H+H International A/S
Interim financial report
Q3 2012

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

Company Announcement No. 273, 2012

Date:
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Key figures for the period 1 January to 30 September 2012

- Third-quarter revenue was DKK 369 million (2011: DKK 367 million). Revenue for the first three quarters was DKK 1,033 million (2011: DKK 998 million).
- Third-quarter EBITDA was DKK 34 million (2011: DKK 37 million). EBITDA for the first three quarters was DKK 66 million (2011: DKK 71 million).
- The third quarter brought a loss before tax from continuing operations of DKK 49 million (2011: profit of DKK 1 million), and the first three quarters a loss of DKK 84 million (2011: loss of DKK 38 million). The result was adversely affected by impairments in Eastern Europe of DKK 46.4 million in connection with the sale of the shares in H+H Česká republika s.r.o.
- Equity at 30 September 2012 was DKK 483 million.
- Net interest-bearing debt at 30 September 2012 was DKK 653 million. Net interest-bearing debt will be reduced by more than DKK 100 million following the completion of the sale of Česká republika s.r.o. on 31 October 2012.
- H+H reiterates its outlook for EBITDA before special items for the 2012 financial year of around DKK 90-110 million for continuing operations as announced in the first-half report.
- H+H reiterates its outlook for free cash flow in 2012, which is expected to be negative in the region of DKK 0-15 million before disposals of assets, as announced in the first-half report. Including the proceeds of the sale of H+H Česká republika s.r.o., free cash flow is expected to be positive in the region of DKK 90-105 million.
- H+H reiterates its outlook for total investments in 2012 of around DKK 40 million as announced in the first-half report.
- As reported in Company Announcement Nos. 271 of 21 September 2012 and 272 of 31 October 2012, H+H International A/S has sold all shares in H+H Česká republika s.r.o. to Xella CZ s.r.o., a company in the Xella Group, for DKK 112 million, excluding real estate to be leased to Xella from the completion of the transaction on 31 October 2012. The sale will be recognised in the fourth quarter of 2012.

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 2012	Q3 2011	Q1-Q3 2012	Q1-Q3 2011	Full-year 2011
Income statement					
Revenue	368.7	367.1	1,033.0	997.5	1,309.8
EBITDA	33.9	36.7	66.0	70.6	91.4
Operating profit (EBIT)	(37.7)	12.1	(55.3)	(4.8)	(10.5)
Profit before tax from continuing operations	(48.6)	1.2	(83.8)	(38.0)	(52.8)
Profit from continuing operations	(50.4)	(12.3)	(88.7)	(48.2)	(68.9)
Profit from discontinuing operations	(4.1)	(5.6)	(16.0)	(11.5)	(48.6)
Profit for the period	(54.5)	(17.9)	(104.7)	(59.7)	(117.5)
Balance sheet					
Non-current assets	1,114.0	1,185.4	1,114.0	1,185.4	1,173.2
Current assets	390.0	459.8	390.0	459.8	407.5
Total assets	1,504.0	1,645.2	1,504.0	1,645.2	1,580.7
Equity	482.7	617.6	482.7	617.6	553.5
Non-current liabilities	752.5	772.1	752.5	772.1	755.9
Current liabilities	268.8	255.5	268.8	255.5	271.3
Total equity and liabilities	1,504.0	1,645.2	1,504.0	1,645.2	1,580.7
Investments and debt					
Investments in non-current assets	5.4	6.1	21.3	22.3	36.9
Interest-bearing debt (net)	652.9	652.3	652.9	652.3	628.5
Cash flow					
Cash flow from operating activities	32.7	38.3	35.1	(12.9)	42.9
Cash flow from investing activities	(5.7)	(6.1)	(16.0)	(22.2)	(32.2)
Free cash flow	27.0	32.2	19.1	(35.1)	10.7
Cash flow from discontinuing operations	(12.3)	(5.2)	(35.0)	(9.3)	(17.4)
Financial ratios					
Gross margin	20.7%	22.7%	20.3%	21.6%	21.6%
Earnings per share (adjusted)	(5.6)	(1.8)	(10.7)	(6.1)	(12.0)
Diluted earnings per share (adjusted)	(5.6)	(1.8)	(10.7)	(6.1)	(12.0)
Return on equity	(10.9%)	(11.3%)	(20.2%)	(8.9%)	(18.4%)
Share price, end of period (DKK)	29.9	35.0	29.9	35.0	42.4
Book value per share, end of period (DKK)	49.2	63.0	49.2	63.0	56.4
Solvency ratio	32.1%	37.5%	32.1%	37.5%	35.0%

