

2008

Annual Report

DALHOFF LARSEN & HORNEMAN A/S

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VAT reg. No.: 34 41 19 13

MANAGEMENT STATEMENT:

The supervisory and executive boards have today considered and adopted the 2008 annual report of Dalhoff Larsen & Horneman A/S.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and additional Danish disclosure requirements for annual reports of listed companies. In our opinion, the accounting policies applied are appropriate and the annual report therefore provides a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31 December 2008 as well as of the results of the group's and the parent company's operations and cash flows for the financial year ended 31 December 2008.

Furthermore, we believe that our review gives a true and fair review of the development in the group's and the parent company's operations and financial matters, the results of the group's and the parent company's operations and financial position as a whole and describes the significant risks and uncertainties pertaining to the group and the parent company.

The annual report is hereby submitted to the general meeting for adoption.

Høje Taastrup, 12 March 2009

Executive board:

Jørgen Møller-Rasmussen

Supervisory board:

Asbjørn Børsting
(Chairman)

Arne Vierø
(Deputy Chairman)

Kristian Kolding

Aksel Lauesgaard Nissen

Wilhelm Schnyder

Erik Søndergaard

Morten Bergsten*

Jesper Birkefeldt*

Jens Ulrik Nielsen*

*) Elected by the employees by the group

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Dalhoff Larsen & Horneman A/S

We have audited the group and parent company annual report of Dalhoff Larsen & Horneman A/S for the financial year ended 31 December 2008 which comprises the management statement, management's review, the income statement, the balance sheet, the statement of recognised income and expenses, the cash flow statement and the related notes. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and additional Danish disclosure requirements for annual reports of listed companies.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of the annual report in accordance with International Financial Reporting Standards as adopted by the European Union and additional Danish disclosure requirements for annual reports of listed companies. Management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the annual report, free of material misstatement, whether caused by fraud or error; as well as selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the annual report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the annual report, whether caused by fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. In forming our opinion we also evaluated the appropriateness of the accounting policies applied, the reasonableness of the accounting estimates established by the management and the overall adequacy of the presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Audit opinion

In our opinion, the annual report gives a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31 December 2008 and of the results of the group's and the parent company's operations and cash flows for the financial year ended 31 December 2008 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and additional Danish disclosure requirements for annual reports of listed companies.

Copenhagen, 12 March 2009

KPMG
Statsautoriseret Revisionspartnerselskab

Kurt Gimsing
State Authorised Public Accountant

Per Ejsing Olsen
State Authorised Public Accountant

BUSINESS DEVELOPMENT

Major events in 2008

- Sale of the Building Materials Division
- Acquisition of Palma Byggrossisten AB
- Acquisition of the hardwood operations of the Finnish business Puukeskus OY
- Acquisition of Compagnie Forestière des Abeilles with 200,000 hectares of forest concessions in the Gabon
- FSC™-certification of yet another portion of DLH's forest concession in Congo-Brazzaville, which is now one of the largest contiguous FSC-certified natural tropical forests in the world
- Extensive development and adjustment of the organisation and its business operations to match the reduced demand resulting from the financial crisis

Market developments

The financial crisis and the global economic recession had a huge impact on DLH's revenue and profit trend in 2008. The dramatically declining level of activity in the building and construction industry throughout the world, especially towards the end of the financial year, caused the volume of sales to decline, the group's product prices to fall by as much as 30%, and a decrease in the gross margin.

Financial development

With revenue at DKK 5,013 million, DLH suffered a 12% decline in comparison with 2007.

Due to these negative trends, the group booked significant impairment losses on inventories and intangible assets at year-end. To this must be added other one-off restructuring costs partly related to the fact that total capacity in the production units was reduced by half. Total costs amounted to more than DKK 200 million in 2008.

Accordingly, the group's gross margin was 10.9%, down 6.3 percentage points from last year.

EBIT was a loss of DKK 315 million compared with a profit of DKK 244 million last year. The group's operating margin (EBIT margin) was negative at 6.3% compared with 4.3% positive the year before.

Accordingly, the group suffered a pre-tax loss on its continuing operations (EBT) amounting to DKK 422 million in 2008 compared with a profit of DKK 159 million in 2007.

Tax on the profit for the year generated by continuing operations was an income of DKK 69 million compared with an expense of DKK 58 million in 2007.

Thanks to a one-off income item of DKK 580 million, representing the proceeds from the sale of the Building Materials Division in February 2008, DLH generated a profit after tax of DKK 227 million, up by DKK 80 million from last year, and thus the largest profit in the history of the group.

The group's balance sheet total was DKK 3,043 million at year-end, a 24% decline from year-end 2007. After eliminating assets held for sale (the Building Materials Division), the decline was 10%. In the course of 2008 the group reduced its total tied-up capital through substantial inventory reductions.

Average invested capital from continuing operations was DKK 2,913 million in 2008, compared with DKK 2,641 million last year.

Equity was DKK 1,240 million at year-end, representing a DKK 68 million increase.

Cash flow from operations after investments was negative at DKK 298 million compared with a negative DKK 198 million the previous year. Compared with the previous comparative period, funds tied up in inventories and receivables have been reduced, while total investments before acquisitions are slightly higher than in 2007.

Dividend

The supervisory board will recommend to the shareholders in general meeting that no dividends be paid for 2008.

Events occurring after the end of the financial year

DLH has concluded a two-year agreement for the re-financing of long-term loans with a number of banks. The banks have also undertaken to provide short-term credit facilities that will secure the group the necessary financial scope.

Share buy-back programme

A share buy-back programme totalling DKK 100 million was launched in connection with the sale of DLH Træ & Byg A/S and implemented in May 2008. Management decided that the programme should be implemented according to the 'safe harbour' method. The share buy-back programme was one of management's continuing efforts to ensure the best possible capital structure for the group at its current level of activity.

However, the drop in share price and poor liquidity in the share market resulted in a final value of the shares purchased (the buy-back ended on 1 March 2009), of DKK 37 million, DKK 34 million of which was attributable to 2008. A proposal will be submitted to the shareholders in the annual general meeting to cancel the repurchased shares in 2009.

Focusing on global timber trade

With annual revenue of approximately DKK 5 billion DLH is today one of the world's largest timber wholesalers, with sales and purchasing offices as well as warehousing and processing facilities in more than 30 countries across five continents. The sale of the Building Materials Division in early 2008 considerably reduced the group's dependency on the Danish market. Conversely, in recent years the group has built up a significant Scandinavian business platform through acquisitions that will be key to DLH's international business in future.

It is DLH's general strategy to develop its business activities through controlled profitable growth, either through organic growth or acquisitions, thereby ensuring wider or deeper business engagement in the value chain. At the same time, the group will take advantage of opportunities to enhance operations and improve the utilisation of capital.

In light of the current difficult socio-economic developments, DLH will continue to adapt its organisation and business activities to the changed market conditions in 2009. Once the ongoing reorganisation has been completed, DLH will again develop its business by expanding its geographical sales platform and strengthening its value chain.

Forest management

DLH already has a solid position as one of the world's leading suppliers of FSC-certified tropical hardwood from natu-

ral forests. The group's strategy includes the consolidation of this position through more tropical forest management concessions in areas other than the existing Congo-Brazzaville and Gabon concessions. Such concessions are steps on the road in DLH's efforts to secure group access to legal and certified timber. However, the group has currently no plans of acquiring additional tropical concessions.

Processing

In recent years DLH has become more engaged in the processing of timber, primarily in the supply countries, as a result of production moving from industrialised high-pay countries to supply countries in the third world. Where strategically necessary, the group will in the years ahead single out environmentally sustainable processing facilities for expansion, for instance with a view to processing timber species that have not yet been commercially exploited.

Trading

Trading is a designation for transactions in which goods are taken directly from the supply area to the customer circumventing the warehouses of DLH, primarily to markets where the group does not have its own distribution. The objective of trading is to exploit the constantly arising imbalances in world trade. Traditionally, trading operations grow organically.

GROUP CHART

GROUP MANAGEMENT				
FINANCE & IT	HARDWOOD DIVISION			TIMBER & BOARD DIVISION
Accounts Controlling IT Finance Insurance	<ul style="list-style-type: none"> • Africa • South East Asia • Trading world-wide 	Distribution Western Europe: <ul style="list-style-type: none"> • South • West 	Distribution Eastern Europe: <ul style="list-style-type: none"> • Central • East North / South America: <ul style="list-style-type: none"> • Distribution USA • Brazil 	<ul style="list-style-type: none"> • Denmark • Sweden • Norway • Finland & the Baltic states • Trading Europe & USA
GROUP CO-ORDINATION				
International relations	HR	CSR/Environment	Marketing	Supply chain management

Each of DLH's two operating divisions are a functionally and geographically segmented sub-group, supplemented by cross-divisional functions at group level (co-ordinators). In addition, there is a Finance & IT Division. The responsibility for purchasing products is shared by the two operating divisions. The group management is composed of the President & CEO, the Executive Vice President for Finance & IT and the four Executive Vice Presidents of the operating divisions.

Distribution

DLH runs a wholesale and distribution business in the mature markets in the Nordic countries, the remaining parts of Western Europe and North America and in several of the new markets (emerging markets such as Russia and the remainder of Eastern Europe). The group has adopted growth plans for each of these markets:

The Nordic countries. During the past few years DLH has expanded its position in the Nordic countries considerably. Minor acquisitions may still be made in future which would supplement the group's business areas in order to achieve greater market coverage.

The remainder of Western Europe and North America. Here DLH expects to acquire activities within fields that consolidate the group's presence, both geographically and in terms of products.

Growth may take place through the acquisition of large or small activities which supplement the existing business. DLH desires to become a market leader in the markets in which the group operates. Until further notice, all acquisition activities are put on hold.

Emerging markets are characterised by high growth rates, which are primarily obtained through new establishments.

There are currently relatively few enterprises of a size that would make them an attractive target for DLH's strategy. The group will actively investigate the potential in the markets where the group already has a presence, for instance in Russia, as well as enter markets where conditions are right.

Investments and financing

The majority of DLH's aggregate investments in new activities will be directed at distribution, which may help consolidate the group's market position and which holds great synergy potential in conjunction with the group's existing business fields.

A minor proportion of the investment programme will focus on forest management and processing that may enhance the group's production platform, primarily within certified timber. Investments in processing and forest management will only increase revenues to a limited extent, but will strengthen the group's earnings potential and operating margin.

The growth planned will primarily be financed by the group's cash flow and will ensure that DLH can live up to its objective of stable dividend payments to shareholders. However, DLH will not exclude the possibility of the group issuing Class B shares in connection with large acquisitions.

FINANCIAL OBJECTIVES

In 2008 DLH published its new long term financial objectives. The group is maintaining to these objectives even though the forecast earnings and profit for the near future are dramatically reduced, and the announced time for attaining the objectives (2012) is likely to be postponed correspondingly. Our objectives can only be achieved if demand on the global markets returns to normal.

FINANCIAL OBJECTIVES ¹⁾			
DKK million	Group	Hardwood Division	Timber & Board Division
Operating margin, EBIT	5.5%	6.5%	5.5%
Creation of value ²⁾	>0	>0.25% of revenue	>0.25% of revenue
Equity ratio	>35%		

1) The objectives should be perceived as an average level of earnings and growth during one trade cycle.

2) The creation of shareholder value, i.e. a return on the capital invested which exceeds the cost of the capital employed (Weighted Average Cost of Capital, WACC, currently at approx. 8% with variations for the two divisions).

STRENGTH FROM ADVERSITY

Wood is used to build and restore houses. That's how it has always been and that's how it will continue to be. There is no doubt that the use of wood as a building material will become much more widespread in future. This is because wood is environmentally friendly and CO₂ neutral and it satisfies the ever increasing demand for building materials that are climate-friendly, environmentally sound and whose production involves a lower energy consumption. DLH expects a steady growth in global demand for wood in the long term, in particular demand for plantation wood and certified sustainable products, which DLH specialises in.

However, despite these favourable growth prospects, DLH has naturally not been able to escape the downward market trend experienced in 2008. Like so many other suppliers to the building and construction industry, DLH suffered a dramatic decline in demand for its products. Customers, notably in the building and construction industry, are completely dependent on the financing conditions in the market and therefore hard hit by the financial crisis; this, as we all know, grew critically worse in the second half of 2008. In addition, the unrest in the foreign exchange market had a further negative impact on the profit for the year. Unfortunately, DLH therefore has to report resultant stagnating revenues and a disappointingly large operating loss in 2008. On the other hand, there are other, more positive developments: first and foremost, the sale of the Building Materials Division, which secured the group a considerable profit after tax in 2008 and helped consolidate DLH's financial position.

In addition, our persistent efforts to secure sustainable supplies have resulted in yet another FSC-certification of our concession in Congo-Brazzaville, which consolidates our position as market leader in this field, especially in the light of new requirements calling for the use of certified timber in both the USA and the EU.

At the beginning of 2009, the global economy is in decline and DLH has to adapt its business to the changed market conditions.

Beginning in 2008 we launched extensive restructuring efforts with a view to reducing costs and inventories. At the same time we increased our focus on improving the efficiency of supply lines. The objective is to consolidate DLH's market position in all links of the supply chain from production and processing to distribution – without losing sight of corporate social responsibility (CSR) objectives.

Following the sale of the Building Materials Division in 2008, exactly one hundred years after the foundation of the group, DLH returned to its original business of international trade in timber and timber products. The past one hundred years have testified to DLH's special ability to come out of an economic crisis with renewed strength and managing to create new growth and profitability for the benefit of suppliers, customers, employees and shareholders.

I am confident that we will also be able to turn the present adverse conditions into strengths and that we will successfully adapt our business to future market demands. It is a fact that the global demand for our products will rise again, and the volume of cross-border trade, our core competence, will grow. Timber and timber products have a prominent position as particularly environmentally friendly building materials. This is true now, and it will be true in the future.

Jørgen Møller-Rasmussen
President & CEO

Dalhoff Larsen & Horneman A/S
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E-mail: dlh@dlh-group.com

VAT reg. No.: 34 41 19 13
Domicile: Høje Taastrup

Supervisory board:

Asbjørn Børsting (chairman)
Arne Vierø (deputy chairman)
Kristian Kolding
Aksel Lauesgaard Nissen
Wilhelm Schnyder
Erik Søndergaard
Morten Bergsten (elected by the employees of the group)
Jesper Birkefeldt (elected by the employees of the group)
Jens Ulrik Nielsen (elected by the employees of the group)

Management:

Jørgen Møller-Rasmussen, President & CEO

Auditors:

KPMG
Statsautoriseret Revisionspartnerselskab
Borups Allé 177
DK-2000 Frederiksberg

Annual general meeting:

The annual general meeting will be held on Thursday,
16 April 2009 at 3 p.m. at the Quality Hotel Høje Taastrup,
Carl Gustavsgade 1, DK-2630 Taastrup.

FINANCIAL HIGHLIGHTS FOR THE DLH GROUP

DKK million	2008 ¹⁾	2007 ¹⁾	2006 ¹⁾	2005	2004
	Only continuing operations			All operations	
Income statement					
Revenue	5,013	5,720	5,482	5,363	5,036
Gross profit	544	986	896	903	825
Costs excluding depreciation, amortisation and impairment losses	688	650	585	639	590
Operating profit before depreciation and amortisation (EBITDA)	(144)	336	311	264	235
Earnings before interest, taxes and amortisation (EBITA)	(241)	254	229	228	188
Operating profit (EBIT)	(315)	244	224	225	183
Net financials	(107)	(86)	(81)	(50)	(43)
Profit for the year on continuing operations before tax (EBT)	(422)	159	144	175	140
Profit for the year on discontinued operations	580	47	48	-	-
Profit for the year	227	147	152	119	90
Balance sheet items					
Total assets	3,043	4,005	3,661	2,620	1,998
Equity	1,240	1,172	1,068	827	719
Average invested capital including goodwill	2,913	2,641	2,288	1,990	1,707
Invested capital ultimo	2,497	2,758	2,408	2,130	1,701
Average interest-bearing debt	1,251	1,522	1,277	1,203	1,043
Investments					
Gross investments excluding acquisitions	134	95	84	69	55
Investment in property, plant and equipment herein	111	80	82	67	52
Gross investments including acquisitions	234	243	412	144	55
Net investments excluding acquisitions	124	91	48	50	9
Cash flow					
Cash flow from operating activities (CFFO)	(49)	34	87	(107)	51
Cash flow from operating activities after investments, excluding acquisitions	(208)	(53)	51	(133)	53
Cash flow from operating activities after investments, including acquisitions	(298)	(198)	(176)	(317)	53

Accounting policies applied

The annual report of the DLH Group for 2008 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and additional Danish disclosure requirements for annual reports of listed companies. The accounting policies remain unchanged as compared to previous years.

¹⁾ The group financial highlights and ratios have only been adapted to the presentation of the Building Materials Division as discontinued operations in 2006-2008.

FINANCIAL HIGHLIGHTS FOR THE DLH GROUP

DKK million	2008 ¹⁾	2007 ¹⁾	2006 ¹⁾	2005	2004
	Only continuing operations			All operations	
Financial ratios					
Gross margin	10.9%	17.2%	16.4%	16.8%	16.4%
Operating margin (EBIT margin)	(6.3%)	4.3%	4.1%	4.2%	3.6%
Net operating profit less taxes (NOPLAT) ²⁾	(170)	182	162	163	134
Return on equity (ROE)	18.9%	13.2%	15.6%	15.3%	13.3%
Equity ratio	40.8%	29.3%	29.2%	31.6%	36.0%
Equity ratio including subordinated loan	44.4%	32.1%	32.2%	31.6%	36.0%
Return on invested capital including goodwill (ROIC including goodwill)	(8.2%)	9.7%	10.1%	11.7%	11.2%
Average number of employees	3,688	3,661	3,759	1,782	1,695
Stock market ratios					
Book value per diluted share of DKK 10 (BVPS-D), at year-end	70	64	58	49	42
Share price at 31 Dec. (P) DKK	26.00	90.22	106.89	85.60	39.30
Price / book value diluted (P/BV-D)	0.37	1.42	1.86	1.75	0.93
EPS diluted (per share of DKK 10)	12.46	7.96	8.29	6.94	5.30
Average number of diluted shares in issue (1,000 shares) ³⁾	18,179	18,438	18,292	17,065	17,065
Cash flow per diluted share of DKK 10 (CFPS-D)	(2.69)	1.87	4.77	(6.28)	2.98
Dividend per share of DKK 10 (DPS)	-	2.00	2.00	1.50	1.00
Price earnings diluted (P/E-D)	2.1	11.3	12.9	12.3	7.4

1) The group financial highlights and ratios have only been adapted to the presentation of the Building Materials Division as discontinued operations in 2006-2008.

2) Based on a weighted tax rate of 29% (2007: 29%) with the addition of financial net income on capital invested (receivables etc.) of DKK 1.6 million.

3) As partial payment for the acquisition of the tt Timber Group, 1,200,000 shares of DKK 10 were issued in February 2006. In addition, 216,276 shares of DKK 10 each were issued in July 2006 in connection with an employee share issue.

FINANCIAL REPORTING

The 2008 annual report of the DLH Group has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and additional Danish disclosure requirements for annual reports of listed companies.

Dalhoff Larsen & Horneman A/S has availed itself of the option to prepare the annual report of the parent company in accordance with International Financial Reporting Standards.

Implementation of the new financial reporting standards (IFRS/IAS) and interpretations (IFRIC) applicable to financial years starting on 1 January 2008 or later have had no impact on recognition and measurement, and the accounting policies applied are therefore unchanged from the previous year.

BUSINESS ACTIVITIES

The group's international trading activities have been organised under two divisions: the Hardwood Division and the Timber & Board Division.

The Hardwood Division trades in tropical hardwood from South America, Africa and South East Asia as well as in temperate hardwood, primarily from Eastern Europe and North America. The timber is mainly supplied by local sawmills and producers. In addition, the division has direct access to vast sustainable tropical forests in Africa, and today obtains 17% of its supplies from its own forest concessions.

The Timber & Board Division trades in softwood and sheet materials and is engaged in the distribution of hardwood in the Nordic countries and the Baltic States. Sheet materials, which include plywood, MDF and particle board, are primarily purchased in Russia, South America and Northern Europe.

Corporate centre

The Finance & IT, intra-group bank, logistics, personnel as well as forestry & environment functions are shared by both divisions. Legally, these shared functions belong under Dalhoff Larsen & Horneman A/S, which is the parent company of the DLH Group. The holding company also performs general management duties.

FINANCIAL STATEMENTS OF THE PARENT COMPANY

Following the transition to International Financial Reporting Standards and thus the abandonment of the equity method, the profit or loss made by the parent company does not coincide with that of the group, since the income statement recognises dividends from subsidiaries only, as opposed to the full profit.

The parent company's investments in subsidiaries are recognised at cost, and this implies that the equity of the parent company differs from that of the group.

The parent company's pre-tax profit was DKK 625 million compared with DKK 63 million in 2007.

The balance sheet total of the parent company was DKK 2,293 million compared with DKK 1,962 million in 2007.

The parent company's equity was DKK 1,192 million compared with DKK 622 million at year-end 2007.

DEVELOPMENTS IN THE DLH GROUP DURING THE PAST FINANCIAL YEAR

DLH sold the Building Materials Division to the French Saint-Gobain Group in 2008. In 2008 the DLH Group acquired Palma Bygghgrossisten AB, a sheet materials distributor in northern Sweden, as well as the hardwood operations of the Finnish company Puukeskus OY. Moreover, the group acquired Compagnie Forestière des Abeilles, with 200,000 hectares of forest concessions in Gabon, and had yet another portion of its forest concession in Congo-Brazzaville FSC-certified. This is now one of the largest contiguous FSC-certified natural tropical forests in the world.

Market developments

The financial crisis and the global economic recession had a huge impact on DLH's revenue and profit trends in 2008. The dramatically declining level of activity in the building and construction industry throughout the world, especially towards the end of the financial year, caused the volume of sales to decline, the group's product prices to fall by as much as 30%, and a decrease in the gross margin.

Revenue

In accordance with the most recent forecasts of 20 November 2008 and 5 February 2009 DLH generated revenue of DKK 5,013 million and thus realised a 12% decline in 2008 compared with 2007.

Hardwood Division

The Hardwood Division produced revenue of DKK 3,276 million, down by DKK 528 million or 13.9% from the year before. This downturn is due to the hardwood market taking a sharp plunge from a very high level of activity in the first months of 2008 to a considerably lower level in the last quarter of the year. The rapid decline in demand combined with high inventories in the market resulted in a simultaneous decline in the volume of sales and sales prices and thus gross margins, which fell from 16.8% in 2007 to 9.6% in 2008.

Timber & Board Division

The Timber & Board Division produced revenue of DKK 1,784 million compared with DKK 1,959 million the year before. Acquired businesses accounted for a revenue increase of 12.9%, while the remainder of the business experienced a 21.8% decline.

Both demand and prices in the timber and sheet materials market suffered a dramatic decline towards the end of 2008, putting margins under pressure. The reason for this was the sudden slowdown in the building and construction industry, which hit Scandinavia as well as the remainder of Europe, albeit at varying degrees in the individual markets. The division has adjusted its organisation to match the lower demand.

Due to these negative trends, the group booked significant inventory write-downs and impairment losses on intangible assets at year-end. To this must be added other one-off restructuring costs, partly related to the fact that total capacity in the production units was reduced by half. These costs amounted to more than DKK 200 million in 2008.

Gross margin

The group's gross margin fell by 6.3 percentage points to 10.9% in 2008. Combined with the revenue decline this reduced the gross profit by DKK 442 million. The Hardwood Division's gross margin fell by 7.2 percentage points while the Timber & Board Division produced a gross margin which was 4.8 percentage points lower than in 2007.

Other operating income and expenses

Other operating income amounted to DKK 36 million in 2008 versus DKK 21 million last year. This item includes DKK 3 million in proceeds from the sale of property, plant and equipment compared with DKK 1 million in 2007.

Costs

Costs were DKK 724 million. This represents an increase of DKK 54 million compared with 2007.

Depreciation and amortisation

Depreciation and amortisation was DKK 105 million compared with DKK 92 million last year.

Operating profit (EBIT)

EBIT was a loss of DKK 315 million compared with a profit of DKK 244 million in 2007. The group's operating margin (EBIT margin) was negative at 6.3% compared with 4.3% positive the year before.

Hardwood Division

The division's EBIT for the year was a loss of DKK 212 million compared with a profit of DKK 157 million in 2007, down by DKK 369 million. Of this amount, one-off write-downs account for approximately DKK 139 million.

Timber & Board Division

The division's EBIT for the year was a loss of DKK 28 million, down by DKK 168 million compared with 2007. Acquisitions account for an increase of DKK 17 million, while one-off write-downs account for a decline of DKK 27 million.

Corporate centre

The corporate centre, which covers Finance & IT, Intra-group bank, Logistics, Personnel, Forestry & Environment and the Executive board, experienced an operating loss, EBIT, of DKK 75 million, compared with a loss of DKK 53 million in 2007. The figures include impairment losses of DKK 11 million in 2008 and proceeds from the sale of property of DKK 10 million in 2007. Adjusted for these one-off items EBIT was at the same level as in 2007.

