

Interim report for Q3 2014

Dantherm realised revenue of DKK 80m in Q3 2014 for the continuing operations, which was on a par with the same period of 2013. Operating profit (EBIT) amounted to DKK 3.5m, which is an improvement over Q3 2013, where the operating profit was DKK 0.7m. The improvements in H2 2014 is not expected to fully compensate for the weaker H1 and revenue and operating profit (EBIT) for the year as a whole are expected to be a little lower than previously announced.

Torben Duer, President & CEO:

“Operating profit for Q3 2014 improved over the first two quarters and Q3 2013, and we also expect a good end to the year albeit we expect a little lower activity than previously. Completion of the divestment of the Telecom business is expected in near future and the focus is on the strategic development of the remaining business areas with a view to increasing revenue and profitability. We are working on increasing revenue through organic initiatives as well as acquisitions of activities with a view to more effective use of the existing production facilities.”

Divestment of Telecom business segment

- As mentioned in company announcement no. 11 of 29 August 2014, the closing related to the divestment of the Telecom business segment was expected to be completed in near future. Completion of closing related to the divestment is taking longer than the parties had expected due to processes in China, but completion of closing is still expected in near future.
- On a debt-free basis, the selling price is expected to be approx. DKK 138m, which is expected to lead to an accounting loss in 2014 of approx. DKK 15m (DKK -14.6m of which was recognised in Q1-Q3 2014), including costs for the sales process and the impact on results in 2014 of the divested activities until closing.

Developments in Q3 2014

- Revenue from continuing operations totalled DKK 80m relative to DKK 81m in Q3 2013.
- An operating profit (EBIT) of DKK 3.5m was posted for the continuing operations against an operating profit of DKK 0.7m in Q3 2013. The improved operating profit is due to higher contribution ratios and lower costs.
- Cash flows from operating activities were positive at DKK 7.7m against positive cash flows of DKK 0.7m in Q3 2013.

Developments in Q1-Q3 2014

- Revenue came to DKK 217m from continuing operations against DKK 239m in the same period of 2013.
- An operating loss (EBIT) of DKK 3.9m was posted for the continuing operations against an operating profit of DKK 1.8m in Q1-Q3 2013.
- Cash flows from operating activities were positive at DKK 3.6m against positive cash flows of DKK 1.0m in the same period of 2013.

Financial structure

- In February 2014 Dantherm concluded its agreement with the primary credit institutions on extension of the existing committed facilities until 31 March 2015. The agreement comprises the usual covenants. The covenants end of Q2 and Q3 2014 were calculated under the assumption that closing related to the divestment of the Telecom business segment was completed before these dates. Due to delay in the closing process Dantherm was not able to meet these covenants and has received a waiver. Dantherm is in a good dialogue with its credit institutions on the credit facilities and closing is still expected to be completed in near future.
- After closing of the divestment of the Telecom business segment, Dantherm will settle the facilities related to operations under the committed facilities agreed with the credit institutions, and net interest-bearing debt is expected to be reduced to approx. DKK 87m (year-end 2013: DKK 203m), which is primarily associated with property financing in Denmark and Norway.

Capital structure and strategic development

- With the completed cost savings and the significantly lower finance costs following the divestment of the Telecom business segment, going forward Dantherm is expected to be able to realise positive results before tax at the same level of revenue as in recent years.
- In the time to come, Dantherm's management will be launching measures to increase revenue through organic initiatives as well as acquisitions of activities with a view to more effective use of the existing production facilities. The possibilities of further strengthening Dantherm's capital base will continue to be assessed.

Outlook for 2014

In 2014, Dantherm expects revenue for continuing operations in the region of DKK 300m (previously DKK 300–325m) and an operating profit (EBIT) of around DKK 0m (previously DKK 5–10m).

The operating profit (EBIT) for Q3 2014 was higher than in the same period of 2013 and is expected to be higher for H2 2014 as a whole compared to 2013. The improvements in H2 2014, is not expected to fully compensate for the weaker H1 as a result of lower sales in especially Russia and Germany.

Any enquiries concerning this announcement can be directed to President & CEO Torben Duer on tel. +45 99 14 90 14.

