

Annual Report 2013

dlh.



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Municipality

Annual General Meeting

The Annual General Meeting will be held on 28 April 2014 at 01.30 pm at the company's address Ellebjergvej 50-52, DK-2450 Copenhagen SV.

Audit

KPMG
Statsautoriseret Revisions-
partnerselskab
Osvald Helmuths Vej 4
2000 Frederiksberg

Maximising shareholder value

More value can be generated for the shareholders by divesting the Group's individual business units, concludes the Board of Directors.

FINANCIALS 2013

DLH delivered an EBIT of minus DKK 29 million, which is within the guided range. The numbers are presented in accordance with the structure as it was before the new strategic plan was announced in December 2013.

The net interest bearing debt was reduced by DKK 44 million to DKK 204 million as a result of improved net working capital.

SHAREHOLDER VALUE

Since the beginning of the financial crisis in 2009, DLH has come a long way in its recovery from significant losses and a debt burden of DKK 1.3 billion. Both debt and cost reductions have ensured the stability of the company during a period with the lowest international building and construction activity for decades. It is still the view that DLH can continue to operate independently given the current low level of bank debt. However, for a number of reasons the Board of Directors and the Management Team believe this course of action would be neither prudent nor beneficial for the shareholders due to:

- It has become increasingly clear that synergies between the commercial units are not sufficient to warrant the costs associated with operating a corporate headquarters.
- The industry needs regional consolidation and DLH cannot lead the process.
- The discrepancy between the officially listed share price and the book value clearly indicates that alternative ownership scenarios should be investigated.

Based on an in depth study with the assistance of outside corporate finance advisors, the Board of Directors and the Man-

agement Team concluded that more value could be generated by divesting the Group's individual business units.

At the Extraordinary General Meeting held on January 9 2014, the shareholders approved the strategic plan presented by the Board of Directors.

SALES PROCESS INITIATED

Subsequent to the Extraordinary General Meeting, the Management Team and professional advisors have been structuring a number of sales processes in which the individual business units are presented to likely buyers.

These processes are running in parallel and the Group has received interest from many different parties.

FINANCIAL REPORTING

The structure of the 2013 financial statements presented reflects the newly approved strategic plan as developed by the Board of Directors. It means that all business units are classified as assets held for sale and discontinued operations in accordance with the International Financial Reporting Standards - IFRS 5. Unfortunately, this makes the reading of the annual accounts more difficult as all operational units etc. are presented in one line in the income statement and in the balance sheet.

In order to make the presentation of the 2013 Annual Report comparable with the business and financial guidance used during 2013, DLH has decided to present the financial review on page 5-11 in accordance with the structure as it was before the strategic plan was announced in December 2013.

Another implication of IFRS 5 is that all assets held for sale and disposal groups

must be valued at the lower of book value and fair value less costs to sell.

In terms of the Group's tangible assets, this makes little difference compared to our historical accounting. However, for intangible assets the change is substantial as these can no longer be valued based on expected future earnings (value in use) meaning that the valuation model for impairment testing used so far no longer applies. These accounting principles therefore require the Board of Directors and Management to predict the outcome of the initiated divestment process.

As the process has just started, the Board of Directors and Management are not in a position to determine the outcome of the sales processes and hence find it difficult to assess the value of the intangible assets. Given the uncertainty relating to the outcome of the sales processes and in order to comply with IFRS 5 it has been decided to recognise an impairment expense on DLH's intangible assets of DKK 142 million. The equity as of December 31 2013 is DKK 323 million.

Given the approved and initiated process of the divestment plan, the Board of Directors believes that it is not possible to provide an appropriate outlook on earnings for 2014. The company will continue to report on the individual business units' performance and report any concluded divestments of business units as Company Announcements.

We wish to thank the shareholders of DLH for their support for the new strategic direction. The Board of Directors and the Management Team are convinced that this direction will prove most beneficial for the shareholders and employees.

Kurt Anker Nielsen
Chairman

Kent Arentoft
President & CEO

Financial highlights for DLH Group

The strategic plan announced in December 2013 has significant implications for the presentation of the 2013 financial statements below and on pages 29-78. According to IFRS, all business units in DLH Group must now be classified as discontinued operations. Consequently, the Group income statement and balance sheet now classify the majority of the Group in one line with a specification to be found in note 3. In order to continue to present the business development in 2013 in a manner comparable with the business and the financial guidance used during 2013, DLH has decided to present the financial review on page 5-11 in accordance with the structure as it was before the new strategic plan was launched. Immediately below the financials statements after the structural changes from the new strategy combined with IFRS 5 are commented upon.

The operating loss on continuing operations (excl. impairment losses) amounts to DKK 35.5 million compared to DKK 38.9 million in 2012. The loss reflects the cost of operating the head office of DLH Group. Furthermore, an impairment loss of DKK 0.6 million was recorded in 2013. Financial expenses amounted to DKK 20.5 million compared to DKK 33.4 million in 2012. Due to the changed strategy, the company has expensed a tax asset of DKK 25.2 million. The total loss for continuing operations amounts to DKK 81.7 million compared to DKK 78.2 million in 2012.

The loss on discontinued operations amounted to DKK 194.8 million compared to DKK 114.7 million in 2012. The loss includes impairment of intangible assets of DKK 142 million based on the changed valuation principle in IFRS 5 as a direct consequence of the decision to pursue a divestment strategy. Please refer to page 3 and note 3 for further details. Loss for the year is DKK 276.5 million compared to DKK 192.9 million in 2012.

Total assets amounts to DKK 753.8 million of which DKK 749.6 million are classified as "assets held for sale". The company's equity amounts to DKK 323 million and net interesting bearing debt at year end was DKK 204 million.

(DKK million) ¹⁾	2013	2012	2011	2010	2009
Income statement:					
Profit/(loss) for the year from continuing operations	(82)	(78)	4	(20)	(260)
Profit/(loss) for the year from discontinued operations	(195)	(115)	(2)	24	(492)
Profit/(loss) for the year	(277)	(193)	2	4	(752)
Balance sheet details					
Total assets	754	1,163	1,689	2,013	2,108
Equity	323	599	776	528	533
Cash flow					
Cash flow from operating activities (CFFO)	(57)	(71)	(59)	(23)	119
Cash flow from investment activities	(2)	(1)	(20)	(59)	12
Cash flow from financing activities	(74)	(251)	(108)	5	(127)
Performance ratios					
Return on equity (ROE)	(60.0%)	(28.1%)	0.2%	0.7%	(48.9%)
Equity ratio	42.8%	51.5%	45.9%	26.2%	25.3%
Interest bearing debt, net	204	248	546	948	1,089
Average number of employees incl. discontinued operat.	473	578	604	713	792
Share-based ratios²⁾					
Booked value per diluted DKK 5 / 10 share (BVPS-D) at end of the period	6.04	11.22	16.40	14.92	30.19
Share price, end of the period (P), DKK	5.60	3.88	6.40	30.70	16.50
Diluted share price / booked value (P/BV-D)	0.93	0.35	0.39	2.06	0.55
Average number of diluted shares issued (in denominations of 1,000 shares)	53,384	53,384	47,331	35,347	17,652
Cash flow per diluted DKK 5 / 10 share (CFPS-D)	(1.06)	(1.34)	(1.26)	(0.65)	6.74
Dividend per DKK 5 / 10 share (DPS)	-	-	-	-	-
Price Earning diluted (P/E-D)	(3.7)	(2.6)	84.1	(52.2)	(1.1)
EPS basic per share of DKK 5 / 10	(1.53)	(1.46)	(0.08)	(0.59)	(14.70)

1) The financial highlights for 2012 have been restated for the change in presentation of discontinued operations incurred in 2013. 2009, 2010 and 2011 have not been restated for the change in presentation of discontinued operations incurred in 2013 as this is not possible and are therefore not comparable to 2013 and 2012.

2) Earnings per share have been determined in accordance with IAS 33 "Earnings per share". Other financial ratios have been calculated in accordance with the "Recommendations and Financial Ratios 2010" issued by the Danish Society of Financial Analysts.

The denomination of the shares was changed to DKK 5 in connection with the capital increase in April 2011 and has been restated solely for 2010.

Financial review

DLH faced continued difficult market conditions in Europe throughout the year while the overseas markets continued to grow. The Group succeeded in reducing its debt further during 2013.

Preface

The financial review is prepared consistent with the basis of the Group's 2013 financial guidance in order to provide a comparable follow up on the Group's performance. Due to the announced strategy plan, the Annual report must follow a different structure as determined by IFRS 5. In the below table the link between these two set of structures is shown. Further reference is made to note 4 of the financial statements.

Link Fin. Statements vs. Financial review

2013 (DKK million)	Sum of regions	Conti- nuing Operat.	Not Finan- cial alloca- ted review
Turnover	2,048	-	- 2,048
EBIT	5	(36)	2 (29)
NWC	448	(4)	(1) 443

Sales and earnings trend

DLH achieved a turnover of DKK 2,048 million (2012 DKK 2,248 million). The decline is a result of lower activity level in the Group's European main markets. The fall in turnover totalled 5% in the last three quarters, significantly lower than the 19% experienced in the first quarter, which was impacted by a long winter period in Europe.

Turnover in the Group's European inventory-based-business totalled DKK 1,171 million and thus declined by 18%. By contrast, the Global

Sales business area focusing on overseas markets delivered growth of 8%.

Although the European markets were difficult, DLH succeeded in continuing the growth of its sheet materials business in France and decking business in Central Europe. Also, the process of homogenising the product portfolio continued.

With declining activity in Europe and growing sales in overseas markets, the relative share of the Global Sales business increased. This, together with a continued tough competition in most markets, squeezed margins in 2013.

The Group thus achieved a **gross margin** of 10.9% against 12.3% in 2012. **Gross profit** totalled DKK 223 million while 2012 showed DKK 277 million.

Overhead costs were reduced by DKK 39 million (14%) to DKK 244 million in 2013 from DKK 283 million in 2012 as a result of rationalisation measures implemented to adapt to the lower activity level.

EBIT fell from DKK minus 14 million last year to DKK minus 29 million. The decline is mainly due to the impact from lower turnover and margin exceeding the implemented cost savings.

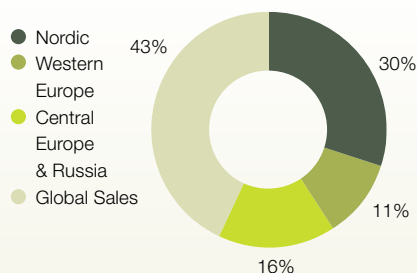
The Group's **net financial expenses** declined from DKK 43 million last year to DKK 32 million this year. The decline is due to lower interest expenses following the continued debt reduction as well as lower exchange rate losses.

Earnings before tax were DKK minus 61 million (2012: DKK minus 57 million) for the Group's continuing operations. Tax on the year's results amounted to DKK 9 million.

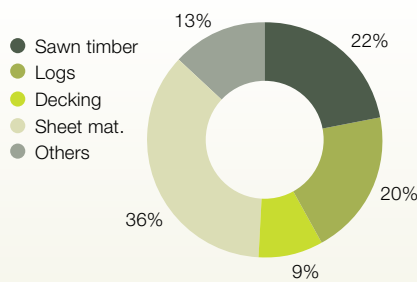
Discontinued operations: In 2013, DLH continued to focus its business through divestment and the winding up of non-strategic assets. In September the decision on ceasing stock-based sales in Benelux and Germany was announced and the business is therefore presented as discontinued operations.

In total, the result from discontinued operations is a loss of DKK 46 million. The loss is mainly related to the decision on ceasing stock-based sales in Benelux and Germany. Reference is made to note 3 and 4.

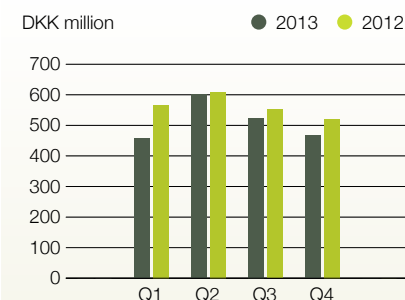
Turnover, breakdown for the group

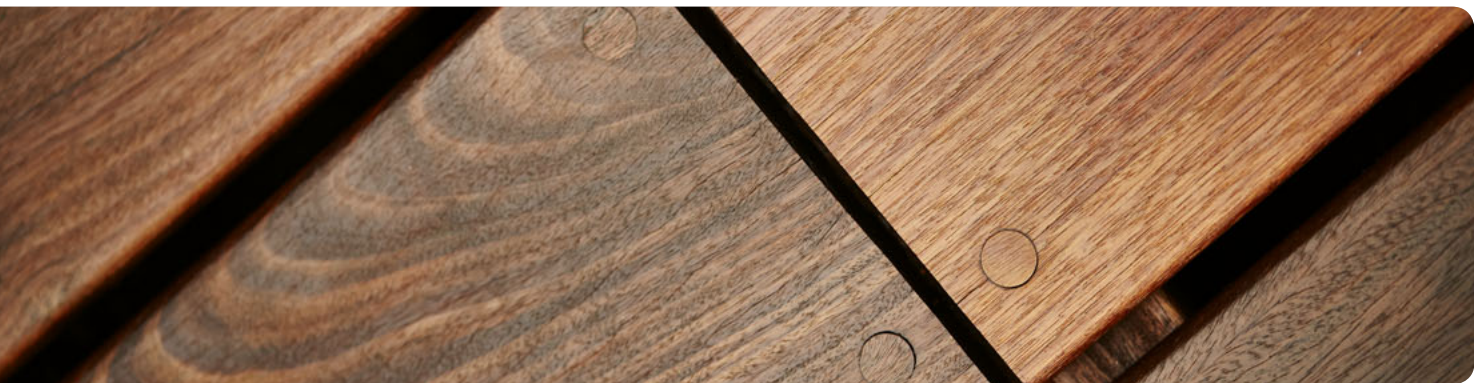


Product mix, breakdown for the group



Turnover, quarterly breakdown





Cash flow

Despite the incurred operational losses, DLH succeeded in reducing its net interest bearing debt by DKK 44 million primarily by improving net working capital. By the end of 2013 the NWC/Sales ratio was reduced to 21.6% - well below the Group's target of 25%.

Balance sheet

At the end of the year, the Group's balance sheet totalled DKK 915 million against DKK 1,163 million in 2012. The balance sheet has been reduced as a result of the successful implementation of initiatives to improve the Group's working capital and as a result of the decision on ceasing stock-based sales in Benelux and Germany.

After impairment losses on intangible assets and deferred tax assets due to IFRS 5 valuation principles as further described on page 3, the balance sheet totalled DKK 754 million.

By the end of the year, DLH's **equity** totalled DKK 483 million (2012: DKK 599 million), while solvency amounted to 52.9% against 51.5%

last year. The increase in **solvency** can be attributed to the net working capital improvement obtained in 2013.

After impairment losses on intangible assets and deferred tax assets due to IFRS 5, the equity totalled DKK 323 million.

The Group's **net interest bearing debt** was reduced by DKK 44 million to DKK 204 million (2012: DKK 248 million) as a result of the improved working capital. The reduction has enabled the Group to reduce its credit facilities from DKK 400 million to DKK 325 million during the year. The facility runs until the end of March 2014. In first quarter of 2014, the Group has entered an agreement, commencing April 2014, in which it prolongs its existing credit facility. The prolonged facility has a maximum of DKK 290m and it will expire with full repayment due on 31st of March 2015. The credit maximum will be reduced during 2014. Repayment will occur from divestment of activities or reduction of net working capital. With the current plans and activity level, the new facility is deemed sufficient to enable operations of DLH throughout 2014. Given the duration of the

old credit facility the debt is classified as short term.

Fourth quarter

In fourth quarter, DLH's turnover totalled DKK 466 million (2012: DKK 521 million). The gross margin was 9.6% versus 10.6% in 2012. The main reason for the decline was that fourth quarter of 2012 included a large insurance pay out. EBIT for the period was DKK minus 16 million against DKK minus 15 million in 2012, where the 2012 EBIT was positively impacted by the insurance pay out.

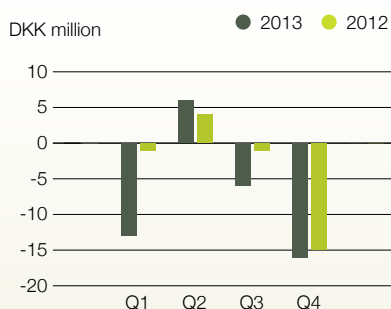
Key events after the close of the financial year

With reference to the above, in March 2014, the Group negotiated a prolongation of its credit agreement. Apart from this, no key events have taken place after the close of the year, which are of significance to the consolidated or company accounts for 2013.

Dividend

The Board of Directors recommends to the Annual General Meeting that no dividend should be paid for 2013.

EBIT



Financial highlights and key ratios for the group

(DKK million)	YTD 2013	YTD 2012	Q4 2013	Q4 2012
Turnover	2,048	2,248	466	521
Gross margin	10.9%	12.3%	9.6%	10.6%
EBIT*	(29)	(14)	(16)	(15)
EBIT margin	(1.4%)	(0.6%)	(3.5%)	(2.8%)
Organic growth	(8.9%)	(7.0%)	(10.5%)	(9.4%)
NWC/turnover	21.6%	27.7%	23.8%	29.9%
NWC	443	622	443	622

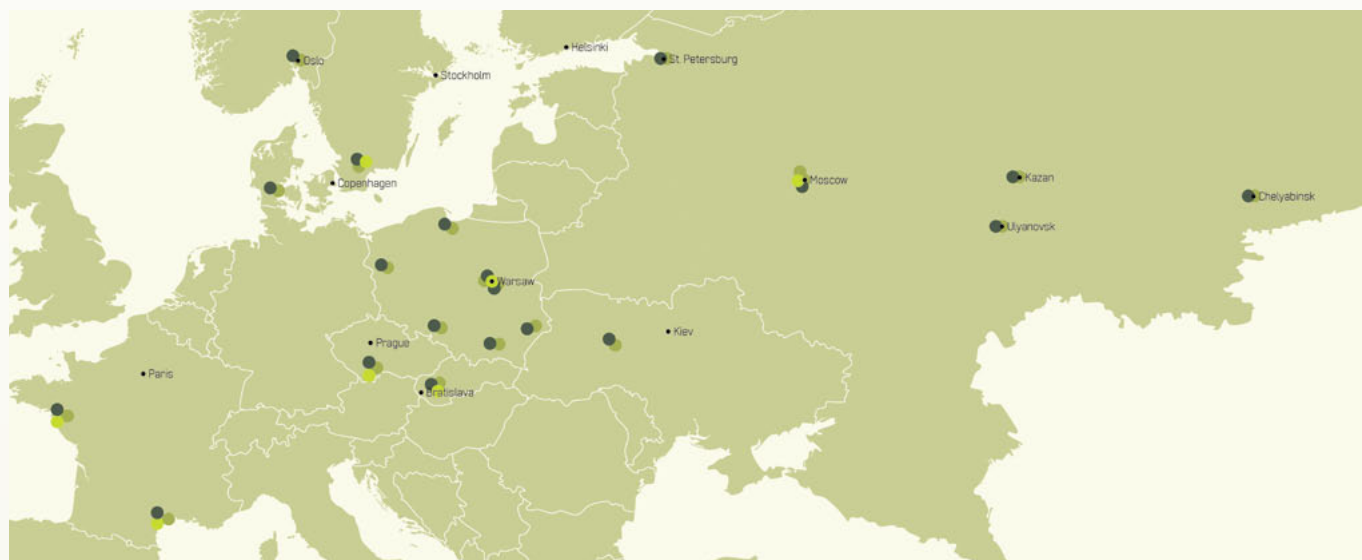
* ex. impairment

The business areas

DLH is organised into two main business areas; a European warehouse-based business and the Global Sales business area.

European warehouse-based business

DLH's European warehouse-based business serves industrial and retail customers from its own warehouses. The majority of the turnover derives from Europe. The business area is organised into the following geographical sales regions: the Nordic area, Western Europe and Central Europe and Russia.



Global Sales

The Global Sales business area operates internationally with 'back-to-back' trade in hardwood and sheet materials.



The Nordic Area

2013 was a challenging year in DLH's Nordic business area. Both main markets, Denmark and Sweden, experienced a continued reduction in demand in both the retail and industrial segments. The largest activity reduction was seen in the first quarter, where winter conditions put an unusually long damper on activity. In the second to fourth quarter DLH experienced a gradual improvement in the market - mainly in Denmark and the industrial segment.

Turnover in 2013 fell by 20% and reached DKK 606 million against DKK 760 million last year. Sales in the region were affected by the still poor macroeconomic environment with low growth and low building activity. Furthermore, first quarter sales were hit by an unusually long and snowy winter.

The poor macro economic conditions continued to tighten competition and put sales prices under pressure. Gross margin therefore fell to 12.1% against 15.3% last year. The large margin decrease in Q4 is due to a significant insurance pay out in Q4 2012.

EBIT was DKK minus 6 million against DKK 13 million last year. Overhead costs were reduced by DKK 22 million, partly compensating for the lower sales and gross margin.

The reduced overhead costs in 2013 are one element in improving DLH's competitiveness in Scandinavia. Other elements are i.e. a joint Nordic sales organisation and optimisation of inventory as well as logistics operations.

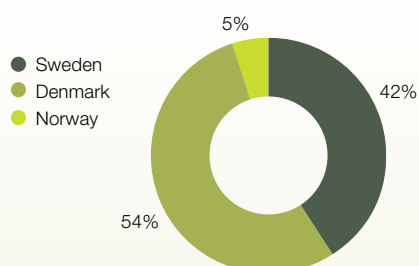


Financial highlights and key ratios for the Nordic Area

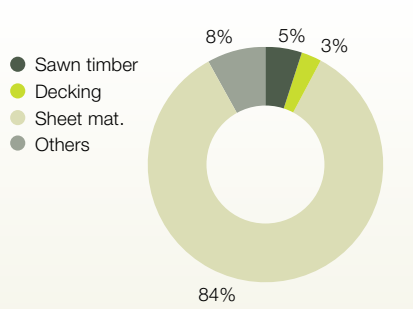
(DKK million)	YTD 2013	YTD 2012	Q4 2013	Q4 2012
Turnover	606	760	138	158
Gross margin	12.1%	15.3%	9.1%	17.4%
EBIT*	(6)	13	(5)	4
EBIT margin	(1.0%)	1.7%	(3.9%)	2.5%
Organic growth	(20.2%)	(21.7%)	(12.6%)	(26.9%)
NWC/turnover	21.0%	18.0%	23.1%	21.7%
NWC	128	137	128	137

* ex. impairment

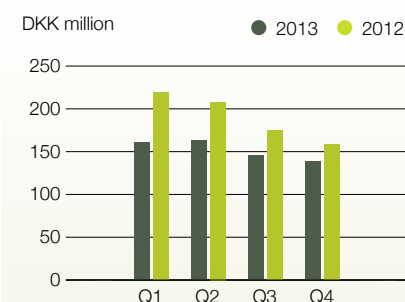
Turnover, breakdown for the region



Product mix, share for the region



Turnover, quarterly breakdown



Western Europe

With the decision to wind up the inventory based business in Benelux and Germany, the region now only comprises France.

