Annual Report 2015

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CVR-no.: 34 41 19 13
Registered office:
Herlev Municipality

Annual General Meeting
The Annual General Meeting will be held on 25 April 2016 at 09.00 am at the offices of DLH's lawyers Kromann Reumert, Sundkrogsgade 5, DK-2100 Copenhagen Ø.

Auditors
Ernst & Young
Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
2000 Frederiksberg

Financial highlights for DLH Group

(DKK million) [1]	2015	2014	2013	2012	2011
Income statement					
Profit/(loss) for the year from continuing operations	(32)	(65)	(82)	(78)	4
Profit/(loss) for the year from discontinued operations	(53)	(106)	(195)	(115)	(2)
Profit/(loss) for the year	(85)	(171)	(277)	(193)	2
Balance sheet details:					
Total assets	173	304	754	1,163	1,689
Equity	77	152	323	599	776
Cash flow:					
Cash flow from operating activities (CFFO)	(21)	(92)	(57)	(71)	(59)
Cash flow from investment activities	1	0	(2)	(1)	(20)
Cash flow from financing activities	35	(169)	(74)	(251)	(108)
Performance ratios:					
Return on equity (ROE)	(74.4%)	(72.1%)	(60.0%)	(28.1%)	0.2%
Equity ratio	44.3%	50.0%	42.8%	51.5%	45.9%
Interest bearing debt, net	36	13	204	248	546
Average number of employees	100	335	473	578	604
Share-based ratios [2]					
Booked value per diluted DKK 0.5 / 5 share (BVPS-D) at end of the period	1.44	2.84	6.04	11.22	16.40
Share price, end of the period (P), DKK	0.795	2.68	5.60	3.88	6.40
Diluted share price / booked value (P/BV-D)	0.55	0.94	0.93	0.35	0.39
Average number of diluted shares in issue (in denominations of 1,000 shares)	53,384	53,384	53,384	53,384	47,331
Cash flow per diluted DKK 0.5 / 5 share (CFPS-D)	(0.39)	(1.72)	(1.06)	(1.34)	(1.26)
Dividend per DKK 0.5 / 5 share (DPS)	-	-	-	-	-
Price Earning diluted (P/E-D)	(1.3)	(2.2)	(3.7)	(2.6)	84.1
EPS basic per share of DKK 0.5 / 5	(0.61)	(1.22)	(1.53)	(1.46)	(0.08)

1) The financial highlights for 2012 have been restated in line with the change in presentation of discontinued operations incurred in 2013. 2011 has not been restated in line with the change in presentation of discontinued operations incurred in 2013 as this is not possible. Figures for this year are therefore not comparable to the following years.

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 2015 - Nordic Edition" issued by the Danish Finance Society. The denomination of the shares was changed to DKK 0.50 in April 2015. The above figures have been restated only for 2014. Prior to this, the denomination of the shares was changed to DKK 5 in connection with the capital increase in April 2011.

Financial review

Total loss for the year was DKK 85 million. The loss comprises costs and financial expenses associated with DLH's head office in the first four months of 2015 and losses on discontinued operations of DKK 53 million.

Major events
DLH Group continued its divestment strategy during 2015. A number of business units and functions were sold or wound up.

In April, all staff at the head office were laid off and the company transferred its administrative functions to an external service provider.

In July, the Group sold its former head office building in Høje Taastrup.

In August, DLH's Brazilian and Russian subsidiaries were transferred to new owners.

At the end of the year, the Group still had active operations in Denmark, Sweden, Norway, France and Ukraine.

Throughout the year, management had dialogues and meetings with potential buyers for the three business units. Unfortunately, none of these processes resulted in conclusive arrangements. Management evaluated other options during the period – such as closing down the businesses – but felt that a transfer in the form of some sort of going concern model would yield the best result.

Continuing operations
Continuing operations represent costs associated with head office functions. All head office staff were laid off in April 2015 and subsequent costs represent necessary maintenance costs for operating the Group structure.

Financial expenses amounted to DKK 16 million compared to DKK 21 million last year due to the lower debt, while exchange rate losses were higher.

Discontinued operations
The French unit operated at loss in 2015. The French market proved very difficult, so despite major cost reductions the unit yielded a negative EBIT of DKK 7 million. Revenue amounted to DKK 85 million compared to DKK 160 million in 2014, where the latter included turnover generated in the now closed unit in Nantes. On a positive note, the unit managed to reduce the levels of working capital from DKK 52 million to DKK 31 million thus contributing to the reduction of the bank debt.

The Nordic unit, comprising Denmark and Sweden, also operated at a loss. The results in Sweden were disappointing while the Danish unit began to show progress. Overall revenue amounted to DKK 436 million compared to DKK 492 million in 2014 while EBIT came in at DKK minus 4 million versus DKK minus 14 million last year. The Nordic unit also successfully reduced its net working capital levels from DKK 117 million to DKK 92 million.

Fourth quarter
Equity was reduced by DKK 27 million in the fourth quarter with major impact from the provision made on the French assets. Head office operations costs totalled DKK 2 million. In addition operating results in the business units held for sale contributed negatively with an EBIT of minus DKK 7 million. Finance cost amounted to DKK 3 million.

Balance sheet
At the end of the year, the Group's assets totalled DKK 173 million against DKK 304 million in 2014. The balance sheet was reduced as a result of the divestments completed during the year.

By the end of the year, DLH's equity totalled DKK 77 million (2014: DKK 152 million), while solvency amounted to 44.3% against 50.0% last year.

The Group has relied on an overdraft facility provided by its main bankers – Danske Bank and Nordea. In addition, the Group has a term loan with FIH Erhvervsbank stemming from the sale of the former head office building. The loan is due on 31 December 2016. The Group's net interest bearing debt was DKK 36 million (2014: DKK 13 million). The increase is due to the Group exercising an option to repurchase it's former head quarter in Taastrup and sell off the property.

Key events after the close of the financial year
The overdraft facility provided by Danske Bank and Nordea was virtually repaid by the end of 2015. The banks have provided a new overdraft facility until the end of September 2016 facilitating operations for the Group while the divestment process continues. Repayment of the overdraft facility and the loan to FIH requires that the Group is able to divest certain assets or reduce its net working capital. Should the Group fail to reach these targets, there is a risk that access to financing will be lost or reduced or have to be renegotiated on new terms.

In January 2016, the Group announced that its CEO will step down by the end of March 2016. The Board has appointed current EVP Sales Region Nordic, Michael Skovbo Bühlmann as new CEO of the Group.

In February 2016, the Group announced the closure of its French subsidiary.

Apart from this, no key events, which are of significance to the consolidated or company accounts for 2015, have taken place after the close of the year.

Share capital
By the end of 2015, the parent company's equity was partly lost. The loss represents 18% of the share capital. In February 2016, the company announced the closure of its French subsidiary. It is expected that this will restore the share capital as expected dividends exceed the booked value.

Dividend
The Board of Directors recommends to the Annual General Meeting that no dividend be paid for 2015.

Outlook
Given the uncertainty of the outcome of the divestment plan, the Board of Directors does not believe it is prudent to provide an outlook on earnings for 2016. The company will report on any concluded divestments of business units as Company Announcements.

Shareholder information

Share capital
DLH's nominal share capital is DKK 26,783,248.50 and the number of issued shares is 53,566,497. The shares are listed on NASDAQ 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 2015, DLH's portfolio of treasury shares had a total nominal value of DKK 91,094 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 2015.

DLH shares on the Stock Exchange
During 2015 the price of DLH shares decreased from DKK 2.68 to DKK 0.795.

By the end of 2015, the Group had 2,391 shareholders, corresponding to a decrease of 9% compared to the level at the end of 2014.

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.

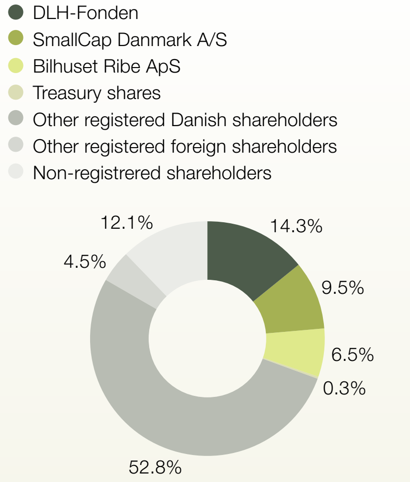
Due to the reduced scope of activities and new legal requirements, future reporting will not include separate reporting on the first and third quarters.

Investor enquiries
Enquiries about DLH, its business areas and the Annual Report should be directed to President & CEO Peter Thostrup. After the end of March 2016 enquiries should be directed to the new President & CEO Michael Skovbo Bühlmann.

