H+H International A/S
Interim financial report
H1 2012

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Key figures for the period 1 January to 30 June 2012

- Second-quarter revenue was DKK 368 million (2011: DKK 354 million). First-half revenue was DKK 664 million (2011: DKK 630 million).
- Despite depressed markets with falling sales volumes, H+H has overall maintained or increased its market shares.
- Second-quarter EBITDA was DKK 34 million (2011: DKK 43 million). First-half EBITDA was DKK 32 million (2011: DKK 34 million).
- The second quarter brought a profit before tax of DKK 0 million (2011: DKK 6 million), and the first half year a loss before tax of DKK 35 million (2011: loss of DKK 39 million).
- Equity at 30 June 2012 was DKK 519 million.
- Net interest-bearing debt at 30 June 2012 was DKK 660 million.
- H+H adjusts its outlook for EBITDA before special items for the 2012 financial year to around DKK 90-110 million for continuing operations, against around DKK 110-140 million as previously announced.
- H+H adjusts its outlook for free cash flow in 2012, which is now expected to be negative in the region of DKK 0-15 million before disposals of assets, against positive in the region of DKK 0-20 million as previously announced.
- H+H adjusts its outlook for total investments in 2012 to be in the region of DKK 40 million, against in the region of DKK 50 million as previously announced.

For further information please contact:
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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	Q2 2012	Q2 2011	H1 2012	H1 2011	Full-year 2011
Income statement					
Revenue	367.5	353.7	664.2	630.3	1,309.8
EBITDA	33.5	43.2	32.0	33.8	91.4
Operating profit (EBIT)	8.6	18.1	(17.7)	(17.0)	(10.5)
Profit before tax from continuing operations	0.4	6.3	(35.3)	(39.3)	(52.8)
Profit from continuing operations	(2.9)	3.4	(38.4)	(36.0)	(68.9)
Profit from discontinuing operations	(8.8)	(2.5)	(11.9)	(5.9)	(48.6)
Profit for the period	(11.7)	0.9	(50.3)	(41.9)	(117.5)
Balance sheet					
Non-current assets	1,157.8	1,257.5	1,157.8	1,257.5	1,173.2
Current assets	424.6	457.8	424.6	457.8	407.5
Total assets	1,582.4	1,715.3	1,582.4	1,715.3	1,580.7
Equity	519.3	679.0	519.3	679.0	553.5
Non-current liabilities	780.2	794.8	780.2	794.8	755.9
Current liabilities	282.9	241.5	282.9	241.5	271.3
Total equity and liabilities	1,582.4	1,715.3	1,582.4	1,715.3	1,580.7
Investments and debt					
Investments in non-current assets	7.2	7.9	15.8	16.1	36.9
Interest-bearing debt (net)	660.3	684.7	660.3	684.7	628.5
Cash flow					
Cash flow from operating activities	99.8	6.4	2.4	(51.1)	42.9
Cash flow from investing activities	(1.6)	(7.9)	(10.3)	(16.1)	(32.2)
Free cash flow	98.2	(1.5)	(7.9)	(67.2)	10.7
Cash flow from discontinuing operations	(5.9)	5.6	(22.7)	2.3	(17.4)
Financial ratios					
Gross margin	22.4%	24.8%	20.1%	20.9%	21.6%
Earnings per share (adjusted)	(1.2)	0.1	(5.2)	(4.3)	(12.0)
Diluted earnings per share (adjusted)	(1.2)	0.1	(5.2)	(4.3)	(12.0)
Return on equity	(0.6%)	(2.3%)	(9.5%)	(6.0%)	(18.4%)
Share price, end of period (DKK)	39.0	59.7	39.0	59.7	42.4
Book value per share, end of period (DKK)	52.9	69.2	52.9	69.2	56.4
Solvency ratio	32.8%	39.6%	32.8%	39.6%	35.0%

MANAGEMENT'S REVIEW

The second quarter of 2012 brought a decrease in sales volumes, rising prices and changes in the product mix, which together resulted in revenue growth of 3.9%.