Weak macroeconomic conditions, declining consumer confidence and the long hard winter in first quarter caused difficult market conditions in France the whole year.

Turnover reached DKK 234 million against DKK 280 million in 2012, corresponding to a fall of 16%. The majority of the decline was seen in the first quarter and the market gradually improved during the year although no signs of a quick rebound are seen.

The launch of sheet material products in France proved successful also in 2013 with a sales growth of 37%. The category now accounts for 26% of the region's turnover.

The growth in the sheet materials business, which operates with a lower gross margin than the business in general, combined with market price pressure, resulted in a gross margin slide from 12.6% to 11.4%.

Overhead costs in the region were reduced by app. DKK 5 million. EBIT thereby fell to DKK minus 3 million against DKK 1 million last year.

The region has shown great improvement in the NWC/Sales ratio, which has been reduced from 42.1% to 36.9%.



Financial highlights and key ratios for Western Europe

(DKK million)	YTD 2013	YTD 2012	Q4 2013	Q4 2012
Turnover	234	280	42	48
Gross margin	11.4%	12.6%	11.3%	10.3%
EBIT*	(3)	1	(4)	(4)
EBIT margin	(1.3%)	0.5%	(8.8%)	(7.4%)
Organic growth	(16.3%)	(24.9%)	(14.0%)	(31.8%)
NWC/turnover	36.9%	42.1%	51.9%	60.8%
NWC	86	118	86	118

* ex. impairment

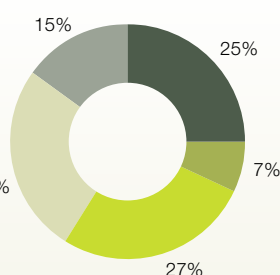
Turnover, breakdown for the region

● France



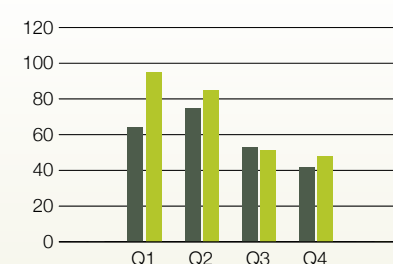
Product mix, share for the region

● Sawn timber
 ● Logs
 ● Decking
 ● Sheet mat.
 ● Others



Turnover, quarterly breakdown

DKK million ● 2013 ● 2012



Central Europe & Russia

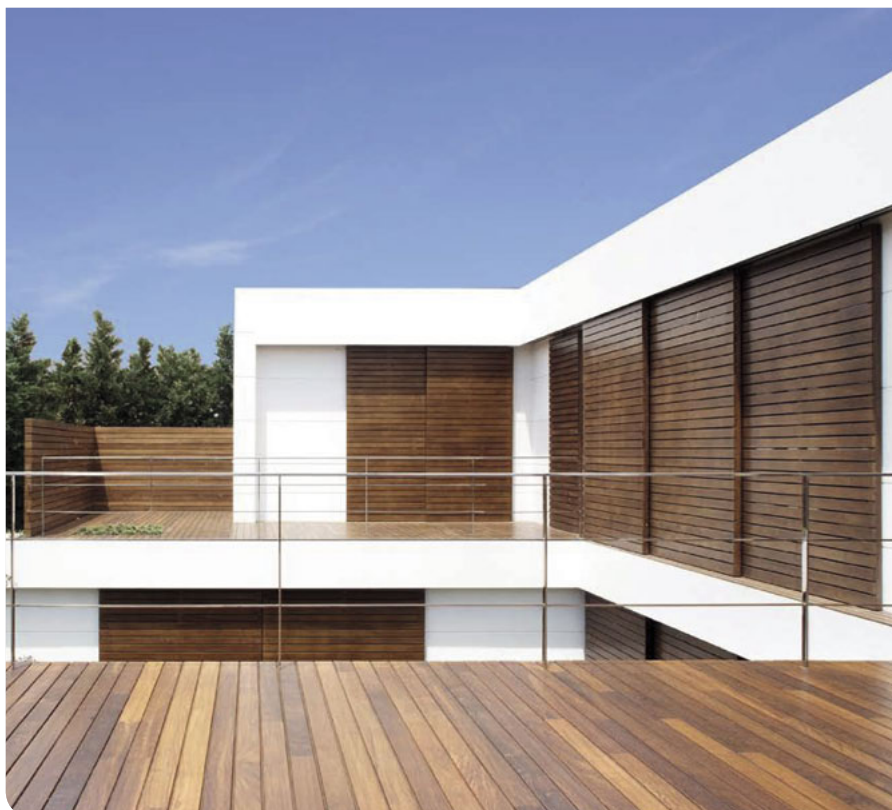
Central Europe & Russia were also affected by the weak macroeconomic conditions and the long tough winter in first quarter. Thus turnover fell by 17% to DKK 331 million against DKK 397 million last year.

The fall in market activity and turnover impacted on all countries and product groups.

All markets faced fierce price competition. However, the region succeeded in keeping an unchanged margin level - 18.2% vs. 18.4% last year.

The lower turnover and slightly lower margin caused a DKK 14 million decrease in gross profit. Cost savings of DKK 8 million were implemented during the year and reduced the EBIT fall to DKK 6 million - thereby securing a positive EBIT of DKK 3 million.

The region successfully continued to reduce its relative capital tie-up by 3 percentage points despite the lower level of turnover.

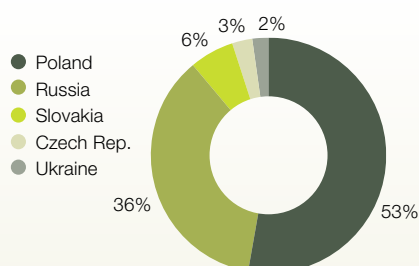


Financial highlights and key ratios for Central Europe & Russia

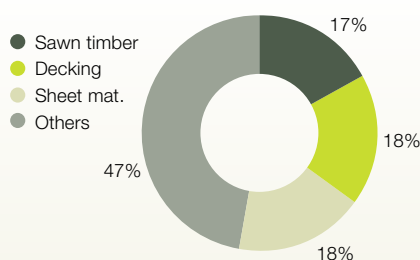
(DKK million)	YTD 2013	YTD 2012	Q4 2013	Q4 2012
Turnover	331	397	74	89
Gross margin	18.2%	18.4%	15.7%	17.8%
EBIT*	3	9	(1)	-
EBIT margin	0.9%	2.2%	(1.4%)	0.1%
Organic growth	(16.6%)	(9.0%)	(17.4%)	(10.3%)
NWC/turnover	30.6%	33.5%	34.3%	37.3%
NWC	101	133	101	133

* ex. impairment

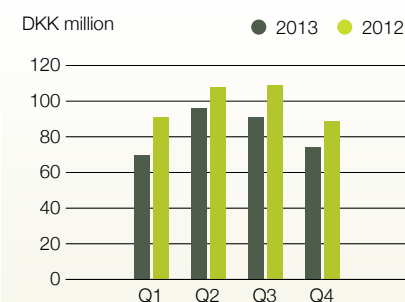
Turnover, breakdown for the region



Product mix, share for the region



Turnover, quarterly breakdown



Global Sales

Global Sales achieved a growth of 8% in 2013 as turnover reached DKK 877 million versus DKK 811 million last year.

The growth was mainly achieved in China and the majority relates to an increase in bulk shipments. The USA and Vietnam also saw satisfactory growth rates. On the other hand, India and Middle East developed negatively.

Gross margin was maintained at largely the same level as 2012. Margin was challenged by tough price pressure and by sales mix containing a larger share of bulk shipments.

EBIT amounted to DKK 10 million, which was DKK 3 million lower than last year. The increase in turnover was partly offset by lower gross margin. Overhead costs saw a slight increase, while last year's gain on some sold assets also caused the EBIT decrease.

Working capital relative to turnover was slightly reduced through tight control with all NWC parameters.

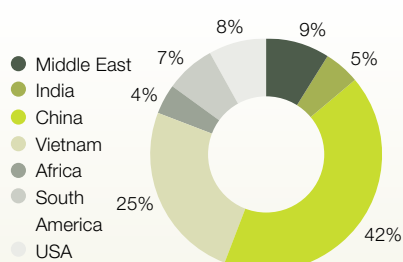


Financial highlights and key ratios for Global Sales

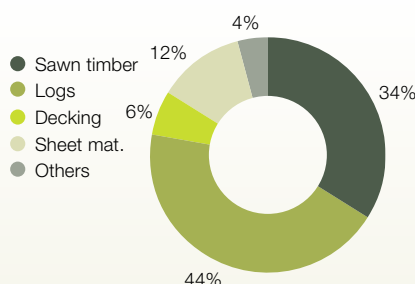
(DKK million)	YTD 2013	YTD 2012	Q4 2013	Q4 2012
Turnover	877	811	212	225
Gross margin	7.3%	7.6%	7.9%	5.7%
EBIT*	10	13	1	1
EBIT margin	1.2%	1.6%	0.2%	0.6%
Organic growth	8.1%	27.1%	(5.6%)	19.7%
NWC/turnover	15.2%	15.6%	15.7%	14.1%
NWC	133	126	133	126

* ex. impairment

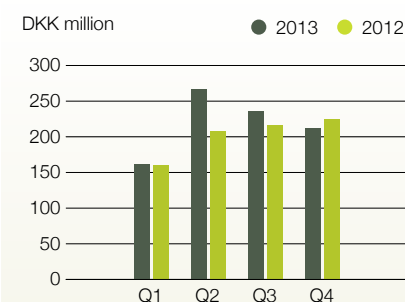
Turnover, breakdown for the region



Product mix, share for the region



Turnover, quarterly breakdown





Shareholder information

Share capital

DLH's nominal share capital is DKK 267,832,485 and the number of issued shares is 53,566,497. The shares are listed on NASDAQ OMX Copenhagen A/S and are included in the SmallCap index. All shares have the same rights, including the same number of votes per share.

Treasury share policy

By authority granted at the Annual General Meeting, DLH may acquire up to 10% of the share capital.

At 31 December 2013, DLH's portfolio of treasury shares had a total nominal value of DKK 910,940, corresponding to 0.3% of the share capital.

Dividend

The Board of Directors recommends to the Annual General Meeting that no dividend be paid for 2013.

DLH shares on the stock exchange

At the end of 2012, the price of DLH shares was 3.88 DKK and it stayed fairly stable during 2013 until the announcement of the strategy change in December 2013, when the price went up and ended at 5.60 DKK at the end of 2013. Seen over the period as a whole, DLH shares increased by 37%. By way of comparison, the SmallCap index increased by approximately 22% in the same period.

Liquidity in DLH shares increased by 45% throughout the year compared to the same period the year before; and DLH shares to an average value of DKK 0.2 million were traded on a daily basis.

By the end of 2013, the Group had 3,095 shareholders, corresponding to a fall of 9% compared to the level at the beginning of 2013. The number of registered foreign shareholders decreased in the same period to 4%.

Investor relations

DLH pursues an open and active dialogue with existing and potential investors, financial analysts and other stakeholders concerning the company's business development and financial position. The purpose is to provide participants in the stock market with the best possible information and thus enable them to make an objective and independent assessment of the company's market value, thereby creating the basis for fair price information on DLH shares.

Investor enquiries

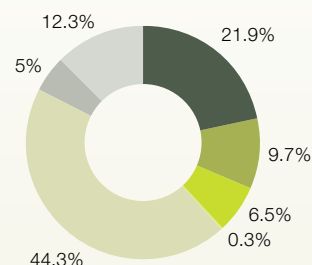
Enquiries about DLH, its business areas and the annual report should be directed to President & CEO Kent Arentoft or Executive Vice President & CFO Peter Thostrup.

Shareholders with a minimum of 5% share capital at 31 December 2013

Name	Registered Office	Proportion of share capital
DLH-Fonden	Amerika Plads 37, 2100 Copenhagen O	21.9%
Smallcap Danmark A/S	Dr. Tværgade 41, 1. 1302 Copenhagen K	9.7%
Fragaria GmbH	Vorwerker Str. 31, 27412 Wilstedt, Germany	6.5%

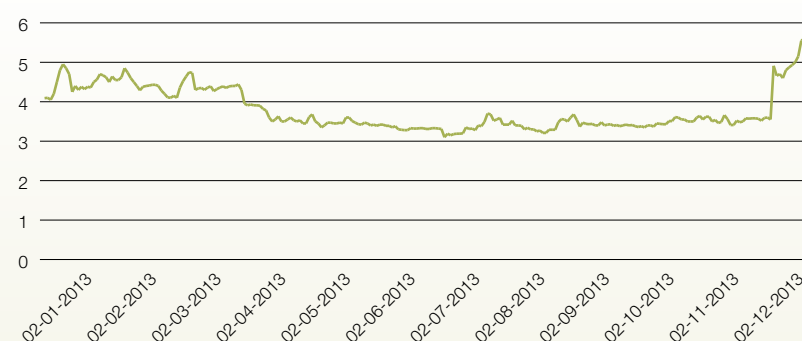
Composition of shareholders at 31 December 2013

- DLH-Fonden
- SmallCap Danmark A/S
- Fragaria GmbH
- Treasury shares
- Other registered Danish shareholders
- Other registered foreign shareholders
- Non-registered shareholders



Development in the share price 1 January 2013 - 31 December 2013

Price per share in DKK





KEY STOCK EXCHANGE ANNOUNCEMENTS

14 January 2013	Change in the Board of Directors of DLH
25 January 2013	New member of Group Management in DLH
12 March 2013	Annual Report 2012
8 April 2013	DLH maintains its outlook for 2013
8 April 2013	Information from the chairman of the AGM
10 April 2013	Articles of association of Dalhoff Larsen & Horneman A/S
15 May 2013	Interim Report 3 months 2013
15 July 2013	Expected results for Q2 and changed expectations
21 August 2013	DLH reported to the police due to claimed violation of DLH's obligation to announce inside information quickest possible
22 August 2013	Interim Report 6 months 2013
26 September 2013	DLH to restructure its Western European sales
30 September 2013	Change in the Board of Directors of DLH
31 October 2013	Financial Calendar 2014
19 November 2013	Interim Report 9 months 2013
11 December 2013	DLH Group explores new strategic options for subsidiaries
18 December 2013	Notice of extraordinary general meeting
19 December 2013	Amendment to the Financial Calendar for 2014
20 December 2013	Decision regarding report to the police for alleged violation of the company's obligation to announce inside information

FINANCIAL CALENDAR 2014

28 March 2014	Annual Report 2013
28 April 2014	Annual General Meeting and Interim report 3 months 2014
22 August 2014	Interim report 6 months 2014
5 November 2014	Interim report 9 months 2014

Board of Directors



Kurt Anker Nielsen
Chairman

Joined the Board of Directors in 2011.
 Date of birth: 1945

Positions of trust:

Chairman of Collstrups Mindelegat.

Areas of expertise:

Kurt Anker Nielsen has management experience from a number of international companies. Kurt Anker Nielsen qualified as an Audit Committee Financial Expert as defined by the US Securities and Exchange Commission.

Particular expertise within economics, accounts, capital markets and other financial matters as well as managerial experience from an international and listed Group of companies.

Shareholding

Number of shares: 17,000
 (no transactions in 2013).



Kristian Kolding
Vice-Chairman

Joined the Board of Directors in 2008.
 Date of birth: 1947

Positions of trust:

Chairman of Asko Aktieselskab, Alfred Priess A/S, Alfred Priess Holding A/S, Nordlux A/S, Nordlux Invest A/S, Lampekonsulenten A/S, Gottfred Petersen A/S, Gottfred Pedersen Holding A/S and Incentive Fonden. Member of the Board of Directors of Daniamant A/S, Daniamant Holding A/S, Daniamant (UK) Ltd., Daniamant Electronics A/S, Alex Gundersen Tobacco Aktieselskab, Assens Tobak Aktieselskab, Silkisif Aktieselskab and Ferd. and Ellen Hindsgaulls Alm. Fond.

Areas of expertise:

Kristian Kolding has management experience from Martin Gruppen and from a number of management positions at DV Industri a/s and Superfos A/S.

Particular expertise within management, wholesale company and industry, logistics and economics.

Shareholding:

Number of shares: 56,521
 (no transactions in 2013).



Agnete Raaschou-Nielsen

Joined the Board of Directors in 2010.
 Date of birth: 1957

Positions of trust:

Chairman of Brdr. Hartmann A/S, Arkil Holding A/S, and JØP. Vice-Chairman of Novozymes A/S and Investeringsforeningen Danske Invest and member of the Board of Directors of Danske Invest Management A/S, DLH Fonden, Solar A/S and Aktieselskabet Schou & Co.

Areas of expertise:

Agnete Raaschou-Nielsen has experience from a number of management positions, including Aalborg Portland A/S, Zacco Denmark A/S, Coca-Cola Tapperierne A/S and Carlsberg A/S.

Particular expertise within macroeconomics, emerging markets, international building materials industry, logistics, production, sales and management.

Shareholding:

Number of shares: 6,500
 (no transactions in 2013).



Lars Green

Joined the Board of Directors in 2011.
 Date of birth: 1967

Positions of trust:

Member of the Board of Directors of a number of subsidiaries in the Novo Nordisk Group and in Novozymes A/S. Senior Vice President, Corporate Finance, Novo Nordisk.

Areas of expertise:

Lars Green has experience from a number of management and board positions within the Novo Nordisk Group.

Particular expertise within financial management in an international Group of companies, economics, accounts and auditing.

Shareholding:

Number of shares: 15,000
 (no transactions in 2013).



John Stær

Joined the Board of Directors in 2011.
 Date of birth: 1951

Positions of trust:

Member of the Board of Directors of Ambu A/S.

Areas of expertise:

John Stær has particular expertise within management in general, including the management of international wholesale companies, logistics and supply chain management, the acquisition and divestiture of companies and accounting background.

Shareholding:

Number of shares: 7,500
 (no transactions in 2013).



Peter Høgsted
 Joined the Board of Directors in 2013.
 Date of birth: 1968

Positions of trust:
 CEO Coop Danmark A/S.
 Chairman of Noa Noa ApS.

Areas of expertise:
 Peter Høgsted has specific expertise within the European DIY sector, logistics and distribution.

Shareholding:
 Number of shares: 0
 (no transactions in 2013).



Jesper Birkefeldt
 Joined the Board of Directors in 2006.
 Date of birth: 1965

Positions of trust:
 Purchasing Coordinator, the Nordic Region.
 Elected by the Group's employees.

Areas of expertise:
 Jesper Birkefeldt has been employed in the company since 1988 during which time he has been involved in sales, IT and purchasing. Has particular insight into timber-based sheet materials.

Shareholding:
 Number of shares: 1,389
 (no transactions in 2013).



Lene Burup
 Joined the Board of Directors in 2013.
 Date of birth: 1962

Positions of trust:
 Area Manager, the Nordic Region.
 Elected by the Group's employees

Areas of expertise:
 Lene Burup has been employed in the company since 1983 during which time she has been involved in sales and procurement with particular focus on the Nordic countries. Has particular insight into timber-based sheet materials.

Shareholding:
 Number of shares: 1,328
 (no transactions in 2013).



Michael Jacobsen
 Joined the Board of Directors in 2013.
 Date of birth: 1964

Positions of trust:
 Segment Manager, Retail Denmark.
 Elected by the Group's employees

Areas of expertise:
 Michael Jacobsen has been employed in the company since 1987. He has particular insight into sale of sheet materials and hardwood. Has been elected by the employees to the DLH Fonden from 2006 to 2012.

Shareholding:
 Number of shares: 2,287
 (no transactions in 2013).

Executive Board



Kent Arentoft
President & CEO
 Appointed: September 2009
 Date of birth: 1962

Positions of trust:
 Chairman of H+H International A/S.
 Member of the Board of Directors of Xilco Holding (CH) AG and Xilco (CH) AG.

CORPORATE SOCIAL RESPONSIBILITY

This section comprises the statutory Corporate Social Responsibility statement made in pursuance of section 99a of the Danish Financial Statements Act.

The section describes DLH's Corporate Social Responsibility (CSR) focus areas and gives an overview of the key programmes and results achieved in 2013. For more information on specific CSR programmes and activities, please refer to http://www.dlh.com/CSR.aspx?sc_lang=en. DLH's CSR Report 2013, which doubles as DLH's Communication on Progress Report (COP) for the United Nations Global Compact is also available on the website http://www.dlh.com/~media/files/Shared%20files%20cross%20websites/Corporate%20responsibility/CSR%20report/DLH_CSR_2013.ashx

STRATEGY AND ENGAGEMENTS

2013 was the first complete year of full implementation of the new version of The Good Supplier Programme (GSP) which was launched the year before. This Programme serves as the basis for supplier due diligence and enables DLH to comply with international timber legality regulations such as the European Union Timber Regulation (EUTR) and the US Lacey Act.

GSP serves also as the basis for implementation of DLH's Environmental, Social and Human Rights Policies with regards to suppliers, and enables DLH to meet the commitment made to advance the principles of the UN Global Compact. Moreover, the CSR & Environment Department changed its name to CSR & Compliance to stress the company's focus on due diligence and compliance procedures in all aspects of responsible sourcing.

With the application of EUTR since March 2013, we have been learning-by-implementing the new GSP. The programme is already undergoing improvements aiming at increasing the level of due diligence conducted. We are also working on Country Guidelines to complement GSP and educate our sourcing and sales staff on timber legality

and human rights affairs in the sourcing markets.

DLH passes EUTR audit

DLH was among the first companies in Denmark and the EU to be audited by the EUTR Competent Authority in Denmark, the Danish Nature Agency, since the implementation of EUTR earlier this year. We are proud to announce that our due diligence system was assessed and found in compliance with EUTR in December 2013.

POLICIES

DLH's CSR strategy rests on three pillars: the Environmental Policy, the Social and Human Rights Policy and the Business Integrity Policy. These policies are framed within the principles of UN Global Compact. The backbone of DLH's Environmental and Social and Human Rights Policies is the GSP, a risk-assessment tool used to collect and evaluate information on how suppliers produce, process and trade timber.

The general objectives and focus areas within social and environmental responsibility are set out in these policies and can be found on DLH's website: <http://www.dlh.com/CSR/~media/files/Shared%20files%20cross%20websites/Corporate%20responsibility/Environment/DLH%20Environmental%20Policy%202010.ashx> and <http://www.dlh.com/CSR/~media/files/Shared%20files%20cross%20websites/Corporate%20responsibility/Environment/DLH%20Social%20and%20Human%20Rights%20Policy%20UK.ashx>.

