

Interim report for the first half year 2016

dlh.



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FINANCIAL HIGHLIGHTS AND RATIOS

(DKK million)	6 months		Full year
	2016	2015	2015
Income statement			
Profit/(loss) from continuing operations	(4)	(20)	(32)
Profit/(loss) from discontinued operations	1	(27)	(53)
Profit/(loss)	(3)	(47)	(85)
Balance sheet items			
Total assets	141	250	173
Equity	68	110	77
Interest-bearing debt, net	21	26	36
Cash flow			
Cash flow from operating activities	(6)	(10)	(21)
Cash flow from investment activities	-	1	1
Cash flow from financing activities	(22)	17	35
Performance ratios			
Return on equity (ROE)	(8.6%)	(71.3%)	(74.4%)
Equity ratio	48.3%	44.0%	44.3%
Average number of employees incl. discontinued operations	69	122	100
Share based ratios¹⁾			
Booked value per diluted DKK 0.5 share (BVPS-D) at end of the period	1.28	2.06	1.44
Share price, end of the period (P), DKK	0.56	0.92	0.795
Diluted share price / booked value (P/BV-D)	0.44	0.45	0.55
Average number of diluted shares issued (in denominations of 1,000 shares)	53,384	53,384	53,384
Cash flow per diluted DKK 0.5 share (CFPS-D)	(0.11)	(0.18)	(0.39)
Price Earning diluted (P/E-D)	(6.8)	(2.4)	(1.3)
Earnings from continuing operations per DKK 0.5 share (EPS)	(0.08)	(0.38)	(0.61)

1) Earning 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.

MANAGEMENT REPORT

Operations in the business units showed significantly improved performance in the first half of 2016. The result posted by the operating business units for the first 6 months is a positive EBIT of DKK 0.9 million compared to an EBIT of minus DKK 22.1 million last year.

The Nordic Region, with sales operations in Scandinavia and offices and warehouses in Denmark and Sweden, continues to show positive trend. The Region posted a positive EBIT of DKK 3.4 million for the first half of 2016 compared to a loss of DKK 2.0 million for the same period last year. This result was achieved through a restructuring of the business.

The business unit, France, embarked on a closing down process. France posted a negative EBIT of DKK 2 million after the first half of 2016. However, inventory was successfully reduced and trade receivables are being collected according to plan. By 30 June 2016, Net Working Capital for France was down to DKK 16 million mainly consisting of debtors. The process of closing down the operations in France will be completed in Q3 2016.

The remaining activities in Central Europe comprise a small company in Ukraine, which posted a positive EBIT of DKK 0.1 million for the first 6 months of 2016.

Activities relating to the winding up of the closed business unit, Global Sales, produced a negative EBIT of DKK 0.6 million.

Costs relating to the central administration and the headquarter were reduced in the first half of 2016 compared to last year. The central administration and headquarter (continuing operations) posted an EBIT of minus DKK 5.3 million compared to minus DKK 11.7 million in the first half of 2015.

The consolidated result of all activities for the first half of 2016 is a loss of DKK 3.1 million, which is a significant improvement compared to the same period in 2015, when the result was a loss of DKK 46.7 million.

The Board considers the result of the first half of 2016 to be satisfactory.

Balance sheet and cash flow

At the end of the first half of 2016, the consolidated balance sheet totalled DKK 141 million against DKK 250 million last year and DKK 173 million at the end of 2015.

At the end of the period, Group equity was DKK 68 million against DKK 77 million at the end of 2015. The reduced equity is due to the negative result of DKK 3.1 million and currency fluctuations, mainly for NOK and SEK.

The Group's net interest bearing debt amounted to DKK 21 million compared to DKK 36 million at the end of last year.

DLH has reached credit facility agreements with financial institutions. Two

agreements expire at the end of September 2016 and one agreement at the end of December 2016. Management and the Board expect to meet the obligations to repay all Group debt according to schedule.

Outlook for 2016

The Board expects the improved performance in the Nordic Region to continue in the 2nd half of 2016. Operations in the Nordic Region will contribute to group performance (EBIT) with a positive, single digit DKK million figure.

The approved process of the divestment will be continued during the 2nd half of 2016. However, the Board of Directors believes that it is not possible to provide an appropriate outlook on consolidated earnings for 2016.

The business areas

DLH is a European inventory-based business organised into two geographical areas: the Nordic Region & France. The map below illustrates DLH locations as at 30 June 2016.