Profit on continuing operations before tax

The group made a loss before tax on its continuing operations amounting to DKK 422 million compared with a profit of DKK 159 million the year before. This coincides with the most recent forecast of a loss of approximately DKK 420 million, published on 5 February 2009.

Tax for the year on the profit on continuing operations

Tax on the profit for the year generated by continuing operations was an income of DKK 69 million compared with an expense of DKK 58 million in 2007. This gives rise to a tax rate of 16.3% compared with 36.8% in 2007. The primary reason for the change in the tax rate is that the tax effect of losses in several of the group's operations, for example in the African countries, have not been recognised due to uncertainty as to their future value and utilisation.

Profit for the year

Thanks to a one-off income item of DKK 580 million, representing the proceeds from the sale of the Building Materials Division in February 2008, DLH generated a profit after tax of DKK 227 million, up by DKK 80 million on last year.

Balance sheet total and capital invested

The group's balance sheet total was DKK 3,043 million at year-end, a 24% decline from year-end 2007. After eliminating assets held for sale (the Building Materials Division), the decline was 10%. In the course of 2008 the group reduced

EBIT-contributions of divisions

Million DKK	2008	2007
Hardwood Division	(211.9)	156.9
Timber & Board Division	(28.3)	140.2
Corporate centre	(74.7)	(52.7)
Total	(314.9)	244.4

Average invested capital

Million DKK	2008	2007
Hardwood Division	2,115.5	2,025.6
Timber & Board Division	785.5	634.8
Corporate centre	12.4	(19.0)
Total	2,913.4	2,641.4

its total tied-up capital through substantial inventory reductions.

Equity was DKK 1,240 million at year-end, representing a DKK 68 million increase.

Average invested capital from continuing operations was DKK 2,913 million in 2008, compared with DKK 2,641 million last year. This represents an increase of 10%. Adjusted for acquisitions, the increase is 6%.

Hardwood Division

Average invested capital was DKK 2,116 million, up DKK 90 million from 2007. However, towards the end of the year inventories, and thus investments, had been considerably reduced.

Timber & Board Division

The division's average invested capital was DKK 786 million in 2008, compared with DKK 635 million in the previous year. Acquisitions account for an increase of DKK 20%.

Cash flow

Cash flow from operations after investments was negative at DKK 298 million compared with a negative DKK 198 million the previous year. Compared with the previous comparative period, funds tied up in inventories and receivables have been reduced, while total investments before acquisitions are slightly higher than in 2007.

EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

DLH has concluded a two-year agreement for the re-financing of long-term loans with a number of banks. The banks have also undertaken to provide short-term credit facilities that will secure the group the necessary financial scope.

THE FUTURE

Forecast for 2009 and 2010

Framework

DLH expects the low level of activity that characterised the sales markets in the latter part of 2008 to continue to have a great impact on developments in the first part of 2009. The group takes the view that the market will gradually stabilise in the course of 2009 and that gross margins will improve as wholesale inventories are adapted to the current demand and price levels. In DLH's view, raw materials prices – both for temperate and tropical timber – are likely to bottom out in the first half of 2009 with subcontractors, some of whom are currently manufacturing below cost, looking to reduce their production capacity. Even though DLH believes the market will thus stabilise in 2009, expected profit development in a number of the group's companies will be under pressure due to the current low level of activity and prices for some time to come.

Initiatives

In 2008 DLH took a number of initiatives – and will implement further initiatives for 2009 – with a view to reducing the negative consequences of market developments and ensure that the group is well equipped for future market conditions.

Adjustment of production capacity

The recession has hit the production units the hardest. They have had to adapt to market conditions by reducing costs and production capacity.

Overall, the capacity in the group's production units has almost been halved in the second half of 2008. The veneer production in Bohmans Finerfabrik in Oskarshamn has been closed down, and considerable cut-backs have been made in the group's major production units in Congo-Brazzaville and Brazil.

Structural adjustments in the sales markets

DLH has launched efficiency enhancements in the Swedish business operations, where four companies will come under joint management and administration. A similar merger of the Danish and Norwegian operations will be implemented. These structural changes will ensure a number of administrative savings, fewer inventories and the possibility of a better coordinated sales effort aimed at customer segments.

Restructuring intra-group trading

DLH has set up a supply chain function, which is expected to improve efficiency in the value chain, both as regards time and costs. For example, the supply chain function will establish a new systems platform for intra-group trading. This new platform will result in administrative savings and efficiency improvements and will dramatically improve the group's ability to control inventories and delivery times. The platform will be set up in 2009 as part of the DLH Group's Oracle-based business system.

Inventory reduction

DLH has implemented a number of steps to reduce inventories quickly. A restrictive purchasing policy has been introduced and the guidelines for intra-group trade with the group's business units have been revised, a measure which will be supported by a new shared intranet-based commodity exchange.

Cost cutting and other initiatives

In addition to these structural measures, the group has implemented general cost cuttings and staff reductions in nearly all the group's departments. In addition, the group has launched initiatives such as a pay freeze in 2009, restrictions on the group's investment programme and an efficiency enhancement consultancy project for the organisation of the Russian activities.

FORECAST FOR 2009 AND 2010

Despite the prospect of a stabilisation in market demand and prices in 2009 and the many organisational and business adjustment initiatives launched, DLH expects a moderate revenue decline in 2009 compared with 2008.

The group expects that its annual financial pre-tax results from continuing operations will be a loss, albeit considerably less than in 2008.

For 2010 the group again expects revenue growth and a profit.

Financial capacity

DLH concluded a two-year financial agreement with a number of banks in March 2009, which will secure the necessary financial scope for the group. Furthermore, the company's supervisory board has decided to recommend to the shareholders in general meeting that no dividend be distributed for the financial years 2008 and 2009.

RISK

The activities of DLH are subject to a number of commercial, financial and insurable risks that are all given high priority in the group's risk management.

COMMERCIAL RISK

The group's risk profile is characterised by DLH operating in a number of countries and markets subject to considerable competition.

Sensitivity to market fluctuations

DLH is affected by trade conditions in the sales markets and supply regions in which the group operates. Trends in the building and renovation industries are of particular importance. Approximately 65% of group revenues are generated through the company's own stock-holding distribution centres, whilst the remaining 35% of revenues are generated by trading. Trading is far more sensitive to market fluctuations than distribution. Conversely, distribution involves a higher exposure risk for inventories.

Market and customer risk

Denmark, Sweden and France are the largest single markets, together accounting for one-third of revenues, while the USA and Poland follow with approximately 8% each. Accordingly, the group is only dependent on individual countries to a limited extent, but has considerable regional activity in Western Europe at 63% of revenue. Of this figure, the Nordic countries account for 31%. Emerging markets (Eastern Europe, the Far East, Africa, the Middle East and South America) account for 29% of revenues.

Accordingly, country-specific fluctuations in market conditions have limited effect, whereas regional market fluctuations may seriously affect both revenues and profit. The customer portfolio is not vulnerable to the loss of individual customers: the group's largest single customer accounts for less than 3% of revenue.

Political risk and other supply risk

Many of the group's key supply areas are located in countries in which political conditions and trading practices, logistics and legislation differ considerably from those in the Western world. For this reason, purchases from such areas are subject to various types of supply risks. In addition, certain supply countries are subject to political instability and unrest, which may interfere with business operations. Yet another factor is the climate of the supply countries, which results in reduced supplies at certain times of the year, e.g. such as during the rainy season in the tropics or the winter months in Russia.

Generally, the group has succeeded in putting well-functioning systems in place to control quality and delivery subject

to the conditions prevailing in the supply areas. These systems are supported by the physical presence of procurement offices in most of these areas.

DLH has a good spread of suppliers which facilitates the substitution of a product from one supply region with products from other supply regions. This fact combined with the fact that DLH is active in all vital supply regions sets the group apart from almost all its competitors and provides great flexibility and strength.

The suppliers of DLH are generally small. However, the Timber & Board Division primarily purchases softwood from a few large suppliers in Scandinavia, whereas a single supplier of sheet materials in Russia accounts for a relatively large proportion of the division's supplies of plywood to the European and American markets. The DLH Group has been trading with these suppliers for many years. No single supplier supplies more than 8% of the goods purchased by the Timber & Board Division. No single external supplier handles more than 4% of the goods purchased by the Hardwood Division, but approximately 17% are purchased from the group's own concessions in Congo-Brazzaville.

DIRECT INVESTMENTS IN HIGH-RISK COUNTRIES

Considerable direct investments have been made in a number of high-risk countries to support the group's tropical hardwood supplies, which include VLO- and FSC-certified timber. Valuation and depreciation policies reflect the risk in the individual countries. The group has limited its risk exposure with respect to its largest single investment in Congo-Brazzaville through a vendor guarantee on the one hand and through a special venture capital loan granted to CIB by the Industrialisation Fund for Developing Countries on the other. The group has also made direct investments in Gabon, Brazil, Malaysia, Poland, the USA, the Netherlands and Sweden.

FINANCIAL RISK

Due to the nature of the operations of the DLH Group the group's results and equity may be affected by a number of types of financial risk.

By far the majority of DLH's financial risk management is handled by its intra-group bank, which primarily uses forward exchange contracts or interest swap agreements for this purpose. The intra-group bank operates within fixed confines, which means, for instance, that the bank only takes up risk hedging positions.

The group's revenue is primarily denominated in foreign currencies, and a written foreign currency policy has been adopted.

Please refer to note 23 for a detailed description of the group's foreign currency policy and financial risks.

BALANCE RISK

Inventories

Capital tied up in inventories represents DLH's largest asset item amounting to DKK 1,354 million excluding spare part stocks, primarily in Congo-Brazzaville, for DKK 60 million. Binding sales contracts have been concluded in respect of some of the inventories. Inventory risks are primarily related to losses due to a decline in prices or foreign exchange rates. Inventories are monitored closely. The risk of losses on inventories in the event of a sudden, permanent fall in prices of 5% in a very competitive market is estimated at approximately DKK 40 to 45 million for all group inventories combined.

INSURANCE RISK

The insurance policy of DLH determines the framework for the insurance of persons, property and interests affiliated with the group. Insurable risks are regularly assessed, and assets and serious financial losses are insured against according to the following principles:

- Risk analysis (identification)
- Risk assessment (frequency and scope)
- Risk limitation (elimination or prevention)
- Risk financing (own risk or insurance)

As a general rule, no insurance is taken out against losses that are insignificant from the group's point of view or where the costs of insurance are deemed to exceed the risk. The insurance portfolio of DLH consists of global group schemes (extended property insurance, professional indemnity and product liability, transportation and business trips) as well as regional/local policies (vehicles, industrial accident, accidents etc.). As regards general insurance, DLH has joined forces with an international insurance broker. The international firm of brokers, Willis, was awarded the insurance brokerage contract in 2008 after a tender process.

Key Agreements

A leasing agreement relating to the head office in Høje Taastrup contains a proviso that the lessor is entitled to terminate the agreement if a significant shareholding changes hands and this is deemed to have a significant impact on the company's financial affairs.

INTELLECTUAL CAPITAL

DLH's overall objective is to attract, retain and develop the best employees in the industry. By means of its training pol-

icy DLH aims to create the best possible framework to develop and retain such skills as are vital in the face of the toughened competition.

The annual performance and development reviews form the basis of education, training and development of the skills of the other members of staff in the DLH Group. There are ongoing efforts to develop both internal and external training programmes in order to ensure that the knowledge of the staff is up to date.

The DLH Group's intranet is used for written information to the staff. The system is set up in such a way that information may be custom-made according to organisational position, geographic location, job function etc., ensuring that the individual member of staff has access to the very information that he or she needs for the job.

The more formal co-operation between staff and management takes place through local consultation committees or communication groups, and at group level in the group communications groups.

DLH adheres to the basic social values adopted by its founders, values such as credibility, integrity and empathy. In practice DLH makes great allowances for employees who suddenly need their employer's empathy in the case of serious illness, injuries or similar problems. In addition, DLH also has a number of employees who have various flexible working arrangements.

DLH is in regular contact with insurance brokers and insurers to ensure that the group's pension schemes and other personal insurances keep up with developments in this field, and the group also offers individual staff members private advice on insurance and pension schemes.

The team spirit of the staff is promoted through participation in social and sports events in the staff associations of the units. These activities receive financial support from the group.

INCENTIVE SCHEMES

Members of group management receive a pay package that consists of a fixed salary and a performance-related bonus and a right to acquire share options. The executive board and other members of group management have been participating in a revolving share option scheme since 2002. At 31 December 2008 the share option scheme comprised a total of 178,188 share options. Each share option entitles its holder to acquire one existing Class B share at DKK 10 in the company. If all share options are exercised, the share option scheme grants holders the right to acquire up to 1.0% of the share capital. The company has repurchased shares equaling this commitment. Please also refer to note 7.

Corporate social responsibility

At DLH our corporate social responsibility efforts are based on our house of values the roof of which - "Responsibility" - symbolises our objective of ensuring responsibility in all parts of our business operations. To DLH, responsibility is about protecting and ensuring the survival of forests and nature on which we depend. It is also about ensuring the rights and well-being of our staff and about participating actively and constructively in the local community in which the group operates. Last but not least, it is about promoting sustainable forest management to customers, suppliers, and other stakeholders in order to contribute to the expansion of the certified timber products market.

Every year DLH publishes an independent report about its corporate social responsibility activities. The report outlines developments in the areas to which DLH gives special attention and provides an overview of its environmental and social initiatives and the results of such initiatives during the past year. For instance, the report highlights the following important milestones in our CSR efforts in 2008:

- DLH presented a revised environmental policy in 2008. New objectives show the group the way forward in the years ahead and ensure continued improvements in our environmental efforts. Forest management, which is key to DLH's business, is vital to the development in the global climate. The revised environmental policy thus now also incorporates consideration for the global climate.
- At the beginning of 2009 DLH began to adopt new guidelines for the group's handling of the social and human rights aspects of its business activities. Together with the environmental policy these guidelines make up DLH's corporate social responsibility policy, which provides direction for the group's conduct in any given context.
- The group doubled its FSC-certified tropical rainforest area in Africa in 2008. Today DLH has 750,000 hectares of certified African tropical rainforest at its disposal and retains its position as one of the world's leading suppliers of certified tropical hardwood.

DLH's 2008 CSR report also describes the many environmental and forest protection projects that the group has launched in collaboration with suppliers from all over the world. Moreover, the report describes DLH's efforts to improve the health and safety of its staff in Malaysia, Brazil and Congo-Brazzaville and how the fight against malaria and HIV/AIDS is given high priority in Congo-Brazzaville.

DLH's 2008 CSR report may be downloaded from the company's website at the address www.dlh-group.com.

SHAREHOLDERS

Share capital

The share capital of DLH amounts to an aggregate nominal value of DKK 185,784,760, divided into Class B shares with a nominal value of DKK 167,034,760 and Class A shares with a nominal value of DKK 18,750,000. The Class B shares are listed by Nasdaq OMX Copenhagen A/S and included in the MidCap+ segment. The Class A shares are owned by DLH-Fonden and not listed.

According to the articles of association Class A shares carry 10 votes each and Class B shares carry one vote each.

Shareholder and domicile at 1 March 2009

	Share of share capital	Share of votes
DLH-Fonden, Ved Stranden 18, PO Box 2034, 1012 Copenhagen K	25.8%	67.5%
Arbejdsmarkedets Tillægspension, Kongens Vænge 8, 3400 Hillerød	6.2%	3.6%
Fragaria GmbH, Hogenlohestrasse 40, D-28209 Bremen	6.2%	3.6%

*) Calculated on the basis of voting registered shareholders.

Treasury share policy

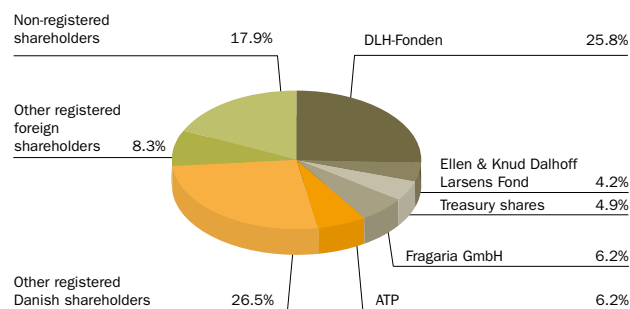
By authority granted at the general meeting, a maximum of 10% of the share capital may be acquired.

At 31 December 2008 DLH's portfolio of treasury shares had a total nominal value of DKK 7,894,000, corresponding to 4.25% of the share capital.

Share buy-back programme

A share buy-back programme totalling DKK 100 million was launched in connection with the sale of DLH Træ & Byg A/S and implemented in May 2008. Management decided that the programme should be implemented according to the 'safe harbour' method. The share buy-back programme was one of management's continuing efforts to ensure the best possible capital structure for the group at its current level of activity. However, the drop in share price and poor liquidity in the share market has resulted in a final value of the shares purchased (the purchase ended on 1 March 2009), of DKK 37 million, DKK 34 million of which was attributable to 2008. A proposal will be submitted to the shareholders in the annual general meeting to cancel the repurchased shares in 2009.

COMPOSITION OF SHAREHOLDERS AT 1 MARCH 2009



DLH has more than 3,000 shareholders, who can be divided as shown above. DLH-Fonden is subject to the same trading restrictions on the company's shares as are imposed on the company and its supervisory board.

Listing the DLH share

The share markets took a dramatic plunge during 2008. Accordingly, the price of DLH's Class B shares fell from DKK 90 to DKK 26 per share with a nominal value of DKK 10, a 71% price drop. By comparison the MidCap+ segment fell by 64% during the same period. Due to the falling prices, the liquidity of the DLH share declined correspondingly, and DLH shares were traded at a value of DKK 1.6 million on average per day compared to DKK 7 million the year before.

At the start of 2009 the group had more than 3,000 registered shareholders, the same as at the beginning of 2008. During the same period equity investments of foreign registered shareholders grew by four percentage points to reach 14.5%.

Investor relations

DLH encourages an open and active dialogue with existing and potential investors, financial analysts, and other stakeholders concerning the company's business development and financial position. Our aim is to provide the participants in the share market with the best possible information and thus enable them to make an objective and independent assessment of the company's market value, thereby creating the basis for a fair price formation of the DLH-share.

Investor queries

Queries about the DLH Group, its business divisions and the annual report should be directed to Jørgen Møller-Rasmussen, President & CEO. Queries about shareholder matters should be directed to Investor Relations Manager Claus Mejlby Nielsen.

Stock brokers monitoring DLH

Danske Equities	Daniel Patterson	45 12 80 45
Nordea Markets	Carsten Warren Petersen	33 33 39 45

Key stock exchange announcements in 2008

Announcement	Date
Acquisition of Palma Byggrossisten AB completed	31 January
Sale of the Building Materials Division completed	29 February
Preliminary announcement of financial statements for 2007	13 March
DLH acquires forest concession in Gabon	7 April
Report for the three months ended 31 March 2008	21 May
Buy-back programme launched	26 May
DLH acquires Finnish hardwood business	27 May
DLH acquires Swedish business	28 June
New member joins group management	6 August
Downward adjustment of forecast for 2008	12 August
Report for the six months ended 30 June 2008	26 August
Downward adjustment of forecast for 2008	10 November
Report for the nine months ended 30 September 2008	20 November

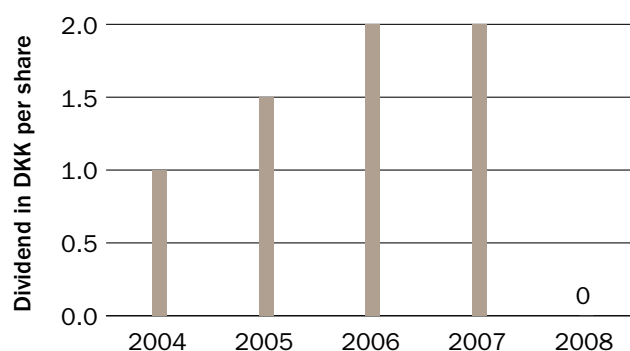
2009 financial calendar

Thursday 12 March:	2008 Annual report
Thursday 16 April:	General meeting
Wednesday 20 May:	Report for the three months ended 31 March 2009
Wednesday 26 August:	Report for the six months ended 30 June 2009
Friday 20 November 2009	Report for the nine months ended 30 September 2009

Dividend

The supervisory board will recommend to the shareholders in general meeting that no dividends be paid for 2008.

DIVIDEND IN DKK PER SHARE



Corporate governance

The supervisory board and group management of the DLH Group follow developments in corporate governance and are committed to improving the DLH Group's relationship with its shareholders and other stakeholders.

Management has actively addressed the recommendations for good corporate governance issued by the committee appointed by the Copenhagen Stock Exchange. To a large extent, these recommendations, which the supervisory board reviews on an ongoing basis, have already been implemented.

However, management has decided not to comply with some of the recommendations as outlined below:

Committee on Corporate Governance's Revised Recommendations for good corporate governance of August 2005, as amended on 6 February 2008 and 10 December 2008	DLH practice
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V. Composition of the supervisory board

<p>1. Composition of the supervisory board</p> <p>The committee recommends that the supervisory board regularly assess the competences it must have to best perform its tasks, and in light hereof, assess the composition of the supervisory board.</p> <p>As a way to achieve this, the committee recommends that:</p> <ul style="list-style-type: none"> • when assessing its composition, the supervisory board take into consideration diversity in relation to gender, age etc. • the supervisory board ensure a formal, thorough and transparent process for selection and nomination of candidates. • the recruitment criteria established by the supervisory board be stated in the description, including requirements for professional qualifications, international experience, formal educational background etc., which represent essential qualities with regard to the supervisory board, and that shareholders are given an opportunity to discuss these recruitment criteria at the general meeting. • the description provide information about the supervisory board's assessment of its composition, including its diversity, and that shareholders of the company be given an opportunity to discuss the composition of the supervisory board at the general meeting. • every year, in the management review, the supervisory board account for its composition, including its diversity, and for any special competences possessed by individual members. 	<p>Complied with in part.</p> <p>DLH-Fonden expects to nominate a candidate for election to the supervisory board from among the supervisory board of DLH-Fonden. The supervisory board, including the chairman, is obliged to ensure that the composition and qualifications of board members meet the company's requirements.</p> <p>The supervisory board highlights the qualifications of nominees to the board and any executive positions they may hold in other companies and important organisations on the notice convening the general meeting.</p> <p>The supervisory board considers the informal internal evaluation sufficient to ensure that board members have the necessary qualifications. The executive functions published reflect the qualifications of individual board members.</p>
<p>2. Training and introduction for members of the supervisory board</p> <p>The committee recommends that new members joining the supervisory board be given an introduction to the company and that the chairman, in collaboration with each individual supervisory board member, decide whether it is necessary to offer the member in question relevant supplementary training.</p> <p>The committee recommends that every year, the supervisory board assess whether the qualifications and expertise of the members need to be updated in some respect.</p>	<p>Complied with in part.</p> <p>Board members receive an introduction to their duties at a meeting with the chairman of the supervisory board and the president & CEO. In addition, members may attend relevant courses as the need arises.</p> <p>The supervisory board regards it as sufficient that individual members in consultation with the chairman assess the need for any competence-based development.</p>
<p>7. Time allocated to supervisory board work and the number of directorships</p> <p>The committee recommends that a supervisory board member who is also a member of the executive board of an active company hold no more than three ordinary directorships or one chairmanship and one ordinary directorship in companies not forming part of the group except in extraordinary circumstances.</p>	<p>Complied with in part.</p> <p>Please refer to the annual report. Directorships in intra-group companies are not considered independent directorships.</p>

VI. Remuneration of the supervisory board and the executive board

<p>2. Remuneration policy</p> <p>The committee recommends that the supervisory board adopt a remuneration policy and that the company disclose the contents of such policy in its annual report and post it on the company's website.</p> <p>The committee recommends that the remuneration policy reflect the interests of the company and its shareholders, match the company's circumstances and be reasonable in relation to the tasks and responsibilities assumed and that it promote long-term behaviour and be transparent and easy to understand.</p> <p>The committee recommends that the remuneration policy include a statement explaining the fixed pay and the overall principles of the incentive pay scheme (covering all forms of variable pay), including the terms of vesting/granting of bonus/performance-related bonus and/or price-related incentive schemes, etc. as well as all pension schemes and severance schemes and other benefits. Disclosure of the relationship between the fixed pay, the incentive pay and the other elements in the remuneration package is part of the remuneration policy.</p> <p>The committee recommends that any defined benefit plans be disclosed.</p> <p>The committee recommends that the company's reporting on the remuneration policy, including any incentive pay, include a statement explaining how such policy was implemented in the past financial year, how such policy is implemented in the current financial year and how the company plans to implement it in the next financial year.</p> <p>The committee recommends that the remuneration policy contain clear and comprehensible information that is easy to understand by the individual shareholder and which enables the shareholder to see that the supervisory board complies with the remuneration policy and the guidelines adopted for incentive pay. The information passed on and approved at the general meeting prior to granting must thus coincide with the annual report showing the facts after the grant.</p> <p>The committee recommends that the company's remuneration policy be mentioned in the statement given by the chairman at the company's general meeting and that the remuneration of the supervisory board for the current financial year be presented for adoption at the general meeting at which the annual report for the previous year is submitted for adoption.</p>	<p>Complied with in part.</p> <p>The total remuneration of the supervisory and executive boards is designed to be in line with the market. The remuneration package of the supervisory board is disclosed in the annual report.</p> <p>The chairman and the deputy chairman each receive a fee of 250% and 175%, respectively, of the fee awarded an ordinary board member.</p> <p>The fixed pay of the executive board is shown in the annual report while the general guidelines for incentive pay will be presented as an agenda item at the company's annual general meeting and will subsequently be posted on the company's website.</p> <p>In the view of the supervisory board such a statement would have no significant impact on stakeholders' perception of the company and its management.</p> <p>The remuneration package mentioned represents the gross pay and no additional defined contribution or defined benefit plans have been set up for the executive board and the supervisory board.</p> <p>Reference is made to the general guidelines for incentive remuneration posted on the company's website and in its annual report.</p> <p>In the view of the supervisory board such a statement would have no significant impact on stakeholders' perception of the company and its management.</p> <p>In addition to the remuneration policy adopted at the general meeting it is only deemed relevant to disclose the total gross pay.</p>
<p>4. Severance schemes</p> <p>The committee recommends that information about the key aspects of severance schemes be disclosed in the company's annual report.</p>	<p>Not complied with.</p> <p>In the event of the disbursement of severance pay to the executive board, the amount will be published in the annual report. The scheme is deemed to be in line with the market.</p>

VII. Risk management

<p>2. Plan for risk management</p> <p>The committee recommends that the executive board prepare a plan for the company's risk management on the basis of the risks identified and submit this plan to the supervisory board for approval, and that the executive board regularly report to the supervisory board to allow the latter to systematically follow the trends in significant risk areas.</p>	<p>Complied with in part.</p> <p>Managing and reporting on financial and insurable risks has been fully implemented. Management of strategic and other operational risks will in future be improved through more systematic processing.</p>
<p>3. Transparency regarding risk management</p> <p>The committee recommends that the company's annual report include information about the company's risk management activities.</p>	<p>Complied with in part.</p> <p>The annual report outlines details of the company's risk profile for risk management measures already in place.</p>

VIII. Audit

<p>3. Non-audit services</p> <p>The committee recommends that, every year, the supervisory board stipulate the overall, general scope of the auditors' provision of non-audit services with a view to ensuring the independence of the auditors etc.</p>	<p>Complied with in part.</p> <p>The supervisory board is kept up to date about non-audit services, such as ad hoc tasks, including tax, financial reporting standards and advice in connection with acquisitions.</p>
<p>7. Audit committee</p> <p>In companies with complex accounting and audit conditions, the committee recommends that the supervisory board consider setting up an audit committee to assist the supervisory board in accounting and audit matters.</p>	<p>Not complied with.</p> <p>The supervisory board believes that the full supervisory board is capable of handling accounting and audit matters.</p>

Asbjørn Børsting

Joined the supervisory board in 2002

Born: 1955

Positions of trust:

CEO of DLG a.m.b.a.