DLH's position on Climate Change is included in the Environmental Policy and further explained in DLH's website at <http://www.dlh.com/CSR/Environment/Climate.aspx>.

PROGRESS 2013

Environmental Policy and Climate Change

The Environmental Policy was implemented throughout the year. An overview of the most important results achieved in 2013 is given in the following section.

Social and human rights policy

DLH's Social and Human Rights Policy regarding suppliers is integrated in the new version of GSP. The new version incorporates a section on social and working conditions at supplier level. We have been able to gather systematic information on these matters for the first time in 2013. An overview of the most important results achieved in 2013 is given in the following section.

Business integrity policy

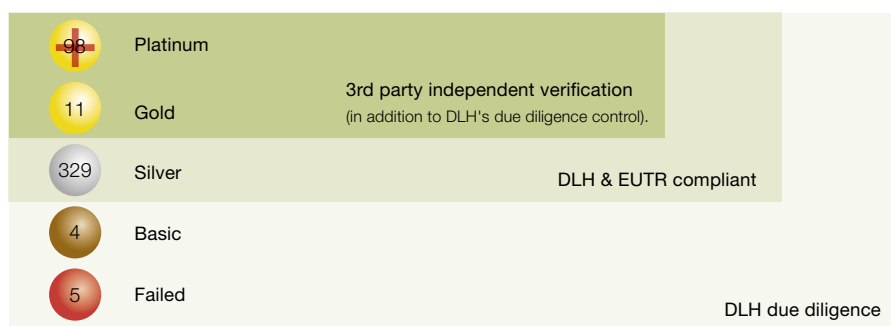
In 2013, DLH continued sustaining implementation of the Business Integrity Policy through monitoring and training. Monitoring is conducted on a quarterly basis as well as upon specific request of Management. Training has been conducted ad-hoc and upon request of Management.

RESULTS 2013

Good Supplier Programme

DLH's new Good Supplier Programme, GSP version 2013 is targeted at all suppliers, but the level of due diligence conducted de-

Figure 1: Supplier Assessment results





depends on the supplier risk profile. Based on the country of origin and product type, our suppliers are divided into two categories, namely high risk and low risk. The former are suppliers from countries with a CPI score (Corruption Perception Index Score) of less than 7, while the latter are those from countries with a CPI score of 7 or more.

The due diligence process finalises with an assessment of every supplier. Suppliers rated as "Silver", "Gold" and "Platinum" are considered to be compliant with the international regulations EUTR and US Lacey Act, and are therefore, approved for business. Besides undergoing DLH's own due diligence, "Gold" and "Platinum" suppliers are audited by independent certification bodies and, as such, are given a higher rating. Gold suppliers provide only third-party legally verified timber (e.g. OLB; SW-VLC), while Platinum suppliers provide only sustainably certified timber (e.g. FSC-PEFC). Silver suppliers can supply a mix of non-certified and certified timber.

Figure 1 provides an overview of the rating scale used to assess suppliers.

Environmental Policy & Climate Change

Our overriding environmental goal is to minimise the negative impact our business has on the world's forests and thereby contribute to combatting climate change.

Deforestation is one of the major contributors to climate change and accounts for 18% of the global carbon emissions. Every year, large areas of forest are being cleared to give way to commercial agriculture. Illegal and destructive logging activities are also major contributors to deforestation. But forestry activities, if conducted in accordance with local laws and international environmental standards, do not con-

tribute to deforestation. Well-managed forests can continue to act as climate regulators and natural carbon sinks.

Therefore we strive to promote the production and use of legal and sustainable timber among suppliers and customers, and we use our GSP risk-assessment tool to exercise due diligence and minimise the risk of purchasing illegally harvested timber.

Below we provide an overview of the results achieved and progress made in the major areas of our Environmental Policy aimed at minimising our negative impact on the forests.

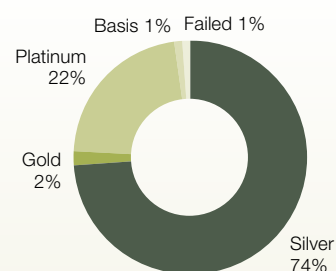
Exercising Due Diligence

2013 was the first year we gathered systematic information on our suppliers' performance. We therefore had information on forest of origin, legality and supply chain of all timber purchased from risk countries, namely the tropical countries, Russia, China and Belarus.

Around 74% of our suppliers are rated Silver and 24% are rated Gold and Platinum. Less than 1% of our suppliers have been rated basic, meaning that further investigation or documentation is required if DLH is to do business with these suppliers. Around 1% of our suppliers failed to pass our due diligence. This low percentage is explained by the supplier pre-selection that our Sourcing and Sales staff make prior to entering suppliers into our formal due diligence system. Our staff are informed about our requirements and policies and use such information to preselect suppliers.

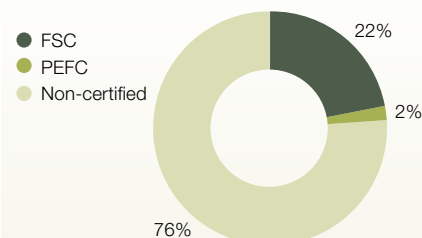
In three cases, it was necessary to conduct on-site visits to further check suppliers' compliance with our corporate policies and international regulations.

Supplier Assessment



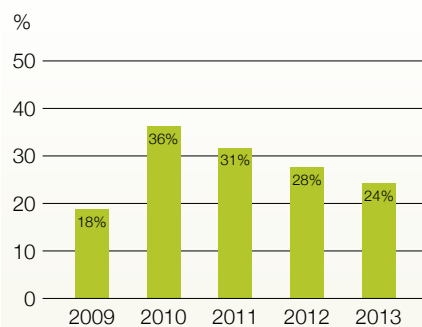
Total timber purchases

Third-party verified and certified 2013



Total timber purchases

Third-party verified and certified 2009-2013¹⁾



¹⁾ Due to changes in DLH's product structure, no comparative figures are available for 2008 and previous years.

Transport

Total International Transport Carbon Emissions¹⁾

50.483 tonnes CO₂

International Transport Carbon Emissions / m³ of timber traded²⁾

80 kg CO₂

¹⁾ Total emissions calculated based on the average emissions of the containers shipped from the top ten origins in 2013.

²⁾ Emissions calculated based on the total timber volume traded in 2013.

Third-party verified and certified timber purchases

In 2013, 24% of all procured timber (volume) was third-party verified or certified. Approximately 22% was covered by the certification scheme FSC, and 2% by PEFC. Other legality verification systems such as OLB, TLTV, MTCS, VLO and FSC CW account for very small volumes.

The volume of third-party verified or certified timber procured declined by approximately 2% in relation to 2012 mainly due to the discontinuation of parts of the business in Europe.

Our forest footprint

As part of DLH's commitment to openness and transparency, we report annually to Carbon Disclosure Project's Forest Program, formerly known as Forest Footprint Disclosure.

Companies participating in this programme are required to disclose the procedures in place to manage the impact that their business activities and supply chains have on the worlds' forests. Companies participating in this programme are part of the global trade of forest risk commodities such as timber, soya, palm oil, beef and biofuels.

CDP's Forest Programme results 2013 are available at <https://www.cdp.net/CDPResults/CDP-global-forests-report-2013.pdf>

Our carbon transport footprint

Since 2011, DLH reports only on emissions resulting from the international transport of

timber, since this is the largest single contributor to the company's carbon footprint, accounting for more than 90% of the total emissions.

Although DLH does not have direct operational control over transport routes, we believe it is important to monitor and disclose the transport footprint to our stakeholders.

DLH's total transport carbon footprint 2013 amounts to approximately 80 kg/CO₂ per cubic metre of timber traded.

Social & Human Rights Policy

Approximately 50% of our procurement is conducted in countries considered of risk with regards to labour and human rights violations. With the aid of the GSP risk-assessment tool, on-site visits, and the knowledge of our sourcing staff, we seek to minimise the risk of directly or indirectly benefitting from or contributing to any such violations.

Exercising Due Diligence

2013 was the first year we have been able to gather systematic information on our suppliers' performance on social and working conditions. As part of DLH's GSP due diligence, suppliers are required to fill out a self-assessment questionnaire. This questionnaire is later evaluated by the relevant Sourcing Staff and the CSR & Compliance Department. The Sourcing Staff possess first-hand knowledge of suppliers since they keep in regular contact with them and make on-site visits.

We had no reports on forced labour or child labour. Less than 3% of our suppliers have informed us that they employ apprentices aged 15-17. The vast majority of these suppliers are located in Brazil, where local regulations require factories to support the training programmes of technical schools by hiring apprentices. These young workers do not work more than 4 hours a day and perform low-risk tasks. Furthermore, they continue with their schooling while working.

FUTURE PERSPECTIVES

GSP version 2013 is proving to be a very important tool in complying with EUTR and other international timber regulations. This has been confirmed by the results of the audit that the Danish Nature Agency conducted on DLH's due diligence system in December.

In the future, we look forward to the effective enforcement of EUTR through regular audit controls of both small and large players in the timber industry, in order to create a level playing field for the commercialisation of legal timber.

INTELLECTUAL CAPITAL

DLH's staff play an important role in the strategic changes that have been implemented in recent years. DLH continuously strive to maintain a good working spirit and retain employees in order to obtain the strategic goals.

Risks

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

The following risk factors should be taken into account when evaluating investment in the company's shares. The management believes that the key risks to be considered in relation to an analysis of the Group and its activities are described below. The conditions mentioned are not necessarily exhaustive and are not listed in order of importance. Should some of the risk factors mentioned below materialise, it could have a significant impact on the Group's future development, results, cash flow and financial position.

Risks relating to the Group's current divestment strategy

It is associated with risk to make the correct accounting assessment of the fair value at which the individual business units or assets may sell. Hence, there is a risk that value may fall short of what is currently on the books.

It is associated with risk to determine if the assets or businesses can sell and when. Hence, there is a risk associated with the current strategy in terms of both feasibility and timing.

It is associated with risk to run a number of operational units in a divestment scenario. Key employees, customers and suppliers may leave and negatively influence the operations, results and value of the Group.

Risks relating to the Group's operations

The value of DLH's inventories can see a negative trend

As a stock-holding wholesale business, DLH maintains substantial stock in order to meet customer orders with short delivery times. If DLH does not dispose of its stock correctly or in the event of price falls or reduced demand for its warehoused products, there is a risk that the value of such stock will fall.

DLH is dependent on access to certified tropical hardwood

It is DLH's objective to be a leader in the global trade of certified tropical hardwood. As a result, the Group is dependent on access to sufficient quantities thereof. The development of certified forest in supply markets has been very slow in recent years and the supply of FSC certified tropical hardwood is limited. There is a significant risk if the Group cannot gain access to sufficient volumes of certified tropical hardwood.

DLH is dependent on a few major sheet product suppliers

DLH has signed agreements with a limited number of producers concerning the supply of sheet products. Should the partnership with one or more of these producers cease, DLH is exposed to a supply risk until such supplies have been replaced by equivalent sheet products from other suppliers.

DLH is dependent on an efficient supply chain

DLH is dependent on having an efficient supply chain all the way from purchasing to delivery to the end customer. As a focused wholesaler in the market for trading timber and timber products, DLH operates in a market characterised by relatively low earnings margins. If the supply chain is inefficient, therefore, the Group risks losing competitiveness and market share. The low earnings margins also mean that even minor cost increases can have a relatively significant adverse effect on the Group's earnings.

Access to freight and transport may be limited

The access to freight and transport of DLH's products from the supply countries to the Group's markets can be, for several reasons, periodically limited or subject to delays.

Access to sea freight can be limited at times of high business activity if ship own-

ers' tonnage availability is deployed on other freight routes. Equally, a lack of access to road transport, especially in certain African countries can delay deliveries. Moreover, climate conditions may limit access to freight and transport of supplies from susceptible geographical areas.

DLH buys raw materials from countries where trade, logistics and legislation as well as political and economic conditions differ from western norms

A significant proportion of DLH's supply areas are located in countries where trade, logistics and legislation differ from western norms. This can result in a lack of law enforcement, corruption and other types of criminality.

Moreover, the political and economic conditions in several supply areas are unstable and the risk of political turbulence, unrest etc. exists. Changes to policies in certain countries have resulted in export bans on goods, including timber products, for shorter or longer periods.

DLH is exposed to losses on receivables or other counterparties

The Group's credit risks primarily relate to receivables, prepayments for goods and receivables from derivative financial instruments and, to a lesser extent, from bank account deposits. The economic slowdown in certain countries has increased the credit risk. The increased risk materialises when credit insurance companies reduce and, in the worst case, terminate their insurance limits for insured customers or when the Group's own risk on uninsured customers increases. In addition to the increased risk, considerable costs for credit information and debtor insurance can be expected.

To secure supplies from Africa, South America and Eastern Europe, the company uses prepayments to suppliers as a substantial parameter. This involves a risk of losses.



DLH can be made responsible for deficiencies

As an intermediary, DLH is exposed to risk if the products that are sold are deficient. If the risk cannot be transferred to the producer, the Group is at risk that certain products have to be recalled which can entail considerable costs for replacement, repair or compensation. Such events may also harm the DLH brand and reputation.

DLH is dependent on certain major customers

If one or more of the Group's major customers terminate their contracts with DLH or stop buying DLH products, this could have a significant negative impact on the Group. The largest single customer accounted for 3% of the Group's overall turnover in 2013.

Risks relating to markets in which the Group operates

The Group is subject to global economic trends

DLH is exposed to considerable risks relating to developments in its sales markets. The financial crisis and the subsequent downturn in global economic trends have led to falling consumption. The construction sector, DLH's most important market, has been among the hardest hit in that orders for new building and renovation activities are closely linked to general economic trends.

The Group sells products in several markets with political and economic risks

DLH sells the majority of its products in Europe although a considerable proportion is sold in emerging markets such as China, Russia, India and Vietnam. The Group's sales in some of these markets are, in general, subject to risks that normally relate to sales in new markets, including possible political and economic turmoil.

DLH is exposed to risks from global and regional disasters and other accidents

The Group's activities and results can be negatively affected by disasters or other accidents. DLH may also be affected by damage to its stock as a result of, for example, fire or other accidents. Damage to stock may, for instance, impede service to the Group's customers and therefore have a negative impact on the Group's turnover and reputation.

Negative publicity may harm the Group's activities

The Group wishes to be a leader within global trading with certified tropical hardwood. Trading – especially in tropical wood – is of interest to the media and DLH has, in the past, experienced negative publicity.

Despite the fact that the Group's strategy is based on high profile environmental policies and that it is committed to operating as an environmentally responsible company, there is a risk that the Group may be subject to negative publicity going forward.

The Group operates in a competitive market

The market in which DLH operates, timber and timber products, is highly competitive. Price competition has further intensified in recent years in part because of low entry barriers, an increasing number of back-to-back customers and new wholesalers in the market. This has impacted on DLH's market position and earnings.

Financial risks

Financing

The Group has access to credit lines from a bank consortium. Access to these lines is related to certain financials targets. Should the Group fail to reach these targets, there

is a risk that access to financing will be lost or reduced. Please refer to note 20 for further information.

DLH has risks relating to non-covered pension commitments

The parent company and the majority of the foreign companies' pension commitments are covered by insurance. In a few of DLH's foreign companies, however, the employees are covered by the so-called "defined benefit" pension schemes where the pension commitment is not covered and therefore involves a risk for DLH. Please refer to Note 17 for further information.

The Group is exposed to changes in foreign exchange rates

Due to its international activities, DLH is exposed to foreign exchange fluctuations. The Group's main foreign exchange exposure relates to USD and to a lesser extent to PLN, SEK and NOK. If Denmark's fixed rate policy vis-à-vis EUR changes, DLH's foreign exchange exposure will increase.

The Group is exposed to changes in interest rates

As a consequence of its financing activities, DLH is exposed to risks relating to fluctuations in interest rate levels in both DKK and other borrowing currencies. The primary interest rate exposure relates to fluctuations in short money market rates in the Group's shadow currencies. It is DLH's policy to hedge interest rate risks on loans when it is deemed that interest payments can be hedged at a satisfactory level. Hedging is usually implemented at the time of the conclusion of interest rate swaps when variable rate loans are converted to fixed interest.

Risks relating to litigation, disputes and legal issues

DLH is at a risk of being a party to litigation and other disputes

DLH could become a party to litigation and arbitration cases and may incur liability if these were to have a negative outcome for the Group. There is a risk that DLH may incur damages, fines or other sanctions at a future date.

Risks relating to divested companies and activities

DLH has disposed of a number of non-strategic companies and activities. Within this context, DLH has issued certain guarantees to purchasers that may involve a risk of losses.

DLH is subject to prevailing laws in a number of special jurisdictions

The Group is subject to extensive national and international legislation within, for instance, employment law, the environment and competitive issues and prevailing industry standards and practices. The Group is represented within a number of jurisdictions and, therefore, subject to significantly different legislation and regulations. Irrespective of the fact that the Group strives to comply with all relevant legislation and regulations, there is a risk if DLH has not fully complied in all cases.

Tax regulations in some of DLH's markets may differ substantially from European traditions

DLH's global timber trading business involves activities in a number of countries where the Group is exposed to changes in taxation, levies, customs and accounting regulations.

In particular, the above is true where the taxation regulations and the administrative traditions and interpretation thereof may deviate considerably from regulations, traditions and administrative practice in Europe.

In certain jurisdictions, the local tax authorities have made a claim for payment of further corporation tax, VAT and levies. There is also a risk that the authorities will issue new claims. Current and potential disputes are dealt with partly through negotiation with the local tax authorities and partly within the country's legal system.

The management's view is that the claims and risks have been properly recognised in the financial statements, but there may be risks associated therewith in that both current and potential demands from the local tax authorities are substantial.

With regard to the former jointly-taxed subsidiary in Brazil, a re-taxation liability in Denmark exists, which, as at 31 December, 2013 amounted to DKK 81 million. The liability has not been recognised in DLH's Annual Report because the management has taken, and will continue to take, measures to prevent the deferred tax commitment from being triggered. There may be a risk that these precautions prove insufficient.

The Group's principles for managing risks

The Group has established a number of systems and policies for countering the above-mentioned risks.

The most important element is the company's management structure where, through close dialogue and rules for arrangement and procurement, a pro-active approach is ensured for every important issue that may incur a risk for the Group.

The Group has established a number of systems for managing quality and supplies under the frequently difficult conditions applying in the supply areas. The systems are supported by the Group's physical presence in the form of procurement offices in most of the supply areas. These offices undertake random inspections of the quality of the purchased timber before shipment.

With regard to tropical hardwood, DLH generally trades with many small and medium-sized suppliers, which ensures good supplier diversification. Usually it is possible to substitute a product from one supply region with products from other supply regions. It is this supply flexibility and the Group's active presence in all important supply regions that sets DLH apart from almost all its competitors.

Risk relating to selling on credit is selectively covered through an active credit policy where credit insurance is used to a significant extent. The Group's credit risks and policies for covering such risks are described in more detail in Note 20.

DLH's financial risk management operates on the basis of fixed policies, which ensure that positions are only taken up to hedge risks. Risk management and the hedging of currencies linked to the Group's product transactions are, in the main, managed on a decentralised basis while the hedging of the Group's interest rate risk is managed centrally by the Finance Department. The Group primarily uses forward exchange contracts and interest rate swaps for its financial risk management. Financial risks and DLH's foreign exchange policy are described in more detail in Note 20 on financial risks.

DLH's insurance policy determines the general framework for insuring persons, property and interests associated with the Group. Insurable risks are evaluated on an ongoing basis, with assets and serious financial losses being insured against. In general, no insurance is taken out against losses where, from the Group's point of view, the costs of insurance are deemed to exceed the risk. DLH's insurance portfolio consists of global Group policies comprising all risk, general and products liability, transport, and travel, as well as local policies such as vehicles, workers compensation, and other locally demanded insurances. With regard to general insurance, DLH has joined forces with the international insurance broker, Willis.

Corporate governance and risk management

DLH Group's Board of Directors and Executive Board continuously strive to ensure that the Group's management structure and control systems are appropriate and function satisfactorily. A range of internal policies and procedures has been developed and is maintained on an ongoing basis to ensure an active, safe and profitable management of the Group. With the newly adopted strategy the Board of Directors and Executive Board put special emphasis on securing the best financial outcome of the current strategy

Corporate Governance

The Board of Directors monitors developments within the field of corporate governance and it is the company's intention to follow all recommendations, where it is deemed expedient and relevant. Updates appear on the company's website throughout the year. A number of internal policies and procedures have been developed and are maintained on an ongoing basis with a view to ensuring active, safe and profitable management of the Group. This includes monitoring the ongoing divestment process of the Group's business units.

In May 2013, the Committee on Corporate Governance published revised "Recommendations for Corporate Governance" based on a "comply or explain" principle. The Board of Directors' view is that the Corporate Governance Recommendations are followed by the management of DLH Group.

In accordance with the recommendations, the company's website sets out how the company complies with each point of the recommendations, c.f. the following URL: http://www.dlh.com/Investor/Download/Annual-Reports/~media/files/Website%20specific%20files/GROUP/IR/UK/2014/DLH_Annual_Report_2013.ashx.

The role of shareholders and interaction with the company's management

DLH Group seeks to ensure information given to, and the opportunity for dialogue with, the Group's shareholders is achieved through the regular publication of news, financial reports and annual reports as well as at the Annual General Meeting. DLH Group works actively to provide investors and analysts with the best possible insight into issues that can ensure the fair pricing of the Group's shares, which is achieved

partly through the information provided to the market on a regular basis and also through meetings with professional investors. Information to the market is published on the website and is distributed directly to those shareholders who have requested it.

The Board of Directors regularly assesses whether the Group's capital structure is in line with the Group and its shareholders' interests. The main objective is to secure a structure that supports the current strategy which includes ensuring that the Group is always capitalised in order to obtain financing on the usual and expedient terms.

The Annual General Meeting is the ultimate authority. The Board of Directors' intention is to ensure that shareholders receive detailed information about, as well as an adequate basis for, examining the items discussed and the decisions taken at the Annual General Meeting.

Notice of the Annual General Meeting is issued at least three weeks before the meeting. Together with the notice, supplementary information on the nominated candidates for election to the Board of Directors such as qualifications and directorships in other companies and key organisations together with information on whether the candidate is considered independent is also provided.

The aim is to ensure that all board members take part in the Annual General Meeting. In 2013, seven board members took part. All shareholders are entitled and encouraged to attend and vote in person or by proxy and put forward proposals for consideration. Shareholders may give a proxy to the Board of Directors or other participants at the Annual General Meeting for each item on the agenda.

The supreme and central governing bodies' tasks and responsibilities

The Board of Directors ensures that the Executive Board complies with the objectives, strategies, policies, etc. decided by the Board of Directors.