MANAGEMENT'S REVIEW

The third quarter of 2012 brought a decrease in sales volumes, rising prices and changes in the product mix, which together resulted in a slight increase in revenue relative to the same period in 2011.

The fall in sales volumes in the third quarter was caused by significantly lower sales in Poland, Germany, the Czech Republic and the UK. Despite depressed markets with falling sales volumes, H+H largely maintained its market share. The growing uncertainty in financial markets has made customers very cautious. Sales volumes in Russia were on a par with last year. Demand in the Russian market is still very strong, but sales have been limited by production capacity. Sales to Africa helped offset the decline in volumes.

The third quarter saw further sales of reinforced products to Africa. These are low-margin sales but help improve capacity utilisation at factories producing reinforced products.

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

Production volumes were reduced in the third 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 third quarter also saw a reduction in the Group's inventories, which pushed up average production costs.

Despite falling volumes, average sales prices did not decrease. However, only in Russia did sales prices continue to climb in the third quarter.

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.

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

As reported in Company Announcement Nos. 271 of 21 September 2012 and 272 of 31 October 2012, H+H International A/S has sold all shares in H+H Česká republika s.r.o. to Xella CZ s.r.o., a company in the Xella Group, for DKK 112 million, excluding real estate to be leased to Xella from the completion of the transaction on 31 October 2012. The sale will be recognised in the fourth quarter of 2012.

Revenue

Third-quarter revenue was DKK 368.7 million for continuing operations, against DKK 367.1 million in 2011, an increase of DKK 1.6 million or 0.4%. Expressed in local currency, revenue was down 1.3% on the third quarter of 2011.

GBP, RUB and SEK exchange rates had a positive effect on revenue of DKK 9.7 million, while PLN, CZK and EUR exchange rates had a negative effect of DKK 2.8 million.

In the Western European segment, third-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 254.5 million, against DKK 257.0 million in 2011, a decrease of DKK 2.5 million or 1%. Expressed in local currency, revenue was down 4.2% on the third quarter of 2011.

Revenue

	Q3		Q1-Q3	
Amounts in DKK million	2012	2011	2012	2011
Western Europe	254.5	257.0	743.9	711.8
Eastern Europe	114.2	110.1	289.0	285.7
Total	368.7	367.1	1,033.0	997.5

In the Eastern European segment, third-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 114.2 million, against DKK 110.1 million in 2011, an increase of DKK 4.1 million or 3.7%. Expressed in local currency, revenue was up 5.4% on the third quarter of 2011.

Gross profit
The overall gross margin in the third quarter was 20.7% in 2012, against 22.7% in 2011. Sales prices rose in line with inflation except in Russia, where higher price rises were achieved. It was primarily lower sales volumes, low-margin sales to Africa and costs for reducing production capacity and inventories that pulled down the gross margin.

H+H's manufacturing excellence programme helped reduce production costs.

Operating profit (EBIT)
H+H made a third-quarter operating loss of DKK 37.7 million in 2012, against a profit of DKK 12.1 million in 2011.

In connection with the sale of H+H Česká republika s.r.o. to Xella CZ s.r.o., a transfer of real estate was made to another company in the H+H Group, and at the same time the value of the properties etc. was written down by DKK 46.4 million in the third quarter.

Thus the downturn in operating earnings was due primarily to the impairment of real estate in the Czech Republic and slightly weaker operating results.

The 2012 third-quarter figure includes net negative special items of DKK 1.9 million, against DKK 0.7 million in 2011.

Profit before tax
H+H recorded a third-quarter loss before tax from continuing operations of DKK 48.6 million in 2012, against a profit of DKK 1.2 million in 2011, a decrease of DKK 49.8 million.

