

2007

Annual Report

DALHOFF LARSEN & HORNEMAN A/S

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VAT reg. No.: 34 41 19 13

MANAGEMENT STATEMENT:

The supervisory and management have today considered and adopted the annual report for 2007 of Dalhoff Larsen & Horneman A/S.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and additional Danish disclosure requirements for annual reports of listed companies. In our opinion, the accounting policies applied are appropriate, thus that the annual report gives a true and fair view of the group's and the parent company's assets, liabilities and financial position as at 31 December 2007 as well as of the result of the group's and the parent company's operations and cash flows for the financial year 1 January to 31 December 2007.

The annual report is hereby submitted to the general meeting for adoption.

Høje Taastrup, 13 March 2008

Management:

Jørgen Møller-Rasmussen

Supervisory board:

Asbjørn Børsting
(Chairman)

Arne Vierø
(Deputy Chairman)

Morten Bergsten*

Jesper Birkefeldt*

Stig Christensen

Niels Oluf Kyed

Aksel Lauesgaard Nissen

Wilhelm Schnyder

Erik Søndergaard

*) Employee member

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Dalhoff Larsen & Horneman A/S

We have audited the group and parent company annual report of Dalhoff Larsen & Horneman A/S for the financial year ended 31 December 2007 which comprises the management statement, management's review, the income statement, the balance sheet, the statement of recognised income and expenses, the cash flow statement and the related notes. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and additional Danish disclosure requirements for annual reports of listed companies.

Management's responsibility for the annual report

The management is responsible for the preparation and fair presentation of the annual report in accordance with International Financial Reporting Standards as adopted by the European Union and additional Danish disclosure requirements for annual reports of listed companies. Our responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the annual report, free of material misstatement, whether caused by fraud or error; as well as selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the annual report, whether caused by fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual report 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 entity's internal control. In forming our opinion we also evaluated the appropriateness of the accounting policies applied, the reasonableness of the accounting estimates established by the management and the overall adequacy of the presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification..

Audit opinion

In our opinion, the annual report gives a true and fair view of the group's and the parent company's assets, liabilities and financial position as at 31 December 2007 and of the results of the group's and the parent company's operations and cash flows for the financial year ended 31 December 2007 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and additional Danish disclosure requirements for annual reports of listed companies.

Copenhagen, 13 March 2008

KPMG C.JESPERSEN
Statsautoriseret Revisionsinteressentskab

Kurt Gimsing
State Authorised
Public Accountant

Per Ejsing Olsen
State Authorised
Public Accountant

Major events in 2007

- Acquisition of the Erling Hustvedt Group with a central position in the Norwegian hardwood and sheet materials market
- Acquisition of Olle Zettergren AB with a central position in the Swedish sheet materials market, targeting industrial customers
- Agreement to acquire Palma Byggrossisten AB
- Contingent agreement to sell the Building Materials Division and focus on the global wholesale business. The sale was completed in 2008.

Accounting policies applied

The annual report of the DLH Group for 2007 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

The accounting policies remain unchanged as compared to previous years.

In accordance with IFRS and following the disposal, the Building Materials Division is to be reported as a discontinued operation in the published annual report and in the interim reports. The comparative figures for 2006 have been restated accordingly. However, the balance sheet figures for 2006 need not be adjusted.

Market development

The gradual slowdown in the international economy affected the demand for timber and timber products in the latter half of 2007, albeit with considerable regional variations. The slowdown has gradually eliminated the goods shortage experienced in several markets at the beginning of the year.

Financial development

DLH generated revenue of DKK 5,720 million for the continuing operations, corresponding to 4% growth compared to 2006 and slightly above the most recent forecast of DKK 5.6 billion published on 20 December 2007. This increase may be attributed to acquisitions.

DLH improved the gross margin by 0.8 percentage points to 17.2% in 2007.

EBIT was DKK 244 million compared to DKK 224 million last year. The group's operating margin (EBIT margin) was 4.3% compared to 4.1% the year before.

The group profit generated by the continuing operations before tax was DKK 159 million compared to DKK 144 million the year before and slightly below the most recent forecast of DKK 165 million published on 20 December 2007.

Tax on the profit for the year generated by the continuing operations was DKK 58 million compared to DKK 40 million in 2006. The increase from 27.6% to 36.8% in the tax rate is attributable to losses in Russia as well as in certain coun-

tries in Africa and to adjustments for negative goodwill without any tax effect in 2006.

The profit for the year after tax generated by the continuing operations was thus DKK 100 million compared to DKK 104 million in 2006. The profit after tax amounted to DKK 147 million compared to DKK 152 million last year. Discontinued operations make up DKK 47 million of this amount, which is on a par with the year before.

The group's balance sheet total was DKK 4,005 million at year-end, a 9% increase on year-end 2006. This was primarily attributable to acquisitions.

Average invested capital was DKK 2,641 million in 2007 compared to DKK 2,288 million last year.

Equity was DKK 1,172 million at year-end, representing a DKK 104 million increase.

Cash flow from operations after investments was DKK (198) million compared to DKK (176) million in the previous year. Compared to the prior comparative period, funds tied up in inventories and other operating debt rose, while funds tied up in acquired businesses fell compared to 2006.

Dividend

As was the case last year, the supervisory board will recommend to the general meeting that dividend amounting to DKK 37.2 million be distributed, corresponding to DKK 2.0 per share.

Events occurring after the end of the financial year

On 31 January 2008 Dalhoff Larsen & Horneman A/S (DLH) acquired Palma Byggrossisten AB in Sundsvall, cf. stock exchange announcement no. 1 dated 31 January 2008.

On 29 February 2008 DLH finalised the sale of DLH Træ & Byg A/S, and thus the Building Materials Division, to Saint-Gobain Distribution Nordic AB, a company in the Saint-Gobain Group, cf. stock exchange announcement no. 13 of 20 December 2007 and no. 2 of 29 February 2008.

The Building Materials Division has in the past accounted for approximately one fourth of DLH's group revenues. The selling price for the shares in DLH Træ & Byg A/S has been estimated at DKK 825 million, and the carrying amount of the profit after tax is approximately DKK 580 million. The final price will be calculated when the financial statements for the Building Materials Division as of 29 February 2008 are available. The price is expected to be close to the estimated price.

Share buy-back programme

As a result of the disposal of the Building Materials Division, the supervisory board will propose a resolution concerning a share buy-back programme of up to DKK 100 million, the equivalent of almost 8% of the listed Class B share capital based on a share price of 78, at the annual general meeting on 16 April 2008.

STRATEGY AND OBJECTIVES

It is the general strategy of DLH to develop its business activities through controlled profitable growth, be it via organic growth or acquisitions, thereby ensuring wider or deeper business engagement in the value chain. At the same time the group will take advantage of the possibility of enhancing operations and improving the utilisation of capital.

The group has adopted a five-year strategy targeting at a considerable growth that is to be financed partly by the injection of capital from the sale of the Building Materials Division and partly from the ongoing cash flow.

Focusing on international trade

With annual revenue from international timber trading activities of approximately DKK 5.7 billion DLH is today one of the world's largest timber wholesalers with sales and purchasing offices as well as warehousing and processing facilities in more than 30 countries across five continents.

The disposal of the Building Materials Division has considerably reduced DLH's dependency on the Danish market. The revenue contribution of the group's Danish activities has been reduced from approximately 34% to approximately 15%. At the same time DLH has enhanced its strategic manoeuvring possibilities considerably. In future DLH will direct its strategic focus to the international trade in timber and timber products.

DLH will proactively use the potential created by the disposal to continue the expansion of the past few years, focusing on additional expansion of the geographical sales platform and strengthening of the value chain. Investments in growth will primarily take place in the following links in the value chain:

Forest management

DLH is today well established as one of the world's leading suppliers of FSC-certified tropical hardwood from natural forests. DLH expects to consolidate this position and secure the group access to legal and certified timber through investments in tropical forest management in new areas. Some of the investments are scheduled to take place in the existing, but not yet exploited, forest areas in Gabon.

Processing

In recent years DLH has become more engaged in the processing of timber, primarily in the supply countries as a result of production moving from industrialized high-pay countries to supply countries in the third world. The goal is to invest in new processing facilities in the years ahead which will support the group's operations and at the same time be both environmentally friendly and financially viable, which would also involve the processing of timber species, which have not previously been commercially exploited.

THE NEW DLH



In terms of function, the two operating divisions of DLH each constitute a product-segmented sub-group, supplemented by cross-divisional functions at group level (co-ordinations).

The group also has a Finance & IT Division.

The operating divisions are in turn divided geographically into areas, regions and/or countries.

Group management consists of the President & CEO, the Executive Vice President of Finance & IT and the Executive Vice Presidents of the operating divisions.

STRATEGY AND OBJECTIVES

Trading

Trading is a designation for transactions in which goods are taken directly from the supply area to the customer circumventing the warehouses of DLH, primarily to markets where the group does not have its own distribution. Another objective of the trading activities is to exploit the constantly arising imbalances in world trade.

Distribution

DLH today runs a wholesale and distribution business in the mature markets in the Nordic countries, the remaining parts of Western Europe and North America and in the new markets (emerging markets: the Far and the Middle East, South Africa and Russia/Eastern Europe). The growth strategy for each of these markets is described below:

The Nordic countries. During the past few years DLH has expanded its position in the Nordic countries considerably. Minor acquisitions may still be made, which will supplement the group's business areas in order to achieve greater market coverage.

The remaining parts of Western Europe and North America. Here DLH expects to acquire activities within fields that consolidate the group's presence, both geographically and in terms of products. Growth may take place through the acquisition of large or small activities which supplement the existing business. DLH wishes to become a market leader in the markets in which the group operates.

Emerging markets are characterised by high growth rates, which are primarily obtained through new establishments. There are currently relatively few enterprises of a size which would make them an attractive target for DLH's growth strategy. DLH will actively investigate the growth potential in the markets where the group already has a presence as well as enter markets where conditions are right as was the case when DLH entered the Vietnamese market in 2006.

Investments and financing

Investment in forest management and processing will primarily increase DLH's earnings and operating margin and only to a lesser extent the group revenue.

Traditionally, the trading operations grow organically. The major part of DLH's total investments in new activities will be aiming at growth within the distribution area.

As mentioned, the estimated growth during the period is to be financed partly by the improved financial position from the sale of the Building Materials Division and partly from the ongoing cash flow and will still leave room for DLH living up to its objective of stable dividend payments to the shareholders.

This will not exclude the possibility of the group issuing Class B shares in connection with large acquisitions in the strategy period.

FINANCIAL OBJECTIVES

DLH aims to generate financial results that secure a satisfactory return for the shareholders by means of an effective utilisation of the capital invested through profitable organic growth as well as through acquisitions. The funds released from the sale of the Building Materials Division provide the basis for overall growth and improved profitability in the strategy period, which will more than compensate for the discontinued operations. It is the objective of the group to exploit this growth potential within the existing business areas by organic growth and acquisitions.

Financial objectives	Realised 2007			Previous objectives			New objectives 2012		
	Group	Hardwood Division	Timber & Board Division	Group	Hardwood Division	Timber & Board Division	Group	Hardwood Division	Timber & Board Division
Operating margin EBIT	4.3%	4.3%	7.3%	5.0%	6.0%	5.0%	5.5%	6.5%	5.5%
Creation of value*	Neg.	Neg.	Pos.	>0	>0.25% of revenue	>0.25% of revenue	>0	>0.25% of revenue	>0.25% of revenue
Equity ratio	32%			>30%			>35%		

*) The creation of shareholder value, i.e. a return on the capital invested which exceeds the cost of the capital employed (Weighted Average Cost of Capital, WACC, currently at approx. 8% with variations for the two divisions). The objectives should be perceived as an average level of earnings and growth during one trade cycle.

The international economy lost some of its momentum in 2007. This development has affected DLH, resulting in gradually declining demand in the domestic market as well as in many of our foreign markets during the past year. The flattening of the market seems to have extended into the first few months of 2008, and this will naturally have an impact on the group's forecast results for the year.

Nevertheless, we have raised the group's long term financial targets. The fact remains that DLH's international timber business has considerable potential. Firstly, because our business routines can be made more effective and secondly, because market conditions generally provide a sound basis for business in the years ahead:

- The global demand for timber increases with economic expansion - at considerable growth rates in some countries.
- The volume of cross-border trade, which is the only form of trade in which DLH is engaged, will increase even more due to the changes in the division of labour between the countries involved.
- Wood pulp is increasingly used as bio fuel as a substitute for fossil fuels; a trend which is supported by statutory subsidies in some countries. This further increases the demand for timber as a raw material.
- The debate about CO₂ and our climate focuses on timber as one of the most environmentally friendly building materials available. This, too, will increase the demand for timber in preference to other materials.

In addition, it will be difficult to match the supply with the demand for timber due to environmental restrictions imposed to protect forest areas in many parts of the world.

In short, DLH expects a steadily increasing demand for timber - and thereby a satisfactory price development - especially with regard to plantation wood and certified sustainable products, which will make up an even larger share of our business.

With the divestment of the Building Materials Division in early 2008 we have new financial capacity with which to expand our core business. We will use this capacity to strengthen the links in the supply chain: production, processing and distribution while focusing on our Corporate Social Responsibility (CSR) activities.

At the threshold of the centenary of the group's establishment DLH has returned to its original business base: international trade in timber and timber products in the strong belief that we will continue to consolidate our position considerably in the global market whilst acting responsibly, to the benefit of suppliers, customers, employees as well as shareholders.

Jørgen Møller-Rasmussen
President & CEO

Values from the heart

The five values of DLH stated express the corporate values adopted by the DLH Group and thus constitute the common basis and guidelines for the day-to-day duties of employees and management. The values are illustrated as a house to show how they interact and support each other.

Establishing values is a dynamic process which is part of the ongoing dialogue between the management of DLH, its employees and stakeholders.

Read more about DLH's set of values in the CSR publication.



CORPORATE INFORMATION

Dalhoff Larsen & Horneman A/S
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VAT reg. No.: 34 41 19 13
Domicile: Høje Taastrup

Supervisory board:

Asbjørn Børsting (chairman)
Arne Vierø (deputy chairman)
Stig Christensen
Niels Oluf Kyed
Aksel Lauesgaard Nissen
Wilhelm Schnyder
Erik Søndergaard
Morten Bergsten (elected by the employees of the group)
Jesper Birkefeldt (elected by the employees of the group)

Management:

Jørgen Møller-Rasmussen, President & CEO

Auditors:

KPMG C.Jespersen
Statsautoriseret Revisionspartnerselskab
Borups Allé 177
DK-2000 Frederiksberg

Annual general meeting:

The annual general meeting will be held on Wednesday, 16 April 2008 at 3 p.m. at the Quality Hotel, Høje Taastrup A/S, Carl Gustavsgade 1, DK-2630 Taastrup.

FINANCIAL HIGHLIGHTS FOR THE DLH GROUP

DKK million	2007 ⁽¹⁾	2006 ⁽¹⁾	2005	2004	2003 ⁽²⁾
	Only continuing operations		All operations		
Income statement					
Revenue	5,720	5,482	5,363	5,036	4,451
Gross profit	986	896	903	825	724
Costs excluding depreciation and amortisation	650	585	639	590	544
Operating profit before depreciation and amortisation (EBITDA)	336	311	264	235	180
Earnings before interest, taxes and amortisation (EBITA)	254	229	228	188	135
Operating profit (EBIT)	244	224	225	183	127
Net financials	(86)	(81)	(50)	(43)	(53)
Profit for the year on continuing operations before tax (EBT)	159	144	175	140	74
Profit for the year on discontinued operations	47	48	-	-	-
Profit for the year	147	152	119	90	45
Balance sheet items					
Total assets	4,005	3,661	2,620	1,998	1,934
Equity	1,172	1,068	827	719	636
Average invested capital including goodwill	2,641	2,288	1,990	1,707	1,677
Average interest-bearing debt	1,528	1,277	1,203	1,043	1,087
Investments					
Gross investments excluding acquisitions	95	84	69	55	50
Investment in property, plant and equipment herein	80	82	67	52	50
Gross investments including acquisitions	243	412	144	55	56
Net investments excluding acquisitions	91	48	50	9	30
Cash flow					
Cash flow from operating activities (CFFO)	34	87	(107)	51	197
Cash flow from operating activities after investments, excluding acquisitions	(53)	51	(133)	53	171
Cash flow from operating activities after investments, including acquisitions	(198)	(176)	(317)	53	150

Accounting policies applied

The annual report of the DLH Group for 2007 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. The accounting policies remain unchanged as compared to previous years. Following its disposal, the Building Materials Division shall in compliance with IFRS be reported as discontinued operations in the published annual reports and interim reports. The comparative figures for 2006 have been restated accordingly. However, balance sheet figures for 2006 are not to be adjusted.

1) The group financial highlights and ratios have only been adapted to the presentation of the Building Materials Division as discontinued operations in 2006 and 2007.

2) Financial highlights and ratios for 2004-2007 have been prepared in accordance with IFRS. The comparative figures for 2003 have not been restated in accordance with IFRS, but have been prepared in accordance with the previous accounting policies based on the provisions of the Danish Financial Statements Act and Danish accounting standards.

FINANCIAL RATIOS FOR THE DLH GROUP

DKK million	2007 ⁽¹⁾	2006 ⁽¹⁾	2005	2004	2003 ⁽²⁾
	Only continuing operations		All operations		
Gross margin	17.2%	16.4%	16.8%	16.4%	16.3%
Operating margin (EBIT margin)	4.3%	4.1%	4.2%	3.6%	2.8%
Net operating profit less taxes (NOPLAT) ³⁾	182	162	163	134	94
Return on equity (ROE)	13.2%	15.6%	15.3%	13.3%	7.2%
Equity ratio	29.3%	29.2%	31.6%	36.0%	32.9%
Equity ratio including subordinated loan	32.1%	32.2%	31.6%	36.0%	32.9%
Return on invested capital including goodwill (ROIC including goodwill)	9.7%	10.1%	11.7%	11.2%	8.0%
Average number of employees	3,661	3,759	1,782	1,695	1,414
Stock market ratios					
Book value per share of DKK 10 (BVPS), end of reporting period	63	58	48	42	37
Share price at 31 December (P) DKK	90.22	106.89	85.60	39.30	26.18
Price / book value (P/BV)	1.43	1.86	1.78	0.94	0.71
EPS Basic (per share of DKK 10)	7.98	8.38	7.00	5.35	2.66
Average number of shares in issue (1,000 shares) ⁴⁾	18,578	18,312	17,162	17,162	17,162
Cash flow per share of DKK 10 (CFPS)	1.85	4.77	(6.24)	2.97	11.48
Dividend per share of DKK 10 (DPS) ⁴⁾	2.00	2.00	1.50	1.00	0.60
Price Earnings Basic (P/E Basic)	11.3	12.8	12.2	7.4	9.8

1) The group financial highlights and ratios have only been adapted to the presentation of the Building Materials Division as discontinued operations in 2006 and 2007.