The fall in sales volumes in the second quarter was driven by significantly lower sales in Poland, Germany and the UK. Despite depressed markets with falling sales volumes, H+H has overall maintained or increased its market shares. The growing uncertainty in financial markets has made customers very cautious, and the heavy rainfall in the UK also played a role. Sales in Russia were higher than last year, and sales to Africa helped offset the decline in volumes.

The second quarter saw sales of reinforced products to Africa. These are low-margin sales but help improve capacity utilisation at factories producing reinforced products. Without these exports to Africa, revenue would have been down on the second quarter last year.

Earnings in Russia were up on the second quarter of 2011, but earnings in the other markets were weaker.

Production volumes were reduced in the second quarter in response to the slowdown in sales in the key markets of the UK, Poland and Germany, leading to an increase in average production costs. The number of production shifts was also reduced, and costs were incurred in adjusting the production workforce. Enforced changes of suppliers – for sand in Germany and pulverised fuel ash in the UK – have also led to extraordinary production costs as a result of running in new raw materials.

Sales in the UK were somewhat lower than in the second quarter of 2011, due partly to very wet weather causing the postponement of many construction projects, and also to a slight decrease in market share as a result of a continued focus on maintaining higher selling prices in this market. Outside the UK, H+H maintained or increased its market share in all markets.

Price rises for raw materials, especially energy, and transport were as expected.

The growing economic uncertainty means that, excluding Russia and exports to Africa, sales volumes are now expected to fall in 2012, whereas they were previously expected to be on a par with 2011. Sales volumes in Germany, the UK, the Czech Republic and Poland are likely to be down on 2011, while flat growth is expected in Scandinavia. Further strong growth is anticipated in Russia.

Visibility in H+H's markets is currently very limited, making it increasingly difficult to predict developments in the coming months.

A final agreement has been entered into to divest the house-building activities of Jämerä-kivitalot Oy. The sale will be recognised in the third quarter of 2012, as the scope of the projects in progress being transferred will not be finalised until then.

Revenue

Second-quarter revenue was DKK 367.5 million for continuing operations, against DKK 353.7 million in 2011, an increase of DKK 13.8 million or 3.9%. Expressed in local currency, revenue was up 3.5% on the second quarter of 2011.

GBP and RUB exchange rates had a positive effect on revenue of DKK 4.9 million, while PLN, CZK and EUR exchange rates had a negative effect of DKK 3.5 million.

In the Western European segment, second-quarter revenue was lower than in 2011 in all countries except Finland, where there was an increase. The fall in revenue was greatest in the UK and Germany.

The increase in revenue in Finland was due to sales to Africa, while domestic sales have been in decline. There were also sales to Africa from Germany, but these were not enough to compensate for the downturn in the local market.

Overall, revenue in Western Europe came to DKK 256.3 million, against DKK 250.8 million in 2011, an increase of DKK 5.5 million or 2.2%. Expressed in local currency, revenue was up 0.8% on the second quarter of 2011.

Revenue				
	Q2		H1	
Amounts in DKK million	2012	2011	2012	2011
Western Europe	256.3	250.8	489.4	454.7
Eastern Europe	111.2	102.9	174.8	175.6
Total	367.5	353.7	664.2	630.3

In the Eastern European segment, second-quarter revenue was higher than in 2011. Revenue grew markedly in Russia but fell in Poland and the Czech Republic. Overall, revenue in Eastern Europe came to DKK 111.2 million, against DKK 102.9 million in 2011, an increase of DKK 8.3 million or 8.1%. Expressed in local currency, revenue was up 10.1% on the second quarter of 2011.

Gross profit
The overall gross margin in the second quarter was 22.4% in 2012, against 24.8% in 2011. Selling prices were higher in all countries. It was primarily higher sales in low-margin countries, low-margin sales to Africa and costs for reducing production capacity and forced changes of raw material suppliers that pulled down the gross margin.