In April 2013, the Board of Directors laid down the Company's objectives to increase the proportion of women among the members of the Board of Directors from 17% in 2013 to 40% in 2017. A policy for gender balance in DLH was also adopted with the aim to include more women in DLH's managerial staff.

Briefings from the Executive Board to the Board of Directors occur systematically at meetings and through written and oral reports. Reporting includes matters relating to the financial position, profitability, development and factors relevant to the surrounding world.

The Board of Directors meets at least four times a year and as required. In 2013, there were ten Board of Directors' meetings and one strategy seminar. The Board of Directors receives regular written information on the Group's operations and position as well as risks in significant areas. In addition to decisions relating to significant operational conditions, i.e. decisions on disposals and possible acquisitions, the adequacy of the capital base and the composition of long-term commitments, the Board of Directors also decides on key policies and auditing matters. The Board of Directors examines, adjusts and approves the business procedures for the Executive Board on an annual basis and sets out the reporting requirements sent to the Board of Directors and for communication between the two governing bodies.



The Chairman and Vice-Chairman constitute the chairmanship. The Chairman's and, in his absence, the Vice-Chairman's specific tasks are specified in the rules of procedure.

The Board of Directors evaluates the Board of Directors' composition and desirable/necessary competences as well as the co-operation with the Executive Board and the results arising. Self-evaluation, based on questionnaires and individual conversations with the Chairman, provide the basis for an evaluation of the composition of the Board of Directors. The evaluation comprises the number of members and their competences, including diversity regarding gender, age and special skills possessed by the individual members, and whether the individual members of the Board of Directors and Executive Board actively participate in the Board of Directors' discussions and contribute their own evaluations. On the basis of the self-evaluation in 2013, the Board of Directors concluded that a board with 5-6 shareholder elected members is suitable and that the Board of Directors' current composition and competence reflects the Board of Directors' desired competence profile.

The Board of Directors assesses annually whether there is an opportunity to update or enhance board members' skills in terms of their responsibilities. In addition, the Board of Directors determines annually its most important tasks in relation to an ongoing assessment of the Executive Board's work and the financial and managerial control of the Group.

The Board of Directors appoints the CEO. The Executive Board is responsible for the organisation and implementation of the strategic plans etc. decided by the Board of Directors. The Executive Board is not a

member of the Board of Directors, but typically participates in board meetings.

The supreme governing body's composition and organisation

The Board of Directors is elected at the Annual General Meeting. All elected members of the Board of Directors are independent. DLH-Fonden has a statutory right to appoint one member provided that DLH-Fonden owns at least 10% of the company's capital. DLH-Fonden chose not to make use of this right in 2013.

The Board of Directors comprises six members who are elected by the Annual General Meeting and three employee members elected under the Companies Acts regulations for employee representation. The Board of Directors deems the number of members to be appropriate, but in the light of the newly adopted strategy the Board of Directors will look into a possible reduction of the number of Board members.

All members of the Board of Directors elected by the Annual General Meeting stand for election every year whereas the employee representatives are elected every four years: the next election is in 2014. Re-election can take place, albeit not of individuals who, at the time of the election, have reached the age of 70. The Chairman and Vice-Chairman of the Board of Directors are elected by the Annual General Meeting. The Board of Directors determines its own rules of procedure.

The current members of the Board of Directors, their age, positions held, the year that they were first elected as a member of the Board of Directors and the number of shares and changes in their shareholdings during the financial year are given in the overview on pages 15 and 16.

The company is of the opinion that all members of the Board of Directors possess the professional and international experience required to function as board members.

The Board of Directors has established an Audit Committee. The Audit Committee's terms of reference, the number of meetings and information about the committee members are available at the Group's website: http://www.dlh.com/Investor/Corporate_governance/Revisionsudvalg.aspx?sc_lang=en.

Audit Committee

The Board of Directors and the Audit Committee, along with the Executive Board, monitors the Group's internal control systems and the process of financial reporting as well as reviewing interim and annual reports prior to submitting these for approval and publication. The Audit Committee also evaluates the independence and competence of the auditors and nominates candidates for the position of independent auditors.

The Audit Committee also reviews the Group's accounting policies and evaluates key accounting matters. The Audit Committee recommends to the Board of Directors fees, deadlines and other terms pertaining to the Group's independent auditors; and it also monitors the audit process.

The independent auditors report directly to the Audit Committee with regard to the auditors' remarks and other recommendations, on matters pertaining to accounting policies and the reporting process. Auditor remarks and recommendations from the independent auditors are also reviewed by the Group's Chief Financial Officer to ensure that all key aspects have been addressed correctly.

Financial reporting

The Board of Directors and Executive Board are responsible for ensuring that the Annual Report and other financial reporting are prepared in accordance with legislation, applicable standards, etc. Prior to the publication of financial reports, the Board of Directors ensures that these are comprehensible and balanced, and provide a true picture of assets, liabilities, the financial position as well as results and cash flow. It also ensures that the Management's review contains a true and fair account of the matters to which the report relates, including future prospects.

Organisation, financial reporting process and internal controls

The Board of Directors and Executive Board have the overall responsibility for the Group's risk management and internal controls in the financial reporting process, including compliance with relevant legislation and other financial reporting regulations.

Management has drawn up policies, instructions, manuals, procedures etc. for the key areas relating to financial reporting, such as accounting and reporting instructions, which are kept updated on an ongoing basis. The individual Group companies' compliance with such guidelines is regularly monitored by the heads of the business areas and at Group level by the Group's Finance Department. Formal confirmation of compliance is requested annually.

The Audit Committee and the Executive Board carry out various general risk assessments for the Group, which also include risks relating to the financial reporting process. Control activities are based on risk assessment. DLH Group's control activities aim to ensure compliance with the tar-

gets, policies, instructions, procedures and other guidelines adopted by management and to ensure the timely prevention, discovery and correction of any errors, deviations or defects. Control activities include manual and physical controls as well as general IT controls and automatic application controls in the IT systems used.

The Group's activities are divided into four regions, each under a regional director. The individual regions include companies in different countries with local management and finance functions. The level of competence in the local finance functions is regularly assessed and determined with regard to the significance and complexity of the activities. The individual companies operate their own IT systems for their local financial recording. All Group companies, however, use a common reporting and consolidation system.

To some extent, business procedures and the extent of internal controls are determined on a decentralised basis by the management of the individual companies. The Group has standardised risk management and internal control procedures in connection with the financial reporting process. This work includes documentation of risk evaluation regarding the Group's preparation of accounts, including specification of the most important processes and key controls. In addition, the work includes the design and implementation of a system for periodic reporting from the units to the Group's management regarding the performance of the key controls. The work has primarily comprised the essential and most risk-bearing processes and business units within the Group.

Financial reporting for the Group is conducted through monthly reporting from the individual Group companies to Group Finance, which is responsible for preparing quarterly and annual reports. The Finance Department is the main contributor to financial reporting and is responsible for determining the Group's financial assets and financial liabilities.

Monthly reports from the Group companies are unaudited. However, at divisional and at Group level, internal control of the financial reporting and cash flows is carried out independently of the business units.

Going concern statement

In connection with financial reporting, the Board of Directors, Audit Committee and Executive Board have assessed whether it is justified that the Going Concern assumption is taken as its basis. The Board of Directors, the Audit Committee and the Executive Board have concluded that there are no important factors at the time of financial reporting that give rise to doubts as to whether the Group and the company are able to and wish to continue operations at least until the next balance sheet date. The conclusion is made on the basis of knowledge of the Group and the company, the estimated future prospects and the identified uncertainties and risks related to this (referred to in the Management Review and Note 20) and after examination of budgets, including expected cash flow trends and developments in the capital base etc., the presence of credit facilities with associated contractual and expected maturity periods as well as covenants and conditions in general. It is, therefore, considered reasonable, judicious and well founded to assign the going concern assumption as the basis for financial reporting.

Statements

Management statement

The Board of Directors and Executive Board have today discussed and approved the annual report of Dalhoff Larsen & Horneman A/S for the financial year 2013. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position as at 31 December 2013 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2013. In our opinion, the Management commentary includes a fair review of develop-

ments in the Group's and the parent company's operations and financial conditions, the results for the year, cash flows and financial position as well as a description of the significant risks and uncertainty factors that the Group and parent company face.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 28 March 2014

Executive Board:

Kent Arentoft

Board of Directors:

Kurt Anker Nielsen
(Chairman)

Kristian Kolding
(Vice-Chairman)

Jesper Birkefeldt*

Lene Burup*

Lars Green

Peter Høgsted

Michael Jacobsen*

Agnete Raaschou-Nielsen

John Stær

*) Elected by the employees

Independent auditors' report

To the shareholders of Dalhoff Larsen & Horneman A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of Dalhoff Larsen & Horneman A/S for the financial year 1 January – 31 December 2013. The consolidated financial statements and the parent company financial statements comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for such internal control that management determines is necessary to enable the preparation of consolidated financial statements and parent company financial

statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and

the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2013 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January to 31 December 2013 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements.

On this basis it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 28 March 2014

KPMG

Statsautoriseret Revisionspartnerselskab

Finn L. Meyer
State Authorised Public Accountant

Birgit M. Schrøder
State Authorised Public Accountant

Financial Statements

Income statement

Note	(DKK million)	Group		Parent company	
		2013	2012	2013	2012
4	Net turnover	-	-	-	-
	Cost of sales	-	-	-	-
	Gross profit	-	-	-	-
5	Other external expenses	(13.0)	(15.0)	(13.0)	(15.0)
6	Staff costs	(20.9)	(22.6)	(20.9)	(22.6)
	Other operating income	0.3	1.8	0.3	1.8
	Other operating expenses	-	(0.1)	-	(0.1)
	Operating profit/(loss) before depreciation and amortisation (EBITDA)	(33.6)	(35.9)	(33.6)	(35.9)
11	Depreciation and amortisation	(1.9)	(3.0)	(1.9)	(3.0)
11,12	Impairment losses	(0.6)	-	(10.9)	(11.1)
	Operating profit/(loss) (EBIT)	(36.1)	(38.9)	(46.4)	(50.0)
	Financial items:				
7	Financial income	0.1	0.2	23.1	23.7
8	Financial expenses	(20.5)	(33.4)	(37.2)	(41.5)
	Profit/(loss) from continuing operations before tax (EBT)	(56.5)	(72.1)	(60.5)	(67.8)
9	Tax for the year on the profit/(loss) from continuing operations	(25.2)	(6.1)	(25.2)	(8.3)
	Profit/(loss) for the year from continuing operations	(81.7)	(78.2)	(85.7)	(76.1)
3	Profit/(loss) for the year from discontinued operations	(194.8)	(114.7)	(238.9)	(79.3)
	Profit/(loss) for the year	(276.5)	(192.9)	(324.6)	(155.4)
10	Earnings per share:				
	Earnings per share (EPS) of DKK 5 each	(5.18)	(3.61)		
	Earnings per share diluted (EPS-D) of DKK 5 each	(5.18)	(3.61)		
	Earnings per share (EPS) for continuing operations of DKK 5 each	(1.53)	(1.46)		
	Earnings per share diluted (EPS-D) for continuing operations of DKK 5 each	(1.53)	(1.46)		
	Recommended appropriation of profits:				
	Dividend proposed 0% (2012: 0%) per share of DKK 5 each			-	-
	Retained earnings			(324.6)	(155.4)
				(324.6)	(155.4)

Statement of comprehensive income

Note	(DKK million)	2013	2012
Group			
	Profit/(loss) for the year	(276.5)	(192.9)
Other comprehensive income:			
Items that may not be reclassified to the income statement:			
	Actuarial gains/(losses) on defined benefit plans	(0.9)	(2.2)
9	Tax	-	(0.5)
		(0.9)	(2.7)
Items that may be reclassified to the income statement:			
	Foreign currency translation adjustments on conversion of foreign operations	(0.9)	15.8
	Foreign currency adjustments transferred to profit/(loss), discontinued operations	-	(0.4)
Value adjustments of hedging instruments:			
	Value adjustment for the year	0.9	(0.8)
	Value adjustment transferred to turnover	(1.0)	4.4
	Value adjustment transferred to cost of sales	-	(0.4)
	Value adjustment transferred to financial items	1.8	0.6
	Tax	-	-
		0.8	19.2
	Other comprehensive income after tax	(0.1)	16.5
	Comprehensive income in total	(276.6)	(176.4)
These may be broken down as follows:			
	Comprehensive income for the reporting period, continuing operations	(78.1)	(79.4)
	Comprehensive income for the reporting period, discontinued operations	(198.5)	(97.0)
Parent company			
	Profit/(loss) for the year	(324.6)	(155.4)
Other comprehensive income:			
Items that may be reclassified to the income statement:			
Value adjustment of hedging instruments:			
	Value adjustment for the year	0.9	(0.8)
	Value adjustment transferred to turnover	(1.0)	4.4
	Value adjustment transferred to cost of sales	-	(0.4)
	Value adjustment transferred to financial items	1.8	0.6
	Tax	-	-
	Other comprehensive income after tax	1.7	3.8
	Comprehensive income in total	(322.9)	(151.6)

Assets

Note	(DKK million)	Group		Parent company	
		2013	2012	2013	2012
Non-current assets:					
11 Intangible assets:					
	Goodwill	-	148.8	-	5.9
	Customer relations, trademarks and IT systems	-	6.0	-	4.8
		-	154.8	-	10.7
11 Property, plant and equipment:					
	Land and buildings	0.1	62.4	0.1	0.9
	Plant and machinery	-	0.3	-	0.0
	Other plant and equipment, fixtures and fittings	2.0	8.4	2.0	2.9
		2.1	71.1	2.1	3.8
Other non-current assets:					
12	Investments in subsidiaries	-	-	-	430.8
12	Receivables from Group enterprises	-	-	3.3	104.8
13	Other investments and securities	-	3.7	-	3.7
	Other non-current assets	-	0.1	-	-
14	Deferred tax	-	40.9	-	25.2
		-	44.7	3.3	564.5
Total non-current assets		2.1	270.6	5.4	579.0
Current assets:					
Inventories:					
	Manufactured goods and goods for resale	-	468.2	-	95.3
	Prepayment for goods	-	14.7	-	9.7
		-	482.9	-	105.0
Receivables:					
15	Trade receivables	-	231.6	-	109.8
12	Receivables from Group enterprises	-	-	90.4	102.1
14	Income tax receivables	-	8.5	-	-
	Other receivables	1.0	27.2	1.0	2.8
	Prepaid expenses	1.1	17.5	1.1	10.6
		2.1	284.8	92.5	225.3
28	Cash	-	98.9	-	21.1
3	Assets held for sale	749.6	25.8	456.5	12.7
Total current assets		751.7	892.4	549.0	364.1
Total assets		753.8	1,163.0	554.4	943.1

Liabilities and equity

Note	(DKK million)	Group		Parent company	
		2013	2012	2013	2012
16	Equity:				
	Share capital	267.8	267.8	267.8	267.8
	Hedging reserve	0.9	(0.8)	0.9	(0.8)
	Foreign currency translation adjustment reserve	(26.5)	(25.6)	-	-
	Retained earnings	80.3	357.7	(100.4)	224.2
		322.5	599.1	168.3	491.2
	Non-current liabilities:				
17	Pensions and similar provisions	-	9.1	-	-
14	Deferred tax	-	9.7	-	-
18	Provisions	5.9	14.5	5.9	10.4
19	Subordinated loan	-	18.7	-	18.7
19	Credit institutions	-	0.3	-	0.3
		5.9	52.3	5.9	29.4
	Current liabilities:				
19	Credit institutions	161.3	309.9	161.3	239.4
	Trade payables and other payables	9.8	135.3	9.8	51.2
19	Subordinated loan	18.6	18.6	18.6	18.6
	Payables to Group enterprises	-	-	109.1	88.9
14	Income taxes	-	2.2	-	-
18	Provisions	2.7	7.8	2.7	4.5
	Accruals and deferred income	-	0.1	-	-
		192.4	473.9	301.5	402.6
3	Liabilities relating to assets held for sale	233.0	37.7	78.7	19.9
	Total liabilities	431.3	563.9	386.1	451.9
	Total liabilities and equity	753.8	1,163.0	554.4	943.1

Cash flow statement

Note	(DKK million)	Group		Parent company	
		2013	2012	2013	2012
	Profit/(loss) before tax for continuing operations	(56.5)	(72.1)	(60.5)	(67.8)
26	Adjustment for non-cash operating items etc.	17.9	26.3	21.7	26.4
	Cash flow from operating activities before change in working capital	(38.6)	(45.8)	(38.8)	(41.4)
27	Change in working capital	0.1	(0.1)	0.1	(0.9)
	Operating cash flow	(38.5)	(45.9)	(38.7)	(42.3)
	Financial income, paid	0.1	0.2	23.1	23.6
	Financial expenses, paid	(18.5)	(24.8)	(24.4)	(44.6)
	Income taxes paid/refunded	0.1	(0.8)	-	(0.3)
	Cash flow from operating activities	(56.8)	(71.3)	(40.0)	(63.6)
	Acquisition of intangible assets	(0.3)	(0.5)	(0.3)	(0.5)
	Acquisition of tangible assets	(1.7)	(0.2)	(1.7)	(0.2)
	Sale of intangible and tangible assets	-	-	-	-
	Realised foreign exchange losses on hedged net investments denominated in foreign currencies	-	-	-	-
	Cash flow to investment activities	(2.0)	(0.7)	(2.0)	(0.7)
	Cash flow from operating activities and after investments	(58.8)	(72.0)	(42.0)	(64.3)
	Repayment of leasing commitments	-	(0.2)	-	(0.2)
	Repayment of subordinated loan	(18.7)	(18.6)	(18.7)	(18.6)
	Raising/repayment of intra-Group accounts, net			122.7	217.2
	Capital increase	-	-	-	-
	Sale of treasury shares	-	-	-	-
	Repayment of debt from credit institutions	(55.4)	(232.4)	(55.4)	(232.4)
	Cash flow from financing activity	(74.1)	(251.2)	(48.6)	(34.0)
3	Cash flow from discontinued operations	60.2	370.4	(25.8)	95.4
	Cash flow for the year	(72.7)	47.2	(19.2)	(2.9)
	Cash at 1 January	99.4	51.4	21.1	24.0
	Foreign currency translation adjustment of cash	-	0.8	-	-
28	Cash at 31 December	26.7	99.4	1.9	21.1

Statement of changes in equity

Group

Note	(DKK million)	Share capital	Hedging reserve	Currency translation reserve	Retained earnings	Total
	Equity at 1 January 2012	267.8	(4.6)	(41.0)	553.7	775.9
	Comprehensive income in 2012:					
	Profit/(loss) for the year	-	-	-	(192.9)	(192.9)
	Other comprehensive income:					
	Foreign currency translation adjustments on conversion of foreign operations	-	-	15.8	-	15.8
	Foreign currency adjustments transferred to profit/(loss), discontinued operations	-	-	(0.4)	-	(0.4)
	Value adjustment of hedging instruments:					
	Value adjustment for the year	-	(0.8)	-	-	(0.8)
	Value adjustment transferred to turnover	-	4.4	-	-	4.4
	Value adjustment transferred to cost of sales	-	(0.4)	-	-	(0.4)
	Value adjustment transferred to financial items	-	0.6	-	-	0.6
	Actuarial gains/(losses) on defined benefit plans	-	-	-	(2.2)	(2.2)
9	Tax of other comprehensive income	-	-	-	(0.5)	(0.5)
	Other comprehensive income in total	-	3.8	15.4	(2.7)	16.5
	Total comprehensive income in 2012	-	3.8	15.4	(195.6)	(176.4)
	Transactions with owners:					
	Share-based payment	-	-	-	(0.4)	(0.4)
	Total transactions with owners	-	-	-	(0.4)	(0.4)
	Equity at 31 December 2012	267.8	(0.8)	(25.6)	357.7	599.1
	Comprehensive income in 2013:					
	Profit/(loss) for the year	-	-	-	(276.5)	(276.5)
	Other comprehensive income:					
	Foreign currency translation adjustments on conversion of foreign operations	-	-	(0.9)	-	(0.9)
	Foreign currency adjustments transferred to profit/(loss), discontinued operations	-	-	-	-	-
	Value adjustment of hedging instruments:					
	Value adjustment for the year	-	0.9	-	-	0.9
	Value adjustment transferred to turnover	-	(1.0)	-	-	(1.0)
	Value adjustment transferred to financial items	-	1.8	-	-	1.8
	Actuarial gains/(losses) on defined benefit plans	-	-	-	(0.9)	(0.9)
9	Tax of other comprehensive income	-	-	-	-	-
	Other comprehensive income in total	-	1.7	(0.9)	(0.9)	(0.1)
	Total comprehensive income in 2013	-	1.7	(0.9)	(277.4)	(276.6)
	Total transactions with owners	-	-	-	-	-
	Equity at 31 December 2013	267.8	0.9	(26.5)	80.3	322.5

Statement of changes in equity

Parent company

Note	(DKK million)	Share capital	Hedging reserve	Retained earnings	Total
	Equity 1 January 2012	267.8	(4.6)	380.0	643.2
	Comprehensive income in 2012:				
	Profit/(loss) for the year	-	-	(155.4)	(155.4)
	Other comprehensive income:				
	Value adjustment of hedging instruments:				
	Value adjustment for the year	-	(0.8)	-	(0.8)
	Value adjustment transferred to turnover	-	4.4	-	4.4
	Value adjustment transferred to cost of sales	-	(0.4)	-	(0.4)
	Value adjustment transferred to financial items	-	0.6	-	0.6
	Other comprehensive income in total	-	3.8	-	3.8
	Total comprehensive income in 2012	-	3.8	(155.4)	(151.6)
	Transactions with owners:				
	Share based payment	-	-	(0.4)	(0.4)
	Total transactions with owners	-	-	(0.4)	(0.4)
	Equity at 31 December 2012	267.8	(0.8)	224.2	491.2
	Comprehensive income in 2013:				
	Profit/(loss) for the year	-	-	(324.6)	(324.6)
	Other comprehensive income:				
	Value adjustment of hedging instruments:				
	Value adjustment for the year	-	0.9	-	0.9
	Value adjustment transferred to turnover	-	(1.0)	-	(1.0)
	Value adjustment transferred to cost of sales	-	-	-	-
	Value adjustment transferred to financial items	-	1.8	-	1.8
	Other comprehensive income in total	-	1.7	-	1.7
	Total comprehensive income in 2013	-	1.7	(324.6)	(322.9)
	Total transactions with owners	-	-	-	-
	Equity at 31 December 2013	267.8	0.9	(100,4)	168.3

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Notes

Note 1 Accounting policies

Dalhoff Larsen & Horneman A/S is a limited liability company domiciled in Denmark. The annual report for the period 1 January to 31 December 2013 consists of the consolidated financial statements of Dalhoff Larsen & Horneman A/S and its subsidiaries (DLH Group) and the annual report of the parent company.

