Company Announcement No. 199, 2009

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Date:
20 November 2009

Interim financial report Q3 2009

- Third-quarter revenue was DKK 320.5 million (2008: DKK 365.2 million), down 12%. Revenue for the first three quarters was DKK 816.6 million (2008: DKK 1,186.3 million).
- Total distribution costs, administrative expenses and production overheads for the first three quarters were reduced by DKK 111.6 million compared with the first three quarters of 2008. As a consequence of the low revenue the Group has put in place further cost-cutting measures.
- Third-quarter EBITDA was DKK 21.4 million (2008: DKK 23.5 million), down 9%. EBITDA for the first three quarters was DKK 15.0 million (2008: DKK 144.5 million).
- The third-quarter result before tax was a loss of DKK 82.4 million (2008: loss of DKK 8.9 million), which included special items of DKK 63.7 million. The result before tax for the first three quarters was a loss of DKK 207.4 million (2008: DKK 43.7 million), which included special items of DKK 104.1 million. Most of the special items did not have any effect on cash flow.
- Investments amounted to DKK 11.5 million for the third quarter and DKK 78.7 million for the first three quarters versus DKK 105.3 million and DKK 372.0 million for the corresponding period in 2008.
- Net interest-bearing debt at 30 September 2009 stood at DKK 990.7 million. A conditional five-year committed loan agreement has been concluded with Danske Bank A/S after the balance sheet date. As the agreement had not been concluded by the balance sheet date, the debt to Danske Bank A/S is classified as non-current liabilities.
- The full-year result before tax is expected to be a loss in the region of DKK 255-265 million, which includes special items of DKK (105) million. Most of the special items did not have any effect on cash flow. Full-year investments are expected to amount to around DKK 100 million.
- Outlook for 2010:
  - a loss before tax, but somewhat better than the expected result before tax and special items for 2009;
  - slightly neutral free cash flows;
  - total investments of less than DKK 50 million.
- As previously announced in Company Announcement No. 196, 2009, the Group has initiated a process aimed at strengthening its capital base.

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 shall prevail.

FINANCIAL HIGHLIGHTS - H+H GROUP

	Q3		Q1 - Q3		Year
Amounts in DKK million	2009*	2008*	2009*	2008*	2008
Income statement					
Revenue	320.5	365.2	816.6	1,186.3	1,439.5
Gross profit (loss)	140.1	170.1	363.7	604.8	710.6
EBITDA**	21.4	23.5	15.0	144.5	135.5
Operating profit (loss) (EBIT)	(67.6)	(5.8)	(164.6)	56.0	19.0
Profit (loss) before tax	(82.4)	(8.9)	(207.4)	43.7	1.4
Balance sheet					
Non-current assets	1,518.1	1,645.5	1,518.1	1,645.5	1,558.9
Current assets	386.7	455.6	386.7	455.6	363.9
Total assets	1,904.8	2,101.1	1,904.8	2,101.1	1,922.8
Equity	583.1	886.4	583.1	886.4	743.2
Non-current liabilities	131.8	171.4	131.8	171.4	1,015.7
Current liabilities	1,189.9	1,043.3	1,189.9	1,043.3	163.9
Total equity and liabilities	1,904.8	2,101.1	1,904.8	2,101.1	1,922.8
Investments, cash flows and debt					
Investments in non-current assets	11.5	105.3	78.7	372.0	492.7
Net interest-bearing debt	990.7	842.0	990.7	842.0	863.0
Financial ratios					
Earnings per share	(59.4)	(4.6)	(155.4)	31.5	1.5
Diluted earnings per share	(59.4)	(4.6)	(155.4)	31.5	1.5
Book value per share, end of period, DKK	535	813	535	813	682
Return on equity, p.a.	(41.3%)	(2.2%)	(33.4%)	4.8%	0.2%
Solvency ratio	30.6%	42.2%	30.6%	42.2%	38.7%
ROIC, p.a.	(2.1%)	(1.3%)	(5.8%)	4.4%	1.2%
Share price, end of period, DKK	219	624	219	624	304

* The interim financial report has not been audited or reviewed.

** EBITDA is not defined in IFRS. EBITDA is presented as a supplementary performance indicator to facilitate comparison of operating results between periods, because differences between periods due to changes in capital structure, tax requirements and the age and associated depreciation and amortisation of non-current assets are omitted. EBITDA should not be viewed in isolation or as a substitute for the operating result or other income statement or cash flow statement items prepared in accordance with IFRS as a measure of earnings or liquidity. EBITDA does not take account of payment obligations on debt or other liabilities, including capital expenditure, and is consequently not necessarily a measure of free cash flow. Furthermore, EBITDA is not necessarily comparable with other companies' similarly termed indicators due to different computation methods. The table below shows a reconciliation of EBITDA with the operating result in DKK million.

Amounts in DKK million	Q3 2009	Q3 2008	Q1 - Q3 2009	Q1 - Q3 2008	Year 2008
Operating profit (loss) (EBIT)	(67.6)	(5.8)	(164.6)	56.0	19.0
Impairment losses, etc.	58.5	0	90.5	0	0
EBITA	**(9.1)**	**(5.8)**	**(74.1)**	**56.0**	**19.0**
Depreciation and amortisation	30.5	29.3	89.1	88.5	116.5
EBITDA	**21.4**	**23.5**	**15.0**	**144.5**	**135.5**

Earnings and diluted earnings per share have been calculated in accordance with IAS 33 ”Earnings per Share”. Other financial ratios have been calculated in accordance with the Danish Society of Financial Analysts’ ’Recommendations & Financial Ratios 2005’.