Operating profit (EBIT)
H+H made a second-quarter operating profit of DKK 8.6 million in 2012, against DKK 18.1 million in 2011.

The 2012 figure includes net negative special items of DKK 1.2 million, against DKK 0.8 million in 2011.

Profit before tax
H+H recorded a second-quarter profit before tax of DKK 0.4 million in 2012, against DKK 6.3 million in 2011, a decrease of DKK 5.9 million.

Profit before tax				
	Q2		H1	
Amounts in DKK million	2012	2011	2012	2011
Western Europe	8.4	24.7	1.9	12.5
Eastern Europe	(3.3)	(16.1)	(21.9)	(44.4)
Eliminations and unallocated items	(4.7)	(2.3)	(15.3)	(7.4)
Total	0.4	6.3	(35.3)	(39.3)

Special items
The second-quarter results for 2012 include net negative special items of DKK 1.2 million, mainly severance costs in connection with the implementation of the new strategy. For the first half year as a whole, net negative special items came to DKK 4.6 million.

The second-quarter results for 2011 included net negative special items of DKK 0.8 million, mainly legal fees for contacts with European competition authorities. For the first half of 2011, net negative special items came to DKK 3.0 million.

Investments
Investments of DKK 7.2 million were made during the second quarter, against DKK 7.9 million in 2011. Total investments for the year are expected to be in the region of DKK 40 million.

Investments				
	Q2		H1	
Amounts in DKK million	2012	2011	2012	2011
Western Europe	5.9	5.7	11.1	9.3
Eastern Europe	1.3	2.0	4.7	5.8
Unallocated items	0.0	0.2	0.0	1.0
Total	7.2	7.9	15.8	16.1

Financing
Net interest-bearing debt totalled DKK 660 million on 30 June 2012, an increase of DKK 32 million since the beginning of the year. Interest-bearing debt has moved largely as expected since the beginning of the year. Working capital has normalised again; although there was an increase in inventories in the second quarter, there was a decrease in receivables.

Second-quarter financing costs totalled DKK 8.2 million in 2012, against DKK 11.8 million in 2011. Besides interest expenses and foreign exchange adjustments, the figures include payment for undrawn committed credit facilities.

Taxation
The tax figure for the second quarter of 2012 is an expense of DKK 3.3 million, against DKK 2.9 million in 2011.

Equity
H+H's equity fell by DKK 34.2 million in the second quarter of 2012. The results for the period reduced equity by DKK 11.7 million, while foreign exchange adjustments of investments in subsidiaries etc. decreased equity by DKK 22.7 million.

Equity		
	H1	H1
Amounts in DKK million	2012	2011
1 January	553.5	725.6
Profit for the period	(50.3)	(41.9)
Foreign exchange adjustments	15.8	(4.9)
Other adjustments	0.3	0.2
30 June	519.3	679.0

SEGMENTS

Western Europe
Second-quarter revenue in Western Europe was DKK 256.3 million, an increase of DKK 5.5 million or 2.2% on 2011. Expressed in local currency, revenue was up 0.8%.

Activity in the Western European markets did not meet expectations during the second quarter. Sales volumes were adversely impacted by growing uncertainty in financial markets, which delayed the start-up of many construction projects and made it hard to find financing for others, as well as the large amounts of rain in the UK. These negative effects were partially offset by sales to Africa. Compared with the second quarter of 2011, price increases in line with inflation have been achieved in all markets.

Second-quarter EBITDA was DKK 28.0 million in 2012, against DKK 43.6 million in 2011. The marked decrease was due primarily to a substantial reduction in earnings in the UK, Germany and Finland.

Second-quarter profit before tax was DKK 8.4 million in 2012, against DKK 24.7 million in 2011, a decrease of DKK 16.3 million. As part of the Group's reallocation of financing, loans were transferred from Poland and the Czech Republic to the UK in August 2011, resulting in an increase in interest expenses in Western Europe of DKK 3.6 million in the second quarter of 2012.