The 2013 annual report of Dalhoff Larsen & Horneman A/S has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of listed companies.

In addition, the annual report is in compliance with the International Financial Reporting Standards issued by the IASB as adopted by EU and the Danish disclosure requirements for listed companies.

Basis of preparation

The annual report is presented in Danish Kroner, the parent company's functional currency, in amounts rounded to the nearest million with one decimal point.

The annual report was prepared under the historical cost convention, except for the following assets and liabilities, which were measured at their fair values: derivatives, financial instruments held for trading and financial instruments classified as held for sale.

Non-current assets and divestment groups determined for sale are measured at the lowest value of the carrying amount prior to the changed classification or fair value less sales costs.

The accounting policies outlined below have been applied consistently during the financial year, also with respect to comparative figures. With respect to accounting standards that will be implemented prospectively, comparative figures are not restated. Since the standards and interpretations have had no impact on the balance sheet total at 1 January 2013 with associated notes, the opening balance at 1

January 2013 and corresponding notes have not been included.

Change in accounting policies

Dalhoff Larsen & Horneman A/S implemented the standards and interpretations that became effective in 2013. None of these impacted on recognition and measurement in 2013 or is expected to prospectively affect Dalhoff Larsen & Horneman A/S.

Consolidated financial statements

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

Please refer to page 79 for the Group chart.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements prepared according to the DLH Group's accounting policies, eliminating intra-group income and expenses, shareholdings, intra-group balances and dividends as well as realised and unrealised gains on transactions between the consolidated entities.

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

Assets held for sale

Assets held for sale comprise non-current assets and disposal groups held for sale. Disposal groups are groups of assets that are to be sold or disposed of in some other manner by means of a single transaction. Liabilities relating to assets held for sale are liabilities attached to the said assets, which will be transferred in connection with the transaction. Assets are classified as

'held for sale' when the carrying amount of the asset would primarily be recovered by means of a sale within 12 months according to a formal plan rather than through continuing use.

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

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

Assets and related liabilities are presented on separate lines in the balance sheet, and the main items are specified in the notes. Comparative figures are not restated in the balance sheet.

Presentation of discontinued operations

Discontinued operations constitute a significant part of an entity if operations and cash flows can be clearly separated from the remaining business operations for the purposes of operating and accounting, and if the entity has either been disposed of or singled out as held for sale and the sale is expected to be completed within one year in accordance with a formal plan. Discontinued operations also include entities that have been classified as 'held for sale' in connection with acquisitions.

The profit after tax of discontinued operations and value adjustments after tax on the assets and liabilities as well as gains or losses relating to the discontinued operation are presented on a separate line in the income statement, together with comparative figures. The notes disclose turnover, costs, value adjustments and tax

Notes

Note 1 Accounting policies (continued)

for the discontinued activity. Assets and the related liabilities of discontinued operations are presented on separate lines in the balance sheet without restatement of the comparative figures, please refer to the section 'Assets held for sale', and the main items are specified in the notes.

Cash flows from operating, investment and financing activities for the discontinued operations are disclosed in a note.

Foreign currency translation

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

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

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

On recognition in the consolidated financial statements of entities with a functional currency other than Danish Kroner, the income statements of such entities are translated to the rate prevailing at the transaction

date, and balance sheet items are translated to the rate prevailing at the balance sheet date. An average exchange rate for the month is used as the exchange rate prevailing at the transaction date provided that this does not significantly distort the presentation of the underlying transactions. Foreign currency differences arising on translation of the opening balance of equity of such entities at the exchange rates prevailing at the balance sheet date and on translation of the income statements from the exchange rates prevailing at the transaction date to the exchange rates prevailing at the balance sheet date are recognised in Other comprehensive income in a separate reserve for foreign currency adjustments under equity.

Foreign currency rate adjustments of balances that are considered part of the overall net investment in entities with a functional currency other than Danish Kroner are recognised in the consolidated accounts in Other comprehensive income and classified in a separate reserve for foreign currency adjustments under equity. Correspondingly, foreign currency gains or losses on that portion of loans and derivative financial instruments that is designated as an investment hedge in such entities and that provides an efficient hedge against corresponding foreign currency gains and losses on the net investment in the entity are also recognised in Other comprehensive income in a separate reserve for foreign currency adjustments under equity.

Upon disposal of 100%-owned foreign entities, the exchange rate adjustments recognised in Other comprehensive income and which are attributable to the entity are reclassified from Other comprehensive income to Profit for the year together with any gains or losses incurred on disposal.

Settlement of intra-group balances that is considered part of the net investment is not in itself deemed partial disposal of the subsidiary.

Derivative financial instruments

Derivative financial instruments are recognised at fair value in the balance sheet from the transaction date. Positive and negative fair values of derivative financial instruments are included in other receivables, trade payables and other payables, respectively, and positive or negative values are only set off if the entity has the right and the intention to settle several financial instruments net. Fair values of derivative financial instruments are determined on the basis of current market data and generally accepted methods of measurement.

Fair value hedges

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

The portion of the value adjustment of a derivative financial instrument that is not part of the hedge will be presented under the heading of Financial items.

Cash flow hedges

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge that is an effective hedge of changes in the value of future cash flows are recognised in Other comprehensive income in a separate reserve for hedging transactions under equity until the hedged cash flows have an impact on the income statement. Once there is an impact on the income statement, gains or losses incidental to such hedging transactions are transferred from Other comprehensive income and recognised in the same item as the hedged item.

If a hedging instrument no longer qualifies for hedge accounting, the hedging relati-

Notes

Note 1 Accounting policies (continued)

onship will cease from that point onward. The accumulated change in value recognised in Other comprehensive income will be transferred to the income statement when the hedged cash flows affect the income statement.

If the hedged cash flows are no longer likely to be realised, the accumulated change in value will immediately be taken to the income statement.

The portion of the value adjustment of a derivative financial instrument that is not part of the hedge will be presented under Net financials.

Net investment hedges

Changes in the fair value of derivative financial instruments used to hedge net investments in foreign subsidiaries that are effective hedges of currency fluctuations in the entities in question are recognised directly in the consolidated accounts in Other comprehensive income under a separate reserve for foreign currency adjustment.

The portion of the value adjustment of a derivative financial instrument that is not part of the hedge will be presented under the heading of Net financials.

Other derivative financial instruments

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

Some contracts contain provisions corresponding to derivative financial instruments. Such embedded derivatives are recognised separately and measured at fair value if they differ significantly from the host contract, unless the entire host contract is recognised and measured at fair value.

INCOME STATEMENT

Net turnover

Net turnover derived from the sale of goods for resale and finished goods is recogni-

sed in the income statement provided that delivery has taken place and the risk has passed to the purchaser before year-end and the income can be reliably measured and is likely to be received.

Net turnover is measured at the fair value of the agreed consideration exclusive of Value Added Tax and taxes charged on behalf of a third party. All discounts granted are recognised in net turnover.

Cost of sales

Cost of sales comprises costs incurred to generate the net turnover for the year. Trading entities recognise cost of sales, and production entities recognise production costs corresponding to the turnover for the year. The item includes direct and indirect costs of raw materials, auxiliary materials, wages and salaries. In addition, central sourcing costs are recognised as a part of the cost of sales on a consistent basis.

Other external expenses

Other external expenses comprise distribution expenses and administrative expenses.

Distribution expenses include expenses incurred for the distribution of goods sold during the year and for sales campaigns launched during the year. Costs relating to advertising and exhibitions are included in this item.

Administrative expenses include expenses incurred during the year for management and administration, including expenses incurred for administrative personnel and office premises as well as office expenses.

Write-down charges relating to trade receivables are also included in Other external expenses.

Staff costs

Employee benefits such as salaries/wages, social contributions, holiday and sick leave, bonuses and non-monetary benefits are recognised in the year in which the Group's employees have performed the related work. In connection with the Group's

long-term employee benefits, the costs are accrued so that they are recognised as being the employees in question performing their work.

Other operating income and expenses

Other operating income and expenses comprise accounting items of a secondary nature in relation to the companies' activities, including gains and losses from ongoing sales and replacement of intangible and tangible assets. Gains and losses on the sale of intangible and tangible assets are calculated as the selling price less sales costs and the carrying value at the time of sale.

Financial items

Financial income and expenses comprise interest income and expenses, foreign currency gains and losses, and impairment of securities, payables and transactions denominated in foreign currencies. Moreover, amortisation of financial assets and liabilities are included as well as surcharges and refunds under the on-account tax scheme as well as changes to the fair value of derivative financial instruments that do not qualify as hedging contracts.

Borrowing costs from general borrowing or loans directly related to the acquisition, construction or development of qualifying assets are attributed to the cost of such assets.

Dividends from profits in subsidiaries are recognised as income in the income statement of the parent company in the financial year in which the dividends are declared. If the dividend distributed exceeds the subsidiary's comprehensive income for the period under review, an impairment test will be performed.

Tax on profit for the year

Tax for the year, which consists of the year's current tax and changes in deferred tax, is recognised in the year's profits in Other comprehensive income or directly in the equity.

Notes

Note 1 Accounting policies (continued)

BALANCE SHEET

Intangible assets

Goodwill

Goodwill is initially recognised at cost in the balance sheet. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to DLH Group's cash-generating entities at the acquisition date. The identification of cash-generating entities is based on the management structure and internal financial control. Due to the integration of acquired entities into the existing Group and the existence of segment managers in each of the Group's reporting segments, management estimates that the smallest cash-generating entities to which the carrying amount of goodwill can be allocated are the operating segments, the regions, Nordic, Western Europe, Central Europe & Russia and Global Sales.

Customer relations, trademarks and IT systems

Intangible assets acquired in connection with business combinations, covering the value of customer relations, trademarks and IT systems, are measured at cost less accumulated amortisation and impairment losses. Customer relations, trademarks and IT systems are amortised on a straight line basis over the expected useful life of the asset. The amortisation period is usually 5 to 15 years. The basis of amortisation is calculated less any impairment losses.

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

Tangible assets

Property, plant and equipment

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

Cost comprises the cost of acquisition as well as costs directly attributable to the acquisition until the time when the asset is ready for use.

If the useful lives of the individual components of an aggregate asset differ, the cost is divided into separate components that are depreciated separately. Depreciation of property, plant and equipment is charged on a straight-line basis over the expected useful lives of the assets/components.

These are as follows:

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

Land is not depreciated.

The depreciation base is determined on the basis of the residual value of the asset less any impairment losses. The residual value is determined at the acquisition date and reassessed annually. Depreciation is discontinued if the residual value exceeds the carrying amount.

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

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

Other non-current assets

Investments in subsidiaries

Investments in subsidiaries are measured at cost in the parent company's annual financial statements. If there is an indication of impairment, an impairment test is performed. Where the recoverable amount is lower than the carrying amount, investments are written down to this lower value.

Distribution of reserves, other than dividends from profits in subsidiaries, will reduce the cost of the shares if the distribution constitutes a repayment of the investment made by the parent company.

Other investments and securities

Other investments and securities classified as 'held for sale' are recognised under the heading of non-current assets at their fair values with the addition of cost at the trading date and measured at their estimated fair values, corresponding to the market price for listed securities, and at their estimated fair values, computed on the basis of current market data and generally accepted valuation methods for unlisted securities. Unrealised value adjustments are recognised directly in equity with the exception of write-downs for impairment, which are recognised in the income statement under financial items. On realisation, the accumulated value adjustment recognised in equity is transferred to financial income or financial expenses in the income statement.

Impairment test of non-current assets

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

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

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

Notes

Note 1 Accounting policies (continued)

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

An impairment is recognised if the carrying amount of an asset or a cash-generating entity exceeds the recoverable amount of the asset or the cash-generating entity. Impairments are recognised in a separate line in the income statement.

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

Current assets

Inventories

Inventories are measured at cost according to the weighted average cost formula or at net realisable value, whichever is the lower.

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

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined on the basis of marketability, obsolescence and the trend in the expected selling price.

Receivables

Receivables are measured at amortised cost. Receivables are written down to provide for losses where there is objective evidence that an individual receivable or a

portfolio of receivables has decreased in value.

Receivables in respect of which there is no objective evidence of impairment at the individual level are assessed at portfolio level for an objective indication of an impairment requirement. Portfolios are primarily based on the domicile of debtors and credit ratings in accordance with DLH Group's credit risk management policy. The objective indicators applicable to portfolios are based on historical loss records.

Prepaid expenses

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

EQUITY

Dividends

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

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

Treasury share reserve

Treasury share reserve comprises the purchase sums for the company's holding of treasury shares. The dividend for treasury shares is recognised directly in retained comprehensive income in the equity.

Gains and losses on the sale of treasury shares are recorded in equity.

Translation reserve

Translation reserve contains the parent company shareholders' share of foreign currency translation adjustments arising on translation of the financial statements of entities with a functional currency other than Danish Kroner, foreign currency translation adjustments relating to assets

and liabilities that are part of DLH Group's net investments in such entities as well as foreign currency translation adjustments relating to hedging transactions that hedge DLH Group's net foreign currency investments in such entities.

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

Hedging reserve

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

EMPLOYEE BENEFITS

Pension schemes and similar non-current liabilities

The DLH Group has pension commitments and similar agreements with a considerable number of employees in the DLH Group.

Regular payments to independent pension funds by the DLH Group under defined contribution plans are recognised in the income statement in the period earned, whereas amounts due at the balance sheet date are recognised under other payables in the balance sheet.

With respect to defined benefit plans, an actuarial calculation is made annually (projected unit credit method) of the present value of future contributions in accordance with the plan. The present value is determined on the basis of assumptions concerning future developments in factors such as salary trends, interest rates, inflation and mortality rates. The present value is calculated only on benefits that employees have earned during their employment with the DLH Group until the present time. The actuarial calculation of the present value less the fair value of any assets relating to the pension plan is recognised under pension liabilities.

Notes

Note 1 Accounting policies (continued)

In the income statement, pension costs for the year are recognised on the basis of actuarial estimates and financial expectations at the beginning of the year. Differences between the expected development in assets and liabilities under the pension plan and the actual values at the end of the year are designated as actuarial gains or losses and recognised in Other comprehensive income.

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

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

Share option scheme

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

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

On initial recognition of share options, the company estimates the number of options staff expect to vest as per the service condition described in note 6. Subsequently, the estimate is revised for changes in the number of options vested so that recognition is based on the number of options ultimately vested.

The fair value of options allotted is estimated using an option pricing model. The

estimate takes into account the terms and conditions upon which the options were allotted.

Liabilities

Tax payable and deferred tax

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

Deferred tax is measured according to the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax on temporary differences relating to goodwill that cannot be amortised for tax purposes is not recognised, with the exception of business combinations, if such differences arose at the acquisition date without affecting either the profit or loss for the year or the taxable income. If the tax base may be measured according to alternative tax regulations, deferred tax is measured on the basis of the use of the asset or liability planned by the management.

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

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

Deferred tax is adjusted for the elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the

balance sheet date when the deferred tax is expected to materialise as current tax. Any change in deferred tax due to changes in tax rates is recognised in the year's comprehensive income.

Provisions

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

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

On measuring provisions, costs required to settle the liability are discounted if this has a significant impact on the measurement of the provision. The pre-tax discount factor applied will reflect the prevailing interest-rate level and any risks specifically associated with the liability in question. Changes in present values during the year are recognised as financial expenses.

Provisions for restructuring costs are recognised when a detailed, formal restructuring plan has been communicated to the persons affected by the plan, at the balance sheet date at the latest. In connection with acquisitions, provisions for restructuring costs in the acquired business are only recognised in goodwill if the Group has a constructive obligation towards the acquired business at the date of acquisition.

Provisions for loss-making contracts are made if the inevitable costs under the contract exceed any benefits DLH Group may expect.

Provisions for the renovation of vacating rented premises are measured at the present value of the future dismantling and renovation liability as anticipated at the balance sheet date. The provisions are calculated on the basis of current orders and

Notes

Note 1 Accounting policies (continued)

estimated costs, which are discounted to net present value. Specific risks deemed to be associated with the provision in question are recognised in the estimated costs. The discount rate applied will reflect the prevailing interest-rate level. Liabilities are recognised as incurred and adjusted regularly to reflect changes in requirements, prices etc. The present value of costs is recognised in the cost of the property, plant and equipment in question and depreciated together with the said assets. The temporal increase in the present value is recognised under the heading of financial expenses in the income statement.

Financial liabilities

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

Other financial liabilities are measured at amortised cost.

Leasing

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

Assets hired out under operating leases are recognised, measured and presented in the balance sheet under the heading of other similar assets held by the DLH Group.

Deferred income

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

Cash flow statement

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

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investment activities. Cash flows of acquired entities are recognised in the cash flow statement as from the acquisition date. Cash flows of entities sold are recognised up until the date of disposal.

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

Cash flows from investment activities comprise payments in connection with the acquisition and disposal of entities and activities, intangible assets and of property, plant and equipment and other non-current assets as well as the acquisition and disposal of securities not recognised as cash and cash equivalents.

Finance leases are considered non-cash transactions.

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

Cash flows relating to assets under finance leases are recognised as debt service payments.

Cash and cash equivalents include cash.

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

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

Segment information

Segment information is provided in accordance with DLH Group's accounting policies and is in line with intra-Group management reporting.

Segment turnover and costs and segment assets and investments comprise items that are directly attributable to individual segments and items that can be allocated to individual segments on a reliable basis. Non-allocated items primarily comprise income and expenses related to DLH Group's administrative functions, investment activities, etc.

Net Working Capital (NWC) within the segment comprises current assets that are used directly in the operations of the segment, including inventories, trade receivables and trade payables.

Notes

Financial ratios

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

Other financial ratios have been calculated in accordance with the Recommendations & Financial Ratios 2010 issued by the Danish Society of Financial Analysts.

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

Notes

Note 2 Material accounting estimates and assessments

Outcome of divestiture processes

The Group has decided to pursue divestiture of its individual business units. The process has just started and the Board of Directors and Management are not in a position to determine the exact outcome of the sales processes and hence find it difficult to assess the value of the intangible assets.

IFRS 5 determines that the value of the business units must be valued at the lower of book value and fair value less costs to sell.

Given the very difficult conditions the Board of Directors and Management have estimated the valuation of the Group's net assets and decided to recognise an impairment expense on DLH's intangible assets of 142 million. The outcome of the sales processes will then determine if the fair value of the Group's assets does in fact include cover for the intangible assets.

Estimation uncertainty

Determination of the carrying amounts of certain assets and liabilities is on the basis of assessments, estimates and assumptions with respect to future events.

The estimates and assumptions applied are based on past experience and other factors, which are deemed reasonable by management in the circumstances, but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Actual results may deviate from the estimates as a consequence of the risks and uncertainties to which the DLH Group is exposed. Those risks to which the DLH Group is particularly vulnerable are discussed in the management review on page 20 and in note 20 of the consolidated accounts.

The notes disclose assumptions about the future and other estimation uncertainties at the balance sheet date. The assumptions are disclosed where there is a considerable risk of changes that may lead to a significant adjustment in the carrying amounts of assets or liabilities within the next financial year.

Estimates may have to be changed as a result of changes in the circumstances on which they were originally based, or on account of new information or subsequent events.

The above mentioned risks and uncertainties materialised to a significant degree for the DLH Group during the years of the financial crisis as DLH Group's markets and financing terms have changed substantially. This, in turn, has considerably increased the uncertainty surrounding the accounting estimates made. Significant reduction in turnover and contribution margins as well as the resulting organisational changes and the impact on the terms of bank loan agreements have called for considerable adjustments to previous estimates.

The estimation uncertainties that have the greatest impact on the affairs of the Group are outlined below. These include: the net realisable values of non-strategic activities that are to be sold; the determination of liabilities relating to companies and activities that have been sold; the recoverable amount of goodwill; depreciation, amortisation and impairment losses on non-current assets; the measurement of inventories; trade receivables and deferred taxes; and loan agreements as a basis for using the going concern assumption in the presentation of the financial statements and recognition of debt as long-term.

The estimates and assessments represent management's best judgment and evaluation at the balance sheet date.

Financing

The Group's financing is mainly based on an agreement with a bank consortium. The agreement was prolonged in March 2014. The prolonged financing agreement with the bank consortium contains no covenants apart from an asset cover of inventory and debtors in relation to net interest bearing debt. The Group must adhere to this covenant as breach of the covenant means the bank consortium can terminate the agreement.

The safety margin between the financial covenant and the Group's operating and cash budgets, as agreed with the bank consortium, allows for minor deviations. Management takes the view that the agreed safety margins are sufficient to absorb probable deviations from the forecast with respect to turnover, contribution margins, cash flows and other important parameters.

It is the opinion of the Supervisory and Executive Boards that the company's cash resources are adequate in the light of the agreed credit limits and covenant, and the budgets and plans for 2014.

See note 20 for further description of the loan agreements, terms and credit risks.

Non-strategic and unprofitable activities held for sale

Since 2010, DLH has sold numerous business units. On December 11th 2013 the Board of Directors announced the intention to divest all operating units. The operating units are therefore now classified as assets held for sale.

Notes

Note 2 Material accounting estimates and assessments (continued)

The units therefore must be valued at the lower of book value and fair value less costs to sell. These values are difficult to judge upon and are therefore subject to uncertainty.

Assets held for sale are described in greater detail in note 3.

Provisions relating to divested activities and assets held for sale

The agreements on the sale of companies and activities include certain guarantees provided by DLH. In determining gains and losses related to these divestments, provisions were made for these guarantees based on management's assessment of associated risks. Management's estimates of this risk are subject to high uncertainty.

Gains and losses on the sale of discontinued activities are described in greater detail in note 3.

The activities that the DLH Group is in the process of divesting include a number of contractual obligations that were loss-making at 31 December 2013, including lease agreements. These obligations are recognised as provisions or debt based on management's estimate of future net payments, which may be subject to considerable uncertainty.

Breakdown of accounting items into continuing and discontinued activities

Divested and discontinued activities are classified as discontinued activities in the income statement. In connection with the sale and disposal of companies and activities, it has also proved necessary to discontinue leases as well as functions and systems that are directly related to the

servicing thereof. The breakdown into continuing and discontinued activities of income and expenses relating to these sales and service functions and systems is based on management estimates.

Please refer to note 3 for further details regarding discontinued activities.

Goodwill

Due to the decision of pursuing divestiture of the Group's individual business units, IFRS 5 determines that goodwill can from 2013 no longer be valued based on impairment testing (value in use), but must be valued at the lower of book value and fair value less costs to sell. As further explained in the Management review, the Board of Directors and Management are not in a position to determine the exact outcome of the sales processes and hence find it difficult to assess the value of the intangible assets. Therefore, the value is subject to high uncertainty.

Shares in subsidiaries

In the parent company, due to IFRS 5, shares in the subsidiaries must be recognised at the lower of cost and fair value less costs to sell. As further explained in the Management review, the divestiture process has just started and the Board of Directors and Management are not in a position to determine the exact outcome of the sales processes and hence find it difficult to assess the value of shares in subsidiaries. Therefore, the value is subject to high uncertainty.

