and interpretations that are effective for financial years beginning on or after 1 January 2010 are either not relevant or not of significant importance.

Changes in accounting policies

As a result of the organisational combination of operations, the reporting segments Egg Packaging Europe and Industrial Packaging were combined as from the financial year 2010. The combination also extended to internal financial control and management reporting. The segment Egg Packaging Europe changed its name to Europe, and the segment Egg Packaging North America changed its name to North America. The comparative figures have been restated accordingly.

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 that 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 revenue and results of operations of the Group are affected by seasonal fluctuations.

3. Segment information

Segment information

Hartmann's business is divided into three reporting segments reflecting the Group's products and markets and the Group's internal financial control and management reporting. Senior management regularly receives segment information with a view to resource allocation and performance evaluation.

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

Europe

This segment comprises production and sales of moulded-fibre packaging. Products are produced at the Group's European factories and are primarily sold to egg producers, egg packing companies and retail chains and buyers of industrial packaging. European sales are coordinated from the sales office in Germany.

North America

This segment comprises production and sales of moulded-fibre packaging. Products are primarily produced at the North American factory and sold to egg producers, egg packing companies and retail chains.

Other business areas

This segment comprises the combined heat and power plant, Hartmann Technology and group functions.

Other segment information

Management assesses 'operating profit' from the reporting segments separately in order to make decisions on resource allocation and performance evaluation. The accounting policies applying to the consolidated financial statements are also applied in relation to the calculation of the operating profit from the reporting segments. Group financing (including financial income and expense) and income tax are handled at group level and are not allocated to the reporting segments.

The segment assets and segment liabilities comprise inventories, trade receivables and trade payables directly relating to the individual segment.

Other segment information includes investments in intangible assets, property, plant and equipment and depreciation, amortisation and impairment.

No single customer accounts for more than 10% of external revenue.

NOTES

3. Segment information, cont'd

HI 2010, amounts in DKKm	Europe	North America	Other business areas	Total of reporting segments
External revenue	561.8	106.7	37.6	706.1
EBITDA	92.1	11.3	(28.9)	74.5
Depreciation and amortisation	(36.7)	(6.5)	(4.0)	(47.2)
Operating profit/(loss) before special items	55.4	4.8	(32.9)	27.3
Special items	0.0	0.0	0.0	0.0
Operating profit/(loss)	55.4	4.8	(32.9)	27.3
Balance sheet				
Inventories	72.5	34.3	19.4	126.2
Trade receivables	169.0	19.9	14.7	203.6
Trade payables	47.9	16.3	23.2	87.4
Other segment information				
Investments in intangible assets and property, plant and equipment	16.3	3.9	2.2	22.4

HI 2009, amounts in DKKm	Europe	North America	Other business areas	Total of reporting segments
External revenue	555.4	81.4	38.1	674.9
EBITDA	79.7	2.0	(17.1)	64.6
Depreciation and amortisation	(35.7)	(5.2)	(3.2)	(44.1)
Operating profit/(loss) before special items	44.0	(3.2)	(20.3)	20.5
Special items	(6.1)	0.0	0.0	(6.1)
Operating profit/(loss)	37.9	(3.2)	(20.3)	14.4
Balance sheet				
Inventories	75.2	21.0	13.1	109.3
Trade receivables	172.1	14.4	4.6	191.1
Trade payables	44.9	10.9	28.8	84.6
Other segment information				
Investments in intangible assets and property, plant and equipment	24.7	11.1	15.1	50.9

NOTES

3. Segment information, cont'd

	HI 2010	HI 2009
Reconciliations, amounts in DKKm		
Revenue		
External revenue for reporting segments	706.1	674.9
Total revenue, see interim report	706.1	674.9
Performance measures		
Operating profit/(loss) before special items for reporting segments	27.3	20.5
Eliminations	3.3	3.1
Operating profit/(loss) before special items, see interim report	30.6	23.6
Special items for reporting segments	0.0	(6.1)
Eliminations	0.0	0.0
Operating profit/(loss), see interim report	30.6	17.5
Financial income	1.0	6.3
Financial expense	(10.0)	(9.3)
Profit/(loss) before tax, see interim report	21.6	14.5
	30 June 2010	30 June 2009
Assets		
Inventories for reporting segments	126.2	109.3
Trade receivables for reporting segments	203.6	191.1
Non-current assets, see interim report	767.9	760.7
Other current assets, see interim report	109.4	104.7
Eliminations	0.0	(1.2)
Total assets, see interim report	1,207.1	1,164.6
Liabilities		
Trade payables for reporting segments	87.4	84.6
Non-current liabilities, see interim report	91.1	383.3
Other current liabilities, see interim report	511.6	227.8
Total liabilities, see interim report	690.1	695.7

4. Events after the balance sheet date

No significant events have occurred after the balance sheet date of the interim report for the six months ended 30 June 2010, other than those mentioned in this interim report, that affect Hartmann's assets, liabilities or financial position as at 30 June 2010 and its results of operations and cash flows for the six months ended 30 June 2010.



ADDITIONAL INFORMATION

TELECONFERENCE ON 25 AUGUST 2010 AT 10:00 A.M.

CEO Peter Arndrup Poulsen will present the highlights of the interim report for the six months ended 30 June 2010 and answer questions. Please visit www.hartmann-packaging.com to register for the teleconference. The presentation will be available in the investor section archive on the Company's website after the teleconference.

To participate in the teleconference, please dial the relevant telephone number below immediately before the opening of the teleconference:

Danish participants: +45 32 71 47 67
International participants: +44 207 509 5139
US participants: +1 718 354 1226

FINANCIAL CALENDAR 2010

Wednesday, 24 November 2010:

Interim report for the nine months ended 30 September 2010

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

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