H+H International A/S
Interim financial report
Q3 2011

H+H International A/S
Dampfærgevej 3, 3rd Floor
2100 Copenhagen Ø
Denmark

Tel. +45 35 27 02 00
Fax +45 35 27 02 01

info@HplusH.com
www.HplusH.com

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Key figures for the period 1 January to 30 September 2011

- Third-quarter revenue was DKK 367 million (2010: DKK 353 million). Revenue for the first three quarters was DKK 998 million (2010: DKK 932 million).
- Third-quarter EBITDA was DKK 37 million (2010: DKK 22 million). EBITDA for the first three quarters was DKK 71 million (2010: DKK 15 million).
- Third-quarter profit before tax was DKK 1 million (2010: loss of DKK 11 million). There was a loss for the first three quarters of DKK 38 million (2010: loss of DKK 223 million).
- Equity at 30 September 2011 was DKK 618 million.
- Net interest-bearing debt at 30 September 2011 was DKK 652 million.
- As part of its continued focus on core business, H+H has decided to divest its Finnish subsidiary Jämerä-kivitalot Oy, which designs and sells the construction of aircrete houses for private individuals. As the company has been loss-making for a number of years, the divestment will have a positive effect on H+H's future earnings. It is expected that the divestment can be completed by the end of the third quarter of 2012. Jämerä's activities are therefore no longer reported as continuing operations.
- A further slowdown in the market in the fourth quarter of 2011 is leading H+H to change its outlook for EBITDA before special items for the 2011 financial year to around DKK 95-100 million for continuing operations, against the previously announced DKK 100-110 million.
- H+H changes its outlook for free cash flow for 2011 to be around DKK 10-20 million excluding any proceeds from sales of assets, against the previously announced DKK 20 million.
- Total investments are expected to be less than DKK 50 million.

For further information please contact:
Michael T. Andersen, CEO, or Niels Eldrup Meidahl, CFO, tel. +45 35 27 02 00.

This is a translation of the company's announcement in Danish. In case of inconsistency between the Danish text and this English translation, the Danish text will take precedence.

Key figures – H+H Group

Amounts in DKK million	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010	Full-year 2010
Income statement					
Revenue	367.1	353.4	997.5	931.8	1,185.1
EBITDA	36.7	21.6	70.6	15.2	(8.6)
EBIT before impairment	12.1	(4.8)	(4.8)	(74.1)	(127.5)
Operating profit (loss) (EBIT)	12.1	(4.8)	(4.8)	(194.1)	(249.2)
Profit (loss) before tax	1.2	(11.2)	(38.0)	(222.8)	(278.2)
Profit (loss) from continuing operations	(12.3)	(13.0)	(48.2)	(188.5)	(266.3)
Profit (loss) from discontinuing operations	(5.6)	2.8	(11.5)	(1.8)	(4.2)
Profit (loss)	(17.9)	(10.2)	(59.7)	(190.3)	(270.5)
Balance sheet					
Non-current assets	1,185.4	1,385.3	1,185.4	1,385.3	1,359.2
Current assets	459.8	372.5	459.8	372.5	294.9
Total assets	1,645.2	1,757.8	1,645.2	1,757.8	1,654.1
Equity	617.6	809.0	617.6	809.0	725.6
Non-current liabilities	772.1	729.6	772.1	729.6	759.0
Current liabilities	255.5	219.2	255.5	219.2	169.5
Total equity and liabilities	1,645.2	1,757.8	1,645.2	1,757.8	1,654.1
Investments and debt					
Investments in non-current assets	6.1	9.6	22.3	23.1	33.9
Interest-bearing debt (net)	652.3	591.3	652.3	591.3	613.6
Cash flow					
Operating activities	38.3	47.8	(12.9)	41.3	39.8
Investing activities	(6.1)	(8.8)	(22.2)	(21.3)	(30.5)
Free cash flow	32.2	39.0	(35.1)	20.0	9.3
Financial ratios					
Gross margin	22.7%	22.5%	21.6%	20.3%	19.7%
Earnings per share	(1.8)	(1.0)	(6.1)	(19.4)	(27.6)
Diluted earnings per share	(1.8)	(1.0)	(6.1)	(19.4)	(27.6)
Return on equity, p.a.	(11.0%)	5.0%	(8.9%)	(43.1%)	(32.1%)
Share price, end of period, DKK	35.0	41.4	35.0	41.4	53.0
Book value per share, end of period, DKK	63.0	82.5	63.0	82.5	74.0
Solvency ratio	37.5%	46.0%	37.5%	46.0%	43.9%

MANAGEMENT'S REVIEW

The third quarter of 2011 saw a small increase in sales volumes and rising prices, leading to revenue growth of 4%.

In Germany, the Czech Republic, Sweden and Denmark, earnings were better in the third quarter of 2011 relative to the same period in 2010,resulting in a substantial improvement, while earnings in the UK were down on the third quarter of 2010.

