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Announcement no. 10/2007

Interim Report as at 30 June 2007:

First six months lived up to expectations

Summary*: In the first half of 2007 revenue rose by 7%. The operating profit (or EBIT) was DKK 177 million compared to DKK 155 million in 2006. The full-year forecast with revenue at approximately DKK 7.5 billion and operating profit (or EBIT) at approximately DKK 330 million is maintained.*

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Developments in the first six months of 2007

- The group produced **revenue** of DKK 3,785 million, which is a 7% improvement on the corresponding period last year.
- The group produced **EBIT** (operating profit) amounting to DKK 177 million compared to DKK 155 million in 2006. When adjusting for proceeds from the sale of non-current assets amounting to DKK 8 million in 2006, the improvement is 20%.
- **The operating margin** (EBIT margin) grew by 0.3 percentage points to 4.7 % as expected.
- The **pre-tax profit** for the period was DKK 130 million compared to DKK 113 million the year before.
- **Average invested capital** amounted to DKK 3,092 million in the first six months, representing a DKK 348 million increase on the year before. The increase is attributable to larger inventories, primarily in the Hardwood Division, as well as to acquisitions.

Forecast for 2007

- Based on developments in the first six months of the year and the group's assessment of the market prospects for the remainder of the year, the previously announced forecast group revenue of approximately DKK 7.5 billion is maintained. This compares with DKK 7.2 billion in 2006.
- As previously announced, the group expects an operating profit (or EBIT) in the region of DKK 330 million and a profit before tax of approximately DKK 230 million compared to the DKK 302 million and DKK 212 million respectively realised in 2006.
- Average invested capital at group level is expected to be approximately DKK 3.0 billion as opposed to the previously announced 2.9 billion.

Financial highlights for the DLH Group

(unaudited) in million DKK	1 Jan-30 June 2007	1 Jan-30 June 2006	Full-year 2006
Income statement:			
Revenue	3,785	3,543	7,187
Gross profit	735	645	1,288
Costs excluding depreciation and amortisation	507	444	883
Earnings before interest, tax, depreciation and amortisation (EBITDA)	228	201	405
Operating profit (EBIT)	177	155	301
Net financials	(47)	(42)	(90)
Profit before tax (EBT)	130	113	211
Profit for the reporting period	88	74	152
Balance sheet items:			
Total assets	3,992	3,449	3,661
Equity	1,118	970	1,068
Average invested capital	3,092	2,744	2,823
Cash flows:			
Cash flow from operating activities (CFFO)	(167)	130	126
Cash flow from operating activities after investments	(227)	(272)	(153)
Performance ratios:			
Gross margin	19.4%	18.2%	17.9%
Operating margin (EBIT margin)	4.7%	4.4%	4.2%
Net operating profit less adjusted taxes (NOPLAT) [1)]	126	110	214
Return on equity (ROE)	16.1%	15.9%	15.5%
Equity ratio (equity)	28.0%	28.1%	29.2%
Equity ratio (including subordinated capital)	30.8%	31.4%	32.2%
Return on invested capital including goodwill (ROIC)	11.5%	11.5%	10.8%
Stock market ratios			
Book value per share of DKK 10 (BVPS)	60	53	58
Share price at the end of the reporting period (P)	117.07	93.35	106.89
Price / book value (P/BV)	1.94	1.79	1.86
EPS basic (per share of DKK 10)	4.80	4.13	8.38
Average number of shares in issue (1,000 shares) [2)]	18,578	18,069	18,312
Cash flow per share of DKK 10 (CFPS)	(9.01)	7.19	6.85

Notes:

1) Based on a company tax rate of 30% with the addition of interest income on invested capital (receivables etc.)

2) The number of shares has not been adjusted for treasury shares. Capital increases will be incorporated on a pro rata basis as of the date of the increase

Management's Review

Development in revenue and profit, first half of the year 2007

The group produced **revenue** of DKK 3,785 million, which is a 7% improvement on the corresponding period last year. Following a couple of years characterised by economic growth, the second quarter showed a decrease in demand in a number of markets, including Denmark. However, developments varied somewhat within the individual divisions.

	Realised	**Change from last year**	
	(million DKK)	(million DKK)	(%)
Revenue	3.785	242	6,8%
Gross profit	735	91	14,1%
as a percentage of revenue	*19,4%*		*1,2%-point*
Costs	507	(64)	14,2%
Depreciation and amortisation	51	(6)	13,2%
EBIT	177	21	13,8%
as a percentage of revenue	*4,7%*		*0,3%-point*
Financial items	(47)	(4)	(10,2%)
Profit before tax	130	17	15,2%
Tax	(42)	(3)	(7,5%)
Profit after tax	88	14	19,5%

Gross profit rose by 1.2 percentage points to 19.4 % following improvements in all three divisions. The significant improvement in gross profit is partly due to higher sales prices compared to the first half of 2006 and partly due to the fact that the Hardwood Division now covers a broader spectrum of the supply chain, helped along by its African forest concessions, and thereby it has a greater share of the total value added.