2) Financial highlights and ratios for 2004-2007 have been prepared in accordance with IFRS. The comparative figures for 2003 have not been restated in accordance with IFRS, but have been prepared in accordance with the previous accounting policies based on the provisions of the Danish Financial Statements Act and Danish accounting standards.

3) Based on a weighted tax rate of 29% (2006: 30%) with the addition of financial net income on capital invested (receivables etc.) of DKK 2.1 million. For 2007 the tax rate for tax paid was 23.2%, (2006: 26.9%) corresponding to a NOPLAT of DKK 197 million.

4) As partial payment for the acquisition of the tt Timber Group, 1,200,000 shares of DKK 10 were issued in February 2006. In addition, 216,276 shares of DKK 10 each were issued in July 2006 in connection with an employee share issue.

FINANCIAL REPORTING

The annual report of the DLH Group for 2007 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Dalhoff Larsen & Horneman A/S has availed itself of the option to prepare the annual report of the parent company in accordance with International Financial Reporting Standards.

The accounting policies are unchanged compared to previous years.

In accordance with IFRS and following the disposal, the Building Materials Division is to be reported as a discontinued operation in the published annual report and in the interim reports. The comparative figures for 2006 have been restated accordingly. However, the balance sheet figures for 2006 need not be adjusted.

BUSINESS ACTIVITIES

International trade in timber

The group's international trading activities have been organised under two divisions: the Hardwood Division and the Timber & Board Division.

The Hardwood Division trades in tropical hardwood from South America, Africa and South East Asia as well as in temperate hardwood, primarily from Eastern Europe and North America. The timber is mainly supplied by local sawmills and manufacturers. In addition, the division has direct access to vast sustainable tropical forests in Africa. Today, the division obtains approximately 15% of its supplies from its own forest concessions.

Timber & Board Division is engaged in the distribution of softwood and sheet materials. Sheet materials, which include plywood, MDF and particle boards, are primarily purchased in Russia, South America and northern Europe. Softwood products include sawn timber and components of pine, spruce and larch, primarily from Russia and the Nordic countries.

The Building Materials Division distributes softwood, sheet materials, building materials and a wide range of related products from 19 timber merchant companies. At year-end 2007 DLH concluded an agreement to sell the Building Materials Division to the French Saint-Gobain Group. The disposal of the Building Materials Division is of great strategic importance to DLH and at the same time a natural step in the continued development of the building materials business. The division is included in the 2007 annual report as a discontinued operation.

Corporate centre

The Finance & IT, Logistics, Personnel and Environment functions are shared by the divisions. Legally, the shared functions belong under Dalhoff Larsen & Horneman A/S, which is the parent company of the DLH Group. The holding company also performs general management duties.

FINANCIAL STATEMENTS OF THE PARENT COMPANY

Following the transition to International Financial Reporting Standards and thereby the abolition of the equity method, the result of the parent company does not coincide with that of the group since the income statement recognises dividend from subsidiaries only as opposed to the share of the full profit.

The parent company's investments in subsidiaries are recognised at cost, and this implies that the equity of the parent company differs from that of the group.

The parent company's pre-tax profit was DKK 63.0 million compared to DKK 13.9 million in 2006.

The balance sheet total of the parent company was DKK 1,962 million compared to DKK 1,803 million in 2006.

The parent company's equity was DKK 622 million compared to DKK 584 million at year-end 2006.

DEVELOPMENTS IN THE DLH GROUP DURING THE FINANCIAL YEAR

Group

In 2007 DLH acquired the sheet materials distributors Olle Zettergren AB, Stockholm, and OK Træ ApS, Silkeborg, as well as Erling Hustvedt AS, Oslo, which distributes hardwood and sheet materials in Norway. The group also concluded an agreement to buy Palma Byggrossisten AB, Sundswall, a sheet materials distributor in northern Sweden, which will be recognised as from 1 February 2008. The acquired businesses complement each other and secure considerable purchasing and distribution synergies, and this has helped consolidate the group's position in the Scandinavian market quite considerably.

In December 2007 DLH concluded a contingent agreement to sell the Building Materials Division to the French Saint-Gobain Group. Following the sale, which was finalised at the end of February 2008, DLH will concentrate on expanding its global timber wholesale business, one of the world's largest. The carrying amount of the proceeds after tax amounts to approximately DKK 580 million, which will be recognised in the annual report for 2008.

Market developments

The gradual slowdown in the international economy affected the demand for timber and timber products in the latter half

of 2007, albeit with considerable regional variations. The slowdown has gradually eliminated the goods shortage experienced in several markets at the beginning of the year.

Revenue

DLH generated revenue for the continuing operations of DKK 5,720 million, corresponding to 4% growth compared to 2006 and slightly above the most recent forecast of DKK 5.6 billion published on 20 December 2007. This increase may be attributed to acquisitions.

Hardwood Division

The division produced revenue of DKK 4,079 million, which is on a par with the year before. The general price level for the products of the Hardwood Division remained satisfactory in 2007, even though prices stagnated in several areas. A number of markets developed favourably in 2007, including important countries such as France and Poland, and the acquisition of the Norwegian Hustvedt Group contributed DKK 74 million to the revenue in 2007. Conversely, the general slowdown in the USA had a negative effect on developments in this market.

On the supply side the division has been held back by inadequate sea transportation capacity from key shipping areas in Africa, South America and Asia, and the CIB, the Congo, has experienced difficulties in procuring adequate road transportation capacity.

Timber & Board Division

The division generated revenue of DKK 1,645 million. Acquired businesses accounted for the entire revenue increase of 17% while the existing business experienced a slight decline, primarily in sheet materials exports (to the USA).

Demand and prices levelled out in the timber and sheet materials market in the course of 2007. However, there continued to be a great demand in the Swedish market, and the division was therefore able to achieve considerable purchasing synergies between the Scandinavian business entities.

Gross margin

DLH improved its gross margin by 0.8 percentage points to 17.2% in 2007. Combined with the revenue increase this improved the gross profit by DKK 89 million. The Hardwood Division improved the gross margin by 0.6 percentage points while the Timber & Board Division produced a gross margin which was 2.0 percentage points higher than in 2006. Among other things, the division utilised imbalances in the global supply situation to conclude attractive one-off contracts.

Other operating income

The item includes proceeds from the sale of properties in the amount of DKK 10 million compared to DKK 17 million the year before. The figures from 2006 included added values of DKK 33 million compared to the purchase price for the tt Timber Group (negative goodwill).

Costs

Costs (excluding other external costs and staff costs) were DKK 670 million. This represents an increase of DKK 26 million compared to 2006. Leaving the benefit element of the employee share issue out of the equation, which was included as a calculated cost item in the amount of DKK 21 million in 2006, the increase is 7.5%, which is primarily attributable to acquisitions, higher IT costs and upgrading of the corporate centre.

Depreciation and amortisation

Depreciation and amortisation was DKK 92 million compared to DKK 87 million last year.

Operating profit (EBIT)

EBIT was DKK 244 million compared to DKK 224 million last year, representing a 9% increase. The group's operating margin (EBIT margin) was 4.3% compared to 4.1% the year before.

EBIT-contributions of divisions

DKK million	2007	2006
Hardwood Division	177.2	206.7
Timber & Board Division	119.9	78.1
Corporate centre	(52.7)	(60.6)
Total	244.4	224.2

Hardwood Division

The division produced an operating profit, or EBIT, of DKK 177 million compared to DKK 207 million the year before. The decline should be seen in the context of one-off income amounting to DKK 39 million in 2006 primarily badwill related to the acquisition of the tt Timber Group.

The CIB, the Congo, managed to increase the prices of the company's products considerably in 2007, achieving a dramatic profit increase. Problems in Russia and Malaysia, on the other hand, have had a negative impact on earnings.

Timber & Board Division

The operating profit, or EBIT, was DKK 120 million, representing a 54% increase on 2006. The improvement in profit is primarily attributable to the Scandinavian acquisitions, including an improved gross margin.

The corporate centre

The corporate centre, which covers Finance & IT, Logistics, Personnel, Environment and the management, made an operating loss, or EBIT, of DKK (53) million, compared to a loss of DKK (61) in 2006. The figures include proceeds from the sale of properties in the amount of DKK 10 million in 2007 compared to DKK 6 million in 2006. The 2006-figure includes DKK 21 million relating to the benefit element of employee shares. Adjusted for one-off items EBIT was thus DKK (63)

million compared to DKK (46) million in 2006. The increase is attributable to higher IT costs and upgrading of the corporate centre.

Profit on continuing operations before tax

The group profit on continuing operations before tax was DKK 159 million compared to DKK 144 million last year and thus slightly below the most recent forecast of DKK 165 million published on 20 December 2007.

Tax on the profit for the year on continuing operations

Tax on the profit for the year generated by the continuing operations was DKK 58 million compared to DKK 40 million in 2006. The increase from 27.6% to 36.8% in the tax rate is attributable to losses in Russia as well as in certain countries in Africa the tax base of which has not been recognised due to uncertainty as to future utilisation, as well as to adjustments for negative goodwill without any tax effect in 2006.

Profit for the year for continuing operations

The profit for the year after tax for the continuing operations was thus DKK 100 million compared to DKK 104 million in 2006.

The profit for the year generated by the discontinued operations was DKK 47 million in 2007, which is on a par with the year before. The result is due to a change in the level of activities with a higher gross margin and increased costs.

Profit for the year

The aggregated profit after tax amounted to DKK 147 million in 2007 compared to DKK 152 million last year.

Balance sheet total and capital invested

The group's balance sheet total was DKK 4,005 million at year-end, a 9% increase on year-end 2006. This was primarily attributable to acquisitions.

Equity was DKK 1,172 million at year-end, representing a DKK 104 million increase.

The development in average invested capital

DKK million	2007	2006
Hardwood Division	2,315.5	2,055.2
Timber & Board Division	345.0	228.3
Corporate centre	(19.1)	4.1
Total	2,641.4	2,287.6

Average invested capital was DKK 2,641 million in 2007, compared to DKK 2,288 million in the previous year.

Hardwood Division

Average invested capital was DKK 2,316 million, which represents an increase of DKK 260 million on 2006. Return on average invested capital was 7.8% compared to 10.1% in 2006.

Timber & Board Division

The division tied up average invested capital of DKK 345 million in 2007 compared to DKK 228 million the year before. The increase is due to acquisitions made in the autumn of 2006 and in the course of 2007. Return on average invested capital was 35.3% compared to 34.3% in 2006.

Cash flow

Cash flow from operations after investments was DKK (198) million compared to DKK (176) million the previous year. Compared to the prior comparative period, funds tied up in inventories and other operating debt rose, while funds tied up in acquired entities fell compared to 2006.

EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

Acquisition of Palma Byggrossisten AB completed

With effect from 31 January 2008 DLH acquired Palma Byggrossisten AB in Sundsvall. Palma Byggrossisten AB, which is ideally positioned on the Swedish distributor market for sheet materials in the northern part of Sweden, generates annual revenue of approximately DKK 100 million and will further consolidate DLH's market position in the Nordic countries. Palma Byggrossisten AB will be incorporated into DLH's Timber & Board Division, reporting to the group's Swedish subsidiary Karl Ljungberg AB.

Disposal of the Building Materials Division completed

With effect from 29 February 2008 DLH finalised the sale of its shares in DLH Træ & Byg A/S, and thus the Building Materials Division, to Saint-Gobain Distribution Nordic AB, a company in the Saint-Gobain Group.

The selling price for the shares in DLH Træ & Byg A/S has been estimated at DKK 825 million. The final price will be calculated when the accounts for the Building Materials Division as of 29 February 2008 are available and is not expected to deviate significantly from the estimated selling price. The group expects net proceeds from the disposal amounting to DKK 580 million after the deduction of transaction costs, provisions etc.

Share buy-back programme

As a result of the disposal of the Building Materials Division, the supervisory board will propose a resolution concerning a share buy-back programme of up to DKK 100 million, the equivalent of almost 8% of the listed Class B share capital based on the share price of 78, at the annual general meeting on 16 April 2008.

The share buy-back programme will be implemented in accordance with the "safe-harbour" method approved by the

EU. The programme is expected to be launched following the publication of the group's Q1 report on 21 May 2008 and concluded before the end of 2008. The shares will be cancelled following the buy-back.

The share buy-back does not prevent the company from issuing shares at a later stage in connection with large scale acquisitions (as in 2000 and 2006).

The group does not expect DLH-Fonden, which owns 25.8% of the total share capital (both Class A and Class B shares), to dispose of shares in connection with the buy-back programme.

Otherwise, no significant events have taken place after 31 December 2007.

GROUP FORECAST FOR 2008

Following six years with constant revenue growth, the forecast revenue for 2008 remains unchanged at approximately DKK 5,700 million for the continuing operations. Expectations to revenue growth are subject to considerable uncertainty as regards the principal markets, price developments and the US dollar rate.

The forecast for 2008 includes no acquisitions apart from the Swedish sheet materials distributor, Palma Byggrossisten AB, which was acquired at the end of January 2008. Including the proceeds from the sale of the Building Materials Division, the group's aggregate financial debt has been significantly reduced, providing the basis for considerable expansion via strategic acquisitions.

The operating profit, or EBIT (for the continuing operations) is expected to decline from DKK 244 million in 2007 to approximately DKK 220 million in 2008. This represents a 11% decline and is a result of market developments as well as a number of favourable contracts of a one-off nature in the Timber & Board Division in 2007. The group expects an aggregate net profit after tax in the region of DKK 690 million in 2008, of which DKK 580 million represents net proceeds from the sale of the Building Materials Division less

transaction costs, provisions etc. The average invested capital of the group is expected to be in the region of DKK 2.8 billion, a minor increase on 2007 (for the continuing operations), which is attributable to acquisitions.

Hardwood Division

The Hardwood Division expects unchanged revenue of approximately DKK 4 billion. The forecast is subject to considerable uncertainty and reflects the general slowdown in the market, which began in the second half of 2007 and which together with the weak US dollar is expected to affect revenues in the first half of 2008. One outcome of market developments has been stockpiling in the sales countries as well as slightly lower prices. These factors have a direct impact on earnings in the group's own concessions and sawmills in CIB, the Congo. The group expects an aggregate EBIT of approximately DKK 165 million in 2008, which is a 7% decline on 2007.

The current market situation is expected to be replaced by increased demand and thus normal earnings in the second half of 2008. Developments are expected to be helped along by the return to normal of the operating situation in Russia, and an increasing share of the supplies from CIB, the Congo, is expected to become FSC certified and thereby to obtain a preferential position in the market.

The division will continue to focus on the integration of the previously acquired businesses in 2008 with a view to achieving the best possible synergies.

The invested capital of the division is expected to more or less remain at the 2007 level, i.e. at approximately DKK 2,300 million. A number of measures to reduce invested capital will be launched in 2008.

Timber & Board Division

The Timber & Board Division expects to increase its revenue from DKK 1,640 million to approximately DKK 1,750 million in 2008. The entire revenue increase of 7% is attributable to the full-year effect of the acquisition of the sheet materials distributors Olle Zettergren AB and Palma Byggrossisten AB in Sweden, who are included from the second half of 2007

Group	Result 2007		Forecast for 2008	
Revenue, continuing operations	DKK	5,720 million	DKK	5,700 million
Earnings before interest and taxes, EBIT, continuing operations	DKK	244 million	DKK	220 million
Profit before tax, continuing operations	DKK	159 million	DKK	160 million
Tax on profit for the year, continuing operations	DKK	(59) million	DKK	(50) million
Profit after tax, continuing operations	DKK	100 million	DKK	110 million
Profit for the year after tax, discontinued operations, including proceeds related to sale	DKK	47 million	DKK	580 million
Profit after tax	DKK	147 million	DKK	690 million

and from 1 February 2008, respectively. The division's operating profit is expected to decline from the extraordinarily high 2007-level of DKK 120 million to approximately DKK 95 million or an EBIT-margin of 5.4%. The lower expectations are due to the fact that there were some one-off softwood and sheet materials transactions in 2007 where the division was able to take advantage of imbalances in the global supply situation. Also in this division, market developments are subject to uncertainty, and prices are slightly lower than last year. Conditions are expected to return to normal in the second half of 2008.

Due to the acquisitions, the invested capital is expected to be increased to approximately DKK 475 million.

Corporate centre

The corporate centre expects an operating loss of DKK (40) million in 2008 compared to DKK (53) million in 2007.

RISKS

The activities of DLH are subject to a number of commercial, financial and insurable risks that are all assigned high priorities in the group's risk management.

COMMERCIAL RISKS

The risk profile is characterised by DLH operating in a vast number of countries and markets subject to considerable competition.

Sensitivity to market fluctuations

DLH is affected by the trade conditions in the sales markets and supply regions in which the group operates. Developments in the building and renovation industries are of particular importance. Approximately 65% of group revenues are generated through the company's own stockholding distribution centres, whilst the remaining approximately 35% of revenues are generated through trading. Trading is far more sensitive to market fluctuations than distribution.

Market and customer risks

Denmark, Sweden and France are the largest single markets and together account for just under one third of revenues while the USA and Poland follow suit with 7-8%. The group is thus to some extent dependent on individual countries, with a considerable regional activity in Western Europe of approximately 60% of revenues, with the Nordic countries accounting for approximately 20% of this figure. The emerging markets (Eastern Europe, the Far East, Africa, the Middle East and South America) account for 28% of the revenue. The country-specific fluctuations in market conditions thus have limited effect, whereas market fluctuations regionally may seriously affect both revenues and profit.

The customer portfolio is not vulnerable to the loss of individual customers. The group's largest single customer accounts for 2% of the revenue.

Political risks and other supply risks

Many of the group's key supply areas are located in countries in which political conditions and trading practices, logistics and legislation may differ considerably from those of the western world. For this reason purchases from such areas are subject to various supply risks. In addition, certain supply countries are subject to political instability and unrest, which may interfere with business operations. Yet another factor is the climate of the supply countries, which at certain times of the year results in reduced supplies, such as during the rainy season in the tropics or the winter months in Russia.

The group has generally succeeded in putting systems in place to control quality and delivery subject to the conditions prevailing in the supply areas. These systems are supported by the physical presence of procurement offices in most of these areas.

DLH has a good spread of suppliers, thereby facilitating the substitution of a product from one supply region with products from other supply regions. This fact combined with the fact that DLH is active in all vital supply regions sets the group apart from almost all its competitors and provides great flexibility and strength.