● Sales ● Warehouse ● Administration

OUTLOOK

Given the approved process of the divestment plan, the Board of Directors believes that it is not possible to provide an appropriate outlook on consolidated earnings for 2016.

EVENTS AFTER THE END OF THE PERIOD

No significant events occurred after the end of the period.

STOCK EXCHANGE ANNOUNCEMENTS IN 2016

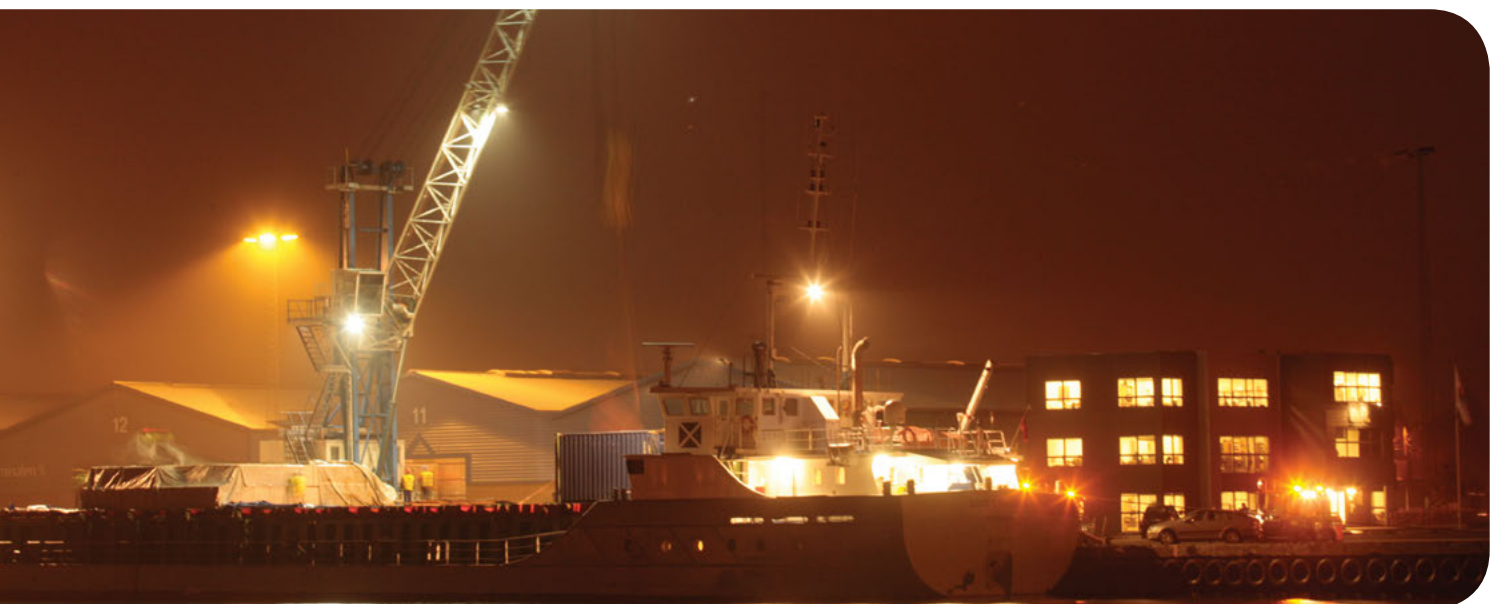
27 January 2016	Peter Thostrup leaves his position as CEO
29 January 2016	Announcement in accordance with the Securities Trading Act § 29
1 February 2016	Revised Financial Calendar
15 February 2016	Close Down DLH France
29 March 2016	Annual Report 2015
29 March 2016	Notice of annual general meeting to be held on 25 April 2016 at 9:00 AM
25 April 2016	Regarding: Annual general meeting of Dalhoff Larsen & Horneman A/S
28 April 2016	Articles of association
13 June 2016	Announcement in accordance with the Securities Trading Act § 29
23 June 2016	Announcement in accordance with the Securities Trading Act § 29
20 July 2016	Announcement in accordance with the Securities Trading Act § 29

DISCLAIMER

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

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

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



MANAGEMENT STATEMENT

The Board of Directors and the Executive Board have today considered and adopted the interim report for the period 1 January - 30 June 2016 for Dalhoff Larsen & Horneman A/S.

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

In our opinion, the interim report gives a true and fair view of the Group's assets, liabilities and financial position as at 30 June 2016 and the results of the Group's operations and cash flow for the period 1 January - 30 June 2016.