Chairman of the supervisory board of the Danish Research Institute of Food Economics and of the Danish Council for Research Policy. Chairman and member of the supervisory board of subsidiaries and associated companies of the DLG Group. Member of the supervisory board of DLF-Trifolium A/S. Member of the advisory board of Danske Bank A/S.

Arne Vierø

Joined the supervisory board in 1993

Born: 1938

Positions of trust:

CEO and member of the supervisory board of AV-Byggeentreprise A/S. Chairman of the supervisory board of Micro Clean A/S, Skimmel Rens ApS and KTN A/S.

Aksel Lauesgaard Nissen

Joined the supervisory board in 2007

Born: 1944

Positions of trust:

Member of the supervisory boards of BRF Kredit A/S and A/S Einar Willumsen. Member of the committee of representatives in Tryg i Danmark smba.

Wilhelm Schnyder

Joined the supervisory board in 2006

Born: 1943

Positions of trust:

CEO of Fragaria GmbH. Member of the supervisory board of Rhein Treuhand & Consulting AG, Titradeo AG, Exoteak AG, CBA Commerce des Bois Africains SA and Vasto Legno SpA.

Erik Søndergaard

Joined the supervisory board in 2004

Born: 1945

Positions of trust:

CEO of Epsilon Invest ApS. Chairman of the supervisory board of FORCE Technology. Member of the supervisory boards of Dansk Erhvervsinvestering A/S and Dansk Innovationsinvestering P/S. Member of the committee of representatives in Nykredit.

Kristian Kolding

Joined the supervisory board in 2008

Born: 1947

Positions of trust:

Chairman of the supervisory boards of DGK 1 A/S, Trade Wind A/S, Alfred Priess A/S, Priess Invest A/S, Nordlux A/S, Nordlux Invest A/S. Member of the supervisory boards of DLH Fonden, Schou Company A/S, HP Værktøj A/S, Daniamant A/S, Daniamant Holding A/S, Daniamant (UK) Ltd., Gottfred Petersen A/S, Gottfred Petersen Holding A/S, Taulov Invest A/S, and Incentive Fonden.

Morten Bergsten

Joined the supervisory board in 2002

Born: 1966

Elected by the employees of the group.

Jesper Birkefeldt

Joined the supervisory board in 2006

Born: 1965

Elected by the employees of the group.

Jens Ulrik Nielsen

Joined the supervisory board in 2008

Born: 1966

Elected by the employees of the group.

Jørgen Møller-Rasmussen, President & CEO

Joined the executive board in October 1998

Born: 1947

Positions of trust:

Chairman of the supervisory board of Intervare A/S. Member of the supervisory board of Dantherm A/S.

INCOME STATEMENT

Click note number to go to note

Note	(DKK million)	Group		Parent company	
		2008	2007	2008	2007
3	Revenue	5,013.0	5,719.8	-	-
4	Cost of sales	(4,346.0)	(4,617.1)	-	-
7	Staff costs related to production	(122.8)	(117.2)	-	-
	Gross profit	544.2	985.5	-	-
5	Other operating income	37.6	26.0	58.6	48.4
5	Other operating expenses	(1.3)	(5.5)	-	-
6	Other external expenses	(345.8)	(305.2)	(56.0)	(45.0)
7	Other staff costs	(378.4)	(364.6)	(54.8)	(48.0)
	Operating profit before depreciation and amortisation (EBITDA)	(143.7)	336.2	(52.2)	(44.6)
8	Depreciation and amortisation	(105.0)	(91.8)	(8.2)	(7.3)
8	Impairment losses	(66.2)	-	(11.4)	-
	Operating profit (EBIT)	(314.9)	244.4	(71.8)	(51.9)
	Net financials:				
9	Share of profit after tax on investments in joint ventures	(0.9)	(0.2)	-	-
	Profit on sale of investments	-	-	643.9	-
10	Financial income	27.1	15.0	122.5	173.5
11	Financial expenses	(133.4)	(100.7)	(69.5)	(58.6)
	Profit on continuing operations before tax (EBT)	(422.1)	158.5	625.1	63.0
12	Tax for the year on the profit of continuing operations	68.7	(58.3)	16.5	14.8
	Profit for the year of continuing operations	(353.4)	100.2	641.6	77.8
30	Profit for the year of discontinued operations	580.0	46.5	-	-
	Profit for the year	226.6	146.7	641.6	77.8
13	Earnings per share:				
	Earnings per share (EPS)	12.46	7.98	-	-
	Earnings per share diluted (EPS-D)	12.46	7.96	-	-
	Earnings per share (EPS) for continuing operations	(19.44)	5.45	-	-
	Earnings per share diluted (EPS-D) for continuing operations	(19.44)	5.44	-	-
	Recommended appropriation of profits				
	Dividend proposed 0% (2007: 20%) per share of DKK 10 each			-	37.2
	Retained earnings			641.6	40.6
				641.6	77.8

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Assets		Group		Parent company	
		2008	2007	2008	2007
Note	(DKK million)				
Non-current assets					
14	Intangible assets:				
	Goodwill	152.0	167.4	-	-
	IT projects	17.2	20.4	17.2	20.4
	Other intangible assets	77.0	76.0	-	-
		246.2	263.8	17.2	20.4
14	Property, plant and equipment:				
	Land and buildings	236.3	246.8	0.7	0.7
	Plant and machinery	80.4	97.8	-	-
	Fixtures and fittings, other plant and equipment	100.8	79.7	4.9	3.4
	Property, plant and equipment under construction	23.8	11.3	-	-
		441.3	435.6	5.6	4.1
Other non-current assets					
15	Investments in subsidiaries:	-	-	762.0	691.3
	Receivables from group enterprises	-	-	434.3	396.9
9	Investments in joint ventures	0.4	1.3	-	-
16	Other investments and securities	3.8	3.7	-	-
17	Deferred tax	80.7	20.3	23.4	7.8
		84.9	25.3	1,219.7	1,096.0
Total non-current assets		772.4	724.7	1,242.5	1,120.5
Current assets					
Inventories:					
4	Manufactured goods and goods for resale	1,414.4	1,704.0	-	-
	Prepayment for goods	52.5	89.0	-	-
		1,466.9	1,793.0	-	-
Receivables:					
18	Trade receivables	542.9	669.3	-	-
	Receivables from group enterprises	-	-	968.5	661.1
17	Income taxes receivable	24.7	4.4	4.7	18.2
	Other receivables	157.9	103.9	71.7	3.5
	Prepaid expenses	21.1	19.0	5.1	6.2
		746.6	796.6	1,050.0	689.0
	Cash	56.7	56.3	0.1	0.1
30	Assets held for sale	-	634.1	-	152.7
Total current assets		2,270.2	3,280.0	1,050.1	841.8
Total assets		3,042.6	4,004.7	2,292.6	1,962.3

Click note number to go to note

Liabilities and equity		Group		Parent company	
		2008	2007	2008	2007
Note	(DKK million)				
	Equity				
	Share capital	185.8	185.8	185.8	185.8
	Hedging reserve	(10.9)	(0.3)	-	(0.4)
	Foreign currency translation adjustment reserve	(87.0)	(13.2)	-	-
	Retained earnings	1,152.0	962.7	1,066.0	399.4
	Dividend proposed	-	37.2	-	37.2
19	Total equity	1,239.9	1,172.2	1,191.8	622.0
	Non-current liabilities				
20	Pensions and similar provisions	27.0	26.2	-	-
17	Deferred tax	36.5	41.2	-	-
21	Provisions	0.6	36.0	-	-
22	Subordinated loan	78.2	111.8	78.2	111.8
22	Credit institutions	44.5	685.0	-	632.2
22	Leasing commitments	0.5	0.6	-	-
		187.3	900.8	78.2	744.0
	Current liabilities				
22	Credit institutions	1,208.4	1,134.3	657.3	380.0
	Trade payables and other payables	345.4	452.5	75.1	41.2
22	Current portion of non-current liabilities	41.9	5.7	33.6	0.5
	Payables to group enterprises	-	-	255.9	174.6
17	Income taxes	13.2	35.3	-	-
21	Provisions	5.4	9.1	0.7	-
	Deferred income	1.1	4.0	-	-
		1,615.4	1,640.9	1,022.6	596.3
30	Liabilities relating to assets held for sale	-	290.8	-	-
	Total liabilities	1,802.7	2,832.5	1,100.8	1,340.3
	Total liabilities and equity	3,042.6	4,004.7	2,292.6	1,962.3
23	Financial risks				
24	Assets charged				
25	Contingent liabilities				
26	Related parties				
27	Acquisition of businesses				
28	Events occurring after the end of the financial year				
29	New accounting regulation				


CASH FLOW STATEMENT

Click note number to go to note


Note	(DKK million)	Group		Parent company	
		2008	2007	2008	2007
	Profit before tax	(422.1)	158.5	625.1	63.0
	Adjustment for non-cash operating items etc.:				
	Depreciation, amortisation and impairment losses	171.2	91.8	19.6	7.3
	Inventory write-downs (incl. prepayments)	148.8	28.7	-	-
	Provisions on trade receivables	(3.2)	(3.9)	-	-
	Other non-cash operating items, net	0.9	0.5	0.4	2.3
	Provisions	(1.8)	7.1	0.7	(1.9)
	Share of profit/loss after tax in joint ventures	0.9	0.2	-	-
	Profit on sale of equity investments	-	-	(643.9)	-
	Financial income	(27.1)	(15.0)	(122.5)	(173.5)
	Financial expenses	133.4	100.7	69.5	58.6
	Operating cash flow before changes in working capital	1.0	368.6		(44.2)
	Changes in working capital				
	Inventories and prepayments	118.9	(206.0)	-	-
	Trade receivables	131.3	50.8	-	-
	Trade payables and other payables	(66.6)	(1.1)	6.1	(3.3)
	Other operating debt, net	(37.4)	(54.4)	(13.1)	5.3
	Operating cash flow	147.2	157.9	(58.1)	(42.2)
	Financial income, paid	27.1	14.9	122.5	173.5
	Financial expenses, paid	(158.5)	(101.8)	(94.9)	(58.7)
	Income taxes paid/refunded	(64.7)	(36.6)	14.0	22.6
	Cash flow from operating activity	(48.9)	34.4	(16.5)	95.2
	Acquisition of intangible assets	(23.0)	(15.1)	(20.4)	(15.1)
	Acquisition of property, plant and equipment	(111.0)	(80.1)	(5.2)	(2.5)
	Sale of intangible assets and property, plant and equipment	10.6	5.6	7.7	-
27	Acquisition of enterprises	(90.3)	(144.8)	-	-
	Paid earn-out liability	(36.0)	-	-	-
	Capital increase in subsidiaries	-	-	(70.7)	-
15	Profit on sale of equity investments in subsidiaries	-	-	977.8	-
	Acquisition/sale of securities	0.5	2.0	-	-
	Cash flow from investment activity	(249.2)	(232.4)	889.2	(17.6)
	Cash flow from operating activity and after investments	(298.1)	(198.0)	872.7	77.6
	Raising/repayment of debt to mortgage credit institutions and leasing commitments	-	0.7	-	-
	Raising/repayment from credit institutions	(553.0)	131.1	(295.1)	161.3
	Raising/repayment of intra-group accounts, net	-	-	(504.9)	(199.9)
	Purchase of shares in share buy-back programme	(33.8)	-	(33.8)	-
19	Acquisition/sale of treasury shares	(1.7)	(1.7)	(1.7)	(1.7)
	Dividend paid	(37.2)	(37.2)	(37.2)	(37.2)
	Cash flow from financing activity	(625.7)	92.9	(872.7)	(77.5)
	Cash flow from discontinued operations	923.3	38.4	-	-
	Cash flow for the year	(0.5)	(66.7)	0.0	0.1
	Cash at 1 January	56.3	124.2	0.1	-
	Foreign currency translation adjustment of cash	0.9	-	-	-
	Cash at 31 December	56.7	57.5	0.1	0.1
	Of this amount, cash relating to discontinued operations	-	1.2	-	-

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STATEMENT OF RECOGNISED INCOME AND EXPENSES

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Note	(DKK million)	2008	2007
Group			
	Foreign currency translation adjustments on conversion of foreign operations	(102.2)	(16.4)
	Foreign currency gains on hedging instruments concluded to hedge investments in foreign operations	34.9	19.1
	Value adjustment of hedging instruments:		
	Value adjustments for the year	(12.9)	(0.3)
	Value adjustments transferred to revenue		(2.4)
	Value adjustments transferred to cost of sales	0.3	-
	Value adjustments transferred to financials, net		(0.2)
	Actuarial gains/(losses) on defined benefit plans	(2.3)	(0.2)
	Tax on items recognised directly in equity	(4.5)	(4.0)
	Net income recognised directly in equity	(86.7)	(4.4)
	Profit for the year	226.6	146.7
19	Income and expenses recognised for the year	139.9	142.3
	These may be broken down as follows		
	Income and expenses recognised for the year, continuing operations	(440.1)	95.8
	Income and expenses recognised for the year, discontinued operations	580.0	46.5
Parent company			
	Value adjustment of hedging instruments:		
	Value adjustments for the year	-	(0.4)
	Value adjustments transferred to net financials	0.4	(1.2)
	Tax on items recognised directly in equity	-	(0.4)
	Net income recognised directly in equity	0.4	(1.2)
	Profit for the year	641.6	77.8
19	Income and expenses recognised for the year	642.0	76.6

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1. Accounting policies

Dalhoff Larsen & Horneman A/S is a limited liability company domiciled in Denmark. This annual report for the period 1 January to 31 December 2008 consists of the consolidated annual report of Dalhoff Larsen & Horneman A/S and its subsidiaries (the DLH Group) and the annual report of the parent company. The 2008 annual report of Dalhoff Larsen & Horneman A/S has been prepared in accordance with International Financial Reporting Standards as approved by the EU and additional Danish disclosure requirements for annual reports of listed companies in accordance with the Nasdaq OMX Copenhagen A/S disclosure requirements for annual reports of listed enterprises and the IFRS order issued in pursuance of the Danish Financial Statements Act.

In addition, the annual report is in compliance with the International Financial Reporting Standards issued by the IASB.

Basis of preparation

The annual report is presented in DKK millions rounded to one decimal point.

The annual report has been prepared under the historical cost convention, except for assets and liabilities relating to derivative financial instruments that are measured at fair value.

Non-current assets and disposal groups held for sale are measured at the carrying amount before the changed classification or the fair value less sales costs, whichever is the lower.

The accounting policies applied, as described below, have been used consistently during the financial year and for the comparative figures.

Change in accounting policies

In 2008 Dalhoff Larsen & Horneman A/S implemented the amendments to IAS 39/IFRS 7 relating to the re-classification of financial assets. In addition, IFRIC 11 "IFRS 2 Group and Treasury Share Transactions" has been implemented with effect from 1 January 2008. In 2008 IFRIC 14 "IAS 19 The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" was approved with an effective date in the European Union that is different from that of the corresponding IFRIC, which has been issued by the IASB. Dalhoff Larsen & Horneman A/S has therefore implemented IFRIC 14 already at 1 January 2008 in order that the implementation coincides with the effective date stipulated by the IASB. The new financial reporting standards and interpretations have had no impact on recognition and measurement, and the accounting policies applied are therefore unchanged from the previous year. The new financial reporting standards and interpretations have no impact on earnings per share and earnings per share diluted.

Consolidated financial statements

The consolidated financial statements comprise the parent company Dalhoff Larsen & Horneman A/S and subsidiaries in which the parent company has control, i.e. the power to govern the financial and operating policies so as to benefit from its operations. Control is obtained when the company, directly or indirectly, holds more than 50% of the voting rights in the subsidiary or controls the subsidiary in some other way.

Entities over which the DLH Group exercises joint control, either through ownership or contracts concluded, are treated as joint ventures.

When determining if the parent company has control or joint control over an entity, potential voting rights that can be exercised on the balance sheet date are taken into consideration.

Please refer to page 74 for the group chart.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements prepared according to the DLH Group accounting policies, eliminating intra-group income and expenses, shareholdings, intra-group balances and dividends as well as realised and unrealised gains on transactions between the consolidated enterprises. Unrealised gains on transactions with joint ventures are eliminated in proportion to the DLH Group's ownership share of the enterprise. Unrealised losses are eliminated in the same way as unrealised gains to the extent that impairment has not taken place.

Investments in subsidiaries are set off against the proportional share of the subsidiaries' fair value of identifiable net assets and recognised contingent liabilities at the acquisition date.

In the consolidated financial statement, accounting items of subsidiaries are recognised in full.

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions. Discontinued operations are presented separately, please see below.

For acquisitions of new enterprises in which the parent company obtains control over the acquired enterprise, the purchase method is used. The acquired enterprises' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangi-

ble assets are recognised if they are separable or arise from a contractual right, and the fair value can be reliably measured. Deferred tax on the revaluations is recognised. The acquisition date is the date on which the parent company obtains actual control of the acquired entity.

Any positive difference (goodwill) between the cost of the enterprise and the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill under intangible assets. Goodwill is not amortised, but is tested at least once a year for impairment. The first impairment test is performed before the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis of the impairment test. Goodwill and fair value adjustments in connection with the acquisition of a foreign unit with a functional currency different from the presentation currency used in the DLH group's financial statements are treated as assets and liabilities belonging to the foreign unit and translated into the foreign unit's functional currency at the exchange rate prevailing at the transaction date. Negative differences (negative goodwill) are recognised in the income statement at the acquisition date.

The cost of an entity consists of the fair value of the agreed consideration for the acquisition with the addition of costs directly attributable to the acquisition. If parts of the consideration for the acquisition are tied to future events, these parts are included in the cost to the extent that the events are probable and the consideration can be made up reliably.

If uncertainties regarding the measurement of identifiable assets, liabilities and contingent liabilities acquired exist at the acquisition date, initial recognition will take place on the basis of preliminary fair values. If identifiable assets, liabilities and contingent liabilities are subsequently determined to have different fair values at the acquisition date than first assumed, goodwill is adjusted until 12 months after the acquisition. The effect of the adjustments is recognised in the opening balance equity and the comparative figures are restated accordingly. Subsequently, goodwill is only adjusted as a result of changes in estimates of contingent purchase considerations, except in cases of material error. However, subsequent realisation of the acquired enterprise's deferred tax assets not recognised at the acquisition date will require recognition of the tax benefit in the income statement and simultaneous write-down of the carrying amount of the goodwill to the amount which would have been recognised had the deferred tax asset been recognised as an identifiable asset at the acquisition date.

Gains or losses on disposal or closing of subsidiaries and joint ventures are stated as the difference between the sales price or closing costs and the carrying amount of net assets including goodwill at the date of disposal plus disposal or closing costs.

Foreign currency translation

The DLH Group fixes a functional currency for each of the reporting enterprises. The functional currency is the currency which is applied in the primary economic environment in which the individual reporting unit operates. Transactions denominated in currencies other than the functional currency are foreign currency transactions.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates prevailing at the transaction date. Foreign currency differences arising between the exchange rates prevailing at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates prevailing at the balance sheet date. The difference between the exchange rates prevailing at the balance sheet date and at the date at which the receivable or payable item arose, or was recognised in the latest annual report, is recognised in the income statement as financial income or financial expenses.

On recognition in the consolidated financial statements of enterprises with a functional currency other than DKK the income statements of such enterprises are translated to the rate prevailing at the transaction date, and the balance sheet items are translated to the rate prevailing at the balance sheet date. An average exchange rate for the month is used as the exchange rate prevailing at the transaction date to the extent that this does not significantly distort the presentation of the underlying transactions. Foreign currency differences arising on translation of the opening balance of equity of such enterprises at the exchange rates prevailing at the balance sheet date and on translation of the income statements from the exchange rates prevailing at the transaction date to the exchange rates prevailing at the balance sheet date are recognised directly in equity under a separate foreign currency translation reserve.

Foreign currency rate adjustments of balances which are considered part of the overall net investment in enterprises with a functional currency other than DKK are recognised in the consolidated financial statements directly in equity under a separate foreign currency translation reserve. Correspondingly, foreign currency gains and losses on the part of loans and derivative financial instruments which are designated as hedges of investments in such enterprises and efficiently hedge against corresponding foreign currency gains and losses on the investment in the enterprise are also recognised in the consolidated financial statements directly in equity under a separate foreign currency translation reserve.

When accounting for joint ventures with a functional currency other than DKK in the consolidated financial statements the share of the profit for the year is translated at average exchange rates and the share of equity including goodwill is translated to the rate prevailing at the balance sheet date. Foreign currency differences arising on translation of the opening balance of equity of such joint ventures at the exchange rates prevailing at the balance sheet date and on translation of the share of the profit for the year from the exchange rates prevailing at the transaction date to the exchange rates prevailing at the balance sheet date are recognised directly in equity under a separate foreign currency translation reserve.

Where foreign entities are disposed of in full or in part or where balances that are considered part of the net investment are settled, the portion of the accumulated foreign currency adjustments that has been taken directly to equity and that is attributable to equity will be recognised in the income statement together with any gains or losses arising in connection with the disposal.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at fair value on the transaction date. Positive or negative fair values of derivative financial instruments are included in other receivables, trade payables and other debts, respectively, and a set-off of positive and negative values is only made when the company has the right and the intention to settle more financial instruments net. Fair values of derivative financial instruments are determined on the basis of current market data and generally accepted methods of measurement.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with changes in the value of the hedged asset or liability as far as the hedged portion is concerned. Hedging of future cash flows in accordance with an agreement (firm commitment), apart from foreign currency hedges, is treated as a fair value hedge of a recognised asset or liability.