The suppliers of DLH are generally small. However, the Timber & Board Division primarily purchases softwoods from a few large suppliers in Scandinavia while a single supplier of sheet materials in Russia accounts for a relatively large proportion of the division's supplies of plywood to the European and American markets. The DLH Group has been trading with these suppliers for many years. No single supplier handles more than 11% of the goods purchased by the Timber & Board Division. No single supplier handles more than 2% of the goods purchased by the Hardwood Division; however, approximately 15% is sourced from own concessions in the Congo.

DIRECT INVESTMENTS IN HIGH-RISK COUNTRIES

With a view to supporting the group's tropical hardwood supplies, such as VLO and FSC certified timber, considerable direct investments have been made in a number of high-risk countries. Measurement as well as depreciation and amortisation principles reflect the risk in the individual countries. The risk exposure related to the group's single largest investment in the Congo has been limited by a guarantee made by the vendor and by a loan to CIB raised by the Industrialisation Fund for Developing Countries. In addition, the group has made direct investments in Gabon, Brazil, Malaysia, Poland, the USA, the Netherlands and Sweden.

FINANCIAL RISKS

Due to the nature of the operations of the DLH Group, the group's result and equity may be affected by a number of financial risks.

By far the majority of DLH's financial risk management takes place through the intra-group bank, primarily by means of forward exchange contracts and interest rate swaps. The intra-group bank operates according to fixed policies, which imply, for instance, that only positions to hedge risks are taken.

Foreign currencies

85% of group revenue is denominated in foreign currencies, primarily handled by the company's own local sales companies. The main currencies used are euro, US dollar, Swedish kronor and Polish zloty. The major, and also the most complex, foreign currency risk is related to the US dollar and may be sub-divided into three elements:

Trading risk. Just over 25% of revenues and approximately 25% of the goods purchased are denominated in US dollar. Normally, sales prices are adjusted to the trend in the US dollar. The degree of such adjustment is dependent on the economic development in the individual markets as well as the supply situation generally.

The net effect of a decline in the US dollar at group level depends on the scope of and rate at which sales prices are adjusted and this is in turn closely related to a number of other factors, such as the size of inventories in the sales countries, the season, availability of substitute products etc.

Basically, a drop in the US dollar rate would have a detrimental effect on sales from the euro-based supply regions, such as West Africa and Europe, whereas it would boost the sales potential in the US dollar-based regions, such as South America, North America and South East Asia. The net effect of an exchange rate drop at group level will be positive in the short term in the case of the US dollar, but as the decline in the dollar rate is incorporated into prices, gross profit will fall, and if the decline in the dollar rate has its full effect on sales prices, the net effect will ultimately be negative.

The inventory risk is the risk that the group runs on inventories in connection with changes in the US dollar rate. Of the group's inventories approximately DKK 100 million are to some extent exposed to the US dollar. A decline in the US dollar rate would put pressure on prices, primarily on the US dollar-based goods and thus have a negative impact on the group. Again the effect would depend on the extent and the speed at which sales prices are adjusted.

The conversion effect is the effect on the group's earnings and equity that is the result of converting the US dollar-based foreign companies' operations and balance sheet totals to the consolidated financial statements due to a change in the US dollar rate. The effect is negative when there is a drop in the US dollar rate. The average US dollar rate fell by just under 8.5% from 2006 to 2007, which had a negative impact on revenue and profit before tax in the amount of DKK 34 million and DKK 1.5 million respectively in the financial year compared to 2006.

At the balance sheet date, the group's principal foreign currency exposures were in the denominations USD, GBP and SEK. An isolated calculation of these currencies in the case of a simultaneous 10% drop in exchange rates would have a negative impact of DKK 0.2 million in 2007 compared to a positive impact of DKK 10 million in 2006. A rise in foreign exchange rates would have a corresponding effect in the opposite direction.

Foreign exchange policy

The group's currency risks are hedged by matching income and expenses together with receivables and payables in foreign currency and also by means of derivative financial instruments in the separate companies. Future cash flows are only hedged when binding contracts have been concluded for the sale or purchase of goods.

The DLH Group's net investments in subsidiaries abroad are hedged unless the costs incurred are deemed to considerably exceed the risk of losses. However, the foreign exchange risk related to euro-denominated transactions is not hedged due to the fact that the Danish krone is kept within a narrow fluctuation band against the euro. For the DLH Group's considerable investments in West and Central Africa euro is considered functional currency. Other substantial investments in foreign currencies except for the Brazilian real were hedged in 2007. Due to this and because the value for tax purposes of the foreign exchange hedging is not usually recognised in the actual hedging contract the foreign exchange policy may result in equity adjustments.

Interest rates and financing

At the end of 2007 DLH's net interest-bearing debt amounted to approximately DKK 2.1 billion. The debt is primarily denominated in the group's principal currencies: Danish kroner (DKK 800 million), euro (DKK 800 million) and US dollar (DKK 300 million). Exposures on loans denominated in foreign currencies are included in the overall hedging policy of the DLH Group, and the above amount is therefore not an expression of the group's foreign exchange exposure.

The debt is financed in part by current non-committed credit facilities and in part by non-current committed credit facilities. No specific targets have been set for the allocation between current and non-current credit facilities, but factors such as the liquidity situation on the credit markets and pricing have been taken into account in the group's consideration of suitable financing. At the balance sheet date, just less than 40% of the group's debt was non-current with an average time to maturity of approximately three years. DLH has close ties to relatively few banks and has adequate cash resources in the form of undrawn credit facilities for financing the group's operations. The disposal of the Building Materials Division on 29 February 2008 considerably improved the group's cash resources.

A simultaneous increase in the interest rate of 1 percentage point on all interest-bearing debt denominated in foreign

currencies will on an annual basis reduce the group's pre-tax profit by approximately DKK 15 million at the current level of activity and with the existing capital structure.

BALANCE SHEET RISKS

Inventories

Funds tied up in inventories represent DLH's largest asset item in the amount of DKK 1,645 million, to which must be added inventories of spare parts for DKK 59 million, primarily in the Congo. Binding sales contracts have been concluded for quite a substantial part of the inventories. Risks on inventories are primarily related to losses due to a decline in prices or foreign exchange rates. Inventories are monitored closely. The risk of losses on inventories in the case of a sudden, permanent fall in prices of 5% is estimated at DKK 5-10 million for all the group's inventories combined.

Trade receivables

Trade receivables represent the second largest asset item in the balance sheet, amounting to DKK 669 million. Credit is granted according to an active credit policy. Losses on debtors mainly occur in periods of recession. Losses including costs incidental to credit insurance amount to 0.2% of revenue in 2007 and do normally not exceed 0.4% of the revenue.

In the Hardwood Division credit is to a large extent granted on the basis of letters of credit or payment against documents. Otherwise credit is primarily granted on the basis of credit insurance with part coverage of potential losses. To this must be added trade receivables from individual customers where credit is granted on the basis of trust and therefore naturally is more risky.

In the Timber & Board Division credit granted to industrial customers and customers outside Denmark is primarily based on credit insurance with part coverage of potential losses. Conversely, credit granted to timber merchant companies in Denmark is not insured and is granted on the basis of the division's own credit ratings and a relationship of trust established with the individual customer.

Approximately 60% of the trade receivables of the DLH Group are covered by credit insurance or hedged in other ways, for instance by letters of credit or payment against documents. The group's maximum risk on trade receivables was DKK 265 million excluding value added tax at 31 December 2007, cf. note 23.

Prepayments to suppliers

Prepayment of suppliers is an important parameter in securing supplies from Africa, South America and Eastern Europe. This carries an inherent risk of losses and calls for tight control. Some of the prepayments do, however, represent advance financing of already existing inventories held by suppliers. At year-end the group's prepayments to sup-

pliers was DKK 89 million, an amount for which security had been provided in part by mortgages or otherwise.

INSURABLE RISKS

The insurance policy of DLH determines the framework for the insurance of persons, property and interests affiliated with the group. Insurable risks are regularly assessed and assets and serious financial losses are insured against according to the following principles:

- Risk analysis (identification)
- Risk assessment (frequency and scope)
- Limitation of risks (elimination or prevention)
- Risk financing (own risk or insurance)

As a general rule, no insurance is taken out to insure losses that are insignificant from the group's point of view or where the costs of insurance are deemed to exceed the risk. The insurance portfolio of DLH consists of global group schemes (extended property insurance, professional and product liability, transportation and business trips) as well as regional/local policies (vehicles, industrial accident, accidents etc.). DLH has joined forces with an international insurance broker with regard to non-life insurance.

IMPORTANT AGREEMENTS

The Skagensgade lease contains a clause that entitles the lessor to terminate the lease if a controlling interest changes ownership and it is deemed that this change of ownership would materially influence the company's financial position.

INTELLECTUAL CAPITAL

DLH's overall objective is to attract, retain and develop the best employees in the industry. By means of its training policy DLH aims to create the optimal framework for developing and retaining such skills as are vital in the face of the toughened competition.

The annual performance and development reviews form the basis of education, training and development of the skills of the other members of staff in the DLH Group. There are ongoing efforts to develop both internal and external training programmes in order to ensure that the knowledge of the staff is up to date.

The DLH Group's intranet is used for written information to the staff. The system is set up in such a way that information may be custom-made according to organisational position, geographic location, job function etc., ensuring that the individual member of staff has access to the very information that he or she needs for the job.

The more formal co-operation between the staff and the management takes place through local consultation commit-

tees or communication groups, and at group level in the group communications groups.

DLH adheres to the basic social values adopted by its founders, values such as credibility, integrity and empathy. In practice DLH makes great allowances for employees who in some way or other suddenly or for prolonged periods of time need their employer's empathy in the case of serious illness, injuries or similar problems. In addition, DLH also has a number of employees who have various flexible working arrangements.

DLH is in regular contact with insurance brokers and insurers to ensure that the group's pension schemes and other personal insurances keep up with developments in this field, and the group also offers individual staff members private advice on insurance and pension schemes.

The team spirit of the staff is promoted through participation in social and sports events in the staff associations of the entities. These activities receive financial support from the group.

INCENTIVE SCHEMES

Remuneration paid to the group management consists of a fixed salary and a performance-related bonus as well as an entitlement to share options. The management and other members of the executive board have participated in a revolving share-based remuneration scheme since 2002. At 31 December 2007 the share option scheme comprised a total of 214,550 share options. Each share option entitles its holder to acquire one existing Class B share at nominally DKK 10 in the company. If all share options are exercised, the share option scheme grants holders the right to acquire up to 1.2% of the share capital. The company has repurchased shares corresponding to this liability. Please also refer to note 7.

ENVIRONMENTAL ISSUES

DLH places emphasis on sustainable forest management and is working with different projects as regards environment, human rights and social responsibility. Responsibility is most easily ensured in locations where DLH owns the forest, but even in locations where DLH merely purchases timber an effort is made to persuade forest owners to manage the forests responsibly.

One example is Malaysia where DLH, in cooperation with the consultancy firm, Global Forestry Services (GFS) and the certification firm SmartWood, has carried out a project to verify the legal origin of the timber (VLO) with great success.

The project was first implemented in the Malaysian province of Sabah, which handles the majority of DLH's timber supply from Malaysia. Since that time a similar project has been

launched in Indonesia, and DLH is also looking to set up projects in some of its other supply countries world-wide.

DLH has taken the lead and handled the setup of a credible verification system itself in co-operation with GFS and SmartWood and succeeded in building up extensive knowledge concerning VLO verification, which can be applied globally.

Verification of timber gives DLH clear competitive advantages, as verified and certified timber has a preferential position in the market. In other words, there is a lower inherent risk in trading in verified and certified timber.

Verified timber is in special demand in countries such as the UK and the Netherlands, which have always had many environmentally conscious consumers.

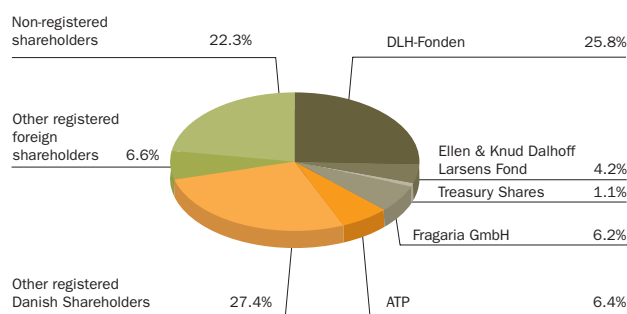
SHAREHOLDERS

Share capital

The share capital of DLH amounts to an aggregate nominal value of DKK 185,784,760, divided into Class B shares with a nominal value of DKK 167,034,760 and Class A shares with a nominal value of DKK 18,750,000. The Class B shares are listed by the OMX Nordic Exchange Copenhagen A/S and included in the MidCap+ segment. The Class A shares are owned by DLH-Fonden and unlisted.

In accordance with the articles of association Class A shares carry 10 votes while Class B shares carry one vote each.

COMPOSITION OF SHAREHOLDERS AS AT 06.03.2008



DLH has more than 3,000 shareholders, the composition of which is shown in the graph. DLH-Fonden is subject to the same trading restrictions on the company's shares as are imposed on the company and its supervisory board.

Shareholder and domicile at 13 March 2008

Shareholder	Shareholding	Share of votes*)
DLH-Fonden, Ved Stranden 18, P.O. Box 2034, DK-1012 Copenhagen K	25.85%	69.76%
Arbejdsmarkedets Tillægspension, Kongens Vænge 8, DK-3400 Hillerød	6.41%	3.83%
Fragaria GmbH, Hogenlohestrasse 40, DE-28209 Bremen	6.20%	3.71%

*) Calculated on the basis of voting registered shareholders.

Treasury share policy

By authority granted by the general meeting, a maximum of 10% of the share capital may be acquired.

At 31 December 2007 DLH's portfolio of treasury shares amounted to nominally DKK 1,867,000 shares, corresponding to 1% of the share capital.

Listing of the DLH-share

The price of DLH's Class B shares fell by 15% in 2007 and stood at DKK 90.2 at year-end (per share of DKK 10). In comparison the MidCap+ segment fell by 11%. In 2007 the liquidity of the DLH share increased, and DLH shares were traded at the listed price of DKK 7.0 million on average per day compared to DKK 5.2 million the year before.

By the turn of the year 2008 the group had more than 3,000 registered shareholders, the same as at the beginning of 2007. The ratio of registered foreign shareholders represented approximately 14%.

Investor relations

DLH encourages an open and active dialogue with existing and potential investors, financial analysts, and other stakeholders concerning the company's business development and financial position. Our aim is to provide the participants in the share market with the best possible information and thus enable them to make an objective assessment of the company's market value, thereby creating the basis for a fair price formation of the DLH-share.

Investor queries

Queries concerning the DLH Group, the business divisions and the annual report should be directed to Jørgen Møller-Rasmussen, President & CEO. Queries concerning shareholder issues should be directed to Claus Mejby Nielsen, IR Manager.

Stock brokers monitoring DLH

Danske Equities	Daniel Patterson	+45 45 12 80 45
Nordea Markets	Carsten Warren Petersen	+45 33 33 39 45
Kaupthing Bank	Klaus Kehl	+45 72 22 53 04

Key stock exchange announcements in 2007

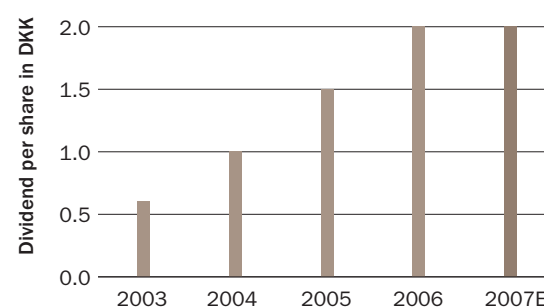
Announcement	Date
Announcement of Annual Report for 2006	21 March
Report for the three months ended 31 March 2007	23 May
DLH acquires Norwegian and Danish businesses	21 June
DLH acquires a Swedish business	28 June
Report for the six months ended 30 June 2007	23 August
Report for the nine months ended 30 September 2007	21 November
DLH acquires yet another Swedish business	13 December
DLH sells the Building Materials Division to enhance its focus on the international timber trade	20 December

Financial calendar 2008

Thursday 13 March	Annual announcement 2007
Wednesday, 16 April	Annual general meeting
Wednesday, 21 May	Report for the three months ended 31 March 2008
Tuesday 26 August	Report for the six months ended 30 June 2008
Thursday 20 November	Report for the nine months ended 30 September 2008

Proposals to the annual general meeting:**Dividend**

The supervisory board recommends to the general meeting that dividend is paid for 2007 in the amount of DKK 2 per issued share. The total annual dividend payment of DKK 37.2 million corresponds to 25% of the profit after tax and remains unchanged from last year. The supervisory board intends to make a dividend payment to shareholders annually at the rate of approximately 25% of the profit for the year after tax with due regard to the development plans of the group and its need for consolidation.

DIVIDEND PER SHARE IN DKK**Share buy-back programme**

In connection with the sale of DLH Træ & Byg A/S the launch of a share buy-back programme totalling DKK 100 million is suggested. The programme is to run in 2008 and will be implemented according to the "safe harbour" method. This is one of the management's ongoing endeavours to ensure the best possible capital structure for the group at the current level of activities.

Corporate governance

The supervisory board and group management of the DLH Group follow developments in corporate governance and are committed to improving the DLH Group's relationship with its shareholders and other stakeholders.

Management has actively addressed the recommendations for good corporate governance issued by the committee appointed by the Copenhagen Stock Exchange. To a large extent, these recommendations, which the supervisory board reviews on an ongoing basis, have already been implemented.