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

Copenhagen, 30 August 2016

Executive Board:

Michael Skovbo Bühlmann
(CEO)

Board of Directors:

Carsten Lønfeldt
(Chairman)

Agnete Raaschou-Nielsen
(Vice-Chairman)

Kristian Kolding

John Stær

INTERIM ACCOUNTS

INCOME STATEMENT

Note (DKK million)	6 months		Full year
	2016	2015	2015
Other external expenses	(3.0)	(4.0)	(6.7)
Staff costs	(2.0)	(7.4)	(9.0)
Other operating income	-	0.1	0.1
Operating profit/(loss) before depreciation and amortisation (EBITDA)	(5.0)	(11.3)	(15.6)
Depreciation and amortisation	(0.3)	(0.4)	(0.4)
Operating profit/(loss) (EBIT)	(5.3)	(11.7)	(16.0)
Financial items:			
Financial income	2.6	-	-
Financial expenses	(1.7)	(8.7)	(16.3)
Profit/(loss) from continuing operations before tax (EBT)	(4.4)	(20.4)	(32.3)
Tax for the period on the profit/(loss) from continuing operations	-	-	-
Profit/(loss) for the period from continuing operations	(4.4)	(20.4)	(32.3)
6 Profit/(loss) for the period from discontinued operations	1.3	(26.3)	(52.9)
Profit/(loss) for the period	(3.1)	(46.7)	(85.2)
To be appropriated as follows:			
Shareholders in Dalhoff Larsen & Horneman A/S	(3.1)	(46.7)	(85.2)
Earnings per share:			
Earnings per share (EPS) of DKK 0.5 each	(0.06)	(0.87)	(1.60)
Earnings per share diluted (EPS-D) of DKK 0.5 each	(0.06)	(0.87)	(1.60)
Earnings per share (EPS) for continuing operations of DKK 0.5 each	(0.08)	(0.38)	(0.61)
Earnings per share diluted (EPS-D) for continuing operations of DKK 0.5 each	(0.08)	(0.38)	(0.61)

STATEMENT OF COMPREHENSIVE INCOME

(DKK million)	6 months		Full year
	2016	2015	2015
Profit/(loss) for the period	(3.1)	(46.7)	(85.2)
Other comprehensive income:			
<i>Items that may not be reclassified to the income statement:</i>			
Actuarial gains/(losses) on defined benefit plans	-	1.4	1.4
Tax	-	-	-
	-	1.4	1.4
<i>Items that may be reclassified to the income statement:</i>			
Foreign currency translation adjustments on conversion of foreign entities	(5.5)	3.6	12.4
Foreign currency adjustments transferred to profit/(loss) for the period from discontinued operations	-	-	(3.7)
Value adjustments of hedging instruments:			
Value adjustment transferred to financial items	-	0.2	0.2
Tax	-	-	-
	(5.5)	3.8	8.9
Other comprehensive income after tax	(5.5)	5.2	10.3
Total comprehensive income	(8.6)	(41.5)	(74.9)
This may be broken down as follows:			
Comprehensive income for the reporting period, continuing operations	(4.4)	(20.2)	(32.1)
Comprehensive income for the reporting period, discontinued operations	(4.2)	(21.3)	(42.8)
To be appropriated as follows:			
Shareholders in Dalhoff Larsen & Horneman A/S	(8.6)	(41.5)	(74.9)

BALANCE SHEET

Assets

Note (DKK million)	30.6.2016	30.6.2015	31.12.2015
Non-current assets:			
Property, plant and equipment:	-	0.4	0.3
Total non-current assets	-	0.4	0.3
Current assets:			
Receivables:			
Trade receivables	-	5.1	-
Other receivables	2.3	3.8	3.2
	2.3	8.9	3.2
6 Assets held for sale	138.9	241.0	169.7
Total current assets	141.2	249.9	172.9
Total assets	141.2	250.3	173.2

BALANCE SHEET

Equity and liabilities

Note	(DKK million)	30.6.2016	30.6.2015	31.12.2015
	Equity:			
	Share capital	26.8	26.8	26.8
	Currency translation reserve	(22.2)	(21.8)	(16.7)
	Retained earnings	63.6	105.2	66.7
	Total equity	68.2	110.2	76.8
	Non-current liabilities:			
10	Provisions	-	2.2	-
		-	2.2	-
	Current liabilities:			
	Credit institutions	24.8	27.8	46.3
	Trade payables and other payables	1.8	3.6	2.0
10	Provisions	0.3	3.2	2.4
		26.9	34.6	50.7
6	Liabilities relating to assets held for sale	46.1	103.3	45.7
	Total liabilities	73.0	140.1	96.4
	Total equity and liabilities	141.2	250.3	173.2

