

Interim report 3 months 2014

dih.



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The interim report from Dalhoff Larsen & Horneman A/S, CVR no. 34 41 19 13, was published on 28 April 2014 via NASDAQ OMX Copenhagen.

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DIVESTMENT PROCESS CONTINUES WHILE OPERATING EBIT IMPROVES

"We have achieved improved earnings in our operating regions and further reduced our net working capital and interest-bearing debt. I am pleased to see this improvement in our traditionally weak first quarter" says CEO Kent Arentoft. He adds: "We are continuing to run several structured sales processes in accordance with our new strategy plan and the improved results will assist us in this."

- EBIT improved to minus DKK 8 million in first quarter this year from minus DKK 13 million in first quarter last year.
- The business regions have delivered a turnover of DKK 399 million for the first three months of the year against DKK 425 million for the same period last year. The fall corresponds to 6% of which 2 percentage points are exchange rate related.
- For the first three months of the year, Global Sales posted a turnover 2% higher than last year whereas the European stock based businesses saw a fall of 10%.
- The Group's gross margin for the first three months of the year reached the same level as first quarter of 2013 even though Global Sales' back-to-back business, where the gross margin is lower, accounts for a larger proportion of the turnover.
- Overhead costs were reduced by DKK 7 million.
- Net interest bearing debt was reduced to DKK 198 million.
- The Group is running structured sales processes in respect of the Nordic Region, Eastern Europe Region, Global Sales Asia/Africa and France, while it has been decided to wind down business units in India, Middle East and Czech Republic.



The Board of Directors has today approved the interim report for the period 1 January to 31 March 2014.

Contact:
Any enquiries about this announcement should be addressed to CEO Kent Arentoft on + 45 43 50 01 01.

FINANCIAL HIGHLIGHTS AND RATIOS

The strategic plan announced in December 2013 has significant implications for the presentation of the financial statements below and on pages 15-25. 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 6. In order to continue to present the business development in 2014 in a manner comparable with the operating business structure, DLH has decided to present the financial review on pages 5-11 in accordance with this structure. The comments below are directed at the IFRS reporting structure.

The operating loss in first quarter on continuing operations amounts to DKK 7.8 million compared to DKK 9.7 million for the same quarter in 2013. The loss reflects the cost of operating the DLH Group head office. Net financial expenses amounts to DKK 5.9 million compared to DKK 6.2 million in first quarter of 2013. The total loss for continuing operations in first quarter of 2014 amounts to DKK 13.7 million compared to DKK 15.9 million for the same period last year.

The loss on discontinued operations in first quarter of 2014 amounts to DKK 16.4 million compared to DKK 5.1 million for the first quarter in 2013. Please refer to note 6 for further details. The loss for the first quarter in 2014 is DKK 30.1 million compared to DKK 21.0 million for the same quarter in 2013.

Total assets amounts to DKK 725 million of which DKK 723 million are classified as "assets held for sale". The company's equity amounts to DKK 288 million and net interest bearing debt at the end of first quarter was DKK 198 million.

(DKK million) ¹⁾	3 months 2014	3 months 2013	Full year 2013
Income statement			
Profit/(loss) from continuing operations	(14)	(16)	(82)
Profit/(loss) from discontinued operations	(16)	(5)	(195)
Profit/(loss)	(30)	(21)	(277)
Balance sheet items			
Total assets	725	1,137	754
Equity	288	582	323
Interest-bearing debt, net	198	290	204
Cash flow			
Cash flow from operating activities	(16)	(18)	(57)
Cash flow from investment activities	0	-	(2)
Cash flow from financing activities	(22)	(40)	(74)
Performance ratios			
Return on equity (ROE)	(39.5%)	(14.2%)	(60.0%)
Equity ratio	39.6%	51.2%	42.8%
Average number of employees incl. discontinued operations	413	590	473
Share based ratios: ²⁾			
Booked value per diluted DKK 5 share (BVPS-D) at end of the period	5.39	10.90	6.04
Share price, end of the period (P), DKK	5.30	4.39	5.60
Diluted share price / booked value (P/BV-D)	0.98	0.40	0.93
Average number of diluted shares issued (in denominations of 1,000 shares)	53,384	53,384	53,384
Cash flow per diluted DKK 5 share (CFPS-D)	(0.30)	(0.34)	(1.06)
Price Earning diluted (P/E-D)	(20.7)	(14.7)	(3.7)
Earnings from continuing operations per DKK 5 share (EPS)	(0.26)	(0.30)	(1.53)

1) The financial highlights for first quarter 2013 have been restated for the change in presentation of discontinued operations incurred in 2013.

2) Earning per share has 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.

MANAGEMENT REPORT

Preface

The financial review has been prepared consistent with the operating structure of the Group. This includes the operating regions and the corporate head quarter. Due to the current strategy plan, the Financial Statements on pages 15-25 of the report must follow a different structure as determined by IFRS 5. In the table below the link between these two sets of structures is shown. Further reference is made to note 4 of the financial statements.

Link Fin. Statements vs. Financial review

2014 (DKK million)	Sum of regions	Cont. Oper. (HQ)	Not allocated	Financial review
Turnover	399	-	-	399
EBIT	(1)	(7)	-	(8)
NWC	451	(4)	(1)	446

Sales and earnings trend

In the first three months of the year, DLH experienced continuing difficult European market conditions, but also saw a gradual improvement in most countries.

As a result of the lower activity level in the Group's main European markets, turnover in the first three months of the year totalled DKK 266 million and was therefore 10% below the same period last year.

The lower activity was mainly related to Sweden. By contrast, the business area, Global Sales, increased turnover by 2% to DKK 134 million.

The Group's gross margin remained stable at 11.5% even though Global Sales' relative share of the Group's turnover increased to 34%. The European stock based business slightly increased its gross margin, while the margin in Global Sales was just below first quarter last year.