However, the management has decided not to comply with the recommendations outlined below:

Good Corporate Governance Revised Recommendations of the Stock Exchange Committee of August 2005 including changes of 6 February 2008	DLH practice
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V. Composition of the supervisory board

<p>1. Recruitment and election of supervisory board members</p> <p>It is recommended that the supervisory board ensure a formal, thorough and transparent process for the selection and nomination of candidates with a view to ensuring a board composition that provides the competences required to enable the supervisory board to perform its tasks in the best possible manner.</p> <p>As a way to achieve this, it is recommended that:</p> <ul style="list-style-type: none"> the supervisory board include a description of the nominated candidates' background in the notice convening the general meeting where the election of members to the supervisory board is on the agenda, and that such description include information about other directorships or management posts held by the candidates in both Danish and foreign companies as well as key organisational tasks performed by the individuals in question. the recruitment criteria established by the supervisory board be stated, including the requirements for professional qualifications, international experience, etc., which, in the opinion of the supervisory board, represent essential qualities with regard to the supervisory board, and that the owners of the company are given an opportunity to discuss these criteria. every year the supervisory board publish a profile of its composition and provide information about any special competence possessed by the individual members that is important for the performance of their duties. 	<p>Complied with in part.</p> <p>DLH-Fonden and the group of family shareholders both expect to nominate one or more candidates to the supervisory board. The supervisory board, including the chairman, is obliged to ensure that the composition and competences of the board meet the company's requirements. The supervisory board highlights the qualifications of nominees to the board and any executive positions they may hold in other companies and important organisations on the notice convening the general meeting.</p> <p>The supervisory board considers the informal internal evaluation sufficient to ensure the presence of the necessary competences. The executive functions published reflect the competences of the individual board members.</p>
<p>2. Introduction and training for members of the supervisory board</p> <p>It is recommended that new members joining the supervisory board be given an introduction to the company and that the chairman, in collaboration with each individual supervisory board member, decide whether it is necessary to offer the member in question relevant supplementary training.</p> <p>It is recommended that every year, the supervisory board assess whether the competence and expertise of the members need to be updated in some respect.</p>	<p>Complied with in part.</p> <p>Board members receive an introduction to their duties through a meeting with the chairman and the president & CEO. In addition, they may participate in relevant courses as the need arises.</p> <p>The supervisory board regards it as sufficient that the individual members in consultation with the chairman assess the need for any development of competences.</p>
<p>7. Time allocated to supervisory board work and the number of directorships</p> <p>It is recommended that a supervisory board member who is also a member of the executive board of an active company hold no more than three ordinary directorships or one chairmanship and one ordinary directorship in companies not forming part of the group except in extraordinary circumstances.</p>	<p>Complied with in part.</p> <p>Please refer to the annual report. Directorships in intra-group companies are not considered independent directorships.</p>

VI. Remuneration of the supervisory board and executive board

<p>2. Remuneration policy</p> <p>It is recommended that the supervisory board adopt a remuneration policy and that the company disclose the contents of such a policy in its annual report and on the company's website.</p> <p>It is recommended that the remuneration policy reflect the interests of the company and the shareholders that it be adapted to the company's circumstances and match the duties and responsibilities managed and that it promote long-term conduct and be transparent and easy to understand.</p> <p>It is recommended that the remuneration policy contain a statement explaining the base salary and the general guidelines for the incentive remuneration (including any variable payment), such as the conditions for earning/being awarded a bonus/profit share and/or share price-related incentive schemes etc. as well as for pension and severance pay schemes and other benefits. Disclosure of the relationship between the base salary, the incentive pay and the other elements in the remuneration package is part of the remuneration policy.</p> <p>It is recommended that any defined benefit plans be disclosed.</p> <p>It is recommended that the company's reporting of remuneration policy including incentive remuneration includes a statement explaining how such policy was carried out in the past financial year, how such policy is carried out in the current financial year and how the company plans to carry out it in the financial year ahead.</p> <p>It is recommended that the remuneration policy contain information that is clear and easy to understand by the individual shareholder and that will enable the shareholder to subsequently ascertain that the supervisory board complies with the remuneration policy and the guidelines adopted relating to incentive remuneration. Accordingly, the information submitted to and adopted by the general meeting prior to the grant and the information in the annual report showing actual events must match.</p> <p>It is recommended that the company's remuneration policy be mentioned in the chairman's review at the company's general meeting and that the remuneration of the supervisory board for the current financial year be presented for adoption at the general meeting at which the annual report for the previous year is submitted for adoption.</p>	<p>Complied with in part.</p> <p>The total remuneration of the supervisory and executive boards is designed to be in line with the market. The total remuneration of the supervisory board is shown in the annual report 2007. The chairman and the deputy chairman each receive a fee of 250% and 150 %, respectively, of the fee awarded to an ordinary board member.</p> <p>The base salary of the executive board is shown in the annual report 2007, whilst the general guidelines for incentive remuneration will be presented as an agenda item at the company's general meeting and will subsequently be disclosed on the company's website.</p> <p>In the view of the supervisory board such a statement would have no significant impact on stakeholders' perception of the company and its management.</p> <p>The remuneration package mentioned represents the gross pay and no additional defined contribution or defined benefit pension schemes have been set up for the executive and the supervisory boards.</p> <p>In the view of the supervisory board such a statement would have no significant impact on stakeholders' perception of the company and its management. For comparative figures please refer to the annual report 2007.</p> <p>The remuneration policy and guidelines for incentive remuneration will be considered at the general meeting in 2008 and will subsequently be disclosed on the company's website.</p> <p>In addition to the remuneration policy adopted at the general meeting it is only deemed relevant to disclose the total gross pay.</p>
<p>6. Severance schemes</p> <p>It is recommended that information about the most important aspects of severance schemes be disclosed in the company's annual report.</p>	<p>Not complied with.</p> <p>In the event of payment of severance pay to the executive board, the amount will be published in the annual report. The scheme is regarded as conforming to those of the market.</p>

VII. Risk management

<p>2. Plan for risk management</p> <p>It is recommended that the executive board prepare a plan for the company's risk management on the basis of the risks identified and submit this plan to the supervisory board for approval, and that the executive board regularly report to the supervisory board to allow the latter to systematically follow the trends in significant risk areas.</p>	<p>Complied with in part.</p> <p>Managing and reporting on financial and insurable risks has been fully implemented. The management of strategic and other operational risks will in future be expanded through more systematic processing.</p>
<p>3. Transparency of risk management</p> <p>It is recommended that the company's annual report include information about the company's risk management activities.</p>	<p>Complied with in part.</p> <p>In the annual report 2007 the company's risk profile for risk management measures already in place are explained in detail.</p>

VIII. Auditors

<p>3. Non-audit services</p> <p>It is recommended that once a year, the supervisory board lay down the overall, general scope of the auditors' provision of non-audit services with a view to ensuring the independence of the auditors etc.</p>	<p>Complied with in part.</p> <p>The supervisory board is briefed on an ongoing basis about non-audit services, such as ad hoc tasks including tax, accounting standards and advice in connection with acquisitions.</p>
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Asbjørn Børsting

Joined the supervisory board in 2002

Born: 1955

Positions of trust:

CEO of DLG a.m.b.a.

Chairman of the supervisory board of the Danish Research Institute of Food Economics. Chairman and member of the supervisory board of subsidiaries and associated companies of the DLG Group. Member of the supervisory board of DLF-Trifolium A/S. Member of the advisory board of Danske Bank A/S.

Arne Vierø

Joined the supervisory board in 1993

Born: 1938

Positions of trust:

CEO and member of the supervisory board of AV-Byggeentreprise A/S. Chairman of the supervisory board of Micro Clean A/S, Skimmel Rens ApS and KTN A/S. Member of the board of governors of Statistics Denmark. Member of the supervisory board of DLH-Fonden.

Stig Christensen

Joined the supervisory board in 1997

Born: 1945

Positions of trust:

CEO of Ove K. Invest A/S. Chairman of the supervisory boards of Cabinplant A/S, Penol A/S, Wamatech A/S, Repro Holding Vejle A/S, Repro Centret Vejle A/S, R.C. Media A/S and Metaphor Reklamebureau A/S. Member of the supervisory boards of Martin Gruppen A/S.

Niels Oluf Kyed

Joined the supervisory board in 1999

Born: 1937

Positions of trust:

Chairman of the supervisory boards of Compact A/S, Danske Spil A/S, Dissing + Weitling arkitektfirma a/s, E. Michaelis & Co. A/S, Adviv Advokater A/S and Advokataktieselskabet Kyed & Jybæk A/S. Deputy chairman of the supervisory board of Danske Invest Administration A/S. Member of the supervisory board of Stenshoved & Søgaard A/S.

Aksel Lauesgaard Nissen

Joined the supervisory board in 2007

Born: 1944

Positions of trust:

Member of the supervisory board of BRF Kredit A/S and of the committee of representatives in Tryk i Danmark smba.

Wilhelm Schnyder

Joined the supervisory board in 2006

Born: 1943

Positions of trust:

CEO of Fragaria GmbH (the former Lignum Unternehmensbeteiligungs GmbH).

Member of the supervisory board of Rhein Treuhand & Consulting AG, Titradeo AG, CBA Commerce des Bois Africains SA and Vasto Legno SpA.

Erik Søndergaard

Joined the supervisory board in 2004

Born: 1945

Positions of trust:

Chairman of the supervisory board of FORCE Technology. Member of the supervisory boards of Dansk Erhvervsinvestering A/S and Dansk Innovationsinvestering P/S.

Morten Bergsten

Joined the supervisory board in 2002

Born: 1966

Elected by the employees of the group.

Jesper Birkefeldt

Joined the supervisory board in 2006

Born: 1965

Elected by the employees of the group.

Jørgen Møller-Rasmussen, President & CEO

Joined the executive board in October 1998

Born: 1947

Positions of trust:

Chairman of the supervisory board of Intervare A/S. Member of the supervisory board of A/S Dantherm.

INCOME STATEMENT

Click note number to go to note

Note	(DKK million)	Group		Parent company	
		2007	2006	2007	2006
3	Revenue	5,719.8	5,482.0	-	-
4	Cost of sales	(4,617.1)	(4,462.1)	-	-
7	Staff costs related to production	(117.2)	(123.4)	-	-
	Gross profit	985.5	896.5	-	-
5	Other operating income, net	20.5	58.7	48.4	47.6
6	Other external expenses	(305.2)	(286.5)	(45.0)	(38.8)
7	Other staff costs	(364.6)	(357.4)	(48.0)	(46.2)
	Operating profit before depreciation and amortisation (EBITDA)	336.2	311.3	(44.6)	(37.4)
8	Depreciation and amortisation	(91.8)	(87.1)	(7.3)	(6.3)
	Operating profit (EBIT)	244.4	224.2	(51.9)	(43.7)
	Net financials:				
9	Share of profit after tax on investments in joint ventures	(0.2)	(0.1)	-	-
10	Financial income	15.0	16.5	173.5	111.1
11	Financial expenses	(100.7)	(97.0)	(58.6)	(53.5)
	Profit on continuing operations before tax (EBT)	158.5	143.6	63.0	13.9
12	Tax for the year on the profit of continuing operations	(58.3)	(39.7)	14.8	15.1
	Profit for the year of continuing operations	100.2	103.9	77.8	29.0
30	Profit for the year of discontinued operations	46.5	48.1	-	-
	Profit for the year	146.7	152.0	77.8	29.0
13	Earnings per share:				
	Earnings per share (EPS)	7.98	8.38	-	-
	Diluted earnings per share (EPS-D)	7.94	8.35	-	-
	Earnings per share for continuing operations	5.45	5.73	-	-
	Diluted earnings per share for continuing operations	5.42	5.71	-	-
	Recommended appropriation of profits:				
	Dividend proposed 20% (2006: 20%) per share of DKK 10 each			37.2	37.2
	Retained earnings			40.6	(8.2)
				77.8	29.0

BALANCE SHEET AT 31 DECEMBER

Click note number to go to note

Assets		Group		Parent company	
Note	(DKK million)	2007	2006	2007	2006
Non-current assets:					
14	Intangible assets:				
	Goodwill	167.4	133.3	-	-
	IT projects	20.4	8.9	20.4	8.9
	Other intangible assets	76.0	9.5	-	-
		263.8	151.7	20.4	8.9
14	Property, plant and equipment:				
	Land and buildings	246.8	354.7	0.7	0.7
	Plant and machinery	97.8	115.6	-	-
	Fixtures and fittings, other plant and equipment	79.7	81.4	3.4	4.4
	Property, plant and equipment under construction	11.3	25.9	-	-
		435.6	577.6	4.1	5.1
Other non-current assets:					
15	Investments in subsidiaries	-	-	691.3	844.0
	Receivables from group enterprises	-	-	396.9	395.7
9	Investments in joint ventures	1.3	1.7	-	-
16	Other investments and securities	3.7	7.3	-	-
17	Deferred tax	20.3	22.2	7.8	8.9
		25.3	31.2	1,096.0	1,248.6
Total non-current assets		724.7	760.5	1,120.5	1,262.6
Current assets:					
Inventories:					
4	Manufactured goods and goods for resale	1,704.0	1,659.4	-	-
	Prepayment for goods	89.0	109.2	-	-
		1,793.0	1,768.6	-	-
Receivables:					
18	Trade receivables	669.3	886.0	-	-
	Receivables from group enterprises	-	-	661.1	502.9
17	Income taxes receivable	4.4	5.3	18.2	26.7
	Other receivables	103.9	94.7	3.5	7.3
	Prepaid expenses	19.0	21.7	6.2	3.4
		796.6	1,007.7	689.0	540.3
	Cash	56.3	124.2	0.1	-
30	Assets held for sale	634.1	-	152.7	-
Total current assets		3,280.0	2,900.5	841.8	540.3
Total assets		4,004.7	3,661.0	1,962.3	1,802.9

Click note number to go to note

Liabilities and equity		Group		Parent company	
Note	(DKK million)	2007	2006	2007	2006
	Equity:				
	Share capital	185.8	185.8	185.8	185.8
	Hedging reserve	(0.3)	11.4	(0.4)	9.8
	Foreign currency translation adjustment reserve	(13.2)	(10.9)	-	-
	Retained earnings	962.7	844.8	399.4	351.0
	Dividend proposed	37.2	37.2	37.2	37.2
19	Total equity	1,172.2	1,068.3	622.0	583.8
	Non-current liabilities:				
20	Pensions and similar provisions	14.2	11.2	-	-
17	Deferred tax	41.2	23.0	-	-
21	Provisions	47.0	25.5	-	-
22	Subordinated loan	111.8	111.8	111.8	111.8
22	Mortgage credit institutions	-	49.6	-	-
22	Credit institutions	685.0	715.2	632.2	648.5
22	Leasing commitments	0.6	4.9	-	-
		899.8	941.2	744.0	760.3
	Current liabilities:				
22	Credit institutions	1,134.3	1,084.6	380.0	201.0
	Trade payables and other payables	453.5	520.8	41.2	39.0
22	Current portion of non-current liabilities	5.7	12.4	0.5	1.9
	Payables to group enterprises	-	-	174.6	215.0
17	Income taxes	35.3	26.3	-	-
21	Provisions	9.1	3.7	-	1.9
	Deferred income	4.0	3.7	-	-
		1,641.9	1,651.5	596.3	458.8
30	Liabilities relating to assets held for sale	290.8	-	-	-
	Total liabilities	2,832.5	2,592.7	1,340.3	1,219.1
	Total liabilities and equity	4,004.7	3,661.0	1,962.3	1,802.9
23	Financial risks				
24	Assets charged				
25	Contingent liabilities				
26	Related parties				
27	Acquisition of businesses				
28	Subsequent events occurring after the end of the financial year				
29	New accounting regulation				

STATEMENT OF RECOGNISED INCOME AND EXPENSES

 [Click note number to go to note](#)

Note	(DKK million)	2007	2006
Group			
	Foreign currency translation adjustments on conversion of foreign operations	(16.4)	(16.4)
	Foreign exchange gains on hedging instruments concluded to hedge investments in foreign operations	19.1	5.2
	Value adjustment of hedging instruments:		
	Value adjustments for the year	(0.3)	2.6
	Value adjustments transferred to revenue	(2.4)	1.5
	Value adjustments transferred to cost of sales	-	(0.3)
	Value adjustments transferred to financials, net	(0.2)	2.4
	Actuarial gains/(losses) on defined benefit plans	(0.2)	-
	Tax on items recognised directly in equity	(4.0)	(3.8)
	Net income recognised directly in equity	(4.4)	(8.8)
	Profit for the year	146.7	152.0
19	Income and expenses recognised for the year	142.3	143.2
	These may be broken down as follows:		
	Income and expenses recognised for the year, continuing operations	95.8	95.1
	Income and expenses recognised for the year, discontinued operations	46.5	48.1
Parent company			
	Value adjustment of hedging instruments:		
	Value adjustments for the year	(0.4)	1.2
	Value adjustments transferred to financials, net	(1.2)	1.9
	Tax on items recognised directly in equity	(0.4)	(0.9)
	Net income recognised directly in equity	(1.2)	2.2
	Profit for the year	77.8	29.0
19	Income and expenses recognised for the year	76.6	31.2


CASH FLOW STATEMENT

Click note number to go to note

Note	(DKK million)	Group		Parent company	
		2007	2006	2007	2006
	Profit before tax	158.5	143.6	63.0	13.9
	Adjustment for non-cash operating items etc.:				
	Depreciation and amortisation	91.8	87.1	7.3	6.3
	Other non-cash operating items, net	0.5	(26.0)	2.3	22.0
	Provisions	7.1	1.0	(1.9)	(1.5)
	Share of result after tax in joint ventures	0.2	0.1	-	-
	Financial income	(15.0)	(16.5)	(173.5)	(111.1)
	Financial expenses	100.7	97.0	58.6	53.5
	Operating cash flow before changes in working capital	343.8	286.3	(44.2)	(16.9)
	Changes in working capital:				
	Inventories and prepayments	(177.3)	(75.2)	-	-
	Trade receivables	46.9	(3.1)	-	-
	Trade payables and other payables	(1.1)	10.0	(3.3)	6.3
	Other operating debt, net	(54.4)	(18.9)	5.3	21.5
	Operating cash flow	157.9	199.1	(42.2)	10.9
	Financial income, paid	14.9	16.5	173.5	111.2
	Financial expenses, paid	(101.8)	(86.5)	(58.7)	(43.3)
	Income taxes paid	(36.6)	(41.7)	22.6	6.9
	Cash flow from operating activity	34.4	87.4	95.2	85.7
	Acquisition of intangible assets	(15.1)	(2.2)	(15.1)	(2.2)
	Acquisition of property, plant and equipment	(80.1)	(81.9)	(2.5)	(2.9)
	Sale of intangible assets and property, plant and equipment	5.6	49.4	-	-
27	Acquisition of enterprises	(144.8)	(227.5)	-	(214.6)
15	Sale of subsidiaries	-	-	-	37.7
9	Acquisition of shares in joint ventures	-	(1.8)	-	-
	Acquisition/sale of securities	2.0	0.2	-	-
	Cash flow from investment activity	(232.4)	(263.8)	(17.6)	(182.0)
	Cash flow from operating activity and after investments	(198.0)	(176.4)	77.6	(96.3)
	Raising/repayment of debt to mortgage credit institutions and leasing commitments	0.7	(13.0)	-	(13.0)
	Raising/repayment from credit institutions	131.1	275.2	161.3	103.3
	Raising/repayment of intra-group accounts, net	-	-	(199.9)	30.7
	Proceeds from capital increase	-	1.5	-	1.5
19	Acquisition/sale of treasury shares	(1.7)	1.1	(1.7)	1.1
	Dividend paid	(37.2)	(27.5)	(37.2)	(27.5)
	Cash flow from financing activity	92.9	237.3	(77.5)	96.1
	Cash flow from discontinued operations	38.4	21.6	-	-
	Cash flow for the year	(66.7)	82.5	0.1	(0.2)
	Cash at 1 January	124.2	41.8	-	0.2
	Foreign currency translation adjustment of cash	-	(0.1)	-	-
	Cash at 31 December	57.5	124.2	0.1	-
	Of which cash relating to discontinued operations	1.2	1.6	-	-

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1 Accounting policies:

Dalhoff Larsen & Horneman A/S is a limited liability company domiciled in Denmark. This annual report for the period 1 January to 31 December 2007 consists of the consolidated annual report of Dalhoff Larsen & Horneman A/S and its subsidiaries (the DLH Group) and the annual report of the parent company.