Eastern Europe

Second-quarter revenue in Eastern Europe was DKK 111.2 million, an increase of DKK 8.3 million or 8.1% on 2011. Expressed in local currency, revenue was up 10.1% on the second quarter of 2011.

Second-quarter sales in Russia were substantially higher than last year due to increases in both selling prices and volumes, but sales in Poland and the Czech Republic fell.

Second-quarter EBITDA was DKK 12.3 million in 2012, against DKK 6.5 million in 2011. The improvement was due primarily to better earnings in Russia, while earnings in the Czech Republic and Poland fell.

The second quarter brought a loss before tax of DKK 3.3 million, against DKK 16.1 million in 2011. Following the Group's reallocation of financing in August 2011, interest expenses have been reduced by DKK 4.6 million.

Eliminations and unallocated items

Unallocated net expenses amounted to DKK 4.7 million in the second quarter of 2012, up DKK 2.4 million on the same period in 2011.

Interest in taking over H+H International A/S

The German competition authority ("Bundeskartellamt") decided on 14 March 2012 to prohibit a possible merger between Xella International Holdings S.à.r.l and H+H International A/S in the German market.

Xella has subsequently lodged an appeal against the decision at the Düsseldorf Higher Regional Court ("Oberlandesgericht Düsseldorf").

H+H has been advised by its legal adviser that the proceedings before the Oberlandesgericht Düsseldorf are likely to last at least one year. The decision by the Oberlandesgericht Düsseldorf can be appealed to the Bundesgerichtshof (the Federal Supreme Court). Such an appeal may take additional at least one to two years.

As described in the annual report for 2011, regardless of Xella's appeal, H+H will continue to pursue its strategy on a stand-alone basis, which includes pursuing any structural opportunity that may arise in the markets.

OUTLOOK FOR 2012

H+H adjusts its outlook for EBITDA before special items for the 2012 financial year to around DKK 90-110 million for continuing operations, against around DKK 110-140 million as previously announced.

H+H also adjusts its outlook for free cash flow in 2012, which is now expected to be negative in the region of DKK 0-15 million before disposals of assets, against positive in the region of DKK 0-20 million as previously announced.

H+H adjusts its outlook for total investments in 2012 to in be the region of DKK 40 million, against in the region of DKK 50 million as previously announced.

These expectations for H+H's financial performance in 2012 are based partly on the following specific assumptions:

- The increased financial uncertainty does not result in falling sales in the second half of 2012 relative to the second half of 2011, and average selling prices do not fall in the second half of 2012.

- Contracts are signed with new and existing customers to support revenue expectations, and no impairment losses or restructuring costs are incurred.

- Exchange rates hold around their mid-August 2012 levels, primarily for GBP, EUR, PLN, RUB and CZK.

- Energy and raw material prices rise only in line with inflation from their mid-August 2012 levels.

CONCERNING THE OUTLOOK FOR 2012

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

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 first half of 2012.

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 June 2012 and of the results of H+H's operations and its cash flows for the period 1 January to 30 June 2012.

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, 23 August 2012

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, or the rules for issuers on NASDAQ OMX Copenhagen.