In case of doubt the Danish version is applicable

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About Dantherm

Dantherm was founded in 1958 by Ejler Olsen, the company's first product being a warm air heater for heating workshops and industrial buildings. In the 1970s, the product portfolio was extended to include dehumidifiers and ventilation products, and in the 1980s also to include mobile heating and cooling units for the armed forces and aid organisations. In the 1990s, climate control products for the telecom industry were added.

Up until the divestment of the Telecom business segment, Dantherm comprised the two business segments HVAC (Heating, Ventilation, Air Conditioning) and Telecom.

Within the HVAC business segment, Dantherm is an important European provider of products and solutions based on more than 50 years of experience within the heating, ventilation, cooling and dehumidification of air.

Dantherm's special competencies comprise extensive know-how within climate control, product development expertise and state-of-the-art production and test facilities.

Dantherm was listed at NASDAQ OMX Copenhagen in 2002 and today has approx. 3,100 shareholders.

Read more at www.dantherm.dk

Financial highlights

DKKm	Q3		Q1-Q3		FY
	2014	2013	2014	2013	2013
Income statement:					
Revenue	79.6	80.8	217.2	238.8	328.6
Earnings before depreciation, amortisation etc. (EBITDA)	7.6	4.5	8.0	12.3	20.3
Operating profit/loss (EBIT)	3.5	0.7	-3.9	1.8	6.0
Net financials	-3.7	-3.2	-11.0	-10.1	-13.6
Share of profit/loss after tax in associates	0.0	0.0	0.0	0.0	-18.5
Earnings before tax (EBT)	-0.2	-2.5	-14.9	-8.3	-26.1
Loss for the period from discontinued operations	-0.2	-1.6	-14.6	-1.2	-1.7
Net loss for the period	-0.4	-4.1	-29.5	-9.5	-28.0
Balance sheet, end of period:					
Working capital	20.4	66.5	20.4	66.5	70.3
Net interest-bearing debt	199.1	199.7	199.1	199.7	203.2
Balance sheet total	396.8	427.7	396.8	427.7	404.5
Equity	58.7	105.7	58.7	105.7	86.6
Invested capital	257.8	305.4	257.8	305.4	289.8
Cash flows:					
Cash flow from operating activities	7.7	0.7	3.6	1.0	6.6
Cash flow from investing activities	-1.5	-1.9	-6.1	-7.4	-9.3
Cash flow from financing activities	-2.8	-1.1	-4.3	-4.6	-6.9
Cash flow for the period	2.9	2.8	-10.3	-17.0	-22.4
RATIOS					
Financial ratios:					
Growth rate (growth in revenue)	-1.5%	-16.8%	-9.0%	-12.5%	-10.7%
Profit margin (EBIT %)	4.4%	0.9%	-1.8%	0.8%	1.8%
Equity interest	14.8%	24.7%	14.8%	24.7%	21.4%
Average number of employees	263	283	270	278	279
Share-related ratios:					
Earnings per share (continuing operations) (EPS), DKK	0.0	-0.4	-2.1	-1.2	-3.7
Diluted earnings per share (continuing operations) (EPS-D), DKK	0.0	-0.4	-2.1	-1.2	-3.7
Cash flow per share, DKK	1.1	0.1	0.5	0.1	0.9
Equity value, end of period, DKK	8.2	14.7	8.2	14.7	12.1
Share price, end of period, DKK	11.1	13.0	11.1	13.0	14.2
Price/equity value	1.4	0.9	1.4	0.9	1.2
Number of shares of DKK 10 each, end of period ('000)	7,191	7,191	7,191	7,191	7,191

¹ Comprising the result of the Telecom activities in 2014, expected transaction costs and impairment in connection with the divestment.

Management's review

Divestment of the Telecom business segment and classification into continuing and discontinuing operations

On 24 March 2014, Dantherm concluded a binding share transfer agreement on the divestment of the Telecom business segment. In the interim report, the activities covered by the share transfer agreement have been classified as discontinuing operations, and the comparative figures in the income statement have been restated in accordance with IFRS 5.

As mentioned in company announcement no. 11 of 29 August 2014, the closing related to the divestment of the Telecom business segment was expected to be completed in near future. Completion of closing related to the divestment is taking longer than the parties had expected due to processes in China, but completion of closing is still expected in near future.