The result was negatively affected by impairments in Eastern Europe of DKK 46.4 million in connection with the sale of the shares in H+H Česká republika s.r.o.

Profit before tax				
	Q3		Q1-Q3	
Amounts in DKK million	2012	2011	2012	2011
Western Europe	7.0	13.9	8.9	26.2
Eastern Europe	(46.7)	(9.9)	(68.6)	(54.3)
Eliminations and unallocated items	(8.9)	(2.8)	(24.1)	(9.9)
Total	(48.6)	1.2	(83.8)	(38.0)

Special items
The third-quarter results for 2012 include net negative special items of DKK 1.9 million, mainly costs relating to the implementation of the new strategy and costs for advisers etc. in connection with the sale of H+H Česká republika s.r.o. For the first three quarters as a whole, there were net negative special items of DKK 6.5 million, against DKK 3.5 million in 2011.

Investments
Investments of DKK 5.4 million were made during the third quarter, against DKK 6.1 million in 2011. Total investments for the year are expected to be in the region of DKK 40 million.

Investments				
	Q3		Q1-Q3	
Amounts in DKK million	2012	2011	2012	2011
Western Europe	4.2	4.7	15.3	13.8
Eastern Europe	1.2	1.0	5.9	6.8
Unallocated items	0.0	0.4	0.1	1.7
Total	5.4	6.1	21.3	22.3

Financing
Net interest-bearing debt totalled DKK 653 million on 30 September 2012, an increase of DKK 24 million since the beginning of the year. Net interest-bearing debt will be reduced by more than DKK 100 million following the completion of the sale of Česká republika s.r.o. on 31 October 2012. Interest-bearing debt has moved largely as expected since the beginning of the year. Working capital has normalised, and inventories were reduced during the quarter.

Third-quarter financing costs totalled DKK 10.9 million in 2012, the same as in 2011. Besides interest expenses and foreign exchange adjustments, financing costs include payments for undrawn committed credit facilities.

Taxation
The tax figure for the third quarter of 2012 is an expense of DKK 1.8 million, against DKK 13.5 million in

2011 after impairment losses on tax assets of DKK 10 million.

Equity
H+H's equity fell by DKK 36.6 million in the third quarter of 2012. The results for the period reduced equity by DKK 54.5 million, while foreign exchange adjustments of investments in subsidiaries etc. increased equity by DKK 17.7 million.

Equity		
	Q1-Q3	Q1-Q3
Amounts in DKK million	2012	2011
1 January	553.5	725.6
Profit for the period	(104.7)	(59.7)
Foreign exchange adjustments	33.5	(48.7)
Other adjustments	0.4	0.4
30 September	482.7	617.6

SEGMENTS

Western Europe
Third-quarter revenue in Western Europe was DKK 254.5 million, a decrease of DKK 2.5 million or 1% on 2011. Expressed in local currency, revenue was down 4.2%.

Activity in the Western European markets did not meet expectations during the third 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. These negative effects were partially offset by sales to Africa. Compared with the third quarter of 2011, price increases in line with inflation were achieved in all markets. Compared with the second quarter of 2012, prices were unchanged.

Third-quarter EBITDA was DKK 26.0 million in 2012, against DKK 32.6 million in 2011. The marked decrease was due primarily to a substantial reduction in earnings in Germany, Sweden, Denmark and Finland. Earnings in the UK were slightly higher in 2012.

Third-quarter profit before tax was DKK 7.0 million in 2012, against DKK 13.9 million in 2011, a decrease of DKK 6.9 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 1.7 million in the third quarter of 2012.

Eastern Europe

Third-quarter revenue in Eastern Europe was DKK 114.2 million, an increase of DKK 4.1 million or 3.7% on 2011. Expressed in local currency, revenue was up 5.4%.

Third-quarter sales in Russia were substantially higher than last year due to higher selling prices. Sales volumes in Russia were flat due to full utilisation of H+H's capacity in this market, but demand remains strong. Sales in Poland and the Czech Republic fell.

Third-quarter EBITDA was DKK 15.2 million in 2012, against DKK 9.0 million in 2011. The improvement was due primarily to better earnings in Russia, while earnings in the Czech Republic and Poland fell.