CASH FLOW STATEMENT

Note	(DKK million)	6 months		Full year
		2016	2015	2015
	Profit/(loss) before tax from continuing operations	(4.4)	(20.4)	(32.3)
8	Adjustment for non-cash operating items etc.	(2.7)	8.1	12.9
	Cash flow from operating activities before change in working capital	(7.1)	(12.3)	(19.4)
9	Change in working capital	0.5	5.5	9.5
	Operating cash flow	(6.6)	(6.8)	(9.9)
	Financial income, paid	2.5	-	-
	Financial expenses, paid	(1.7)	(2.9)	(10.7)
	Cash flow from operating activities	(5.8)	(9.7)	(20.6)
	Sale of intangible and tangible assets	-	1.1	0.9
	Cash flow from investment activities	-	1.1	0.9
	Cash flow from operating activities and after investments	(5.8)	(8.6)	(19.7)
	Raising of debt from credit institutions		16.6	35.2
	Repayment of debt from credit institutions	(21.6)	-	-
	Cash flow from financing activity	(21.6)	16.6	35.2
6	Cash flow from discontinued operations	23.9	(10.6)	(11.2)
	Cash flow for the period	(3.5)	(2.6)	4.3
	Cash at the beginning of the period	10.3	6.5	6.5
	Foreign currency translation adjustment of cash	(0.1)	0.2	(0.5)
7	Cash at the end of the period	6.7	4.1	10.3

STATEMENT OF CHANGES IN EQUITY

(DKK million)	Share capital	Hedging reserve	Currency translation reserve	Retained earnings	Total
Equity at 1 January 2015	267.8	(0.2)	(25.4)	(90.5)	151.7
Comprehensive income in 2015:					
Profit/(loss) for the period	-	-	-	(46.7)	(46.7)
Other comprehensive income:					
Foreign currency translation adjustments on conversion of foreign entities	-	-	3.6	-	3.6
Value adjustment of hedging instruments:					
Value adjustment transferred to financial items	-	0.2	-	-	0.2
Actuarial gains (losses) on defined benefit plans	-	-	-	1.4	1.4
Tax on other comprehensive income	-	-	-	-	-
Total other comprehensive income	-	0.2	3.6	1.4	5.2
Total comprehensive income for the period	-	0.2	3.6	(45.3)	(41.5)
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 30 June 2015	26.8	-	(21.8)	105.2	110.2
Equity at 1 January 2016	26.8	-	(16.7)	66.7	76.8
Comprehensive income in 2016:					
Profit/(loss) for the period	-	-	-	(3.1)	(3.1)
Other comprehensive income:					
Foreign currency translation adjustments on conversion of foreign entities	-	-	(5.5)	-	(5.5)
Total other comprehensive income	-	-	(5.5)	-	(5.5)
Total comprehensive income for the period	-	-	(5.5)	(3.1)	(8.6)
Transactions with owners:					
Total transactions with owners	-	-	-	-	-
Equity at 30 June 2016	26.8	-	(22.2)	63.6	68.2

NOTES

Note 1 Accounting policies applied

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

Apart from what has been set out below, the accounting policies remain unchanged compared to the 2015 consolidated financial statements and Annual Report to which reference is made.

The 2015 consolidated financial statements and Annual Report contain the full details of the accounting policies applied.

Changes in accounting policies:

DLH Group has implemented the standards and interpretations effective as from 1 January 2016.

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

Note 2 Accounting assessments and estimates

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

The significant assessments made by the management when applying the Group's accounting policies and related estimation uncertainty are identical for the preparation of the interim report and the consolidated financial statements and Annual report of 31 December 2015.

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

The parent company of the Group carries accumulated tax losses of approximately DKK 700 million. These are not recognised in the balance sheet as it is not expected that they can be off-set against future earnings under the current strategy.

Note 3 Risks and risk management policies

DLH's activities are exposed to a number of commercial, financial and insurable risks. The risks and risk management policies are generally unchanged compared to the 2015 consolidated financial statements and Annual Report. Reference is made to pages 9-10 of the 2015 Annual Report.