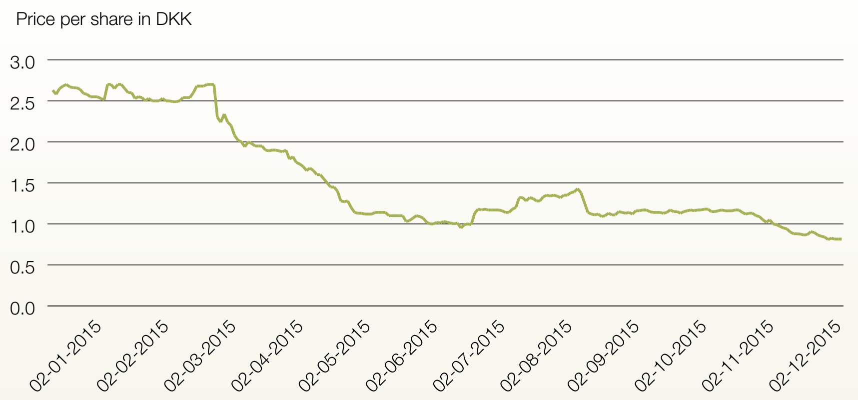
Shareholders with a minimum of 5% share capital at 31 December 2015

Name	Registered Office	Proportion of share capital
DLH-Fonden	Amerika Plads 37, 2100 Copenhagen O	14.3%
SmallCap Danmark A/S	Dr. Tværgade 41, 1. 1302 Copenhagen K	9.5%
Bilhuset Ribe ApS,	Nørremarks Vej 54, 6760 Ribe	6.5%

Composition of shareholders at 31 December 2015



Development in the share price 1 January 2015 – 31 December 2015



KEY STOCK EXCHANGE ANNOUNCEMENTS

13 February 2015	Financial Calendar for Dalhoff Larsen & Horneman A/S - 2015 revised
2 March 2015	DLH disposes of Russian and Brazilian company and will make use of its option to purchase the former HQ office building in Hoeje Taastrup
11 March 2015	Annual Report 2014
26 March 2015	Notice of Annual General Meeting to be held on 27 April 2015
27 April 2015	Interim Announcement for Q1 2015
27 April 2015	Information from the chairman of the annual general meeting
29 April 2015	New CEO at Dalhoff Larsen & Horneman A/S
16 June 2015	Capital reduction
16 June 2015	Articles of association of Dalhoff Larsen & Horneman A/S
17 June 2015	Correction: Articles of association of Dalhoff Larsen & Horneman A/S
19 June 2015	Correction: Capital reduction
6 July 2015	DLH sells its former head office building in Høje Taastrup
19 August 2015	Interim Report 6 months 2015
22 September 2015	Extension of agreement with CEO Peter Thostrup
29 October 2015	Interim Announcement for the first nine months 2015
2 December 2015	Announcement in accordance with the Securities Trading Act § 29
4 December 2015	Financial Calendar for Dalhoff Larsen & Horneman A/S 2016
29 December 2015	Extension of agreement with CEO Peter Thostrup

FINANCIAL CALENDAR 2016

29 March 2016	Annual Report 2015
25 April 2016	Annual General Meeting
30 August 2016	Interim report 6 months 2016

Board of Directors

Kurt Anker Nielsen
Chairman
Joined the Board of Directors in 2011.
Year of birth: 1945

Positions of trust:
Chairman of the Board of Directors of Collstrups Mindelegat.

Areas of expertise:
Kurt Anker Nielsen has management experience from a number of international companies, including qualifying as an Audit Committee Financial Expert as defined by the US Securities and Exchange Commission.

Particular expertise in economics, accounting, 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 2015).

Agnete Raaschou-Nielsen
Vice-Chairman
Joined the Board of Directors in 2010.
Year of birth: 1957

Positions of trust:
Chairman of the Board of Directors of Brdr. Hartmann A/S, Arkil Holding A/S and one subsidiary. Vice-Chairman of Solar A/S and Investeringsforeningen Danske Invest, three other UCITS and two AIF funds. Member of the Board of Directors of Novozymes A/S, Danske Invest Management A/S, Aktieselskabet Schouw & Co., Icopal Holding and two subsidiaries.

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 in macroeconomics, emerging markets, international building materials industry, logistics, production, sales and management.

Shareholding:
Number of shares: 6,500 (no transactions in 2015).

Kristian Kolding
Joined the Board of Directors in 2008.
Year of birth: 1947

Positions of trust:
Chairman of the Board of Directors of Rechnitzer A/S, 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 Petersen 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 and Ferd. and Ellen Hindsgauls 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 in management, wholesale company and industry, logistics and economics.

Shareholding:
Number of shares: 56,521 (no transactions in 2015)

Carsten Lønfeldt
Joined the Board of Directors in 2015.
Year of birth: 1947

Positions of trust:
Chairman of the Board of Directors of Placeringsforeningen Nykredit Invest, Fonden Dansk Standard and Eye4Talent A/S. Vice-Chairman of ETA Danmark A/S. Member of the Board of Directors of Kapitalforeningen Investin, Kapitalforeningen Investin Pro, Fisker Ejendomsselskab A/S and related subsidiaries, Carmo A/S, Polaris IV Invest Fonden, Investeringsforeningen Nykredit Invest Almen Bolig, NKB Private Equity III DK A/S and NKB Private Equity VI A/S. Member of Nasdaq OMX Copenhagen Advisory Committee.

Areas of expertise:
Carsten Lønfeldt has experience from a number of management and board positions in industrial companies and financial institutions.

Particular expertise within financial management of international companies, finance, accounting and auditing.

Shareholding:
Number of shares: 0 (no transactions in 2015).

John Stær
Joined the Board of Directors in 2011.
Year of birth: 1951

Positions of trust:
Member of the Board of Directors of Leki Aviation A/S, Paraffinhuset A/S and Trans Digm Group Inc.

Areas of expertise:
John Stær has particular expertise in management in general, including the management of international wholesale companies, logistics and supply chain management and the acquisition and divestment of companies. He also has an accounting background.

Shareholding:
Number of shares: 7,500 (no transactions in 2015).

Executive Management

Peter Thostrup
President & CEO
Appointed: April 2015
Year of birth: 1960

Positions of trust:
Chairman of of the Board of Directors of RTX A/S. Member of the Board of Directors of Bach Composite Industries.

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 in 2015.

STRATEGY AND ENGAGEMENTS

DLH's Good Supplier Programme (GSP) is a risk-assessment tool used to collect and evaluate information on how suppliers produce, process and trade timber.

GSP 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 also serves as the basis for implementation of DLH's Environmental, Social and Human Rights policies with regard to our suppliers.

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. The EUTR certificate has been fully maintained since then both for the activities sold or closed down, and for the remaining businesses.

POLICIES

DLH's CSR strategy rests on three pillars: the Environmental Policy, the Social and Human Rights Policy and the Business Integrity Policy.

The general objectives and focus areas within social and environmental responsibility are set out in these policies. DLH is committed to conducting business responsibly and in line with DLH's "house of values" (corporate values). Responsibility forms the roof of the DLH "house of values", which means that we want to act responsibly in all aspects of our business. Our CSR policies provide guidance on how we translate our values into action and act as a responsible company.

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 2015

At an Extraordinary General Meeting of the DLH Group in January 2014, it was decided to divest all business activities in DLH Group. One of the consequences was that a centralised DLH CSR office became obsolete.

Instead, during 2014 the CSR responsibilities were integrated into the operational units. All operational units therefore are individually bound to continue already implemented Group CSR policies.

Early in 2015, the Group lost its FSC certificate due to a case dating back to 2012. Throughout 2015, DLH worked with FSC on the case in question in order to regain the FSC certificate.

INTELLECTUAL CAPITAL

DLH's staff play an important role in the strategic changes that have been implemented in recent years. DLH continuously strives to maintain a positive working environment in order to retain employees to achieve the strategic goals.

2015 RESULTS AND THE FUTURE

The progress and results for 2015 should be viewed in relation to the Group's current divestment strategy.

During 2015, CSR responsibilities were successfully integrated into the operational units.

Going forward, the operational units will continue to ensure that DLH Group maintains and updates its full Good Supplier Programme, and remains compliant with the current EUTR regulations.

Further information on DLH Group's CSR policies can be found at www.dlh.com/csr.aspx.

FSC disassociated itself from DLH in February 2015 when an impartial complaints panel concluded that DLH had been involved in illegal timber trade activities in Liberia. FSC gave DLH a set of conditions which, if satisfactorily fulfilled, would end its disassociation with the company. These included compensation for affected communities and a third-party verification of DLH's due diligence systems.

In October 2015, DLH presented FSC with an action plan describing its activities to compensate the affected communities for the lost revenue they incurred as a consequence of illegal logging. These activities were agreed with the communities through the free, prior, and informed consent process conducted on the ground by the Sustainable Development Institute (SDI), a well-known, credible, and trusted local development organisation. The action plan was approved by the FSC Board of Directors in November 2015.

In December 2015, DLH submitted further documentation showing the progress made in the fulfillment of all of FSC's conditions. FSC concluded that the progress was satisfactory, and the FSC Board of Directors decided to end its disassociation from DLH on a probationary basis.

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

Assets classified as held for sale must be measured at the lower of carrying amount and fair value less costs to sell.

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 book value may not reflect actual fair value less costs to sell.

It is associated with risk to determine whether the assets or businesses can be sold and when. Some entities may be closed. It is associated with risk to assess the actual cost related to such closure. 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.

Furthermore, the Group is exposed to risk from the executed divestments in the form of guarantees granted to the purchasers.

The employees at Group head office left the company on 30 April 2015. There is a risk that managerial insight and overview will have diminished. There is a risk associated with the loss of knowledge about historical events and individual specific items. The loss of staff may also mean reduced focus and a less rigorous internal control environment. There is a risk in transferring administrative functions to an external provider.

Risks relating to the Group's operations

The value of DLH's inventories can develop negatively

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 a few major sheet product suppliers

DLH has signed agreements with a limited number of producers for 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 buys raw materials from countries where trade, logistics and legislation as well as political and economic conditions differ from western norms

Some 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 and prepayments for goods. The current strategy involves the discontinuation of relationships with some customers, which may increase the credit risk. The risk also increases when credit insurance companies reduce and, in the worst case scenario, 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.

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 risks that certain products have to be recalled, which can mean considerable costs for replacement, repair or compensation. Such events may also damage 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 negative impact on the Group.

Risks relating to markets in which the Group operates

The Group is subject to global economic trends

DLH is exposed to considerable risks in relation to developments in its sales markets as the construction sector, DLH's most important market, is usually among the most volatile.