INCOME STATEMENT

	Group				
	Q2	Q2	H1	H1	Full-year
Amounts in DKK million	2012	2011	2012	2011	2011
Revenue	367.5	353.7	664.2	630.3	1,309.8
Production costs	(285.3)	(266.0)	(530.8)	(498.3)	(1,027.5)
Gross profit	**82.2**	**87.7**	**133.4**	**132.0**	**282.3**
Other external expenses	(48.6)	(44.5)	(99.5)	(98.2)	(195.0)
Other operating income and expenses	(0.1)	0.0	(1.9)	0.0	4.1
EBITDA	**33.5**	**43.2**	**32.0**	**33.8**	**91.4**
Depreciation	(24.9)	(25.1)	(49.7)	(50.8)	(101.9)
Impairment losses	0.0	0.0	0.0	0.0	0.0
EBIT	**8.6**	**18.1**	**(17.7)**	**(17.0)**	**(10.5)**
Net financing costs	(8.2)	(11.8)	(17.6)	(22.3)	(42.3)
Profit before tax from continuing operations	**0.4**	**6.3**	**(35.3)**	**(39.3)**	**(52.8)**
Tax on profit from continuing operations	(3.3)	(2.9)	(3.1)	3.3	(16.1)
Profit from continuing operations	**(2.9)**	**3.4**	**(38.4)**	**(36.0)**	**(68.9)**
Profit from discontinuing operations	(8.8)	(2.5)	(11.9)	(5.9)	(48.6)
Profit for the period	**(11.7)**	**0.9**	**(50.3)**	**(41.9)**	**(117.5)**
Earnings per share (adjusted)	(1.2)	0.1	(5.2)	(4.3)	(12.0)
Diluted earnings per share (adjusted)	(1.2)	0.1	(5.2)	(4.3)	(12.0)

STATEMENT OF COMPREHENSIVE INCOME

	Q2	Q2	H1	H1	Full-year
Amounts in DKK million	2012	2011	2012	2011	2011
Profit for the period	(11.7)	0.9	(50.3)	(41.9)	(117.5)
Other comprehensive income					
Foreign exchange adjustments, foreign companies	(21.9)	(9.2)	15.8	(4.9)	(56.6)
Tax on other comprehensive income	0.0	0.0	0.0	0.0	1.2
Other comprehensive income after tax	**(21.9)**	**(9.2)**	**15.8**	**(4.9)**	**(55.4)**
Total comprehensive income	**(33.6)**	**(8.3)**	**(34.5)**	**(46.8)**	**(172.9)**

BALANCE SHEET

	Group			
Amounts in DKK million	30 June 2012	31 Dec. 2011	30 June 2011	31 Dec. 2010
ASSETS				
Non-current assets				
Intangible assets	96.2	95.1	101.7	116.6
Property, plant and equipment	1,026.1	1,037.7	1,104.1	1,187.4
Other non-current assets	35.5	40.4	51.7	55.2
Total non-current assets	**1,157.8**	**1,173.2**	**1,257.5**	**1,359.2**
Current assets				
Inventories	222.5	191.0	195.1	181.8
Receivables	98.7	105.1	198.8	100.0
Cash and cash equivalents	9.5	19.9	7.5	13.1
	330.7	**316.0**	**401.4**	**294.9**
Assets held for sale	93.9	91.5	56.4	0.0
Total current assets	**424.6**	**407.5**	**457.8**	**294.9**
TOTAL ASSETS	**1,582.4**	**1,580.7**	**1,715.3**	**1,654.1**
EQUITY AND LIABILITIES				
Equity				
Share capital	490.5	490.5	490.5	490.5
Retained earnings	138.2	188.2	263.3	305.0
Other reserves	(109.4)	(125.2)	(74.8)	(69.9)
Total equity	**519.3**	**553.5**	**679.0**	**725.6**
Liabilities				
Total non-current liabilities	**780.2**	**755.9**	**794.8**	**759.0**
Current liabilities				
Trade payables	119.5	130.9	98.5	72.2
Other current liabilities	101.6	74.9	134.9	97.3
Liabilities relating to assets held for sale	61.8	65.5	8.1	0.0
Total current liabilities	**282.9**	**271.3**	**241.5**	**169.5**
Total liabilities	**1,063.1**	**1,027.2**	**1,036.3**	**928.5**
TOTAL EQUITY AND LIABILITIES	**1,582.4**	**1,580.7**	**1,715.3**	**1,654.1**
Net interest-bearing debt	660.3	628.5	684.7	613.6