As expected, the high revenue growth in the first half of 2011 did not continue at the same rate in the third quarter. The growing economic turmoil eroded growth in sales volumes, which are now largely on a par with last year. Average selling prices are still rising. There were substantial price rises in Germany and Russia in particular, resulting in higher prices on average than in the second quarter.

H+H retained or increased its market share in all markets except Poland, where the focus is still more on raising prices than on maintaining volumes.

Prices for raw materials, especially energy, and transport were much higher than anticipated, which had an adverse effect on earnings. A procurement efficiency programme has been initiated to offset increases in raw material and distribution costs, but its impact in 2011 is expected to be modest because the changes at suppliers will not take place until late in the year. The programme is expected to have its full impact in 2012.

The downturn in the markets has had an effect on sales volumes in the third quarter with limited growth relative to 2010. In the fourth quarter of 2011, H+H has seen an increased negative market development which is likely to reduce sales volumes in the quarter compared to our expectations. If the economic turmoil evolves into a full-blown credit crisis where lending for residential construction dries up as it did in 2008, this will have a major impact on the company's sales volumes, albeit not to the same degree as in 2008 and 2009 because the markets have yet to recover from the previous economic downturn.

As part of its continued focus on core business, H+H has decided to divest its Finnish subsidiary Jämerä-kivitalot Oy, which designs and sells the construction of aircrete houses for private individuals. As the company has been loss-making for a number of years, the divestment will have a positive effect on H+H's future earnings. In 2009 the company changed its strategy to concentrate more on supplying turnkey solutions to customers. This strategy has proved unviable, as the processes for managing the construction phases were not fully implemented. It is expected that the divestment can be completed by the end of the third quarter of 2012. Jämerä's activities are therefore no longer reported as continuing operations.

A conditional sale agreement was signed during the quarter for an office property in Denmark. The proceeds from the sale will be around DKK 7.5 million and will be received from the buyer in the first quarter of 2012 in connection with the handover of the property, which is being sold for more than DKK 1.8 million above book value of which DKK 0.5 million is recognised as profit.

Revenue

Third-quarter revenue was DKK 367.1 million in 2011 for continuing operations, against DKK 353.4 million in 2010, an increase of DKK 13.7 million or 3.9%. Expressed in local currency, revenue was up 4.3% on the third quarter of 2010. GBP and RUB exchange rates had a slight negative effect on revenue of DKK 3.3 million, while SEK and CZK exchange rates had a positive effect of DKK 2 million. The discontinuation of activities in Ukraine and the Baltic States adversely affected revenue by DKK 2.9 million in the quarter.

In the Western European segment, third-quarter revenue was significantly higher than in 2010 in Germany and Denmark and slightly higher elsewhere except in the UK and Finland, where there was a small decrease. Overall, revenue in Western Europe came to DKK 257 million, against DKK 236 million in 2010, an increase of DKK 21 million or 9.0%. Expressed in local currency, revenue was up 9.4% on the third quarter of 2010.

Revenue

	Q3		Q1-Q3	
Amounts in DKK million	2011	2010	2011	2010
Western Europe	257.0	235.8	711.8	637.2
Eastern Europe	110.1	117.6	285.7	294.6
Total	367.1	353.4	997.5	931.8

In the Eastern European segment, third-quarter revenue was slightly lower than in 2010. Revenue grew in Russia and the Czech Republic, but fell in Poland due to a slight contraction of the market and a lower market share. Overall, revenue in Eastern Europe came to DKK 110 million, against DKK 118 million in 2010, a decrease of DKK 8 million or 6.8%. Expressed in local currency, revenue was down 6.0% on the third quarter of 2010.

Gross profit

The overall gross margin in the third quarter was 22.7% in 2011, against 22.5% in 2010, due to slightly higher selling prices. A reduction in production costs due to the implementation of the Lean project led to lower production costs, but much higher raw material costs had a significant negative effect. Overall, the gross margin was largely flat.

Operating profit (EBIT)

H+H made a third-quarter operating profit of DKK 12.1 million in 2011, against a loss of DKK 4.8 million in 2010.

The 2011 figure includes special items of DKK 0.7 million.

Profit before tax

H+H recorded a third-quarter profit before tax of DKK 1.2 million in 2011, against a loss of DKK 11.2 million in 2010, an improvement of DKK 12.4 million. Over the first three quarters, there was a loss of DKK 38.0 million (2010: DKK 222.8 million).

Profit (loss) before tax				
	Q3		Q1-Q3	
Amounts in DKK million	2011	2010	2011	2010
Western Europe	13.9	2.5	26.2	(27.8)
Eastern Europe	(9.9)	(13.3)	(54.3)	(183.3)
Eliminations and unallocated items	(2.8)	(0.4)	(9.9)	(11.7)
Total	1.2	(11.2)	(38.0)	(222.8)

Special items

The third-quarter result includes special items of DKK 0.7 million, mainly severance costs. Over the first three quarters, special items totalled DKK 3.5 million.

The third quarter of 2010 was negatively affected by special items of DKK 4 million from the closure of business units and redundancies. Over the first three quarters of 2010, special items totalled DKK 124.0 million.