On a debt-free basis, the selling price is expected to be approx. DKK 138m, which is expected to lead to an accounting loss in 2014 of approx. DKK 15m (DKK -14.6m of which was recognised in Q1-Q3 2014), including costs for the sales process and the impact on results in 2014 of the divested activities until closing.

The continuing operations now comprise the parent Dantherm A/S and the companies in Denmark (except for the divested Telecom activities), Norway, the UK and Poland.

Unless otherwise stated, the description in the management's review concerns the continuing operations only.

Financial structure

In February 2014 Dantherm concluded its agreement with the primary credit institutions on extension of the existing committed facilities until 31 March 2015. The agreement comprises the usual covenants. The covenants end of Q2 and Q3 2014 were calculated under the assumption that closing related to the divestment of the Telecom business segment was completed before these dates. Due to delay in the closing process Dantherm was not able to meet these covenants and has received a waiver. Dantherm is in a good dialogue with its credit institutions on the credit facilities and closing is still expected to be completed in near future.

After closing of the divestment of the Telecom business segment, Dantherm will settle the facilities related to operations under the committed facilities agreed with the credit institutions, and net interest-bearing debt is expected to be reduced to approx. DKK 87m (year-end 2013: DKK 203m), which is primarily associated with property financing in Denmark and Norway.

Dantherm is in dialogue with the credit institutions with a view to securing a small overdraft facility to finance the continuing operations.

Capital structure and strategic development

With the completed cost savings and the significantly lower finance costs following the divestment of the Telecom business segment, going forward Dantherm is expected to be able to realise positive results before tax at the same level of revenue as in recent years.

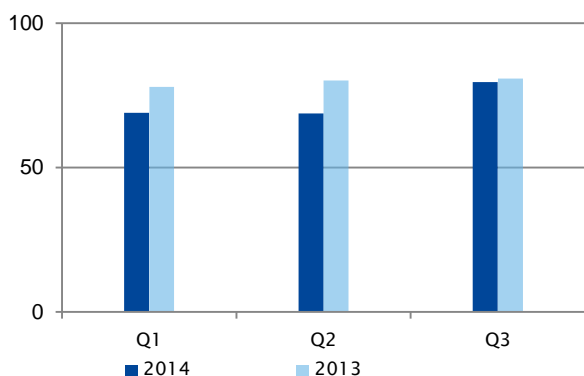
In the time to come, Dantherm's management will be launching measures to increase revenue through organic initiatives as well as acquisitions of activities with a view to more effective use of the existing production facilities. The possibilities of further strengthening Dantherm's capital base will continue to be assessed.

Comments on the Q3 financial statements

Revenue from continuing operations totalled DKK 80m relative to DKK 81m in Q3 2013.

REVENUE PER QUARTER

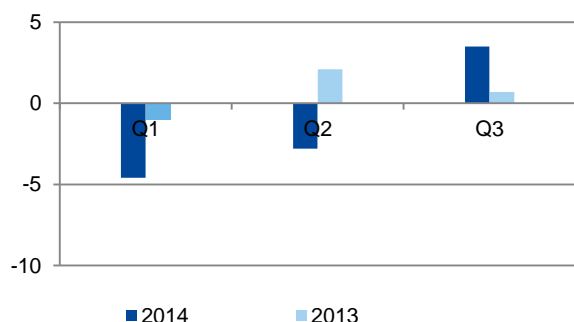
Amounts in DKKm



An operating profit (EBIT) of DKK 3.5m was posted for the continuing operations against an operating profit of DKK 0.7m in Q3 2013. The improved operating profit is due to higher contribution ratios and lower costs.

EBIT PER QUARTER

Amounts in DKKm



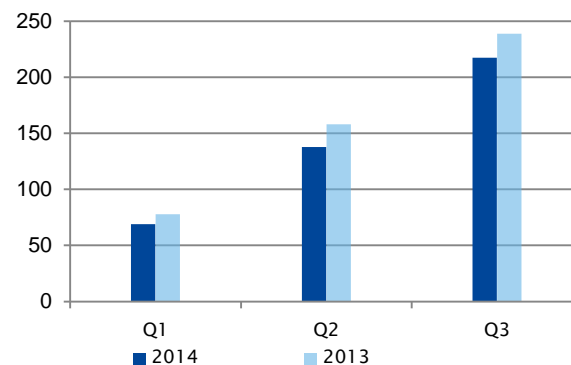
Dantherm's earnings before tax (EBT) totalled a loss of DKK 0.2m against a loss of DKK 2.5m in Q3 2013.