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge that is an effective hedge of changes in the value of the hedged item are recognised in equity under a separate hedging reserve, until the hedged transaction has been realised. Once the hedged transaction is realised, gains or losses incidental to such hedging transactions are transferred from the equity and recognised in the same line item as the hedged item. However, on hedging proceeds from future loans, gains or losses incidental to the hedging transaction will be transferred from the equity over the term of the loan.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments used to hedge net investments in foreign subsidiaries and joint ventures that are effective hedges of currency fluctuations in these enterprises are recognised in the consolidated financial statements directly in a separate foreign currency translation reserve in equity.

INCOME STATEMENT

Revenue

Revenue derived from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery has taken place and the risk has passed to the purchaser before year-end and the income can be reliably measured and is likely to be received.

Revenue is measured at the fair value of the agreed consideration exclusive of value added tax and taxes charged on behalf of a third party. All types of discounts granted are recognised in revenue.

Cost of sales

Cost of sales comprises costs which are incurred in order to generate the revenue for the year. Trading entities recognise costs of goods sold and production entities recognise production costs corresponding to the revenue for the year. Production costs include direct and indirect costs of raw materials, auxiliary materials, wages and salaries.

Other operating income and expenses

Other operating income and expenses comprise items secondary to the principal operations of the enterprises, including gains and losses on disposal and replacement of intangible assets and property, plant and equipment. Gains and losses on the disposal of intangible assets and property, plant and equipment are determined as the sales price less selling costs and the carrying amount at the selling date.

Other external expenses

Other external expenses comprise expenses, excluding staff costs, incurred in distributing goods sold during the year and costs, excluding staff costs, incurred in conducting sales activities during the year as well as expenses for management and administration.

Share of profit in joint ventures in the consolidated financial statements

In the consolidated income statement of the DLH Group, the proportional share of the profit in joint ventures after tax and after the elimination of the proportional share of internal gains/losses, is recognised.

Dividends from investments in subsidiaries in the financial statements of the parent company

Dividends from investments in subsidiaries are recognised as income in the income statement of the parent company in the financial year in which the dividends are declared. However, to the extent that the dividend distributed exceeds the accumulated earnings after the acquisition date dividends are recognised as a write-down of the cost of the investment.

Financial items

Financial income and expenses comprise interest income and expenses, gains and losses on securities and impairment of securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities, including leasing commitments, as well as surcharges and refunds under the on-account tax scheme, etc. Furthermore, realised and unrealised gains and losses relating to derivative financial instruments which do not qualify as hedging contracts are also recognised.

Tax on profit for the year

The parent company is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed companies in proportion to their taxable income. Companies that use tax losses from other companies pay joint tax contribution to the parent company at an amount corresponding to the tax value of the used tax losses while companies whose tax losses are used by other companies receive joint tax contributions from the parent company corresponding to the tax value of the used losses (full allocation). The jointly taxed companies are taxed under the on-account tax scheme.

Tax for the year, which comprises current tax and changes in deferred tax, is recognised in the income statement at the amount relating to the profit for the year and directly in equity as regards the portion relating to items recognised directly in equity.

If the DLH Group obtains a tax deduction on computation of the taxable income in Denmark or in foreign jurisdictions as a result of share-based payment schemes, the tax effect of the schemes is recognised in tax on the profit for the year. However, if the total tax deduction exceeds the total accounting cost, the tax benefit for the excess deduction is recognised directly in equity.

BALANCE SHEET:

Intangible assets

Goodwill

Goodwill is initially recognised in the balance sheet at cost as described under "Business combinations". Subsequently goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the DLH Group's cash-generating units at the acquisition date. The identification of cash-generating units is based on the management structure and internal financial control. Based on the integration of acquired enterprises into the existing group the management estimates that the smallest cash-generating units to which the carrying amount of goodwill can be allocated are the commercial divisions.

IT projects

Development costs comprise expenses attributable to the company's IT projects.

IT projects that are clearly defined and identifiable and whose utilisation in the company is evidenced, are recognised as intangible assets provided that the cost can be measured reliably.

Recognised IT projects are measured at cost less accumulated amortisation and impairment losses. Cost includes salaries and wages and other costs attributable to the group's IT projects.

On completion of the development of the IT projects, development costs are amortised on a straight line basis over the estimated useful life of the assets, commencing at the time when the asset is ready for use. The amortisation period is usually 1 to 5 years. The basis of amortisation is calculated less any impairment losses.

Other intangible assets

Other intangible assets, including intangible assets acquired in connection with business combinations, covering certification costs, forest concessions and the value of customer relations are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised on a straight line basis over the expected useful life of the asset. The amortisation period is usually 5 to 15 years.

Intangible assets with indefinite useful lives are not amortised, but tested annually for impairment losses.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, other plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the cost of acquisition as well as costs directly attributable to the acquisition until the time when the asset is ready for use. If the expected useful lives of different parts of a combined asset are not the same, the cost is split into separate parts which are then depreciated separately using different estimated lives.

The cost of assets held under finance leases is stated at the lower of the fair value of the assets and the present value of the future minimum lease payments. For the calculation of the present value, the interest rate implicit in the lease or the group's alternative rate of interest is applied as the discount rate.

Subsequent costs, e.g. in connection with the replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the DLH Group. The replaced components are removed from the balance sheet and recognised in the income statement. All other costs for ordinary repairs and maintenance are recognised in the income statement as incurred.

Depreciation is charged on a straight-line basis over the expected useful lives of the assets/components, which are as follows:

Office buildings	20-50 years
Other buildings and plant	20-25 years
Plant and machinery	5-10 years
Rolling stock and equipment	3-7 years
IT equipment	1-5 years

Land is not depreciated.

The depreciation base is made up considering the residual value of the asset and reduced by impairment losses. The residual value is determined at the acquisition date and reassessed annually. Depreciation is discontinued if the residual value exceeds the carrying amount.

When changing the depreciation period or the residual value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

Depreciation and impairment losses are recognised under a separate line item in the income statement.

Other non-current assets

Investments in joint ventures

In the consolidated financial statements investments in joint ventures are measured under the equity method measuring the investment in the balance sheet at the proportional share of the entity's equity determined in accordance with the DLH Group's accounting policies.

Investments in subsidiaries

Investments in subsidiaries are measured at cost in the parent company's financial statements. Where the recoverable amount is lower than cost, investments are written down to this lower value.

Cost is reduced by dividend distributed that exceeds the accumulated earnings after the acquisition date.

Other investments and securities

Other investments and securities not included in the DLH Group's trading portfolio (available for sale) are recognised under non-current assets at cost at the transaction date and are measured at the estimated fair value measured on the basis of current market data and generally accepted valuation methods for unlisted securities. Unrealised value adjustments are recognised directly in equity with the exception of write-downs for impairment that are recognised in the income statement under financial items. On realisation, the accumulated value adjustment recognised in equity is transferred to financial income or financial expenses in the income statement.

Impairment of non-current assets

Goodwill and intangible assets with indefinite useful lives are subject to annual impairment tests, initially before the end of the acquisition year. Similarly, development projects in progress are subject to an annual impairment test.

The carrying amount of goodwill is impairment tested together with the other non-current assets in the cash-generating unit to which goodwill is allocated and written down to the recoverable amount over the income statement if the carrying amount is higher. The recoverable amount is determined as the present value of expected future net cash flows from the enterprise or activity (cash-generating unit) to which goodwill is allocated.

Deferred tax assets are evaluated annually and are recognised only to the extent that it is probable that the assets will be utilised.

The carrying amount of other non-current assets is evaluated annually for indications of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected selling costs or its value in use. The value in use is calculated as the present value of expected future net cash flows from the asset or the cash-generating unit of which the asset is part.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement. Impairment losses are recognised in a separate line item in the income statement.

Impairment losses on goodwill are not reversed. Impairment losses on other assets are only reversed in connection with changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount of the asset after amortisation, had the asset not been impaired.

Inventories

Inventories are measured at cost according to the FIFO method or net realisable value, whichever is the lower.

The cost of goods for resale and raw materials and auxiliary materials comprises the purchase price plus delivery costs.

The cost of manufactured goods comprises the cost of raw materials, auxiliary materials, direct wages as well as production overheads. Production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of the plant and machinery, buildings and equipment applied in the production process as well as costs of production administration and management.

The net realisable value of inventories is determined as the sales price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost. Receivables are written down to provide for losses where there is objective evidence of impairment. If there is objective evidence of impairment on a specific receivable, a specific impairment provision will be made.

Receivables in respect of which there is no objective evidence of impairment at the individual level are subject to a portfolio-based impairment provision. Portfolios are primarily based on the domicile of debtors and credit ratings in accordance with the group's credit risk management policy. The objective indicators applicable to portfolios are based on historical loss records.

If there is objective evidence of portfolio-based impairment, an impairment test is made where expected future cash flows are estimated, based on historical loss records, adjusted for market conditions and specific factors relating to the individual portfolio.

Write-downs are determined as the difference between the carrying amount and the present value of future cash flows, including the realisation of any collateral provided. The discount rate applied is the effective rate of interest attributable to the specific receivable or portfolio.

Interest recognised as income on written down receivables is calculated on the basis of the written-down value at the effective rate of interest attributable to the specific receivable or portfolio.

Prepaid expenses

Prepaid expenses are recognised under assets, comprising costs paid concerning subsequent financial years and are measured at costs.

EQUITY**Dividends**

Proposed dividends are recognised as a liability at the date when they are adopted by the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Interim dividends are recognised as a liability at the date when the decision to pay interim dividends is made.

Treasury shares

Costs of acquisition, sales proceeds and dividends received from treasury shares are recognised directly over retained earnings in equity. A reduction in capital achieved by means of an annulment of the company's treasury shares reduces the share capital by an amount corresponding to the nominal value of the shares.

Proceeds from the sale of treasury shares or issue of shares in the parent company in connection with the exercise of share options or employee shares are recognised directly in equity.

Foreign currency translation reserve

The foreign currency translation reserve contains all foreign currency translation adjustments arising on translation of the financial statements of units with a functional currency other than Danish Kroner, foreign currency translation adjustments relating to assets and liabilities that are part of the DLH Group's net investments in such units and foreign currency translation adjustments relating to hedging transactions that hedge the DLH Group's net foreign currency investments in such units.

On full or partial realisation of the net investment, the foreign currency differences are recognised in the income statement.

Hedging reserve

The hedging reserve contains the accumulated net changes in the fair value of hedging transactions that fulfil the criteria for hedging future payment flows in cases where the hedged transaction has not yet been realised.

EMPLOYEE BENEFITS

Defined benefit plans and similar non-current liabilities

The DLH Group has entered into pension and similar agreements with a majority of the DLH Group's employees.

Liabilities regarding defined contribution plans, where the DLH Group pays in agreed pension contributions to independent pension funds are recognised in the income statement in the period when earned, and any payable amounts on the balance sheet date are included in the balance sheet under other payables.

For defined benefit plans an actuarial calculation is made up annually (Projected Unit Credit Method) for the present value of the future payments which have to be paid in accordance with the plan. The present value is determined on the basis of assumptions concerning future developments in factors such as salary development, interest rates, inflation and mortality rates. The present value is calculated only on benefits which employees have earned during their employment with the DLH Group till the present time. The actuarial calculation of the present value of the obligation less the fair value of any assets relating to the pension plan is recognised under pension liabilities.

In the income statement, pension costs for the year are included based on actuarial estimates and financial expectations at the beginning of the year. Differences between the expected developments in assets and liabilities under the pension plan and the actual values at the end of the year are labelled as actuarial gains or losses and are recognised directly in equity.

Changes in benefits relating to earnings by the employees till the present time will result in changes in the actuarial calculation of the present value and are considered historical costs. Historical costs are charged to the income statement immediately if employees have gained a right to the changed benefit. Otherwise, the historical cost is recognised for the period in which the right is earned.

If a pension plan is a net asset, the asset is only recognised to the extent that it is offset by future repayments under the plan or will result in future reduced payments into the plan.

Share options

The value of services received as consideration for options allotted is measured at the fair value of the options allotted.

For equity-settled schemes, share options are measured at the fair value at the allotment date and recognised in the income statement under staff costs over the period where rights are earned (the vesting period). The counter item is recognised directly in equity.

On initial recognition of the share options the company estimates the number of options the staff expects to vest as per the service condition described in note 7. Subsequently, the estimate is revised for changes in the number of options vested so that recognition is based on the number of options ultimately vested.

The fair value of options allotted is estimated using an option pricing model. The estimate takes into account the terms and conditions upon which the options were allotted.

Employee shares

When DLH Group employees are offered the possibility of subscribing for shares at a rate lower than the market price, the benefit element is included as a cost under staff costs. The counter item is recognised directly in equity. The benefit element is recognised on the date of the subscription as the difference between the market price and the subscription price of the shares.

Tax payable and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured according to the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes where temporary differences, apart from business combinations, arise at the acquisition date without affecting either profit/loss for the year or taxable income. In cases where the tax base may be measured according to alternative tax regulations, deferred tax is measured on the basis of the use of the asset or liability planned by the management.

Deferred tax assets, including the tax value of tax losses carried forward, are recognised under other non-current assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax unit and jurisdiction.

Deferred tax assets and tax liabilities are offset if the enterprise has a legal right to offset current tax liabilities and tax assets or intends to redeem current tax liabilities and tax assets on a net basis or to realise assets and liabilities simultaneously.

Deferred tax is adjusted for the elimination of unrealised intragroup profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to materialise as current tax. Any change in deferred tax due to changes in tax rates is recognised in the income statement.

Provisions

Provisions are recognised when, as a result of events arising before or at the balance sheet date, the DLH Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

The amount recognised as a provision is the management's best estimate of the expenses required to settle the obligation.

On measuring provisions, the costs required to settle the liability are discounted if the effect is material to the measurement of the provision. A pre-tax discount factor that reflects the current market interest rate level as well as risks specific to the liability is used. Changes in present values during the year are recognised as financial expenses.

Provisions for restructuring costs are recognised when a detailed, formal restructuring plan has been communicated on the balance sheet date to the persons affected by the plan. In connection with business combinations, provisions for restructuring costs in the acquired business are only included in goodwill when a constructive obligation for the acquired entity exists at the date of acquisition.

Provisions for loss-making contracts are made when the expected benefits derived by the DLH Group from a contract are less than the inevitable costs incidental to the contract.

Financial liabilities

Amounts owed to credit institutions etc. are recognised at the date of borrowing at the net proceeds received less transaction costs. In subsequent periods financial liabilities are measured at amortised cost using the "effective rate of interest method" and the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan.

Financial liabilities also include the capitalised residual commitment under finance leases, measured at amortised cost.

Other liabilities are measured at amortised cost.

Leasing

For accounting purposes leasing commitments are divided into commitments under finance leases and commitments under operating leases.

A lease is classified as a finance lease when in all material aspects it transfers the risks and rights of ownership of the leased asset. Other leases are classified as operating leases.

The accounting treatment of assets held under finance leases and the associated liability is described in the sections regarding property, plant and equipment and financial liabilities, respectively.

Leasing payments relating to operating leases are recognised in the income statement on a straight line basis over the leasing period.

Deferred income

Deferred income is recognised as a liability, comprising payments received relating to income in subsequent years and measured at cost.

Assets held for sale

Assets held for sale comprise non-current assets and disposal groups held for sale. Disposal groups are groups of assets that are to be disposed of together in the case of a sale or similar transaction. Liabilities relating to assets held for sale are liabilities attached to the said assets which will be transferred in connection with the transaction. Assets are classified as "held for sale" when the carrying amount of the asset would primarily be recovered by means of a sale within 12 months according to a formal plan rather than through continuing use.

Assets or disposal groups that are held for sale are measured at the carrying amount at the time of the asset being classified as "held for sale" or the fair value, whichever is the lower, less selling costs. Depreciation and amortisation is not charged for assets from the time when they are classified as "held for sale".

Impairment losses arising upon the initial classification as "held for sale" and gains or losses on the subsequent measurement at carrying amount or fair value less selling costs, whichever is the lower, are recognised in the income statement under the relevant items. Gains and losses are disclosed in the notes.

Assets and related liabilities are presented on separate lines in the balance sheet, and the main items are specified in the notes.

Presentation of discontinued operations

Discontinued operations constitute a significant part of an entity where operations and cash flows, in terms of operations and accounting, can be clearly separated from the remaining business and where the entity has either been disposed of or singled out as held for sale, and the sale is

expected to be completed within one year in accordance with a formal plan. Discontinued operations also include enterprises that have been classified as "held for sale" in connection with acquisitions.

The profit after tax of discontinued operations and value adjustments after tax on the assets and liabilities as well as gains or losses relating to the discontinued operation are presented on a separate line in the income statement, together with comparative figures. The notes disclose revenue, costs, value adjustments and tax for the discontinued activity. Assets and the related liabilities for discontinued operations are presented on separate lines in the balance sheet without restatement of the comparative figures, please refer to the section "Assets held for sale", and the main items are specified in the notes.

Cash flow statement

The cash flow statement shows the group's cash flow divided into operating activities, investing activities and financing activities for the year, the change in cash and cash equivalents during the year and the group's cash and cash equivalent balances at the beginning and at the end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the acquisition date. Cash flows from disposals of enterprises are recognised up until the date of disposal.

Cash flow from operating activities are determined according to the indirect method as profit/loss before tax adjusted for non-cash operating items, changes in working capital, interest received and paid, dividends received and income tax paid.

Cash flow from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities, intangible assets and of property, plant and equipment and other non-current assets as well as acquisition and disposal of securities not recognised as cash and cash equivalents.

Finance leases are considered non-cash transactions.

Cash flow from financing activities comprise changes in the size or composition of the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, purchase and sale of treasury shares and payment of dividends to shareholders.

Cash flow relating to assets under finance leases is recognised as debt service payments.

Cash and cash equivalents include cash.

Cash flow in currencies other than the functional currency are translated at average rates of exchange unless these deviate significantly from the rates prevailing on the transaction date.

The cash flow statement cannot be generated from the published financial statements only.

Segment information

Information is provided on business segments (divisions) which represent the DLH Group's primary segmenting format, with geographical markets as the secondary format.

Segment information follows the DLH Group's risks as well as management and internal financial monitoring. Segment information is provided in accordance with the DLH Group's accounting policies.

Segment revenue and costs as well as segment assets and liabilities comprise items which are directly attributable to the individual segment and items which can be allocated to the individual segment on a reliable basis. Unallocated items primarily comprise assets and liabilities and income and expenses related to the DLH Group's administrative functions.

Segment allocation of revenue on geographical markets follows the location of customers. Assets are allocated based on their physical location.

Invested capital is defined as the sum of non-current and current assets less non-interest-bearing liabilities. Invested capital is calculated as a weighted average.

Return on invested capital is calculated as EBITA from continuing operations as a percentage of the average capital invested.

Financial ratios

Earnings per share (EPS) and earnings per share diluted (EPS-D) are determined in accordance with IAS 33

Other financial ratios have been calculated in accordance with the Recommendations & Financial Ratios 2005 issued by the Danish Society of Financial Analysts.

Gross margin	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit for ratio analysis	=	Profit on ordinary activities after tax
Operating margin	=	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on equity	=	$\frac{\text{Profit for ratio analysis} \times 100}{\text{Average equity}}$
Equity ratio	=	$\frac{\text{Equity at year-end} \times 100}{\text{Consolidated balance sheet total at year-end}}$
Equity ratio including subordinated loan	=	$\frac{\text{Equity} + \text{subordinated loan} \times 100}{\text{Consolidated balance sheet total at year-end}}$
Return on invested capital incl. goodwill (ROIC incl. goodwill)	=	$\frac{\text{EBITA}}{\text{Average invested capital incl. goodwill}}$
Book value per diluted share (BVPS-D)	=	$\frac{\text{Equity at year-end}}{\text{Number of diluted shares at year-end}}$
Price/book value diluted (P/BV-D)	=	$\frac{\text{Share price (year-end)}}{\text{Book value per diluted share}}$
Earnings per share (EPS)	=	$\frac{\text{Profit for ratio analysis}}{\text{Average number of shares in issue}}$
Earnings per share diluted (EPS-D)	=	$\frac{\text{Profit for ratio analysis}}{\text{Average number of shares diluted}}$
Cash flow per diluted share (CFPS-D)	=	$\frac{\text{Cash flow from operations}}{\text{Average number of shares diluted}}$
Dividend per share (DPS)	=	$\frac{\text{Dividend rate} \times \text{nominal value of share}}{100}$
Price earnings diluted (P/E-D)	=	$\frac{\text{Market price per share}}{\text{Earnings per share diluted}}$

2 Accounting estimates and assessments

Estimation uncertainty

Determining the carrying amounts of certain assets and liabilities requires assessments, estimation and assumptions of future events. The estimates and assumptions applied are based on past experience and other factors that are deemed sound by the management in the circumstances, but which by their very nature are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Moreover, the group is subject to risks and uncertainties that may result in actual events deviating from the estimates made. Risks to which Dalhoff Larsen & Horneman A/S is particularly vulnerable are discussed in the management review and note 23. The notes disclose assumptions for the future and other estimation uncertainties at the balance sheet date in those cases where there is a considerable risk of changes being made that may lead to a significant adjustment in the carrying amounts of assets or liabilities within the next financial year. It may prove necessary to change previous estimates due to changes in underlying circumstances or on account of new information or subsequent events.

Key accounting estimates are applied, for example, when determining the recoverable amount of goodwill, depreciation, amortisation and write-downs in respect of non-current assets, inventories, trade receivables, deferred tax and future financing.

Goodwill impairment test

During the annual impairment test of goodwill and other intangible assets or whenever impairment of goodwill is deemed to be necessary, an estimate will be made of the capacity of those parts of the business to which the goodwill and other intangible assets is attached (the cash generating units) to generate sufficient cash inflows in future to support the value of the goodwill, other intangible assets and other net assets in that part of the business.

Due to the nature of the business, the projected cashflows have to be estimated for many years into the future, which naturally imply some uncertainty. The uncertainty is reflected in the discount rate applied.

The impairment test and the related factors have been described in more detail in note 14.

Property, plant and equipment

The estimation uncertainty involving property, plant and equipment is related to the determination of the useful lives and residual values of the assets. The assessment of useful lives is based on the assets' usefulness for the group. The assessment of residual values depends on the expected state of repair and age of the assets upon discontinuation of their use as well as the existence of a market for those used assets.

The estimated useful lives of the assets etc. are shown in note 1, accounting policies applied.

Inventories

The estimation uncertainty involving inventories relates to the write-down to the net realisable value. The need for writing down inventories increases with the time individual goods are kept in stock as a certain degree of commercial obsolescence is deemed to exist in old inventories. Inventories are written down in accordance with the group's general write-down policy, and in addition, inventories are subject to an individual assessment with a view to ascertaining additional potential losses, poor quality and market trends. Part of the group's recognised inventories consists of prepayments to suppliers. When determining the net realisable value of inventories the need to write down prepayments is assessed where it is unlikely that the group will derive benefit from the prepayments in the form of goods supplied from suppliers.

Estimated inventory write-downs are shown in note 4.

Trade receivables

The estimation uncertainty involving trade receivables relates to the write-down to provide for losses. Write-downs are assessed on the basis of incapacity to pay. The need for a write-down is determined after deducting the portion of the receivables that is covered by credit insurance. In the assessment, customers' past history of payment as well as political, national and economic conditions in the home countries of customers also play an important part. If customers' capacity to pay is impaired, it may be necessary to make additional write-downs in future financial reporting periods.

The assessment of credit quality, including the assessment of the need for write-downs for trade receivables, is shown in note 18 and note 23.

Deferred tax

The DLH Group recognises the tax value of tax losses carried forward where management estimates that the tax asset may be used to offset against future income within the foreseeable future.