Investments

Investments of DKK 6.1 million were made during the third quarter of 2011, against DKK 9.6 million in 2010. Over the first three quarters, investments totalled DKK 22.3 million, against DKK 23.1 million in 2010.

Total investments for the year are still expected to be less than DKK 50 million. The temporary freeze on all new investments other than essential maintenance has been retained.

Investments				
	Q3		Q1-Q3	
Amounts in DKK million	2011	2010	2011	2010
Western Europe	4.7	4.7	13.8	8.0
Eastern Europe	1.0	3.1	6.8	10.0
Unallocated items	0.4	1.8	1.7	5.1
Total	6.1	9.6	22.3	23.1

Financing

Net interest-bearing debt totalled DKK 652 million on 30 September 2011, an increase of DKK 39 million since the beginning of the year. The expansion in Western Europe with long payment terms and downturn in Eastern Europe with short payment terms have together resulted in a higher level of working capital.

Third-quarter financing costs totalled DKK 10.9 million in 2011, against DKK 6.4 million in 2010. Besides interest expenses and foreign exchange adjustments, the 2011 figure includes amortisation of borrowing costs and payment for undrawn committed credit facilities.

Taxation

The tax figure recognised for the third quarter of 2011 is an expense of DKK 13.5 million including impairment of tax assets of DKK 10 million. The tax figure recognised for the third quarter of 2010 was an expense of DKK 1.8 million.

Equity

H+H's equity decreased by DKK 61 million in the third quarter of 2011. The loss for the period reduced equity by DKK 17.9 million, while foreign exchange adjustments of investments in subsidiaries etc. decreased equity by DKK 44.5 million.

Equity		
	Q1-Q3	Q1-Q3
Amounts in DKK million	2011	2010
1 January	725.6	958.2
Profit (loss) for the period	(59.7)	(190.3)
Foreign exchange adjustments	(48.7)	42.3
Other adjustments	0.4	(1.2)
30. Sep	617.6	809.0

SEGMENTS

Western Europe
Third-quarter revenue in Western Europe was DKK 257 million, an increase of DKK 21 million or 9.0% on 2010. Expressed in local currency, revenue was up 9.4% on the third quarter of 2010.

Activity in the Western European markets was largely in line with expectations during the quarter except in the UK and Finland. The UK market had been expected to grow slightly but was flat in the third quarter. Price increases were obtained in all markets except for the UK, where prices fell slightly, due mainly to changes in customer and product mix.

Third-quarter profit before tax was DKK 13.9 million in 2011, against DKK 2.5 million in 2010, an improvement of DKK 11.4 million.

H+H believed at the start of the year that activity in the residential newbuild market had bottomed out, and there have been indications of moderate recovery in the second half of the year, particularly in Germany and Scandinavia. However, the increased economic uncertainty during the third quarter of 2011 has led to reduced expectations for the sales volumes in the various markets in the coming period.

Eastern Europe
Third-quarter revenue in Eastern Europe was DKK 110 million, a decrease of DKK 8 million or 6.4% on 2010. Expressed in local currency, revenue was down 6.0% on the third quarter of 2010.

The discontinuation of activities in Ukraine and the Baltic States adversely affected revenue by DKK 2.9 million in the quarter.

Activity levels in the third quarter did not live up to expectations and were slightly down on 2010. However, the quarter did see a healthy increase in prices in the Russian market and a slight rise in prices in Poland.

There was a third-quarter loss before tax of DKK 9.9 million in 2011, against a loss of DKK 13.3 million in 2010. Earnings in Eastern Europe remain weak due to contracting markets and very low selling prices.

Slightly higher prices in all markets are expected in the fourth quarter of 2011 relative to last year.

The increased economic uncertainty during the third quarter of 2011 has led to reduced expectations for sales volumes in the various markets in the coming period.

Eliminations and unallocated items
Unallocated net expenses amounted to DKK 2.8 million in the third quarter of 2011, up DKK 2.4 million on the same period in 2010.

Interest in taking over H+H International A/S
On its own initiative and without the involvement of H+H International A/S, Xella International Holdings S.à.r.l. (Xella) submitted a pre-notification of merger with H+H International A/S to the relevant competition authorities in the EU, Germany (due to the European Commission's referral of the German part of the matter to the German competition authority, the Bundeskartellamt) and Russia.

In a letter dated 24 June 2011 the Bundeskartellamt informed H+H International A/S that, on the basis of a preliminary assessment of the case, it intended to prohibit the transaction of which it had been notified by Xella (i.e. Xella's intention to merge with H+H by acquiring the shares of H+H International A/S). According to information from the Bundeskartellamt, by letter of 13 October 2011 Xella submitted offer for commitments, but H+H International A/S has no knowledge of the content of the commitments or of the Bundeskartellamt's position with regard to the commitments. The review period with the Bundeskartellamt has continuously been extended and currently lasts until 16 January 2012.