The Group is dependent on a few sales markets

DLH sells the majority of its products in a few European markets. The Group's sales are therefore very dependent on the economic situation in a few countries.

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

The Group's activities and results can be negatively affected by disasters or other incidents. DLH may also be affected by damage to its stock as a result of, for example, fire or other incidents. 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 is engaged in trading in certified tropical hardwood, which 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 in the future.

The Group operates in a competitive market

The market in which DLH operates is highly competitive. This impacts 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 financial 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 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, 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.

Risks relating to litigation, disputes and legal issues

DLH is at 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 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.

Regulations changes traditions

DLH's has activities in various countries where the Group is exposed to changes in taxation, levies, customs and accounting regulations.

The Group's principles for managing risks

Risk Management is handled by Group Management in a close dialogue with the operating companies.

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 17.

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 product liability, transport, and travel, as well as local policies such as vehicles, workers' compensation, and other locally required 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 Management 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 and safe management of the Group with a view to 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 applicable recommendations where it is deemed 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 businesses.

In November 2014, 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 Board and 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/Corporate_governance/Corporate_governance_historical/2015.aspx

The role of shareholders and interaction with the company's management
DLH Group seeks to ensure that the information given to and the opportunity for discussion 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 usual 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 have 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 of 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 2015, four out of five 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 Management 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. In 2015 the Board of Directors comprised 20% women. A policy for gender balance in DLH was also adopted with the aim of including more women among DLH's managerial staff. Considering the Group's current divestment strategy, there is nothing to report on these policies.

Considering the Group's current strategy, no policy has been laid down as regards to increasing the number of women in management positions. Therefore, no reporting on this can be done.

Briefings from the Executive Management 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 2015, there were ten Board of Directors' meetings. 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 Management 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 specific tasks of the Chairman and, in his absence, the Vice-Chairman, are specified in the rules of procedure.

The Board of Directors evaluates its composition and desirable/necessary areas of expertise as well as cooperation with the Executive Management and the results arising. Self-evaluation, based on questionnaires and individual conversations with the Chairman, provides the basis for an evaluation of the Board of Directors' composition. 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 Management actively participate in the Board of Directors' discussions and contribute their own evaluations.

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 Management's work and the financial and managerial control of the Group.

The Board of Directors appoints the CEO. The Executive Management is responsible for the organisation and implementation of the strategic plans etc. decided by the Board of Directors. The Executive Management 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 holds at least 10% of the company's capital. DLH-Fonden chose not to make use of this right in 2015.

The Board of Directors comprises five members who are elected by the Annual General Meeting. The Board of Directors deems the number of members to be appropriate, but in the light of the current strategy the Board of Directors is recommending a reduction in the number of Board members.

All members of the Board of Directors elected by the Annual General Meeting stand for election every year. 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 page 7.

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.

In 2015 it was decided to let the Audit Committee comprise of the entire Board of Directors.

Audit Committee

The Board of Directors and the Audit Committee, along with the Executive Management, 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 CEO to ensure that all key aspects have been addressed correctly.

Financial reporting

The Board of Directors and Executive Management are responsible for ensuring that the Annual Report and other financial reporting are prepared in accordance with legislation and applicable standards. Prior to the publication of financial reports, the Board of Directors ensures that these are comprehensible and balanced, and provide a true and fair 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 Management have 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 Management 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 targets, 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 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 a large 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 external 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 financial reporting and cash flows is carried out independently of the business units.

Current divestment strategy

The current divestment strategy encompasses a number of risks of which the Board is aware. In order to mitigate these, the Board of Directors has taken a number of steps. The Board of Directors has actively sought to minimise the risks associated with key staff leaving by retaining some staff and by entering consultancy agreements with former staff. Future administration of the Group is handled by the external provider, Accountor, which is responsible for bookkeeping, reporting etc. The Executive Vice Presidents of the Nordic Region and the French company report to the Board. The CEO role is primarily administrative in nature, overseeing remaining outstanding issues and disposals.

Going concern statement

In connection with financial reporting, the Board of Directors, Audit Committee and Executive Management 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 Management 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 17) and after examination of budgets, including expected cash flow 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 Management have today discussed and approved the Annual Report of Dalhoff Larsen & Horneman A/S for the financial year 2015. 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 2015 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 2015. In our opinion, the Management commentary includes a fair review of developments 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, 29 March 2016

Executive Board:

Peter Thostrup

Board of Directors:

Kurt Anker Nielsen (Chairman)	Agnete Raaschou-Nielsen (Vice-Chairman)	Kristian Kolding
Carsten Lønfeldt	John Stær	

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 2015, which 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 2015 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 2015 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.

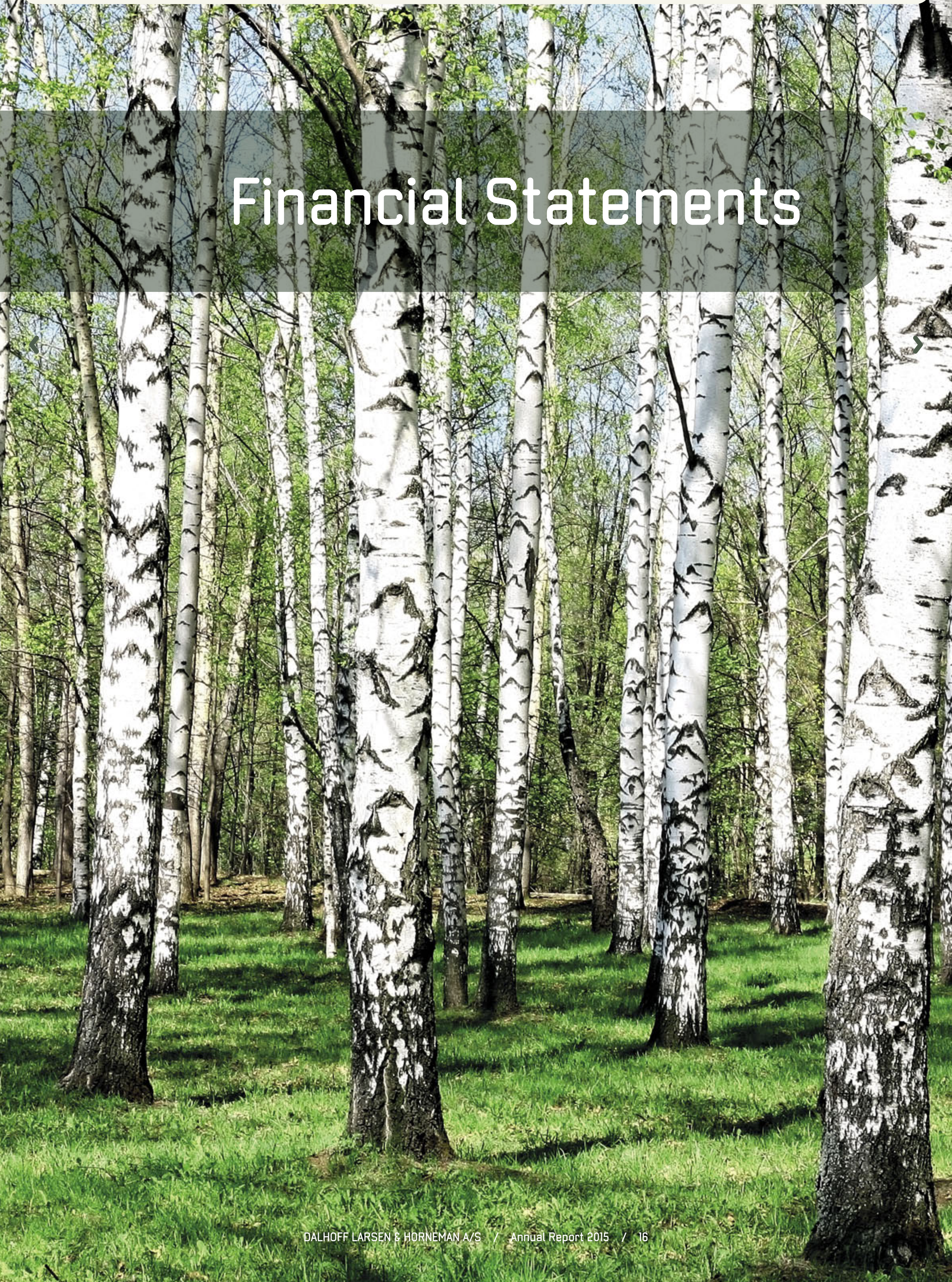
Copenhagen, 29 March 2016

Ernst & Young
Godkendt Revisionspartnerselskab
CVR no 30 70 02 28

Peter Gath
State Authorised Public Accountant

Birgit M. Schrøder
State Authorised Public Accountant

Financial Statements



Income statement

		Group		Parent company	
Note	**(DKK million)**	**2015**	**2014**	**2015**	**2014**
5	Other external expenses	(6.7)	(6.3)	(9.1)	(11.9)
6	Staff costs	(9.0)	(37.9)	(9.0)	(37.9)
	Other operating income	0.1	0.2	2.4	5.8
	Operating profit/(loss) before depreciation and amortisation (EBITDA)	**(15.6)**	**(44.0)**	**(15.7)**	**(44.0)**
	Depreciation and amortisation	(0.4)	(0.7)	(0.4)	(0.7)
	Operating profit/(loss) (EBIT)	**(16.0)**	**(44.7)**	**(16.1)**	**(44.7)**
	Financial items:				
7	Financial income	-	0.8	22.0	74.6
8	Financial expenses	(16.3)	(21.2)	(20.4)	(31.8)
	Profit/(loss) from continuing operations before tax (EBT)	**(32.3)**	**(65.1)**	**(14.5)**	**(1.9)**
9	Tax for the year on the profit/(loss) from continuing operations	-	-	-	-
	Profit/(loss) for the year from continuing operations	**(32.3)**	**(65.1)**	**(14.5)**	**(1.9)**
3	Profit/(loss) for the year from discontinued operations	(52.9)	(106.2)	(47.9)	(81.1)
	Profit/(loss) for the year	**(85.2)**	**(171.3)**	**(62.4)**	**(83.0)**
10	**Earnings per share:**				
	Earnings per share (EPS) of DKK 0.5 each	(1.60)	(3.21)		
	Earnings per share diluted (EPS-D) of DKK 0.5 each	(1.60)	(3.21)		
	Earnings per share (EPS) for continuing operations of DKK 0.5 each	(0.61)	(1.22)		
	Earnings per share diluted (EPS-D) for continuing operations of DKK 0.5 each	(0.61)	(1.22)		
	Recommended appropriation of profits:				
	Dividend proposed 0% (2014: 0%) per share of DKK 0.5 each			-	-
	Retained earnings			(62.4)	(83.0)
				(62.4)	(83.0)