3 Segment information: Activities - primary segment

(DKK million)	Hardwood Division		Timber & Board Division		Not allocated incl. parent company		Group elimination		Continuing operations		Building Materials Division (discontinued operation)		Group elimination		Group total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue	3,276.3	3,803.9	1,784.1	1,958.9	-	-	-	-	5,060.4	5,762.8	259.6	1,814.8	-	-	5,320.0	7,577.6
Intra-group revenue	(23.0)	(28.1)	(24.4)	(14.9)	-	-	-	-	(47.4)	(43.0)	-	-	-	(120.9)	(47.4)	(163.9)
Revenue to external customers	3,253.3	3,775.8	1,759.7	1,944.0	-	-	-	-	5,013.0	5,719.8	259.6	1,814.8	-	(120.9)	5,272.6	7,413.7
Gross profit	315.9	638.1	231.2	348.6	-	-	(2.9)	(1.2)	544.2	985.5	48.0	414.7	-	-	592.2	1,400.2
Costs	(392.8)	(405.2)	(242.9)	(199.5)	(52.2)	(44.6)	-	-	(687.9)	(649.3)	(59.5)	(327.3)	-	-	(747.4)	(976.6)
Operating profit before depreciation and amortisation (EBITDA)	(76.9)	232.9	(11.7)	149.1	(52.2)	(44.6)	(2.9)	(1.2)	(143.7)	336.2	(11.5)	87.4	-	-	(155.2)	423.6
Depreciation and amortisation	(82.5)	(76.0)	(14.3)	(8.9)	(8.2)	(7.3)	-	0.4	(105.0)	(91.8)	(2.6)	(14.6)	-	-	(107.6)	(106.4)
Impairment losses	(52.5)	-	(2.3)	-	(11.4)	-	-	-	(66.2)	-	-	-	-	-	(66.2)	-
Operating profit (EBIT)	(211.9)	156.9	(28.3)	140.2	(71.8)	(51.9)	(2.9)	(0.8)	(314.9)	244.4	(14.1)	72.8	-	-	(329.0)	317.2
Share of profit/loss in joint ventures	(0.9)	(0.2)	-	-	-	-	-	-	(0.9)	(0.2)	-	-	-	-	(0.9)	(0.2)
Other net financials	(105.8)	(69.1)	(18.5)	(17.9)	18.0	-	-	1.3	(106.3)	(85.7)	(1.7)	(11.2)	-	-	(108.0)	(96.9)
Profit before tax (EBT)	(318.6)	87.6	(46.8)	122.3	(53.8)	(51.9)	(2.9)	0.5	(422.1)	158.5	(15.8)	61.6	-	-	(437.9)	220.1
Non-current assets	558.9	471.6	263.4	225.8	808.2	876.3	(858.1)	(849.0)	772.4	724.7	-	182.4	-	-	772.4	907.1
Current assets	1,706.8	1,972.7	520.9	670.1	81.7	28.1	(39.2)	(25.0)	(2,270.2)	2,645.9	-	451.7	-	-	2,270.2	3,097.6
Segment assets	2,265.7	2,444.3	784.3	895.9	889.9	904.4	(897.3)	(874.0)	3,042.6	3,370.6	-	634.1	-	-	3,042.6	4,004.7
Interest-bearing liabilities	(1,287.9)	(1,287.9)	(470.8)	(302.4)	377.8	(241.1)	7.4	(106.0)	(1,373.5)	(1,937.4)	-	(181.9)	-	-	(1,373.5)	(2,119.3)
Non interest-bearing liabilities	(234.6)	(352.1)	(159.3)	(221.4)	(76.0)	(41.3)	40.7	10.5	(429.2)	(604.3)	-	(108.9)	-	-	(429.2)	(713.2)
Segment liabilities	(1,522.5)	(1,640.0)	(630.1)	(523.8)	301.8	(282.4)	48.1	(95.5)	(1,802.7)	(2,541.7)	-	(290.8)	-	-	(1,802.7)	(2,832.5)
Capital expenditure	66.0	131.6	143.0	94.6	25.5	16.4	-	-	234.5	242.6	-	19.4	-	-	234.5	262.0
Shares in joint ventures	0.4	1.3	-	-	-	-	-	-	0.4	1.3	-	-	-	-	0.4	1.3

Geography - secondary segment

(DKK million)	Revenue		Assets		Liabilities		Capital expenditure	
	2008	2007	2008	2007	2008	2007	2008	2007
Denmark	663.1	767.1	489.8	772.4	325.0	1,025.2	76.6	133.3
Western Europe	2,415.7	2,823.1	1,330.0	1,706.3	662.3	1,075.3	9.4	37.8
USA	394.6	572.2	248.5	236.0	113.7	103.6	3.7	4.2
Emerging markets *)	1,539.6	1,557.4	974.3	655.9	701.7	337.6	144.8	67.3
Continuing operations	5,013.0	5,719.8	3,042.6	3,370.6	1,802.7	2,541.7	234.5	242.6
Group elimination	-	(120.9)	-	-	-	-	-	-
Building Materials Division (discontinued operation **)	259.6	1,814.8	-	634.1	-	290.8	-	19.4
Group total	5,272.6	7,413.7	3,042.6	4,004.7	1,802.7	2,832.5	234.5	262.0

*) Emerging markets include the Far and the Middle East, South Africa and Eastern Europe.

**) Revenue of the Building Materials Division relates to Denmark.

(DKK million)	Group		Parent company	
	2008	2007	2008	2007
4 Cost of sales				
Inventories at 1 January	1,704.0	1,659.4	-	-
Inventories at 1 January, discontinued operations	-	(208.3)	-	-
Inventories at 1 January, continuing operations	1,704.0	1,451.1	-	-
Purchased supplies	3,535.9	4,082.9	-	-
Freight, customs duty, waste, etc.	520.5	787.1	-	-
Inventories at 31 December	(1,414.4)	(1,704.0)	-	-
Cost of sales	4,346.0	4,617.1	-	-
Total write-downs of inventories at 1 January	46.2	21.3	-	-
Recognised in the income statement for the year	158.1	24.9	-	-
Total write-downs of inventories at 31 December	204.3	46.2	-	-
All write-downs relate to continuing operations.				
Inventories consist of the following categories				
Raw materials	125.0	163.9	-	-
Work in progress	63.2	61.6	-	-
Manufactured goods and goods for resale	1,166.2	1,386.6	-	-
Spare parts and consumables	60.0	91.9	-	-
Total inventories	1,414.4	1,704.0	-	-
5 Other operating income				
Proceeds from the sale of property, plant and equipment	4.4	2.6	-	-
Property gain	-	10.4	-	10.4
Invoicing of intra-group services	-	-	40.3	36.5
Other operating income	32.2	13.0	18.3	1.5
	37.6	26.0	58.6	48.4
Other operating expenses				
Losses on sale of property, plant and equipment	(1.3)	(1.2)	-	-
Other operating expenses	-	(4.3)	-	-
	(1.3)	(5.5)	-	-
6 Other external expenses				
Write-down to market value of trade receivables recognised in the income statement	0.3	(3.9)	-	-
Losses incurred on trade receivables	2.3	12.1	-	-
Credit insurance and similar expenses	4.6	3.9	-	-
Total credit expenses	7.2	12.1	-	-
Other sales expenses	59.1	50.2	-	-
Total sales expenses	66.3	62.3	-	-
Distribution expenses	48.4	49.0	-	-
Administrative expenses	231.1	193.9	56.0	45.0
	345.8	305.2	56.0	45.0
Fees to auditors appointed at the annual general meeting				
Auditors				
KPMG	3.8	4.2	0.6	0.6
Others	2.6	3.0	-	-
	6.4	7.2	0.6	0.6
Other services				
KPMG	1.9	1.3	1.4	0.9
Others	0.6	0.1	0.1	-
	2.5	1.4	1.5	0.9
	8.9	8.6	2.1	1.5

	Group		Parent company	
	2008	2007	2008	2007
(DKK million)				
7 Staff costs				
Remuneration of the supervisory board of the parent company	1.9	1.8	1.9	1.8
Salaries and wages	457.4	594.1	125.6	121.4
Defined contribution plans, cf. note 20	23.5	31.6	8.9	8.3
Defined benefit plans, cf. note 20	1.9	8.1	-	-
Other social security costs, net of refunds	53.1	52.4	-	0.5
Share-based payment	0.5	0.5	0.5	0.5
	538.3	688.5	136.9	132.5
Reimbursement to employees of the parent company who are working in the group enterprises of DLH Nordisk A/S, DLH A/S and DLH Træ & Byg A/S			(82.1)	(84.5)
			54.8	48.0
Staff costs have been recognised under the following headings in the financial statements:				
Staff costs related to production, continuing operations	122.8	117.2	-	-
Other staff costs, continuing operations	378.4	364.6	54.8	48.0
Other staff costs, discontinued operations	37.1	206.7	-	-
	583.3	688.5	54.8	48.0
Number of employees on average for the year	3,780	4,222	244	243
Number of these employed in group enterprises			(153)	(162)
Employed in Dalhoff Larsen & Horneman A/S			91	81
Number of these employed in discontinued operations	(92)	(561)		
Number of these employed in continuing operations	3,688	3,661		

Remuneration to the supervisory board, management and executive board:

	Group andg parent company					
	2008			2007		
(DKK million)	Supervisory board of parent company	Management of parent company	Other board executives	Supervisory board of parent company	Management of parent company	Other board executives
Salaries	1.9	4.0	8.2	1.8	3.7	6.9
Bonus schemes	-	0.5	1.0	-	0.5	0.7
Pensions	-	-	0.1	-	-	0.2
Share-based payment	-	0.3	0.2	-	0.3	0.2
	1.9	4.8	9.5	1.8	4.5	8.0

'Other executives' is defined as the group management excluding the executive board. In addition to the executive board, group management consists of five executive vice presidents. One of them joined the management as late as in September 2008 and thus did not receive any share-based remuneration for that year. The president/CEO and all the executive vice presidents are employed by the parent company, but costs related to four of the executive vice presidents are paid by their respective divisions.

The executive board and the other members of group management have been participating in a revolving share option scheme since 2002. At 31 December 2008, the scheme comprised a total of 178,188 share options. Each share option entitles its holder to acquire one existing Class B share at the nominal price of DKK 10 in the company. If all share options are exercised, the share option scheme grants participants the right to acquire up to 1.0% of the share capital. The company has repurchased a number of shares equal to this commitment.

Share options allotted in 2005 and subsequent years may be exercised for a period of three to six years after the grant. There are no conditions attached to the exercise of the options within the usual trading windows, apart from the period from the announcement of the annual financial statements in March until 1 April and naturally subject to the insider trading provisions applicable. The exercise price corresponds to the allotment price indexed to an increase of 3% p.a. Members of the executive board acquire their entitlement to share options over a 12-months-period from 1 April to 31 March. Special provisions apply to changes in the company's capital structure. It is a condition for the allotment of share options that the potential holder is employed by the company and has not taken or been given notice of termination. Share options which have been allotted prior to 2005 may be exercised between 2 to 5 years after the grant conferring the rights outlined above.

7 Staff costs (continued)

The fair values of issued, but not exercised, share options amounted to DKK 0.15 million for the executive board and DKK 0.10 million for the other members of group management at 31 December 2008.

The options have been issued at an exercise price, which has been calculated on the basis of the market price for the company's Class B shares at the time of the allotment. The options may only be exercised in the form of shares.

Share options	Management	Other board executives	Total share options	Average exercise price per option	Fair value per option ¹⁾	Total fair value ¹⁾
	number	number	number	DKK	DKK	tDKK
Number of options, allotted at the beginning of 2007	151,090	43,230	194,320	-	6.4	1,250
Exercised 2007	-	-	-	-	-	-
Allotted for 2006 (issued April 2007)	10,115	10,115	20,230	-	24.7	500
Outstanding at year-end 2007	161,205	53,345	214,550	-	8.2	1,750
Exercised 2008	(69,120)	-	(69,120)	17.7	-	(150)
Allotted for 2008 (issued April 2008)	14,890	17,868	32,758	-	16.8	550
Outstanding at year-end 2008	106,975	71,213	178,188	-	12.1	2,150
Number of options that may be exercised at year-end 2008	68,040	29,280	97,320	-	-	-
Hereof "in the money"	-	-	-	-	-	-

¹⁾ At the time of allotment.

As regards options exercised in 2008, the average price per share amounts to DKK 17.7 at the time of exercise. No options were exercised in 2007.

Options allotted for 2008 can at the earliest be exercised after 3 years. If the options are exercised at earliest possible, the exercise price will be DKK 82.1 at the time of exercise time (based on the current capital structure and dividend policy).

The fair values determined on allotment are based on the Black Scholes model for the pricing of options, which does not take into account any early exercise of the option.

The assumptions for the determination of the fair values of outstanding share options at the time of allotment are as follows:

	2008	2007
Average share price (DKK)	75.1	109.8
Exercise price (DKK) indexed at 3% p.a.	89.6	131.3
Expected volatility	30.0%	27.5%
Dividend rate	2.7%	1.8%
Risk free interest rate	4.4%	4.2%

The expected volatility has been calculated as a weighted average of the annual volatility in the financial year.

	Group		Parent company	
	2008	2007	2008	2007
(DKK million)				
8 Depreciation, amortisation and impairment losses				
IT projects	4.5	6.1	4.5	6.1
Other intangible assets	9.2	3.8	-	-
Intangible assets	13.7	9.9	4.5	6.1
Land and buildings	21.2	26.6	-	-
Plant and machinery	27.0	28.5	-	-
Fixtures and fittings, other plant and equipment	43.1	41.4	3.7	1.2
Property, plant and equipment	91.3	96.5	3.7	1.2
	105.0	106.4	8.2	7.3
Of these, depreciation and amortisation relating to discontinued operations	-	(14.6)	-	-
Total depreciation and amortisation	105.0	91.8	8.2	7.3
Impairment losses				
IT projects	11.4	-	11.4	-
Other intangible assets	48.8	-	-	-
Intangible impairment losses	60.2	-	11.4	-
Land and buildings	3.7	-	-	-
Plant and machinery	2.3	-	-	-
Tangible impairment losses	6.0	-	-	-
Total impairment losses	66.2	-	11.4	-
9 Share of profit after tax and investments in joint ventures				
Cost at 1 January	1.8	1.8	-	-
Additions	-	-	-	-
Cost at 31 December	1.8	1.8	-	-
Adjustments at 1 January	(0.5)	(0.1)	-	-
Foreign currency translation adjustment	-	(0.2)	-	-
Share of profit/loss for the year	(0.9)	(0.2)	-	-
Adjustments at 31 December	(1.4)	(0.5)	-	-
Carrying amount at 31 December	0.4	1.3	-	-

Investments in joint ventures only include a 50% ownership share in Indochina Wood Limited, a company incorporated in the British Virgin Islands having as its sole object the control of the Vietnamese company, Indochina Wood Co. Ltd., which distributes timber and timber-based products in Vietnam. The investment has been measured according to the equity method.

	Indochina Wood Ltd.		DLH Group's share	
	2008	2007	2008	2007
Revenue	10.3	7.5	-	-
Profit	(1.9)	(0.4)	(0.9)	(0.2)
Non-current	0.1	1.6	-	-
Current assets	5.2	3.7	-	-
Equity	0.8	2.7	0.4	1.3
Non-current liabilities	0.0	0.5	-	-
Current liabilities	4.5	2.1	-	-

(DKK million)	Group		Parent company	
	2008	2007	2008	2007
10 Financial income				
Interest income from group enterprises on Long-term loans	-	-	17.1	25.3
Interest income from group enterprises	-	-	38.8	18.4
Foreign currency gains	-	6.2	-	4.3
Interest income, cash etc.	27.1	8.8	6.6	0.5
Dividend from subsidiaries	-	-	60.0	125.0
Total	27.1	15.0	122.5	173.5
11 Financial expenses				
Interest paid to group enterprises	-	-	(3.7)	(2.3)
Foreign currency losses	(23.6)	-	(10.0)	-
Interest paid to credit institutions etc.	(109.8)	(100.7)	(55.8)	(56.3)
Total	(133.4)	(100.7)	(69.5)	(58.6)
12 Tax on profit for the year				
Tax for the year may be broken down as follows:				
Tax on profit for continuing operations	(68.7)	58.3	(16.5)	(14.8)
Tax on equity transactions	4.5	4.0	-	(0.4)
Tax relating to discontinued operations	(4.2)	15.1	-	-
	(68.4)	77.4	(16.5)	(15.2)
Tax on profit for the year for the continuing operations may be broken down as follows:				
Current tax	26.3	58.0	(0.9)	(16.9)
Deferred tax	(95.0)	(2.7)	(15.6)	2.0
Adjustment of deferred tax relating to the reduction of the Danish income tax rate from 28% to 25%	-	1.1	-	0.9
Adjustment of tax for previous years	-	1.9	-	(0.8)
	68.7	58.3	(16.5)	(14.8)
Reconciliation of effective tax rate				
Tax rate in Denmark	25.0%	25.0%	25.0%	25.0%
Non-taxable income/expenses, Danish companies	(0.1%)	0.3%	(27.5%)	(1.5%)
Value adjustments relating to acquisitions with no tax effect	-	1.4%	-	-
Tax adjustment relating to previous years	0.6%	0.7%	(0.1%)	-
Higher tax rates etc. abroad	1.4%	9.4%	-	-
Tax value of non-capitalised losses abroad	(10.6%)	-	-	-
	16.3%	36.8%	(2.6%)	23.5%

The Danish income tax rate was reduced from 28% to 25% in 2007.

	Group		Parent company	
	2008	2007	2008	2007
(DKK million)				
13 Earnings per share				
Profit for the year	226.6	146.7		
Profit for the year, discontinued operations	(580.0)	(46.5)		
Profit for the year, continuing operations	(353.4)	100.2		
Average number of shares issued	18,578	18,578		
Average number of treasury shares	(182)	(187)		
Average number of repurchased shares	(217)	-		
Average number of shares in issue	18,179	18,391		
Average dilution effect of outstanding options	-	47		
Average number of shares in issue after dilution	18,179	18,438		
Earnings per share (EPS) of DKK 10	12.46	7.98		
Earnings per share diluted (EPS-D) of DKK 10	12.46	7.96		
Earnings per share (EPS) of DKK 10 for continuing operations	(19.44)	5.45		
Earnings per share diluted (EPS-D) of DKK 10 for continuing operations	(19.44)	5.44		

14 Intangible assets and property, plant and equipment

Group

	Goodwill	IT projects	Other intangible assets	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construction	Total property, plant and equipment
Cost at 1 January 2007	133.3	22.2	10.2	505.7	204.6	220.0	25.9	956.2
Foreign currency translation adjustment	(0.7)	-	-	(1.1)	1.5	1.8	(0.1)	2.1
Reclassifications	-	21.7	-	9.6	4.9	(15.9)	(20.3)	(21.7)
Additions re. acquisition of subsidiaries	22.7	-	70.3	20.9	0.4	3.0	-	24.3
Earn-out adjustment re. acquisitions	30.5	-	-	-	-	-	-	-
Additions during the year	-	15.1	-	25.5	14.1	53.8	5.8	99.2
Disposals during the year	-	(16.1)	-	(4.9)	(16.5)	(22.4)	-	(43.8)
Transferred to assets held for sale	(18.4)	-	-	(215.9)	(17.3)	(54.5)	-	(287.7)
Cost at 31 December 2007	167.4	42.9	80.5	339.8	191.7	185.8	11.3	728.6
Depreciation & amortisation at 1 January 2007	-	13.3	0.7	151.0	89.0	138.6	-	378.6
Foreign currency translation adjustment	-	-	-	0.7	1.7	0.5	-	2.9
Reclassification	-	19.2	-	-	-	(19.2)	-	(19.2)
Depreciation & amortisation for the year	-	6.1	3.8	26.6	28.5	41.4	-	96.5
Reversal of depreciation & amortisation on assets sold	-	(16.1)	-	(3.6)	(16.1)	(19.3)	-	(39.0)
Transferred to assets held for sale	-	-	-	(81.7)	(9.2)	(35.9)	-	(126.8)
Depreciation & amort. at 31 December 2007	-	22.5	4.5	93.0	93.9	106.1	-	293.0
Carrying amount at 31 December 2007	167.4	20.4	76.0	246.8	97.8	79.7	11.3	435.6
Additions and disposals for continuing operations								
Additions	-	15.1	-	17.1	11.8	45.1	5.8	79.8
Disposals	-	-	-	(1.2)	(0.4)	(2.7)	-	(4.3)

14 Intangible assets and property, plant and equipment (continued)

	Goodwill	IT projects	Other intangible assets	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construction	Total property, plant and equipment
Cost at 1 January 2008	167.4	42.9	80.5	339.8	191.7	185.8	11.3	728.6
Foreign currency translation adjustment	(29.6)	-	(16.7)	(5.3)	(6.0)	(4.6)	-	(15.9)
Reclassifications	-	-	-	0.9	2.5	(3.4)	-	-
Additions re. acquisition of subsidiaries	15.5	-	71.8	11.4	0.1	2.9	-	14.4
Earn-out adjustment re. acquisitions	(1.3)	-	-	-	-	-	-	-
Additions during the year	-	20.3	2.7	17.7	16.2	64.1	13.0	111.0
Disposals during the year	-	(13.3)	-	(23.1)	(11.5)	(19.8)	(0.5)	(54.9)
Cost at 31 December 2008	152.0	49.9	138.3	341.4	193.0	225.0	23.8	783.2
Depreciation & amortisation at 1 January 2008	-	22.5	4.5	93.0	93.9	106.1	-	293.0
Foreign currency translation adjustment	-	-	(1.2)	(1.6)	(1.7)	(3.6)	-	(6.9)
Reclassification	-	-	-	0.9	2.5	(3.4)	-	-
Depreciation & amortisation for the year	-	4.5	9.2	21.2	27.0	43.1	-	91.3
Impairment losses for the year	-	11.4	48.8	3.7	2.3	-	-	6.0
Reversal of depreciation & amortisation on assets sold	-	(5.7)	-	(12.1)	(11.4)	(18.0)	-	(41.5)
Depreciation, amortisation and impairment losses at 31 December 2008	-	32.7	61.3	105.1	112.6	124.2	-	341.9
Carrying amount at 31 December 2007	152.0	17.2	77.0	236.3	80.4	100.8	23.8	441.3

The carrying amount of assets under finance leases for continuing operations amounted to DKK 0.0 million at 31 December 2008 (2007: DKK 0.0 million).

Goodwill and impairment test

The carrying amount of goodwill may be broken down as follows:

(DKK million)	2008	2007
Hardwood Division	41.8	92.0
Timber & Board Division	110.2	75.4
Group	152.0	167.4

Additions for the year amounting to DKK 15.5 million relate to the acquisition of Palma Bygghjælp AB made by the Timber & Board Division. Furthermore, goodwill is affected by the final earn-out settlement in connection with the acquisition of the Ljungberg Group and by foreign currency adjustments.

In 2008 the management structure thus the group management structure was changed so that a number of companies were transferred from the Hardwood Division to the Timber & Board Division. In this connection goodwill amounting to DKK 45.4 million has been transferred between the two divisions.

Management has carried out an impairment test of the carrying amount of goodwill at 31 December 2008.

With this in mind, the carrying amount of goodwill at 31 December 2008 has been allocated to the cash-generating units, the Hardwood Division and the Timber & Board Division, where goodwill is recognised.

The recoverable amount is based on the value in use which has been determined by applying the expected cash inflows for the years 2009-2013. The expected cash flows for the years 2009-2011 have been determined on the basis of the budgets for the years, which have been approved by management. Key parameters in the determination of cash flows are EBIT, including revenue trends, interest rates, changes in working capital and capital expenditure.

For the years 2012-2013 the expected cash flows have been determined by means of a mathematical projection of the budget for 2011 based on the assumption that growth rates will remain stable.

The average gross profit applied in the budget period from 2009 to 2011 has been maintained for the years 2012-2013. In addition, both investments and depreciation or amortisation have been maintained in 2012-2013 same level as for 2009-2011.

The terminal value after 2013 has been determined as 2013 with growth at the rate of 2% per annum.

14 Intangible assets and property, plant and equipment (continued)**Hardwood Division**

Revenue is expected to fall by 5% in 2009, excluding acquisitions. The EBIT margin is expected to rise from 0.0% in 2009 to 5.8% in 2013.

For the years 2012-2013 the mathematical projection has been made applying an annual increase in activity of 6.0%. Inflation is expected to account for 3% of this figure. Average gross profit is expected to rise from 8.2% in 2008 to 17.0 % in 2013.

The expected cash flows have been discounted at the rate of 11.3% before tax. The tax rate applied is 25%, resulting in a discount rate after tax of 8.5%.

The present value of future cash flows exceeds the carrying amount, for which reason goodwill has not been reduced by impairment losses.

Timber & Board Division

Revenue is expected to rise by 1.7% in 2009, excluding acquisitions. The EBIT margin is expected to rise from 2.5% in 2009 to 5.6% in 2013.

For the years 2012-2013 the mathematical projection has been made applying an annual increase in the activity of 6.0%. Inflation is expected to account for 3% of this figure. Average gross profit is expected to rise from 12.2% in 2008 to 16.8 % in 2013.

Expected cash flows have been discounted at the rate of 11.3% before tax. The tax rate applied is 25%, resulting in a discount rate after tax of 8.5%.

The present value of future cash flows exceeds the carrying amount, for which reason goodwill has not been reduced by impairment losses.

Africa

In connection with the allocation of the purchase price of the group's most recent acquisition in Africa was the purchase price allocated to concessionrights recognised as an intangible asset (please refer to note 27). Group management has conducted an impairment test of the total intangible assets in Africa based on the above assumptions.

Revenue is expected to rise by 6% in 2009, excluding acquisitions. The EBIT margin is expected to rise from (9.1%) in 2009 to (6.6%) in 2013.

For the years 2012-2013 the mathematical projection has been made applying an annual increase in the activity of 2.0%. Average gross profit is expected to rise from 9.2% in 2008 to 10.8 % in 2013.

Expected cash flows have been discounted at the rate of 12.9% before tax. The tax rate applied is 35%, resulting in a discount rate after tax of 8.4%.

As a result, the concessionrights in Africa were written down. The amount is recognised under the heading of intangible asset impairment losses in the income statement.