MANAGEMENT'S REVIEW

H+H's sales primarily go to housing construction, which, in all markets, is hard hit by the global financial crisis. The lower level of activity has led to declining sales in the Group's markets in the third quarter compared with the same period in 2008. The lower level of activity in the industry has also led to intensified price competition. However, the overall decline covers major differences between geographical markets.

Revenue

Third-quarter revenue was DKK 320.5 million, down 12% overall. Expressed in local currency, revenue was down 13.6%.

	Q3		Q1 - Q3	
Amounts in DKK million	2009	2008	2009	2008
UK	87.4	83.4	221.9	329.7
Germany, Denmark and Benelux	93.8	112.0	269.2	355.5
Eastern Europe	104.3	109.5	244.5	358.0
Nordic countries	40.0	70.0	98.4	183.9
Eliminations and unallocated items	(5.0)	(9.7)	(17.4)	(40.8)
Total	320.5	365.2	816.6	1,186.3

Revenue for the first three quarters was DKK 816.6 million, down 31% on the same period last year. Expressed in local currency, revenue for the first three quarters was down 23.0%. Revenue was impacted by the development in the GBP and the PLN. The GBP was down 11.7% against the DKK compared with the first three quarters of 2008, while the corresponding fall for the PLN was 22.4%.

SPECIAL ITEMS IN 2009 Amounts in DKK million	Q3 2009	Q1 - Q3 2009
Impairment losses on non-current assets and provision for onerous contract	(58.5)	(58.5)
Impairment losses and provisions relating to UK factory	-	(19.0)
Impairment losses on development projects	-	(15.9)
Value adjustments to inventories	(1.2)	(6.7)
Other items	(4.0)	(4.0)
Total	(63.7)	(104.1)

Impairment losses have been recognised relating to the temporarily closed factory in Westbury in the UK and impairment losses on development projects. Impairment losses on inventories also impacted adversely on the result. The company has incurred non-recurring expenses in connection with the ongoing capital-raising process. Lastly, impairment losses on non-current assets and provision for an onerous contract have been recognised, see note 4.

Profit (loss) before tax

The third-quarter result before tax was a loss of DKK 82.4 million compared with a loss before tax of DKK 8.9 million in the third quarter of 2008. Special items depressed the result by DKK 63.7 million.

	Q3		Q1 - Q3	
Amounts in DKK million	2009	2008	2009	2008
UK	1.4	(23.3)	(31.8)	(11.8)
Germany, Denmark and Benelux	(4.6)	7.6	(14.6)	29.4
Eastern Europe	(9.4)	8.2	(42.7)	44.0
Nordic countries	(3.2)	5.5	(23.7)	2.9
Eliminations and unallocated items	(66.6)	(6.9)	(94.6)	(20.8)
Total	(82.4)	(8.9)	(207.4)	43.7

Adjusted for special items the result before tax for the first three quarters was a loss of DKK 103.3 million compared with a profit of DKK 43.7 million for the first three quarters of 2008.

The lower result reflected the drop in sales and sharpened price competition in most of the Group's markets. Conversely, considerable savings on fixed costs contributed positively to the earnings performance. Total staff costs and other external expenses were reduced by DKK 28 million, or 19%, in the third quarter of 2009 compared with the third quarter of 2008. These expenses were reduced by DKK 111.6 million in the first three quarters of 2009 compared with the first three quarters of 2008.

Investments
Third-quarter investments totalled DKK 11.5 million (2008: DKK 105.3 million). The principal proportion of the investments related to the construction of an aircrete factory southwest of St Petersburg in Russia.

	Q3		Q1 - Q3	
Amounts in DKK million	2009	2008	2009	2008
UK	0.9	7.2	2.1	17.9
Germany, Denmark and Benelux	1.1	2.4	5.4	42.3
Eastern Europe	9.6	94.9	66.7	308.7
Nordic countries	0.1	0.6	1.9	3.8
Eliminations and unallocated items	(0.2)	0.2	2.6	(0.7)
Total	11.5	105.3	78.7	372.0

Financing
Net interest-bearing debt stood at DKK 990.7 million at 30 September 2009, up DKK 127.7 million since the start of the year. The increase reflected the financial results and seasonal changes in working capital.

Net financing costs amounted to DKK 42.8 million in the first three quarters of 2009 compared with DKK 12.3 million for the first three quarters of 2008. In addition, net financing costs totalling DKK 10.2 million were capitalised in the first three quarters in connection with the Group's large investment projects compared with DKK 11.6 million for the corresponding period last year. A conditional five-year committed loan agreement has been concluded with Danske Bank A/S after the balance sheet date. As the agreement had not been concluded by the balance sheet date, the debt to Danske Bank A/S is classified as non-current liabilities.

As announced, most recently in Company Announcement No. 196, 2009, the Group is in the process of implementing a rights issue to strengthen its capital base. The rights issue is expected to contribute approx. 450 million and is expected to be fully underwritten. The A shareholders' preferential voting rights will be terminated in connection with the rights issue.