The third quarter brought a loss before tax of DKK 46.1 million, against DKK 9.9 million in 2011. The value of real estate at H+H Česká republika s.r.o. was written down by DKK 46.4 million as a result of the sale of the company to Xella CZ s.r.o.

Following the Group's reallocation of financing in August 2011, interest expenses have been reduced by DKK 2.2 million.

Eliminations and unallocated items
Unallocated net expenses amounted to DKK 8.9 million in the third quarter of 2012, up DKK 6.1 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 a year. The decision by the Oberlandesgericht Düsseldorf can be appealed to the Federal Supreme Court ("Bundesgerichtshof"). Such an appeal could take at least another 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 further structural opportunities that may arise in the markets.

OUTLOOK FOR 2012

H+H reiterates its outlook for EBITDA before special items for the 2012 financial year of around DKK 90-110 million for continuing operations as announced in the first-half report.

H+H reiterates its outlook for free cash flow in 2012, which is expected to be negative in the region of DKK 0-15 million before disposals of assets, as announced in the first-half report. Including the proceeds of the sale of H+H Česká republika s.r.o., free cash flow is expected to be positive in the region of DKK 90-105 million.

H+H reiterates its outlook for total investments in 2012 of around DKK 40 million as announced in the first-half report.

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 fourth quarter of 2012 relative to the fourth quarter of 2011, and average selling prices do not fall over the rest of the year.

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

- The earnings expectations assume exchange rates around mid-November 2012 levels, primarily for GBP, EUR, PLN and RUB.

- Energy and raw material prices rise only in line with inflation from mid-November 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.

FINANCIAL CALENDAR FOR 2013

2012 annual report	14 March 2013
Annual general meeting, including adoption of annual report for 2012*	17 April 2013
Interim financial report Q1 2013	22 May 2013
Interim financial report H1 2013	22 August 2013
Interim financial report Q3 2013	20 November 2013

* Proposals for the agenda must be submitted no later than six weeks before the meeting (i.e. before 6 March 2013).

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 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 September 2012 and of the results of H+H's operations and its cash flows for the period 1 January to 30 September 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, 21 November 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

Amounts in DKK million	Q3 2012	Q3 2011	Q1-Q3 2012	Q1-Q3 2011	Full-year 2011
Revenue	368.7	367.1	1,033.0	997.5	1,309.8
Production costs	(292.2)	(283.9)	(823.0)	(782.2)	(1,027.5)
Gross profit	**76.5**	**83.2**	**210.0**	**215.3**	**282.3**
Other external expenses	(41.3)	(47.3)	(140.8)	(145.5)	(195.0)
Other operating income and expenses	(1.3)	0.8	(3.2)	0.8	4.1
EBITDA	**33.9**	**36.7**	**66.0**	**70.6**	**91.4**
Depreciation	(25.2)	(24.6)	(74.9)	(75.4)	(101.9)
Impairment losses	(46.4)	0.0	(46.4)	0.0	0.0
EBIT	**(37.7)**	**12.1**	**(55.3)**	**(4.8)**	**(10.5)**
Net financing costs	(10.9)	(10.9)	(28.5)	(33.2)	(42.3)
Profit before tax from continuing operations	**(48.6)**	**1.2**	**(83.8)**	**(38.0)**	**(52.8)**
Tax on profit from continuing operations	(1.8)	(13.5)	(4.9)	(10.2)	(16.1)
Profit from continuing operations	**(50.4)**	**(12.3)**	**(88.7)**	**(48.2)**	**(68.9)**
Profit from discontinuing operations	(4.1)	(5.6)	(16.0)	(11.5)	(48.6)
Profit for the period	**(54.5)**	**(17.9)**	**(104.7)**	**(59.7)**	**(117.5)**
Earnings per share	(5.6)	(1.8)	(10.7)	(6.1)	(12.0)
Diluted earnings per share	(5.6)	(1.8)	(10.7)	(6.1)	(12.0)