Statement of comprehensive income

Note	(DKK million)	2015	2014
	Group		
	Profit/(loss) for the year	**(85.2)**	**(171.3)**
	Other comprehensive income:		
	Items that may not be reclassified to the income statement:		
15	Actuarial gains/(losses) on defined benefit plans	1.4	0.5
9	Tax	-	-
		1.4	0.5
	Items that may be reclassified to the income statement:		
	Foreign currency translation adjustments on conversion of foreign operations	12.4	(0.7)
	Foreign currency adjustments transferred to profit/(loss), discontinued operations	(3.7)	1.8
	Value adjustments of hedging instruments:		
	Value adjustment for the year	-	(0.2)
	Value adjustment transferred to turnover	-	(1.8)
	Value adjustment transferred to financial items	0.2	0.9
	Tax	-	-
		8.9	0.0
	Other comprehensive income after tax	**10.3**	**0.5**
	Comprehensive income in total	**(74.9)**	**(170.8)**
	These may be broken down as follows:		
	Comprehensive income for the reporting period, continuing operations	(32.1)	(64.4)
	Comprehensive income for the reporting period, discontinued operations	(42.8)	(106.4)
	Parent company		
	Profit/(loss) for the year	**(62.4)**	**(83.0)**
	Other comprehensive income:		
	Value adjustment of hedging instruments:		
	Value adjustment for the year	-	(0.2)
	Value adjustment transferred to turnover	-	(1.8)
	Value adjustment transferred to financial items	0.2	0.9
9	Tax on other comprehensive income	-	-
	Other comprehensive income after tax	**0.2**	**(1.1)**
	Comprehensive income in total	**(62.2)**	**(84.1)**

Assets

		Group		Parent company	
Note	**(DKK million)**	**2015**	**2014**	**2015**	**2014**
	Non-current assets:				
	Property, plant and equipment:				
	Land and buildings	-	0.1	-	0.1
	Other plant and equipment, fixtures and fittings	0.3	1.5	0.3	1.5
		0.3	1.6	0.3	1.6
	Total non-current assets	**0.3**	**1.6**	**0.3**	**1.6**
	Current assets:				
	Receivables:				
13	Trade receivables	-	12.1	-	12.1
11	Receivables from group enterprises	-	-	-	10.8
	Other receivables	2.6	21.6	2.6	21.6
	Prepaid expenses	0.6	0.8	0.6	0.8
		3.2	34.5	3.2	45.3
3	Assets held for sale	169.7	267.6	184.9	214.7
	Total current assets	**172.9**	**302.1**	**188.1**	**260.0**
	Total assets	**173.2**	**303.7**	**188.4**	**261.6**

Equity and liabilities

		Group		Parent company	
Note	**(DKK million)**	**2015**	**2014**	**2015**	**2014**
14	**Equity:**				
	Share capital	26.8	267.8	26.8	267.8
	Hedging reserve	-	(0.2)	-	(0.2)
	Foreign currency translation adjustment reserve	(16.7)	(25.4)	-	-
	Retained earnings	66.7	(90.5)	(4.8)	(183.4)
		76.8	151.7	22.0	84.2
	Non-current liabilities:				
16	Provisions	-	3.0	-	3.0
		-	3.0	-	3.0
	Current liabilities:				
	Credit institutions	46.3	10.8	46.3	10.8
	Trade payables and other payables	2.0	18.8	1.9	18.8
	Payables to group enterprises	-	-	104.8	89.7
16	Provisions	2.4	3.3	2.4	3.3
		50.7	32.9	155.4	122.6
3	Liabilities relating to assets held for sale	45.7	116.1	11.0	51.8
	Total liabilities	**96.4**	**152.0**	**166.4**	**177.4**
	Total liabilities and equity	**173.2**	**303.7**	**188.4**	**261.6**

Cash flow statement

		Group		Parent company	
Note	(DKK million)	2015	2014	2015	2014
	Profit/(loss) before tax for continuing operations	(32.3)	(65.1)	(14.5)	(1.9)
23	Adjustment for non-cash operating items etc.	12.9	18.8	(5.0)	(44.8)
	Cash flow from operating activities before change in working capital	**(19.4)**	**(46.3)**	**(19.5)**	**(46.7)**
24	Change in working capital	9.5	(18.1)	9.5	(18.1)
	Operating cash flow	**(9.9)**	**(64.4)**	**(10.0)**	**(64.8)**
	Financial income, received	-	0.8	22.0	74.7
	Financial expenses, paid	(10.7)	(28.2)	(14.8)	(38.8)
	Income taxes paid/refunded	-	-	-	-
	Cash flow from operating activities	**(20.6)**	**(91.8)**	**(2.8)**	**(28.9)**
	Acquisition of intangible assets	-	-	-	-
	Acquisition of tangible assets	-	(0.1)	-	(0.1)
	Sale of intangible and tangible assets	0.9	0.1	0.9	0.1
	Cash flow from investment activities	**0.9**	**-**	**0.9**	**-**
	Cash flow from operating activities and after investments	**(19.7)**	**(91.8)**	**(1.9)**	**(28.9)**
	Repayment of subordinated loan	-	(18.7)	-	(18.7)
	Raising/repayment of intra-group accounts, net			(22.0)	63.4
	Raising of debt from credit institutions	35.2		35.2	
	Repayment of debt from credit institutions		(150.0)	-	(150.0)
	Cash flow from financing activity	**35.2**	**(168.7)**	**13.2**	**(105.3)**
3	Cash flow from discontinued operations	(11.2)	242.6	(4.7)	132.6
	Cash flow for the year	**4.3**	**(17.9)**	**6.6**	**(1.6)**
	Cash at 1 January	6.5	26.7	0.3	1.9
	Foreign currency translation adjustment of cash	(0.5)	(2.3)	-	-
25	Cash at 31 December	10.3	6.5	6.9	0.3

Statement of changes in equity

Group

Note	(DKK million)	Share capital	Hedging reserve	Currency translation reserve	Retained earnings	Total
	Equity at 1 January 2014	**267.8**	**0.9**	**(26.5)**	**80.3**	**322.5**
	Comprehensive income in 2014:					
	Profit/(loss) for the year	-	-	-	(171.3)	(171.3)
	Other comprehensive income:					
	Foreign currency translation adjustments on conversion of foreign operations	-	-	(0.7)	-	(0.7)
	Foreign currency adjustments transferred to profit/(loss), discontinued operations	-	-	1.8	-	1.8
	Value adjustment of hedging instruments:					
	Value adjustment for the year	-	(0.2)	-	-	(0.2)
	Value adjustment transferred to turnover	-	(1.8)	-	-	(1.8)
	Value adjustment transferred to financial items	-	0.9	-	-	0.9
15	Actuarial gains/(losses) on defined benefit plans	-	-	-	0.5	0.5
9	Tax of other comprehensive income	-	-	-	-	-
	Other comprehensive income in total	**-**	**(1.1)**	**1.1**	**0.5**	**0.5**
	Total comprehensive income in 2014	**-**	**(1.1)**	**1.1**	**(170.8)**	**(170.8)**
	Total transactions with owners	**-**	**-**	**-**	**-**	**-**
	Equity at 31 December 2014	**267.8**	**(0.2)**	**(25.4)**	**(90.5)**	**151.7**
	Comprehensive income in 2015:					
	Profit/(loss) for the year	-	-	-	(85.2)	(85.2)
	Other comprehensive income:					
	Foreign currency translation adjustments on conversion of foreign operations	-	-	12.4	-	12.4
	Foreign currency adjustments transferred to profit/(loss), discontinued operations	-	-	(3.7)		(3.7)
	Value adjustment of hedging instruments:					
	Value adjustment transferred to financial items	-	0.2	-	-	0.2
15	Actuarial gains/(losses) on defined benefit plans	-	-	-	1.4	1.4
9	Tax of other comprehensive income	-	-	-	-	-
	Other comprehensive income in total	**-**	**0.2**	**8.7**	**1.4**	**10.3**
	Total comprehensive income in 2015	**-**	**0.2**	**8.7**	**(83.8)**	**(74.9)**
	Transactions with owners:					
	Capital reduction	(160.7)	-	-	160.7	-
	Capital reduction	(80.3)	-	-	80.3	-
	Total transactions with owners	**(241.0)**	**-**	**-**	**241.0**	**-**
	Equity at 31 December 2015	**26.8**	**-**	**(16.7)**	**66.7**	**76.8**