	Q3		Q1 - Q3	
Amounts in DKK million	2009	2008	2009	2008
Financing costs	17.2	7.9	53.0	23.9
Including capitalised costs	(2.4)	(4.8)	(10.2)	(11.6)
Net financing costs	14.8	3.1	42.8	12.3

Taxation
Income tax expense for the period under review has been partially estimated. The calculated income tax (tax asset) for the Group for the third quarter of 2009 was DKK 18.8 million. Total income tax expense (tax asset) for the first three quarters amounted to DKK 41.2 million.

Equity
Consolidated equity fell by DKK 160.1 million in the first three quarters. The result for the period depressed equity by DKK 166.2 million, while foreign exchange adjustments of investments added DKK 5.8 million to equity.

Amounts in DKK million	2009	2008
1 January	743.2	990.3
Profit (loss) for the period	(166.2)	33.9
Foreign exchange adjustments, foreign enterprises, etc.	5.8	(7.4)
Buyback of treasury shares	0.0	(99.8)
Dividend	0.0	(32.1)
Share-based payment	0.3	1.5
30 September	583.1	886.4

SEGMENTS

UK

Third-quarter revenue in the UK amounted to DKK 87.4 million, up DKK 4.0 million or 4.8% on the third quarter of 2008. Expressed in local currency, the increase in revenue was 16%.

The third-quarter sales volume was 20.6% ahead of the corresponding period last year, corresponding largely to the overall increase in the UK aircrete market.

	Q3			Q1 - Q3		
Amounts in DKK	2009	2008	Change	2009	2008	Change
Revenue	87.4	83.4	4.8%	221.9	329.7	(32.7%)
EBITDA	10.5	(12.7)*	23.2	12.5	20.9*	(8.4)
Profit (loss) before tax	1.4	(23.3)	24.7	(31.8)	(11.8)	(20.0)

* In 2008, non-recurring expenses of DKK 10 million in the third quarter of 2008 and DKK 15 million in the first three quarters of 2008 were recognised in connection with a reduction in staff.

UK revenue for the first three quarters was DKK 221.9 million, down 32.7% on the same period last year. Expressed in local currency, the decline was 24%.

The sales volume for the first three quarters was 20.4% down on the same period last year, corresponding to the overall decline in the UK aircrete market in the first three quarters.

The sales volume for aircrete showed an upward trend through the first three quarters of 2009 and, in June 2009, was realised at a level corresponding to June 2008. The selling prices realised on the volume sold in the third quarter of 2009 were at a lower level than in the third quarter of 2008.

The result before tax was a profit of DKK 1.4 million compared with a loss of DKK 23.3 million for the third quarter of 2008, up DKK 24.7 million before non-recurring items.

The result before tax for the first three quarters of 2009 was a loss of DKK 31.8 million compared with a loss of DKK 11.8 million for the first three quarters of 2008. The decrease in the result before tax for the first three quarters of 2009 compared with the first three quarters of 2008 reflected a combination of lower revenue and lower earnings per m^3 aircrete sold. Conversely, the result benefited from a reduction in the company's fixed costs.

Fixed costs for the third quarter of 2009 were DKK 19.1 million lower than in the third quarter of 2008, corresponding to a reduction of 42%.

Germany, Denmark and Benelux

Third-quarter revenue for the Germany, Denmark and Benelux segment was DKK 93.8 million, down 16.3% on the same period last year. The decline in revenue reflected lower sales to Denmark and a small decline in sales to affiliated companies outside the segment. Overall sales to the German market and the markets in Beneluxwere at a slightly higher level than in the third quarter of 2008, on the other hand.

Revenue for the first three quarters was DKK 269.2 million, down 24.3% on the same period last year.

	Q3			Q1 - Q3		
Amounts in DKK	2009	2008	Change	2009	2008	Change
Revenue	93.8	112.0	(16.3%)	269.2	355.5	(24.3%)
EBITDA	10.7	23.3	(12.6)	30.5	76.1	(45.6)
Profit (loss) before tax	(4.6)	7.6	(12.2)	(14.6)	29.4	(44.0)

The third-quarter result before tax was a loss of DKK 4.6 million compared with a profit of DKK 7.6 million for the same period in 2008.

The result before tax for the first three quarters was a loss of DKK 14.6 million compared with a profit of DKK 29.4 million for the first three quarters of 2008. The development in the result before tax was primarily affected by the decline in revenue. Falling selling prices also had an adverse impact on the result. Conversely, the result benefited from a reduction in fixed costs.

Eastern Europe

Third-quarter revenue for the Eastern European segment was DKK 104.3 million, down 4.7% on the third quarter of 2008. Expressed in local currency, revenue in Eastern Europe was 20.4% ahead.

	Q3			Q1 - Q3		
Amounts in DKK	2009	2008	Change	2009	2008	Change
Revenue	104.3	109.5	(4.7%)	244.5	358.0	(31.7%)
EBITDA	9.1	14.1	(5.0)	11.1	65.2	(54.1)
Profit (loss) before tax	(9.4)	8.2	(17.6)	(42.7)	44.0	(86.7)

Revenue in Eastern Europe is primarily attributable to the Polish market. Third-quarter revenue in Poland was down 16.5%. Expressed in local currency, revenue in Poland was 7.2% ahead of the same period last year.