The regions continue to experience tough competition, but operational improvements have secured a stable margin.

In the year's first three months, overhead costs were reduced by approximately DKK 7 million vs. first quarter last year as a result of rationalisation measures implemented to adapt to the lower activity level.

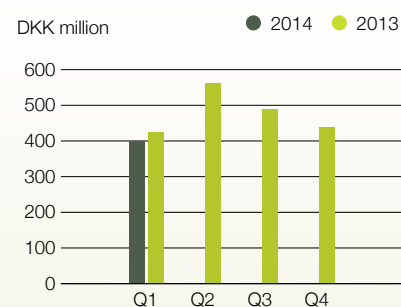
EBIT was minus DKK 8 million in the year's first three months against minus DKK 13 million for the same period last year. The positive development in EBIT has been achieved through continuing cost reductions and a stabilisation of the gross margin.

Net financials increased in the first three months, from DKK 7 million last year to DKK 8 million this year. Interest expenses were lower as a result of the significant reduction in the Group's net interest bearing debt, while bank fees and charges were higher.

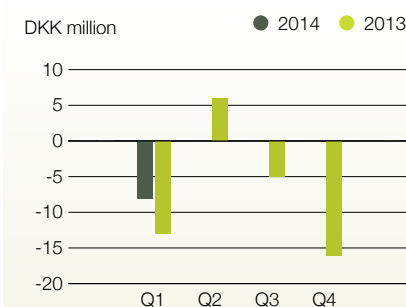
The Group's result before tax amounted to minus DKK 17 million for the year's first three months against minus DKK 19 million for the corresponding period last year.

The Group's discontinued operations posted a loss of DKK 12 million against a loss for the same period last year of DKK 2 million. The increase mainly relates to wind up costs in Benelux, India and Middle East. Further reference is made to note 4 of the financial statements.

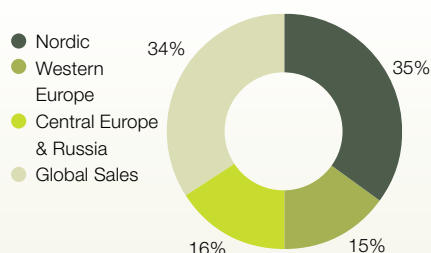
Turnover, quarterly breakdown



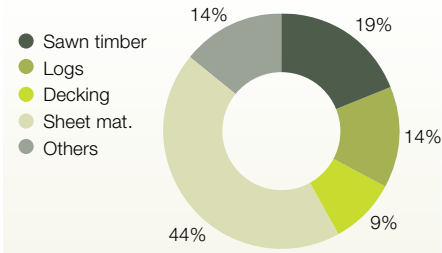
EBIT, quarterly breakdown



Turnover, breakdown for the group



Product mix, breakdown for the group



Balance sheet and cash flow

At the end of the first three months of 2014, the **consolidated balance sheet** totalled DKK 725 million against DKK 1,137 million last year. The Group's inventory positions in the operating regions were reduced by DKK 67 million in the quarter under review.

At the end of the quarter, Group **equity** was DKK 288 million against DKK 582 million at the same time last year. At the end of the quarter, **the solvency ratio** was 40%.

The Group's net interest bearing debt continued its positive trend. At the end of the quarter, **the net interest bearing** debt totalled DKK 198 million against DKK 290 million at the same time last year and DKK 204 million at the beginning of 2014.

DLH is continuing its efforts to reduce its net interest bearing debt through the divestment of assets and the reduction of working capital.

Financial highlights and ratios for the group

(DKK million)	3 months 2014	3 months 2013
Turnover	399	425
Gross margin	11.5%	11.6%
EBIT	(8)	(13)
EBIT margin	(2.1%)	(3.0%)
Organic growth	(6.1%)	(19.7%)
NWC/turnover	27.9%	29.8%
NWC	446	506

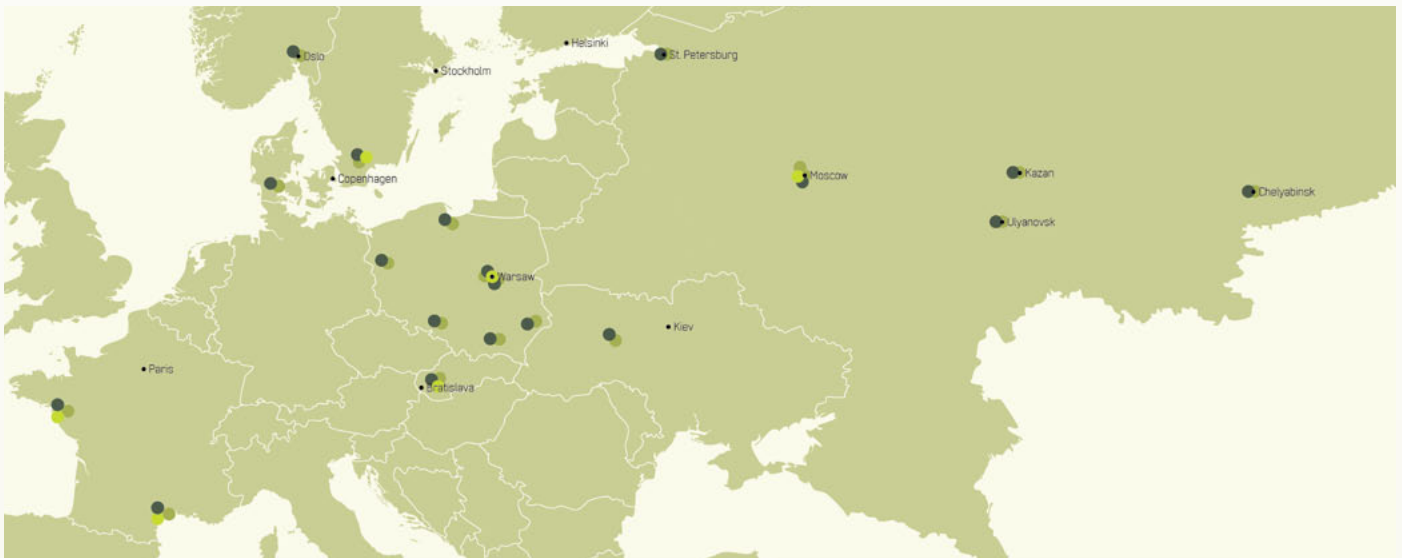
DLH has an agreement with its financial institutions concerning credit facilities. This agreement expires at the end of March 2015. The Group's bank debt is therefore presented as current liabilities. On 31 March 2014, the Group's credit line was reduced, as planned, by DKK 35 million to DKK 290 million.