Property, plant and equipment

For 2013, IFRS determines that assets must be valued at the lower of cost and

fair value less costs to sell. This involves uncertainty.

Inventories

The estimation uncertainty involving inventories relates to the write-down to the net realisable value.

The need to write down inventories increases with the time individual goods are kept in stock as a certain degree of commercial obsolescence is deemed to exist in old inventories.

Inventories are written down in accordance with the Group's general write-down policy, and are also subject to an assessment on an individual basis with a view to ascertaining potential losses due to obsolescence, poor quality and market trends.

A portion of the Group's recognised inventories consists of prepayments to suppliers. When determining the net realisable value of inventories, the need to write down prepayments is assessed where it is unlikely that the group will derive benefit from the prepayments in the form of goods from suppliers.

Trade receivables

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

Notes

Note 2 Material accounting estimates and assessments (continued)

is impaired, it may be necessary to make additional write-downs in future financial reporting periods.

Please refer to note 15 and 20 for details on the assessment of credit quality and the need to write down trade receivables.

Deferred tax

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

Estimation of future earnings and thus taxable profits and possible changes to tax

rules is subject to a great deal of uncertainty. A time frame of 5 years for capitalization of deferred tax assets has been used as well as those strategic measures management has implemented. For further particulars on recognised tax assets please refer to note 14.

For 2013, due to the decision of divesting all business units, DLH has chosen not to recognise any tax assets in the parent company as it is currently uncertain whether DLH may or may not be able to utilise the accumulated tax losses.

Furthermore, a great deal of uncertainty is related to the recognition of the re-taxation

liability in Denmark concerning previously jointly tax subsidiaries. Please refer to note 22 on contingent liabilities for details of this uncertainty.

Notes

Note 3 Discontinued operations and assets held for sale

In December 2013, the Board of Directors and Management concluded that the interests of the shareholders and employees are best served by a disposal of the Group's companies and operations. The Board of Directors therefore decided that the company should explore the possibility of disposing of individual business areas with the aim of delivering the greatest possible cash proceeds to the company's shareholders. Consequently, all companies and operations are classified as discontinued operations in the 2013 annual report. Only head quarter activities remain classified as continuing operations. An important accounting implication of the decision is that all assets of the operations must now be valued in accordance with IFRS 5, i.e. at the lower of book value and fair value less costs to sell. The Board of Directors and Management are not in a position to determine the exact outcome of the sales processes. Given the very difficult conditions the Board of Directors and Management have estimated the valuation of the Group's net assets and decided to recognise an impairment expense of DKK 142 million. The carrying value of shares in subsidiaries has been impaired accordingly. Regarding the uncertainty of estimating the fair value, further reference is made to note 2.

Note	(DKK million)	Group		Parent company	
		2013	2012	2013	2012
Profit for the year for discontinued operations:					
4	Turnover	2,209.3	2,575.4	1,208.0	1,230.9
	Cost of sales	(1,973.3)	(2,269.1)	(1,103.2)	(1,121.9)
	Gross profit	236.0	306.3	104.8	109.0
	Other operating items, net	4.5	2.0	-	(1.7)
5	Other external expenses	(128.3)	(192.9)	(67.8)	(81.1)
6	Staff costs	(128.3)	(160.4)	(42.1)	(47.4)
	Operating profit before depreciation and amortisation (EBITDA)	(16.1)	(45.0)	(5.1)	(21.2)
11	Depreciation and amortisation	(11.3)	(19.7)	(3.0)	(4.1)
11,12	Impairment losses	(141.9)	(67.2)	(223.1)	(66.1)
	Operating profit/(loss) (EBIT)	(169.3)	(131.9)	(231.2)	(91.4)
Financial items:					
	Financial income	1.0	0.5	-	-
	Financial expenses	(17.2)	(16.8)	(7.7)	(2.9)
	Profit/(loss) before tax (EBT)	(185.5)	(148.2)	(238.9)	(94.3)
9	Tax on profit for the year	(9.3)	(2.4)	-	-
	Profit/(loss) for the year	(194.8)	(150.6)	(238.9)	(94.3)
	Profit on sale of discontinued operations	-	35.9	-	15.0
	Profit/(loss) for the year on discontinued operations	(194.8)	(114.7)	(238.9)	(79.3)
10 Earnings per share for discontinued operations:					
	Earnings per share (EPS)	(3.65)	(2.15)		
	Earnings per share diluted (EPS-D)	(3.65)	(2.15)		
Cash flow from discontinued operations, net:					
	Cash flow from operating activities	115.1	185.1	4.1	44.2
	Cash flow from investment activities	0.7	184.1	(3.4)	28.9
	Cash flow from financing activities	(55.6)	1.2	(26.5)	22.3
	Total	60.2	370.4	(25.8)	95.4

Notes

Note 3 Discontinued operations and assets held for sale (continued)

Note	(DKK million)	Group		Parent company	
		2013	2012	2013	2012
11	Tangible assets	74.4	12.9	2.3	0.9
12-14	Other investments, securities and non-current assets	9.5	-	210.6	-
	Inventories	390.4	4.1	124.5	6.5
15	Trade receivables	219.0	6.5	108.2	4.6
	Other receivables	29.6	1.8	9.0	0.7
28	Cash	26.7	0.5	1.9	-
	Assets held for sale	749.6	25.8	456.5	12.7
19	Credit institutions	49.3	-	-	-
18	Provisions	29.4	31.3	21.2	18.1
	Trade payables	89.4	2.5	36.7	1.3
	Other payables	64.9	3.9	20.8	0.5
	Liabilities relating to assets held for sale	233.0	37.7	78.7	19.9

Notes

Note 4 Segment information

The segments, for which financial reporting is compulsory, comprise four independent business areas: The Nordic Region, Western Europe, Central Europe & Russia, and Global Sales. Each business area operates independently of the other business areas.

Sales regions

Within the three independent, geographical sales regions, DLH services its industrial and retail customers from its own warehouses. The majority of the turnover is generated in Europe. In 2013 the sales regions posted a turnover of DKK 1,171 million (2012: DKK 1,437 million) equating to 57% of the consolidated turnover in the four business areas.

Global Sales

Within the Global Sales business area, the Group employs its expertise within sourcing and logistics to enter into back-to-back contracts with major consignments of hardwood and sheet materials. Global Sales operates internationally. In 2013 Global Sales posted a turnover of DKK 877 million (2012: DKK 811 million) corresponding to 43% of the consolidated turnover in the four business areas.

Management reporting

Management assesses the operating results for the business segments separately in order to decide on the allocation of resources and to measure results. The segments' results are evaluated on the basis of the operating results (EBIT ex. impairment) which are calculated on the same basis as the consolidated accounts. Group financing (including financial income and expenses) and corporation tax are treated at Group level and not allocated to operational segments.

Cost allocation between the business segments is made on an individual basis with the addition of a few systematically allocated indirect costs. Other operating income is apportioned across the four business segments in accordance with the same principle.

Net Working Capital comprises current assets directly linked to the segment, including inventories, trade receivables and trade payables.

No single customer accounts for more than 10% of the turnover.

Geographical information

DLH operates mainly in Denmark, other Nordic countries, Western Europe, Central Europe, Russia and emerging markets (Far East, Middle East, South Africa and Eastern Europe).

With regard to presenting information relating to geographical areas, details on the breakdown of turnover and assets according to geographical segments is based on the customers' geographical location.

Link between Financial Statements and Financial review

Due to the accounting structural change incurred by IFRS 5, the below table serves to show the link between the Financial Statement and the Financial review.

(DKK million)	2013					2012				
	Income statement	Discontinued operations, note 3	Elimination impairment etc.	Other discontinued, note 4	Pro forma income 2013	Income statement	Discontinued operations, note 3	Elimination impairment etc.	Other discontinued, note 4	Pro forma income 2012
Net turnover	-	2,209.3		161.2	2,048.1		2,575.4		327.5	2,247.9
Gross profit	-	236.0		12.3	223.7		306.3		29.1	277.2
Gross margin					10.9%					12.3%
EBITDA	(33.6)	(16.1)		(30.4)	(19.3)	(35.9)	(45.0)		(79.4)	(1.5)
EBIT	(36.1)	(169.3)	142.5	(34.0)	(28.9)	(38.9)	(131.9)	67.2	(90.0)	(13.6)
Financial items, net	(20.4)	(16.2)		(4.6)	(32.0)	(33.2)	(16.3)		(6.5)	(43.0)
EBT	(56.5)	(185.5)	142.5	(38.6)	(60.9)	(72.1)	(148.2)	67.2	(96.5)	(56.6)
Tax	(25.2)	(9.3)	18.0	(7.0)	(9.5)	(6.1)	(2.4)		1.7	(10.2)
Profit on sale							35.9	(35.9)		-
Discontinued operations	(194.8)		194.8			(114.7)		114.7		-
Profit/loss for the year	(276.5)	(194.8)	355.3	(45.6)	(70.4)	(192.9)	(114.7)	146.0	(94.8)	(66.8)

Notes

Note 4 Segment information (continued)

Activities

2013

(DKK million)	Nordic	Western Europe	Central Europe & Russia	Global Sales	Sum of regions	Other discontinued-operations	Not allocated/eliminations	Group eliminations	Discontinued operations	Continuing operations	Group total
Turnover	606.7	236.3	332.0	876.7	2,051.7	168.3	-	(10.7)	2,209.3	-	2,209.3
Intra-group turnover	(0.4)	(2.4)	(0.8)	-	(3.6)	(7.1)	-	10.7	-	-	-
Turnover to external customers	606.3	233.9	331.2	876.7	2,048.1	161.2	-	-	2,209.3	-	2,209.3
Gross profit	73.1	26.7	60.2	63.7	223.7	12.8	1.0	(1.5)	236.0	-	236.0
Operating profit/(loss) before depreciation and amortisation (EBITDA)	(1.9)	(2.0)	4.7	11.2	12.0	(30.4)	2.3	-	(16.1)	(33.6)	(49.7)
Operating profit (EBIT ex. impairm.)	(6.1)	(2.9)	3.0	10.4	4.4	(34.0)	2.2	-	(27.4)	(35.5)	(62.9)
NWC	127.6	86.3	101.4	132.9	448.2	64.7	-	7.1	520.0	(3.7)	516.3

2012

(DKK million)	Nordic	Western Europe	Central Europe & Russia	Global Sales	Sum of regions	Other discontinued-operations	Not allocated/eliminations	Group eliminations	Discontinued operations	Continuing operations	Group total
Turnover	760.9	281.6	398.1	815.0	2,255.6	336.2	-	(16.4)	2,575.4	-	2,575.4
Intra-group turnover	(0.7)	(2.2)	(0.9)	(3.9)	(7.7)	(8.7)	-	16.4	-	-	-
Turnover to external customers	760.2	279.4	397.2	811.1	2,247.9	327.5	-	-	2,575.4	-	2,575.4
Gross profit	116.3	35.1	72.9	61.7	286.0	29.1	(10.1)	1.3	306.3	-	306.3
Operating profit/(loss) before depreciation and amortisation (EBITDA)	17.9	2.3	11.1	13.4	44.7	(79.4)	(13.1)	2.8	(45.0)	(35.9)	(80.9)
Operating profit (EBIT ex. impairm.)	12.7	1.3	8.7	12.8	35.5	(89.9)	(13.1)	2.8	(64.7)	(38.9)	(103.6)
NWC ¹⁾	137.0	117.5	133.2	126.4	514.1	122.8	-	(8.5)	628.4	(6.5)	621.9

1) NWC on segments on Group level for 2012 has been restated the presentation of discontinued activities in 2013.

Geographical

(DKK million)	Turnover	
	2013	2012
Denmark	326.3	368.1
Sweden	251.8	338.4
Norway	28.2	53.7
France	233.9	279.4
Poland	174.1	209.0
Russia	118.8	141.2
Other Central/Eastern Europe	38.3	47.0
China	269.2	113.7
Vietnam	217.2	206.9
Other Global Sales markets	390.3	490.5
Other discontinued operations	161.2	327.5
Group Total	2,209.3	2,575.4

(DKK million)	Non-current assets ex. intangible assets	
	2013	2012
Denmark	6.0	34.6
Sweden	28.8	31.3
Poland	28.9	30.8
Other discontinued operations	22.3	32.0
Group Total	86.0	128.7

Notes

(DKK million)	Group		Parent company	
	2013	2012	2013	2012
Note 5 Other external expenses				
Fees to auditors appointed at the annual general meeting:				
KPMG:				
Statutory audit	2.3	2.2	1.1	1.1
Audit-related services	0.2	0.7	0.2	0.3
Tax advisory services	0.6	1.2	0.3	0.3
Other services	0.5	0.6	0.4	0.6
	3.6	4.7	2.0	2.3

Note 6 Staff costs

Salaries and wages	143.1	173.4	64.0	76.6
Defined contribution plans, cf. note 17	7.5	11.5	3.8	5.0
Defined benefit plans, cf. note 17	0.3	0.4	-	-
Other social security costs, net of refunds	17.2	22.5	0.4	0.5
	168.1	207.8	68.2	82.1

Total staff costs have been recognised under:

Staff costs re. purchase of supplies, Cost of sales, disctnd. operations	18.9	24.8	5.2	12.1
Staff costs, continuing operations	20.9	22.6	20.9	22.6
Staff costs, discontinued operations	128.3	160.4	42.1	47.4
	168.1	207.8	68.2	82.1

Number of employees on average for the year	473	578	144	194
Number of these employed in discontinued operations	456	552	127	168
Number of these employed in continuing operations	17	26	17	26

Remuneration to the Board of Directors, Executive Board and other executives:

(DKK million)	Group					
	2013			2012		
	Board of Directors parent company	Executive Board of parent company	Other executives	Board of Directors parent company	Executive Board of parent company	Other executives
Salaries	1.7	3.9	10.0	2.2	3.8	11.0
One-off fees	-	0.9	2.2	-	-	-
Bonus schemes	-	0.9	1.2	-	0.5	0.8
Pensions	-	-	0.4	-	-	0.5
	1.7	5.7	13.8	2.2	4.3	12.3

Other executives comprise the Group Management excluding the Executive Board. These comprise 6 Executive Vice Presidents employed by the Parent Company or by their respective regions. A fee of DKK 0.2 million (2012: DKK 0.3 million) to the Audit Committee is included in the amount of salaries to the Board of Directors of the parent company.

Notes

Note 6 Staff costs (continued)

Remuneration to the Board of Directors, Executive Board and other executives:

(DKK million)	Parent company					
	2013			2012		
	Board of Directors parent company	Executive Board of parent company	Other executives	Board of Directors parent company	Executive Board of parent company	Other executives
Salaries	1.7	3.9	8.0	2.2	3.8	6.5
One-off fees	-	0.9	1.7	-	-	-
Bonus schemes	-	0.9	1.0	-	0.5	0.6
Pensions	-	-	0.4	-	-	0.2
	1.7	5.7	11.1	2.2	4.3	7.3

Incentive schemes for Group Management

Individual members of Group Management may achieve an annual cash bonus of up to 30% of the fixed base salary based on the most recently approved fixed salary. In certain situations considered appropriate by the Board of Directors to perform special tasks or where, in the opinion of the Board of Directors, a special effort is required, the Board of Directors has entered into other agreements with Group Management members that may result in payment of an additional bonus of up to one year's base salary.

The Board of Directors has entered into agreements with selected members of Group Management that may result in maximum one year's salary based on the development in the company's share price as per announcement of February 14, 2014.

The Board of Directors has entered into agreements with selected members of Group Management regarding retention during the expected divestment period. The retention pay amounts to up to one year's base salary.

The incentive schemes comply with the guidelines approved at DLH's Annual Shareholders' Meeting on April 12, 2012 and updated at DLH's Extraordinary Shareholders' Meeting on January 9, 2014.

Please refer to the Company's website:
http://www.dlh.com/Investor/Corporate_governance/Incentive_Remuneration.aspx

Share based remuneration

Share option scheme under discontinuation

The previous Executive Board and the other members of Group management had a revolving share option programme between 1 April 2002 – 31 March 2011. No new options have been assigned since 2008. The issued but not exercised share options during the period will remain unchanged.

As per 31 December 2013 a total of 58,155 share options are outstanding and none of the options is "in the money". The outstanding share options all expire by 31 March 2014. With an exercise price of DKK 49.76 and a share price of DKK 5.60 by the end of 2013 the likelihood of an exercise of the share options before expiration is considered to be very low.

Notes

(DKK million)	Group		Parent company	
	2013	2012	2013	2012
Note 7 Financial income				
Interest income from Group enterprises	-	-	11.5	16.8
Interest income, cash etc.	0.1	0.2	0.1	0.2
Dividend from subsidiaries	-	-	11.5	6.7
	0.1	0.2	23.1	23.7
Interest from financial assets measured at amortised cost amounts to	0.1	0.2	11.6	17.0
Note 8 Financial expenses				
Impairment losses on Group enterprises	-	-	(10.6)	-
Interest paid to Group enterprises	-	-	(2.8)	(1.1)
Foreign currency losses	(0.8)	(2.7)	(4.1)	(9.7)
Interest paid to credit institutions etc.	(19.7)	(30.7)	(19.7)	(30.7)
	(20.5)	(33.4)	(37.2)	(41.5)
Interest on financial liabilities measured at amortised cost amounts to	(18.3)	(31.7)	(21.1)	(30.8)
Note 9 Tax on profit for the year				
Tax on profit for the year for total operations may be broken down as follows:				
Current tax	0.3	(14.3)	-	-
Deferred tax	(34.0)	2.9	(25.2)	(8.3)
Adjustment of tax for previous years	(0.8)	3.0	-	-
	(34.5)	(8.4)	(25.2)	(8.3)
Tax for the year may be broken down as follows:				
Continuing operations	(25.2)	(6.1)	(25.2)	(8.3)
Other comprehensive income discontinued operations	-	(0.5)	-	-
Discontinued operations	(9.3)	(1.9)	-	-
	(34.5)	(8.5)	(25.2)	(8.3)
Computation of effective tax rate for total operations:				
Calculated 25% tax on pre-tax profit/(loss)	60.5	46.1	74.9	36.8
Deviation in foreign subsidiaries' tax rates compared to the Danish tax rate	0.8	(0.4)	-	-
Adjustment of non-capitalized tax losses and inclusion of previous years' losses not recognised	(94.6)	(57.9)	(100.1)	(45.1)
Tax effect of:				
Non-taxable income	(1.1)	(0.1)	-	-
Other non-tax deductible expenses	0.2	0.8	-	-
Tax adjustment relating to previous years	(0.3)	3.0	-	-
	(34.5)	(8.5)	(25.2)	(8.3)
Effective tax rate	(14.3)%	(4.6)%	(8.4)%	(5.6)%

Notes

Note 9 Tax on profit for the year (continued)

Tax of other comprehensive income:

(DKK million)	2013			2012		
	Before tax	Tax income/ expense	After tax	Before tax	Tax income/ expense	After tax
Group						
Foreign currency translation adjustments on conversion of foreign operations	(0.9)	-	(0.9)	15.4	-	15.4
Value adjustment on hedging instruments	1.7	-	1.7	3.8	-	3.8
Actuarial gains/(losses) on defined benefit plans	(1.0)	-	(1.0)	(2.2)	(0.5)	(2.7)
	(0.2)	-	(0.2)	17.0	(0.5)	16.5
Parent company						
Value adjustment on hedging instruments	1.7	-	1.7	3.8	-	3.8
	1.7	-	1.7	3.8	-	3.8

Since 2011 no tax on other comprehensive income was recognised in the parent company as it would presumably not be utilised within the foreseeable future.