Comments on the Q1–Q3 financial statements

Revenue from continuing operations came to DKK 217m against DKK 239m in the same period of 2013. The lower revenue is primarily ascribable to the business areas dehumidification and Telecom spare parts sales, while ventilation and mobile heating and cooling posted sales growth.

REVENUE YEAR-TO-DATE

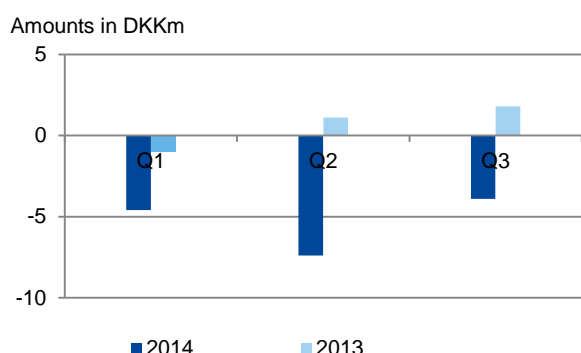
Amounts in DKKm



Other external expenses and staff costs for Q1–Q3 2014 were 5% lower than in the same period of 2013, and there is continued focus on cost adjustments.

An operating loss (EBIT) of DKK 3.9m was posted for the continuing operations against an operating profit of DKK 1.8m in Q1–Q3 2013.

EBIT YEAR-TO-DATE



A loss of DKK 14.6m was posted for the discontinued operations, comprising the results of the Telecom activities in Q1–Q3 2014, expected transaction costs and impairment in connection with the divestment.

Dantherm's earnings before tax (EBT) totalled a loss of DKK 14.9m against a loss of DKK 8.3m in Q1–Q3 2013.

Cash flows and interest-bearing debt

Cash flows from operating activities were positive at DKK 7.7m in Q3 2014 against positive cash flows of DKK 0.7m in the same period of 2013 as a result of improvements in operations. In Q1–Q3 2014, cash flows from operating activities were positive at DKK 3.6m against positive cash flows of DKK 1.0m in Q1–Q3 2013.

Cash flows from investing activities and financing activities in Q1–Q3 2014 were lower than in the same periods of 2013.

Dantherm's net interest-bearing debt for the continuing operations amounted to DKK 199m as at 30 September 2014 against a total net interest-bearing debt of DKK 203m at the end of 2013. After closing, net interest-bearing debt is expected to be reduced to around DKK 87m, which primarily

concerns property financing in Denmark and Norway.

Discontinued operations and assets and liabilities held for sale

Discontinued operations and assets and liabilities held for sale comprise Dantherm Cooling Holding A/S (formerly Dantherm Air Handling Holding A/S) with subsidiaries in China, the USA, Sweden, Germany and Denmark (divested Telecom activities).

The Telecom activities generated revenue of DKK 49m in Q3 2014 against DKK 44m in Q3 2013. In Q1–Q3 2014, revenue from the Telecom activities totalled DKK 138m relative to DKK 146m in the same period of 2013.

Earnings before tax (EBT) totalled DKK 0.0m in Q3 2014 against a loss of DKK 1.6m in the same period of 2013. In Q1–Q3 2014, the loss before tax came to DKK 1.0m, which was on a par with the same period of 2013.

Assets and liabilities held for sale in the balance sheet pertain to the Telecom activities, including goodwill.

Dantherm Power

Dantherm owns approx. 39% of the associate Dantherm Power, the revenue of which is not included in Dantherm's consolidated revenue.

Dantherm's ownership share in the company was written down to 0 in 2013, and Dantherm's share of the profit/loss is thus not recognised.

The activities in Dantherm Power comprise the development and sale of backup power plants, primarily within Telecom, and CHP units for private households based on fuel cell technology.

Outlook for 2014

In 2014, Dantherm expects revenue for continuing operations in the region of DKK 300m (previously DKK 300–325m) and an operating profit (EBIT) of around DKK 0m (previously DKK 5–10m).

The operating profit (EBIT) for Q3 2014 was higher than in the same period of 2013 and is expected to be higher for H2 2014 as a whole compared to 2013. The improvements in H2 2014, is not expected to fully compensate for the weaker H1 as a result of lower sales in especially Russia and Germany.