STATEMENT OF COMPREHENSIVE INCOME

Amounts in DKK million	Q3 2012	Q3 2011	Q1-Q3 2012	Q1-Q3 2011	Full-year 2011
Profit for the period	(54.5)	(17.9)	(104.7)	(59.7)	(117.5)
Other comprehensive income					
Foreign exchange adjustments, foreign companies	19.4	(46.4)	35.2	(51.3)	(56.6)
Tax on other comprehensive income	(1.7)	2.6	(1.7)	2.6	1.2
Other comprehensive income after tax	**17.7**	**(43.8)**	**33.5**	**(48.7)**	**(55.4)**
Total comprehensive income	**(36.8)**	**(61.7)**	**(71.2)**	**(108.4)**	**(172.9)**

BALANCE SHEET

	Group			
	30 Sep.	31 Dec.	30 Sep.	31 Dec.
Amounts in DKK million	2012	2011	2011	2010
ASSETS				
Non-current assets				
Intangible assets	96.7	95.1	97.1	116.6
Property, plant and equipment	988.1	1,037.7	1,046.3	1,187.4
Other non-current assets	29.2	40.4	42.0	55.2
Total non-current assets	**1,114.0**	**1,173.2**	**1,185.4**	**1,359.2**
Current assets				
Inventories	202.5	191.0	186.1	181.8
Receivables	83.5	105.1	154.7	100.0
Cash and cash equivalents	10.6	19.9	11.3	13.1
	296.6	**316.0**	**352.1**	**294.9**
Assets held for sale	93.4	91.5	107.7	0.0
Total current assets	**390.0**	**407.5**	**459.8**	**294.9**
TOTAL ASSETS	**1,504.0**	**1,580.7**	**1,645.2**	**1,654.1**
EQUITY AND LIABILITIES				
Equity				
Share capital	490.5	490.5	490.5	490.5
Retained earnings	83.9	188.2	245.7	305.0
Other reserves	(91.7)	(125.2)	(118.6)	(69.9)
Total equity	**482.7**	**553.5**	**617.6**	**725.6**
Liabilities				
Total non-current liabilities	**752.5**	**755.9**	**772.1**	**759.0**
Current liabilities				
Trade payables	111.9	130.9	104.2	72.2
Other current liabilities	95.8	74.9	98.6	97.3
Liabilities relating to assets held for sale	61.1	65.5	52.7	0.0
Total current liabilities	**268.8**	**271.3**	**255.5**	**169.5**
Total liabilities	**1,021.3**	**1,027.2**	**1,027.6**	**928.5**
TOTAL EQUITY AND LIABILITIES	**1,504.0**	**1,580.7**	**1,645.2**	**1,654.1**
Net interest-bearing debt	652.9	628.5	652.3	613.6

CASH FLOW STATEMENT

Amounts in DKK million	Q3 2012	Q3 2011	Q1-Q3 2012	Q1-Q3 2011
Operating activities	32.7	38.3	35.1	(12.9)
Investing activities	(5.7)	(6.1)	(16.0)	(22.2)
Financing activities	(20.6)	(22.8)	2.8	42.9
Cash flow from discontinuing operations	(12.3)	(5.2)	(35.0)	(9.3)
Total cash flow	**(5.9)**	**4.2**	**(13.1)**	**(1.5)**
Cash and cash equivalents, opening	16.0	7.5	22.5	13.1
Foreign exchange adjustments of cash and cash equivalents	0.5	(0.4)	1.2	(0.3)
Cash and cash equivalents at 30 September	**10.6**	**11.3**	**10.6**	**11.3**
Cash and cash equivalents at 30 September, continuing operations	10.6	11.3	10.6	11.3
Cash and cash equivalents at 30 September, discontinuing operations	0.0	0.0	0.0	0.0
Cash and cash equivalents at 30 September	**10.6**	**11.3**	**10.6**	**11.3**

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	(104.7)	0.0	(104.7)
Other comprehensive income	0.0	33.5	0.0	0.0	0.0	33.5
Total comprehensive income	**0.0**	**33.5**	**0.0**	**(104.7)**	**0.0**	**(71.2)**
Share-based payment	0.0	0.0	0.0	0.4	0.0	0.4
Total changes in equity in 2012	**0.0**	**33.5**	**0.0**	**(104.3)**	**0.0**	**(70.8)**
Equity at 30 September 2012	**490.5**	**(91.7)**	**0.0**	**83.9**	**0.0**	**482.7**
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	(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 September 2011	**490.5**	**(118.6)**	**0.0**	**245.7**	**0.0**	**617.6**