Selling prices in the Polish market were realised at a considerably lower level than in the third quarter of 2008. Third-quarter sales suffered badly as a result of the decline in the level of activity in housing construction in the Czech Republic. The new aircrete factory near St Petersburg, Russia, was officially opened on 6 June 2009. The factory had a successful start-up, but is still in a running-in phase, which means that it has not yet reached full production capacity. It is expected that the entire production can be sold, but at lower prices than originally anticipated. The factory was successfully commissioned at the start of October and can now produce all densities to a high quality.

The third-quarter result before tax was a loss of DKK 9.4 million compared with a profit of DKK 8.2 million for the same period in 2008. The lower result reflected intense price competition coupled with adverse exchange rate conditions. The result before tax for the first three quarters was a loss of DKK 42.7 million compared with a profit of DKK 44.0 million in the corresponding period in 2008.

Nordic countries
Third-quarter 2009 revenue in the Nordic market was DKK 40.0 million, down 42.9% on the corresponding period in 2008. Revenue in the Finnish and Swedish markets was realised at a significantly lower level than in 2008, while revenue in the Norwegian market was at a slightly lower level.

Compared with the same period last year, the Finnish market suffered considerable decline in the level of construction activity.

	Q3			Q1 - Q3		
Amounts in DKK million	2009	2008	Change	2009	2008	Change
Revenue	40.0	70.0	(42.9%)	98.4	183.9	(46.5%)
EBITDA	(0.5)	8.2	(8.7)	(15.8)	10.6	(26.4)
Profit (loss) before tax	(3.2)	5.5	(8.7)	(23.7)	2.9	(26.6)

Sales in Sweden are being hit by both a decline in the construction sector and the lower Swedish krone against the DKK, making imports of aircrete more costly and consequently impairing the relative competitiveness in relation to substitutable products.

The third-quarter 2009 result before tax was a loss of DKK 3.2 million compared with a profit of DKK 5.5 million for the same period in 2008. The lower result primarily reflected lower sales. The result before tax for the first three quarters of 2009 was a loss of DKK 23.7 million compared with a profit of DKK 2.9 million for the same period in 2008.

Eliminations and unallocated items
Unallocated net expenses amounted to DKK 94.6 million in the first three quarters. This included a DKK 67.8 million impairment loss on development projects and fixed assets. Unallocated net expenses primarily represented expenses for operation of H+H International A/S.

FULL-YEAR PROFIT OUTLOOK

Outlook for 2009:

- a loss before tax in the DKK 255-265 million region, which includes special items of DKK 105 million against the previously announced loss before tax of between DKK 160 million and DKK 190 million, which included special items of DKK 40 million.

- full-year investments are expected to be around DKK 100 million;

- net interest-bearing debt is expected to be around DKK 1,050 million at year end, excluding the proceeds from the capital-raising process.

Management's full-year 2009 outlook is based on the following assumptions, among others:

- it is assumed that the general economic development will not deteriorate still further and that the price level for the Group's products will remain stable compared with the level for November 2009;

- H+H has not concluded any currency hedging contracts for 2009, and the profit outlook assumes that the existing exchange rate levels for, primarily, GBP, EUR, PLN, RUB and CZK, will be maintained for the remainder of 2009;

- no special circumstances will occur that will make it necessary to recognise further impairment losses on the Group's assets as a consequence of impairment tests.

Due to the general recession the Group is currently reviewing its financial objectives. New financial objectives will be defined at a later date.

PROFIT OUTLOOK FOR 2010:

Outlook for 2010:

- a loss before tax, but somewhat better than the result before tax and special items expected for 2009;

- slightly neutral free cash flows;

- total investments of less than DKK 50 million;

Management's outlook for the 2010 financial year is based on the following assumptions, among others:

- an expectation that the general economic development will have stabilised and that the price level for the Group's products will increase slightly compared with November 2009;

- that agreements will be concluded with a number of new and existing customers, underpinning the revenue expectations and obviating the need for impairment losses or restructuring costs;

- H+H has not concluded any currency hedging contracts for 2010, and the profit outlook assumes exchange rates, primarily for GBP, EUR, PLN, RUB and CZH, on a par with the exchange rates for November 2009.

- stable energy and raw material prices compared with 2009.

COMMENTS TO OUTLOOK FOR 2009 AND 2010

The profit outlook is based on a number of assumptions. Management is of the opinion that the key assumptions for the Group's expectations relate to:

- sales volumes and product mix;
- price competition in a number of the Group's markets;
- the general economic development;
- the development in the building materials market;
- exchange rates;
- distribution factors;
- production efficiency;
- realisation of cost savings;
- the weather.

The Group's expectations are also based on an assumption that the Group will be able to attract the necessary capital to finance its operations.

Management's expectations are subject to considerable uncertainty and significantly greater uncertainty than normal due to the Group's current situation and the general recession. Management cannot provide any guarantees that the assumptions on the which the expectations concerning the profit outlook is based can be realised, and unforeseen events, including events beyond the Group's control, may have a negative impact on future financial performance, regardless of whether the assumptions relating to future periods or the 2009 and 2010 financial years otherwise prove to be correct.