Statement by the Board of Directors and the Board of Executives on the annual report

Today, the Board of Directors and the Board of Executives have considered and approved the interim report of Dantherm A/S for the period 1 January – 30 September 2014.

The interim report, which has not been audited or reviewed by the company's auditors, is presented in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and additional Danish disclosure requirements for 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 30 September 2014 and of the results of the group's operations and cash flows for the period 1 January – 30 September 2014.

We also find that the management's review contains a fair review of the development in the group's activities and financial affairs, the results for the period and the group's financial position as a whole as well as a description of the main risks and uncertainties facing the group.

Skive, Denmark, 29 October 2014

Board of Executives:

Torben Duer
President & CEO

Bjarke Brøns
CFO

Board of Directors:

Jørgen Møller-Rasmussen
Chairman

Preben Tolstrup
Deputy Chairman

Nils R. Olsen

Henrik Sørensen

Conni-Dorthe Laursen

Søren Ø. Hansen

Per F. Pedersen

Income statement

DKKm	Q3		Q1-Q3		FY
	2014	2013	2014	2013	2013
Revenue	79.6	80.8	217.2	238.8	328.6
Costs of raw materials and consumables	-40.0	-41.0	-108.5	-120.6	-165.0
Other external expenses	-5.7	-6.8	-20.4	-21.8	-30.0
Staff costs	-26.3	-28.5	-80.3	-84.1	-113.3
Earnings before depreciation, amortisation etc. (EBITDA)	7.6	4.5	8.0	12.3	20.3
Depreciation, amortisation, impairment losses and write-downs on property, plant and equipment and intangible assets	-4.1	-3.8	-11.9	-10.5	-14.3
Operating profit/loss (EBIT)	3.5	0.7	-3.9	1.8	6.0
Share of profit/loss after tax in associates	0.0	0.0	0.0	0.0	-18.5
Net financials	-3.7	-3.2	-11.0	-10.1	-13.6
Earnings before tax (EBT)	-0.2	-2.5	-14.9	-8.3	-26.1
Tax on profit/loss for the period	0.0	0.0	0.0	0.0	-0.2
Net loss for the period	-0.2	-2.5	-14.9	-8.3	-26.3
Loss from discontinued operations, note 3	-0.2	-1.6	-14.6	-1.2	-1.7
Net loss for the period	-0.4	-4.1	-29.5	-9.5	-28.0
Distributed as follows:					
Shareholders of Dantherm A/S	-0.4	-4.1	-29.5	-9.5	-28.0
Earnings per share					
Earnings per share (EPS), DKK	-0.1	-0.6	-4.1	-1.3	-3.9
Diluted earnings per share (EPS-D), DKK	-0.1	-0.6	-4.1	-1.3	-3.9
Earnings per share from continuing operations, DKK	0.0	-0.4	-2.1	-1.2	-3.7
Diluted earnings per share from continuing operations (EPS-D), DKK	0.0	-0.4	-2.1	-1.2	-3.7

Statement of comprehensive income

DKKm	Q3		Q1-Q3		FY
	2014	2013	2014	2013	2013
Net loss for the period	-0.4	-4.1	-29.5	-9.5	-28.0
Other comprehensive income:					
Items which may be reclassified to the income statement:					
Foreign currency translation adjustment, foreign enterprises	4.0	-1.5	3.3	-1.2	-2.1
Value adjustment of hedging instruments	-0.1	1.0	-1.7	4.5	4.9
Other comprehensive income after tax	3.9	-0.5	1.6	3.3	2.8
Total comprehensive income	3.5	-4.6	-27.9	-6.2	-25.3
Distributed as follows:					
Shareholders of Dantherm A/S	3.5	-4.6	-27.9	-6.2	-25.3
Total comprehensive income	3.5	-4.6	-27.9	-6.2	-25.3