Statement of changes in equity

Parent company

Note	(DKK million)	Share capital	Hedging reserve	Translation reserve	Retained earnings	Total
	Equity 1 January 2014	**267.8**	**0.9**	**-**	**(100.4)**	**168.3**
	Comprehensive income in 2014:					
	Profit/(loss) for the year	-	-	-	(83.0)	(83.0)
	Other comprehensive income:					
	Value adjustment of hedging instruments:					
	Value adjustment for the year	-	(0.2)	-	-	(0.2)
	Value adjustment transferred to turnover		(1.8)	-	-	(1.8)
	Value adjustment transferred to financial items	-	0.9	-	-	0.9
	Other comprehensive income in total	**-**	**(1.1)**	**-**	**-**	**(1.1)**
	Total comprehensive income in 2014	**-**	**(1.1)**	**-**	**(83.0)**	**(84.1)**
	Total transactions with owners	**-**	**-**	**-**	**-**	**-**
	Equity at 31 December 2014	**267.8**	**(0.2)**	**-**	**(183.4)**	**84.2**
	Comprehensive income in 2015:					
	Profit/(loss) for the year	-	-	-	(62.4)	(62.4)
	Other comprehensive income:					
	Value adjustment of hedging instruments:					
	Value adjustment transferred to financial items	-	0.2	-	-	0.2
	Other comprehensive income in total	**-**	**0.2**	**-**	**-**	**0.2**
	Total comprehensive income in 2015	**-**	**0.2**	**-**	**(62.4)**	**(62.2)**
	Transactions with owners:					
	Capital reduction	(160.7)	-	-	160.7	-
	Capital reduction	(80.3)	-	-	80.3	-
	Total transactions with owners	**(241.0)**	**-**	**-**	**241.0**	**-**
	Equity at 31 December 2015	**26.8**	**(0.0)**	**-**	**(4.8)**	**22.0**

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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 2015 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 2015 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.

Change in accounting policies
Dalhoff Larsen & Horneman A/S implemented the standards and interpretations that became effective in 2015. None of these impacted on recognition and measurement in 2015 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 57 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 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 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.

Notes

Note 1 Accounting policies (continued)

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.

INCOME STATEMENT

Net turnover
Net turnover derived from the sale of goods for resale and finished goods is recognised 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. 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.

Notes

Note 1 Accounting policies (continued)

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.

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.

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 and Western Europe.

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.

Notes

Note 1 Accounting policies (continued)

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.

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 comprise 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 shares

Treasury shares comprise the purchase sum 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

Notes

Note 1 Accounting policies (continued)

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.

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 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.

Notes

Note 1 Accounting policies (continued)

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

Note 1 Accounting Policies (continued)

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 and Financial Ratios 2015 - Nordic Edition" issued by the Danish Finance Society.

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

Notes

Note 2 Material accounting estimates and assessments

Outcome of divestment processes
In December 2013, the Group decided to pursue divestment of its individual business units. During 2014 and 2015 divestments materialised and the process continues. The Board of Directors and Management are not in a position to determine the exact outcome of the sales processes.

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.

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 book value may not reflect actual fair value less costs to sell.

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 DLH Group is exposed. Those risks to which DLH Group is particularly vulnerable are discussed in the management review on page 9 and in note 17 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 for DLH Group to a significant degree 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 activities that are to be sold; amortisation and impairment losses on non-current assets; the measurement of inventories; trade receivables; 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 has a term loan with FIH Erhvervsbank. The loan falls due 31 December 2016. In addition, the Group has an overdraft facility with Danske Bank and Nordea to be repaid by the end of September 2016. The basis for repayment is divestments of business units or assets or reduction in net working capital.

It is the opinion of the Board of Directors and Executive Management that the company's cash resources are adequate in the light of the agreed credit limits and the budgets and plans for 2016.

Should the Group fail to reach these targets, there is a risk that access to financing will be lost or reduced or have to be renegotiated on new terms.

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

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

Notes

Note 2 Material accounting estimates and assessments (continued)

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

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 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 significant uncertainty.

Property, plant and equipment
For 2013, 2014 and 2015, IFRS determines that assets must be valued at the lower of cost and fair value less costs to sell. This entails 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 is impaired, it may be necessary to make additional write-downs in future financial reporting periods.

Please refer to note 13 for details on the assessment of credit quality and the need to write down trade receivables.

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 were best served by the 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. During 2014 the Group's activities in USA, Poland, Slovakia, Asia/Africa and hardwood activities in Denmark were sold. During 2015 the Group's activities in Brazil and Russia were sold and also the Group's former head office property was sold. Remaining operations mainly include Denmark, Sweden, Norway, France and Ukraine. The strategy remains unchanged. Consequently, all companies and operations are classified as discontinued operations in the 2015 annual report. Only head office activities remain classified as continuing operations.

		Group		Parent company	
Note	**(DKK million)**	**2015**	**2014**	**2015**	**2014**
	Income statement:				
4	Turnover	536.8	1,464.8	264.6	808.4
	Cost of sales	(498.3)	(1,338.6)	(237.8)	(738.4)
	Gross profit	38.5	126.2	26.8	70.0
	Other operating items, net	1.2	6.7	0.5	(3.8)
5	Other external expenses	(45.9)	(123.8)	(21.6)	(81.7)
6	Staff costs	(46.0)	(101.1)	(18.2)	(35.2)
	Operating profit before depreciation and amortisation (EBITDA)	**(52.2)**	**(92.0)**	**(12.5)**	**(50.7)**
11	Impairment losses	(3.4)	(5.2)	(22.7)	(71.7)
	Operating profit/(loss) (EBIT)	**(55.6)**	**(97.2)**	**(35.2)**	**(122.4)**
	Financial items:				
	Financial income	0.1	0.1	-	-
	Financial expenses	(12.9)	(14.5)	(12.1)	(0.3)
	Profit/(loss) before tax (EBT)	**(68.4)**	**(111.6)**	**(47.3)**	**(122.7)**
9	Tax on profit for the year	1.4	0.1	-	-
	Profit for the year	**(67.0)**	**(111.5)**	**(47.3)**	**(122.7)**
	Profit on sale of discontinued operations	14.1	5.3	(0.6)	41.6
	Profit for the year on discontinued operations	**(52.9)**	**(106.2)**	**(47.9)**	**(81.1)**
10	**Earnings per share for discontinued operations:**				
	Earnings per share (EPS)	(0.99)	(1.99)		
	Earnings per share diluted (EPS-D)	(0.99)	(1.99)		
	Cash flow from discontinued operations, net:				
	Cash flow from operating activities	(13.1)	29.4	(7.8)	(23.8)
	Cash flow from investment activities	10.1	194.9	8.9	115.6
	Cash flow from financing activities	(8.2)	18.3	(5.8)	40.8
	Total	**(11.2)**	**242.6**	**(4.7)**	**132.6**

Notes

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

		Group		Parent company	
Note	**(DKK million)**	**2015**	**2014**	**2015**	**2014**
	Balance sheet:				
	Tangible and intangible assets	24.8	28.1	0.4	1.2
11	Other investments, securities and non-current assets	3.6	4.5	113.9	135.9
	Inventories	84.8	153.0	45.0	58.7
13	Trade receivables	35.2	54.0	13.9	13.4
	Other receivables	11.0	21.5	4.8	5.2
25	Cash	10.3	6.5	6.9	0.3
	Assets held for sale	**169.7**	**267.6**	**184.9**	**214.7**
	Credit institutions	-	8.2	-	5.7
16	Provisions	0.2	30.6	-	26.6
	Trade and other payables	45.5	77.3	11.0	19.5
	Liabilities relating to assets held for sale	**45.7**	**116.1**	**11.0**	**51.8**

Notes

Note 4 Segment information

The segments, for which financial reporting is compulsory comprise two independent business areas: the Nordic Region and Western Europe. Each business area operates independently of the other business area. Within the two independent, geographical sales regions, DLH services its industrial and retail customers from its own warehouses.

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 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 business segments in accordance with the same principle.

NWC comprises assets directly linked to the segment, including inventories, trade receivables, other receivables and trade payables.

The Group's biggest customer accounts for 14% of the turnover. No other single customer accounts for more than 10% of the turnover.

Geographical information
DLH operates mainly in Denmark, Sweden, Norway and France.

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.

Notes

Note 4 Segment information (continued)

Activities

2015

(DKK million)	Nordic	Western Europe	Sum of regions	Other discon-tinued-opera-tions	Discon-tinued opera-tions
Turnover	436.2	85.3	521.5	15.3	536.8
Intra-group turnover	-	-	-	-	-
Turnover to external customers	436.2	85.3	521.5	15.3	536.8
Operating profit (EBIT ex. impairm.)	(3.5)	(6.7)	(10.2)	(42.0)	(52.2)
NWC	91.7	30.7	122.4	(29.9)	92.5

2014

(DKK million)	Nordic	Western Europe	Sum of regions	Other discon-tinued-opera-tions	Discon-tinued opera-tions
Turnover	492.1	159.5	651.6	813.2	1,464.8
Intra-group turnover	(0.1)	(2.2)	(2.3)	2.3	(0.0)
Turnover to external customers	492.0	157.3	649.3	815.5	1,464.8
Operating profit (EBIT ex. impairm.)	(13.8)	(8.9)	(22.7)	(69.3)	(92.0)
NWC	117.0	51.9	168.9	26.8	195.7

Geographical

(DKK million)	Turnover 2015	2014
Denmark	250.0	296.3
Other Nordic	186.2	195.7
France	85.3	157.3
Other Central/Eastern Europe	15.3	262.2
Other discontinued operations	-	553.3
Group Total	536.8	1,464.8