The business areas

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

European inventory-based business

DLH's European inventory based business services 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 & Russia.



Global Sales

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



The Nordic region

The Nordic region reached a turnover of DKK 139 million in first quarter 2014 vs. DKK 161 million in the same quarter last year.

Market conditions in the Nordic countries remain challenging. These, coupled with the weaker Swedish Krone, have led to the decrease in turnover. The Swedish retail sector remains particularly challenging, while the Danish and Norwegian markets are showing signs of gradual improvement. In general, the industrial sector is showing a good development.

The joint sales organisation in the Nordic area has started to pay off in the industrial sector, where strong growth potential continues to be seen in Sweden and Norway.

Gross margin in first quarter remained at the same level as last year. The inventory and logistics optimisation carried out in 2013 is increasing competitiveness.

Operational improvements have reduced overhead costs and have thereby offset the earnings impact from the lower turnover. EBIT, therefore, has remained at minus DKK 1 million.

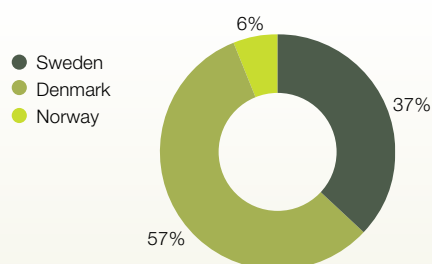
The region has also continued to improve its capital utilisation through reduced net working capital in both absolute and relative terms.



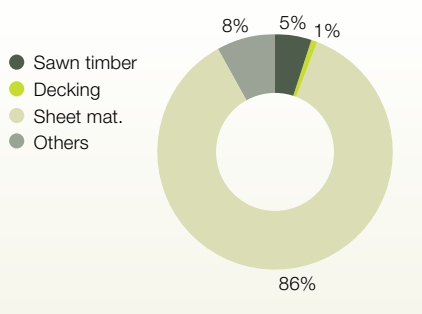
Financial highlights and key ratios for the Nordic region

(DKK million)	3 months 2014	3 months 2013
Turnover	139	161
Gross margin	12.7%	12.9%
EBIT	(1)	(1)
EBIT margin	(0.9%)	(0.8%)
Organic growth	(13.7%)	(26.6%)
NWC/turnover	24.8%	26.6%
NWC	138	171

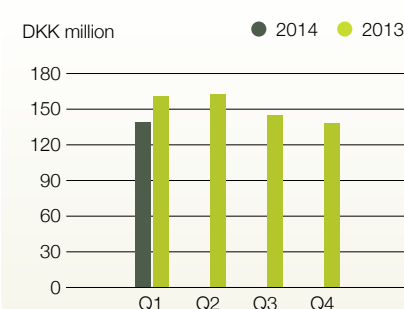
Turnover, breakdown for the region



Product mix, share for the region



Turnover, quarterly breakdown



Western Europe

The region now only comprises France and related sourcing.

In France it has been decided to focus and optimise the business with a view to countering the difficulties in the French economy and market. Management has, therefore, decided to leave one major product area and eliminate one logistics centre.

All business will now be centred in the hub in Sète in southern France, and the focus will solely be on tropical hardwood.

The objective is to create a smaller, more cash efficient and cash generating unit with a view to divestment under the current strategy plan.

Turnover is at the same level as last year but margins have improved significantly due to the decking business. Net working capital is better aligned with revenue compared to last year.



Financial highlights and ratios for Western Europe

(DKK million)	3 months 2014	3 months 2013
Turnover	62	64
Gross margin	13.4%	11.2%
EBIT	1	(1)
EBIT margin	2.3%	(1.5%)
Organic growth	(4.2%)	(32.4%)
NWC/turnover	38.8%	48.1%
NWC	96	124