The group produced **EBIT** (operating profit) amounting to DKK 177 million compared to DKK 155 million in 2006. When adjusting for proceeds from the sale of non-current assets amounting to DKK 8 million in 2006, the improvement is 20%.

The operating margin (EBIT margin) grew by 0.3 percentage points to 4.7 % as expected.

Net financials were net expenses of DKK (47) million, representing a DKK 4 million increase on the period of comparison due to more funds being tied up in inventories, financing of acquired businesses and an increasing rate of interest.

Pre-tax profit for the period amounted to DKK 130 million compared to DKK 113 million during the equivalent period of last year. With a company tax rate of 32% the **profit after tax** was DKK 88 million compared to DKK 74 million the year before.

The group balance sheet total was DKK 3,992 million at the end of June compared to DKK 3,449 million last year.

Average invested capital amounted to DKK 3,092 million in the first six months, representing a DKK 348 million increase on the year before. The increase is attributable to larger inventories, primarily in the Hardwood Division, as well as the acquisition by the Timber & Board Division of the Swedish/Norwegian sheet materials wholesaler Ljungbergs, which has been included as of 1 September 2006.

Average invested capital of the divisions (NOA) as at 30 June 2007:

million DKK	**Total**	**Hardwood Division**	**Timber & Board Division**	**Building Materials Division**	**Corporate centre**
Avg. NOA Q1 - Q2	3.092	2.257	306	561	(32)
Increase from 2006	348	250	107	31	(40)

Return on the average invested capital was 11.5% after tax compared to 11.1% last year, having taken into account proceeds from the sale of non-current assets.

Cash flows from operating activities resulted in cash outflows of DKK (167) million in the first six months of the year compared to cash inflows of DKK 130 million last year. The trend in the cash flow reflects the increase in invested capital.

The group's equity was DKK 1,118 million compared to DKK 970 million at 30 June06. The equity ratio, including a subordinated loan, was 30.8%.

The divisions

The divisions' contribution to the result, first six months of 2007:

	Hardwood Division		**Timber & Board Division**		**Building Materials Division**		**Corporate Centre**	
DKK million in total	**Realised**	**Change from last year**	**Realised**	**Change from last year**	**Realised**	**Change from last year**	**Realised**	**Change from last year**
Revenue	2.082		853	233	927	32	(77)	23
Growth year-on-year	0,0%		37.5%		3.5%			
Gross profit	396	21	130	46	209	23		
as a percentage of revenue	19,0%	1.0% point	15.2%	1.8% points	22.6%	1.8% points		
Costs	285	(23)	74	(19)	170	(16)	(29)	(11)
EBIT	111	(2)	56	27	39	7	(29)	(11)
as a percentage of revenue	5.3%	(0.1)%-point	6.6%	1.9% points	4.2%	0.6% points		

Hardwood Division

Supply difficulties and bottlenecks put a hold on developments in the Hardwood Division, which realised unchanged revenue of DKK 2,082 million (approximately 54% of group revenue). Revenue has declined by just over 2% when taking into account the fact that the tt Timber Group was not included in operations until 23 January 2006.

One explanation is that the division has experienced problems in providing sufficient road transport capacity in the Congo Brazzaville, and this has reduced the volume of exports. However, the situation returned to normal at the beginning of the second half of the year. The problems have hit the trading activities in Basle especially hard, since they are greatly dependent on timber from the CIB, the Congo Brazzaville.

Another explanation of the decline in revenue is the expected reduction of the hardwood activities in Denmark following the merger with the tt Timber Group. However, this will be compensated for by efficiency gains on operations and balance sheet total.

Finally, the American market has slowed down.

Prices have stabilised at a high level, and this together with the fact that the division now covers a broader spectrum of the supply chain, helped along by its African forest concessions, has contributed to the improvement in gross margin, which rose by 1.0 percentage point.

Costs have risen by DKK 23 million. The increase is primarily attributable to the inclusion of the tt Timber Group, which did not take place until 23 January 2006, as well as non-recurring income of DKK 6 million in 2006 relating to proceeds from the sale of non-current assets.

In the first six months of the year the division made an EBIT-contribution of DKK 111 million compared to DKK 113 million last year. The comparative period in 2006 include non-recurring income in the form of proceeds from the sale of non-current assets of DKK 6 million.

Timber & Board Division

The Timber & Board Division realised revenue of DKK 853 million, representing approximately 22 % of group revenue in the first six months of the year. Acquired businesses account for almost 31% of the revenue increase totalling approx. 38% while organic growth accounts for almost 7%.