Balance sheet

DKKm	30.09.14	30.09.13	31.12.13
Intangible assets	18.1	97.8	97.1
Property, plant and equipment	102.6	115.7	113.9
Financial assets	0.0	18.2	0.0
Other non-current assets	4.4	10.1	11.2
Total non-current assets	125.1	241.8	222.2
Inventories	60.6	102.6	98.0
Trade receivables	37.7	68.4	78.1
Other receivables	4.0	7.7	3.0
Cash	2.3	7.2	3.2
Assets held for sale, note 3	167.1	0.0	0.0
Total current assets	271.7	185.9	182.3
TOTAL ASSETS	396.8	427.7	404.5
The Dantherm A/S shareholders' share of equity	58.7	105.7	86.6
Total equity	58.7	105.7	86.6
Provisions	0.6	0.6	0.5
Credit institutions, note 4	0.0	91.0	89.2
Total non-current liabilities	0.6	91.6	89.7
Provisions	1.4	2.3	2.3
Credit institutions, note 4	201.4	115.9	117.1
Trade payables	35.1	68.4	60.4
Other payables	46.8	43.8	48.4
Liabilities held for sale, note 3	52.8	0.0	0.0
Total current liabilities	337.5	230.4	228.2
Total liabilities	338.1	322.0	317.9
TOTAL EQUITY AND LIABILITIES	396.8	427.7	404.5

Cash flow statement

DKKm	Q3		Q1-Q3		FY
	2014	2013	2014	2013	2013
Earnings before tax (EBT)	-0.2	-2.5	-14.9	-8.3	-26.1
Adjustment for non-cash operating items etc.	9.4	5.9	22.9	20.3	44.5
Cash flow from primary operations before changes in working capital	9.2	3.4	8.0	12.0	18.4
Change in inventories	1.1	-4.7	3.8	-7.1	-3.8
Change in receivables	-8.4	0.9	-4.5	5.1	4.6
Change in trade payables	9.5	5.6	8.1	3.4	2.5
Cash flow from primary operations	11.4	5.2	15.4	13.4	21.7
Financial items, paid	-3.7	-4.5	-11.0	-11.4	-15.4
Cash flow from ordinary operations	7.7	0.7	4.4	2.0	6.3
Income tax paid	0.0	0.0	-0.8	-1.0	0.3
Cash flow from operating activities	7.7	0.7	3.6	1.0	6.6
Cash flow from investing activities	-1.5	-1.9	-6.1	-7.4	-9.3
Cash flow from financing activities	-2.8	-1.1	-4.3	-4.6	-6.9
Cash flow from discontinuing operations	-0.5	5.1	-3.5	-6.0	-12.8
Cash flow for the period	2.9	2.8	-10.3	-17.0	-22.4
Cash, beginning of year	-121.3	-104.6	-107.9	-85.2	-85.2
Currency adjustments on cash	-0.2	-0.1	-0.4	0.3	-0.3
Cash, end of period	-118.6	-101.9	-118.6	-101.9	-107.9
Cash, end of period, comprises:					
Cash	8.3	7.2	8.3	7.2	3.2
Short term bank debt	-126.9	-109.1	-126.9	-109.1	-111.1
Cash, end of period	-118.6	-101.9	-118.6	-101.9	-107.9

Statement of changes in equity

DKKm	30.09.14	30.09.13	31.12.13
Equity as at 1 January	86.6	111.9	111.9
Comprehensive income			
Net loss for the period	-29.5	-9.5	-28.0
Other comprehensive income			
Items which may be reclassified to the income statement:			
Foreign currency translation adjustment, foreign enterprises	3.3	-1.2	-2.1
Value adjustment of hedging instruments	-1.7	4.5	4.9
Total other comprehensive income	1.6	3.3	2.8
Total comprehensive income	-27.9	-6.2	-25.3
Total equity	58.7	105.7	86.6

Notes

Note 1: Estimates

The preparation of interim reports requires the management to make certain accounting estimates which affect the application of the accounting policies and recognised assets, liabilities, income and expenses. Actual results may deviate from these estimates.

The significant estimates made by the management in applying the group's accounting policies and the considerable uncertainty associated with these estimates are the same for the preparation of the compiled interim report and the preparation of the annual report as at 31 December 2013.

Note 2: Segment information

Dantherm's reportable segments have previously comprised the two strategic business areas HVAC and Telecom. As mentioned in note 3 below, an agreement has been concluded on the divestment of the Telecom business segment, and Dantherm consequently has only one reportable segment, and no separate segment information has therefore been stated.