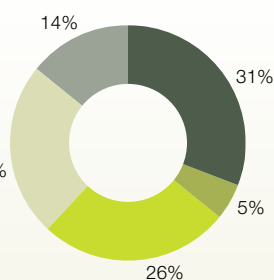
Turnover, breakdown for the region

● France



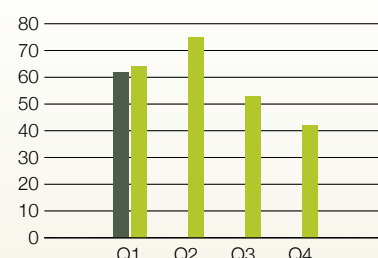
Product mix, share for the region

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



Turnover, quarterly breakdown

DKK million ● 2014 ● 2013



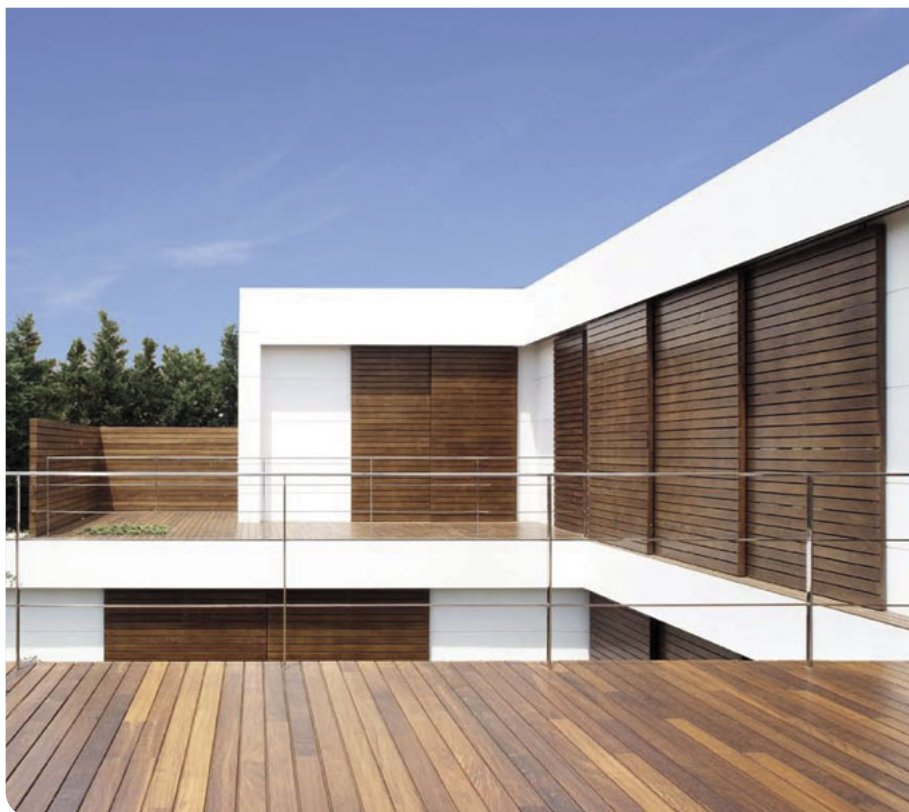
Central Europe & Russia

The macro-economic conditions remain weak, but are showing signs of improvement. Turnover for the first quarter shows a decline of 5% to DKK 65 million. This decline is mainly related to the weakening of the Russian Rouble.

The region has focused on operating more efficiently and has implemented cost reductions that more than compensate for the lower turnover and margin.

EBIT has thereby increased by DKK 2 million. The improvement is evident in all countries in the region.

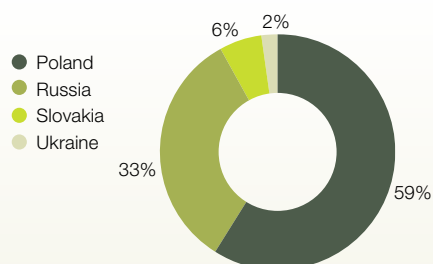
The utilisation of net working capital again improved significantly as this was reduced by DKK 30 million and the NWC/Sales ratio was reduced by more than 10 percentage points.



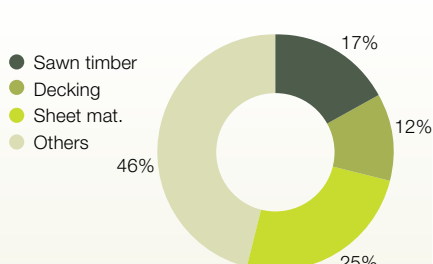
Financial highlights and ratios for Central Europe & Russia

(DKK million)	3 months 2014	3 months 2013
Turnover	65	68
Gross margin	16.6%	17.2%
EBIT	0	(2)
EBIT margin	(0.8%)	(3.5%)
Organic growth	(4.7%)	(23.2%)
NWC/turnover	38.4%	48.8%
NWC	100	130

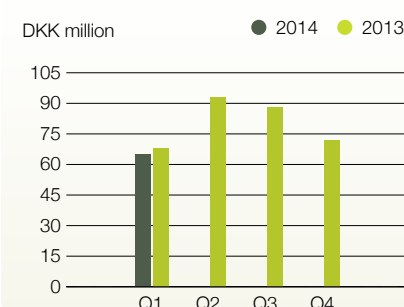
Turnover, breakdown for the region



Product mix, share for the region



Turnover, quarterly breakdown



Global Sales

Global Sales achieved a turnover of DKK 134 million compared to DKK 132 million last year.

In the divestment process management decided to separate the division into two focus areas. One is the US Panels business. US Panels forms part of the reported figures in the table below and posted a turnover of DKK 18 million compared to DKK 12 million last year.

The second focus area is the divestment of Global Sales Asia/Africa, i.e. the Vietnamese, Chinese, Indonesian and African trading business. This unit delivered a turnover of DKK 108 million for the first quarter compared to DKK 105 million for the same period last year. The unit is trading profitably. The Vietnamese market is showing particularly strong development while China is somewhat lower due to a more selective approach to bulk shipments.

South America contributes with a loss of DKK 1 million (DKK 0 in Q1 2013) following the closure of one of its sales offices.

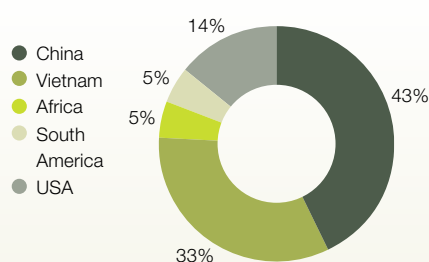
The net working capital increase supports the growth in US and Vietnam.