(DKK million)	Group	
	2013	2012
Note 10 Earnings per share		
Profit for the year	(276.5)	(192.9)
Profit for the year, discontinued operations	(194.8)	(114.7)
Profit for the year, continuing operations	(81.7)	(78.2)
(Number 1,000)		
Average number of shares issued	53,566	53,566
Average number of treasury shares	(182)	(182)
Average number of repurchased shares		
Average number of shares in issue	53,384	53,384
Average dilution effect on outstanding options	-	-
Average number of shares in issue after dilution	53,384	53,384
(DKK)		
Earnings per share (EPS) of DKK 5	(5.18)	(3.61)
Earnings per share diluted (EPS-D) of DKK 5	(5.18)	(3.61)
Earnings per share (EPS) of DKK 5 for continuing operations	(1.53)	(1.46)
Earnings per share diluted (EPS-D) of DKK 5 for continuing operations	(1.53)	(1.46)

Notes

Note 11 Intangible assets and property, plant and equipment

(DKK million)	Goodwill	IT projects in progress	Customer relations, trademarks and IT systems	Total intangible assets
Group				
Cost at 1 January 2012	166.7	0.8	131.1	298.6
Foreign currency translation adjustment	7.0	-	4.7	11.7
Reclassification	-	(1.0)	1.0	-
Additions during the year	-	1.4	1.8	3.2
Disposals during the year	(1.3)	-	(4.6)	(5.9)
Transferred to / from assets held for sale	-	(1.2)	(93.2)	(94.4)
Cost at 31 December 2012	172.4	-	40.8	213.2
Depreciation, amortisation and impairment losses at 1 January 2012	22.6	-	57.0	79.6
Foreign currency translation adjustment	1.0	-	1.5	2.5
Depreciation and amortisation for the year	-	-	73.7	73.7
Reversal of depreciation and amortisation on assets sold	-	-	(3.3)	(3.3)
Transferred to / from assets held for sale	-	-	(94.1)	(94.1)
Depreciation, amortisation and impairment losses at 31 December 2012	23.6	-	34.8	58.4
Carrying amount at 31 December 2012	148.8	-	6.0	154.8
Additions and disposals, continuing operations:				
Additions during the year	-	0.2	0.9	1.1
Disposals during the year	-	-	-	-
Parent company				
Cost at 1 January 2012	5.9	0.3	38.1	44.3
Reclassification	-	(0.3)	0.3	-
Additions during the year	-	-	0.7	0.7
Disposals during the year	-	-	-	-
Transferred to / from assets held for sale	-	-	-	-
Cost at 31 December 2012	5.9	0.0	39.1	45.0
Depreciation, amortisation and impairment losses at 1 January 2012	-	-	30.2	30.2
Depreciation and amortisation for the year	-	-	4.1	4.1
Reversal of depreciation and amortisation on assets sold	-	-	-	-
Depreciation, amortisation and impairment losses at 31 December 2012	-	-	34.3	34.3
Carrying amount at 31 December 2012	5.9	0.0	4.8	10.7

Notes

Note 11 Intangible assets and property, plant and equipment (continued)

(DKK million)	Goodwill	IT projects in progress	Customer relations, trademarks and IT systems	Total intangible assets
Group				
Cost at 1 January 2013, continuing operations	172.4	-	40.8	213.2
Cost at 1 January 2013, discontinued operations	-	-	98.0	98.0
Foreign currency translation adjustment	(9.6)	-	(8.6)	(18.2)
Reclassification	-	-	-	-
Additions during the year	-	-	0.5	0.5
Disposals during the year	-	-	(11.9)	(11.9)
Cost at 31 December 2013	162.8	-	118.8	281.6
Depreciation, amortisation and impairment losses at 1 January 2013, continuing operations	23.6	-	34.8	58.4
Depreciation, amortisation and impairment losses at 1 January 2013, discontinued operations	-	-	98.0	98.0
Foreign currency translation adjustment	(2.5)	-	(8.3)	(10.8)
Reclassification	-	-	-	-
Depreciation, amortisation and write downs for the year	141.7	-	6.2	147.9
Reversal of depreciation and amortisation on assets sold	-	-	(11.9)	(11.9)
Depreciation, amortisation and impairment losses at 31 December 2013	162.8	-	118.8	281.6
Carrying amount at 31 December 2013	-	-	-	-

Notes

Note 11 Intangible assets and property, plant and equipment (continued)

(DKK million)	Goodwill	IT projects in progress	Customer relations, trademarks and IT systems	Total intangible assets
Parent company				
Cost at 1 January 2013, continuing operations	5.9	-	39.1	45.0
Cost at 1 January 2013, discontinued operations	-	-	-	-
Reclassification	-	-	-	-
Additions during the year	-	-	0.3	0.3
Disposals during the year	-	-	(11.9)	(11.9)
Cost at 31 December 2013	5.9	-	27.5	33.4
Depreciation, amortisation and impairment losses at 1 January 2013, continuing operations	-	-	34.3	34.3
Depreciation, amortisation and impairment losses at 1 January 2013, discontinued operations	-	-	-	-
Reclassification	-	-	-	-
Depreciation and amortisation for the year	5.9	-	5.1	11.0
Reversal of depreciation and amortisation on assets sold	-	-	(11.9)	(11.9)
Depreciation, amortisation and impairment losses at 31 December 2013	5.9	-	27.5	33.4
Carrying amount at 31 December 2013	-	-	-	-

Notes

Note 11 Intangible assets and property, plant and equipment (continued)

(DKK million)	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construction	Total property, plant and equipment
Group					
Cost at 1 January 2012	117.7	11.3	45.5	4.0	178.5
Foreign currency translation adjustment	5.1	-	0.8	(0.2)	5.7
Reclassification	-	-	-	-	-
Additions during the year	0.2	-	3.3	2.0	5.5
Disposals during the year	(32.6)	(7.9)	(13.1)	-	(53.6)
Transferred to / from assets held for sale	5.9	0.2	1.2	(5.8)	1.5
Cost at 31 December 2012	96.3	3.6	37.7	-	137.6
Depreciation, amortisation and impairment losses at 1 January 2012	33.7	5.6	33.1	-	72.4
Foreign currency translation adjustment	0.9	-	0.4	-	1.3
Reclassification	-	-	-	-	-
Depreciation and amortisation for the year	4.5	0.7	5.3	-	10.5
Reversal of depreciation and amortisation on assets sold	(5.2)	(3.1)	(10.5)	-	(18.8)
Transferred to / from assets held for sale	-	0.1	1.0	-	1.1
Depreciation, amortisation and impairment losses at 31 December 2012	33.9	3.3	29.3	-	66.5
Carrying amount at 31 December 2012	62.4	0.3	8.4	-	71.1
Additions and disposals, continuing operations:					
Additions during the year	0.2	-	2.5	-	2.7
Disposals during the year	(6.8)	-	(0.7)	-	(7.5)
Parent company					
Cost at 1 January 2012	5.4	0.0	8.2	-	13.6
Reclassification	-	-	-	-	-
Additions during the year	-	-	0.7	-	0.7
Disposals during the year	-	-	(0.5)	-	(0.5)
Transferred to / from assets held for sale	-	-	0.4	-	0.4
Cost at 31 December 2012	5.4	0.0	8.8	-	14.2
Depreciation, amortisation and impairment losses at 1 January 2012	3.6	(0.0)	4.0	-	7.6
Reclassification	-	-	-	-	-
Depreciation and amortisation for the year	0.9	-	2.0	-	2.9
Reversal of depreciation and amortisation on assets sold	-	-	(0.5)	-	(0.5)
Transferred to / from assets held for sale	-	-	0.4	-	0.4
Depreciation, amortisation and impairment losses at 31 December 2012	4.5	(0.0)	5.9	-	10.4
Carrying amount at 31 December 2012	0.9	0.0	2.9	-	3.8

Notes

Note 11 Intangible assets and property, plant and equipment (continued)

(DKK million)	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construction	Total property, plant and equipment
Group					
Cost at 1 January 2013, continuing operations	96.3	3.6	37.7	-	137.6
Cost at 1 January 2013, discontinued operations	12.9	-	2.1	-	15.0
Foreign currency translation adjustment	(2.7)	(0.1)	(2.8)	-	(5.6)
Reclassification	-	-	-	-	-
Additions during the year	0.1	-	3.5	-	3.6
Disposals during the year	-	-	(2.7)	-	(2.7)
Cost at 31 December 2013	106.6	3.5	37.8	-	147.9
Depreciation, amortisation and impairment losses at 1 January 2013, continuing operations	33.9	3.3	29.3	-	66.5
Depreciation, amortisation and impairment losses at 1 January 2013, discontinued operations	0.2	-	1.9	-	2.1
Foreign currency translation adjustment	(0.4)	(0.2)	(2.3)	-	(2.9)
Reclassification	-	-	-	-	-
Depreciation and amortisation for the year	3.5	0.2	3.9	-	7.6
Reversal of depreciation and amortisation on assets sold	-	-	(1.9)	-	(1.9)
Depreciation, amortisation and impairment losses at 31 December 2013	37.2	3.3	30.9	-	71.4
Carrying amount at 31 December 2013	69.4	0.2	6.9	-	76.5
Carrying amount at 31 December 2013, continuing operations	0.1	-	2.0	-	2.1
Carrying amount at 31 December 2013, discontinued operations	69.3	0.2	4.9	-	74.4
Carrying amount, Total	69.4	0.2	6.9	-	76.5

The carrying amount of assets under finance leases amounted to DKK 0.0 million at 31 December 2013 (2012: DKK 0.2 million).

Notes

Note 11 Intangible assets and property, plant and equipment (continued)

(DKK million)	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construction	Total property, plant and equipment
Parent company					
Cost at 1 January 2013, continuing operations	5.4	0.0	8.8	-	14.2
Cost at 1 January 2013, discontinued operations	0.9	-	-	-	0.9
Reclassification	-	-	-	-	-
Additions during the year	0.1	-	1.9	-	2.0
Disposals during the year	-	-	-	-	-
Cost at 31 December 2013	6.4	0.0	10.7	-	17.1
Depreciation, amortisation and impairment losses at 1 January 2013, continuing operations	4.5	(0.0)	5.9	-	10.4
Depreciation, amortisation and impairment losses at 1 January 2013, discontinued operations	-	-	-	-	-
Reclassification	-	-	-	-	-
Depreciation and amortisation for the year	0.5	-	1.8	-	2.3
Reversal of depreciation and amortisation on assets sold	-	-	-	-	-
Depreciation, amortisation and impairment losses at 31 December 2013	5.0	(0.0)	7.7	-	12.7
Carrying amount at 31 December 2013	1.4	0.0	3.0	-	4.4
Carrying amount at 31 December 2013, continuing operations	0.1	-	2.0	-	2.1
Carrying amount at 31 December 2013, discontinued operations	1.3	-	1.0	-	2.3
Carrying amount, Total	1.4	-	3.0	-	4.4

The carrying amount of assets under finance leases amounted to DKK 0.0 million at 31 December 2013 (2012: DKK 0.2 million).

Decision to divest existing operational units was taken in December 2013. Depreciation on fixed assets for 2013 include 12 month.

Notes

(DKK million)	2013	2012
Note 12 Investment in Group enterprises		
Parent company		
Cost at 1 January	783.0	783.6
Additions	1.7	-
Disposals	(12.9)	(0.6)
Cost at 31 December	771.8	783.0
Impairment losses at 1 January	352.2	286.5
Reversed	(12.8)	(3.2)
Additions	225.5	69.3
Disposals	-	(0.4)
Impairment losses at 31 December	564.9	352.2
Carrying amount at 31 December	206.9	430.8

Investments in subsidiaries at 31 December 2013 and related impairment losses DKK 212.7 million (2012: DKK 66.1 million) are classified as discontinued operations. Investments in subsidiaries at 31 December 2013 include the companies listed on page 79 under "Legal Structure". These are valued at the lower of costs and fair value less costs to sell.

(DKK million)	Non-current		Current	
	2013	2012	2013	2012
Receivables from Group enterprises:				
Cost at 1 January	104.8	100.7	228.0	471.9
Foreign currency translation adjustment	(1.6)	(10.1)	(5.3)	(0.1)
Additions	-	-	12.0	58.7
Disposals	(1.3)	-	(106.7)	(288.3)
Reclassification	(98.6)	14.2	98.6	(14.2)
Cost at 31 December	3.3	104.8	226.6	228.0
Impairment losses at 1 January	-	70.7	125.9	51.1
Foreign currency translation adjustment	-	(7.0)	(2.0)	-
Reversed	-	-	(5.7)	(29.5)
Additions	-	-	18.0	40.6
Reclassification	-	(63.7)	-	63.7
Impairment losses at 31 December	-	-	136.2	125.9
Carrying amount at 31 December	3.3	104.8	90.4	102.1

Receivables from Group enterprises at 31 December 2013 and related impairment losses DKK 10.3 million (2012: DKK 11.1 million) are classified as continuing operations.

Notes

(DKK million)	Group		Parent company	
	2013	2012	2013	2012
Note 13 Other investments and securities				
Carrying amount at 1 January and 31 December	3.7	3.7	3.7	3.7

Investments include a 5.6% ownership share in a Brazilian company that runs a teak forest. Investments have been measured at cost as there is no well-functioning market place for the shares. The carrying amount is classified as discontinued operations.

Carrying value of the Group's forest project in Pataua, Brazil is DKK 0 million (2012: DKK 0 million).

(DKK million)	Group		Parent company	
	2013	2012	2013	2012
Note 14 Tax in the balance sheet				
Income tax receivable / (income taxes due) :				
Tax receivable (income taxes due) at 1 January	6.3	(2.0)	-	-
Foreign currency translation adjustment	(0.2)	0.7	-	-
Current tax for the year	0.3	(14.3)	-	-
Current tax for the year other comprehensive income	-	(1.3)	-	-
Adjustment of tax for previous years	(0.8)	3.0	-	-
Transferred to liabilities relating to assets held for sale	-	7.5	-	-
Paid (refund of) income taxes for the year	(5.6)	12.7	-	-
Income tax receivable (income taxes due) at 31 December	-	6.3	-	-

Consists of:

Income tax receivable continuing operations	-	8.5	-	-
Income tax receivable discontinued operations	-	-	-	-
Income taxes due continuing operations	-	(2.2)	-	-
Income taxes due discontinued operations	-	-	-	-
	-	6.3	-	-

Deferred tax, net asset/(net liability):

Deferred tax 1 January	31.2	29.4	25.2	33.4
Foreign currency translation adjustment	0.5	(0.4)	-	0.1
Deferred tax for the year recognised in the profit for the year	(34.0)	2.9	(25.2)	(8.3)
Deferred tax for the year recognised in other comprehensive income	-	(0.5)	-	-
Transferred to liabilities relating to assets held for sale	-	(0.2)	-	-
Deferred tax 31 December	(2.3)	31.2	-	25.2

Consists of:

Deferred tax asset continuing operations	-	40.9	-	25.2
Deferred tax asset discontinued operations	5.8	-	-	-
Deferred tax (liability) continuing operations	-	(9.7)	-	-
Deferred tax (liability) discontinued operations	(8.1)	-	-	-
	(2.3)	31.2	-	25.2

Notes

(DKK million)	Group		Parent company	
	2013	2012	2013	2012
Note 14 Tax in the balance sheet (continued)				
Deferred tax relates to:				
Intangible assets	-	-	-	-
Property, plant and equipment	(1.3)	2.3	-	-
Current assets	(3.9)	(2.4)	-	-
Provisions	0.3	3.2	-	-
Other liabilities	0.4	(6.1)	-	-
Tax losses carried forward (capitalised)	2.2	34.2	-	25.2
	(2.3)	31.2	-	25.2
Deferred tax assets not recognised in the balance sheet relate to:				
Temporary differences	19.2	26.0	24.8	31.4
Tax losses	169.0	121.0	128.8	95.6
	188.2	147.0	153.6	127.0

No provision is made for contingent tax relating to the retaxation liability in respect of the Brazilian subsidiary, please refer to note 22 on Contingent liabilities.

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

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

(DKK million)	Group		Parent company	
	2013	2012	2013	2012
Note 15 Trade receivables				
Continuing operations	-	231.6	-	109.8
Discontinued operations	219.0	6.5	108.2	4.6
	219.0	238.1	108.2	114.4
Write-down included in the above receivables has developed as follows:				
Write-down at 1 January	10.9	10.3	7.3	6.7
Write-down at 1 January, discontinued operations	1.1	-	-	-
Write-down at 1 January, continuing operations	12.0	10.3	7.3	6.7
Write-down for the year	3.5	3.7	1.8	1.8
Realised during the year	(0.8)	(0.9)	-	-
Reversed	(3.4)	(2.4)	(1.9)	(1.2)
Foreign currency translation adjustment	(0.1)	0.2	-	-
Write-down at 31 December	11.2	10.9	7.2	7.3

All write downs in 2013 relate to discontinued operations.

Notes

	Number of shares	Nominal value (DKK)	Nominal value per share
Note 16 Equity			
Share capital in the Group and in the parent company:			
DLH shares at 1 January and 31 December 2012 and 2013	53,566,497	267,832,485	5

	Number of shares		Nominal value (tDKK)		Percentage of share capital	
	2013	2012	2013	2012	2013	2012
Treasury shares:						
Treasury shares at 31 December	182,188	182,188	911	911	0.3%	0.3%

By authority granted by the General Meeting, a maximum of 10% of the share capital may be acquired. The authority was not exercised in 2013.

The implications of IFRS 5 as described on page 3 in this report has the technical impact that the parent company share capital has partly been lost. By end of 2013, the loss represent 37% of the share capital. It is expected that during 2014 the parent equity will increase along with the expected reductions in net working capital and divestitures.

Note 17 Pensions and similar liabilities

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

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

The pension liability of the parent company is insured. The majority of the foreign entities' pension liabilities are also insured. In a few foreign entities in which the liabilities are not insured or only insured in part, the liability is recognised at the present value at the balance sheet date, based on an actuarial calculation. In the consolidated financial statements DKK 5.7 million (2012: DKK 9.1 million) has been recognised under liabilities relating to the Group's commitments to existing and former employees after making a deduction for the corresponding pension plan assets.

Defined benefit plans and similar liabilities relate to discontinued operations. Arrangements exist only in Sweden, Norway and Belgium. In 2012 these were included under continuing operations as IFRS 5 determines that 2012 balance sheet is not restated.

(DKK million)	2013	2012
Defined contribution plans	7.5	11.5
Defined benefit plans	0.3	0.4
Total pension costs	7.8	11.9
Present value of defined benefit plans	13.3	14.5
Fair value of pension assets	(7.6)	(5.4)
Net liability recognised in the balance sheet	5.7	9.1

The net liability at year end 2013 DKK 3.1million regarding the defined benefit plan arrangement in Sweden will in connection with a successive repayment agreement made in 2010 be finally paid out in 2014 and the liability fully taken over by an external pension provider. The remaining net liability at year end 2013 DKK 2.6million relates to discontinued arrangements in Norway DKK 1.3million (covering 1 person only) and Belgium DKK 1.3million (covering 10 persons).

Notes

Note 18 Provisions

In 2012 the Group decided that it would leave its domicile during 2013 and may exercise an option to repurchase the property in September 2014 and thereafter sell off the property. Provision was made to cover the expected loss on this transaction. In 2013 provision was made to cover the lease costs for the sales period. Total provision regarding the Group's previous domicile amounts to DKK 20.2 million.

In 2010 the Group made provisions totalling DKK 21.7 million to cover the costs of the restructuring measures implemented by the Group at that time. The remaining provisions and costs in 2013 related to this mainly concern liabilities regarding partly unutilised leases in Denmark and Norway of DKK 12.9 million (2012: DKK 20.1 million).

The Group's Russian subsidiary might be subject to a tax audit in respect of the years 2011-2013. Due to uncertainties surrounding previous tax payments in Russia, the Group has decided to make provisions of DKK 1.4 million (2012: DKK 2.8 million) for potential additional tax payments.

(DKK million)	Group		Parent company	
	2013	2012	2013	2012
Provisions:				
Provisions at 1 January, continuing operations	22.3	25.9	14.9	19.0
Provisions at 1 January, discontinued operations	31.3	16.7	18.1	5.5
Provisions at 1 January, Total	53.6	42.6	33.0	24.5
Foreign currency translations adjustments	(2.2)	0.1	-	-
Provisions made for the year	15.8	25.5	9.2	14.3
Paid costs	(22.6)	(11.9)	(12.4)	(5.1)
Reversed	(6.6)	(2.7)	-	(0.7)
Provisions at 31 December Total	38.0	53.6	29.8	33.0
Provision split at 31 December				
Continuing operations	8.6	22.3	8.6	14.9
Discontinued operations	29.4	31.3	21.2	18.1
Provisions at 31 December	38.0	53.6	29.8	33.0
The provisions are expected to fall due as:				
Current liabilities	32.1	39.1	23.9	22.6
Non-current liabilities	5.9	14.5	5.9	10.4
Provisions at 31 December	38.0	53.6	29.8	33.0

Notes

(DKK million)	Group		Parent company	
	2013	2012	2013	2012
Note 19 Long-term loans				
Loans to credit institutions:				
Subordinated loan	18.6	37.3	18.6	37.3
Credit institutions	210.6	310.2	161.3	239.7
Total	229.2	347.5	179.9	277.0
Long-term loans:				
Subordinated loan	-	18.7	-	18.7
Credit institutions	-	0.3	-	0.3
Total	0.0	19.0	0.0	19.0
Portfolio falling due within one year:				
Subordinated loan	18.6	18.6	18.6	18.6
Credit institutions	210.6	309.9	161.3	239.4
Total	229.2	328.5	179.9	258.0

In connection with the acquisition of tt Timber Group in 2006 the vendor provided DKK 112 million (EUR 15 million) of the purchase price as a subordinated loan in Dalhoff Larsen & Horneman A/S. The loan term was 10 years. In connection with the capital increase in April 2011, half of the loan was repaid partly by conversion into equity and partly by cash refund. At the same time it was agreed that the outstanding debt of DKK 56 million (EUR 7.5 million) would be repaid in three equal instalments of EUR 2.5 million in March 2012, 2013 and 2014.

The loan carries interest at the rate of the DLH Group's annual return on equity after tax, but not lower than 5% p.a. and not higher than 8% p.a. In order to hedge the interest risk the Group has entered a number of interest swap contracts, please refer to note 20.

Notes

Note 20 Financial risk and financial instruments

The Group's risk management policy

DLH has identified all significant commercial risks that may affect turnover, earnings and the company's financial position. The Group's risk hedging has been determined accordingly. There are no significant changes in the Group's risk exposure or management compared to last year.

Financial risks

Owing to the nature of its operations, investments and financing, the DLH Group is exposed to a number of financial risks, especially foreign exchange rates, interest rates and liquidity risk as well as the risk involved in granting credit to customers.

The DLH Group's financial risk management is partly decentralised. The general framework for the Group's financial risk management is laid down in the Group's foreign exchange, investment, financing and credit policies and comprises a description of approved financial instruments and risk framework.

It is the DLH Group's policy not to actively speculate in financial risks. The financial management is thus only concerned with the management and reduction of the financial risks that are a direct consequence of the DLH's Group's operations, investments and financing.

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

Foreign currency risk

The DLH Group is exposed to foreign exchange fluctuations because the individual Group entities make purchasing and sales transactions and receivables and debt denominated in other currencies other than their own functional currency. The Group's most important currency exposure relates to USD. Owing to the peg of the Danish krone to the euro, there is no hedging of the euro against the Danish krone.

The Group's foreign currency risk is hedged by matching income and expenses, receivables and commitments denominated in foreign currencies and by using derivative financial instruments. Future cash flows are only hedged when binding purchase or sales contracts have been concluded.

Goods purchased to keep in stock are for the most part hedged/translated into the functional currency on receipt of goods. With respect to goods sold, these are hedged once the customer has accepted the sales contract. The majority of direct supplies are hedged when the purchasing and selling price has been fixed and the orders are confirmed.

DLH's net investments in foreign subsidiaries are not hedged.

Liquidity risks

The liquidity risk reflects the risk that DLH is not in a position to meet its commitments as a result of an inability to generate sufficient earnings, realise its assets or obtain the necessary financing. There is also a risk that financing may be raised on less favourable terms and/or at higher costs.

The Group's liquidity reserve consists of unused credit facilities with the Group's bankers and of cash funds. The Group aims to have sufficient liquidity reserve to continue to operate appropriately in the event of unforeseen fluctuations in liquidity.

Fair value

The carrying amount of financial assets and liabilities as at the end of 2013 corresponds in all material respect to the fair value at the balance sheet date.

Forward exchange contracts and interest rate swaps are valued in line with generally accepted valuation techniques based on relevant observable swap curves and exchange rates. All derivative financial instruments are covered by level two in the fair value hierarchy.

Interest rate risks

Due to its financing activities, the DLH Group is exposed to risk arising from fluctuations in the interest rate level in Denmark and abroad. The primary interest rate exposure is related to fluctuations in the short-term money market rates in the Group's functional currencies. The DLH Group's policy is to hedge the interest rate risk on loans when it deems that interest payments can be hedged at a satisfactory level. Hedging normally takes the form of concluding interest rate swaps where the loans carrying variable rates are converted to a fixed interest rate.

At year end 2013, DLH's net interest bearing debt amounted to DKK 204.1 million (2012: DKK 248.1 million). The debt is primarily denominated in Euro, Danish kroner and US dollar. Loans denominated in foreign currencies are included in the DLH Group's overall foreign exchange balancing and are therefore not an expression of the Group's foreign currency exposure. Of the gross interest bearing debt, DKK 210.8 million (2012: DKK 326.3 million) is variable interest rate debt.

Notes

Note 20 Financial risk and financial instruments (continued)

To reduce the interest rate risk, the Group has outstanding interest rate swaps for an equivalent value of DKK 147.4 million at the balance sheet date (2012: DKK 149.9 million) with a weighted time to maturity of 11 months (2012: 23 months). DLH pays a fixed average interest rate of 0.7% (2012: 0.8%) and receives variable interest.