Note 3: Discontinued operations and assets and liabilities held for sale

On 24 March 2014, Dantherm concluded a binding share transfer agreement on the divestment of the Telecom business segment. As mentioned in company announcement no. 11 of 29 August 2014, the closing related to the divestment of the Telecom business segment was expected to be completed in near future. Completion of closing related to the divestment is taking longer than the parties had expected due to processes in China, but completion of closing is still expected in near future.

In the income statement, the activities comprised by the share transfer agreement are classified as discontinued operations. The expected accounting losses have been recognised in the income statement under discontinued operations and comprise expected transaction costs, profit/loss from discontinued operations and impairment losses and write-downs on assets.

Key figures for discontinued operations

DKKm	Q3		Q1-Q3		FY
	2014	2013	2014	2013	2013
Revenue	49.4	44.1	137.6	146.1	190.2
Costs	-49.4	-45.7	-138.6	-147.3	-192.9
Earnings before tax (EBT)	0.0	-1.6	-1.0	-1.2	-2.7
Tax on profit/loss for the period	0.0	0.0	0.0	0.0	1.0
Net profit/loss for the period	0.0	-1.6	-1.0	-1.2	-1.7
Impairment to expected fair value	-0.2	0.0	-13.6	0.0	0.0
Loss for the period from discontinued operations	-0.2	-1.6	-14.6	-1.2	-1.7
Cash flows from operating activities	1.1	7.5	0.4	-0.3	-5.6
Cash flows from investing activities	-1.6	-2.4	-3.9	-5.7	-7.2
Total cash flows	-0.5	5.1	-3.5	-6.0	-12.8
Intangible assets	71.7				
Other non-current assets	11.0				
Inventories	37.1				
Receivables	41.3				
Cash and cash equivalents	6.0				
Total assets held for sale	167.1				
Credit institutions	16.4				
Other liabilities	36.4				
Total liabilities associated with assets held for sale	52.8				

Note 4: Financing

In February 2014 Dantherm concluded its agreement with the primary credit institutions on extension of the existing committed facilities until 31 March 2015. The agreement comprises the usual covenants. The covenants end of Q2 and Q3 2014 were calculated under the assumption that closing related to the divestment of the Telecom business segment was completed before these dates. Due to delay in the closing process Dantherm was not able to meet the covenants related to "Net Interest-bearing debt/EBITDA", "EBITDA/interest expenses" and "Equity interest" end of Q2 and Q3. Dantherm has received a waiver from the credit institutions related to these covenants after the balance sheet date, and non-current debt to credit institutions has been classified as current debt to credit institutions in the balance sheet.

Dantherm is in a good dialogue with its credit institutions and closing is expected to be completed in near future.

Note 5: Fair value measurement of financial instruments

The subsidiary Dantherm Air Handling A/S has entered into a fixed-rate interest rate swap for hedging the floating interest rate on loans in the property in Skive.

As at 30 September 2014, the fair value of the outstanding interest rate swap was negative at DKK 13.6m. The carrying amount corresponds to the fair value. The term of the interest rate swap corresponds to the term of the loan in the property, which expires in June 2020.

As at 31 December 2013, the fair value and the carrying amount of the interest rate swap were negative at DKK 11.8m.

The interest rate swap is valued at level 2 in the fair value hierarchy with recurring fair value measurements. Measurements are based on generally accepted valuation methods.

Note 6: Accounting policies

The interim report is presented in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and Danish disclosure requirements for listed companies.

The consolidated financial statements and the financial statements for 2013 contain the full description of the accounting policies, except for the policies on assets held for sale and the presentation of discontinued operations, see below.

The accounting policies have been applied consistently with the annual report for 2013, except that the group has implemented new accounting standards (IFRS and IAS) and interpretations (IFRIC) which have taken effect in 2014. The new standards and interpretations have not affected the recognition and measurement.

Assets held for sale

Assets held for sale comprise non-current assets and disposal groups held for sale. A disposal group is a group of assets which is to be disposed of as a single group or in a single transaction. Liabilities associated with assets held for sale are liabilities directly associated with these assets which will be transferred in connection with the transaction. Assets are classified as 'held for sale' when their carrying amount will primarily be recovered through a sale within a period of 12 months under a formal plan rather than through continued use.

Assets or disposal groups held for sale are measured at the time of classification as 'held for sale' at the lower of carrying amount and fair value less costs to sell. Assets are not depreciated or amortised as from the time of being classified as 'held for sale'.