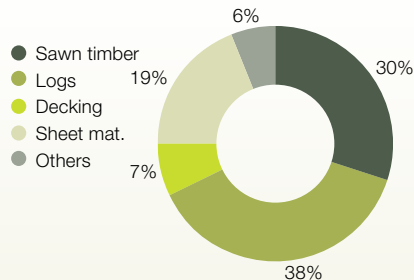
Financial highlights and ratios for Global Sales

(DKK million)	3 months 2014	3 months 2013
Turnover	134	132
Gross margin	7.5%	7.8%
EBIT	(1)	0
EBIT margin	(0.5%)	(0.2%)
Organic growth	1.6%	2.6%
NWC/turnover	22.0%	16.3%
NWC	118	86

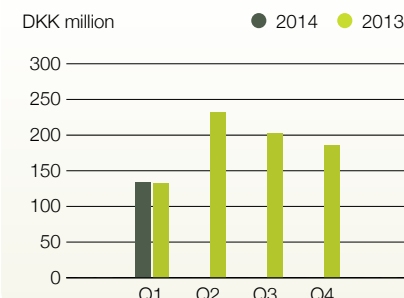
Turnover, breakdown for the region



Product mix, share for the region



Turnover, quarterly breakdown



OUTLOOK

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.

EVENTS AFTER THE END OF THE PERIOD

No significant events occurred after the end of the period.

STOCK EXCHANGE ANNOUNCEMENTS IN 2014

3 January 2014	Announcement in accordance with the Securities Act §29
9 January 2014	Information from the Chairman of the extraordinary general meeting in DLH
20 January 2014	Articles of association of Dalhoff Larsen & Horneman A/S
30 January 2014	Announcement in accordance with the Securities Act §29
14 February 2014	Establishment of incentive scheme
28 March 2014	Annual Report 2013
28 March 2014	Notice of Annual General Meeting to be held on 28 April 2014
11 April 2014	Change in the Board of Directors of DLH

FINANCIAL CALENDAR 2014

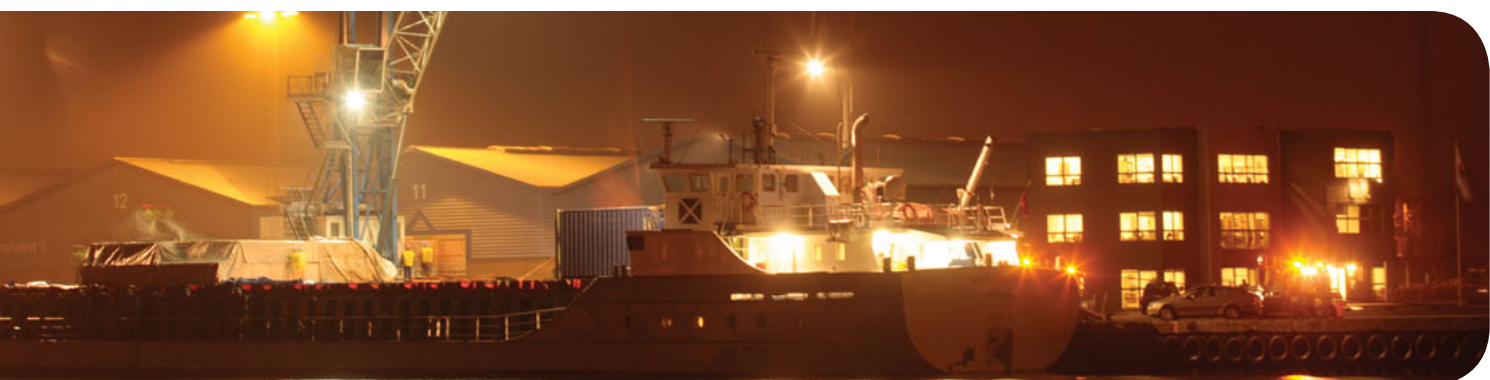
22 August 2014	Interim Report 6 months 2014
5 November 2014	Interim Report 9 months 2014

DISCLAIMER

This announcement contains statements regarding expectations for the future development of DLH Group, in particular the direction of future sales, operating profits and business expansion/divestitures.

Such statements are subject to risks and uncertainties as various factors, many of which are outside the control of DLH Group, may cause the actual development and results to differ materially from the expectations expressed directly or indirectly in this presentation.

Factors that might affect such expectations include, amongst others, changes in demand, overall economic and business conditions, fluctuations in currencies, political uncertainty, demand for DLH Group's services, competitive factors in the market and uncertainties concerning possible investments/divestitures.



MANAGEMENT STATEMENT

The Board of Directors and the Executive Board have today considered and adopted the interim report for the period 1 January - 31 March 2014 for Dalhoff Larsen & Horneman A/S.

The interim report, which is unaudited and has not been reviewed by the company's auditors, has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and Danish disclosure requirements for the interim reports of listed companies.

In our opinion, the interim report gives a true and fair view of the Group's assets, liabilities and financial position as at 31 March

2014 and the results of the Group's operations and cash flow for the period 1 January - 31 March 2014.

Furthermore, in our opinion the management's report gives a true and fair view of the development in the Group's operations and financial matters, the results of the Group's operations for the reporting period and of the Group's financial position as a whole and a true and fair description of the most significant risks and uncertainties pertaining to the Group.

Copenhagen, 28 April 2014

Executive Board:

Kent Arentoft
(CEO)