FINANCIAL CALENDAR 2010

Publication of 2009 annual report	11 March 2010
Annual General Meeting, including adoption of 2009 annual report	8 April 2010
Interim financial report Q1 2010	27 May 2010
Interim financial report H1 2010	31 August 2010
Interim financial report Q3 2010	25 November 2010

STATEMENT BY THE EXECUTIVE AND SUPERVISORY BOARDS

The Executive and Supervisory Boards have today considered and approved the interim financial report of H+H International A/S for the third quarter of 2009.

The interim financial report for the third quarter of 2009, which has not been audited or reviewed by the Company's auditors, is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim financial reports of listed companies.

In our opinion, the interim financial statements give a true and fair view of the Group's financial position at 30 September 2009 and of the results of the Group's operations and cash flows for the period 1 January - 30 September 2009. Further, in our opinion, the Management's review gives a true and fair review of the development in the Group's operations and financial matters and describes the significant risks and uncertainties pertaining to the Group.

Copenhagen, 20 November 2009

Executive Board

Hans Gormsen
CEO

Supervisory Board

Anders C. Karlsson
Chairman of the Supervisory Board

Morten Amtrup

Christian Harlang

Henrik Lind

Peer Munkholt

Birgitte Rahbek

Ole Risager

Forward-looking statements:
The forward-looking statements in this interim financial report reflect management's current expectations for certain future events and financial results. Statements regarding the future are, of course, subject to risks and uncertainties which may result in material deviations from expectations. Factors that may cause the actual results to deviate materially from expectations are: aircrete products, the market's acceptance of new products, the introduction of competing products, and integration of company acquisitions.

INCOME STATEMENT

Amounts in DKK million	Q3 2009	Q3 2008	Q1 - Q3 2009	Q1 - Q3 2008	Year 2008
Revenue	320.5	365.2	816.6	1,186.3	1,439.5
Cost of sales	(180.4)	(195.1)	(452.9)	(581.5)	(728.9)
Gross profit	**140.1**	**170.1**	**363.7**	**604.8**	**710.6**
Other external expenses	(50.0)	(72.7)	(125.3)	(187.6)	(232.8)
Staff costs	(68.7)	(73.9)	(223.4)	(272.7)	(346.4)
Depreciation and amortisation	(30.5)	(29.3)	(89.1)	(88.5)	(116.5)
Impairment losses, etc.	(58.5)	0.0	(90.5)	0.0	0.0
Other operating income and expenses	0.0	0.0	0.0	0.0	4.1
Operating profit (loss) (EBIT)	**(67.6)**	**(5.8)**	**(164.6)**	**56.0**	**19.0**
Net financing costs	(14.8)	(3.1)	(42.8)	(12.3)	(17.6)
Profit (loss) before tax for the period	**(82.4)**	**(8.9)**	**(207.4)**	**43.7**	**1.4**
Income tax expense for the period	18.8	4.0	41.2	(9.8)	0.3
Profit (loss) for the period	**(63.6)**	**(4.9)**	**(166.2)**	**33.9**	**1.7**
Earnings per share	**(59.4)**	**(4.6)**	**(155.4)**	**31.5**	**1.5**
Diluted earnings per share	**(59.4)**	**(4.6)**	**(155.4)**	**31.5**	**1.5**

STATEMENT OF COMPREHENSIVE INCOME

Amounts in DKK million	Q3 2009	Q3 2008	Q1 - Q3 2009	Q1 - Q3 2008	Year 2008
Profit (loss) for the period	**(63.6)**	**(4.9)**	**(166.2)**	**33.9**	**1.7**
Other comprehensive income					
Foreign exchange adjustments, foreign enterprises	(1.3)	(10.3)	4.9	(1.8)	(115.2)
Value adjustments of hedging instruments	0.0	1.6	1.2	(7.2)	(3.3)
Foreign exchange adjustments transferred to netfinancing costs	0.0	0.0	0.0	0.0	(2.0)
Tax on other comprehensive income	0.0	2.3	(0.3)	1.6	1.1
Total comprehensive income	**(64.9)**	**(11.3)**	**(160.4)**	**26.5**	**(117.7)**

BALANCE SHEET

Amounts in DKK million

ASSETS	30 September 2009	31 December 2008	30 September 2008	31 December 2007
Non-current assets				
Intangible assets	107.7	117.5	127.2	107.9
Property, plant and equipment	1,362.9	1,418.9	1,498.1	1,233.8
Other non-current assets	47.5	22.5	20.2	20.0
Total non-current assets	**1,518.1**	**1,558.9**	**1,645.5**	**1,361.7**
Current assets				
Inventories	193.0	212.0	231.4	189.6
Trade receivables	147.0	94.9	165.3	150.7
Other receivables	22.1	49.3	42.7	69.5
Cash and cash equivalents	24.6	7.7	16.2	12.2
Total non-current assets	**386.7**	**363.9**	**455.6**	**422.0**
TOTAL ASSETS	**1,904.8**	**1,922.8**	**2,101.1**	**1,783.7**
EQUITY AND LIABILITIES				
Equity				
Share capital	109.0	109.0	109.0	116.0
Translation reserve	(110.2)	(115.2)	(2.2)	(0.4)
Hedging reserve	(0.5)	(1.4)	(2.4)	3.2
Retained earnings	584.8	750.7	782.0	836.7
Proposed dividend	0.0	0.0	0.0	34.8
Total equity	**583.1**	**743.2**	**886.4**	**990.3**
Non-current liabilities				
Bank loans	0	870.0	0	1.1
Deferred tax	39.4	57.0	77.7	63.6
Other non-current liabilities	92.4	88.7	93.7	115.3
Total non-current liabilities	**131.8**	**1,015.7**	**171.4**	**180.0**
Current liabilities				
Bank loans	1,015.3	0.8	858.2	391.8
Trade payables	63.2	72.8	81.9	99.4
Income tax	1.6	2.2	0.6	16.9
Other liabilities	109.8	88.2	102.6	105.3
Total current liabilities	**1,189.9**	**164.0**	**1,043.3**	**613.4**
Total liabilities	**1,321.7**	**1,179.7**	**1,214.7**	**793.4**
TOTAL EQUITY AND LIABILITIES	**1,904.8**	**1,922.8**	**2,101.1**	**1,783.7**
Net interest-bearing debt	990.7	863.0	842.0	380.8