On 29 June 2011 Xella withdrew its merger notification to the European Commission. According to Xella's press release of 1 July 2011, the withdrawal of this notification was due to a desire to coordinate the process with the European Commission and the process with the Bundeskartellamt. According to Xella, the withdrawal is not to be taken as an indication that Xella has given up on a takeover of and merger with H+H International A/S.

OUTLOOK FOR 2011

A further slowdown in the market in the fourth quarter of 2011 is leading H+H to change its outlook for EBITDA before special items for the 2011 financial year to around DKK 95-100 million for continuing operations, against the previously announced DKK 100-110 million.

H+H changes its outlook for free cash flow for 2011 to around DKK 10-20 million excluding any proceeds from sales of assets, against the previously announced DKK 20 million.

Total investments in 2011 are expected to be less than DKK 50 million.

These expectations for H+H's financial performance in 2011 are based partly on the following assumptions:

- Prices are expected to remain unchanged at their mid-November levels.
- Rising sales volumes are anticipated in the fourth quarter of 2011 relative to the same period in 2010.
- No currency hedging by H+H for 2011, and unchanged exchange rates, primarily for GBP, EUR, PLN, RUB and CZK, relative to 22 November 2011.
- The growing economic uncertainty does not cause H+H's customers to embark on significant destocking towards the end of the year.

CONCERNING THE OUTLOOK FOR 2011

The expectations for H+H's financial performance are based on a number of assumptions.

Management believes that the most significant assumptions underlying H+H's expectations relate to:

- Sales volumes and product mix
- Price competition in many of H+H's markets
- General economic developments
- Developments in the market for building materials
- Exchange rates
- Distribution factors
- Weather conditions

Management's expectations are associated with considerable uncertainty. No assurance can therefore be given that the assumptions on which the financial expectations are based will hold, and unforeseen events, including those outside H+H's control, may have a negative impact on future realised results even if the assumptions for future periods or the 2011 financial year otherwise turn out to be correct.

FINANCIAL CALENDAR FOR 2012

2011 annual report	15 March 2012
Annual general meeting, including adoption of 2011 annual report*	18 April 2012
Interim financial report Q1 2012	24 May 2012
Interim financial report Q2 2012	23 August 2012
Interim financial report Q3 2012	21 November 2012

* Proposals for the agenda must be submitted no later than six weeks before the meeting (i.e. before 7 March 2012).

STATEMENT BY THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS

The Executive Board and the Board of Directors have today discussed and approved the interim financial report for H+H International A/S for the third quarter of 2011.

The interim financial statements, which have not been audited or reviewed by the company's auditors, have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and Danish disclosure requirements for the interim financial reports of listed companies.

It is our opinion that the interim financial report gives a true and fair view of H+H's assets, liabilities and financial position at 30 September 2011 and of the results of H+H's operations and its cash flows for the period 1 January to 30 September 2011.

Further, it is our opinion that management's review provides a fair account of developments in H+H's operations and financial conditions, the results for the period and H+H's overall financial position, as well as a description of the most significant risks and uncertainties that H+H faces.

Copenhagen, 22 November 2011

Executive Board

Michael T Andersen CEO	Niels Eldrup Meidahl CFO

Board of Directors

Anders C Karlsson Chairman	Asbjørn Berge Deputy Chairman	Stewart A Baseley
Pierre-Yves Jullien	Henrik Lind	

Forward-looking statements
The forward-looking statements in this interim financial report reflect management's current expectations of certain future events and financial results. Statements regarding the future are by their very nature associated with uncertainty, and actual results may therefore depart materially from expectations. Factors that may cause actual results to depart materially from expectations include, but are not limited to, developments in business conditions and financial markets, changes in the pricing of aircrete products, market acceptance of new products, the launch of competing products and the integration of acquisitions.

H+H International A/S is only obliged to update and adjust the expectations presented where so required by Danish legislation, including the Danish Securities Trading Act.

INCOME STATEMENT

	Group				
	Q3	Q3	Q1-Q3	Q1-Q3	Full-year
Amounts in DKK million	2011	2010	2011	2010	2010
Revenue	367.1	353.4	997.5	931.8	1,185.1
Production costs	(283.9)	(273.8)	(782.2)	(742.4)	(951.9)
Gross profit	**83.2**	**79.6**	**215.3**	**189.4**	**233.2**
Other external expenses	(47.3)	(66.5)	(145.5)	(182.7)	(234.8)
Other operating income and expenses	0.8	8.5	0.8	8.5	(7.0)
EBITDA	**36.7**	**21.6**	**70.6**	**15.2**	**(8.6)**
Depreciation and amortisation	(24.6)	(26.4)	(75.4)	(89.3)	(118.9)
EBITA	**12.1**	**(4.8)**	**(4.8)**	**(74.1)**	**(127.5)**
Impairment losses	0.0	0.0	0.0	(120.0)	(121.7)
EBIT	**12.1**	**(4.8)**	**(4.8)**	**(194.1)**	**(249.2)**
Net financing costs	(10.9)	(6.4)	(33.2)	(28.7)	(29.0)
Profit (loss) before tax from continuing activities	**1.2**	**(11.2)**	**(38.0)**	**(222.8)**	**(278.2)**
Income tax expense from continuing activities	(13.5)	(1.8)	(10.2)	34.3	11.9
Profit (loss) from continuing operations	**(12.3)**	**(13.0)**	**(48.2)**	**(188.5)**	**(266.3)**
Profit (loss) from discontinuing operations	(5.6)	2.8	(11.5)	(1.8)	(4.2)
Profit (loss)	**(17.9)**	**(10.2)**	**(59.7)**	**(190.3)**	**(270.5)**
Earnings per share	(1.8)	(1.0)	(6.1)	(19.4)	(27.6)
Diluted earnings per share	(1.8)	(1.0)	(6.1)	(19.4)	(27.6)