CASH FLOW STATEMENT

Amounts in DKK million	Q2 2012	Q2 2011	H1 2012	H1 2011
Operating activities	99.8	6.4	2.4	(51.1)
Investing activities	(1.6)	(7.9)	(10.3)	(16.1)
Financing activities	(87.0)	(3.8)	23.4	59.3
Cash flow from discontinuing operations	(5.9)	5.6	(22.7)	2.3
Total cash flow	**5.3**	**0.3**	(7.2)	(5.6)
Cash and cash equivalents, opening	11.6	7.2	22.5	13.1
Foreign exchange adjustments of cash and cash equivalents	(0.9)	0.0	0.7	0.0
Cash and cash equivalents at 30 June	**16.0**	**7.5**	16.0	7.5

STATEMENT OF CHANGES IN EQUITY

Amounts in DKK million	Share capital	Translation reserve	Hedging reserve	Retained earnings	Proposed dividend	Total
Equity at 1 January 2012	**490.5**	**(125.2)**	**0.0**	**188.2**	**0.0**	**553.5**
Total changes in equity in 2012						
Profit for the period	0.0	0.0	0.0	(50.3)	0.0	(50.3)
Other comprehensive income	0.0	15.8	0.0	0.0	0.0	15.8
Total comprehensive income	**0.0**	**15.8**	**0.0**	**(50.3)**	**0.0**	**(34.5)**
Share-based payment	0.0	0.0	0.0	0.3	0.0	0.3
Total changes in equity in 2012	**0.0**	**15.8**	**0.0**	**(50.0)**	**0.0**	**(34.2)**
Equity at 30 June 2012	**490.5**	**(109.4)**	**0.0**	**138.2**	**0.0**	**519.3**
Equity at 1 January 2011	**490.5**	**(69.9)**	**0.0**	**305.0**	**0.0**	**725.6**
Total changes in equity 2011						
Profit for the period	0.0	0.0	0.0	(41.9)	0.0	(41.9)
Other comprehensive income	0.0	(4.9)	0.0	0.0	0.0	(4.9)
Total comprehensive income	**0.0**	**(4.9)**	**0.0**	**(41.9)**	**0.0**	**(46.8)**
Share-based payment	0.0	0.0	0.0	0.2	0.0	0.2
Total changes in equity in 2011	**0.0**	**(4.9)**	**0.0**	**(41.7)**	**0.0**	**(46.6)**
Equity at 30 June 2011	**490.5**	**(74.8)**	**0.0**	**263.3**	**0.0**	**679.0**

NOTES

1. Accounting policies

The interim financial report for the first half of 2012 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 2011 annual report. The 2011 annual report includes a full description of the accounting policies applied.

2. Segment information

Amounts in DKK million	H1 2012						
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe total	Production companies	Sales companies	Eastern Europe total	Reportable segments total
Revenue, external	383.2	106.2	489.4	172.1	2.7	174.8	664.2
Revenue, internal	53.5	0.0	53.5	4.2	0.0	4.2	57.7
EBITDA	35.4	4.7	40.1	9.4	(0.4)	9.0	49.1
Depreciation and amortisation	(28.5)	(0.6)	(29.1)	(19.9)	0.0	(19.9)	(49.0)
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (loss) (EBIT)	6.9	4.1	11.0	(10.5)	(0.4)	(10.9)	0.1
Net financing costs	(8.3)	(0.8)	(9.1)	(10.4)	(0.6)	(11.0)	(20.1)
Profit (loss) before tax	(1.4)	3.3	1.9	(20.9)	(1.0)	(21.9)	(20.0)
Non-current assets	489.0	1.8	490.8	620.1	1.1	621.2	1,112.0
Investments in non-current assets	11.1	0.0	11.1	4.7	0.0	4.7	15.8
Assets	724.8	70.7	795.5	720.4	1.7	722.1	1,517.6
Equity	186.6	17.4	204.0	291.6	(33.2)	258.4	462.4
Liabilities	538.2	53.3	591.5	428.8	34.9	463.7	1,055.2