CASH FLOW STATEMENT

Amounts in DKK million	Q3 2009	Q3 2008	Q1 - Q3 2009	Q1 - Q3 2008
Operating activities	45.9	46.1	(51.1)	37.8
Investing activities	(11.3)	(103.5)	(76.6)	(368.4)
Free cash flows	34.6	(57,4)	(127,7)	(330,6)
Financing activities	(16.9)	46.5	144.6	334.3
Net increase (decrease) in cash and cash equivalents	**17.7**	**(10.9)**	**16.9**	**3.7**
Cash and cash equivalents, opening	6.7	27.2	7.7	12.2
Foreign exchange adjustments of cash and cash equivalents	0.2	(0.1)	0.0	0.3
Cash and cash equivalents at 30 September	**24.6**	**16.2**	**24.6**	**16.2**

STATEMENT OF CHANGES IN EQUITY

Amounts in DKK million	Share capital	Translation reserve	Hedging reserve	Retained earnings	Proposed dividend	Total
Equity at 1 January 2009	**109.0**	**(115.1)**	**(1.4)**	**750.7**	**0.0**	**743.2**
Changes in equity in 2009						
Total comprehensive income	0.0	4.9	0.9	(166.2)	0.0	(160.4)
Share-based payment				0.3		0.3
Total changes in equity in 2009	**0.0**	**4.9**	**0.9**	**(165.9)**	**0.0**	**(160.1)**
Equity at 30 September 2009	**109.0**	**(110.2)**	**(0.5)**	**584.8**	**0.0**	**583.1**
Equity at 1 January 2008	**116.0**	**(0.4)**	**3.2**	**836.7**	**34.8**	**990.3**
Changes in equity in 2008						
Total comprehensive income	0.0	(1.8)	(5.6)	33.9	0.0	26.5
Distributed dividend					(34.8)	(34.8)
Reduction of share capital	(7.0)			(85.1)		(92.1)
Buyback of treasury shares				(7.7)		(7.7)
Share-based payment				1.5		1.5
Dividend, treasury shares				2.7		2.7
Total changes in equity in 2008	**(7.0)**	**(1.8)**	**(5.6)**	**(54.7)**	**(34.8)**	**(103.9)**
Equity at 30 September 2008	**109.0**	**(2.2)**	**(2.4)**	**782.0**	**0.0**	**886.4**

NOTES

1 Accounting policies

Basis of accounting
The interim financial report comprises a condensed version of the consolidated financial statements of H+H International A/S.

Accounting policies
The interim financial report is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim financial reports of listed companies.

Apart from the effects of new IASs/IFRSs implemented during the period, the accounting policies remain unchanged compared with the 2008 annual report, which was presented in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. Reference is made to pages 37-46 of the 2008 annual report for a complete description.

New IASs/IFRSs implemented during the period
With effect from 1 January 2009 H+H has implemented amendments to IAS 1 on presentation of consolidated financial statements, and amendments to IFRS 2 on share-based payment and IFRS 8 on operating segments.

The amendments to IAS 1, IFRS 2 and IFRS 8 have no effect on profit or loss or equity, but result in changes to the disclosure requirements in the statement of comprehensive income and segment information according to IAS 1 and IFRS 8, respectively. The changes have been incorporated in this interim financial report. The amendments to IFRS 2 are currently irrelevant to H+H.

NOTES

2 Segment information

Amounts in DKK million	UK		Germany, Denmark and Benelux		Eastern Europe		Nordic countries		Reportable segment totals	
Q3	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue, external	87.4	83.4	89.2	102.5	104.3	109.5	39.6	69.8	320.5	365.2
Revenue, internal	0.0	0.0	4.6	9.5	0.0	0.0	0.4	0.2	5.0	9.7
EBITDA	10.5	(12.7)	10.7	23.3	9.1	14.1	(0.5)	8.2	29.8	32.9
Depreciation and amortisation	(7.9)	(9.2)	(12.0)	(12.1)	(8.6)	(6.0)	(1.8)	(1.9)	(30.3)	(29.2)
EBITA	2.6	(21.9)	(1.3)	11.2	0.5	8.1	(2.3)	6.3	(0.5)	3.7
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	2.6	(21.9)	(1.3)	11.2	0.5	8.1	(2.3)	6.3	(0.5)	3.7
Net financing costs	(1.2)	(1.4)	(3.3)	(3.6)	(9.9)	0.1	(0.9)	(0.8)	(15.3)	(5.7)
Profit (loss) before tax	1.4	(23.3)	(4.6)	7.6	(9.4)	8.2	(3.2)	5.5	(15.8)	(2.0)