(DKK million)	Non-current assets 2015	2014
Denmark	0.5	2.3
Sweden	24.1	24.3
Other discontinued operations	4.1	7.6
Group Total	28.7	34.2
Split as follows:		
Continued	0.3	1.6
Discontinued	28.4	32.6
Total	28.7	34.2

Notes

	Group		Parent company	
(DKK million)	**2015**	**2014**	**2015**	**2014**

Note 5 Other external expenses

Fees to auditors appointed at the annual general meeting:				
E&Y				
Statutory audit	0.5	1.0	0.5	1.0
Audit-related services	0.1	0.2	0.1	0.2
Tax advisory services	0.1	0.2	0.1	0.2
Other services	-	0.3	-	0.3
	0.7	1.7	0.7	1.7

Other audit companies in subsidiaries		
Statutory audit	0.4	1.3
Audit-related services	-	0.1
Tax advisory services	0.4	0.3
	0.8	1.7

Note 6 Staff costs

Salaries and wages	46.4	130.5	25.5	77.0
Defined contribution plans, cf. note 15	3.2	6.6	1.6	2.6
Defined benefit plans, cf. note 15	-	0.5	-	-
Other social security costs, net of refunds	6.3	13.6	0.1	0.3
	55.9	151.2	27.2	79.9
Total staff costs have been recognised under:				
Staff costs reg. purchase of supplies, Cost of sales, disctnd. operations	0.9	12.2	-	6.8
Staff costs, continuing operations	9.0	37.9	9.0	37.9
Staff costs, discontinued operations	46.0	101.1	18.2	35.2
	55.9	151.2	27.2	79.9
Number of emplyees on average for the year	100	335	28	98
Number of these employed in discontinued operations	96	324	24	87
Number of these employed in continuing operations	4	11	4	11

Notes

Note 6 Staff costs (continued)

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

	Group					
	2015			2014		
(DKK million)	Board of Directors parent company	Executive Managem. of parent company	Other executives	Board of Directors parent company	Executive Managem. of parent company	Other executives
Salaries	0.5	3.0	4.7	1.4	7.6	13.5
Bonus schemes	-	2.2	2.1	-	2.6	7.5
Pensions	-	-	-	-	-	0.4
Severance pay	-	-	-	-	7.6	3.6
	0.5	5.2	6.8	1.4	17.8	25.0

	Parent company					
	2015			2014		
(DKK million)	Board of Directors parent company	Executive Managem. of parent company	Other executives	Board of Directors parent company	Executive Managem. of parent company	Other executives
Salaries	0.5	3.0	3.0	1.4	7.6	9.7
Bonus schemes	-	2.2	1.6	-	2.6	4.5
Pensions	-	-	-	-	-	0.4
Severance pay	-	-	-	-	7.6	3.6
	0.5	5.2	4.6	1.4	17.8	18.2

Other executives comprise the Group Management excluding the Executive Management. A fee of DKK 0.1 million (2014: DKK 0.2 million) to the Audit Committee is included in the amount of salaries to the Board of Directors of the parent company.

Salaries encompass fixed salary, car and other benefits.

Individual members of Group Management may achieve an annual cash bonus of up to 30 % of the fixed base salary based on their 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 salary. These bonuses have particularly been used to secure Group Management's focus and commitment during the various divestment processes.

In April 2015, all staff at the head office were made redundant. An interim CEO was hired to conduct the remaining divestment process. The salary related to that position is included in the above figures under Executive Management of parent company and amounts to DKK 0.8 million. No bonuses have been paid in respect of that position.

Notes

	Group		Parent company	
(DKK million)	**2015**	**2014**	**2015**	**2014**

Note 7 Financial income

Interest income, group enterprises	-	-	5.6	9.3
Interest income, cash etc.	-	0.8	-	0.8
Dividend from subsidiaries	-	-	16.4	64.5
	-	0.8	22.0	74.6
Interest from financial assets measured at amortised cost amounts to	-	1.0	5.6	10.3

Note 8 Financial expenses

Impairment losses on group enterprises			(7.6)	(4.2)
Interest expense, group enterprises	-	-	-	(6.9)
Foreign currency losses	(10.2)	(4.5)	(7.1)	(4.5)
Interest expense credit institutions etc.	(6.1)	(16.7)	(5.7)	(16.2)
	(16.3)	(21.2)	(20.4)	(31.8)
Interest on financial liabilities measured at amortised cost amounts to	(6.1)	(16.7)	(5.7)	(23.1)

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	(1.2)	(1.0)	-	-
Deferred tax	2.9	1.1	-	-
Adjustment of tax for previous years	(0.3)	-	-	-
	1.4	0.1	-	-
Tax for the year may be broken down as follows:				
Continuing operations	-	-	-	-
Discontinued operations	1.4	0.1	-	-
	1.4	0.1	-	-
Computation of effective tax rate for total operations:				
Calculated 23.5% / 24.5% tax on pre-tax profit/(loss)	20.4	42.0	14.7	20.3
Deviation in foreign subsidiaries' tax rates compared to the Danish tax rate	1.1	1.5	-	-
Adjustment of non-capitalized tax losses	(18.4)	(44.2)	(13.5)	(19.9)
Tax effect of:				
Non-taxable income	0.2	(2.4)	0.1	(0.4)
Other non-tax deductible expenses	(1.6)	3.2	(1.3)	-
Tax adjustment relating to previous years	(0.3)	-	-	-
	1.4	0.1	(0.0)	0.0
Effective tax rate	1.6%	0.1%	(0.0)%	0.0%

Notes

Note 9 Tax on profit for the year (continued)

Tax of other comprehensive income:

(DKK million)	2015 Before tax	2015 Tax income/ expense	2015 After tax	2014 Before tax	2014 Tax income/ expense	2014 After tax
Group						
Foreign currency translation adjustments on conversion of foreign operations	8.7	-	8.7	1.1	-	1.1
Value adjustment on hedging instruments	0.2	-	0.2	(1.1)	-	(1.1)
Actuarial gains/(losses) on defined benefit plans	1.4	-	1.4	0.5	-	0.5
	10.3	-	10.3	0.5	-	0.5
Parent company						
Value adjustment on hedging instruments	0.2	-	0.2	(1.1)	-	(1.1)
	0.2	-	0.2	(1.1)	-	(1.1)

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 2015	Group 2014
Note 10 Earnings per share		
Profit for the year	(85.2)	(171.3)
Profit for the year, discontinued operations	52.9	106.2
Profit for the year, continuing operations	(32.3)	(65.1)
(Number 1,000)		
Average number of shares issued	53,566	53,566
Average number of treasury shares	(182)	(182)
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 0.5	(1.60)	(3.21)
Earnings per share diluted (EPS-D) of DKK 0.5	(1.60)	(3.21)
Earnings per share (EPS) of DKK 0.5 for continuing operations	(0.61)	(1.22)
Earnings per share diluted (EPS-D) of DKK 0.5 for continuing operations	(0.61)	(1.22)

In April, the denomination of the shares was changed to DKK 0.50 DKK. The above 2014 figures have been restated accordingly.

Notes

(DKK million)	2015	2014
Note 11 Investment in Group enterprises		
Parent company		
Cost at 1 January	744.5	771.8
Additions	-	1.1
Disposals	(188.2)	(28.4)
Cost at 31 December	556.3	744.5
Impairment losses at 1 January	612.3	564.9
Reversed	(188.7)	(23.6)
Additions	21.5	71.0
Impairment losses at 31 December	445.1	612.3
Carrying amount at 31 December	**111.2**	**132.2**

Investments in subsidiaries at 31 December 2015 and related impairment losses DKK 21.5m (2014: DKK 71.0m) are classified as discontinued operations. Investments in subsidiaries at 31 December 2015 include the companies listed on page 57 under "Legal Structure". These are valued at the lower of costs and fair value less costs to sell.

	Current	
(DKK million)	2015	2014
Receivables from group enterprises:		
Cost at 1 January	151.8	226.6
Foreign currency translation adjustment	(2.8)	0.9
Additions	5.4	0.6
Disposals	(54.1)	(67.9)
Reclassification	(19.3)	(8.4)
Cost at 31 December	81.0	151.8
Impairment losses at 1 January	141.0	136.2
Foreign currency translation adjustment	(2.8)	0.7
Reversed	-	(8.9)
Additions	7.6	13.0
Disposals	(54.1)	-
Reclassification	(10.7)	-
Impairment losses at 31 December	81.0	141.0
Carrying amount at 31 December	**-**	**10.8**

Receivables from group enterprises at 31 December 2015 and related impairment losses DKK 7.6m (2014: DKK 4.2m) are classified as continuing operations.

Notes

	Group		Parent company	
(DKK million)	**2015**	**2014**	**2015**	**2014**
Note 12 Tax in the balance sheet				
Income tax receivable / (income taxes due):				
Tax receivable (income taxes due) at 1 January	-	-	-	-
Foreign currency translation adjustment	-	(0.2)	-	-
Current tax for the year	(1.2)	(1.0)	-	-
Adjustment of tax for previous years	(0.3)	-	-	-
Paid (refund of) income taxes for the year	(0.4)	1.2	-	-
Income tax receivable (income taxes due) at 31 December	(1.9)	-	-	-
Deferred tax, net asset/(net liability):				
Deferred tax 1 January	(3.1)	(2.3)	-	-
Foreign currency translation adjustment	-	(1.0)	-	-
Deferred tax for the year recognised in the profit for the year	2.9	1.1	-	-
Transferred to liabilities relating to assets held for sale	-	(0.9)	-	-
Deferred tax 31 December	(0.2)	(3.1)	-	-
Consists of:				
Deferred tax asset discontinued operations	0.1	0.7	-	-
Deferred tax (liability) discontinued operations	(0.3)	(3.8)	-	-
	(0.2)	(3.1)	-	-
Deferred tax relates to:				
Property, plant and equipment	(1.0)	(1.1)	-	-
Current assets	0.8	(2.7)	-	-
Provisions	-	-	-	-
Other liabilities	-	0.1	-	-
Tax losses carried forward (capitalised)	-	0.6	-	-
	(0.2)	(3.1)	-	-
Deferred tax assets not recognised in the balance sheet relate to:				
Temporary differences	16.1	16.1	16.1	16.1
Tax losses	206.5	193.4	152.9	132.2
	222.6	209.5	169.0	148.3

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.