14 Intangible assets and property, plant and equipment (continued)

Parent company

(DKK million)	IT projects	Land and buildings	Fixtures and fittings, other plant and equipment
Cost at 1 January 2007	22.2	0.7	52.4
Reclassifications	21.7	-	(21.7)
Additions during the year	15.1	-	2.7
Disposals during the year	(16.1)	-	-
Cost at 31 December 2007	42.9	0.7	33.4
Depreciation & amortisation at 1 January 2007	13.3	-	48.0
Reclassification	19.2	-	(19.2)
Depreciation & amortisation for the year	6.1	-	1.2
Reversal of depreciation & amortisation on assets sold	(16.1)	-	-
Depreciation at 31 December 2007	22.5	-	30.0
Carrying amount at 31 December 2007	20.4	0.7	3.4

(DKK million)	IT projects	Land and buildings	Fixtures and fittings, other plant and equipment
Cost at 1 January 2008	42.9	0.7	33.4
Additions during the year	20.4	-	5.2
Disposals during the year	(13.3)	-	-
Cost at 31 December 2008	50.0	0.7	38.6
Depreciation & amortisation at 1 January 2008	22.5	-	30.0
Depreciation & amortisation for the year	4.5	-	3.7
Impairment losses for the year	11.4	-	-
Reversal of depreciation & amortisation on assets sold	(5.6)	-	-
Depreciation at 31 December 2008	32.8	-	33.7
Carrying amount at 31 December 2008	17.2	0.7	4.9

The carrying amount of assets under finance leases amounted to DKK 0.0 million at 31 December 2008 (2007: DKK 0.0 million).

Parent company			
(DKK million)		2008	2007
15	Investments in group enterprises		
	Cost at 1 January and 31 December	691.3	844.0
	Additions	70.7	-
	Transferred to assets held for sale	-	(152.7)
	Carrying amount at 31 December	762.0	691.3

The addition in 2008 relates to the capital increase in tt Timber International AG amounting to CHF 15.4 million..

Investments in group enterprises at 31 December include:

(All companies are wholly owned)	Domicile	Share capital
tt Timber International AG	Basle, Switzerland	CHF 20.0 million
DLH Nordisk A/S	Høje Taastrup, DK	DKK 50.0 million
DLH A/S	Høje Taastrup, DK	DKK 25.5 million

Group			
(DKK million)		2008	2007
16	Other investments and securities		
	Carrying amount at 1 January	3.7	7.3
	Foreign currency translation adjustment	0.1	-
	Additions during the year	-	0.1
	Disposals during the year	-	(0.6)
	Carrying amount at 31 December	3.8	6.8
	Transferred to assets held for sale	-	(3.1)
	Carrying amount at 31 December	3.8	3.7

Investments include a 5.6% ownership share in a forestry project in Brazil. Investments have been measured at cost as there is no well-functioning market in place for these.

Carrying amount of the Group's forest project Pataua in Brazil is DKK 0 million (2007: DKK 0 million).

(DKK million)	Group		Parent company	
	2008	2007	2008	2007
17 Tax in the balance sheet				
Tax receivable (income taxes due)				
At 1 January	(30.9)	(21.0)	18.2	26.7
Taken over in connection with acquired companies	(0.4)	(1.5)	-	-
Financial instruments, transferred via equity	0.4	(4.2)	(0.4)	(1.4)
Foreign currency translation adjustment	4.1	(0.4)	-	-
Current tax for the year	(26.3)	(58.0)	0.9	16.9
Current tax relating to discontinued operations	-	(14.6)	-	-
Transferred to liabilities relating to assets held for sale	-	14.7	-	-
Paid (refund of) income taxes for the year	64.6	54.1	(14.0)	(24.0)
At 31 December	11.5	(30.9)	4.7	18.2
Consists of:				
Tax receivable	24.7	4.4	4.7	18.2
Income taxes due	(13.2)	(35.3)	-	-
	11.5	(30.9)	4.7	18.2
Deferred tax, net asset/(net liability)				
1 January	(20.9)	(0.8)	7.8	8.9
Foreign currency translation adjustment	(2.7)	0.4	-	-
Deferred tax for the year recognised in the profit for the year	95.0	2.7	15.6	(2.0)
Deferred tax for the year recognised in the profit for the year, discontinued operations	-	(0.3)	-	-
Reduction of the Danish income tax rate from 28% to 25%	-	(1.3)	-	(0.9)
Deferred tax for the year recognised in the equity	(4.5)	0.2	-	1.8
Additions on the acquisition of enterprises	(22.7)	(23.4)	-	-
Transferred to liabilities relating to assets held for sale	-	1.6	-	-
At 31 December	44.2	(20.9)	23.4	7.8
Consists of:				
Deferred tax asset	80.7	20.3	23.4	7.8
Deferred tax liability	(36.5)	(41.2)	-	-
	44.2	(20.9)	23.4	7.8
Deferred tax relates to:				
Intangible assets	(27.5)	(18.8)	(4.8)	-
Property, plant and equipment	-	(7.7)	7.8	3.4
Current assets	15.7	8.7	3.1	4.5
Provisions	0.2	0.1	0.2	-
Other liabilities	(5.3)	(6.2)	-	(0.1)
Tax losses carried forward (capitalised)	61.1	3.0	17.1	-
	44.2	(20.9)	23.4	7.8

No provision is made for contingent tax relating to the retaxation liability arising in respect of the Brazilian subsidiary, please refer to note 25 on Contingent liabilities.

Deferred tax has been calculated at the rates applicable in the countries in which the tax relates to.

Tax losses eligible to be carried forward have been recognised to the extent that they are expected to be capable of being off-set against future earnings.

17 Tax in the balance sheet (continued)

Movements in temporary differences during the year:

Group (DKK million)	Balance sheet	Foreign	Reduction	Additions	Recognised	Recognised	Transferred	Balance
	1 January 2007	currency translation adjustment	in Danish income tax	on the acquisition of enterprises	in the income statement	to liabilities in net equity	re. assets held for sale	sheet at 31 December 2007
Intangible assets	(1.5)	0.1	(0.2)	(17.2)	(1.0)	-	1.0	(18.8)
Property, plant and equipment	(9.7)	0.2	(0.5)	(3.3)	3.6	-	2.0	(7.7)
Current assets	7.9	(0.2)	(0.7)	0.2	2.9	-	(1.4)	8.7
Provisions	0.8	-	-	-	(0.7)	-	-	0.1
Other liabilities	(5.4)	0.3	0.1	(3.1)	1.7	0.2	-	(6.2)
Tax losses carried forward	7.1	-	-	-	(4.1)	-	-	3.0
	(0.8)	0.4	(1.3)	(23.4)	2.4	0.2	1.6	(20.9)

Movements in temporary differences during the year:

Group (DKK million)	Balance sheet	Foreign	Reduction	Additions	Recognised	Recognised	Transferred	Balance
	1 January 2008	currency translation adjustment	in Danish income tax	on the acquisition of enterprises	in the income statement	to liabilities in net equity	re. assets held for sale	sheet at 31 December 2008
Intangible assets	(18.8)	(2.5)	-	(21.7)	15.5	-	-	(27.5)
Property, plant and equipment	(7.7)	(1.0)	-	(1.0)	9.7	-	-	-
Current assets	8.7	1.1	-	-	10.3	(4.4)	-	15.7
Provisions	0.1	-	-	-	0.1	-	-	0.2
Other liabilities	(6.2)	(0.8)	-	-	1.7	-	-	(5.3)
Tax losses carried forward	3.0	0.4	-	-	57.7	-	-	61.1
	(20.9)	(2.8)	-	(22.7)	95.0	(4.4)	-	44.2

Group (DKK million)	Group		Parent company	
	2008	2007	2008	2007
18 Receivables				
Trade receivables	542.9	865.4	-	-
Transferred to assets held for sale	-	(196.1)	-	-
	542.9	669.3	-	-

Write-downs included in the above receivables have developed as follows:

Write-down at 1 January	18.6	35.3	-	-
Write-down at 1 January, discontinued operations	-	(12.8)	-	-
Write-down at 1 January, continuing operations	18.6	22.5	-	-
Write-downs for the year	2.9	6.0	-	-
Realised during the year	(2.6)	(0.4)	-	-
Reversed	(2.8)	(10.1)	-	-
Foreign currency translation adjustment	(0.7)	0.6	-	-
Write-down at 31 December	15.4	18.6	-	-

19 Equity

Share capital in the group and the parent company

	Shares issued		Nominal value (DKK million)	
	Number of shares (nominal value DKK 10 each) 2008	2007	2008	2007
Class A shares at 1 January and at 31 December	1,875,000	1,875,000	18.8	18.8
Class B shares at 1 January and at 31 December	16,703,476	16,703,476	167.0	167.0
Total Class A and Class B shares	18,578,476	18,578,476	185.8	185.8

Apart from the issue of 1,200,000 Class B shares and the issue of employee shares consisting of 216,276 Class B shares in 2006, no capital increases have been made in the past three years.

In accordance with the articles of association Class A shares carry 10 votes each while Class B shares carry one vote each.

Group (DKK million)	Share capital	Hedging reserve	Foreign currency translation	Retained earnings	Dividend proposed	Total
Group						
Equity at 1 January 2007	185.8	11.4	(10.9)	844.8	37.2	1,068.3
Changes in equity in 2007:						
Income and expenses recognised for the year	-	(2.1)	(2.3)	109.5	37.2	142.3
Reclassification	-	(9.6)	-	9.6	-	-
Dividend distributed to shareholders	-	-	-	-	(37.2)	(37.2)
Dividend treasury shares	-	-	-	0.4	-	0.4
Purchase/sale of treasury shares	-	-	-	(2.1)	-	(2.1)
Share-based payment/options	-	-	-	0.5	-	0.5
Total changes in equity	-	(11.7)	(2.3)	117.9	-	103.9
Equity at 31 December 2007	185.8	(0.3)	(13.2)	962.7	37.2	1,172.2
Changes in equity in 2008:						
Income and expenses recognised for the year	-	(10.6)	(73.8)	224.3	-	139.9
Dividend distributed to shareholders	-	-	-	-	(37.2)	(37.2)
Dividend treasury shares	-	-	-	0.3	-	0.3
Purchase/sale of treasury shares	-	-	-	(2.0)	-	(2.0)
Share buy-back programme	-	-	-	(33.8)	-	(33.8)
Share-based payment/options	-	-	-	0.5	-	0.5
Total changes in equity	-	(10.6)	(73.8)	189.3	(37.2)	67.7
Equity at 31 December 2008	185.8	(10.9)	(87.0)	1,152.0	-	1,239.9
Parent company						
Equity at 1 January 2007	185.8	9.8	-	351.0	37.2	583.8
Changes in equity in 2007:						
Income and expenses recognised for the year	-	(1.2)	-	40.6	37.2	76.6
Reclassification	-	(9.0)	-	9.0	-	-
Dividend distributed to shareholders	-	-	-	-	(37.2)	(37.2)
Dividend treasury shares	-	-	-	0.4	-	0.4
Purchase/sale of treasury shares	-	-	-	(2.1)	-	(2.1)
Share-based payment/options	-	-	-	0.5	-	0.5
Total changes in equity	-	(10.2)	-	48.4	-	38.2
Equity at 31 December 2007	185.8	(0.4)	-	399.4	37.2	622.0
Changes in equity in 2008:						
Income and expenses recognised for the year	-	0.4	-	641.6	-	642.0
Dividend distributed to shareholders	-	-	-	-	(37.2)	(37.2)
Dividend treasury shares	-	-	-	0.3	-	0.3
Purchase/sale of treasury shares	-	-	-	(2.0)	-	(2.0)
Share buy-back programme	-	-	-	(33.8)	-	(33.8)
Share-based payment/options	-	-	-	0.5	-	0.5
Total changes in equity	-	0.4	-	606.6	(37.2)	569.8
Equity at 31 December 2008	185.8	-	-	1,006.0	-	1,191.8

19 Equity (continued)

	Number of shares		Nominal value (DKK'000)		Percentage of share capital	
	2008	2007	2008	2007	2008	2007
Portfolio of treasury shares						
Balance at 1 January	186,660	166,660	1,867	1,667	1.0%	0.9%
Purchase to cover option scheme	37,000	20,000	370	200	0.2%	0.1%
Purchase in accordance with share buy-back programme	607,192	-	6,072	-	3.3%	-
Applied in connection with the exercise of share options	(4,472)	-	(415)	-	(0.2%)	-
Treasury shares at 31 December	789,380	186,660	7,894	1,867	4.2%	1.0%

By authority granted by the general meeting, a maximum of 10% of the share capital may be acquired.

The authority is applied for the acquisition of treasury shares with a view to meeting the company's commitments under the incentive scheme set up for group management and for the share buy-back programme.

In 2008 644,192 shares were purchased at an average price of DKK 56.7 per share, corresponding to an acquisition price of DKK 36.5 million. In connection with exercise of share options, 4,472 shares at a value of a negative DKK 0.7 million has been deducted. The total value of 35.8 million is deducted directly from equity.

20 Pensions and similar liabilities

In respect of defined contribution plans DLH as the employer is obliged to make a certain contribution (for instance a fixed amount or a fixed percentage of the salary). In respect of a defined contribution plan the group does not have the risk of future developments in interest rates, inflation, mortality and disability.

In respect of defined benefit plans DLH as the employer is obliged to pay for a certain benefit (for instance a retirement pension as a fixed amount or a fixed percentage of the final salary). In respect of a defined benefit plan the group have the risk of future developments in rates of interest, inflation, mortality and disability.

The pension liabilities of the parent company and the other Danish entities are insured. The majority of the foreign entities' pension liabilities are also insured. In the few foreign entities in which the liabilities are not insured or only insured in part, the liability is recognised at the present value at the balance sheet date, based on an actuarial calculation. In the consolidated financial statements DKK 27.0 million have been recognised under liabilities (2007: DKK 26.2 million) relating to the group's commitments to existing and former employees after making a deduction for the corresponding plan assets.

Pensions and similar liabilities relate to continuing operations only.

The following items are recognised in the group's consolidated income statement:

(DKK million)	2008	2007
Defined contribution plans	23.5	31.6
Defined benefit plans	1.9	8.1
	25.4	39.7
Present value of defined benefit plans	(80.1)	(82.0)
Fair value of pension assets	53.1	55.8
Net liability recognised in the balance sheet	(27.0)	(26.2)
Development in present value of defined benefit liability		
Liability at 1 January	82.0	74.1
Foreign currency translation adjustment	-	(2.1)
Pension costs relating to the current financial year	2.8	5.5
Calculated interest relating to liability	2.5	2.9
Actuarial (gains)/losses	(4.7)	(0.6)
Pension costs relating to previous financial years	-	(0.7)
Pensions paid out	(3.9)	(12.0)
Addition from acquisitions	1.3	14.9
Other	0.1	-
Liability at 31 December	80.1	82.0
Development in fair value of pension assets		
Pension assets at 1 January	55.8	53.6
Foreign currency translation adjustments	2.2	(1.6)
Expected return on pension assets	2.5	2.9
Actuarial gains/(losses)	(7.7)	(0.7)
Paid in by the DLH Group	2.7	1.8
Pensions paid out	(2.0)	(11.0)
Addition from acquisitions	-	10.8
Other	(0.4)	-
Pension assets at 31 December	53.1	55.8

(DKK million)	2008	2007
20 Pensions and similar liabilities (continued)		
Pension cost recognised in the income statement		
Pension costs relating to the current financial year	2.8	5.5
Calculated interest relating to liability	2.5	2.9
Expected return on pension assets	(2.5)	(2.9)
Pension costs relating to previous financial years	-	(0.7)
Other costs	(0.9)	3.3
Total recognised for the defined benefit plans	1.9	8.1
Total recognised for the defined contribution plans	23.5	31.6
Total recognised in the income statement	25.4	39.7
Pension costs recognised in the income statement		
Pension costs incidental to production	1.7	2.6
Other staff costs	21.3	23.4
Costs incidental to discontinued operations	2.4	13.7
	25.4	39.7
In the statement of recognised income and expenses the following accumulated actuarial gains/(losses) have been recognised:		
Accumulated actuarial gains/(losses) 1 January	(0.2)	(0.1)
Actuarial gains (losses) for the year	(3.0)	(0.1)
Accumulated actuarial gains/(losses) 31 December	(3.2)	(0.2)
Pension assets can be divided as follows:		
Securities	11.8	14.5
Cash and cash equivalents	1.4	36.6
Assets belonging to the DLH Group	21.0	-
Other assets	18.9	4.7
Total pension assets	53.1	55.8
Return on pension assets		
Actual return on pension assets	(5.2)	2.2
Expected return on pension assets	(2.5)	(2.9)
Actuarial gains/(losses) on pension assets	(7.7)	(0.7)

Pension assets do not include shares in Dalhoff Larsen & Horneman A/S.

The group expects to pay DKK 1.6 million on defined benefit plans in 2009.

20 Pensions and similar liabilities (continued)

The individual companies, apart from the companies in Africa, have made actuarial calculations at the balance sheet date. The underlying assumptions are:

	Sweden		Belgium		Switzerland		Norway	
	2008	2007	2008	2007	2008	2007	2008	2007
Discount rate	4.50%	4.50%	4.50%	4.50%	3.25%	3.25%	4.50%	4.50%
Expected rate of return on pension plan assets	-	-	4.50%	4.50%	4.50%	4.50%	6.50%	5.50%
Future rate of increase in salaries and wages	3.30%	3.30%	3.00%	3.00%	1.00%	1.00%	4.50%	4.50%

The expected return on pension plan assets has been fixed on the basis of the composition of the assets and general forecasts of economic trends.

The African companies have defined benefit severance schemes. These schemes are recognised as a liability item in the amount of DKK 13.1 million, corresponding to the liability that would arise if all members of staff resigned immediately. The liability has thus been calculated without applying actuarial assumptions. Management takes the view that, calculated in accordance with IAS 19, the liability would be less than the amount recognised, but not significantly different from the method currently applied.

The pension liabilities of the group have arisen from business acquisitions made in and after 2006. For this reason, only information relating to the year 2006 and onwards is included in the 5-year summary.

	2008	2007	2006
Pension liabilities based on actuarial calculation	(80.1)	(82.0)	(64.8)
Pension plan assets	53.1	55.8	53.6
Funding surplus / (funding deficit)	(27.0)	(26.2)	(11.2)
Expectation adjustments relating to pension liabilities	3.6	(0.5)	-
Expectation adjustments relating to pension assets	(4.8)	(0.7)	-

21 Provisions

In 2006 the group vacated the parent company's property in Gadstrup. In 2008 provisions of DKK 0.7 million were made to cover any costs incidental to claims that the purchaser of the property might subsequently raised.

Part of the purchase price for the Ljungberg group was a profit-related earn-out. The final earn-out amount was DKK 36.0 million at 31 December 2007. The amount was paid out in 2008.

In Malaysia provisions of DKK 0.8 million were made in 2008 to cover expected costs of closing down individual operations.

One of the group's companies in the Ivory Coast is involved in a legal action relating to payment for supplies. A settlement has been concluded between the parties. Provisions to cover the expected loss amounted to DKK 1.9 million at 31 December 2008 (2007: DKK 5.2 million).

In Cameroon one of the group's companies has a legal action pending concerning the payment of value added tax. Provisions to cover the expected loss of the legal action have been made in the amount of DKK 0.3 million (2007: DKK 0.8 million).

The group's Russian company is the subject of a tax audit in respect of the years 2005-2007. Due to the uncertainties surrounding previous tax payments in Russia, the group has decided to make provisions of DKK 2.3 million (2007: DKK 2.1 million) for potential additional tax payments.

(DKK million)	Group		Parent company	
	2008	2007	2008	2007
Provisions:				
Provisions at 1 January	45.1	18.2	-	1.9
Provisions made for the year	1.7	37.7	0.7	-
Paid	(37.0)	(9.8)	-	(0.9)
Reversal	(3.8)	(1.0)	-	(1.0)
Provisions at 31 December	6.0	45.1	0.7	-
The provisions are expected to fall due as:				
Non-current liabilities	5.4	9.1	0.7	-
Current liabilities	0.6	36.0	-	-
Provisions at 31 December	6.0	45.1	0.7	-

There are no provisions relating to discontinued operations.

(DKK million)	Group		Parent company	
	2008	2007	2008	2007
22 Long-term loans:				
Portion falling due after one year:				
Subordinated loan	78.2	111.8	78.2	111.8
Credit institutions	44.5	685.0	-	632.2
Leasing commitments	0.5	0.6	-	-
Total	123.2	797.4	78.2	744.0
Portion falling due within one year:				
Mortgage credit institutions	33.6	-	33.6	-
Credit institutions	1,216.5	5.5	657.3	0.5
Leasing commitments	0.2	0.2	-	-
Total	1,250.3	5.7	690.9	0.5

In connection with the agreement to acquire the tt Timber Group in 2006 the seller deposited DKK 111.8 million (euro 15 million) of the purchase price as a subordinated loan in Dalhoff Larsen & Horneman A/S. The loan term is ten years, instalment-free for the first three years. The loan carries interest at the rate of 50% of the DLH Group's annual return on equity after tax, but not lower than 4% p.a. and not higher than 8% p.a.

The seller has provided a DKK 111.8 million (EUR 15 million) guarantee for losses due to political matters or unrest in Congo-Brazzaville. The guarantee sum, which will be reduced to half the amount after three years and expire after five years, is secured on the subordinated loan.

The present value of leasing commitments, broken down by term, is as follows:

	2008			2007		
	Minimum lease payments	Interest element	Present value	Minimum lease payments	Interest element	Present value
0-1 year	0.2	-	0.2	0.2	-	0.2
1-5 year	0.5	(0.1)	0.4	0.7	(0.1)	0.6
> 5 year	-	-	-	-	-	-
	0.7	(0.1)	0.6	0.9	(0.1)	0.8

The group's finance leases primarily relate to IT equipment (hardware). The carrying amount recognised more or less corresponds to the present value of the leasing commitments.

23 Financial risk

The group's risk management policy

Due to the nature of the operations of the DLH Group the group's result and equity may be affected by a number of financial risks.

By far the majority of DLH's financial risk management takes place through the intra-group bank, primarily by means of forward exchange contracts and interest rate swaps. The intra-group bank operates according to defined policies, which, for instance, imply that only positions to hedge risks are taken.

For a description of the accounting policies and methods applied, including recognition criteria and basis of measurement, please refer to the section on accounting policies in note 1.

23 Financial risk (continued)

Foreign currency risk

87% of group revenue is denominated in foreign currencies, primarily handled through own local sales companies. The principal currencies used are the euro, US dollar, Swedish kronor and Polish zloty. The major, and also the most complex, foreign currency risk is related to the US dollar and may be sub-divided into three elements:

Trading risk

Just over 27% of revenues and approximately 21% of goods purchased are denominated in US dollar. Normally, sales prices are adjusted to the US dollar trend. The degree of such adjustment depends on the state of the individual markets as well as the supply situation generally.

The net effect of a decline in the US dollar at group level depends on the scope of and rate at which sales prices are adjusted, and this is in turn closely related to a number of other factors, such as the size of inventories in the sales countries, the season, availability of substitutes etc.

Basically, a drop in the US dollar rate would have a detrimental effect on sales from the euro-based supply regions such as West Africa and Europe, whereas it would boost the sales potential in the US-dollar based regions, such as South America, North America and South East Asia. The net effect of an USD exchange rate drop at group level will be positive in the short term, but as the decline in the dollar rate is incorporated into prices, gross profit will fall, and if the decline in the dollar rate has its full effect on sales prices, the net effect will ultimately be negative.

The inventory risk is the risk the group runs on inventories in connection with changes in the US dollar rate. Of the group's inventories approximately DKK 140 million is to some extent exposed to the US dollar. A decline in the US dollar rate would put pressure on prices, primarily on the US dollar-based goods and thus have a negative impact on the group. Again the effect would depend on the extent and the speed at which sales prices are adjusted.

The conversion effect is the effect on the group's earnings and equity that is the result of converting the US dollar-based foreign companies' operations and balance sheet totals to the group's financial statements due to a change in the US dollar rate. The effect is negative when there is a drop in the US dollar rate. The average US dollar rate was about 6.4% lower in 2008 (509.8) than in 2007 (544.4), which had a negative impact on revenue and profit before tax in the amount of DKK 19 million and DKK 0 million respectively in the current financial year compared with 2007.

The group's net exposure

(DKK million)	2008				2007		
	Price change	Financial instruments	Non-financial assets	Total effect*	Financial instruments	Non-financial assets	Total effect
EUR/DKK	1%	(4.4)	(4.4)	8.8	3.9	(6.1)	2.2
USD/DKK	10%	(5.1)	(25.2)	30.3	25.0	(57.4)	32.4
GBP/DKK	10%	0.3	-	0.3	(0.6)	-	0.6
NOK/DKK	5%	0.5	0.3	0.8	0.3	0.3	0.6
PLN/DKK	10%	-	-	-	(0.3)	-	0.3
SEK/DKK	5%	-	(1.0)	1.0	0.1	(1.3)	1.2
Other currencies	10%	(20.7)	15.6	5.1	(60.2)	5.5	54.7
Total*		29.4	14.8	44.1	31.8	59.0	90.8

*) The figures show the actual change without indicating whether they are positive or negative.