Amounts in DKK million	UK		Germany, Denmark and Benelux		Eastern Europe		Nordic countries		Reportable segment totals	
Q1 - Q3	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue, external	221.9	329.7	252.7	318.8	244.5	358.0	97.5	179.8	816.6	1,186.3
Revenue, internal	0.0	0.0	16.5	36.7	0.0	0.0	0.9	4.1	17.4	40.8
EBITDA	12.5	20.9	30.5	76.1	11.1	65.2	(15.8)	10.6	38.3	172.8
Depreciation and amortisation	(24.6)	(28.6)	(35.3)	(36.8)	(23.1)	(17.2)	(5.3)	(5.4)	(88.3)	(88.0)
EBITA	(12.1)	(7.7)	(4.8)	39.3	(12.0)	48.0	(21.1)	5.2	(50.0)	84.8
Impairment losses	(16.1)	0.0	0.0	0.0	(6.6)	0.0	0.0	0.0	(22.7)	0.0
EBIT	(28.2)	(7.7)	(4.8)	39.3	(18.6)	48.0	(21.1)	5.2	(72.7)	84.8
Net financing costs	(3.6)	(4.1)	(9.8)	(9.9)	(24.1)	(4.0)	(2.6)	(2.3)	(40.1)	(20.3)
Profit (loss) before tax	(31.8)	(11.8)	(14.6)	29.4	(42.7)	44.0	(23.7)	2.9	(112.8)	64.5

The H+H companies are geographically divided into four segments:
the UK with three factories; Germany, Denmark and Benelux with three factories in Germany and sales offices in Denmark, Belgium and the Netherlands; Eastern Europe with five factories in Poland, one factory in Russia, one factory in the Czech Republic, a sales office in Ukraine and a sales office in Latvia. The Nordic segment consists of a factory in Finland and sales offices in Sweden and Norway.

Profit (loss) before tax according to income statement

Amounts in DKK million	Q1 - Q3 2009	Q1 - Q3 2008
Segment profit (loss) before tax for reportable segments	(112.8)	64.5
Unallocated Group costs, corporate functions	(26.8)	(20.8)
Impairment losses on non-current assets and provision for onerous contract	(67.8)	0
Profit (loss) before tax according to income statement	(207.4)	43.7

NOTES

3 Seasonal and cyclical fluctuations

Seasonal fluctuations
The sales pattern for the Group’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 proportion of the Group's cost base is not directly variable with revenue, deviations from projected sales may result in considerable fluctuations in the Group's results. Seasonal fluctuations also affect the Group’s cash resources during the year.

Furthermore, because the Group’s sales are predominantly based on regular 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 results generated by the Group's operations have fluctuated significantly during the financial year, and management expects this to remain the case.

Cyclical fluctuations
The economic development in the countries and markets in which the Group’s products are sold has a major impact on demand for the Group’s products. The Group’s sales go predominantly to new dense low-rise housing, and the Group is consequently particularly vulnerable to fluctuations in the level of activity in this building segment. The Group’s products are primarily sold in the 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 the price level.

Further or renewed recession in the Group’s principal markets, Germany, Poland and the UK, or the growth markets in Russia and the Czech Republic, can have a more severe impact on the segment and areas in which the Group operates than on the building materials market in general.

4 Fixed assets

As part of the Group's strategy to expand geographically in Eastern Europe and due to delivery times of two to three years for factory equipment for aircrete factories, the Group concluded an agreement with Wehrhahn GmbH and others in 2007 for the supply of equipment for an aircrete factory with technology and capacity similar to the new factory near St Petersburg in Russia. The plan was for the equipment to be used to establish a new factory in Poland or, alternatively, Ukraine. Due to declining earnings, the plans for the possible construction of new factories in Poland and Ukraine have now been shelved, and the equipment supplied has consequently been written down to DKK 0. Furthermore, a provision for the outstanding obligation under the contract has been recognised. The impairment loss and provision total DKK 58.5 million.

5 Pension obligations

The Group has defined benefit 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. Pension obligations relate predominantly to the plans in the UK, for which an updated actuarial calculation was prepared at 30 September 2009 that shows a shortfall of DKK 105 million net after tax (the present value of the obligations exceeds the fair value of the plan assets). As a result of the Group's application of the corridor approach, DKK 38 million of the shortfall has not been recognised in the balance sheet or equity at 30 September 2009.

NOTES

6 Intangible assets and property, plant and equipment, impairment tests at 30 September 2009

At 30 September 2009 impairment tests were prepared relating to the Group's key intangible assets and property, plant and equipment, including assets in Poland, Germany, the UK, Russia and the Czech Republic jointly accounting for more than 90% of the Group's overall non-current assets at 30 September 2009.

The impairment tests are generally based on estimate for 2009, budget for 2010 and strategy projections for 2011-2014, as approved by management. For the years 2010-2014, average annual revenue growth has been estimated at 12%-61%. For the years after 2014 an estimated growth rate of 2-4% has been applied. It is estimated that the growth rate will not exceed the long-term average growth rate in the Group's markets. An increasing gross margin has been estimated for the years 2010-2014, following which it is constant. A discount rate of between 7.9% and 22.0% after tax (WACC) has been applied.