Notes

	Group		Parent company	
(DKK million)	**2015**	**2014**	**2015**	**2014**

Note 13 Trade receivables

Trade receivables				
Continuing operations	-	12.1	-	12.1
Discontinued operations	35.2	54.0	13.9	13.4
	35.2	66.1	13.9	25.5
Write-down included in the above receivables has developed as follows:				
Write-down at 1 January	19.2	11.2	14.7	7.2
Write-down for the year	3.1	13.9	2.8	10.3
Realised during the year	(2.4)	(2.5)	(1.3)	-
Reversed	(1.2)	(3.2)	(1.2)	(2.8)
Foreign currency translation adjustment	(0.1)	(0.2)	-	-
Write-down at 31 December	18.6	19.2	15.0	14.7

All write downs are recognised in profit and loss for discontinued operations.

	Number of shares	**Nominal value (DKK)**	**Nominal value per share**

Note 14 Equity

Share capital in the group and in the parent company:			
DLH shares at 31 December 2015	53,566,497	26,783,248.50	0.50
DLH shares at 1 January 2015	53,566,497	267,832,485.00	5.00

	Number of shares		Nominal value (tDKK)		Percentage of share capital	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Treasury shares:						
Treasury shares at 31 December	182,188	182,188	91	911	0.3%	0.3%

At the Annual General Meeting in April 2015, it was decided to reduce the share capital by DKK 241.0m to DKK 26.8m by reducing the nominal amount per share from DKK 5 to DKK 0.5.

By authority granted by the General Meeting, a maximum of 10% of the share capital may be acquired. The authority was not exercised in 2015.

Notes

Note 15 Pensions and similar liabilities

In respect of defined contribution plans, DLH as the employer is obliged to make a certain contribution (i.e. a fixed amount or a fixed percentage of the salary). In respect of a defined contribution plan, the Group does not bear 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 (i.e. a retirement pension as a fixed amount or a fixed percentage of the final salary). In respect of a defined benefit plan, the Group bears the risk of future developments in interest rates, inflation, mortality and disability.

The pension liability of the parent company and the other Danish entities are insured. The majority of the foreign entities' pension liabilities are also insured. In one foreign entity 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 0.0 million (2014: DKK 1.4 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.

(DKK million)	**2015**	**2014**
Defined contribution plans	3.2	6.6
Defined benefit plans	-	0.5
Total pension costs	**3.2**	**7.1**
Present value of defined benefit plans	0.2	8.8
Fair value of pension assets	(0.2)	(7.4)
Net liability recognised in the balance sheet	**-**	**1.4**

Defined benefit plans and similar liabilities relate to discontinuing operations on arrangements in Belgium.

Notes

Note 16 Provisions

In 2012, the Group decided that it would leave its head office during 2013 and possibly 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 2014, an agreement was made with the counterparty to defer the repurchase decision to early 2015. In 2014, provision on expected transaction loss was reconsidered. In 2015, the Group exercised its repurchase option and subsequently sold the property.

The remaining provisions at the end of 2015 relate to unutilised leases in Denmark.

	Group		Parent company	
(DKK million)	**2015**	**2014**	**2015**	**2014**
Provisions:				
Provisions at 1 January, continuing operations	6.3	8.6	6.3	8.6
Provisions at 1 January, discontinued operations	30.6	29.4	26.6	21.2
Provisions at 1 January, Total	36.9	38.0	32.9	29.8
Foreign currency translations adjustments	-	(0.9)	-	-
Provisions made for the year	-	12.1	-	11.2
Paid costs	(34.3)	(12.3)	(30.5)	(8.1)
Reversed	-	-	-	-
Provisions at 31 December Total	**2.6**	**36.9**	**2.4**	**32.9**
Provision split at 31 December				
Continuing operations	2.4	6.3	2.4	6.3
Discontinued operations	0.2	30.6	-	26.6
Provisions at 31 December	**2.6**	**36.9**	**2.4**	**32.9**
The provisions are expected to fall due as:				
Current liabilities	2.6	33.9	2.4	29.9
Non-current liabilities	-	3.0	-	3.0
Provisions at 31 December	**2.6**	**36.9**	**2.4**	**32.9**

Notes

Note 17 Financial risk and financial instruments

The Group's risk management policy
In 2015, the Group's risk exposure was lower then previous years due to the divestments in October and November 2014.

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

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 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 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 in note 1.

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

Goods purchased to keep in stock are, for the most part, translated into the functional currency on receipt of goods.

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 comprises unused credit facilities with the Group's bankers and 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
At the end of 2015, the carrying amount of financial assets and liabilities corresponds in all material respects to the fair value at the balance sheet date.

Interest rate risks
Due to its financing activities, 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 markets rates in the Group's functional currencies.

At year end 2015, DLH's net interest bearing debt amounted to DKK 36.0 million (2014: DKK 12.5 million). The debt is primarily denominated in Euro, Danish kroner and US dollars. Loans denominated in foreign currencies are included in DLH Group's overall foreign exchange balancing and are therefore not an expression of the Group's foreign currency exposure. The gross interest bearing debt of DKK 46.3 million (2014: DKK 19.0 million) is variable interest rate debt.

On an annual basis, a simultaneous interest rate rise of 1 percentage point on all loans will reduce the Group's pre-tax profit/loss by approx. DKK 0.4 million (2014: DKK 0.1 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 2015, DLH's equity ratio totalled 44.3% against 50.0% in 2014. 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 the changed strategy.

Notes

Note 17 Financial risk and financial instruments (continued)

Capital base

At the end of 2015, the Group's net interest-bearing debt totalled DKK 36.0 million (2014: DKK 12.5 million). The increase is due to the Group exercising an option to repurchase its former head office in Taastrup and sell off the property.

The technical impact of IFRS 5, as described on page 4 in this report, is that the parent company's share capital has partly been lost. By the end of 2015, the loss represented 18% of the share capital. In February 2016, the company announced the closure of its French subsidiary. It is expected that this will restore the share capital.

Financing package

The Group has received financing commitments from its main bankers, Nordea Bank Denmark A/S and Danske Bank A/S amounting to DKK 40 million to replace the existing facility. The new facility is an overdraft facility that will be gradually reduced and is set to be fully repaid by the end of September 2016 with proceeds from divestments or reduction in net working capital. The financing package is backed by a collateral package with registered security in inventories and debtors.

The Group also has a loan from FIH Erhvervsbank A/S for the repurchase its former head office building in Taastrup. The loan is to be repaid at the end of 2016 with the proceeds from either divestments or reduction in net working capital. The loan is also secured by a collateral package with registered security in inventories and debtors.

Should the group fail to reach the above targets, there is a risk that access to financing will be lost or reduced or have to be renegotiated on new terms.

General information about the financing package

The loans provided under the financing package described above are supported 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 Management Board that the company's liquidity resouces are sufficient for the company's operations until the expiry of the financing package.

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

Notes

Note 17 Financial risk and financial instruments (continued)

Financial instruments - carrying amount and contractual cash flow:

Group			**2015**			
(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	36.0	36.4	36.4	-	-	-
Trade payables	27.7	27.7	27.7	-	-	-
Total	**74.0**	**74.4**	**74.4**	**-**	**-**	**-**

Group			**2014**			
(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	19.0	19.3	19.3	-	-	-
Trade payables	45.2	45.2	45.2	-	-	-
Derivative financial instruments:						
Forward exchange contracts used as hedges (net settlement)	5.3	5.3	5.3	-	-	-
Interest rate swaps	0.2	0.2	0.2	-	-	-
Total	**69.7**	**69.9**	**69.9**	**-**	**-**	**-**

Notes

Note 17 Financial risk and financial instruments (continued)

Financial instruments - carrying amount and contractual cash flow:

Parent company			**2015**			
(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	39.4	39.8	39.8	-	-	-
Trade payables	10.2	10.2	10.2	-	-	-
Payables to group enterprises	104.8	105.2	105.2	-	-	-
Total	**154.4**	**155.2**	**155.2**	**-**	**-**	**-**

Parent company			**2014**			
(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	16.6	17.2	17.2	-	-	-
Trade payables	15.1	15.1	15.1	-	-	-
Payables to group enterprises	89.7	90.9	90.9	-	-	-
Derivative financial instruments:						
Forward exchange contracts used as hedges (net settlement)	5.3	5.3	5.3	-	-	-
Interest rate swaps	0.2	0.2	0.2	-	-	-
Total	**126.8**	**128.7**	**128.7**	**-**	**-**	**-**

Financial guarantees in favour of affiliated companies in addition to the bank debt reflected in the balance sheet amount to DKK 9.6 million (2014: DKK 41.7 million) ref. Note 19.

Credit risk

Due to the nature of its operations and certain financing activities 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 35.2 million (2014: DKK 66.1 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 some countries continues to keep 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 DLH Group's own risk in relation to uninsured customers is increased.

Realised losses on debtors including costs of credit insurance amount to DKK 7.8 million (2014: DKK 17.6 million) equating to 1.5% of turnover (2014: 1.2%). In 2015, net write-downs of DKK 2.2 million were provided for (2014: DKK 10.7 million).