STATEMENT OF COMPREHENSIVE INCOME

	Group				
	Q3	Q3	Q1-Q3	Q1-Q3	Full-year
Amounts in DKK million	2011	2010	2011	2010	2010
Profit (loss) for the period	(17.9)	(10.2)	(59.7)	(190.3)	(270.5)
Other comprehensive income					
Foreign exchange adjustments, foreign subsidiaries	(47.3)	(21.5)	(52.2)	42.3	41.1
Tax on changes in equity	2.6	3.3	2.6	(1.6)	(3.4)
Value adjustments of hedging instruments	0.0	0.0	0.0	0.0	0.0
Other comprehensive income	(44.7)	(18.2)	(49.6)	40.7	37.7
Total comprehensive income	**(62.6)**	**(28.4)**	**(109.3)**	**(149.6)**	**(232.8)**

BALANCE SHEET

	Group			
	30. Sep	31. Dec	30. Sep	31. Dec
Amounts in DKK million	2011	2010	2010	2009
ASSETS				
Non-current assets				
Intangible assets	97.1	116.6	113.8	109.7
Property, plant and equipment	1,046.3	1,187.4	1,203.0	1,341.3
Other non-current assets	42.0	55.2	68.5	44.4
Total non-current assets	**1,185.4**	**1,359.2**	**1,385.3**	**1,495.4**
Current assets				
Inventories	186.1	181.8	180.1	209.9
Receivables	154.7	100.0	181.8	132.1
Cash and cash equivalents	11.3	13.1	10.6	17.6
	352.1	**294.9**	**372.5**	**359.6**
Assets classified as held for sale	107.7	0.0	0.0	0.0
Total current assets	**459.8**	**294.9**	**372.5**	**359.6**
TOTAL ASSETS	**1,645.2**	**1,654.1**	**1,757.8**	**1,855.0**
EQUITY AND LIABILITIES				
Equity				
Share capital	490.5	490.5	490.5	490.5
Retained earnings	245.7	305.0	385.4	575.3
Other reserves	(118.6)	(69.9)	(66.9)	(107.6)
Total equity	**617.6**	**725.6**	**809.0**	**958.2**
Liabilities				
Total non-current liabilities	**772.1**	**759.0**	**729.6**	**749.6**
Trade payables	104.2	72.2	108.9	56.2
Other current liabilities	98.6	97.3	110.3	91.0
Liabilities associated with assets classified as held for sale	52.7	0.0	0.0	0.0
Total current liabilities	**255.5**	**169.5**	**219.2**	**147.2**
Total liabilities	**1,027.6**	**928.5**	**948.8**	**896.8**
TOTAL EQUITY AND LIABILITIES	**1,645.2**	**1,654.1**	**1,757.8**	**1,855.0**
Net interest-bearing debt	652.3	613.6	591.3	595.8

CASH FLOW STATEMENT

Amounts in DKK million	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010
Operating activities	38.3	47.8	(12.9)	41.3
Investing activities	(6.1)	(8.8)	(22.2)	(21.3)
Financing activities	(28.4)	(38.1)	30.9	(20.7)
Cash flow from discontinuing operations	0.4	0.3	2.7	(6.9)
Net increase (decrease) in cash and cash equivalents	4.2	1.2	(1.5)	(7.6)
Cash and cash equivalents, opening	7.5	9.6	13.1	17.6
Foreign exchange adjustments of cash and cash equivalents	(0.4)	(0.2)	(0.3)	0.6
Cash and cash equivalents at 30. Sep	11.3	10.6	11.3	10.6