	Poland	Germany	UK	Russia	Czech Republic
Fixed assets at 30 September 2009 (DKK million)	352.9	350.9	260.0	257.8	176.7
Average estimated annual revenue growth in the years 2010-2014 (CAGR)	12.2%	12.3%	16.2%	61.2%	29.9%
Estimated gross margin 2010-2014	42-45%	42-48%	49-52%	46-52%	39-50%
WACC	10.4%	7.9%	8.0%	20-22%	9.7%

The expected annual growth for Russia and the Czech Republic of 61.2% and 29.9%, respectively, reflects the fact that the factory in Russia is completely new and in a new market and the factory in the Czech Republic a newly upgraded factory with currently low market penetration.

The impairment tests prepared at 30 September 2009 did not show any need for the recognition of an impairment losses. Based on the above assumptions, management is of the opinion that the recoverable amount of intangible assets and property, plant and equipment exceeds their carrying amount.

7 Capital structure and cash flow

Net interest-bearing debt stood at DKK 990.7 million at 30 September 2009, up DKK 127.7 million since the start of the year. The increase reflected the financial results and seasonal changes in working capital. In autumn 2008 an agreement was concluded with Danske Bank A/S on three-year committed credit facilities of DKK 1,100 million. In the fourth quarter of 2008 a material adverse change in the outlook for the Group's operating and financial positions occurred as a result of the global financial crisis. On that basis, Danske Bank A/S was entitled to demand that the Group repay its non-current loan, which Danske Bank A/S has not demanded.

As announced in Company Announcement No. 196, 2009, H+H International A/S plans to implement a rights issue, which is expected to contribute approx. DKK 450 million to the company in proceeds. The purpose of the rights issue is to remedy the Group's financial situation while at the same time ensuring the maintenance of the Group's financing and its continued operation. A loan agreement has been concluded with Danske Bank A/S after the balance sheet date of 30 September 2009 on a five-year committed credit facility of DKK 1.050. million, which is covenant-free until the date of the first covenant test on 31 March 2012. As part of the capital increase it has been agreed that a DKK 50 million instalment will be payable in each of the following four quarters, the first time on 2 April 2010. The loan agreement is subject to compliance with certain formal and documentary requirements, which are all expected to be met by 31 December 2009. The company will in that case no longer be in breach of financial covenants. If the rights issue is not implemented as assumed, Danske Bank A/S will be entitled to terminate the loan agreement.

Management is of the opinion that the Group's existing capital resources, including the net proceeds from the planned capital increase, and future income, will be sufficient to meet its capital requirements for the continued operation, assuming that the Group realises the expectations concerning the current financial year and the 2010 financial year and that no further material adverse events occur.

It is against this background that management presents the interim financial report for the third quarter of 2009 on the assumption of the Group's going concern.

NOTES

8 Litigation

H+H Sverige AB v HSB Bostad AB
The action is pending before Stockholms Tingsrätt (Stockholm District Court) in Sweden. The written proceedings have been finalised, but the case is not expected to be heard until spring 2010. The case started in December 2006 when H+H Sverige AB issued proceedings against a customer, HSB Bostad AB, for non-payment of a part payment of SEK 164,833 with the addition of interest out of an invoice total of SEK 5,426,752 for delivery of aircrete products for the customer's construction of 28 single-family houses in Sweden. The customer subsequently set up a counterclaim, claiming that H+H Sverige AB be ordered to pay SEK 16,158,712 with the addition of interest, which was subsequently increased to SEK 21,964,250 with the addition of interest. The claim allegedly relates to compensation for a loss suffered by HSB Bostad AB as a result of alleged defects in the products supplied by H+H Sverige AB, and HSB Bostad AB claims, among other things, that H+H Sverige AB has a consultancy responsibility in relation to construction of the houses. HSB Bostad AB has not provided any written documentation of the stated loss corresponding to the alleged claim for compensation. H+H Sverige AB has contested the claims and allegations, and management considers HSB Bostad AB's claim to be unwarranted and has consequently not made any provision in respect of it.

9 Special items

Non-recurring items can be broken down as follows:

SPECIAL ITEMS IN 2009 Amounts in DKK million	Q3 2009	Q1 - Q3 2009
Impairment losses on non-current assets and provision for onerous contract	(58.5)	(58.5)
Impairment losses and provisions relating to a UK factory	-	(19.0)
Impairment losses on development projects	-	(15.9)
Value adjustments to inventories	(1.2)	(6.7)
Other items	(4.0)	(4.0)
Total	(63.7)	(104.1)

Impairment losses have been recognised relating to the temporarily closed factory in Westbury in the UK and impairment losses on development projects. Impairment losses on inventories also impacted adversely on the result. The company has incurred non-recurring expenses in connection with the ongoing capital-raising process. Lastly, the company has incurred non-recurring costs in connection with the ongoing capital-raising process.

10 Material events after the balance sheet date

The company has concluded a loan agreement with Danske Bank A/S after the balance sheet date. The loan agreement is subject to compliance with certain formal and documentary requirements, which are all expected to be met by 31 December 2009. The company will in that case no longer be in breach of financial covenants. If the rights issue is not implemented as assumed, Danske Bank A/S will be entitled to terminate the loan agreement.

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