The 2007 annual report of Dalhoff Larsen & Horneman A/S has been prepared in accordance with International Financial Reporting Standards as approved by the EU and additional Danish disclosure requirements for annual reports of listed companies in accordance with the OMX Nordic Exchange Copenhagen A/S disclosure requirements for annual reports of listed companies and the IFRS order issued in pursuance of the Danish Financial Statements Act.

In addition, the annual report is in compliance with the International Financial Reporting Standards (IFRS) issued by the IASB.

Basis of preparation

The annual report is presented in DKK millions rounded to one decimal point.

The annual report has been prepared under the historical cost convention, except for assets and liabilities relating to derivative financial instruments that are measured at fair value.

Non-current assets and disposal groups held for sale are measured at the carrying amount before the changed classification or the fair value less sales costs, whichever is the lower.

The accounting policies applied, as described below, have been used consistently during the financial year and for the comparative figures.

Change in accounting policies

With effect from 1 January 2007 Dalhoff Larsen & Horneman A/S has implemented IFRS 7 Financial Instruments: Disclosures and IAS 1 (updated 2005) Presentation of Financial Statements as well as IAS 32 (updated 2005) Financial Instruments: Disclosure and Presentation and IFRICs 7-10.

The new accounting standards and interpretations have had no impact on recognition and measurement, and the accounting policies applied therefore remain unchanged from last year. The new standards result in changes to the notes only. In the notes, the comparative figures have been restated accordingly.

The new accounting standards/interpretations have had no effect on earnings per share and earnings per share diluted.

Consolidated financial statements

The consolidated financial statements comprise the parent company Dalhoff Larsen & Horneman A/S and subsidiaries in which the parent company has control, i.e. the power to govern the financial and operating policies so as to benefit from its operations. Control is obtained when the company, directly or indirectly, holds more than 50% of the voting rights in the subsidiary or controls the subsidiary in some other way.

Entities over which the DLH Group exercises joint, either through ownership or contracts concluded, are treated as joint ventures.

When determining if the parent company has control or joint control over an entity, potential voting rights that can be exercised on the balance sheet date are taken into consideration.

Please refer to page 70 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 the DLH Group 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 enterprises. Unrealised gains on transactions with joint ventures are eliminated in proportion to the DLH Group's ownership share of the enterprise. Unrealised losses are eliminated in the same way as unrealised gains to the extent that impairment has not taken place.

Investments in subsidiaries are set off against the proportional share of the subsidiaries' fair value of identifiable net assets and recognised contingent liabilities at the acquisition date.

In the consolidated financial statement, accounting items of subsidiaries are recognised in full.

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions.

For acquisitions of new enterprises in which the parent company obtains control over the acquired enterprise, the purchase method is used. The acquired enterprises' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise

from a contractual right, and the fair value can be reliably measured. Deferred tax on the revaluations is recognised.

The acquisition date is the date on which the parent company obtains actual control of the acquired entity.

Any positive difference (goodwill) between the cost of the enterprise and the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill under intangible assets. Goodwill is not amortised, but is tested at least once a year for impairment. The first impairment test is performed before the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test. Goodwill and fair value adjustments in connection with the acquisition of a foreign unit with a functional currency different from the presentation currency used in the DLH group's financial statements are treated as assets and liabilities belonging to the foreign unit and translated into the foreign unit's functional currency at the exchange rate prevailing at the transaction date. Negative differences (negative goodwill) are recognised in the income statement at the acquisition date.

The cost of an entity consists of the fair value of the agreed consideration for the acquisition with the addition of costs directly attributable to the acquisition. If parts of the consideration for the acquisition are tied to future events, these parts are included in the cost to the extent that the events are probable and the consideration can be made up reliably.

If uncertainties regarding the measurement of identifiable assets, liabilities and contingent liabilities acquired exist at the acquisition date, initial recognition will take place on the basis of preliminary fair values. If identifiable assets, liabilities and contingent liabilities are subsequently determined to have different fair values at the acquisition date than first assumed, goodwill is adjusted until 12 months after the acquisition. The effect of the adjustments is recognised in the opening balance equity and the comparative figures are restated accordingly. Subsequently, goodwill is only adjusted as a result of changes in estimates of contingent purchase considerations, except in cases of material error. However, subsequent realisation of the acquired enterprise's deferred tax assets not recognised at the acquisition date will require recognition of the tax benefit in the income statement and simultaneous write-down of the carrying amount of the goodwill to the amount which would have been recognised had the deferred tax asset been recognised as an identifiable asset at the acquisition date.

Gains or losses on disposal or closing of subsidiaries and joint ventures are stated as the difference between the sales price or closing costs and the carrying amount of net assets including goodwill at the date of disposal plus disposal or closing costs.

Foreign currency translation

The DLH Group fixes a functional currency for each of the reporting enterprises. The functional currency is the currency which is applied in the primary economic environment in which the individual reporting unit 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 exchange 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 at which the receivable or payable item arose, or was recognised in the latest annual report, is recognised in the income statement as financial income or financial expenses.

On recognition in the consolidated financial statements of enterprises with a functional currency other than DKK the income statements of such enterprises are translated to the rate prevailing at the transaction date, and the 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 to the extent that this does not significantly distort the presentation of the underlying transactions. Foreign exchange differences arising on translation of the opening balance of equity of such enterprises 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 directly in equity under a separate foreign currency translation reserve.

Foreign exchange rate adjustments of balances which are considered part of the overall net investment in enterprises with a functional currency other than DKK are recognised in the consolidated financial statements directly in equity under a separate foreign currency translation reserve. Correspondingly, foreign exchange gains and losses on the part of loans and derivative financial instruments which are designated as hedges of investments in such enterprises and efficiently hedge against corresponding foreign exchange gains and losses on the investment in the enterprise are also recognised in the consolidated financial statements directly in equity under a separate foreign currency translation reserve.

When accounting for joint ventures with a functional currency other than DKK in the consolidated financial statements the share of the profit for the year is translated at average exchange rates and the share of equity including goodwill is translated to the rate prevailing at the balance sheet date. Foreign exchange differences arising on translation of the opening balance of equity of such joint ventures at the exchange rates prevailing at the balance sheet date and on translation of the share of the profit for the year from the exchange rates prevailing at the transaction date to the exchange rates prevailing at the balance sheet date are recognised directly in equity under a separate foreign currency translation reserve.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at fair value on the transaction date. Positive or negative fair values of derivative financial instruments are included in other receivables, trade payables and other debts, respectively, and a set-off of positive and negative values is only made when the company has the right and the intention to settle more financial instruments net. Fair values of derivative financial instruments are determined on the basis of current market data and generally accepted methods of measurement.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with changes in the value of the hedged asset or liability as far as the hedged portion is concerned. Hedging of future cash flows in accordance with an agreement (firm commitment), apart from foreign currency hedges, is treated as a fair value hedge of a recognised asset or liability.

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge that is an effective hedge of changes in the value of the hedged item are recognised in equity under a separate hedging reserve, until the hedged transaction has been realised. Once the hedged transaction is realised, gains or losses incidental to such hedging transactions are transferred from the equity and recognised in the same line item as the hedged item. However, on hedging proceeds from future loans, gains or losses incidental to the hedging transaction will be transferred from the equity over the term of the loan.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments used to hedge net investments in foreign subsidiaries and joint ventures that are effective hedges of currency fluctuations in these enterprises are recognised in the consoli-

dated financial statements directly in a separate foreign currency translation reserve in equity.

INCOME STATEMENT

Revenue

Revenue 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.

Revenue 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 revenue.

Cost of sales

Cost of sales comprises costs which are incurred in order to generate the revenue for the year. Trading entities recognise costs of goods sold and production entities recognise production costs corresponding to the revenue for the year. Production costs include direct and indirect costs of raw materials, auxiliary materials, wages and salaries.

Other operating income and expenses

Other operating income and expenses comprise items secondary to the principal operations of the enterprises, including gains and losses on disposal and replacement of intangible assets and property, plant and equipment. Gains and losses on the disposal of intangible assets and property, plant and equipment are determined as the sales price less selling costs and the carrying amount at the selling date.

Other external expenses

Other external expenses comprise expenses, excluding staff costs, incurred in distributing goods sold during the year and costs, excluding staff costs, incurred in conducting sales activities during the year as well as expenses for management and administration.

Share of profit in joint ventures in the consolidated financial statements

In the consolidated income statement of the DLH Group, the proportional share of the profit in joint ventures after tax and after the elimination of the proportional share of internal gains/losses, is recognised.

Dividends from investments in subsidiaries in the financial statements of the parent company

Dividends from investments in subsidiaries are recognised as income in the income statement of the parent company in the financial year in which the dividends are declared. However, to the extent that the dividend distributed exceeds the accumulated earnings after the acquisition date dividends are recognised as a write-down of the cost of the investment.

Financial items

Financial income and expenses comprise interest income and expenses, gains and losses on securities and impairment of securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities, including leasing commitments, as well as surcharges and refunds under the on-account tax scheme, etc. Furthermore, realised and unrealised gains and losses relating to derivative financial instruments which do not qualify as hedging contracts are also recognised.

Tax on profit for the year

The parent company is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed companies in proportion to their taxable income. Companies that use tax losses from other companies pay joint tax contribution to the parent company at an amount corresponding to the tax base of the used tax losses while companies whose tax losses are used by other companies receive joint tax contributions from the parent company corresponding to the tax base of the used losses (full allocation). The jointly taxed companies are taxed under the on-account tax scheme.

Tax for the year, which comprises current tax and changes in deferred tax, is recognised in the income statement at the amount relating to the profit for the year and directly in equity as regards the portion relating to items recognised directly in equity.

If the DLH Group obtains a tax deduction on computation of the taxable income in Denmark or in foreign jurisdictions as a result of share-based payment schemes, the tax effect of the schemes is recognised in tax on the profit/loss for the year. However, if the total tax deduction exceeds the total accounting cost expense, the tax benefit for the excess deduction is recognised directly in equity.

BALANCE SHEET:**Intangible assets****Goodwill**

Goodwill is initially recognised in the balance sheet at cost as described under "Business combinations". Subsequently goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the DLH Group's cash-generating units at the acquisition date. The identification of cash-generating units is based on the management structure and internal financial control. Based on the integration of acquired enterprises into the existing group the management estimates that the smallest cash-generating units to which the carrying amount of goodwill can be allocated are the commercial divisions.

IT projects

Development costs comprise expenses attributable to the company's IT projects.

IT projects that are clearly defined and identifiable and whose utilisation in the company is evidenced, are recognised as intangible assets provided that the cost can be measured reliably.

Recognised IT projects are measured at cost less accumulated amortisation and impairment losses.

On completion of the development of the IT projects, development costs are amortised on a straight line basis over the estimated useful life of the assets, commencing at the time when the asset is ready for use. The amortisation period is usually 1 to 5 years. The basis of amortisation is calculated less any impairment losses.

Other intangible assets

Other intangible assets, including intangible assets acquired in connection with business combinations, covering certification costs, forest concessions and the value of customer relations are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised on a straight line basis over the expected useful life of the asset. The amortisation period is usually 5 to 15 years.

Intangible assets with indefinite useful lives are not amortised, but tested annually for impairment losses.

Property, plant and equipment**Land and buildings, plant and machinery and fixtures and fittings, other plant and equipment**

Land and buildings, plant and machinery and fixtures and fittings, 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 expected useful lives of different parts of a combined asset are not the same, the cost is split into separate parts which are then depreciated separately using different estimated lives.

The cost of assets held under finance leases is stated at the lower of the fair value of the assets and the present value of the future minimum lease payments. For the calculation of the present value, the interest rate implicit in the lease or an approximation thereof is used as the discount rate.

Subsequent costs, e.g. in connection with the replacement of components of property, plant and equipment, are recog-

nised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the DLH Group. The replaced components are removed from the balance sheet and recognised in the income statement. All other costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Depreciation is charged on a straight-line basis over the expected useful lives of the assets/components under this heading, which 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 made up considering the residual value of the asset and reduced by 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 line item in the income statement.

Other non-current assets

Investments in joint ventures

In the consolidated financial statements investments in joint ventures are measured under the equity method measuring the investment in the balance sheet at the proportional share of the entity's equity determined in accordance with the DLH Group's accounting policies.

Investments in subsidiaries

Investments in subsidiaries are measured at cost in the parent company's financial statements. Where the recoverable amount is lower than cost, investments are written down to this lower value.

Cost is reduced by dividend distributed that exceeds the accumulated earnings after the acquisition date.

Other investments and securities

Other investments and securities not included in the DLH Group's trading portfolio (available for sale) are recognised under non-current assets at cost at the transaction date and are measured at the estimated fair value measured on the basis of current market data and generally accepted

valuation methods for unlisted securities. Unrealised value adjustments are recognised directly in equity. On realisation, the accumulated value adjustment recognised in equity is transferred to financial income or financial expenses in the income statement.

Impairment of non-current assets

Goodwill and intangible assets with indefinite useful lives are subject to annual impairment tests, initially before the end of the acquisition year. Similarly, development projects in progress are subject to an annual impairment test.

The carrying amount of goodwill is impairment tested together with the other non-current assets in the cash-generating unit to which goodwill is allocated and written down to the recoverable amount over the income statement if the carrying amount is higher. The recoverable amount is determined as the present value of expected future net cash flows from the enterprise or activity (cash-generating unit) 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 tested 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 higher of an 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 unit of which the asset is part.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under depreciation and amortisation. However, impairment losses on goodwill are recognised in a separate line item in the income statement.

Impairment losses on goodwill are not reversed. Impairment losses on long-term assets are only reversed in connection with changes in the assumptions and estimates underlying the impairment calculation. Impairment is 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.

Inventories

Inventories are measured at cost according to the FIFO method or net realisable value, whichever is the lower.

The cost of goods for resale, raw materials and auxiliary materials comprises the purchase price plus delivery costs.

The cost of manufactured goods comprises the cost of raw materials, auxiliary materials, direct wages as well as production overheads. Production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of the plant and machinery, buildings and equipment applied in the production process as well as costs of administration and management.

The net realisable value of inventories is determined as the sales price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost. Write-downs are made to provide for losses where there is an indication that impairment has taken place. Write-downs are made at the individual level and at portfolio level.

Prepaid expenses

Prepaid expenses are recognised under assets, comprising costs paid concerning subsequent financial years and are measured at 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 interim dividends is made.

Treasury shares

Costs of acquisition, sales proceeds and dividends received from treasury shares are recognised directly over retained earnings in equity.

Proceeds from the sale of treasury shares or issue of shares in the parent company in connection with the exercise of share options or employee shares are recognised directly in equity.

Foreign currency translation reserve

The foreign currency translation reserve contains all foreign currency translation adjustments arising on translation of the financial statements of units with a functional currency other than Danish Kroner, foreign currency translation adjustments relating to assets and liabilities that are part of the DLH Group's net investments in such units and foreign currency translation adjustments relating to hedg-

ing transactions that hedge the DLH Group's net foreign currency investments in such units.

On full or partial realisation of the net investment, the foreign exchange differences are recognised in the income statement.

EMPLOYEE BENEFITS

Defined benefit plans and similar long-term liabilities

The DLH Group has entered into pension and similar agreements with a majority of the DLH Group's employees.

Liabilities regarding defined contribution plans, where the DLH Group pays in agreed pension contributions to independent pension funds are recognised in the income statement in the period when earned, and any payable amounts on the balance sheet date are included in the balance sheet under other payables.

For defined benefit plans an actuarial calculation is made up annually (Projected Unit Credit Method) for the present value of the future payments which have to be paid in accordance with the plan. The present value is determined on the basis of assumptions concerning future developments in factors such as salary development, interest rates, inflation and mortality rates. The present value is calculated only on benefits which employees have earned during their employment with the DLH Group till the present time. The actuarial calculation of the present value of the obligation less the fair value of any assets relating to the pension plan is recognised under pension liabilities.

In the income statement, pension costs for the year are included based on actuarial estimates and financial expectations at the beginning of the year. Differences between the expected developments in assets and liabilities under the pension plan and the actual values at the end of the year are labelled as actuarial gains or losses and are recognised directly in equity.

Changes in benefits relating to earnings by the employees till the present time will result in changes in the actuarial calculation of the present value and are considered historical costs. Historical costs are charged to the income statement immediately if employees have gained a right to the changed benefit. Otherwise, the historical cost is recognised for the period in which the right is earned.

If a pension plan is a net asset, the asset is only recognised to the extent that it is offset by future repayments under the plan or will result in future reduced payments into the plan.

Share options

The value of services received as consideration for options allotted is measured at the fair value of the options allotted.

For equity-settled schemes, share options are measured at the fair value at the allotment date and recognised in the income statement under staff costs over the period where rights are earned (the vesting period). The counter item is recognised directly in equity.

On initial recognition of the share options the company estimates the number of options the staff expects to vest as per the service condition described in note 7. Subsequently, the estimate is revised for changes in the number of options vested so that recognition is based on the number of options ultimately vested.

The fair value of options allotted is estimated using an option pricing model. The estimate takes into account the terms and conditions upon which the options were allotted.

Employee shares

When DLH Group employees are offered the possibility of subscribing for shares at a rate lower than the market price, the benefit element is included as cost under staff costs. The counter item is recognised directly in equity. The benefit element is recognised on the date of the subscription as the difference between the market price and the subscription price of the shares.

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 on account.

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 is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes where temporary differences, apart from business combinations, arise at the acquisition date without affecting either profit/loss for the year or taxable income. In cases where 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 unit and jurisdiction.

Deferred tax is adjusted for the elimination of unrealised intragroup 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 income statement.

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 embodying economic benefits to settle the obligation.

The amount recognised as a provision is the management's best estimate of the expenses required to settle the obligation.