STATEMENT OF CHANGES IN EQUITY

Amounts in DKK million	Share capital	Translation reserve	Hedging reserve	Retained earnings	Proposed dividend	Total
Equity at 1 January 2011	**490.5**	**(69.9)**	**0.0**	**305.0**	**0.0**	**725.6**
Total changes in equity in 2011						
Result for the period	0.0	0.0	0.0	(59.7)	0.0	(59.7)
Other comprehensive income	0.0	(48.7)	0.0	0.0	0.0	(48.7)
Total comprehensive income	**0.0**	**(48.7)**	**0.0**	**(59.7)**	**0.0**	**(108.4)**
Share-based payment	0.0	0.0	0.0	0.4	0.0	0.4
Total changes in equity in 2011	**0.0**	**(48.7)**	**0.0**	**(59.3)**	**0.0**	**(108.0)**
Equity at 30. Sep 2011	**490.5**	**(118.6)**	**0.0**	**245.7**	**0.0**	**617.6**
Equity at 1 January 2010	**490.5**	**(107.6)**	**0.0**	**575.3**	**0.0**	**958.2**
Total changes in equity 2010						
Result for the period	0.0	0.0	0.0	(190.3)	0.0	(190.3)
Other comprehensive income	0.0	40.7	0.0	0.0	0.0	40.7
Total comprehensive income	**0.0**	**40.7**	**0.0**	**(190.3)**	**0.0**	**(149.6)**
Share-based payment	0.0	0.0	0.0	0.4	0.0	0.4
Total changes in equity in 2010	**0.0**	**40.7**	**0.0**	**(189.9)**	**0.0**	**(149.2)**
Equity at 30. Sep 2010	**490.5**	**(66.9)**	**0.0**	**385.4**	**0.0**	**809.0**

NOTES

1. Accounting policies

The interim financial report for the period 1 January to 30 September 2011 has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for the interim financial reports of listed companies. The application of IAS 34 means that the disclosures are more limited than in a complete annual report, and that the recognition and measurement principles in International Financial Reporting Standards (IFRS) have been complied with. This interim financial report has not been audited or reviewed by the company’s auditors.

The accounting policies are consistent with those applied in the 2010 annual report. The 2010 annual report includes a full description of the accounting policies applied.

2. Segment information

Amounts in DKK million	Q1-Q3 2011						
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe total	Production companies	Sales companies	Eastern Europe total	Reportable segments total
Revenue, external	539.7	172.1	711.8	281.6	4.1	285.7	997.5
Revenue, internal	101.8	0.0	101.8	4.7	0.0	4.7	106.5
EBITDA	72.3	10.2	82.5	8.8	(0.5)	8.3	90.8
Depreciation and amortisation	(43.1)	(1.1)	(44.2)	(31.0)	0.0	(31.0)	(75.2)
EBIT before impairment	29.2	9.1	38.3	(22.2)	(0.5)	(22.7)	15.6
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (loss) (EBIT)	29.2	9.1	38.3	(22.2)	(0.5)	(22.7)	15.6
Net financing costs	(9.1)	(3.0)	(12.1)	(30.5)	(1.1)	(31.6)	(43.7)
Profit (loss) before tax	20.1	6.1	26.2	(52.7)	(1.6)	(54.3)	(28.1)
Non-current assets	498.3	260.6	758.9	626.8	1.1	627.9	1,386.8
Investments in non-current assets	13.7	0.1	13.8	6.8	0.0	6.8	20.6
Assets	771.2	331.6	1,102.8	715.6	1.5	717.1	1,819.9
Equity	440.0	26.1	466.1	323.4	(33.0)	290.4	756.5
Liabilities	331.2	305.5	636.7	392.2	34.5	426.7	1,063.4

Amounts in DKK million	Q1-Q3 2010						
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe total	Production companies	Sales companies	Eastern Europe total	Reportable segments total
Revenue, external	502.3	134.9	637.2	281.8	12.8	294.6	931.8
Revenue, internal	88.3	0.0	88.3	6.7	0.0	6.7	95.0
EBITDA	46.5	(7.8)	38.7	5.5	(5.2)	0.3	39.0
Depreciation and amortisation	(54.0)	(1.2)	(55.2)	(33.5)	(0.1)	(33.6)	(88.8)
EBIT before impairment	(7.5)	(9.0)	(16.5)	(28.0)	(5.3)	(33.3)	(49.8)
Impairment losses	0.0	0.0	0.0	(120.0)	0.0	(120.0)	(120.0)
Operating profit (loss) (EBIT)	(7.5)	(9.0)	(16.5)	(148.0)	(5.3)	(153.3)	(169.8)
Net financing costs	(10.0)	(1.3)	(11.3)	(29.0)	(1.0)	(30.0)	(41.3)
Profit (loss) before tax	(17.5)	(10.3)	(27.8)	(177.0)	(6.3)	(183.3)	(211.1)
Non-current assets	602.4	11.4	613.8	718.7	7.6	726.3	1,340.1
Investments in non-current assets	6.4	1.6	8.0	8.9	1.1	10.0	18.0
Assets	841.4	72.5	913.9	802.7	10.1	812.8	1,726.7
Equity	316.9	8.0	324.9	119.8	(20.5)	99.3	424.2
Liabilities	524.5	64.5	589.0	682.9	30.6	713.5	1,302.5

Reconciliation of reportable segments' earnings before tax

	Q1-Q3	Q1-Q3
Amounts in DKK million	2011	2010
Segment profit (loss) before tax for reportable segments	(28.1)	(211.1)
Unallocated group costs, corporate functions	(9.9)	(11.7)
Impairment losses, non-reportable segment	0.0	0.0
	(38.0)	(222.8)