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

INTERIM ACCOUNTS

INCOME STATEMENT

Note	(DKK million)	3 months 2014	3 months 2013	Full year 2013
4	Net turnover	-	-	-
	Cost of sales	-	-	-
	Gross profit	-	-	-
	Other external expenses	(2.4)	(3.9)	(13.0)
	Staff costs	(5.2)	(5.2)	(20.9)
	Other operating income	0.1	-	0.3
	Other operating expenses	-	-	-
	Operating profit/(loss) before depreciation and amortisation (EBITDA)	(7.5)	(9.1)	(33.6)
	Depreciation and amortisation	(0.3)	(0.6)	(1.9)
	Impairment losses	-	-	(0.6)
	Operating profit/(loss) (EBIT)	(7.8)	(9.7)	(36.1)
	Financial items:			
	Financial income	0.1	0.1	0.1
	Financial expenses	(6.0)	(6.3)	(20.5)
	Profit/(loss) from continuing operations before tax (EBT)	(13.7)	(15.9)	(56.5)
	Tax for the period on the profit/(loss) from continuing operations	-	-	(25.2)
	Profit/(loss) for the period from continuing operations	(13.7)	(15.9)	(81.7)
6	Profit/(loss) for the period from discontinued operations	(16.4)	(5.1)	(194.8)
	Profit/(loss) for the period	(30.1)	(21.0)	(276.5)
	To be appropriated as follows:			
	Shareholders in Dalhoff Larsen & Horneman A/S	(30.1)	(21.0)	(276.5)
	Earnings per share:			
	Earnings per share (EPS) of DKK 5 each	(0.56)	(0.39)	(5.18)
	Earnings per share diluted (EPS-D) of DKK 5 each	(0.56)	(0.39)	(5.18)
	Earnings per share (EPS) for continuing operations of DKK 5 each	(0.26)	(0.30)	(1.53)
	Earnings per share diluted (EPS-D) for continuing operations of DKK 5 each	(0.26)	(0.30)	(1.53)

STATEMENT OF COMPREHENSIVE INCOME

(DKK million)	3 months 2014	3 months 2013	Full year 2013
Profit/(loss) for the period	(30.1)	(21.0)	(276.5)
Other comprehensive income:			
<i>Items that may not be reclassified to the income statement:</i>			
Actuarial gains/(losses) on defined benefit plans	(0.1)	-	(0.9)
Tax	-	-	-
	(0.1)	-	(0.9)
<i>Items that may be reclassified to the income statement:</i>			
Foreign currency translation adjustments on conversion of foreign entities	(4.2)	6.0	(0.9)
Foreign currency adjustments transferred to profit/(loss) for the period from discontinued operations	-	-	-
Value adjustments of hedging instruments:			
Value adjustment for the period	0.3	(3.0)	0.9
Value adjustment transferred to turnover	(1.8)	(1.0)	(1.0)
Value adjustment transferred to cost of sales	-	-	-
Value adjustment transferred to financial items	0.9	1.8	1.8
Tax	-	-	-
	(4.8)	3.8	0.8
Other comprehensive income after tax	(4.9)	3.8	(0.1)
Total comprehensive income	(35.0)	(17.2)	(276.6)
This may be broken down as follows:			
Comprehensive income for the reporting period, continuing operations	(13.6)	(15.6)	(78.1)
Comprehensive income for the reporting period, discontinued operations	(21.4)	(1.6)	(198.5)
To be appropriated as follows:			
Shareholders in Dalhoff Larsen & Horneman A/S	(35.0)	(17.2)	(276.6)

BALANCE SHEET

Assets

Note	(DKK million)	31.3.2014	31.3.2013	31.12.2013
Non-current assets:				
Intangible assets:				
	Goodwill	-	152.1	-
	Other intangible assets	-	5.1	-
		-	157.2	-
	Property, plant and equipment:	2.0	69.6	2.1
Other non-current assets:				
	Other investments and securities	-	3.8	-
	Deferred tax	-	41.2	-
		-	45.0	-
	Total non-current assets	2.0	271.8	2.1
Current assets:				
Inventories:				
	Manufactured goods and goods for resale	-	505.7	-
	Prepayment for goods	-	28.7	-
		-	534.4	-
Receivables:				
	Trade receivables	-	244.6	-
	Other receivables	3.9	51.1	2.1
		3.9	295.7	2.1
8	Cash and banks	-	12.0	-
6	Assets held for sale	719.3	22.8	749.6
	Total current assets	723.2	864.9	751.7
	Total assets	725.2	1,136.7	753.8

BALANCE SHEET

Equity and liabilities

Note	(DKK million)	31.3.2014	31.3.2013	31.12.2013
Equity:				
	Share capital	267.8	267.8	267.8
	Hedging reserve	0.3	(3.0)	0.9
	Currency translation reserve	(30.7)	(19.6)	(26.5)
	Retained earnings	50.1	336.7	80.3
	Total equity	287.5	581.9	322.5
Non-current liabilities:				
	Pensions and similar provisions	-	8.4	-
	Deferred tax	-	9.0	-
11	Provisions	5.3	14.6	5.9
	Subordinated loan	-	18.6	-
	Credit institutions	-	-	-
	Leasing obligations	-	0.2	-
		5.3	50.8	5.9
Current liabilities:				
	Credit institutions	158.7	264.7	161.3
7	Trade payables and other payables	6.5	170.7	9.8
	Subordinated loan	-	18.6	18.6
	Corporate income taxes	-	2.7	-
11	Provisions	2.4	7.8	2.7
	Accruals and deferred income	-	0.1	-
		167.6	464.6	192.4
6	Liabilities relating to assets held for sale	264.8	39.4	233.0
	Total liabilities	437.7	554.8	431.3
	Total equity and liabilities	725.2	1,136.7	753.8

CASH FLOW STATEMENT

Note	(DKK million)	3 months 2014	3 months 2013	Full year 2013
	Profit/(loss) before tax from continuing operations	(13.7)	(15.9)	(56.5)
9	Adjustment for non-cash operating items etc.	6.3	6.2	17.9
	Cash flow from operating activities before change in working capital	(7.4)	(9.7)	(38.6)
10	Change in working capital	(3.1)	(4.4)	0.1
	Operating cash flow	(10.5)	(14.1)	(38.5)
	Financial income, received	0.1	0.1	0.1
	Financial expenses, paid	(5.7)	(4.3)	(18.5)
	Corporate income taxes paid/refunded	-	-	0.1
	Cash flow from operating activities	(16.1)	(18.3)	(56.8)
	Acquisition of intangible assets	-	-	(0.3)
	Acquisition of tangible assets	-	-	(1.7)
	Sale of intangible and tangible assets	0.1	-	-
	Cash flow from investment activities	0.1	-	(2.0)
	Cash flow from operating activities and after investments	(16.0)	(18.3)	(58.8)
	Repayment of subordinated loan	(18.7)	-	(18.7)
	Repayment of debt to credit institutions	(3.5)	(40.0)	(55.4)
	Cash flow from financing activity	(22.2)	(40.0)	(74.1)
6	Cash flow from discontinued operations	28.4	(25.6)	60.2
	Cash flow for the period	(9.8)	(83.9)	(72.7)
	Cash and banks at the beginning of the period	26.7	99.4	99.4
	Foreign currency translation adjustment of cash			
8	Cash and banks at the end of the period	16.9	15.5	26.7