On measuring provisions, the costs required to settle the liability are discounted if the effect is material to the measurement of the provision. A pre-tax discount factor that reflects the current market interest rate level as well as risks specific to the liability is used. 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 on the balance sheet date to the persons affected by the plan. In connection with business combinations, provisions for restructuring costs in the acquired business are only included in goodwill when a constructive obligation for the acquired entity exists at the date of acquisition.

Financial liabilities

Amounts owed to credit institutions etc. are recognised at the date of borrowing at the net proceeds received less transaction costs. In subsequent periods financial liabilities are measured at amortised cost using the "effective rate of interest method" and the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan.

Financial liabilities also include the capitalised residual commitment under finance leases, measured at amortised cost.

Other liabilities are measured at amortised cost.

Leasing

For accounting purposes leasing commitments are divided into commitments under finance leases and commitments under operating leases.

A lease is classified as a finance lease when in all material aspects it transfers the risks and rights of ownership of the leased asset. Other leases are classified as operational leases.

The accounting treatment of assets held under finance leases and the associated liability is described in the sections regarding property, plant and equipment and financial liabilities, respectively.

Leasing payments relating to operating leases are recognised in the income statement on a straight line basis over the leasing period.

Deferred income

Deferred income is recognised as a liability, comprising payments received relating to income in subsequent years and measured at cost.

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 disposed of together in the case of a sale or similar 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 that are 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, whichever is the lower, less selling costs. Depreciation and amortisation is not charged for assets from the time when they are classified as "held for sale".

Impairment losses arising upon the initial classification as "held for sale" and gains or losses on the subsequent measurement at carrying amount or fair value less selling costs, whichever is the lower, are recognised in the income statement under the relevant items. 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.

Presentation of discontinued operations

Discontinued operations constitute a significant part of an entity where operations and cash flows, in terms of operations and accounting, can be clearly separated from the remaining business and where 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 enterprises that have been classified as "held for sale" in connection with acquisition.

The result 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 revenue, costs, value adjustments and tax for the discontinued activity. Assets and the related liabilities for 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 specified in the notes.

Cash flow statement

The cash flow statement shows the group's cash flow divided into operating activities, investing 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 and at the end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the acquisition date. Cash flows from disposals of enterprises are recognised up until the date of disposal.

Cash flows from operating activities are determined according to the indirect method as profit/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 investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities, intangible assets and of property, plant and equipment and other non-current assets as well as 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 size 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 flow relating to assets under finance leases is 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 on the transaction date.

The cash flow statement can not be generated from the published financial statements only.

Segment information

Information is provided on business segments (divisions) which represent the DLH Group's primary segmenting format, with geographical markets as the secondary format.

Segment information follows the DLH Group's risks as well as management and internal financial monitoring. Segment information is provided in accordance with the DLH Group's accounting policies.

Segment revenue and costs as well as segment assets and liabilities comprise items which are directly attributable to the individual segment and items which can be allocated to the individual segment on a reliable basis. Unallocated items primarily comprise assets and liabilities and income and expenses related to the DLH Group's administrative functions.

Segment allocation of revenue on geographical markets follows the location of customers. Assets are allocated based on their physical location.

Invested capital is defined as the sum of non-current and current assets less non-interest-bearing liabilities. Invested capital is calculated as a weighted average.

Return on invested capital is calculated as EBITA from continuing operations as a percentage of the average capital invested.

Financial ratios

The financial ratios have been calculated in accordance with the Recommendations & Financial Ratios 2005 issued by the Danish Society of Financial Analysts.

Gross margin	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit for ratio analysis	=	Profit on ordinary activities after tax
Operating margin	=	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on equity	=	$\frac{\text{Profit for ratio analysis} \times 100}{\text{Average equity}}$
Equity ratio	=	$\frac{\text{Equity at year-end} \times 100}{\text{Consolidated balance sheet total at year-end}}$
Equity ratio including subordinated loan	=	$\frac{\text{Equity} + \text{subordinated loan} \times 100}{\text{Consolidated balance sheet total at year-end}}$
Return on invested capital incl. goodwill (ROIC incl. goodwill)	=	$\frac{\text{EBITA}}{\text{Average invested capital incl. goodwill}}$
Book value	=	$\frac{\text{Equity at year-end}}{\text{Number of shares in issue at year-end}}$
Price/book value (P/BV)	=	$\frac{\text{Share price (year-end)}}{\text{Book value}}$
Earnings per share (EPS)	=	$\frac{\text{Profit for ratio analysis}}{\text{Average number of shares in issue}}$
Diluted earnings per share	=	$\frac{\text{Profit for ratio analysis}}{\text{Diluted average number of shares}}$
Cash flow per share	=	$\frac{\text{Cash flow from operations}}{\text{Average number of shares in issue}}$
Dividend per share (DPS)	=	$\frac{\text{Dividend rate} \times \text{nominal value of share}}{100}$
Price earnings ratio (P/E)	=	$\frac{\text{Market price per share}}{\text{Earnings per share}}$

2 Accounting estimates and assessments:

DLH's consolidated annual report for 2007 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies. In its preparation of the annual report the management makes a number of accounting estimates that form the basis of the recognition and measurement of the group's assets and liabilities. The key accounting estimates and assessments are outlined below. Please refer to note 1 for a detailed description of the group's accounting policies.

Estimation uncertainty:

Determining the carrying amounts of certain assets and liabilities requires assessments, estimation and assumptions of future events.

The estimates and assumptions applied are based on past experience and other factors that are deemed sound by the management in the circumstances, but which by their very nature are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Moreover, the company is subject to risks and uncertainties that may result in actual events deviating from the estimates made. Risks to which Dalhoff Larsen & Horneman A/S is particularly vulnerable are discussed in the management review and note 23.

The notes disclose assumptions for the future and other estimation uncertainties at the balance sheet date in those cases where there is a considerable risk of changes being made that may lead to a significant adjustment in the carrying amounts of assets or liabilities within the next financial year.

It may prove necessary to change previous estimates due to changes in underlying circumstances or on account of new information or subsequent events.

Inventories:

The estimation uncertainty concerning inventories relates to the write-down to net realisable value. The need for writing 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 inventories are subject to an individual assessment with a view to ascertaining additional potential losses, poor quality and market trends.

Part 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 the suppliers.

Trade receivables:

The estimated uncertainty concerning trade receivables relates to the write-down to provide for losses. The write-down is assessed on the basis of incapacity to pay. The need for a write-down is determined after deducting the portion of the receivables that is covered by credit insurance. In the assessment, customers' past history of payment as well as political, national and economic conditions in the home countries of customers also play an important part. If customers' capacity to pay is impaired, it may be necessary to make additional write-downs in future financial years.

Property, plant and equipment:

The estimated uncertainty concerning property, plant and equipment is related to the determination of the useful lives and residual values of the assets. The assessment of useful lives is based on the assets' usefulness for the group. The assessment of residual values depends on the expected state of repair and age of the assets as well as the existence of a market for the said used assets.

Intangible assets:

For the DLH Group the measurement of intangible assets, including goodwill, may be significantly affected by major changes in the estimates and underlying assumptions of the values. For a description of an impairment test in respect of intangible assets please refer to note 14.

Deferred tax:

The DLH Group recognises the tax base of tax loss carry-forwards where management estimates that the tax asset may be offset against future income within the foreseeable future.

3 Segment information: Activities - primary segment

(DKK million)	Hardwood Division		Timber & Board Division		Not allocated incl. parent company		Group elimination		Continuing operations		Building Materials Division (discontinued operation)		Group elimination		Group total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Revenue	4,079.3	4,075.6	1,644.8	1,408.4	-	-	-	-	5,724.1	5,484.0	1,814.8	1,836.3	-	-	7,538.9	7,320.3
Intra-group revenue	(0.8)	(0.2)	(3.5)	(1.8)	-	-	-	-	(4.3)	(2.0)	-	-	(120.9)	(131.8)	(125.2)	(133.8)
Revenue to external customers	4,078.5	4,075.4	1,641.3	1,406.6	-	-	-	-	5,719.8	5,482.0	1,814.8	1,836.3	(120.9)	(131.8)	7,413.7	7,186.5
Gross profit	726.5	700.7	260.2	194.8	-	-	(1.2)	1.0	985.5	896.5	414.7	391.8	-	-	1,400.2	1,288.3
Costs	(470.0)	(415.2)	(134.7)	(114.4)	(44.6)	(55.6)	-	-	(649.3)	(585.2)	(327.3)	(297.9)	-	-	(976.6)	(883.1)
Operating profit before depreciation and amortisation (EBITDA)	256.5	285.5	125.5	80.4	(44.6)	(55.6)	(1.2)	1.0	336.2	311.3	87.4	93.9	-	-	423.6	405.2
Depreciation and amortisation	(79.3)	(78.8)	(5.6)	(2.3)	(7.3)	(6.4)	0.4	0.4	(91.8)	(87.1)	(14.6)	(16.6)	-	-	(106.4)	(103.7)
Operating profit (EBIT)	177.2	206.7	119.9	78.1	(51.9)	(62.0)	(0.8)	1.4	244.4	224.2	72.8	77.3	-	-	317.2	301.5
Share of result in joint ventures	(0.2)	(0.1)	-	-	-	-	-	-	(0.2)	(0.1)	-	-	-	-	(0.2)	(0.1)
Other net financials	(81.9)	(69.9)	(5.1)	(8.9)	-	(1.7)	1.3	-	(85.7)	(80.5)	(11.2)	(9.4)	-	-	(96.9)	(89.9)
Profit before tax (EBT)	95.1	136.7	114.8	69.2	(51.9)	(63.7)	0.5	1.4	158.5	143.6	61.6	67.9	-	-	220.1	211.5
Non-current assets	542.6	493.5	154.8	73.6	876.3	866.9	(849.0)	(853.4)	724.7	580.6	182.4	179.9	-	-	907.1	760.5
Current assets	2,199.0	2,082.0	443.8	364.3	28.1	37.5	(25.0)	(32.7)	2,645.9	2,451.1	451.7	449.4	-	-	3,097.6	2,900.5
Segment assets	2,741.6	2,575.5	598.6	437.9	904.4	904.4	(874.0)	(886.1)	3,370.6	3,031.7	634.1	629.3	-	-	4,004.7	3,661.0
Interest-bearing liabilities	(1,408.8)	(1,336.2)	(181.5)	(96.6)	(241.1)	(269.1)	(106.0)	(14.0)	(1,937.4)	(1,715.9)	(181.9)	(158.4)	-	-	(2,119.3)	(1,874.3)
Non interest-bearing liabilities	(365.5)	(334.7)	(208.0)	(157.2)	(41.3)	(41.0)	10.5	34.3	(604.3)	(498.6)	(108.9)	(110.1)	-	-	(713.2)	(608.7)
Segment liabilities	(1,774.5)	(1,670.9)	(389.5)	(253.8)	(282.4)	(310.1)	(95.5)	20.3	(2,541.7)	(2,214.5)	(290.8)	(268.5)	-	-	(2,832.5)	(2,483.0)
Capital expenditure	133.2	341.2	93.0	65.3	16.4	5.1	-	-	242.6	411.6	19.4	19.3	-	-	262.0	430.9
Investments in joint ventures	1.3	1.7	-	-	-	-	-	-	1.3	1.7	-	-	-	-	1.3	1.7

Geography - secondary segment

(DKK million)	Revenue		Assets		Liabilities		Capital expenditure	
	2007	2006	2007	2006	2007	2006	2007	2006
Denmark	767.1	1,001.6	772.4	550.5	1,025.2	673.3	133.3	79.4
Western Europe	2,823.1	2,638.2	1,706.3	1,571.6	1,075.3	1,067.7	37.8	25.5
USA	572.2	721.4	236.0	267.3	103.6	136.0	4.2	27.4
Emerging markets *)	1,557.4	1,120.8	655.9	642.3	337.6	337.5	67.3	279.3
Continuing operations	5,719.8	5,482.0	3,370.6	3,031.7	2,541.7	2,214.5	242.6	411.6
Group elimination	(120.9)	(131.8)	-	-	-	-	-	-
Building Materials Division (discontinued operation **)	1,814.8	1,835.5	634.1	629.3	290.8	268.5	19.4	19.3
Group total	7,413.7	7,186.5	4,004.7	3,661.0	2,832.5	2,483.0	262.0	430.9

*) Emerging markets include the Far and the Middle East, South Africa and Eastern Europe.

**) Revenue of the Building Materials Division relates to Denmark.

(DKK million)	Group		Parent company	
	2007	2006	2007	2006
4 Cost of sales:				
Inventories at 1 January	1,659.4	1,221.7	-	-
Inventories at 1 January, discontinued operations	208.3	-	-	-
Inventories at 1 January, continuing operations	1,451.1	1,221.7	-	-
Purchased supplies	4,082.9	5,747.4	-	-
Freight, customs, production wages, waste, etc.	787.1	465.1	-	-
Inventories at 31 December	(1,704.0)	(1,659.4)	-	-
Cost of sales	4,617.1	5,774.8	-	-
Total write-downs of inventories at 1 January	21.3	15.0	-	-
Recognised in the income statement for the year	24.9	6.3	-	-
Total write-downs of inventories at 31 December	46.2	21.3	-	-
All write-downs relate to continuing operations.				
Inventories consist of the following categories:				
Goods for resale	1,645.1	1,616.6	-	-
Spare parts and consumables	58.9	42.8	-	-
Total inventories	1,704.0	1,659.4	-	-
5 Other operating income:				
Proceeds from the sale of property, plant and equipment	2.6	14.3	-	-
Property gain	10.4	6.2	10.4	6.2
Negative goodwill (please refer to note 27)	-	32.7	-	-
Invoicing of intra-group services	-	-	36.5	39.5
Other operating income	13.0	18.8	1.5	1.9
	26.0	72.0	48.4	47.6
Other operating expenses:				
Losses on the sale of property, plant and equipment	(1.2)	(1.0)	-	-
Other operating expenses	(4.3)	(12.3)	-	-
	(5.5)	(13.3)	-	-
Other operating income, net in total	20.5	58.7	48.4	47.6
6 Other external expenses:				
Write-down to market value of trade receivables recognised in the income statement	(3.9)	6.0	-	-
Incurred losses on trade receivables	12.1	2.6	-	-
Credit insurance and similar expenses	3.9	5.8	-	-
Total credit expenses	12.1	14.4	-	-
Other sales expenses	50.2	49.4	-	-
Total sales expenses	62.3	63.8	-	-
Distribution expenses	49.0	53.2	-	-
Administrative expenses	193.9	169.5	45.0	38.8
	305.2	286.5	45.0	38.8
Fees to auditors appointed at the annual general meeting:				
Auditors:				
KPMG	4.8	3.5	1.2	0.7
Others	3.0	2.3	-	-
	7.8	5.8	1.2	0.7
Other services:				
KPMG	0.7	0.3	0.3	-
Others	0.1	0.3	-	-
	0.8	0.6	0.3	-
	8.6	6.4	1.5	0.7

(DKK million)	Group		Parent company	
	2007	2006	2007	2006
7 Staff costs:				
Remuneration of the supervisory board of the parent company	1.8	1.6	1.8	1.6
Salaries and wages	594.1	572.7	121.4	134.4
Benefit element of employee share issue	-	21.1	-	3.0
Defined contribution plans, cf. note 20	34.3	25.6	8.3	8.1
Defined benefit plans, cf. note 20	5.4	2.1	-	-
Other social security costs, net of refunds	52.4	54.3	0.5	0.3
Share-based payment	0.5	0.5	0.5	0.5
	688.5	677.9	132.5	147.9

Reimbursement to employees of the parent company who are working in the group enterprises of DLH Nordisk A/S, DLH A/S and DLH Træ & Byg A/S

(84.5)	(101.7)
48.0	46.2

Staff costs have been recognised under the following headings in the financial statements:

Staff costs related to production, continuing operations	117.2	123.4	-	-
Other staff costs, continuing operations	364.6	357.4	48.0	46.2
Other staff costs, discontinued operations	206.7	197.1	-	-
	688.5	677.9	48.0	46.2

Number of employees on average for the year	4.222	4.310	243	244
Number of these employed in group enterprises			(162)	(173)
Employed in Dalhoff Larsen & Horneman A/S			81	71
Number of these employed in discontinued operations	(561)	(551)		
Number of these employed in continuing operations	3.661	3.759		

Remuneration to the supervisory board, management and executive board:

(DKK million)	Group and parent company					
	2007			2006		
	Supervisory board of parent company	Management of parent company	Other board executives	Supervisory board of parent company	Management of parent company	Other board executives
Salaries	1.8	3.7	6.9	1.6	3.5	7.3
Bonus schemes	-	0.5	0.7	-	0.3	1.7
Pensions	-	-	0.2	-	-	0.1
Share-based payment	-	0.3	0.2	-	0.3	0.2
	1.8	4.5	8.0	1.6	4.1	9.3

Other board executives comprise group management, excluding the management of the parent company, made up of the four Executive Vice Presidents in total, three of whom are heads of their division. Costs related to the heads of division are carried by the divisions. Three of these are, however, employed by the parent company.

The management and other members of the executive board have participated in a revolving share-based remuneration scheme since 2002. At 31 December 2007 the share option scheme comprised a total of 214,550 share options. Each share option entitles its holder to acquire one existing Class B share at nominally DKK 10 in the company. If all share options are exercised, the share option scheme grants holders the right to acquire up to 1.2% of the share capital. The company has repurchased shares corresponding to this liability.

Share options allotted in 2005 and subsequent years may be exercised for a period of three to six years after the grant. There are no conditions attached to the exercise of the options within the usual trading windows, apart from the period from the announcement of the annual financial statements in March until 1 April and naturally subject to the insider trading provisions applicable. The exercise price corresponds to the allotment price indexed to an increase of 3% p.a. Members of the executive board acquire their entitlement to share options over a 12-months-period from 1 April to 31 March. Special provisions apply to changes in the company's capital structure. It is a condition for the allotment of share options that the potential holder is employed by the company and has not taken or been given notice of termination. Share options which have been allotted prior to 2005 may be exercised between 2 to 5 years after the grant conferring the rights outlined above.

7 Staff costs (continued):

The fair value of issued, but not exercised, share options amounted to DKK 8.8 million for the management and DKK 1.6 million for the other members of the executive board at 31 December 2007.

The options have been issued at an exercise price, which has been calculated on the basis of the market price for the company's Class B shares at the time of the allotment. The options may only be exercised in the form of shares.