Amounts in DKK million	Q3 2011						
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe total	Production companies	Sales companies	Eastern Europe total	Reportable segments total
Revenue, external	196.2	60.8	257.0	108.6	1.5	110.1	367.1
Revenue, internal	38.9	0.0	38.9	1.8	0.0	1.8	40.7
EBITDA	27.9	4.7	32.6	9.2	(0.2)	9.0	41.6
Depreciation and amortisation	(14.2)	0.2	(14.0)	(10.0)	0.0	(10.0)	(24.0)
EBIT before impairment	13.7	4.9	18.6	(0.8)	(0.2)	(1.0)	17.6
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (loss) (EBIT)	13.7	4.9	18.6	(0.8)	(0.2)	(1.0)	17.6
Net financing costs	(2.6)	(2.1)	(4.7)	(8.8)	(0.1)	(8.9)	(13.6)
Profit (loss) before tax	11.1	2.8	13.9	(9.6)	(0.3)	(9.9)	4.0
Non-current assets	498.3	260.6	758.9	626.8	1.1	627.9	1,386.8
Investments in non-current assets	4.7	0.0	4.7	1.0	0.0	1.0	5.7
Assets	771.2	333.1	1,104.3	715.6	1.5	717.1	1,821.4
Equity	440.0	26.1	466.1	323.4	(33.0)	290.4	756.5
Liabilities	331.2	307.0	638.2	392.2	34.5	426.7	1,064.9

Amounts in DKK million	Q3 2010						
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe total	Production companies	Sales companies	Eastern Europe total	Reportable segments total
Revenue, external	182.3	53.5	235.8	111.9	5.7	117.6	353.4
Revenue, internal	40.0	0.0	40.0	2.5	0.0	2.5	42.5
EBITDA	23.7	(2.1)	21.6	10.1	(2.1)	8.0	29.6
Depreciation and amortisation	(15.1)	(0.3)	(15.4)	(10.8)	0.0	(10.8)	(26.2)
EBIT before impairment	8.6	(2.4)	6.2	(0.7)	(2.1)	(2.8)	3.4
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (loss) (EBIT)	8.6	(2.4)	6.2	(0.7)	(2.1)	(2.8)	3.4
Net financing costs	(3.1)	(0.6)	(3.7)	(10.1)	(0.4)	(10.5)	(14.2)
Profit (loss) before tax	5.5	(3.0)	2.5	(10.8)	(2.5)	(13.3)	(10.8)
Non-current assets	602.4	11.4	613.8	718.7	7.6	726.3	1,340.1
Investments in non-current assets	4.4	0.3	4.7	3.1	0.0	3.1	7.8
Assets	841.4	72.5	913.9	802.7	10.1	812.8	1,726.7
Equity	316.4	8.0	324.4	119.8	(20.5)	99.3	423.7
Liabilities	525.0	64.5	589.5	682.9	30.6	713.5	1,303.0

Reconciliation of reportable segments' earnings before tax

Amounts in DKK million	Q3 2011	Q3 2010
Segment profit (loss) before tax for reportable segments	4.0	(10.8)
Unallocated group costs, corporate functions	(2.8)	(0.4)
Impairment losses, non-reportable segment	0.0	0.0
	1.2	(11.2)

3. Significant accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make a number of estimates and judgements concerning future events that have a material effect on the carrying amounts of assets and liabilities.

In the case of the H+H Group, significant changes in the estimates and assumptions on which values are based may have a material effect on the measurement of assets, including impairment testing of goodwill and non-current assets.

The estimates and judgements made are based on assumptions that are believed by management to be sound, but that, by their nature, are uncertain and unpredictable. The assumptions may be incomplete, and unforeseen future events or circumstances may occur.

Further details of H+H's principal risks and the external factors that may affect H+H are provided in the 2010 annual report.

4. Seasonal and cyclical fluctuations

Seasonal fluctuations
The sales pattern for H+H's products is seasonal. Sales in the second and third quarters are traditionally significantly higher than during the rest of the year. As a large part of H+H's cost base is not directly variable with revenue, deviations from projected sales may result in considerable fluctuations in H+H's earnings.

Furthermore, because H+H's sales are predominantly based on short-term orders, the Group is unable, or only to a very limited extent able, to align its cost base to actual customer demand. Historically, revenue and earnings generated by H+H's operations have fluctuated significantly during the financial year, and management expects this to remain the case.

Cyclical fluctuations
Activity levels in the countries and markets in which H+H's products are sold have a major impact on demand for these products. H+H's sales go predominantly to new dense low-rise housing, making H+H particularly vulnerable to fluctuations in the level of activity in this building segment. H+H's products are mainly sold in geographical markets that are situated relatively close to its factories – the specific geographical market for each factory depends on local transport prices, the state of the infrastructure and the competitive situation, including price levels.