The group's foreign currency exposure is divided into financial instruments related to the group's financing activity and non-financial assets that are an expression of the group's expected sales and purchases in the year ahead. The sum of these is the result of the group's foreign currency trade. At the balance sheet date, the group's principal foreign currency exposure was primarily in US dollars. An isolated calculation of USD in the event of a simultaneous 10% drop in the exchange rate would have a negative impact in the amount of DKK 30.3 million in 2008 and DKK 32.4 million in 2007. Of the total effect of DKK 30.3 million in 2008, DKK 25.2 million relates to expected future trade while DKK 5.1 million relates to the exposure incidental to the immediate financing, the majority of which is related to the financing of future expected sales in 2009. A rise in foreign exchange rates would have a corresponding effect in the opposite direction.

Apart from USD, the exposure is in euro, but due to the Danish krone's narrow fluctuation band against the euro, it is not hedged. Finally, exposures in other currencies primarily consist of BRL and RUB, totalling DKK 5.1 million.

23 Financial risk (continued)

Foreign currency policy

The group's foreign currency risks are hedged by matching income and expenses as well as receivables and liabilities denominated in foreign currencies in the individual companies by means of derivatives. Future cash flows are only hedged when binding contracts have been concluded for the sale or purchase of goods. As an exception from this policy 70% of expected cash flows denominated in BRL were hedged in 2008, covering all of 2009.

The group's exposure when covering expected sales:

(DKK million)	Price change	2008	2007
USD/BRL	10%	5.4	0

Exchange rate fluctuations of 10% in the hedging of BRL would thus affect equity by DKK 5.4 million. However, the change will be offset by the effect on the profit or loss for the year of expected sales transactions conducted in the next financial year.

DLH's net investments in subsidiaries abroad are hedged unless the hedging expense is deemed to considerably exceed the risk of losses. However, the foreign currency risk related to euro-denominated transactions is not hedged due to the fact that the Danish krone is kept within a narrow fluctuation band against the euro. For the DLH Group's key investments in West and Central Africa and for the company's investment in Switzerland euro is considered the functional currency. Other major investment interests in foreign currencies, with the exception of the Brazilian real and half of the investments denominated in RUB, were hedged in 2008. With this in mind, and because the tax effect of the foreign currency hedging is not usually recognised in the actual hedging contract, the foreign currency policy may result in adjustments in equity.

Currency hedging contracts:

(DKK million)	2008			2007		
	Notional principal amount* CHECK	Currency gains/losses recognised in equity	Time to maturity months	Notional principal amount* CHECK	Currency gains/losses recognised in equity	Time to maturity months
The group's forward exchange contracts to hedge the purchase and sale of goods, see group policy.						
USD	(1.2)	0.4	0-6	0.1	0	0-2
The group's forward exchange contracts to hedge goods sold in future.						
BRL	25.5	(8.7)	0-12	-	-	-
The group's forward exchange contracts to hedge net investments in foreign subsidiaries, see group policy.						
USD	(30.2)	12.7	0-2	(38.5)	5.2	0-2
PLN	(39.6)	7.2	0-2	(52.0)	(0.9)	0-2
GBP	(3.4)	5.1	0-2	(3.4)	0.4	0-2
MYR	(29.8)	0.8	0-2	(29.4)	(0.7)	0-2
CHF	0.0	0.0	0-2	(30.6)	(0.4)	0-2
NOK	(16.9)	1.5	0-2	(33.2)	(0.2)	0-2
EEK	(32.6)	(0.1)	0-2	(38.8)	(0.1)	0-2
SEK	(298.6)	17.5	0-2	(229.9)	0.0	0-2
RUB	(150.9)	4.6	0-2	(200.0)	(1.2)	0-2

*) Positive principal amounts of forward exchange transactions represent purchases denominated in the currency in question, and negative principal amounts represent sales. The principal amounts are stated in the local currency.

Interest rate and liquidity risk

At the end of 2008 DLH's net interest-bearing debt was approximately DKK 1.3 billion. The debt is primarily denominated in the group's principal foreign currencies, Danish kroner (DKK 125 million), euro (DKK 775 million) and US dollar (DKK 200 million). Exposures on loans denominated in foreign currencies are included in the overall hedging policy of the DLH Group, and the above amount is therefore not an expression of the group's foreign currency exposure.

23 Financial risk (continued)

In connection with the group's arrangements to refinance existing senior debt and convert the financing of its acquisitions DLH raised a long term bullet loan totalling DKK 660 million in 2006. The loans were raised as committed credit facilities with a weighted term to maturity of approximately four years based on bilateral agreements with the group's principal bankers, albeit subject to identical financial covenants and on equal terms. When the group changed bankers in Central Europe in the autumn of 2007 the group raised additional three-year loans for DKK 373 million subject to the same terms and conditions. Under the agreement DLH was to maintain an equity ratio of at least 30% for the term of the loan, and the financial ratio "net interest bearing debt divided by EBITDA" was not to exceed 6.5. These two financial ratios were to be calculated on a quarterly basis.

The sale of the Building Materials Division in the spring of 2008 remarkably improved the company's equity ratio, while declining earnings during the latter half of 2008 were the main reason that the financial ratio "net interest bearing debt divided by EBITDA" was put under pressure. When DLH published its Q3 report for 2008 it became clear that the financial covenant related to the financial ratio had been breached, and the group therefore had to try to ask the banks to accept this, and it was successful in doing so with all banks.

Market trends and DLH's dramatic earnings decline in the fourth quarter of 2008 as well as the forecast for 2009 implied that DLH was not able to fulfil the covenant relating to the financial ratio "net interest bearing debt divided by EBITDA" in the fourth quarter of 2008, and this will presumably also be the case in 2009. Because of the group's breach of the financial covenant in accordance with the loan agreement, the majority of the long-term interest-bearing debt committed had to be reclassified as current uncommitted debt. Due to the general impact of the financial crisis on the loan markets combined with DLH's profit development, the group commenced negotiations with its principal bankers in December 2008 with a view to setting up refinancing arrangements.

In the first quarter of 2009 the DLH Group concluded an agreement with its principal banker to refinance loans for DKK 1,350 million. DLH has raised a new loan in the amount of DKK 600 million with a term of two years as a club deal. Furthermore, the same banking consortium has provided short-term operating loans for DKK 750 million, which combined with other credit facilities should provide adequate funds to finance operations and investments in 2009 and 2010. The loans are accompanied by a collateral package under which the group pledges shares in its major subsidiaries and a registered security in inventories and debtors in a number of companies in Europe, the USA and Malaysia.

When the group set up arrangements to refinance its bank debt, it also concluded a new agreement on the repayment of its subordinated loan of DKK 111.8 million. Under the original loan agreement DLH was to pay the first instalment of DKK 33.6 million in February 2009 and then repay DKK 11.2 million in February of every year until the loan would have been repaid in 2016. The agreement has now been amended so that DLH would pay interest only until 31 March 2011 when an amount of DKK 55.9 million becomes payable, equalling the sum total of the instalments that should originally have been paid during that period. For the portion of the loan for which repayment has been postponed, the interest rate is fixed at 8% p.a. For the balance of the loan, which will be repaid in accordance with the original loan agreement, the interest rate is variable and calculated as 50% of DLH's return on equity after tax, albeit within an interest rate band of between 6-8% p.a. The parties have agreed to increase the minimum interest rate from 4% to 6% p.a. from February 2009 till the end of March 2011.

Following refinancing in the first quarter of 2009 the group's long-term committed debt (excluding the subordinated loan) amounts to roughly 54% of the group's interest-bearing debt at the balance sheet date.

A simultaneous interest rate increase of 1 percentage point in all loan currencies of the interest-bearing debt would reduce the group's profit before tax by approximately DKK 6.2 million per year given the level of activity and the capital structure at 31 December 2008.

The group's interest rate risk is related to the items below (consolidation of loans denominated in different currencies).

Group 2008

(DKK million)	Re-assessment or maturity, if earlier				Broken down by interest rate intervals				
	0-1 years	1-5 years	>5 years	Total	0-2%	2-4%	4-6%	6-8%	>8%
Subordinated loan	33.6	44.6	33.6	111.8	-	-	-	111.8	-
Long-term credit institutions	8.1	28.9	15.6	52.6	-	5.8	-	46.8	-
Short-term credit institutions	1,208.4	-	-	1,208.4	-	271.3	645.8	291.3	-
Leasing commitment	0.2	0.5	-	0.7	-	-	-	0.7	-
	1,250.3	74.0	49.2	1,373.5	-	277.1	645.8	450.6	-

Parent company 2008

(DKK million)	Re-assessment or maturity, if earlier				Broken down by interest rate intervals				
	0-1 years	1-5 years	>5 years	Total	0-2%	2-4%	4-6%	6-8%	>8%
Subordinated loan	33.6	44.6	33.6	111.8	-	-	-	111.8	-
Short-term credit institutions	657.3	-	-	657.3	-	100.4	514.7	42.4	-
	690.9	44.6	33.6	769.1	-	100.4	514.7	154.0	-

23 Financial risk (continued)

Group 2007

(DKK million)	Re-assessment or maturity, if earlier				Broken down by interest rate intervals				
	0-1 years	1-5 years	>5 years	Total	0-2%	2-4%	4-6%	6-8%	>8%
Subordinated loan	-	67.1	44.7	111.8	-	-	-	111.8	-
Long-term credit institutions	5.5	613.1	71.9	690.5	-	7.8	591.7	91.0	-
Short-term credit institutions	1,134.3	-	-	1,134.3	44.6	384.8	661.9	42.3	0.7
Leasing commitment	0.2	0.6	-	0.8	-	-	-	0.8	-
	1,140.0	680.8	116.6	1,937.4	44.6	392.6	1,253.6	245.9	0.7

Parent company 2007

(DKK million)	Re-assessment or maturity, if earlier				Broken down by interest rate intervals				
	0-1 years	1-5 years	>5 years	Total	0-2%	2-4%	4-6%	6-8%	>8%
Subordinated loan	-	67.1	44.7	111.8	-	-	-	111.8	-
Long-term credit institutions	0.5	582.2	50.0	632.7	-	-	591.6	41.1	-
Short-term credit institutions	380.0	-	-	380.0	-	380.0	-	-	-
	380.5	649.3	94.7	1,124.5	-	380.0	591.6	152.9	-

Fair values

As regards the financial liabilities below the fair value differs from the value recognised in the group's balance sheet at 31 December 2008.

(DKK million)	Carrying amount	Commercial value	Carrying amount	Commercial value
	2008	2008	2007	2007
Debt to credit institutions	637.6	662.9	632.7	630.2

Capital management

DLH has set a target of an equity ratio of at least 35%. The equity ratio was 41.3% at year-end (including a subordinated loan of 45%), and DLH's target was thus fully realised. At 31 December 2007 the equity ratio was 29.3% (including a subordinated loan of 32%). The significant increase in the equity ratio is attributable to the sale of the Building Materials Division. The supervisory board still aims to make dividend payments to shareholders at the annual rate of approximately 25% of the profit for the year after tax with due regard to the development plans of the group and its need for consolidation. However, in view of the current business and profit development of the group and the generally more difficult access to liquidity the supervisory board will propose that no dividends be paid for the financial years 2008 and 2009. The temporary pause of dividend distribution has been agreed with the company's majority shareholder.

The supervisory board launched a share buy-back programme totalling DKK 100 million, according to the "safe harbour" method, in the spring of 2008. However, the drop in share price and poor liquidity in the share market resulted in the final value of the shares purchased (the buy-back ended on 1 March 2009), being DKK 36.8 million only, DKK 33.8 million of which was attributable to 2008. The programme will not be continued. The supervisory board will recommend to the shareholders in the annual general meeting in April that the Class B share capital be reduced by cancelling the repurchased shares.

Credit risk

Trade receivables

Trade receivables represent the second-largest asset item in the balance sheet, amounting to DKK 542.9 million. Credit is granted according to an active credit policy where credit insurance is generally applied for. The economic slowdown in a number of countries has increased the credit risk. The increased risk induces credit insurers to reduce the insurance limits imposed on the company's customers and also, DLH's own risk in relation to uninsured customers is increased. At the same time, costs of credit rating and credit insurance are expected to rise.

Losses including costs incidental to credit insurance amounted to 0.14% of revenue in 2008 (2007: 0.2% - adjusted for a single loss in Russia in 2007 losses amounted to 0.1% of revenue) and do not normally exceed 0.4% of revenue.

In the Hardwood Division credit is to a large extent granted on the basis of letters of credit or other payment against documents. Otherwise credit is primarily granted on the basis of credit insurance with part coverage of potential losses. To this must be added trade receivables from individual customers where credit is granted on the basis of trust and therefore naturally is more risky.

23 Financial risk (continued)

In the Timber & Board Division credit is primarily granted on the basis of credit insurance with part coverage of potential losses. When credit to customers cannot be insured or where the credit requirements exceed the insurance limit, credit is granted on the basis of an individual specific evaluation and a relationship of trust established with the individual customer. Considering the increased risk in the timber industry DLH started to take out credit insurance in respect of timber merchant companies in Denmark, which was not previously done in 2008.

Approximately 70% (2007: 60%) of the trade receivables of the DLH Group are covered by credit insurance or hedged in other ways, for instance, by letters of credit or other payment against documents. The group's maximum risk on trade receivables was DKK 173.2 million excluding value added tax at 31 December 2008 (2007: DKK 265 million).

Prepayments to suppliers

Prepayment to suppliers is an important parameter in securing supplies from Africa, South America and Eastern Europe. This carries an inherent risk of losses and calls for tight control. Some of the prepayments do, however, represent advance financing of already existing inventories built up by the suppliers. At the end of 2008 the group's prepayments to suppliers was DKK 52.5 million (2007: DKK 89 million), an amount for which security had only been provided in part in the form of charged assets or otherwise.

At the balance sheet date the risk profile is as follows:

(DKK million)	Trade receivables for goods		Prepayment	
	2008	2007	2008	2007
Credit risk				
Nominal value	558.3	687.9	58.3	112.9
Write-downs	(15.4)	(18.6)	(5.8)	(23.9)
Carrying amount	542.9	669.3	52.5	89.0
- Credit insurance, net	(344.0)	(332.6)	-	-
- Secured in other ways	(25.7)	(71.7)	(4.0)	(7.3)
Maximum credit risk	173.2	265.0	48.5	81.7

The maximum credit risk expresses the carrying amount of receivables less receivables secured by credit insurance or otherwise. Some of the advance payments are secured by collateral in the production plant and property.

Trade receivables are broken down by credit quality as follows (DKK million):	2008	2007
Denmark	47.6	39.6
Other Scandinavian countries	69.5	95.3
Western Europe	223.0	338.3
Eastern Europe	61.6	51.8
North America	26.5	33.8
Africa	44.6	42.7
Asia	43.3	30.0
Other countries	26.8	37.8
Total	542.9	669.3

Trade receivables past due, but not written-down on the balance sheet date	2008	2007
Period of maturity		
Up to 6 months	146.2	95.8
Between 6 and 9 months	4.5	-
Between 9 and 12 months	0.7	-
More than 12 months	6.8	-
Total	158.2	95.8

	Group		Parent company	
	2008	2007	2008	2007
(DKK million)				
24 Assets charged				
Bills of exchange				
Discounted with foreign credit institutions	10.5	43.0	-	-
25 Contingent liabilities				
No deferred tax provision is made in the balance sheet in respect of contingent tax relating to the re-taxation liability arising in respect of the "shadow-taxed" Brazilian subsidiary as the group has taken precautions that prevent the deferred tax from crystallising.	89.0	89.0	-	-
Guarantee commitments in favour of group enterprises in addition to the credit institution loans stated in the balance sheet, maximum	-	-	394.0	650.7
Guarantee commitments in favour of custom authorities etc., maximum	22.5	32.1	16.5	18.9
Leasing commitment				
	Lease concluded	Purchase option may be exercised	Term	Nominal value of leasing commitment, DKKm

The parent company and group enterprises have concluded operating leases in respect of properties:

Office building, Skagensgade 66, 2630 Taastrup	2007	2014	19 years	77.8
Production plant/warehouse, Nordkajen, 6000 Kolding	2002	No option	3 years	13.1
Office building/warehouse, Nordkajen, 6000 Kolding	2004	No option	1 years	3.0
Office building/warehouse, Østre Kajgade 2-4, 4600 Køge	2006	No option	5 years	17.2
Office building/warehouse, Industriområdet 15, 8732 Hovedgård	2006	No option	8 years	22.4
Office building/warehouse, Nydamsvej 22, 8362 Hørning	2006	No option	5 years	4.6
Office building/warehouse 8 locations in Poland	2000-2008	No option	-	0.5
Office building/warehouse, Czech Republic	2006	No option	5 years	3.7
Office building/warehouse, Slovak Republic	2008	No option	5 years	3.3
Office building/warehouse, Hungary	2008	No option	5 years	3.2
Office building/warehouse, 7 locations in Russia	2006-2008	No option	-	15.7
Office building/warehouse, 2 locations in England	2006	No option	3-10 years	1.2

As regards the properties in Kolding, Køge, Hovedgård, Hørning and abroad these are usual rent agreements and there is therefore no purchase option. Property in Taastrup may be acquired at a fixed price via a purchase option. The option was not favourable at the time of its conclusion.

In addition, framework agreements have been concluded for operating leases in respect of passenger vehicles, vans, lorries and fork lift trucks in both the parent company and group enterprises in Denmark. The agreements have been concluded subject to the usual market terms.

The present value of the leasing commitments amounts to DKK 127.8 million (2007: DKK 95.2 million).

2008	Group				Parent company			
	0-1 years	1-5 years	> 5 years	Total	0-1 years	1-5 years	>5 years	Total
Commitment under operating lease, nominal value falling due								
Properties	33.7	68.3	63.7	165.7	3.1	17.0	57.7	77.8
Passenger vehicles and vans	3.0	3.0	-	6.0	0.3	0.3	-	0.6
Other items	0.9	1.4	-	2.3	-	-	-	-
Total	37.6	72.7	63.7	174.0	3.4	17.3	57.7	78.4
2007	Group				Parent company			
	0-1 years	1-5 years	> 5 years	Total	0-1 years	1-5 years	>5 years	Total
Commitment under operating lease, nominal value falling due								
Properties	12.6	41.7	80.5	134.8	3.1	13.0	64.8	80.9
Passenger vehicles and vans	2.4	1.6	-	4.0	0.3	-	-	0.3
Total	15.0	43.3	80.5	138.8	3.4	13.0	64.8	81.2

DKK 4.1.9 million (2007: DKK 14.7 million) relating to operating leases has been recognised in the income statement under other external expenses.



26 Related parties

Related parties with controlling influence

DLH-Fonden, Ved Stranden 18, P.O. Box 2034, 1012 Copenhagen K.

No transactions have been conducted with DLH-Fonden in 2007 apart from the payment of dividend.

Further reference is made to pages 18-19 under the section on shareholders.

Related parties with a significant influence

Comprises the company's supervisory board, group management and group enterprises as outlined in the group chart on page 74.

Related party transactions**Group**

Apart from intra-group transactions, which have been eliminated in the consolidated financial statements, and the customary remuneration of the supervisory and executive boards, no transactions have been performed during the year with the supervisory or executive board, major shareholders or group enterprises.

Please refer to page 23, outlining positions of trust held by members of the supervisory and executive boards.

The group's sales to the 50% owned joint venture Indochina Wood Ltd. amounted to DKK 9.8 million (2007: DKK 5.1 million) and total receivable at year-end amounted to DKK 4.0 million (2007: DKK 2.1 million) and are included in trade receivables.

Parent company

The parent company has made long-term loans to, has receivables from or payables to group enterprises.

(DKK million)	2008	2007
Long-term loans	434.3	396.9
Interest-bearing receivables	968.5	661.1
Liabilities	255.9	174.6

At the balance sheet date interest bearing receivables carry interest at rates between 2.7% and 12.5%, and interest-bearing loans carry interest at rates between 4.0% and 4.5%, depending on the currency. Interest rates are fixed on the basis of the company's own interest rate arrangements with the bank.

Interest rates relating to group enterprises are stated in notes 10 and 11.

The parent company has received DKK 60.0 million in dividend from subsidiaries in 2008 (2007: DKK 125 million).

The parent company defrays most of the IT expenses for all the DLH Group enterprises, expenses incidental to running certain properties in Denmark and corporate functions at the head office in Taastrup. The individual group enterprises have been invoiced as follows for their share of the use of these services and facilities:

(DKK million)	2008	2007
IT-expenses	13.9	15.6
Corporate centre	26.4	24.3
	40.3	39.9

Re-invoicing for secondment of staff to Danish enterprises is stated in note 7.

The parent company has provided guarantees for group enterprises' bank loans, please see note 25.

No other transactions have been carried out involving members of the supervisory or executive boards or other executives, major shareholders or other related parties in the course of the year.

27 Acquisition of businesses

Names of acquired businesses	Principal activity	Acquisition date	Acquired investments
Palma Byggrossisten AB	Sheet materials distribution	1 February 2008	100%
Compagnie Forestière des Abeilles	Forest concessions	1 May 2008	100%
Puukeskus	Hardwood operations from Puukeskus	1 June 2008	-

In the opinion of the management the values of individual acquisitions are immaterial and therefore carrying amounts prior to acquisition and the fair values upon transfer are recognised as a consolidated amount.

(DKK million)	2008		2007	
	Carrying amount prior to acquisition	Fair value at acquisition date	Carrying amount prior to acquisition	Fair value at acquisition date
Intangible assets	3.4	71.8	-	70.3
Property, plant and equipment	11.5	14.4	14.2	24.2
Financial assets	0.5	0.5	1.6	1.7
Inventories	21.9	21.3	59.7	59.7
Receivables	17.7	17.7	29.2	29.2
Cash	28.1	28.1	21.8	21.8
Loans	(1.9)	(1.9)	(10.6)	(10.6)
Deferred tax	-	(22.7)	(3.5)	(2.5)
Trade payables	(8.3)	(8.3)	(8.9)	(8.9)
Pension liabilities	(1.4)	(1.4)	(2.0)	(3.7)
Other payables	(16.0)	(16.6)	(16.3)	(16.3)
Net assets	55.5	102.9	85.2	143.9
Goodwill		15.5		22.7
Cash funds taken over		(28.1)		(21.8)
Cash acquisition price		90.3		144.8

Palma Byggrossisten AB

On 1 February 2008 the Timber & Board Division acquired full ownership of the Swedish company Palma Byggrossisten AB. Until now, the latter has been engaged in the importation and distribution of sheet materials and building materials to the Swedish timber merchant market, primarily north of Stockholm.

The fair value adjustment relates to a revaluation of the company's property in Sweden. While allocating the purchase price to net assets the DLH Group identified customer relations which is recognised as an intangible asset. Deferred tax is calculated at the rate of 28%, which is the current tax rate for Palma Byggrossisten. The difference between the balance of the purchase price and the net assets, determined at fair value, is recognised as goodwill. The goodwill recognised relates to the purchase of market shares in existing business units, including the existing organisation, and expected purchasing synergies from the amalgamation of the supplier network.

Palma Byggrossisten AB generates annual revenue of DKK 100 million with an EBIT of approximately DKK 8 million. In the ownership period from 1 February Palma Byggrossisten generated revenue of DKK 86.9 million with an EBIT of DKK 7.5 million.

Compagnie Forestière des Abeilles (CFA)

On 1 May 2008 the Hardwood Division acquired full ownership of the Gabonese company Compagnie Forestière des Abeilles (CFA). This company owns approximately 200,000 hectares of forest concessions, and the company is a long-standing sub-contractor and trading partner of the DLH Group's other companies in Gabon.

27 Acquisition of businesses (continued)

The DLH Group has measured the fair values of the company's assets and liabilities, concluding that no fair value adjustments had to be made, apart from adjustments in respect of forest concessions. The full purchase price has been attributed to these concessions and recognised as an intangible asset. Deferred tax attaches to the recognition of the concessions. Deferred tax is calculated at the rate of 35%, which is the current tax rate for Compagnie Forestière des Abeilles. No goodwill is recognised relating to the acquisition of Compagnie Forestière des Abeilles.

To a large extent, Compagnie Forestière des Abeilles will continue to be a sub-contractor to the DLH Group's companies in Gabon, and there would therefore only be a modest increase in external revenues. CFA generates annual revenue of DKK 64 million with an EBIT of approximately DKK 8 million. In the ownership period from 1 May CFA generated revenue of DKK 26.6 million with an EBIT of DKK 0.4 million.

Puukeskus

The Finnish branch of the Timber & Board Division acquired the hardwood operations of the Finnish business Puukeskus OY on 1 June 2008, which is owned by the private equity fund Triton. The acquired business is based in Helsinki while DLH's existing operations are situated in Åbo. The two operations have been integrated into the Finnish company.

The DLH Group has measured the fair value of the net assets involved in the acquisition of the Puukeskus operations, concluding that there were no fair value adjustments to be made. However, the final take-over resulted in inventory reductions and the identification of a liability. The balance between the purchase price and the net assets has been allocated to customer relations in full, which were the main reason for acquiring Puukeskus. Deferred tax attaches to the recognition of customer relations. Deferred tax is calculated at the rate of 26%, which is the current tax rate in Finland.