STATEMENT OF CHANGES IN EQUITY

(DKK million)	Share capital	Hedging reserve	Currency translation reserve	Retained earnings	Total
Equity at 1 January 2013	267.8	(0.8)	(25.6)	357.7	599.1
Comprehensive income in 2013:					
Profit/(loss) for the period	-	-	-	(21.0)	(21.0)
Other comprehensive income:					
Foreign currency translation adjustments on conversion of foreign entities	-	-	6.0	-	6.0
Value adjustment of hedging instruments:					
Value adjustment for the period	-	(3.0)	-	-	(3.0)
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	-	-	-	-	-
Tax on other comprehensive income	-	-	-	-	-
Total other comprehensive income	-	(2.2)	6.0	-	3.8
Total comprehensive income for the period	-	(2.2)	6.0	(21.0)	(17.2)
Transactions with owners:					
Share based remuneration	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Equity at 31.3.2013	267.8	(3.0)	(19.6)	336.7	581.9
Equity at 1 January 2014	267.8	0.9	(26.5)	80.3	322.5
Comprehensive income in 2014:					
Profit/(loss) for the period	-	-	-	(30.1)	(30.1)
Other comprehensive income:					
Foreign currency translation adjustments on conversion of foreign entities	-	-	(4.2)	-	(4.2)
Value adjustment of hedging instruments:					
Value adjustment for the period	-	0.3	-	-	0.3
Value adjustment transferred to turnover	-	(1.8)	-	-	(1.8)
Value adjustment transferred to financial items	-	0.9	-	-	0.9
Actuarial gains/(losses) on defined benefit plans	-	-	-	(0.1)	(0.1)
Total other comprehensive income	-	(0.6)	(4.2)	(0.1)	(4.9)
Total comprehensive income for the period	-	(0.6)	(4.2)	(30.2)	(35.0)
Equity at 31.3.2014	267.8	0.3	(30.7)	50.1	287.5

NOTES

Note 1 Accounting policies applied

The interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and Danish disclosure requirements for the interim reports of listed companies.

Apart from what has been set out below, the accounting policies remain unchanged compared to the 2013 consolidated financial statements and annual report to which reference is made.

The 2013 consolidated financial statements and annual report contain the full details of the accounting policies applied.

Change in accounting policies:

With effect from 1 January, 2014, DLH has implemented IFRS 10-12 with amendments, IAS 27 (2011), IAS 28 (2011), amendments to IAS 27 (2011), amendments to IAS 32, amendments to IAS 39 as well as IFRIC 21.

The new financial reporting standards and interpretations have no impact on recognition and measurement.

Note 2 Accounting assessments and estimates

The preparation of interim reports require management to make estimates and assessments that will affect the application of the Group's accounting policies and recognised assets, liabilities, income and expenses. Actual results may deviate from these estimates.

The significant assessments made by the management when applying the Group's accounting policies and related estimation uncertainty are identical in the preparation of the interim report and in the preparation of the consolidated financial statements and annual report of 31 December 2013.

The most significant assessment uncertainty relates to the determination of the exact outcome of the divestiture process. The uncertainty relates to the following items: Goodwill, inventories, trade receivables and provisions.

Note 3 Risks and risk management policies

DLH's activities are exposed to a number of commercial, financial and insurable risks. The risks and risk management policies are generally unchanged compared to the 2013 consolidated financial statements and annual report. Reference is made to pages 20-25 in the 2013 annual report.

NOTES

Note 4 Segment information

Activities

3 months 2014

(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	138.9	61.9	65.2	133.6	399.6	53.6	-	(3.5)	449.7	-	449.7
Intra-group turnover	(0.1)	(0.3)	(0.8)	-	(0.4)	(3.1)	-	3.5	-	-	-
Turnover to external customers	138.8	61.6	65.2	133.6	399.2	50.5	-	-	449.7	-	449.7
Operating profit (EBIT ex. impairm.)	(1.2)	1.4	(0.5)	(0.7)	(1.0)	(15.3)	1.4	-	(14.9)	(7.8)	(22.7)
NWC	137.8	95.6	99.8	117.8	451.0	29.3	(0.6)	-	479.7	(4.0)	475.7

3 months 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	160.9	64.5	69.4	131.5	426.3	67.8	-	(2.5)	491.6	-	491.6
Intra-group turnover	-	(0.3)	(0.9)	-	(1.2)	(1.3)	-	2.5	-	-	-
Turnover to external customers	160.9	64.2	68.5	131.5	425.1	66.5	-	-	491.6	-	491.6
Operating profit (EBIT ex. impairm.)	(1.3)	(1.0)	(2.4)	0.2	(4.9)	(1.9)	2.0	-	(4.8)	(9.7)	(14.5)
NWC ¹⁾	171.0	124.0	130.0	86.0	511.0	160.2	(1.0)	-	510	(4.0)	506.0

1) NWC on segments on Group level for 2013 has been restated the presentation of discontinued activities in 2014.