5. Pension obligations

H+H has defined benefit pension plans in the UK and Germany. The UK pension plans are managed by a pension fund to which payments are made, whereas the German pension plans are unfunded. H+H's pension obligations relate predominantly to the plans in the UK, for which an updated actuarial calculation as at 31 December 2010 shows a shortfall of DKK 108 million net (the present value of the obligations exceeds the fair value of the plan assets).

As a result of H+H's application of the corridor approach, DKK 81 million of this shortfall was not recognised in the balance sheet and equity at 30 September 2011. New actuarial calculations are carried out only once a year in connection with the preparation of the annual consolidated financial statements.

6. Financial resources and cash flow

Net interest-bearing debt totalled DKK 652 million on 30 September 2011, an increase of DKK 38 million since the beginning of the year. The increase reflects the financial results for the quarter and seasonal variations in working capital.

H+H has a loan agreement with Danske Bank A/S with a total credit line corresponding to around DKK 900 million, of which DKK 850 million is committed for five years until 31 December 2014 and DKK 50 million is a short-term uncommitted credit line.

H+H will continue to be dependent on debt financing in the coming years. Maintenance of the committed credit facilities is conditional upon compliance with a number of financial covenants. The loan agreements can also be terminated by Danske Bank A/S without notice if investors other than Scandinavian institutional investors (defined in the agreements as Danish, Swedish, Norwegian and Finnish financial institutions operating in financial markets and subject to public supervision) individually or through coordinated collaboration gain control of more than one-third of the shares or more than one-third of the total number of voting rights carried by the shares in H+H International A/S.

7. Discontinuing operations and assets held for sale

As part of its continued focus on core business and a desire to reduce interest-bearing debt, H+H aims to sell some of its non-strategic assets in the coming year. Various plots of land in Poland, a sand pit in Germany, an office property in Denmark, a plot of land in the UK and unused production equipment were therefore readied for sale during the second quarter of 2011 and classified as assets held for sale. If all of these assets are sold at their expected value, the sales proceeds will be around DKK 80-90 million and result in an expected accounting gain before tax of around DKK 25-35 million. The transactions are expected to be completed by the end of the second quarter of 2012 and are not included in the expectations for 2011.

A conditional sale agreement was signed during the third quarter for the office property in Denmark. The proceeds from the sale will be around DKK 7.5 million and will be received from the buyer in the first quarter of 2012 in connection with the handover of the property, which is being sold for more than DKK 1.8 million above book value of which DKK 0.5 million is recognised as profit.

As part of H+H’s continued focus on core business, the Board of Directors decided in the third quarter to divest its Finnish subsidiary Jämerä-kivitalot Oy, which designs and sells the construction of aircrete houses for private individuals. As the company has been loss-making for a number of years, the divestment will have a positive effect on H+H’s future earnings. In 2009 the company changed its strategy to concentrate more on supplying turnkey solutions to customers. This strategy has proved unviable, as the processes for managing the construction phases were not fully implemented. The divestment is under way and is expected to be completed by the end of the third quarter of 2012. Jämerä-kivitalot Oy has therefore been reclassified as a discontinuing operation.

Key figures from dicontinuing operations

Amounts in DKK million	Q3 2011	Q3 2010	Q1-Q3 2011	Q1-Q3 2010
Revenue	39.3	27.1	72.2	50.2
Expenses	(47.1)	(25.0)	(88.1)	(54.1)
Profit (loss) before tax	(7.8)	2.1	(15.9)	(3.9)
Income tax expense	2.2	0.7	4.4	2.1
Profit (loss) for the period	(5.6)	2.8	(11.5)	(1.8)
Profit (loss) from discontinuing operation	**(5.6)**	**2.8**	**(11.5)**	**(1.8)**
Cash flow from operating activities	(5.2)	0.4	(9.2)	(6.3)
Cash flow from investing activities	0.0	(0.1)	(0.1)	(0.6)
Cash flow from financing activities	5.6	0.0	11.9	0.0
Net increase (decrease) in cash and cash equivalents	**0.4**	**0.3**	**2.6**	**(6.9)**
Intangible assets	16.0			
Property, plant and equipment	42.3			
Deferred tax	10.4			
Inventories	21.8			
Receivables	17.2			
Assets classified as held for sale	**107.7**			
Credit institutions	4.3			
Trade payables	9.3			
Other liabilities	39.0			
Liabilities accociated with assets classified as held for sale	**52.6**			

8. Share-based payment

The H+H Group introduced a share option plan for the Executive Board and other senior executives in 2007. The plan is presented in the annual report for 2010.

In June 2011 a matching share programme for the Executive Board and other key employees was also launched. These officers purchased a total of 10,930 investment shares in June 2011 and will be allocated a further 32,790 H+H shares in June 2014 if all of the vesting criteria are fulfilled. The vesting criteria relate to both the Group's operating profit and other financial targets. The value of the programme at inception in June 2011 is estimated at DKK 1.9 million and will be recognised over the next three years. An amount of DKK 0.2 million was recognised in the third quarter of 2011 in respect of the matching share programme.

9. Events after the balance sheet date

No events have occurred after the balance sheet date that will have a material effect on the company's financial position.