Share options

	Management number	Other board executives number	Total share options number	Average exercise price per option DKK	Fair value per option ¹⁾ DKK	Total fair value ¹⁾ tDKK
Number of options, allotted at the beginning of 2006	190,350	68,260	258,610	-	28.3	7,319
Exercised 2006	(53,190)	(38,980)	(92,170)	22.4	20.4	-
Allotted for 2006 (issued April 2006)	13,930	13,950	27,880	-	17.9	500
Outstanding at year-end 2006	151,090	43,230	194,320	34.2	-	-
Exercised 2007	-	-	-	-	-	-
Allotted for 2007 (issued April 2007)	10,115	10,115	20,230	109.8	24.7	500
Outstanding at year-end 2007	161,205	53,345	214,550	48.8	-	-
Number of options that may be exercised at year-end 2007	100,570	-	100,570	21.4	-	-

1) At the time of allotment.

No options have been exercised in 2007. As regards options exercised in 2006, the average exercise price per option amounts to DKK 22.4, determined at the time of the exercise. In 2006 the recognised fair value of the share options for the group amounted to DKK 0.5 million. Options allotted in 2006 can only be exercised after three years. If the options are exercised at the earliest date possible, the exercise price would be DKK 122.6 (based on the current capital structure and exercise policy).

The fair values determined on allotment are based on the Black Scholes model for the pricing of options, which does not take into account any early exercise of the option.

No other special circumstances on allotment have been recognised in the determination of the fair value, such as the condition of being an employee or any restrictions on the negotiability of the instruments even though such factors would reduce the fair value.

The assumptions for the determination of the fair values of outstanding share options at the time of allotment are as follows:

	2007	2006
Average share price (DKK)	109.8	112.2
Exercise price (DKK) indexed at 3% p.a.	131.3	134.1
Expected volatility	27.5%	20.0%
Dividend rate	1.8%	1.60%
Risk free interest rate	4.2%	3.1-3.4%

The expected volatility has been determined as a weighted average of the annual volatility during the financial year and the two preceding years weighted with the number of observations in the individual years.

	Group		Parent company	
	2007	2006	2007	2006
(DKK million)				
8 Depreciation and amortisation:				
IT projects	6.1	4.4	6.1	4.4
Other intangible assets	3.8	0.7	-	-
Intangible assets	9.9	5.1	6.1	4.4
Land and buildings	26.6	26.3	-	-
Plant and machinery	28.5	29.2	-	-
Fixtures and fittings, other plant and equipment	4.4	43.1	1.2	1.9
Property, plant and equipment	96.5	98.6	1.2	1.9
	106.4	103.7	7.3	6.3
Of these, depreciation and amortisation relating to discontinued operations	(14.6)	(16.6)	-	-
Total depreciation and amortisation	91.8	87.1	7.3	6.3

9 Share of profit after tax and investments in joint ventures:				
Cost at 1 January	1.8	-	-	-
Additions	-	1.8	-	-
Cost at 31 December	1.8	1.8	-	-
Adjustments at 1 January	(0.1)	-	-	-
Foreign currency translation adjustment	(0.2)	-	-	-
Share of result for the year	(0.2)	(0.1)	-	-
Adjustments at 31 December	(0.5)	(0.1)	-	-
Carrying amount at 31 December	1.3	1.7	-	-

Investments in joint ventures only include a 50% ownership share in Indochina Wood Limited, a company incorporated in the British Virgin Islands having its sole object to control of the Vietnamese company, Indochina Wood Co. Ltd., which distributes timber and timber-based products in Vietnam. The investment has been measured according to the equity method.

	Indochina Wood Ltd.		DLH Group's share	
	2007	2006	2007	2006
Revenue	7.5	3.0	-	-
Profit	(0.4)	(0.2)	(0.2)	(0.1)
Long-term assets	1.6	2.1	-	-
Short-term assets	3.7	3.1	-	-
Equity	2.7	3.3	1.3	1.7
Long-term liabilities	0.5	1.3	-	-
Short-term liabilities	2.1	0.6	-	-

	Group		Parent company	
	2007	2006	2007	2006
(DKK million)				
10 Financial income:				
Interest income from group enterprises on non-current loans	-	-	25.3	23.3
Interest income from group enterprises	-	-	18.4	13.3
Foreign currency exchange gains	6.2	12.2	4.3	0.7
Interest income, cash etc.	8.8	4.3	0.5	3.8
Dividend from subsidiaries	-	-	125.0	70.0
Total	15.0	16.5	173.5	111.1

(DKK million)	Group		Parent company	
	2007	2006	2007	2006
11 Financial expenses:				
Interest paid to group enterprises	-	-	(2.3)	(2.0)
Foreign currency exchange losses	-	(16.0)	-	(1.2)
Interest paid to mortgage credit institutions etc.	(100.7)	(81.0)	(56.3)	(50.3)
Total	(100.7)	(97.0)	(58.6)	(53.5)
12 Tax on profit for the year:				
Tax for the year may be broken down as follows:				
Tax on profit for continuing operations	58.3	39.7	(14.8)	(15.1)
Tax on equity transactions	4.0	3.7	(0.4)	0.9
Tax relating to discontinued operations	15.1	19.8	-	-
	77.4	63.2	(15.2)	(14.2)
Tax on profit for the year for the continuing operations may be broken down as follows:				
Current tax	58.0	49.3	(17.0)	(16.1)
Deferred tax	(2.7)	(9.6)	2.0	1.0
Adjustment of deferred tax relating to the reduction of the Danish income tax rate from 28% to 25%	1.1	-	0.9	-
Adjustment of tax for previous years	1.9	-	(0.7)	-
	58.3	39.7	(14.8)	(15.1)
Reconciliation of effective tax rate:				
Tax rate in Denmark	25.0%	28.0%	25.0%	28.0%
Non-taxable income/expenses, Danish companies	0.3%	2.4%	(1.5%)	70.6%
Value adjustments relating to acquisitions with no tax effect	1.4%	(5.0%)	-	-
Changed measurement of tax asset	0.7%	(2.2%)	-	10.0%
Higher tax rates etc. abroad	9.4%	4.5%	-	-
	36.8%	27.7%	23.5%	108.6%

The Danish income tax rate was reduced from 28% to 25% in 2007.

	Group		Parent company					
	2007	2006	2007	2006				
(DKK million)								
13 Earnings per share:								
Profit for the year	146.8	152.0						
Profit for the year, discontinued operations	(46.5)	(48.1)						
Profit for the year, continuing operations	100.3	103.9						
Average number of shares issued	18,578	18,312						
Average number of treasury shares	(187)	(167)						
Average number of shares in issue	18,391	18,145						
Average dilution effect of outstanding options	98	65						
Average number of shares in issue after dilution	18,489	18,210						
Earnings per share (EPS) of DKK 10	7.98	8.38						
Earnings per share diluted (EPS-D) of DKK 10	7.94	8.35						
Earnings per share of DKK 10 for continuing operations	5.45	5.73						
Diluted earnings per share of DKK 10 for continuing operations	5.42	5.71						
14 Intangible assets and property, plant and equipment:								
Group:								
	Goodwill	IT projects	Other intangible assets	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construction	Total property, plant and equipment
Cost at 1 January 2006	99.6	20.5	-	360.8	116.5	155.1	1.7	634.1
Foreign currency translation adjustment	(0.3)	-	-	(2.5)	(4.7)	(1.1)	(0.6)	(8.9)
Reclassifications	-	-	-	7.2	-	-	-	7.2
Additions re. acquisition of subsidiaries	37.2	-	10.2	137.0	78.0	45.4	19.7	280.1
Additions during the year	0.5	1.7	-	32.0	21.0	43.1	5.1	101.2
Disposals during the year	(3.7)	-	-	(28.8)	(6.2)	(22.5)	-	(57.5)
Cost at 31 December 2006	133.3	22.2	10.2	505.7	204.6	220.0	25.9	956.2
Depreciation & amortisation at 1 January 2006	-	8.9	-	120.0	66.3	112.1	-	298.4
Foreign currency translation adjustment	-	-	-	(0.7)	(2.4)	(1.1)	-	(4.2)
Reclassification	-	-	-	7.2	-	-	-	7.2
Depreciation & amortisation for the year	-	4.4	0.7	26.3	29.2	43.1	-	98.6
Reversal of depreciation & amortisation on assets sold	-	-	-	(1.8)	(4.1)	(15.5)	-	(21.4)
Depreciation & amortisation at 31 December 2006	-	13.3	0.7	151.0	89.0	138.6	-	378.6
Carrying amount at 31 December 2006	133.3	8.9	9.5	354.7	115.6	81.4	25.9	577.6

14 Intangible assets and property, plant and equipment:

	Goodwill	IT projects	Other intangible assets	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construction	Total property, plant and equipment
Cost at 1 January 2007	133.3	22.2	10.2	505.7	204.6	220.0	25.9	956.2
Foreign currency translation adjustment	(0.7)	-	-	(1.1)	1.5	1.9	(0.1)	2.2
Reclassifications	-	21.7	-	9.6	4.9	(15.9)	(20.3)	(21.7)
Additions re. acquisition of subsidiaries	22.7	-	70.3	20.9	0.4	2.9	-	24.2
Earn-out adjustment re. acquisitions	30.5	-	-	-	-	-	-	-
Additions during the year	-	15.1	-	25.5	14.1	53.8	5.8	99.2
Disposals during the year	-	(16.1)	-	(4.9)	(16.5)	(22.4)	-	(43.8)
Transferred to assets held for sale	(18.4)	-	-	(215.9)	(17.3)	(54.5)	-	(287.7)
Cost at 31 December 2007	167.4	42.9	80.5	339.8	191.7	185.8	11.3	728.6
Depreciation & amortisation at 1 January 2007	-	13.3	0.7	151.0	89.0	138.6	-	378.6
Foreign currency translation adjustment	-	-	-	0.7	1.7	0.5	-	2.9
Reclassification	-	19.2	-	-	-	(19.2)	-	(19.2)
Depreciation & amortisation for the year	-	6.1	3.8	26.6	28.5	41.4	-	96.5
Reversal of depreciation & amortisation on assets sold	-	(16.1)	-	(3.6)	(16.1)	(19.3)	-	(39.0)
Transferred to assets held for sale	-	-	-	(81.7)	(9.2)	(35.9)	-	(126.8)
Depreciation & amort. at 31 December 2007	-	22.5	4.5	93.0	93.9	106.1	-	293.0
Carrying amount at 31 December 2007	167.4	20.4	76.0	246.8	97.8	79.7	11.3	435.6
Additions and disposals for continuing operations:								
Additions	-	15.1	-	17.1	11.8	45.1	5.8	79.8
Disposals	-	-	-	(1.2)	(0.4)	(2.7)	-	(4.3)

The carrying amount of assets under finance leases for continuing operations amounted to DKK 0.0 million at 31 December 2007 (2006: DKK 0.0 million).

According to the most recent official assessment, properties for continuing operations in Denmark are assessed at DKK 0.9 million (2006: DKK 0.9 million). Carrying amount of assets at 31 December 2007: DKK 0.7 million. (2006: DKK 0.7 million).

Goodwill

The carrying amount of goodwill may be broken down as follows:

(DKK million)	2007	2006
Hardwood Division	92.0	77.7
Timber & Board Division	75.4	37.2
Building Materials Division	-	18.4
Group	167.4	133.3

Additions for the year relate to the acquisition of Olle Zettergren AB by the Timber & Board Division and of the Hustvedt Group by the Hardwood Division. Furthermore, there is an adjustment of the final purchase price for the Ljungberg Group, which is dependent on the profit.

Disposals for the year relate to the disposal of the entire Building Materials Division. The related goodwill has been transferred to assets held for sale.

The management has carried out an impairment test of the carrying amount of goodwill at 31 December 2007.

With this in mind the carrying amount of goodwill at 31 December 2007 has been allocated to the cash-generating entities, being the Hardwood Division, the Timber & Board Division and the Building Materials Division, where goodwill has been recognised.

The recoverable amount is based on the value in use which has been fixed by applying the expected cash inflows for the years 2008-2012. The expected cash flows for the years 2008-2010 have been determined on the basis of the budgets for the years in question, which have been approved by the management. Key parameters in the determination of cash flows are EBIT, including revenue development, interest rates, changes in working capital and capital expenditure.

14 Intangible assets and property, plant and equipment (continued):

For the years 2011-2012 the expected cash flows have been determined by means of a mathematical projection of the budget for 2010 based on the assumption that growth rates will remain stable.

The average gross profit applied in the budget period from 2008 to 2010 has been maintained for the years 2011-2012. In addition, both investments and depreciation and amortisation have been maintained at the 2011-2012 level for 2008-2010. The terminal value after 2012 has been determined as 2012 with growth at the rate of 3%.

Hardwood Division

Revenue is expected to increase by just over 2% in 2008 excluding acquisitions. The EBIT margin is expected to increase from 4.1% in 2008 to 6.5% in 2012.

For the years 2011-2012 the mathematical projection has been made applying an annual increase in the activity of 4.0%. Inflation is expected to account for 3% of this figure. The average gross profit is expected to increase from 17.8% in 2007 to 19.3% in 2012.

The expected cash flows have been discounted at a discount rate before tax of 10.7%. The tax rate applied is 25 % resulting in a discount rate after tax of 8.0%.

The present value of future cash flows exceeds the carrying amount, for which reason it has not been written down for impairment.

Timber & Board Division:

Revenue is expected to increase by just over 5.4% in 2008 excluding acquisitions. The EBIT margin is expected to increase from 5.2% in 2008 to 5.5% in 2012.

For the years 2011-2012 the mathematical projection has been made applying an annual increase in the activity of 6.8%. Inflation is expected to account for 3% of this figure. The average gross profit of 15.9% applied for the years 2008-2010 is considered realistic for the years 2011-2012.

The expected cash flows have been discounted at a discount rate before tax of 10.7%. The tax rate applied is 25 % resulting in a discount rate after tax of 8.0%.

The present value of future cash flows exceeds the carrying amount, for which reason it has not been written down for impairment.

Parent company:

	IT projects	Land and buildings	Fixtures and fittings, other plant and equipment
Cost at 1 January 2006	20.5	0.7	49.1
Additions during the year	1.7	-	3.3
Cost at 31 December 2006	22.2	0.7	52.4
Depreciation & amortisation at 1 January 2006	8.9	-	46.1
Depreciation & amortisation for the year	4.4	-	1.9
Depreciation & amortisation at 31 December 2006	13.3	-	48.0
Carrying amount at 31 December 2006	8.9	0.7	4.4

14 Intangible assets and property, plant and equipment (continued):

Parent company:	IT projects	Land and buildings	Fixtures and fittings, other plant and equipment
Cost at 1 January 2007	22.2	0.7	52.4
Reclassifications	21.7	-	(21.7)
Additions during the year	15.1	-	2.7
Disposals during the year	(16.1)	-	-
Cost at 31 December 2007	42.9	0.7	33.4
Depreciation & amortisation at 1 January 2007	13.3	-	48.0
Reclassification	19.2	-	(19.2)
Depreciation & amortisation for the year	6.1	-	1.2
Reversal of depreciation & amortisation on assets sold	(16.1)	-	-
Depreciation at 31 December 2007	22.5	-	30.0
Carrying amount at 31 December 2007	20.4	0.7	3.4

The carrying amount of assets under finance leases amounted to DKK 0.0 million at 31 December 2007 (2006: DKK 0.0 million). According to the most recent official assessment, properties in Denmark are assessed at DKK 0.9 million (2006: DKK 0.9 million). Carrying amount of assets at 31 December 2007: DKK 0.7 million. (2006: DKK 0.7 million).

Parent company (DKK million)	2007	2006
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15 Investments in group enterprises:

Cost at 1 January and 31 December	844.0	453.3
Additions	-	428.0
Disposals	-	(37.3)
Transferred to assets held for sale	(152.7)	-
Carrying amount at 31 December	691.3	844.0

Additions in 2006 relate to the acquisition of the tt Timber Group and include all the shares in tt Timber International AG in Switzerland and Tropical Timber SASU in France. The shares in Tropical Timber SASU have subsequently been transferred within the DLH Group.

Investments in group enterprises at 31 December include:
(All companies are wholly owned)

	Domicile	Share capital
tt Timber International AG	Basle, Switzerland	CHF 4.6 million
DLH Nordisk A/S	Høje Taastrup	DKK 50.0 million
DLH A/S	Høje Taastrup	DKK 25.5 million

Group (DKK million)	2007	2006
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16 Other investments and securities:

Carrying amount at 1 January	7.3	6.5
Additions during the year	0.1	0.8
Disposals during the year	(0.6)	-
	6.8	7.3
Transferred to assets held for sale	(3.1)	-
Carrying amount at 31 December	3.7	7.3

Investments include a 5.6% ownership share in a forestry project in Brazil. Investments have been measured at cost as there is no well-functioning market in place for these.

(DKK million)	Group		Parent company	
	2007	2006	2007	2006
17 Tax in the balance sheet:				
Tax receivable (income taxes due)				
At 1 January	(21.0)	(5.7)	26.7	17.5
Taken over in connection with acquired companies	(1.5)	0.6	-	-
Financial instruments, transferred via equity	(4.2)	-	(1.4)	-
Foreign currency translation adjustment	(0.4)	-	-	-
Current tax for the year	(58.0)	(49.3)	16.9	16.1
Current tax relating to discontinued operations	(14.6)	(16.4)	-	-
Transferred to liabilities relating to assets held for sale	14.7	-	-	-
Paid (refund of) income taxes for the year	54.1	49.8	(24.0)	(6.9)
At 31 December	(30.9)	(21.0)	18.2	26.7
Consists of:				
Tax receivable	4.4	5.3	18.2	26.7
Income taxes due	(35.3)	(26.3)	-	-
	(30.9)	(21.0)	18.2	26.7
Deferred tax, net asset/(net liability):				
1 January	(0.8)	2.7	8.9	10.9
Foreign currency translation adjustment	0.4	(0.7)	-	-
Deferred tax for the year recognised in the profit for the year	2.7	9.6	(2.0)	(1.0)
Deferred tax for the year recognised in the profit for the year, discontinued operations	(0.3)	(2.4)	-	-
Reduction of the Danish income tax rate from 28% to 25%	(1.3)	-	(0.9)	-
Deferred tax for the year recognised in the equity	0.2	(3.8)	1.8	(1.0)
Additions on the acquisition of enterprises	(23.4)	(6.2)	-	-
Transferred to liabilities relating to assets held for sale	1.6	-	-	-
At 31 December	(20.9)	(0.8)	7.8	8.9
Consists of:				
Deferred tax asset	20.3	22.2	7.8	8.9
Deferred tax liability	(41.2)	(23.0)	-	-
	(20.9)	(0.8)	7.8	8.9
Deferred tax relates to:				
Intangible assets	(18.8)	(1.5)	-	-
Property, plant and equipment	(7.7)	(9.7)	3.4	4.7
Current assets	8.7	7.9	4.5	4.6
Provisions	0.1	0.8	-	-
Other liabilities	(6.2)	(5.4)	(0.1)	(0.4)
Tax losses carried forward	3.0	7.1	-	-
	(20.9)	(0.8)	7.8	8.9

No provision is made for contingent tax relating to the retaxation liability arising in respect of the Brazilian subsidiary, please refer to note 25 on Contingent liabilities.