Amounts in DKK million	H1 2011						
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe total	Production companies	Sales companies	Eastern Europe total	Reportable segments total
Revenue, external	343.5	111.2	454.7	173.0	2.6	175.6	630.3
Revenue, internal	62.9	0.0	62.9	2.9	0.0	2.9	65.8
EBITDA	44.4	5.6	50.0	(0.4)	(0.3)	(0.7)	49.3
Depreciation and amortisation	(28.9)	(1.3)	(30.2)	(21.0)	0.0	(21.0)	(51.2)
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (loss) (EBIT)	15.5	4.3	19.8	(21.4)	(0.3)	(21.7)	(1.9)
Net financing costs	(6.5)	(0.8)	(7.3)	(21.7)	(1.0)	(22.7)	(30.0)
Profit (loss) before tax	9.0	3.5	12.5	(43.1)	(1.3)	(44.4)	(31.9)
Non-current assets	500.2	5.4	505.6	685.0	1.1	686.1	1,191.7
Investments in non-current assets	9.0	0.3	9.3	5.8	0.0	5.8	15.1
Assets	792.1	92.9	885.0	782.8	1.6	784.4	1,669.4
Equity	278.1	16.9	295.0	59.2	(32.3)	26.9	321.9
Liabilities	514.0	76.0	590.0	723.6	33.9	757.5	1,347.5

Reconciliation of reportable segments' earnings before tax

Amounts in DKK million	H1 2012	H1 2011
Segment profit (loss) before tax for reportable segments	(20.0)	(31.9)
Unallocated group costs, corporate functions	(15.3)	(7.4)
Impairment losses, non-reportable segment	0.0	0.0
	(35.3)	(39.3)

Amounts in DKK million	Q2 2012						
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	Reportable segments total
Revenue, external	199.9	56.4	256.3	109.3	1.9	111.2	367.5
Revenue, internal	28.8	0.0	28.8	2.8	0.0	2.8	31.6
EBITDA	24.4	3.6	28.0	12.5	(0.2)	12.3	40.3
Depreciation	(14.5)	(0.3)	(14.8)	(9.8)	0.0	(9.8)	(24.6)
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (EBIT)	9.9	3.3	13.2	2.7	(0.2)	2.5	15.7
Net financing costs	(4.5)	(0.3)	(4.8)	(5.5)	(0.3)	(5.8)	(10.6)
Profit before tax	5.4	3.0	8.4	(2.8)	(0.5)	(3.3)	5.1
Non-current assets	489.0	1.8	490.8	620.1	1.1	621.2	1,112.0
Investments in non-current assets	5.9	0.0	5.9	1.3	0.0	1.3	7.2
Assets	724.8	70.7	795.5	720.4	1.7	722.1	1,517.6
Equity	186.6	17.4	204.0	291.6	(33.2)	258.4	462.4
Liabilities	538.2	53.3	591.5	428.8	34.9	463.7	1,055.2

Amounts in DKK million	Q2 2011						
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe, total	Production companies	Sales companies	Eastern Europe, total	Reportable segments total
Revenue, external	189.4	61.4	250.8	101.4	1.5	102.9	353.7
Revenue, internal	37.3	0.0	37.3	2.0	0.0	2.0	39.3
EBITDA	39.1	4.5	43.6	6.6	(0.1)	6.5	50.1
Depreciation	(14.2)	(0.9)	(15.1)	(10.4)	0.0	(10.4)	(25.5)
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (EBIT)	24.9	3.6	28.5	(3.8)	(0.1)	(3.9)	24.6
Net financing costs	(3.4)	(0.4)	(3.8)	(11.5)	(0.7)	(12.2)	(16.0)
Profit before tax	21.5	3.2	24.7	(15.3)	(0.8)	(16.1)	8.6
Non-current assets	500.2	5.4	505.6	685.0	1.1	686.1	1,191.7
Investments in non-current assets	5.5	0.2	5.7	2.0	0.0	2.0	7.7
Assets	792.1	92.9	885.0	782.8	1.6	784.4	1,669.4
Equity	278.1	16.9	295.0	59.2	(32.3)	26.9	321.9
Liabilities	514.0	76.0	590.0	723.6	33.9	757.5	1,347.5