At the balance sheet date, approximately 69% (2014: 22%) of 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 10.9 million excluding VAT at year end 2015 (2014: DKK 51.4 million). The maximum risk before security arrangements is DKK 53.9 million (2014: DKK 85.3 million).

Notes

Note 17 Financial risk and financial instruments (continued)

Prepayments to suppliers

To secure supplies prepayments to suppliers is a parameter. 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 2015, prepayments to suppliers totalled DKK 0.1 million (2014: DKK 3.7 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

	Trade receivables		Prepayments	
(DKK million)	**2015**	**2014**	**2015**	**2014**
Credit risk:				
Nominal value	53.9	85.3	5.9	12.8
Write-down	(18.7)	(19.2)	(5.8)	(9.1)
Carrying amount	35.2	66.1	0.1	3.7
Less credit insurance, net	(24.3)	(4.2)	-	-
Less other security	-	(10.5)	-	-
Maximum credit risk	10.9	51.4	0.1	3.7

To some extent prepayments are secured by collateral in the production plant and moveable property.

Breakdown of trade receivables in terms of creditworthiness (DKK million):	**2015**	**2014**
Denmark	13.9	10.1
Other Nordic Region	15.3	22.3
Western Europe	5.4	12.9
Other Regions	0.6	21.0
Total	35.2	66.1

As at 31 December 2015 and 2014, overdue not impaired receivables were insignificant.

Of the trade receivables that were overdue at the balance sheet date DKK 21.7 million (2014: DKK 41.7 million), DKK 5.3 million (2014: DKK 11.7 million) was covered by credit insurance or hedged in other ways, i.e. by letters of credit or similar trade financing.

Notes

Note 17 Financial risk and financial instruments (continued)

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

Parent company

	Trade receivables		Prepayments	
(DKK million)	**2015**	**2014**	**2015**	**2014**
Credit risk:				
Nominal value	28.8	40.2	1.0	7.2
Write-down	(14.9)	(14.7)	(1.0)	(5.2)
Carrying amount	13.9	25.5	-	2.0
Less credit insurance, net	(12.8)	(4.1)	-	-
Less other security	-	(10.5)	-	-
Maximum credit risk	1.1	10.9	-	2.0

To some extent prepayments are secured by collateral in the production plant and moveable property.

Breakdown of trade receivables in terms of creditworthiness (DKK million):	**2015**	**2014**
Denmark	13.9	10.1
Other Nordic Region	-	0.1
Western Europe	-	0.1
Other Regions	-	15.4
Total	13.9	25.5

As at 31 December 2015 and 2014 overdue not impaired receivables were insignificant.

Of the trade receivables that were overdue at the balance sheet date DKK 19.6 million (2014: 29.0 million), DKK 3.8 million (2014: DKK 11.6 million) was covered by credit insurance or hedged in other ways, i.e. by letters of credit or similar trade financing.

Notes

Note 18 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 France S.A.S., Nantes, France	Shares charged	-
DLH Sverige AB, Hässleholm, Sweden	Company charge	175

The assets have been charged as collateral for debt to the bank consortium. Debt to the bank consortium amounted as at 31 December 2015 to DKK 36.0 million (2014: DKK 19.0 million). Collateral for debt to credit institutions was registered in an amount totalling DKK 490 million (2014: DKK 489 million).

Note 19 Contingent liabilities and leasing commitments

	Group		**Parent company**	
(DKK million)	**2015**	**2014**	**2015**	**2014**
Deferred tax provision is not made in the balance sheet in respect of contigent 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	-	-
Guarantee commitments in favour of group enterprises in addition to the bank loans stated in the balance sheet, maximum	-	-	9.6	41.7
Guarantee commitments in favour of others, maximum	5.2	14.4	5.2	14.4
Guarantee commitments in favour of others are split as follows				
Discontinued business	5.2	14.4	5.2	14.4
Continued business	-	-	-	-

Contractual obligations:

2015	**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:		
DLH France	1	0.8
Warehousing facilities, Gelsted, Denmark	1	1.6
Administration, Kolding and Herlev, Denmark	2	1.7
	-	-
The operating leases of real estate are split as follows		
Discontinued operations	1	4.1

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

The present value of all leasing commitments amounts to DKK 4.5 million (2014: DKK 13.7 million).

Notes

Note 19 Contingent liabilities and leasing commitments (continued)

2015	**Group**				**Parent company**			
(DKK million)	**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	3.3	0.8	-	4.1	2.5	0.8	-	3.3
Passenger cars and vans	1.7	2.3	-	4.0	1.1	1.8	-	2.9
Other commitments	0.1	0.1	-	0.2	-	-	-	-
Total	5.1	3.2	-	8.3	3.6	2.6	-	6.2
The total commitments are split as follows								
Discontinued operations	5.1	3.2	-	8.3	3.6	2.6	-	6.2

2014	**Group**				**Parent company**			
(DKK million)	**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	7.6	4.7	-	12.3	6.0	4.7	-	10.7
Passenger cars and vans	1.8	0.4	-	2.3	0.5	-	-	0.5
Other commitments	0.0	-	-	0.0	-	-	-	-
Total	9.5	5.1	-	14.6	6.5	4.7	-	11.2
The total commitments are split as follows								
Discontinued operations	8.7	2.1	-	10.8	5.7	1.7	-	7.4
Continuing operations	0.8	3.0	-	3.8	0.8	3.0	-	3.8

Notes

Note 20 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 Management and Group enterprises as outlined in the Group legal structure on page 57.

Related parties with significant influence also comprise DLH-Fonden, Amerika Plads 37, 2100 Copenhagen Ø, which owns 14.3% of the shares in DLH and has the right to appoint one Board of Directors member.

Please also refer to the section of Shareholder information on pages 5-6.

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 the Board of Directors, the Executive Management, major shareholders or Group enterprises.

Please refer to page 7, where the positions of trust held by members of the Board of Directors and Executive Management are detailed.

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

(DKK million)	2015	2014
Long-term loans	-	-
Receivables	-	10.8
Liabilities	104.8	89.7

As at the balance sheet date, interest-bearing receivables carry interest at rates between 4.68% and 6.68%, and interest-bearing liabilities carry interest between 4.68% and 6.13% 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 is stated in Notes 7 and 8.

The parent company received DKK 16.4 million in dividend from the subsidiaries in 2015 (2014: DKK 64.5 million).

The parent company has provided guarantees for Group enterprises' bank loans, cf. Note 19.

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

Notes

Note 21 Events occurring after the end of the financial year

In January 2016, the Group announced that its CEO will step down by the end of March 2016. The Board has appointed current EVP Sales Region Nordic, Michael Skovbo Bühlmann as new CEO of the Group.

In February 2016, the company announced the closure of its French subsidiary. The duration of the closure period is uncertain and the French unit will trade at a loss while being closed down.

The Group has entered into an adjusted bank agreement early 2016. Reference is made to note 17.

Apart from that, no significant events influencing the financial statements have occurred since 31 December 2015.

Note 22 New financial reporting 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 for Dalhoff Larsen & Horneman A/S.

Note 23 Non-cash operating items etc.

		Group		Parent company	
Note	**(DKK million)**	**2015**	**2014**	**2015**	**2014**
11	Depreciation, amortisation and impairment losses	0.4	0.7	0.4	0.7
	Other non-cash operating items, net	0.0	0.0	0.0	(0.4)
	Provisions/(reversals)	(3.8)	(2.3)	(3.8)	(2.3)
7	Financial income	0.0	(0.8)	(22.0)	(74.6)
8	Financial expenses	16.3	21.2	20.4	31.8
	Non-cash operating items etc. total	**12.9**	**18.8**	**(5.0)**	**(44.8)**

Note 24 Change in working capital

		Group		Parent company	
Note	**(DKK million)**	**2015**	**2014**	**2015**	**2014**
	Trade receivables	12.1	(12.1)	12.1	(12.1)
	Trade and other payables	(21.9)	14.4	(21.9)	14.4
	Other operating debt, net	19.3	(20.4)	19.3	(20.4)
	Change in working capital total	**9.5**	**(18.1)**	**9.5**	**(18.1)**

Note 25 Cash

		Group		Parent company	
Note	**(DKK million)**	**2015**	**2014**	**2015**	**2014**
	Cash	0.0	0.0	0.0	0.0
	Cash classified as assets held for sale	10.3	6.5	6.9	0.3
	Cash total	**10.3**	**6.5**	**6.9**	**0.3**

Legal structure at 31 December 2015

DLH GROUP

	Country	Currency	Share capital	Share of ownership
Company name				
Dalhoff Larsen & Horneman A/S, Copenhagen	**Denmark**	**DKK**	**26.8 million**	
DLH Sverige AB, Hässleholm	Sweden	SEK	5.0 million	100%
DLH Norge AS, Frogner	Norway	NOK	0.56 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%
DP II Bohmans-KU, Kiev	Ukraine	USD	0.206 million	100%
DLH France SAS, Frontignan	France	EUR	0.75 million	100%
Indufor N.V. Antwerp	Belgium	EUR	2.5 million	100%
DLH Nordisk, Inc., Greensboro	USA	USD	0.05 million	100%
Indochina Wood Limited, Tortola	Virgin Islands	USD	0.05 million	100%
DLH Côte d'Ivoire S.A., Abidjan	Ivory Coast	XOF	150 million	100%
DLH-Kinshasa sprl, Congo-Kinshasa	Congo-Kinshasa (DRC)	CDF	60 million	100%
DLH Guyana, Inc., Georgetown - E.C.D.	Guyana	GYD	0.5 million	100%