NOTES

1. Accounting policies

The interim financial report for the third quarter 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	Q1-Q3 2012						
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe total	Production companies	Sales companies	Eastern Europe total	Reportable segments total
Revenue, external	593.0	150.9	743.9	284.6	4.4	289.0	1,033.0
Revenue, internal	76.4	0.0	76.4	7.7	0.0	7.7	84.1
EBITDA	58.9	7.2	66.1	24.9	(0.7)	24.2	90.3
Depreciation and amortisation	(42.9)	(0.8)	(43.7)	(30.1)	0.0	(30.1)	(73.8)
Impairment losses	0.0	0.0	0.0	(46.4)	0.0	(46.4)	(46.4)
Operating profit (loss) (EBIT)	16.0	6.4	22.4	(51.6)	(0.7)	(52.3)	(29.9)
Net financing costs	(12.3)	(1.2)	(13.5)	(15.4)	(0.9)	(16.3)	(29.8)
Profit (loss) before tax	3.7	5.2	8.9	(67.0)	(1.6)	(68.6)	(59.7)
Non-current assets	491.3	7.0	498.3	605.5	1.1	606.6	1,104.9
Investments in non-current assets	15.3	0.0	15.3	5.9	0.0	5.9	21.2
Assets	706.0	63.4	769.4	689.2	1.6	690.8	1,460.2
Equity	209.3	9.2	218.5	260.4	(34.9)	225.5	444.0
Liabilities	496.7	54.2	550.9	428.8	36.5	465.3	1,016.2

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)
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	(10.8)	(1.3)	(12.1)	(30.5)	(1.1)	(31.6)	(43.7)
Profit (loss) before tax	18.4	7.8	26.2	(52.7)	(1.6)	(54.3)	(28.1)
Non-current assets	498.3	3.0	501.3	626.8	1.1	627.9	1,129.2
Investments in non-current assets	13.7	0.1	13.8	6.8	0.0	6.8	20.6
Assets	771.2	74.0	845.2	715.6	1.5	717.1	1,562.3
Equity	182.4	26.1	208.5	323.4	(33.0)	290.4	498.9
Liabilities	588.8	47.9	636.7	392.2	34.5	426.7	1,063.4

Reconciliation of reportable segments' earnings before tax

Amounts in DKK million	Q1-Q3 2012	Q1-Q3 2011
Segment profit (loss) before tax for reportable segments	(59.7)	(28.1)
Unallocated group costs, corporate functions	(24.1)	(9.9)
Impairment losses, non-reportable segment	0.0	0.0
	(83.8)	(38.0)

Amounts in DKK million	Q3 2012						
	Western Europe			Eastern Europe			
	Production companies	Sales companies	Western Europe total	Production companies	Sales companies	Eastern Europe total	Reportable segments total
Revenue, external	209.8	44.7	254.5	112.5	1.7	114.2	368.7
Revenue, internal	22.9	0.0	22.9	3.5	0.0	3.5	26.4
EBITDA	23.5	2.5	26.0	15.5	(0.3)	15.2	41.2
Depreciation	(14.4)	(0.2)	(14.6)	(10.2)	0.0	(10.2)	(24.8)
Impairment losses	0.0	0.0	0.0	(46.4)	0.0	(46.4)	(46.4)
Operating profit (EBIT)	9.1	2.3	11.4	(41.1)	(0.3)	(41.4)	(30.0)
Net financing costs	(4.0)	(0.4)	(4.4)	(5.0)	(0.3)	(5.3)	(9.7)
Profit before tax	5.1	1.9	7.0	(46.1)	(0.6)	(46.7)	(39.7)
Non-current assets	491.3	7.0	498.3	605.5	1.1	606.6	1,104.9
Investments in non-current assets	4.2	0.0	4.2	1.2	0.0	1.2	5.4
Assets	706.0	63.4	769.4	689.2	1.6	690.8	1,460.2
Equity	209.3	9.2	218.5	260.4	(34.9)	225.5	444.0
Liabilities	496.7	54.2	550.9	428.8	36.5	465.3	1,016.2