The Puukeskus operations generate annual revenue of DKK 60 million with an EBIT of approximately DKK 3.0 million. In the ownership period from 1 June the Puukeskus operations generated revenue of DKK 22.0 million with an EBIT of a negative DKK 1.4 million.

Full-year effect

Group revenue and EBIT generated by the continuing operations determined on a pro forma basis as if all acquisitions had been made on 1 January in the year of acquisition amount to:

(DKK million)	2008	2007
Revenue	5,013.0	5,719.8
Full-year effect of		
Palma Byggrossisten AB	13.1	-
- CFA	37.4	-
- Puukeskus	38.0	-
- OK Træ ApS	-	16.3
- Olle Zettergren AB	-	28.7
- The Hustvedt Group	-	60.8
Revenue, pro forma	5,101.5	5,825.6
EBIT	(314.9)	244.4
Full-year effect of		
Palma Byggrossisten AB	0.5	-
- CFA	7.6	-
- Puukeskus	4.4	-
- OK Træ ApS	-	0.4
- Olle Zettergren AB	-	4.8
- The Hustvedt Group	-	3.2
EBIT, pro forma	(302.4)	252.8

In 2007 the DLH Group acquired OK Træ ApS, Olle Zettergren AB and the Hustvedt Group.

27 Acquisition of businesses (continued)

OK Træ ApS

On 21 June 2007 the Timber & Board Division acquired full ownership of the company OK Træ ApS. Until now, this company has been engaged in the distribution of sheet materials.

The DLH Group has measured the fair value of the net assets in OK Træ ApS, concluding that there were no fair value adjustments to be made, apart from the recognition of intangible assets. The balance between the purchase price and the net assets has been allocated to the supply contract with the supplier Homanit in full, which had not been recognised in the financial statements of OK Træ ApS. The supply contract is recognised as an intangible asset, and no goodwill relating to the acquisition of OK Træ ApS is recognised. The supply contract was the main reason for acquiring OK Træ ApS.

OK Træ ApS generates annual revenue of DKK 30 million with an EBIT of approximately DKK 2.4 million. In the ownership period from 21 July OK Træ ApS generated revenue of DKK 13.7 million with an EBIT of DKK 2.0 million.

Olle Zettergren AB

On 1 July 2007 the Timber & Board Division acquired full ownership of the Swedish company Olle Zettergren AB. Until now, this company has been engaged in the distribution of sheet materials to the Swedish industrial market, primarily in central and southern Sweden.

The fair value adjustment relates to the revaluation of the company's property in Sweden, in the amount of DKK 10.0 million. In connection with the allocation of the purchase price of net assets the DLH Group has identified customer relations worth DKK 21.5 million, which is recognised as an intangible asset. Deferred tax is attached to the fair value adjustments in the amount of DKK 8.9 million, and DKK 2.8 million respectively, relating to properties, and DKK 1.6 million relating to customer relations. Deferred tax has been calculated at the rate of 28%, which is the current tax rate for Olle Zettergren AB. The difference between the balance of the purchase price and the net assets, determined at fair value, has is recognised as goodwill. The goodwill recognised relates to the purchase of market shares in existing business entities, including the existing organisation, and expected purchasing synergies from the amalgamation of the supplier network.

Olle Zettergren AB generates annual revenue of DKK 80 million with an EBIT of approximately DKK 8 million. In the ownership period from 1 July Olle Zettergren AB generated revenue of DKK 51.3 million with an EBIT of DKK 3.2 million.

The Hustvedt Group

On 1 August 2007 the Hardwood Division acquired full ownership of three companies in the Norwegian group Hustvedt. Until now, the Hustvedt Group has been engaged in the distribution of hardwood, veneer and sheet materials to the Norwegian industry, including the shipbuilding industry.

The fair value adjustment relates to an increase in pension liabilities of DKK 1.7 million. In connection with the allocation of the purchase price of net assets the DLH Group has identified customer relations worth DKK 41.3 million, which has been recognised as an intangible asset. Deferred tax relates to the fair value adjustments in the amount of DKK 11.1 million, a negative DKK 0.5 million respectively, relating to pension commitments, and DKK 11.6 million relating to customer relations. Deferred tax has been calculated at the rate of 28%, which is the current tax rate for the Hustvedt Group. The difference between the balance of the purchase price and net assets, determined at fair value, is recognised as goodwill. The goodwill recognised relates to the purchase of market shares in existing business entities, including the existing organisation, and expected purchasing synergies from the amalgamation of the supplier network.

The Hustvedt Group generates annual revenue of DKK 140 million with an EBIT of approximately DKK 7.6 million. In the ownership period from 1 July the Hustvedt Group generated revenue of DKK 79.2 million with an EBIT of DKK 3.8 million.

28 Events occurring after the end of the financial year

Refinancing of credits

In the first quarter of 2009 the DLH Group concluded an agreement with its principal banker to refinance loans for DKK 1,350 billion. DLH has raised a new loan in the amount of DKK 600 million with a term of two years as a club deal. Furthermore, the same banking consortium has provided short-term operating loans for DKK 750 million, which combined with other credit facilities should provide adequate funds to finance operations and investments in 2009 and 2010. For further details, reference is made to note 23.

Otherwise, no significant events have taken place after 31 December 2008.

29 New financial reporting standards

The IASB has issued the following new financial reporting standards (IAS og IFRS) and interpretations (IFRIC), which Dalhoff Larsen & Horneman A/S is not obliged to comply with in the preparation of its 2008 annual report: IAS 1, 23 and 27, IFRS 2, 3 and 8, IFRIC 12 and 13 as well as 15-18 and "amendments to IAS 32 and IAS 1", "amendments to IAS 39" and "amendments to IFRS 1 and IAS 27" and "improvements to IFRSs May 2008". IFRS 3, IAS 27, the said amendments and IFRIC 12, 15-18 have not yet been approved by the European Union.

Dalhoff Larsen & Horneman A/S expects to implement the new financial reporting standards and interpretations when they become compulsory in 2009 and 2010 respectively. Standards and interpretations that are approved with an effective date in the European Union that is different from the corresponding effective dates stipulated by the IASB will be implemented early so that implementation follows the IASB effective dates. Apart from the above, none of the new financial reporting standards or interpretations are expected to have a significant impact on the financial reporting of Dalhoff Larsen & Horneman A/S.

- IFRS 8 Operating Segments relates to information concerning segments and applies to financial years starting on 1 January 2009 or later. The standard will only have an impact on the presentation of the group's segments and not on recognition and measurement in the annual report.
- IAS 1 "Presentation of Financial Statement" (updated 2007) relating to the presentation of financial statements applies to financial years starting on 1 January 2009 or later. The standard will change the presentation of key financial statements, but will have no effect on the recognition and measurement applied by Dalhoff Larsen & Horneman in the preparation of its annual report.
- IFRS 3 "Business Combinations" (updated) and the updated IAS 27 "Consolidation" applies to financial years starting on 1 July 2009 or later. The technical adjustments to the acquisition method according to IFRS 3 are only expected to have a modest effect on the financial reporting of Dalhoff Larsen & Horneman A/S (not yet approved by the European Union).
- IAS 23 "Borrowing Costs" (updated 2007) applies to financial years starting on 1 January 2009 or later. According to this standard, borrowing costs must be recognised in the cost of a qualifying asset (intangible assets, property, plant and equipment and inventories). As regards the manufacture of large qualifying assets that take a substantial period of time to get ready for use, this standard may have an impact on the financial reporting of Dalhoff Larsen & Horneman A/S.

30 Discontinued operations

(DKK million)	2008	Group 2007
Profit for the year for the Building Materials Division before tax		
Revenue	259.6	1,814.8
Cost of sales	(211.6)	(1,400.1)
Gross profit	48.0	414.7
Other operating income, net	0.1	0.9
Other external expenses	(22.5)	(121.5)
Other staff costs	(37.1)	(206.7)
Operating profit before depreciation (EBITDA)	(11.5)	87.4
Depreciation & amortisation	(2.6)	(14.6)
Operating profit (EBIT)	(14.1)	72.8
Financial items		
Financial income	0.8	4.6
Financial expenses	(2.5)	(15.8)
	(1.7)	(11.2)
Profit before tax (EBT)	(15.8)	61.6
Tax on profit for the year	4.2	(15.1)
Profit for the year	(11.6)	46.5
Profit on sale of discontinued operations	591.6	-
Profit for the year on discontinued operations	580.0	46.5
Earnings per share for discontinued operations		
Earnings per share (EPS)	(0.64)	2.53
Earnings per share diluted (EPS-D)	(0.64)	2.52
Cash flow from discontinued operations, net		
Cash flow from operating activities	8.1	57.5
Cash flow from investment activities	(4.9)	(17.5)
Cash flow from financing activity	920.1	(1.6)
Total	923.3	38.4

30 Discontinued operations (continued)

(DKK million)	Discontinued operations		Parent company	
	2008	2007	2008	2007
Goodwill	-	18.4	-	-
Property, plant and equipment	-	160.9	-	-
Other non-current assets	-	3.1	-	152.7
Inventories	-	216.8	-	-
Trade debtors	-	196.1	-	-
Other receivables	-	37.6	-	-
Cash	-	1.2	-	-
Total assets held for sale	-	634.1	-	-
Mortgage credit institutions	-	49.6	-	-
Credit institutions	-	121.6	-	-
Trade payables	-	57.6	-	-
Other liabilities	-	62.0	-	-
Liabilities relating to assets held for sale	-	290.8	-	-

The sale of the Building Materials Division was completed on 29 February 2008.

As at 1 March 2009

Dalhoff Larsen & Horneman A/S
Skagensgade 66
2630 Taastrup
Denmark

HARDWOOD DIVISION

DLH Nordisk A/S
Skagensgade 66, 2630 Taastrup, **Denmark**

tt Timber International AG
Elisabethenanlage II, P.O. Box 631, 4010 Basle,
Switzerland

Indufor n.v.
Noorderlaan 125, 2030 Antwerp, **Belgium**

Nordisk Timber Ltda
Rodovia Augusto Montenegro, km 11 - Icoaracy,
CEP 66.820.000 Belém, Pará, **Brazil**

Alameda Frei Romon no 1010
Bairro : Centro
CEP 68.800-000, Breves, Pará, **Brazil**

Av. Sete de Setembro, 5011, Edifício Tokyo,
14th Floor, Batel, CEP 80240-000
Curitiba, Paraná, **Brazil**

Rua Governador Manoel Ribas 14.00,
Bairro Industrial CEP 83221-560
Paranaguá, Paraná, **Brazil**

Pataua Forest projekt
Rodovia PA - 150 km 31, Estrada do centrão Km 24,
Brazil

SAT - Société d'Approvisionnements et de Transits
Ancien Immeuble Transcap, B.P. 4409, Douala, Bonanjo,
the Camerouns

DLH Czech, s.r.o.
Na Hurce 109/8, 161 00 Prague 6, **the Czech Republic**

DLH Nordisk A/S
Unit A, 16/F, World Trust Tower,
50 Stanley Street, Central, Hong Kong, **China**

DLH Nordisk A/S
Suite 1602, Building K, 343 Huaihai West Road,
200030 Shanghai, **China**

CIB - Congotaise Industrielle des Bois
BP 41, Ouesso, **the Republic of the Congo**

CIB - Congotaise Industrielle des Bois
BP 145, Brazzaville, **the Republic of the Congo**

DLH Kinshasa sprl
Immobie Vodacom 10em etage gauche,
Boulevard du 30 Juin, n° 3157, La Gombe', Kinshasa,
The Democratic Republic of the Congo

CIB Bureau de Liaison france
4 avenue de France, 91300 Massy, **France**

DLH France
Rue de l'île Botty, Zone Industrielle de Cheviré -
B.P. 70105, 44101 Nantes Cedex 4, **France**

DLH France
1, Zone d'Activités de l'Ancien Pont, La Peyrade,
3410 Frontignan, **France**

CIB - Commerce et Industrie du Bois
B.P. 51, Port-Gentil, **the Gabon**

GIB - Gabonaise Industrielle des Bois
B.P. 51, Port-Gentil, **the Gabon**

CFA - Compagnie Forestière des Abeilles
B-P- 13 937, Libreville, **the Gabon**

DLH Germany GmbH
Asbestosstrasse 1, 26954 Nordenham, **Germany**

DLH Guyana, Inc.
Lot 13, Bet Air Springs, Georgetown, **Guyana**

DLH Hungary Kft
Óradna u. 9, 1044 Budapest, **Hungary**

DLH Nordisk A/S
133, Antriksh Bhawan,
22 Kasturba Gandhi Marg,
New Delhi, 110 001, **India**

DLH Indonesia
Graha Aktiva - Suite 603,
JI HR. Rasuna Said Blok X-1 Kav. 03
Jakarta 12950, **Indonesia**

DLH Côte d'Ivoire SA
Rue Saint Jean - Cocody, 01 B.P. 2648 Abidjan 01,
the Ivory Coast

01 B.P. 391, San Pedro, **the Ivory Coast**

DLH Timber Industries Sdn Bhd
Kampung Melawa, 14.5 Km, Jalan Sepangar Bay,
Menggatal, Locked Bay 20. 88990 Kota Kinabalu,
Sabah, **Malaysia**

Carl Ronnow (Malaysia) Sdn Bhd
310, Level 3, Block A, Kelana Business Centre,
97 Jalan SS7/2, Kelana Jaya, 47301 Petaling Jaya,
Selangor Darul Ehsan, **Malaysia**

Carl Ronnow (Malaysia) Sdn Bhd
Kampung Melawa, 14.5 Km, Jalan Sepangar Bay,
Menggatal, Locked Bag 20. 88990 Kota Kinabalu,
Sabah, **Malaysia**

DLH Nordisk (Holland) B.V.
Denemarkenweg 1, 4389 PE Rithem, **the Netherlands**

DLH Nederland BV
Eemweg 8, 3742 LB Baarn, **the Netherlands**

DLH Nordisk Sp. z o.o.
ul. Kolobrzaska 3, 78-203 Karlino, **Poland**

DLH Poland Sp. z o.o.
ul. Chlapowskiego 45, 63-400 Ostrów Wielkopolski,
Poland

ul. Sosnkowskiego 10, 02-495 Warszawa, **Poland**

ul. Modlinska 231, 03-120 Warszawa, **Poland**

ul. Kopijników 77, 03-274 Warszawa, **Poland**

ul. Andrzeja Struga 42, 70-784 Szczecin, **Poland**

ul. Rozdzińskiego 95, 40-203 Katowice, **Poland**

ul. Grudziadzka 122A, 87-100 Torun, **Poland**

ul. Bukowska 12, 62-081 Wysogotowo, **Poland**

ul. Starogardzka 4, 83-010 Straszyn, **Poland**

ul. Wycigowa 58, 53-012 Wrocław, **Poland**

ul. Rokicinska 142, 92 - 412 Lodz, **Poland**

ul. Zawila 56, 30-390 Kraków, **Poland**

DLH Romania
Principala str. nr. 8, 507270 Vulcan, jud. Brasov,
Romania

Bohmans St Petersburg (South)
Syzranskaya Street 23A, 196105 St. Petersburg,
Russia

Bohmans St Petersburg (North)
Kolomiazshkiy pr. 13, St. Petersburg, **Russia**

Bohmans Moscow
74, km MKAD, Building 3, 141400 Khimki, **Russia**

Bohmans Moscow - Central Warehouse
Promyshlennaya Street, 11B, Domodedovo,
Moscow Region, **Russia**

Bohmans Chelyabinsk
Traktovaya Street, 26-B, 454087, Chelyabinsk,
Russia

Bohmans Kazan
1-st Volskaya 32, 420053 Kazan, **Russia**

Bohmans Novosibirsk
Prigranichnaya Street 1, 630051 Novosibirsk,
Russia

Bohmans Vologda
Gagarina Street, 89, 160000 Vologda, **Russia**

Bohmans Nizhiny Novgorod
Yablonevaya Street, 18, bld. 5, 603039,
Nizhniy Novgorod, **Russia**

DLH Slovakia s.r.o.
Logistické centrum, Svätý Jur, 900 21, **Slovakia**

DLH Nordisk A/S
Na Stepnici 1379, SL 960 01 Zvolen, **Slovakia**

DLH Nordisk A/S
14th Floor; No. 1 Thibault Square
Cape Town 8001, **South Africa**

DLH Nordisk Derevo Ltd.
Ukrainska st., 5, Potash station, Manikivka area,
Cherkassy Oblast, **Ukraine**

DP II Bohmans-Ku
Pronyshlennaja 3, 01013 Kiev, **Ukraine**

DLH UK Limited
The Crown, London Road, Westerham,
Kent TN16 1DL, **United Kingdom**

DLH UK Limited trading as Alan Thomas Craig
Unit 4, Century Building, Brunswick Business Park,
Liverpool, Merseyside L3 4BJ, **United Kingdom**

DLH Nordisk, Inc.
2307 W. Cone Blvd., Suite 200, Greensboro,
NC 27408, **USA**

Po. Box, 1201, Prospect, KY 40059, **USA**

PW Hardwood
1424 Route 36, Brookville, PA 15825-0459, **USA**

36 Frost Street, Brattleboro, VT 05301, **USA**

Inter Continental Hardwoods Inc.
P.O. Box 119, 6841 Malpass Corner Road, Currie,
NC 28435, **USA**

Merani Trading LLC/ DLH Nordisk A/S
Sheikh Zayed Road, City Tower 1, Office No. 310,
P.O. Box 28049, Dubai, **United Arab Emirates**

DLH Nordisk A/S
9th Floor, Melody Tower
#422-424 Ung Van Khiem Street, Ward 25,
Binh Thanh District,
Ho Chi Minh City, **Vietnam**

TIMBER & BOARD DIVISION

DLH A/S
Skagensgade 66, 2630 Taastrup, **Denmark**

Nydamsvej 2, 8362 Hørring, **Denmark**

Nordkajen 21, 6000 Kolding, **Denmark**

Production: Nordkajen 5, 6000 Kolding, **Denmark**

DLH Nordisk A/S
Industriområdet 15, 8732 Hovedgård, **Denmark**

DLH A/S
Zamkovaja Str., office 302, 230023 Grodno, **Belarus**

DLH A/S
Suite 1602 Building K, 343 Huaihai West Road,
200030 Shanghai, **China**

Väärspuu & Spooni AS
Sära tee 4/6, Peetri Küla, Rae Vald, 75312 Harjumaa,
Estonia

DLH Finland OY
Heidehofintie 4, FIN-00130 Vantaa, **Finland**

Latokarinkatu 4, FIN-20200 Turku, **Finland**

Bohmans Finieri Sia
Biekerniekuiela 121, LV-1021 Riga, **Latvia**

Bohmans Ltd
Meistru g. 8A, LT-02189 Vilnius, **Lithuania**

Hustvedt Gruppen AS
Årvollveien 72, Postboks 70, Årvoll, 0515 Oslo, **Norway**

Lønningsshaugen 6, Postboks 54, Blomsterdalen,
5268 Bergen, **Norway**

Plutoveien 4, Postboks 1042, 6403 Molde, **Norway**

Ljungberg AS
Farexveien 7, Lindeberg, 2016 Frogner, **Norway**

DLH A/S Arkhangelsk
Lomonosova ave. 135, 5-th Floor, 163000 Archangel,
Russia

DLH Russia 000
Lomonosova ave. 135, 5-th Floor, 163000 Archangel,
Russia

DLH A/S
Pyatnitskaya str., 39/1, Office No. 26, 156000 Kostroma,
Russia

DLH A/S
Karatzuskiy Line, 39, 660661 Krasnoyarsk, **Russia**

AB Bohmans Fanerfabrik
Norra Strandgatan 13, Box 544, 572 25 Oskarshamn,
Sweden

Karl Ljungberg AB
Box 2014, Industrigatan, 281 02 Hassleholm, **Sweden**

Palma Bygghandels AB
Nacksta Nya Industriområde, Box 866,
851 24 Sundsvall, **Sweden**

Olle Zettergren AB
Gesälvägen 6, 14563 Norsborg, **Sweden**

DLH A/S c/o DLH Nordisk, Inc.
2307 W. Cone Blvd., Suite 200, Greensboro,
NC 27408, **USA**

at 1 March 2009

The DLH Group	Currency	Share capital	Ownership share
Dalhoff Larsen & Horneman A/S, Høje Taastrup	DKK	185,784,739	
tt Timber International AG, Basle, Switzerland	CHF	20.0 million	100.0%
CFA-Abeilles Holding S.A., Basle, Switzerland	CHF	1.6 million	100.0%
Congolaise Industrielle des Bois SA, Quesso, Congo	XAF	2,370 million	100.0%
Soc. d'Approvisionnements et de Transits SARL, Douala, Cameroun	XAF	75 million	100.0%
Soc. Industrielle des Chutes de Lalitié SA, Libreville, Gabon	XAF	10 million	100.0%
Commerce et Industrie du Bois SA, Port-Gentil, Gabon	XAF	1,000 million	100.0%
Gabonaise Industrielle des Bois SA, Port-Gentil, Gabon	XAF	2,000 million	100.0%
Compagnie Forestière des Abeilles SA, Libreville, Gabon	XAF	400 million	100.0%
DLH Nordisk A/S, Høje Taastrup	DKK	50 million	100.0%
DLH UK Limited., Westerham, England	GBP	2.3 million	100.0%
DLH Nordisk Inc., Greensboro, USA	USD	0.5 million	100.0%
PW Hardwood LLC, Greensboro, USA	USD	1.0 million	100.0%
DLH Guyana Inc; Georgetown, Guyana (former British Gyuana)	GYD	0.5 million	100.0%
Inter-Continental Hardwoods Inc., Currie, USA	USD	0.035 mio	100.0%
Georgia Timber International Inc., Greenboro, USA	USD	0.001 million	100.0%
DLH Belgium N.V., Antwerp, Belgium	EUR	2.5 million	100.0%
DLH Nordisk (Holland) B.V., Rittheim, Holland	EUR	0.1 million	100.0%
DLH Nederland BV, Baarn, Holland	EUR	2.0 million	100.0%
DLH Germany GmbH, Nordenham, Germany	EUR	1.0 million	100.0%
DLH France S.A.R.L., Nantes, France	EUR	0.8 million	100.0%
DLH Poland Sp. z o.o., Warsaw, Poland	PLN	2.4 million	100.0%
DLH Nordisk Sp. z o.o., Kartino, Poland	PLN	2.0 million	100.0%
DLH Czech s.r.o., Prague, Czech Republic	CZK	0.2 million	100.0%
DLH Slovakia s.r.o., Bratislava, Slovak Republic	SKK	0.2 million	100.0%
DLH Nordisk Derevo, Uman, Ukraine	UAH	0.2 million	100.0%
DLH Hungary Kft., Budapest, Hungary	HUF	300 million	100.0%
Nordisk Timber Ltda., Belem, Brazil	BRL	33.1 million	100.0%
DLH Côte d'Ivoire SA, Abidjan, Ivory Coast	XAF	150 million	100.0%
Carl Ronnow (Malaysia) Sdn. Bhd, Kota Kinabalu, Malaysia	MYR	2.5 million	100.0%
DLH Timber Industries Sdn. Bhd., Kota Kinabalu, Malaysia	MYR	0.5 million	100.0%
HustvedtGruppen AS, Oslo, Norway	NOK	0.5 million	100.0%
AB Bohmans Fanerfabrik, Oskarshamn, Sweden	SEK	0.5 million	100.0%
AB Fanerkompaniet, Stockholm, Sweden	SEK	0.5 million	100.0%
DLH Finland OY, Helsinki, Finland	EUR	0.003 million	100.0%
Väärispuu ja Spooni AS, Maardu, Estonia	EEK	0.4 million	100.0%
Bohmans Finieri SIA, Riga, Latvia	LVL	0.002 million	100.0%
Bohmans UAB, Vilnius, Lithuania	LTL	0.2 million	100.0%
DP II Bohmans KU, Kiev, Ukraine	UAH	0.01 million	100.0%
OOO Bohmans, Khimki, Russia	RUB	80.05 million	100.0%
Bohmans Furnier GmbH, Karlstadt, Germany	EUR	0.3 million	100.0%
Indochina Wood Limited, Tortola, British Virgin Islands	USD	0.05 million	50.0%
DLH A/S, Høje Taastrup	DKK	25.5 million	100.0%
OK Træ Aps, Hørning, Denmark	DKK	0.5 million	100.0%
Karl Ljungberg AB, Hässleholm, Sweden	SEK	5.0 million	100.0%
Olle Zettergren AB, Norsborg, Sweden	SEK	0.9 million	100.0%
Palma Byggrossisten AB, Sundsvall, Sweden	SEK	0.4 million	100.0%
Ljungberg AS, Frogner, Norway	NOK	3.0 million	100.0%
DLH Russia ooo, Arkhangelsk, Russia	RBL	0.06 million	100.0%