(DKK million)	3 months 2014					3 months 2013				
	Income statement	Discontinued operations, note 6	Elimination impairment etc.	Other discontinued, note 4	Pro forma income 3 mths 2014	Income statement	Discontinued operations, note 6	Elimination impairment etc.	Other discontinued, note 4	Pro forma income 3 mths 2013
Net turnover	-	449.7		50.5	399.2		491.6		66.5	425.1
Gross profit	-	48.4	(4.8)	(2.3)	45.9		58.2	(0.7)	8.2	49.3
Gross margin					11.5%					11.6%
EBITDA	(7.5)	(13.4)	(0.6)	(15.1)	(6.4)	(9.1)	(2.4)	0.7	(0.8)	(10.0)
EBIT	(7.8)	(14.9)	(1.0)	(15.3)	(8.4)	(9.7)	(4.8)	-	(1.9)	(12.6)
Financial items, net	(5.9)	(0.9)		1.3	(8.1)	(6.2)	(1.3)	0.5	(0.2)	(6.8)
EBT	(13.7)	(15.8)	(1.0)	(14.0)	(16.5)	(15.9)	(6.1)	0.5	(2.1)	(19.4)
Tax	-	(0.1)	-	-	(0.1)	-	1.0	-	-	(1.0)
Profit on sale	-	(0.5)		(0.5)	-	-	-	-	-	-
Discontinued operations	(16.4)	-	4.1	-	(12.3)	(5.1)		3.2		(1.9)
Profit/(loss) for the period	(30.1)	(16.4)	3.1	(14.5)	(18.7)	(21.0)	(5.1)	-	-	(21.0)

NOTES

Note 5 Seasonal issues

The Group's operations are seasonal and are influenced by, among other things, weather conditions.

Note 6 Discontinued operations

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 financial statements. 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.

NOTES

Note 6 Discontinued operations

(DKK million)	3 months 2014	3 months 2013	Full year 2013
Turnover	449.7	491.6	2,209.3
Cost of sales	(401.3)	(433.4)	(1,973.3)
Gross profit	48.4	58.2	236.0
Other operating items, net	0.4	1.8	4.5
Other external expenses	(26.9)	(29.2)	(128.3)
Staff costs	(35.3)	(33.2)	(128.3)
Operating profit before depreciation and amortisation (EBITDA)	(13.4)	(2.4)	(16.1)
Depreciation, amortisation and impairment losses	(1.5)	(2.4)	(153.2)
Operating profit/(loss) (EBIT)	(14.9)	(4.8)	(169.3)
Financial items:			
Financial income	0.1	0.7	1.0
Financial expenses	(1.0)	(2.0)	(17.2)
Profit/(loss) before tax (EBT)	(15.8)	(6.1)	(185.5)
Tax on profit for the period	(0.1)	1.0	(9.3)
Profit for the period	(15.9)	(5.1)	(194.8)
Profit/(loss) from sale of discontinued operations	(0.5)	-	-
Profit for the period from discontinued operations	(16.4)	(5.1)	(194.8)
Earnings per share for discontinued operations:			
Earnings per share (EPS)	(0.30)	(0.09)	(3.65)
Earnings per share diluted (EPS-D)	(0.30)	(0.09)	(3.65)
Cash flow from discontinued operations, net:			
Cash flow from operating activities	11.5	(25.2)	115.1
Cash flow from investment activities	8.3	1.3	0.7
Cash flow from financing activities	8.6	(1.7)	(55.6)
Total	28.4	(25.6)	60.2
Note (DKK million)	31.3.2014	31.3.2013	31.12.2013
Tangible assets	64.1	10.7	74.4
Other non-current assets	9.2	0.0	9.5
Inventories	368.2	1.4	390.4
Trade receivables	225.8	3.8	219.0
Other receivables	35.1	3.4	29.6
Cash and banks	16.9	3.5	26.7
Assets held for sale	719.3	22.8	749.6
11 Credit institutions	54.7	0.0	49.3
Provisions	25.8	27.1	29.4
Trade payables	107.4	0.1	89.4
Other payables	76.9	12.2	64.9
Liabilities relating to assets held for sale	264.8	39.4	233.0

NOTES

Note 7 Fair value measurement of financial instruments

DLH applies interest rate swaps and forward exchange contracts to hedge the Group's risk related to fluctuations in cash flow as a result of fluctuating interest rates and foreign exchange rates.

Fair value of interest rate swaps and forward exchange contracts amount to a debt of DKK 0.6 million at 31 March 2014.

Forward exchange contracts and interest rate swaps are measured according to generally accepted valuation methods based on relevant observable swap curves and foreign exchange rates.

Unobservable market data represents an immaterial part of the value of the derivative financial instruments at 31 March 2014, which is why level 2 of the fair value hierarchy is used.

Note 8 Cash and banks

Note (DKK million)	31.3.2014	31.3.2013	31.12.2013
Cash and banks	-	12.0	-
Cash and banks classified as assets held for sale	16.9	3.5	26.7
Cash total	16.9	15.5	26.7

Note 9 Non-cash operating items etc.

(DKK million)	3 months 2014	3 months 2013	Full year 2013
Depreciation, amortisation and impairment losses	0.3	0.6	2.5
Provisions/(reversals)	(0.9)	(0.9)	(5.3)
Other non-cash operating items, net	1.0	0.3	0.3
Financial income	(0.1)	(0.1)	(0.1)
Financial expenses	6.0	6.3	20.5
Non-cash operating items etc. total	6.3	6.2	17.9

Note 10 Change in working capital

(DKK million)	3 months 2014	3 months 2013	Full year 2013
Inventories	-	-	-
Trade receivables	-	-	-
Trade and other payables	(1.4)	(3.8)	(2.1)
Other operating debt, net	(1.7)	(0.6)	2.2
Change in working capital total	(3.1)	(4.4)	0.1

Note 11 Provisions

At the beginning of the financial year the Group had provisions of DKK 38.0 million relating to severance payments for employees, rent etc. in connection with decided restructuring measures. At the end of March 2014 total provisions amount to DKK 33.5 million.