Impairments resulting from the initial classification as 'held for sale', and any gains or losses resulting from subsequent measurement at the lower of carrying amount and fair value less costs to sell, are recognised in the income statement under the associated items. Gains and losses are stated in the notes.

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

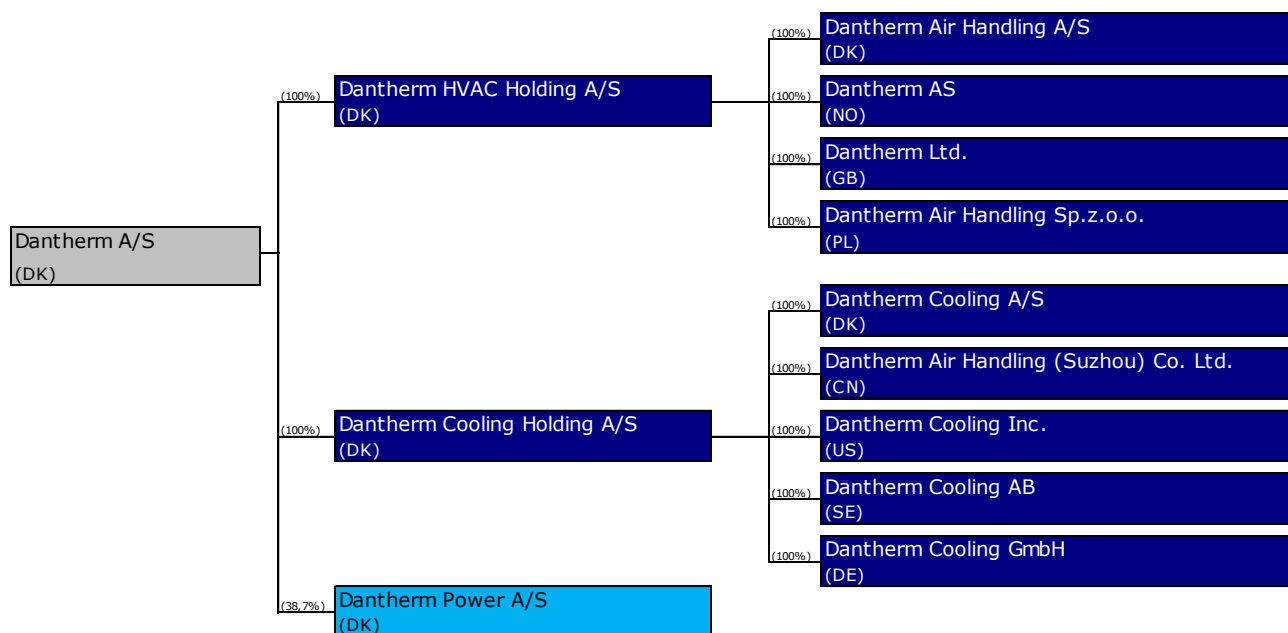
Presentation of discontinued operations

Discontinued operations constitute a significant part of the company, the activities and cash flows of which can be clearly separated from the rest of the company's activities for operational as well as accounting purposes, and where the unit has either been divested or classified as held for sale and where the sale is expected to take place within a period of one year according to a formal plan. Discontinued operations also include businesses classified as 'held for sale' in connection with the acquisition.

The net profit/loss from discontinued operations and value adjustments after tax on associated assets and liabilities as well as gains/losses upon sale are presented on a separate line in the income statement, and comparative figures are restated. Revenue, costs, value adjustments and tax for the discontinued operations are stated in the notes. Assets and associated liabilities for discontinued operations are stated on separate lines in the balance sheet without restatement of comparative figures, see the section 'Assets held for sale', and the main items are specified in the notes.

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

Group chart



Disclaimer

This announcement contains forward-looking statements that reflect the management's current perception of future events and financial results. The statements made about 2014 and coming years are naturally subject to uncertainty, and Dantherm's actual results may therefore deviate from the outlook. Factors which may cause the actual results to deviate from the outlook include, but are not limited to, changes in the group's activities and market conditions, such as raw materials prices, exchange rates and the economic climate. This interim report should not be construed as an encouragement to buy or sell shares in Dantherm.