NOTES

Note 4 Segment information

6 months 2016

(DKK million)	Nordic	Western Europe	Central Europe & Russia	Global Sales	Sum of regions	Other discontinued operations	Not allocated/eliminations	Discontinued operations
Turnover	216.9	48.7	0.8	-	266.4	-	-	266.4
Intra-group turnover	-	-	-	-	-	-	-	-
Turnover to external customers	216.9	48.7	0.8	-	266.4	-	-	266.4
Operating profit (EBIT)	3.4	(2.0)	0.1	(0.6)	0.9	-	-	0.9
NWC	95.4	15.7	1.0	0.2	112.3	(31.4)	-	80.9

6 months 2015

(DKK million)	Nordic	Western Europe	Central Europe & Russia	Global Sales	Sum of regions	Other discontinued operations	Not allocated/eliminations	Discontinued operations
Turnover	239.6	56.8	14.5	(0.1)	310.8	-	-	310.8
Intra-group turnover	-	(0.3)	-	-	(0.3)	-	-	(0.3)
Turnover to external customers	239.6	56.5	14.5	(0.1)	310.5	-	-	310.5
Operating profit (EBIT)	(2.0)	(0.2)	(9.4)	(6.7)	(18.3)	(3.8)	-	(22.1)
NWC	117.9	48.2	6.1	(0.7)	171.5	(24.3)	0.5	147.7

Note 5 Seasonal issues

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

NOTES

Note 6 Discontinued operations

(DKK million)	6 months		Full year
	2016	2015	2015
Turnover	266.4	310.5	536.8
Cost of sales	(230.9)	(281.2)	(498.3)
Gross profit	35.5	29.3	38.5
Other operating items, net	-	1.1	1.2
Other external expenses	(13.6)	(24.3)	(45.9)
Staff costs	(20.1)	(27.0)	(46.0)
Operating profit before depreciation and amortisation (EBITDA)	1.8	(20.9)	(52.2)
Impairment losses	(0.9)	(1.2)	(3.4)
Operating profit/(loss) (EBIT)	0.9	(22.1)	(55.6)
Financial items:			
Financial income	0.4	-	0.1
Financial expenses	-	(7.7)	(12.9)
Profit/(loss) before tax (EBT)	1.3	(29.8)	(68.4)
Tax on profit for the period	-	-	1.4
Profit for the period	1.3	(29.8)	(67.0)
Profit/(loss) from sale of discontinued operations	-	3.5	14.1
Profit for the period from discontinued operations	1.3	(26.3)	(52.9)
Earnings per share for discontinued operations:			
Earnings per share (EPS)	0.02	(0.49)	(0.99)
Earnings per share diluted (EPS-D)	0.02	(0.49)	(0.99)
Cash flow from discontinued operations, net:			
Cash flow from operating activities	21.3	(8.9)	(13.1)
Cash flow from investment activities	-	4.6	10.1
Cash flow from financing activities	2.6	(6.3)	(8.2)
Total	23.9	(10.6)	(11.2)
(DKK million)	30.6.2016	30.6.2015	31.12.2015
Tangible assets	23.2	26.5	24.8
Other non-current assets	2.8	4.5	3.6
Inventories	49.9	107.2	84.8
Trade receivables	50.6	82.7	35.2
Other receivables	5.7	16.0	11.0
Cash and banks	6.7	4.1	10.3
Assets held for sale	138.9	241.0	169.7
Credit institutions	2.6	2.0	-
Provisions	0.2	26.2	0.2
Trade and other payables	43.3	75.1	45.5
Liabilities relating to assets held for sale	46.1	103.3	45.7

NOTES

Note 7 Cash

(DKK million)	30.6.2016	30.6.2015	31.12.2015
Cash classified as assets held for sale	6.7	4.1	10.3
Cash total	6.7	4.1	10.3

Note 8 Non-cash operating items etc.

(DKK million)	6 months		Full year
	2016	2015	2015
Depreciation, amortisation and impairment losses	0.3	0.4	0.4
Provisions/(reversals)	(2.1)	(0.8)	(3.8)
Other non-cash operating items, net	-	(0.2)	-
Financial income	(2.6)	-	-
Financial expenses	1.7	8.7	16.3
Non-cash operating items etc. total	(2.7)	8.1	12.9

Note 9 Change in working capital

(DKK million)	6 months		Full year
	2016	2015	2015
Trade receivables	-	7.0	12.1
Trade and other payables	(0.3)	(20.2)	(21.9)
Other operating debt, net	0.8	18.7	19.3
Change in working capital total	0.5	5.5	9.5

Note 10 Provisions

At the beginning of the financial year the group had provisions for DKK 2.4 million relating to severance payments for employees, rent etc. in connection with decided restructuring measures. At the end of June 2016 total provisions amount to DKK 0.3 million.