Gross margin has been improved by 1.8 percentage points. This is due in part to higher gross margin in the acquired business and partly to a higher profit margin in the softwood activities.

Overall, demand and supply has evened out although goods shortages are still experienced in individual areas, such as Russian plywood, where exports are limited by the increasing domestic demand in Russia.

Costs have risen by DKK 19 million, which is largely attributable to acquisitions.

The division made an EBIT-contribution of DKK 56 million in the first half of 2007, almost twice the figure produced in 2006.

Building Materials Division

In the first half of the year the Building Materials Division contributed 24% of group revenue. The division's revenue was DKK 927 million; organic growth of just over 4%. The mild winter has resulted in a more even distribution of revenue compared to last year.

Gross margin grew by 1.8 percentage points compared to 2006, and this is due to a continued high level of prices and internal improvement measures.

Costs have risen by DKK 16 million, corresponding to 10.3%, which includes increased marketing, IT and wage costs since a number of vacancies have today been filled.

The division made an EBIT-contribution of DKK 39 million compared to DKK 32 million last year.

Corporate centre

The EBIT (earnings before interest and tax) contribution of overheads was DKK (29) million compared to DKK (18) million last year. This is due to added costs for the IT system GTS (Global Trade and Supply Chain System) and lower cost compensation from the international trading divisions since the implementation of the GTS system had been put on hold in the first half of 2007, primarily in order to solve some problems connected to the system and increase the organisational readiness in the receiving companies. Today GTS accounts for one third of the activities in the international trading divisions.

Environmental activities

DLH’s environmental and human rights activities, including the Good Supplier Program, continue at unchanged pace.

In DLH’s subsidiary, the CIB in Congo Brazzaville, a forest concession was FSC-certified in 2006. Following the annual audit the certificate was renewed, and efforts are now being made to have yet another forest concession certified before the end of 2007.

In addition, we continue the independent verification of legal origin (so-called VLO) in certain tropical countries. Today, DLH can market VLO timber from Malaysia and Cameroon, and we endeavour to launch similar projects in Indonesia and Brazil this year.

Future prospects

Based on developments in the first six months of the year and the group’s assessment of the market prospects for the remainder of the year, the previously announced forecast group revenue of approximately DKK 7.5 billion is maintained. This compares with DKK 7.2 billion in 2006.

As previously announced, the group expects an operating profit (or EBIT) in the region of DKK 330 million and a profit before tax of approximately DKK 230 million compared to the DKK 302 million and DKK 212 million respectively realised in 2006.

As mentioned in the annual report 2006, the group’s revenue and profit forecast for 2007 is subject to some uncertainty of both a commercial nature (such as market and economic developments and changed sourcing opportunities) and of a financial nature (such as developments in interest and foreign exchange rates).

Average invested capital at group level is expected to be approximately DKK 3.0 billion as opposed to the previously announced 2.9 billion.

Inclusion of acquired businesses

The most recent acquisition of OK Træ ApS has been included as of 21 June 2006 and the sheet materials wholesaler Olle Zettergren AB (Sweden) will be included as of 1 July 2007, both in the Timber & Board Division, and Erling Hustvedt AS (Norway) will be included in the Hardwood Division as of 1 August 2007.

Accounting policies applied

The accounting policies remain unchanged compared to the annual report for 2006.

Key stock exchange announcements issued in 2007

Announcement	**Date**
Annual report 2006	23 March
Chairman's review of the business transacted at the annual general meeting	20 April
Report for the three months ended 31 March 2007	23 May
DLH acquires Norwegian and Danish businesses	21 June
DLH acquires a Swedish business	28 June
Acquisition of Norwegian enterprise completed	1 August

Financial calendar

As previously announced, the supervisory board has adopted the following plan for the publication of announcements of financial results etc. in 2007:

Report for the nine months ended 30 September 2007	Wednesday 21 November

Management's statement on the interim report

The supervisory and executive boards have today considered and adopted the interim report for the period 1 January to 30 June 2007 for Dalhoff Larsen & Horneman A/S.

The interim report has been prepared in accordance with the International Financial Reporting Standards as approved by the EU and additional Danish disclosure requirements for the interim reports of listed companies.

In our opinion, the accounting policies applied are appropriate, thus that the interim report gives a true and fair view of the group's assets, liabilities and financial position as at 30 June 2007 as well as of the result of the group's operations and cash flows for the financial period 1 January to 30 June 2007.

Høje Taastrup, 23 August 2007

Executive Board: Jørgen Møller-Rasmussen

Supervisory board:

Asbjørn Børsting (Chairman)	Arne Vierø (Deputy Chairman)	Morten Bergsten
Jesper Birkefeldt	Stig Christensen	Niels Oluf Kyed
Aksel Lauesgaard Nissen	Kim Berg Pedersen	Wilhelm Schnyder
	Erik Søndergaard	

Contact

Please direct any inquiries relating to this announcement to the President and CEO of the company, Jørgen Møller-Rasmussen on telephone no. +45 43 50 01 01.