On an annual basis, a simultaneous interest rate rise of 1 percentage point on all loans in foreign currencies will reduce the Group's pre-tax profit/loss by approx. DKK 0.6 million (2012: DKK 1.8 million) and pre-tax equity would be reduced equally at the current level of activity and with the existing capital structure.

Capital management

At the end of 2013, DLH's equity ratio totalled 42.8% (45.3% including the subordinated loan) against 51.5% (54.7% including the subordinated loan) in 2012. No target has been set for the Group's equity ratio, but the company deems the current capital structure appropriate in relation to DLH's risk profile and changed strategy.

Capital base

In line with the previous year a targeted reduction in the Group's net interest-bearing debt continued, which at the end of 2013 totals DKK 204.1 million (2012: DKK 248.1 million). The debt reduction is primarily driven by the disposal of non-strategic assets and by the reduction in working capital.

Financing package

In spring of 2011, DLH entered into an agreement concerning a three-year financing of the Group with a bank consortium consisting of the principal bankers Nordea Bank Danmark A/S, Danske Bank A/S and FIH Kapitalbank A/S. This original three-year agreement was adjusted in 2012, and in March 2013 - in the light of the proceeds from the sale of land and buildings in December 2012 and January 2013 - the Group's credit facilities with the bank consortium were reduced to DKK 400 million. During 2013 the credit facilities has been brought down by a further DKK 75 million to DKK 325 million.

In first quarter of 2014 DLH has entered an agreement, commencing April 2014, in which it prolongs its existing credit facility. The prolonged facility has a maximum of DKK 290m and it will expire with full repayment due on 31st of March 2015. The credit maximum will be reduced during 2014. Repayment will occur from divestment of activities or reduction of net working capital. With the current plans and activity level, the new facility is deemed sufficient to enable operations of DLH throughout 2014. Given the duration of the credit facility the debt is classified as short term. The prolonged credit facility agreement contains no covenants apart from an asset cover of inventory and debtors in relation to net interest bearing debt.

In addition to the financing package with the bank consortium, the Group's activities are financed by a subordinated loan and smaller facilities in individual subsidiaries with other credit institutions.

General information about the financing package

The loans provided under the financing package described above are accompanied by a collateral package under which the Group pledges shares in one of its major subsidiaries and registered security in inventories and debtors etc. in a number of companies. For the parent company, security has also been provided in intra-group balances of Group enterprises. The interest margin in the financing package is fixed.

In the light of the agreed credit limits and conditions and budgets and plans, it is the opinion of the Board of Directors and Executive Board that the company's liquidity resources are sufficient for the company's operations until the expiry of the financing package.

The Board of Directors and the Executive Board assess that the Group's capital structure is adequate.

Subordinated loan

As at 31 December 2013 the Group had a subordinated loan from Fragaria GmbH with an outstanding debt of DKK 18.7 million, which will be repaid with a final instalment in March 2014.

Notes

Note 20 Financial risk and financial instruments (continued)

Financial instruments - carrying amount and contractual cash flow:

Group (DKK million)	2013					
	Carrying amount	Contractual cash flows	Within one year	1-3 years	3-5 years	After 5 years
Non-derivative financial instruments:						
Credit institutions and subordinated loan capital	229.5	232.6	232.6	-	-	-
Trade payables	95.0	95.0	95.0	-	-	-
Derivative financial instruments:						
Forward exchange contracts used as hedges (net settlement)	(0.4)	(0.4)	(0.4)	-	-	-
Interest rate swaps	0.9	0.9	0.7	0.2	-	-
Total	325.0	328.1	327.9	0.2	-	-

Group (DKK million)	2012					
	Carrying amount	Contractual cash flows	Within one year	1-3 years	3-5 years	After 5 years
Non-derivative financial instruments:						
Credit institutions and subordinated loan capital	347.5	366.0	347.1	18.9	-	-
Trade payables	90.3	90.3	90.3	-	-	-
Derivative financial instruments:						
Forward exchange contracts used as hedges (net settlement)	0.5	0.5	0.5	-	-	-
Interest rate swaps	1.8	1.8	0.9	0.9	-	-
Total	440.1	458.6	438.8	19.8	-	-

Notes

Note 20 Financial risk and financial instruments (continued)

Parent company		2013				
(DKK million)	Carrying amount	Contractual cash flows	Within one year	1-3 years	3-5 years	After 5 years
Non-derivative financial instruments:						
Credit institutions and subordinated loan capital	180.2	183.1	183.1	-	-	-
Trade payables	43.0	43.0	43.0	-	-	-
Payables to Group enterprises	125.2	133.2	129.5	3.7	-	-
Derivative financial instruments:						
Forward exchange contracts used as hedges (net settlement)	(0.4)	(0.4)	(0.4)	-	-	-
Interest rate swaps	0.9	0.9	0.7	0.2	-	-
Total	348.9	359.8	355.9	3.9	-	-

Parent company		2012				
(DKK million)	Carrying amount	Contractual cash flows	Within one year	1-3 years	3-5 years	After 5 years
Non-derivative financial instruments:						
Credit institutions and subordinated loan capital	277.0	291.6	272.7	18.9	-	-
Trade payables	34.0	34.0	34.0	-	-	-
Payables to Group enterprises	118.0	131.4	61.8	69.6	-	-
Derivative financial instruments:						
Forward exchange contracts used as hedges (net settlement)	0.5	0.5	0.5	-	-	-
Interest rate swaps	1.8	1.8	0.9	0.9	-	-
Total	431.3	459.3	369.9	89.4	-	-

Financial guarantees in favour of affiliated companies in addition to the bank debt reflected in the balance sheet amount to DKK 188,1 million (2012: DKK 228,1 million) ref. Note 22.

Credit risk

Due to the nature of its operations and certain financing activities the DLH Group is exposed to credit risk. The Group's credit risk is primarily related to trade receivables and prepayments for goods.

Trade receivables

Trade receivables represent the second largest asset item on the balance sheet, amounting to DKK 219 million (2012: DKK 238.1 million). Credit is granted on the basis of a policy where, to a large extent, credit insurance is requested. Sales involving credit granted to customers, who cannot be insured, or where other security cannot be obtained, only take place after individual assessment.

The economic situation in a number of countries continues to keep the DLH Group's credit risks at a relatively high level. The risk is partly reflected by the fact that credit insurers reduce – and in the worst case scenario – terminate their insurance limits for insured customers and partly by the fact that the DLH Group's own risk in relation to uninsured customers is increased.

Realised losses on debtors including costs of credit insurance amount to DKK 7.3 million (2012: DKK 6.8 million) equating to 0.3% of turnover (2012: 0.3%). In 2013, net write-downs of DKK 1.1 million were reversed (2012: DKK 0.1 million).

At the balance sheet date, approximately 56% (2012: 67%) of the DLH Group's trade receivables were covered by credit insurance or secured in other ways, i.e. by letters of credit or payment against documents. The Group's maximum risk on trade receivables was DKK 97 million excluding VAT at year end 2013 (2012: DKK 82.2 million). The maximum risk before security arrangements is DKK 230.3 million. (2012: DKK 249.0 million).

Notes

Note 20 Financial risk and financial instruments (continued)

Prepayments to suppliers

To secure supplies from Africa, South America and Eastern Europe, an important parameter is prepayments to suppliers. This carries an inherent risk of losses and requires tight control. Some of the prepayments, however, represent financing of already existing inventories with suppliers. At year end 2013, prepayments to suppliers totalled DKK 18.5 million (2012: DKK 14.7 million), which are only partly secured by pledges or in other ways. At the balance sheet date the risk profile was as shown below:

Group (DKK million)	Trade receivables		Prepayments	
	2013	2012	2013	2012
Credit risk:				
Nominal value	230.2	249.0	38.3	21.1
Write-down	(11.2)	(10.9)	(9.4)	(6.4)
Carrying amount	219.0	238.1	28.9	14.7
Less credit insurance, net	(53.0)	(63.1)	-	-
Less other security	(69.0)	(92.8)	-	-
Maximum credit risk	97.0	82.2	28.9	14.7

Prepayments are to some extent secured by collateral in the production plant and moveable property.

Breakdown of trade receivables in terms of creditworthiness (DKK million):	2013	2012
Denmark	19.0	21.0
Other Scandinavian countries	32.8	36.9
Western Europe	53.4	56.6
Eastern Europa	30.9	37.5
North America	7.9	5.4
Africa	9.9	5.0
Asia	62.7	74.6
Other regions	2.4	1.1
Total	219.0	238.1

As at 31 December 2013 and 2012 overdue not impaired receivables were insignificant.

Out of the trade receivables that were overdue at the balance sheet date DKK 79.6 million (2012: DKK 73.4), DKK 39.9 million (2012: DKK 46.6 million) was covered by credit insurance or hedged in other ways, for instance by letters of credit or similar trade financing.

Notes

Note 20 Financial risk and financial instruments (continued)

At the balance sheet date the risk profile was as shown below:

Parent company

(DKK million)	Trade receivables		Prepayments	
	2013	2012	2013	2012
Credit risk:				
Nominal value	115.4	118.9	23.0	12.0
Write-down	(7.2)	(4.5)	(2.4)	(2.3)
Carrying amount	108.2	114.4	20.6	9.7
Less credit insurance, net	(15.2)	(23.4)	-	-
Less other security	(58.8)	(70.8)	-	-
Maximum credit risk	34.2	20.2	20.6	9.7

Prepayments are to some extent secured by collateral in production plant and moveable property.

Breakdown of trade receivables in terms of creditworthiness (DKK million):	2013	2012
Denmark	19.0	19.3
Other Scandinavian countries	0.1	0.1
Western Europe	3.8	6.3
Eastern Europa	4.2	3.7
North America	7.9	6.1
Africa	9.4	4.3
Asia	61.4	73.5
Other regions	2.4	1.1
Total	108.2	114.4

As at 31 December 2013 and 2012 overdue not impaired receivables were insignificant.

Out of the trade receivables that were overdue at the balance sheet date DKK 43.8 million (2012: 36.2 million), DKK 22.3 million (2012: DKK 26.5 million) was covered by credit insurance or hedged in other ways, for instance by letters of credit or similar trade financing.

Hedge accounting

The DLH Group uses interest rate swaps and forward contracts to hedge the financial risks relating to both financial instruments and the Group's operations. It is the Group's policy not to actively speculate in financial risk. The Group's financial management is thus only concerned with managing and reducing the financial risks, which are a direct consequence of the Group's operations, investments and financing. For further information about the DLH Group's risk management, please see above.

As mentioned in the section on Accounting Policies (note 1) hedging of foreign exchange rate fluctuations related to financial instruments and non-financial assets is done as cash flow hedges.

Cash flow hedge

The DLH Group applies interest rate and foreign exchange rate swaps as well as forward exchange rate contracts to hedge the Group's risks related to fluctuations in cash flow as a result of fluctuating interest rates and foreign exchange rates. As in 2012, the Group only used derivatives to hedge foreign exchange risks and interest rate risks.

The effective part of the fair values of outstanding forward exchange contracts and interest rate swaps at 31 December, which qualify and are used as hedging instruments for future transactions, are recognised directly in equity until the hedged transactions are recognised in the income statement. Notional principal amount for foreign currency risks (USD), which is recognised in the equity is DKK 54.5 million (2012: DKK 57.0 million) and for interest rate risks the notional principal amount amounts to DKK 147.4 million (2012: DKK 149.9 million). As at 31 December DKK 1.8 million was recognised in the equity (2012: DKK 1.0 million) in respect of foreign currency hedging and negative DKK 0.9 million (2012: DKK negative 1.8 million) in respect of interest rate hedging.

The income statement for 2013 was affected by inefficiencies relating to foreign currency hedging in respect of sales and purchases in the amount of DKK 0.8 million (2012: DKK 7.1 million).

The above financial data are shown as a total of continuing and discontinued operations.

Notes

Note 21 Assets charged and collateral

Collateral

The following assets are collateral for the Group's debt to credit institutions:

Legal entity	Collateral	Registered amount (DKK million)
Dalhoff Larsen & Horneman A/S, Høje Taastrup, Denmark	Company charge	315
DLH Belgium N.V., Antwerp, Belgium	Company charge	86
DLH France S.A.S., Nantes, France	Shares charged	-
DLH Poland Sp. z o.o., Warsaw, Poland	Company charge	-
DLH Sverige AB, Hässleholm, Sweden	Company charge	174

The assets have been charged as collateral for debt to the bank consortium. Debt to the bank consortium amounted as at 31 December 2013 to DKK 210.6 million (2012: DKK 306 million). Collateral for debt to credit institutions was registered in an amount totalling DKK 575 million (2012: DKK 750 million).

Note 22 Contingent liabilities and leasing commitments

(DKK million)	Group		Parent company	
	2013	2012	2013	2012
Deferred tax provision is not made in the balance sheet in respect of contingent tax relating to the re-taxation liability arising in respect of the "shadow-taxed" Brazilian subsidiary as the Group has taken precautions that prevent the deferred tax from crystallising.	80.5	89.0	80.5	89.0
Guarantee commitments in favour of Group enterprises in addition to the bank loans stated in the balance sheet, maximum	-	-	188.1	228.1
Guarantee commitments in favour of others, maximum	26.9	47.6	26.9	47.6
Guarantee commitments in favour of others are split as follows				
Discontinued operations	26.9	47.6	26.9	47.6
Continuing operations	-	-	-	-

According to Russian legislation and practice DLH is obliged to conduct and document certain background checks before trading with suppliers. Due to existing practice of the Russian tax authorities, if these suppliers' tax compliance is challenged and the supplier is categorized as a "bad faith supplier" this may result in tax risks for DLH. Management believes that it is not practicable to estimate the financial effect of potential tax liabilities, which ultimately could be imposed on DLH due to transactions with "bad faith suppliers", if any. However, if such liabilities were imposed the amount involved, including penalties and interest, could be material.

Notes

Note 22 Contingent liabilities and leasing commitments (continued)

Contractual obligations:

2013	Time to maturity (years)	Nominal value of leasing commitments (DKK million)
The parent company and the Group enterprises have concluded operating leases of real estate:		
Warehousing facilities and administration, Kolding, Denmark	1	8.4
Administration, Denmark	5	3.9
Warehousing facilities and administration, Nantes, France	1	3.8
Warehousing facilities and administration, eight locations in Russia	1	1.3
Warehousing facilities and administration, Prague, Czech Republic	2	1.6
Warehousing facilities and administration, Oslo, Norway	5	18.0
Warehousing facilities and administration, Bratislava, Slovakia	2	1.1
Sale and administration, Hong Kong, China	1	0.7
Sale and administration, Ho Chi Minh, Vietnam	1	0.5
Warehousing facilities and administration, eight locations in Poland	2	0.9
Other small-scale facilities	1	1.6
The operating leases of real estate are split as follows		
Discontinued operations	2	38.0
Continuing operations	5	3.9

In 2007 DLH entered an operational lease agreement concerning its head quarter in Høje Taastrup. The agreement expires in 2027. DLH has an option to repurchase the property in September 2014. DLH vacated the premises in the autumn of 2013 and is actively searching for alternative tenants or owners of the property. The expected loss of such change was expensed in the 2012 financial statements. If the lease agreement continues unchanged until maturity in 2027 the nominal leasing commitment amounts to DKK 61.3 million.

In addition, frame agreements have been concluded for operating leases in respect of passenger cars in the parent company as well as in group enterprises in Denmark. The agreements were concluded on ordinary market terms.

The present value of all leasing commitments amounts to DKK 43.2 million. (2012: DKK 54.8 million)

Notes

Note 22 Contingent liabilities and leasing commitments (continued)

2013 (DKK million)	Group				Parent company			
	0-1 year	1-5 years	>5 years	Total	0-1 year	1-5 years	>5 years	Total
Commitment under operating lease, nominal value falling due:								
Properties	20.5	21.2	0.2	41.9	7.4	5.7	0.2	13.4
Passenger cars and vans	1.9	0.7	-	2.6	0.6	-	-	0.6
Other commitments	-	-	-	-	-	-	-	-
Total	22.4	21.9	0.2	44.5	8.0	5.7	0.2	14.0

The total commitments are split as follows

Discontinued operations	21.7	18.9	-	40.6	7.3	2.8	-	10.1
Continuing operations	0.7	3.0	0.2	3.9	0.7	3.0	0.2	3.9

2012 (DKK million)	Group				Parent company			
	0-1 year	1-5 years	>5 years	Total	0-1 year	1-5 years	>5 years	Total
Commitment under operating lease, nominal value falling due:								
Properties	22.2	29.2	-	51.4	8.0	5.9	-	13.9
Passenger cars and vans	2.7	0.8	-	3.5	1.3	0.6	-	1.9
Other commitments	0.7	0.1	-	0.8	-	-	-	-
Total	25.6	30.1	-	55.7	9.3	6.5	-	15.8

An amount of DKK 20.2 million (2012: DKK 20.7 million) relating to operating leases was recognised under the item "other external expenses" in the income statement.

Notes

Note 23 Related parties

Related parties with controlling influence

DLH has no related parties with controlling influence.

Related parties with significant influence

Related parties with significant influence comprise the company's Board of Directors, Executive Board and Group enterprises as outlined in the Group legal structure on page 79.

Related parties with significant influence furthermore comprise DLH-Fonden, Amerika Plads 37, 2100 Copenhagen Ø, which owns 21.9% of the shares in DLH and has the right to appoint one member of the Board of Directors.

Please also refer to the section of Shareholder information on pages 13-14.

Transactions with related parties

The Group:

With the exception of intra-group transactions, which are eliminated in the Consolidated Accounts, and the customary management remuneration, no transactions were carried out during the year with members of the Board of Directors, the Executive Board, major shareholders or Group enterprises.

Please refer to pages 15-16, where the positions of trust held by members of the Board of Directors and Executive Board are detailed.

Parent company:

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

(DKK million)	2013	2012
Long-term loans	3.3	104.8
Receivables	90.4	102.1
Liabilities	109.1	88.9

As at the balance sheet date, interest-bearing receivables carry interest at rates between 5.7% and 12.5%, and interest-bearing liabilities carry interest between 4.0% and 5.7% per annum depending on the currency. Interest rates are fixed on the basis of the company's own interest rate arrangements with the bank.

Interest relating to Group enterprises are stated in Notes 7 and 8.

The parent company received DKK 11.5 million in dividend from the subsidiaries in 2013 (2012: DKK 6.7 million).

The parent company has provided guarantees for Group enterprises' bank loans, cf. Note 22.

Apart from this, no transactions were carried out during the year with members of the Board of Directors, the Executive Board, Senior Executives, major shareholders or other related parties.

Notes

Note 24 Events occurring after the end of the financial year

The Group entered into a prolonged bank agreement early in 2014, cf. note 20. Apart from that, no significant events influencing the financial statements have occurred since 31 December 2013.

Note 25 New accounting standards

IASB has issued a number of new standards and contributions to interpretations which are not mandatory to Dalhoff Larsen & Horneman A/S.

The adopted standards not yet entered into force will be implemented as they become mandatory for Dalhoff Larsen & Horneman A/S. None of them is expected to impact significantly on the presentations of accounts in Dalhoff Larsen & Horneman A/S.

Note 26 Non-cash operating items etc.

Note	(DKK million)	Group		Parent company	
		2013	2012	2013	2012
11	Depreciation, amortisation and impairment losses	2.5	3.0	12.8	14.1
	Other non-cash operating items, net	0.3	(6.2)	0.2	(0.4)
	Provisions/(reversals)	(5.3)	(3.7)	(5.4)	(5.1)
7	Financial income	(0.1)	(0.2)	(23.1)	(23.7)
8	Financial expenses	20.5	33.4	37.2	41.5
	Non-cash operating items etc. total	17.9	26.3	21.7	26.4

Note 27 Change in working capital

Note	(DKK million)	Group		Parent company	
		2013	2012	2013	2012
	Inventories and prepayments	-	-	-	-
	Trade receivables	-	(2.7)	-	2.3
	Trade and other payables	(2.1)	2.4	(2.1)	(3.4)
3	Other operating debt, net	2.2	0.2	2.2	0.2
	Change in working capital total	0.1	(0.1)	0.1	(0.9)

Note 28 Cash

Note	(DKK million)	Group		Parent company	
		2013	2012	2013	2012
	Cash	-	98.9	-	21.1
3	Cash classified as assets held for sale	26.7	0.5	1.9	-
	Cash total	26.7	99.4	1.9	21.1

Legal structure at 31 December 2013

DLH GROUP

Company name	Country	Currency	Share capital	Share of ownership
Dalhoff Larsen & Horneman A/S, Copenhagen	Denmark	DKK	267.8 million	
Nordic Region				
DLH Sverige AB, Hässleholm	Sweden	SEK	5.0 million	100%
DLH Norge AS, Frogner	Norway	NOK	0.56 million	100%
DLH Finland OY, Vantaa	Finland	EUR	0.003 million	100%
DLH Lietuva, UAB, Vilnius	Lithuania	LTL	0.2 million	100%
Central & Eastern Europe				
DLH Poland Sp. z o.o., Warsaw	Poland	PLN	2.385 million	100%
DLH Nordisk Sp. Z o.o., Karlino	Poland	PLN	16 million	100%
DLH Czech, s.r.o., Prague	Czech Republic	CZK	50.2 million	100%
DLH Slovakia s.r.o., Bratislava	Slovakia	EUR	0.007 million	100%
DP II Bohmans-KU, Kiev	Ukraine	USD	0.206 million	100%
OOO Bohmans, Khimki	Russia	RUB	80.05 million	100%
Western Europe				
DLH France SAS, Frontignan	France	EUR	0.75 million	100%
Indufor N.V. Antwerp	Belgium	EUR	2.5 million	100%
DLH Nederland B.V., Baarn	Netherlands	EUR	2.0 million	100%
USA				
DLH Nordisk, Inc., Greensboro	USA	USD	0.05 million	100%
Global Sales and Global Sourcing				
DLH Hong Kong Limited, Hong Kong	China	HKD	0.01 million	100%
Indochina Wood Limited, Tortola	Virgin Islands	USD	0.05 million	100%
DLH (Vietnam) Co., Ltd., Ho Chi Minh City	Vietnam	USD	0.5 million	100%
DLH Côte d'Ivoire S.A., Abidjan	Ivory Coast	XOF	150 million	100%
DLH Procurement Cameroun S.A.R.L, Douala	Cameroon	XAF	5.0 million	100%
DLH-Kinshasa sprl, Congo-Kinshasa	Congo-Kinshasa (DRC)	CDF	60 million	100%
Nordisk Timber Ltda., Belém	Brazil	BRL	33.1 million	100%
DLH Guyana, Inc., Georgetown - E.C.D.	Guyana	GYD	0.5 million	100%