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	(14.2)	0.2	(14.0)	(10.0)	0.0	(10.0)	(24.0)
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit (EBIT)	13.7	4.9	18.6	(0.8)	(0.2)	(1.0)	17.6
Net financing costs	(4.2)	(0.5)	(4.7)	(8.8)	(0.1)	(8.9)	(13.6)
Profit before tax	9.5	4.4	13.9	(9.6)	(0.3)	(9.9)	4.0
Non-current assets	498.3	3.0	501.3	626.8	1.1	627.9	1,129.2
Investments in non-current assets	4.7	0.0	4.7	1.0	0.0	1.0	5.7
Assets	771.2	74.0	845.2	715.6	1.5	717.1	1,562.3
Equity	182.4	26.1	208.5	323.4	(33.0)	290.4	498.9
Liabilities	588.8	47.9	636.7	392.2	34.5	426.7	1,063.4

Reconciliation of reportable segments' earnings before tax

	Q3	Q3
Amounts in DKK million	2012	2011
Segment profit before tax for reportable segments	(39.7)	4.0
Unallocated group costs, corporate functions	(8.9)	(2.8)
Impairment losses, non-reportable segment	0.0	0.0
Total	(48.6)	1.2

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 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 September 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 must stop using the corridor approach when measuring its pension obligations no later than 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 653 million on 30 September 2012, an increase of DKK 24 million since the beginning of the year. Net interest-bearing debt has moved largely as expected since the beginning of the year. The increase reflects the financial results for the period and seasonal variations in working capital. Working capital has normalised, and inventories were reduced during the third quarter.

As at 30 September 2012, 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. The proceeds from the sale of H+H Česká republika s.r.o. will reduce the size of the committed line of credit.

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 within a 12-month period 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 is expected to be recognised in the fourth quarter of 2012, as the extent of ongoing projects transferred will not be definitively ascertained until then.

Key figures for discontinuing operations				
	Q3	Q3	Q1-Q3	Q1-Q3
Amounts in DKK million	2012	2011	2012	2011
Revenue	10.8	39.3	63.6	72.2
Expenses	(14.9)	(47.1)	(79.6)	(88.1)
Profit before tax	**(4.1)**	**(7.8)**	**(16.0)**	**(15.9)**
Income tax expense	0.0	2.2	0.0	4.4
Profit for the period	**(4.1)**	**(5.6)**	**(16.0)**	**(11.5)**
Profit from discontinuing operations	**(4.1)**	**(5.6)**	**(16.0)**	**(11.5)**
Cash flow from operating activities	(14.0)	(5.2)	(36.6)	(9.2)
Cash flow from investing activities	1.7	0.0	1.6	(0.1)
Cash flow from financing activities	0.0	5.6	0.0	11.9
Total cash flow	**(12.3)**	**0.4**	**(35.0)**	**2.6**
Intangible assets	15.2			
Property, plant and equipment	33.6			
Deferred tax	0.0			
Inventories	31.3			
Cash and cash equivalents	0.0			
Receivables	13.4			
Assets held for sale	**93.5**			
Credit institutions	4.5			
Trade payables	7.8			
Other liabilities	48.8			
Liabilities relating to assets held for sale	**61.1**			

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.

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. An amount of DKK 0.4 million has been recognised under staff costs in 2012 in respect of the three schemes.

9. Events after the balance sheet date

As reported in Company Announcement Nos. 271 of 21 September 2012 and 272 of 31 October 2012, H+H International A/S has sold all shares in H+H Česká republika s.r.o. to Xella CZ s.r.o., a company in the Xella Group, for DKK 112 million, excluding real estate to be leased to Xella from the completion of the transaction on 31 October 2012. The sale will be recognised in the fourth quarter of 2012.

The transaction is expected to have a negative effect on H+H's EBITDA of around DKK 5.1 million in 2012, of which around DKK 1 million is due to higher costs at other Group companies and the discontinued operation in the Czech

Republic. In connection with the transfer of real estate to another company in the H+H Group, the value of the properties etc. was written down by DKK 41.8 million in the third quarter of 2012.