Consolidated income statement
(unaudited)
in million DKK

	As at 30 June 2007	As at 30 June 2006	Full year 2006
Revenue	**3,785.1**	**3,542.7**	**7,186.5**
Cost of sales including production wages	(3,050.0)	(2,898.2)	(5,898.2)
Gross profit	**735.1**	**644.5**	**1,288.3**
Costs:			
Other operating income	1.9	11.3	60.7
Other external expenses	(222.5)	(193.9)	(389.3)
Costs relating to other staff benefits	(286.4)	(261.2)	(554.5)
Operating profit before depreciation and amortisation (EBITDA)	**228.1**	**200.7**	**405.2**
Depreciation and amortisation	(51.6)	(45.5)	(103.7)
Operating profit (EBIT)	**176.5**	**155.2**	**301.5**
Net financials	(46.8)	(42.6)	(90.0)
Profit before tax	**129.7**	**112.6**	**211.5**
Estimated tax on the profit	(41.4)	(38.7)	(59.5)
Profit for the reporting period	**88.3**	**73.9**	**152.0**

Parentheses are used to indicate items that are negative or to be deducted.

Consolidated balance sheet as at 30 June07
(unaudited)
in million DKK

	As at 30 June 2007	As at 30 June 2006	As at 31 December 2006
ASSETS:			
Non-current assets:			
Goodwill	139.7	99.3	133.3
IT projects and other intangible assets	22.4	12.0	18.4
Property, plant and equipment	571.4	557.2	577.6
	733.5	668.5	729.3
Other non-current assets:			
Other investments and securities	8.7	7.6	9.0
Deferred tax	24.4	19.7	22.2
	33.1	27.3	31.2
Total non-current assets	**766.6**	**695.8**	**760.5**
Current assets:			
Inventories:			
Manufactured goods and goods for resale	1,898.7	1,453.7	1,659.4
Prepayment for goods	84.7	113.5	109.2
	1,983.4	1,567.2	1,768.6
Receivables:			
Trade receivables	1,061.3	1,003.7	886.0
Other receivables	140.4	112.0	121.7
	1,201.7	1,115.7	1,007.7
Cash	40.3	69.9	124.2
Total current assets	**3,225.4**	**2,752.8**	**2,900.5**
Total assets	**3,992.0**	**3,448.6**	**3,661.0**

Consolidated balance sheet as at 30 June 2007

(unaudited)

in million DKK

	As at 30 June 2007	As at 30 June 2006	As at 31 December 2006
LIABILITIES & EQUITY:			
Equity:			
Share capital	185.8	183.6	185.8
Other equity	932.5	786.4	882.5
	1,118.3	970.0	1,068.3
Non-current liabilities:			
Pensions and other provisions	25.5	8.0	25.7
Deferred tax	25.1	26.1	23.0
Subordinated loan capital	111.6	111.9	111.8
Mortgage credit institutions	47.5	66.1	49.6
Banks	704.9	400.3	715.2
Leasing commitment	5.5	2.9	4.9
	920.1	615.3	930.2
Current liabilities:			
Banks	1,279.0	1,262.7	1,084.6
Trade and other payables	628.6	544.5	539.2
Current portion of long-term debts	11.3	22.3	12.4
Income taxes	34.7	33.8	26.3
	1,953.6	1,863.3	1,662.5
Total liabilities	**2,873.7**	**2,478.6**	**2,592.7**
Total liabilities and equity	**3,992.0**	**3,448.6**	**3,661.0**

Changes in equity

(unaudited)
in million DKK

		As at 30 June 2007	As at 30 June 2006	As at 31 December 2006
Equity at beginning of year		1,068.3	826.9	826.9
Capital increase at 13 February 2006			101.3	101.3
Capital increase at 27 July 2006				23.2
Profit/loss after tax		88.3	73.9	152.0
Foreign currency conversion in subsidiaries abroad:				
Foreign currency conversion of equity of foreign subsidiaries from rates prevailing at the beginning of the year to year-end rates	(9.9)			
Foreign currency conversion from average rates in income statement to year-end rates in the balance sheet	0.1			
Foreign exchange gains in hedged equity of subsidiaries abroad	12.7	2.9	(5.5)	(12.2)
Acquisition/sale of treasury shares less dividend		(1.8)	(0.9)	0.6
Share-based remuneration			1.5	0.5
Adjustment of deferred tax				(1.0)
Change in the fair value of derivative financial instruments:				
Forward exchange transactions	(2.2)			
Interest rate swaps	(0.0)	(2.2)	0.3	4.5
Dividend distributed		(37.2)	(27.5)	(27.5)
Equity at the end of the period		**1,118.3**	**970.0**	**1,068.3**