Reconciliation of reportable segments' earnings before tax

Amounts in DKK million	Q2 2012	Q2 2011
Segment profit before tax for reportable segments	5.1	8.6
Unallocated group costs, corporate functions	(4.7)	(2.3)
Impairment losses, non-reportable segment	0.0	0.0
Total	0.4	6.3

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 2011 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 2011 shows a shortfall of DKK 113 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 98 million of this shortfall was not recognised in the balance sheet and equity at 30 June 2012. New actuarial calculations are carried out only once a year in connection with the preparation of the annual consolidated financial statements.

Amendments to IAS 19 "Employee benefits" mean that H+H will no longer be able to apply the corridor approach when measuring its pension obligations from 1 January 2013. The change will entail a reduction in equity of around DKK 98 million in respect of unrecognised actuarial losses as at 31 December 2011. H+H has the option of adopting the new standard early, and so changes to its financial reporting may be made in 2012.

6. Financial resources and cash flow

Net interest-bearing debt totalled DKK 660 million on 30 June 2012, an increase of DKK 32 million since the beginning of the year. The increase reflects the financial results for the period and seasonal variations in working capital.

H+H has a committed line of credit from Danske Bank A/S corresponding to around DKK 800 million, which is committed until 15 February 2015, and a short-term DKK 50 million 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 by the end of 2012. Various plots of land in Poland, a sand pit in Germany, 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 sale proceeds will be around DKK 80 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 2012 and are not included in the expectations for 2012.

As part of H+H's continued focus on core business, the Board of Directors decided in the third quarter of 2011 to divest the 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. A sale has been agreed, and Jämerä-kivitalot Oy has been reclassified as a discontinuing operation. As stated in Company Announcement No. 269 of 20 June 2012, a final agreement has been concluded on the sale of the house-building activities of Jämerä-kivitalot Oy. The transaction will be recognised in the third quarter of 2012, as the extent of ongoing projects transferred will not be definitively ascertained until then.

Key figures for discontinuing operations				
	Q2	Q2	H1	H1
Amounts in DKK million	2012	2011	2012	2011
Revenue	19.0	22.2	52.8	33.0
Expenses	(27.8)	(25.7)	(64.7)	(41.1)
Profit before tax	**(8.8)**	**(3.5)**	(11.9)	(8.1)
Income tax expense	0.0	1.0	0.0	2.2
Profit for the period	**(8.8)**	**(2.5)**	(11.9)	(5.9)
Profit from discontinuing operations	**(8.8)**	**(2.5)**	**(11.9)**	**(5.9)**
Cash flow from operating activities	(5.8)	(0.8)	(22.6)	(4.1)
Cash flow from investing activities	(0.1)	0.0	(0.1)	0.0
Cash flow from financing activities	0.0	6.4	0.0	6.4
Total cash flow	**(5.9)**	**5.6**	**(22.7)**	**2.3**
Intangible assets	16.4			
Property, plant and equipment	34.6			
Deferred tax	0.0			
Inventories	16.5			
Cash and cash equivalents	6.4			
Receivables	20.0			
Assets held for sale	**93.9**			
Credit institutions	0.0			
Trade payables	12.9			
Other liabilities	48.9			
Liabilities relating to assets held for sale	**61.8**			

8. Share-based payment

The H+H Group introduced a share option plan for the Executive Board and other senior executives in 2007. A matching share programme for the Executive Board and other key employees was also launched in 2011. These schemes are presented in the consolidated financial statements and the annual report for 2011. An amount of DKK 0.3 million was recognised under staff costs in the first half of 2012 in respect of the two schemes.

A new matching share programme for the Executive Board and other key employees was introduced in June 2012. These officers purchased a total of 15,195 investment shares in June 2012 and will be allocated a further 45,585 H+H shares in June 2015 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 2012 is estimated at DKK 1.8 million and will be recognised over the next three years.

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.