Movements in temporary differences during the year:

(DKK million)	Balance sheet 1 January 2007	Foreign currency translation adjustment	Reduction in Danish income tax	Additions on the acquisition of enterprises	Recognised in the income statement	Recognised in net equity	Transferred to liabilities re. assets held for sale	Balance sheet at 31 December 2007
Intangible assets:	(1.5)	0.1	(0.2)	(17.2)	(1.0)	-	1.0	(18.8)
Property, plant and equipment	(9.7)	0.2	(0.5)	(3.3)	3.6	-	2.0	(7.7)
Current assets	7.9	(0.2)	(0.7)	0.2	2.9	-	(1.4)	8.7
Provisions	0.8	-	-	-	(0.7)	-	-	0.1
Other liabilities	(5.4)	0.3	0.1	(3.1)	1.7	0.2	-	(6.2)
Tax losses carried forward	7.1	-	-	-	(4.1)	-	-	3.0
	(0.8)	0.4	(1.3)	(23.4)	2.4	0.2	(1.6)	(20.9)

(DKK million)	Group		Parent company	
	2007	2006	2007	2006
18 Receivables:				
Trade receivables	865.4	886.0	-	-
Transferred to assets held for sale	(196.1)	-	-	-
	669.3	886.0	-	-
Write-downs included in the above receivables have developed as follows:				
Write-down at 1 January	35.3	29.3	-	-
Write-down at 1 January, discontinued operations	(12.8)	-	-	-
Write-down at 1 January, continuing operations	22.5	29.3	-	-
Write-downs for the year	6.0	5.6	-	-
Realised during the year	(0.4)	1.3	-	-
Reversed	(10.1)	(1.8)	-	-
Foreign currency translation adjustment	0.6	0.9	-	-
Write-down at 31 December	18.6	35.3	-	-

19 Equity

Share capital in the group and the parent company:

	Number of shares (nominal value DKK 10 each)		Nominal value (DKK million)	
	2007	2006	2007	2006
Class A shares at 1 January and at 31 December	1,875,000	1,875,000	18.8	18.8
Class B shares at 1 January	16,703,476	15,287,200	167.0	152.8
Capital increase at 13 February 2006	-	1,200,000	-	12.0
Capital increase at 27 July 2006	-	216,276	-	2.2
Class B shares at 31 December	16,703,476	16,703,476	167.0	167.0
Total Class A and Class B shares	18,578,476	18,578,476	185.8	185.8

The capital increase at 13 February 2006 was made as partial payment for the tt Timber Group. The proceeds amounted to DKK 102 million based on a share price of DKK 84.6 per share.

The capital increase at 27 July 2006 was made as an employee issue subscribed for at the price of DKK 10.5 per share. The calculated benefit element in connection with the issue has been recognised under other staff costs and set-off in the equity.

Apart from the mentioned directed share issue of 1,200,000 Class B shares and issue of employee shares consisting of 216,276 Class B shares in 2006 no capital increases have been made in the past three years.

In accordance with the articles of association Class A shares carry 10 votes while Class B shares carry one vote each.

Group (DKK million)	Share capital	Hedging reserve	Foreign currency translation	Retained earnings	Dividend proposed	Total
Equity at 1 January 2006	171.6	6.9	2.4	618.5	27.5	826.9
Changes in equity in 2006:						
Income and expenses recognised for the year	-	4.5	(13.3)	114.8	37.2	143.2
Capital increase at 13 February 2006	12.0	-	-	-	-	12.0
Premium	-	-	-	89.3	-	89.3
Capital increase at 27 July 2006	2.2	-	-	-	-	2.2
Benefit element of employee share issue	-	-	-	21.1	-	21.1
Dividend distributed to shareholders	-	-	-	-	(27.5)	(27.5)
Dividend treasury shares	-	-	-	0.2	-	0.2
Purchase/sale of treasury shares	-	-	-	0.4	-	0.4
Share-based payment/options	-	-	-	0.5	-	0.5
Total changes in equity	14.2	4.5	(13.3)	226.3	9.7	241.4
Equity at 31 December 2006	185.8	11.4	(10.9)	844.8	37.2	1,068.3
Changes in equity in 2007:						
Income and expenses recognised for the year	-	(2.1)	(2.3)	109.5	37.2	142.3
Reclassification	-	(9.6)	-	9.6	-	-
Dividend distributed to shareholders	-	-	-	-	(37.2)	(37.2)
Dividend treasury shares	-	-	-	0.4	-	0.4
Purchase/sale of treasury shares	-	-	-	(2.1)	-	(2.1)
Share-based payment/options	-	-	-	0.5	-	0.5
Total changes in equity	-	(11.7)	(2.3)	117.9	-	103.9
Equity at 31 December 2007	185.8	(0.3)	(13.2)	962.7	37.2	1,172.2

19 Equity (continued)

Parent company (DKK million)	Share capital	Hedging reserve	Retained earnings	Dividend proposed	Total
Equity at 1 January 2006	171.6	7.6	247.7	27.5	454.4
Changes in equity in 2006:					
Income and expenses recognised for the year	-	2.2	(8.2)	37.2	31.2
Capital increase at 13 February 2006	12.0	-	-	-	12.0
Premium	-	-	89.3	-	89.3
Capital increase at 27 July 2006	2.2	-	-	-	2.2
Benefit element of employee share issue	-	-	21.1	-	21.1
Dividend distributed to shareholders	-	-	-	(27.5)	(27.5)
Dividend treasury shares	-	-	0.2	-	0.2
Purchase/sale of treasury shares	-	-	0.4	-	0.4
Share-based payment/options	-	-	0.5	-	0.5
Total changes in equity	14.2	2.2	103.3	9.7	129.4
Equity at 31 December 2006	185.8	9.8	351.0	37.2	583.8
Changes in equity in 2007:					
Income and expenses recognised for the year	-	(1.2)	40.6	37.2	76.6
Reclassification	-	(9.0)	9.0	-	-
Dividend distributed to shareholders	-	-	-	(37.2)	(37.2)
Dividend treasury shares	-	-	0.4	-	0.4
Purchase/sale of treasury shares	-	-	(2.1)	-	(2.1)
Share-based payment/options	-	-	0.5	-	0.5
Total changes in equity	-	(10.2)	48.4	0.0	38.2
Equity at 31 December 2007	185.8	(0.4)	399.4	37.2	622.0

Dividend:

Proposed dividend is DKK 37.2 million (2006: DKK 37.2 million), corresponding to a dividend per share of DKK 2.

The distribution of dividend to the company's shareholders has no tax consequences for the company.

	Number of shares		Nominal value (DKK'000)		Percentage of share capital	
	2007	2006	2007	2006	2007	2006
Portfolio of treasury shares						
Balance at 1 January	166,660	222,020	1,667	2,220	0.9%	1.3%
Purchase	20,000	10,000	200	100	0.1%	-
Applied in connection with the exercise of share options	-	(65,360)	-	(653)	-	(0.4%)
Treasury shares at 31 December	186,660	166,660	1,867	1,667	1.0%	0.9%

By authority granted by the general meeting, a maximum of 10% of the share capital may be acquired.

Treasury shares are purchased only with a view to meeting the company's commitments under the incentive scheme set up for group management.

In 2007 20,000 shares were acquired at the price of DKK 107.25, corresponding to an acquisition price of DKK 2,145,000. The value has been deducted from the equity.

Hedging reserve:

The hedging reserve contains the accumulated net changes in the fair value of hedging transactions that fulfil the criteria for hedging future cash flows in cases where the hedged transaction has not yet been realised.

Foreign currency translation reserve:

The reserve for foreign currency translation adjustments contains all foreign currency translation adjustments arising 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 the group's net investments in such entities and foreign currency translation adjustments relating to hedging transactions that hedge the group's net foreign currency investments in such entities.



20 Pensions and similar liabilities:

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

The pension liabilities of the parent company and the other Danish entities are insured. The majority of the foreign entities' pension liabilities are also insured. In the few foreign entities 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 14.2 million have been recognised under liabilities (2006: DKK 11.2 million) relating to the group's commitments to existing and former employees after making a deduction for the corresponding plan assets.

Pensions and similar liabilities relate to continuing operations only.

The following items have been recognised in the group's consolidated income statement:

(DKK million)	2007	2006
Defined contribution plans	34.3	25.6
Defined benefit plans	5.4	2.1
	39.7	27.7
Present value of defined benefit plans	(70.0)	(64.8)
Fair value of pension assets	55.8	53.6
Net liability recognised in the balance sheet	(14.2)	(11.2)
Development in present value of defined benefit liability:		
Liability at 1 January	64.8	-
Foreign currency translation adjustment	(2.1)	-
Pension costs relating to the current financial year	2.8	2.3
Calculated interest relating to liability	2.9	1.5
Actuarial (gains)/losses	(0.5)	-
Gains upon staff cuts and redemptions	-	1.8
Pension costs relating to previous financial years	(0.8)	(0.7)
Pensions paid out	(12.0)	-
Addition from acquisitions	14.9	59.9
Liability at 31 December	70.0	64.8
Development in fair value of pension assets:		
Pension assets at 1 January	53.6	-
Foreign currency translation adjustments	(1.6)	-
Expected return on pension assets	2.9	2.4
Actuarial gains/(losses)	(0.7)	-
Paid in by the DLH Group	1.8	1.2
Pensions paid out	(11.0)	-
Addition from acquisitions	10.8	50.0
Pension assets at 31 December	55.8	53.6

(DKK million)	2007	2006
20 Pensions and similar liabilities (continued):		
Pension cost recognised in the income statement:		
Pension costs relating to the current financial year	2.8	2.3
Calculated interest relating to liability	2.9	1.5
Expected return on pension assets	(2.9)	(2.4)
Pension costs relating to previous financial years	(0.8)	(0.7)
Gains upon staff cuts and redemptions	-	1.8
Other costs	3.4	(0.4)
Total recognised for the defined benefit plans	5.4	2.1
Total recognised for the defined contribution plans	34.3	25.6
Total recognised in the income statement	39.7	27.7

In the statement of recognised income and expenses the following accumulated actuarial gains/(losses) have been recognised:

Accumulated actuarial gains/(losses)	(0.2)	-
Pension assets:		
Securities and other assets	55.8	53.6
Total pension assets	55.8	53.6
Return on pension assets:		
Actual return on pension assets	2.2	2.4
Expected return on pension assets	(2.9)	(2.4)
Actuarial gains/(losses) on pension assets	(0.7)	0.0

Pension assets do not include shares in Dalhoff Larsen & Horneman A/S.

The group expects to pay DKK 1.6 million on defined benefit plans in 2008.

The individual companies have made actuarial calculations at the balance sheet date. The underlying assumptions are:

	Sweden		Belgium		Switzerland		Norway	
	2007	2006	2007	2006	2007	2006	2007	2006
Discount rate	4.5%	4.0%	4.5%	4.0%	3.25%	3.25%	4.5%	-
Expected rate of return on pension plan assets	-	-	4.5%	1.5%	4.5%	5.0%	5.5%	-
Future rate of increase in salaries and wages	3.3%	3.5%	3.0%	3.0%	1.0%	1.0%	4.5%	-

The expected return on pension plan assets has been fixed on the basis of the composition of the assets and general forecasts of economic trends.

The pension liabilities of the group have arisen from business acquisitions made in and after 2006. For this reason, only information relating to the year 2006 and onwards has been included in the 5-year summary.

	2007	2006
Pension liabilities based on actuarial calculation	(70.0)	(64.8)
Pension plan assets	55.8	53.6
Funding surplus / (funding deficit)	(14.2)	(11.2)
Expectation adjustments as regards pension liabilities	(0.5)	-
Expectation adjustments as regards pension assets	(0.7)	-

21 Provisions:

During 2006 the group vacated the parent company's property in Gadstrup. In the parent company DKK 1.9 million had been set aside in 2006 for clearing the premises and other commitments incidental to vacating the premises. During 2007 costs incurred for this amounted to DKK 0.9 million. The balance of the provision amounting to DKK 1.0 million has been reversed.

Part of the purchase price for the Bohmans group was a profit-related earn-out. In 2006 the earn-out amount was calculated at DKK 8.9 million. In 2007 a comprehensive agreement was concluded with the seller to use the earn-out amount to cover for other contractual matters relating to the purchasing agreement.

Part of the purchase price for the Ljungberg group is a profit-related earn-out. This has been calculated on the basis of expected invested capital and EBITA in the Ljungberg companies. At 31 December 2006 the earn-out amount was calculated at DKK 5.6 million. Due to the realisation of the profit for 2007 and updating of the budget for the remainder of the earn-out period in the Ljungberg Group the earn-out provision has been increased by DKK 30.4 million to DKK 36.0 million.

The group has a dormant company in the Ivory Coast which it is planning to liquidated. In connection with the liquidation it is uncertain whether the group will be able to control the company's assets. Provisions to cover any losses in this connection have been made in the amount of DKK 1.0 million (2006: DKK 1.0 million). The liquidation is expected to be finalised in 2008.

Another of the group's companies in the Ivory Coast is involved in a legal action relating to payment for supplies. At 31 December 2007 DKK 5.2 million have been provided to cover any losses arising out of this action. The legal action will presumably be ruled in the first half of 2008.

In the Cameroons the group's company has a legal action pending concerning the payment of value added tax. Provisions to cover the expected loss of the case have been made in the amount of DKK 0.8 million (2006: DKK 0.8 million).

The group's Russian company is subject to a tax audit in respect of the years 2005-2007. Due to the uncertainties concerning previous tax payments in Russia, the group has decided in 2007 to make provisions of DKK 2.1 million for potential additional tax payments.

The group's companies in the Congo and the Ivory Coast have liabilities towards the current employees in the form of severance payments. The liability for the Congo amounts to DKK 10.6 million (2006: DKK 10.6 million) and DKK 0.4 million for the Ivory Coast (2006: DKK 0.4 million).

(DKK million)	Group		Parent company	
	2007	2006	2007	2006
Provisions:				
Provisions at 1 January	29.2	17.4	1.9	3.4
Provisions made for the year	37.7	18.4	-	-
Paid	(9.8)	(4.3)	(0.9)	(1.5)
Reversal	(1.0)	(2.3)	(1.0)	-
Provisions at 31 December	56.1	29.2	-	1.9
The provisions are expected to fall due as:				
Non-current liabilities	47.0	25.5	-	-
Current liabilities	9.1	3.7	-	1.9
Provisions at 31 December	56.1	29.2	-	1.9

There are no provisions relating to discontinued operations.

(DKK million)	Group		Parent company	
	2007	2006	2007	2006
22 Non-current loans:				
Share falling due after one year:				
Subordinated loan	111.8	111.8	111.8	111.8
Mortgage credit institutions	-	49.6	-	-
Credit institutions	685.0	715.2	632.2	648.5
Leasing commitments	0.6	4.9	-	-
Total	797.4	881.5	744.0	760.3
Share falling due within one year:				
Mortgage credit institutions	-	4.2	-	-
Credit institutions	5.5	7.2	0.5	1.9
Leasing commitments	0.2	1.0	-	-
Total	5.7	12.4	0.5	1.9

In connection with the agreement to acquire the tt Timber Group on 23 January 2006 (please see note 27) the seller deposited DKK 112 million (euro 15 million) of the purchase price as a subordinated loan in Dalhoff Larsen & Horneman A/S. The loan term is ten years, instalment-free for the first three years. The loan carries interest at the rate of 50% of the DLH Group's annual return on equity after tax, but not lower than 4% p.a. and not higher than 8% p.a.

The seller has provided a DKK 112 million guarantee for losses due to political matters or unrest in Congo-Brazzaville. The guarantee sum, which will be reduced to half the amount after three years and expire after five years, is secured on the subordinated loan.

The present value of leasing commitments, broken down by term, is as follows:

	2007			2006		
	Minimum lease payments	Interest element	Present value	Minimum lease payments	Interest element	Present value
0-1 year	0.2	-	0.2	1.0	-	1.0
1-5 year	0.7	(0.1)	0.6	5.0	(0.6)	4.4
> 5 year	-	-	-	0.6	(0.1)	0.5
	0.9	(0.1)	0.8	6.6	(0.7)	5.9

23 Financial risks:

The group's risk management policy:

Due to the nature of the operations of the DLH Group the group's result and equity may be affected by a number of financial risks.

By far the majority of DLH's financial risk management takes place through the intra-group bank, primarily by means of forward exchange contracts and interest rate swaps. The intra-group bank operates according to fixed policies, which imply, for instance, that only positions to hedge risks are taken.

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 exchange risks

Approximately 85% of group revenue is denominated in foreign currencies, primarily handled by the company's own local sales companies. The currencies most important to the group are euro, followed by US dollar, Swedish kronor and Polish zloty. The most complex foreign exchange risk is related to the US dollar. It may be subdivided into three elements:

Trading risk. Just over 25% of revenues and approximately 25% of the goods purchased are denominated in US dollar. Normally, sales prices are adjusted to the trend in the US dollar. The degree of such adjustment is dependent on the economic development in the individual markets as well as the supply situation generally.

The net effect of a decline in the US dollar at group level depends on the scope of and rate at which sales prices are adjusted, and this is in turn closely related to a number of other factors, such as the size of inventories in the sales countries, the season, availability of substitute products etc.

23 Financial risks (continued):

Basically, a drop in the US dollar rate will have a detrimental effect on sales from the Euro-based supply regions such as West Africa and Europe, whereas it will boost the sales potential in the US-dollar based regions, such as South America, North America and South East Asia. The net effect of an exchange rate drop at group level will be positive in the short term in the case of the US dollar, but as the decline in the dollar rate is incorporated into prices, gross profit will fall, and if the decline in the dollar rate has its full effect on sales prices, the net effect will ultimately be negative.

The inventory risk is the risk the group runs on inventories in connection with changes in the US dollar rate. Of the group's inventories approximately DKK 100 million are to some extent exposed to the US dollar. A decline in the US dollar rate would put pressure on prices, primarily on the US dollar-based goods and thus have a negative impact on the group. Again the effect would depend on the extent and the speed at which sales prices are adjusted.

The conversion effect is the effect on the group's earnings and equity that is the result of converting the US dollar-based foreign companies' operations and balance sheet totals to the group's financial statements due to a change in the US dollar rate. The effect is negative when there is a drop in the US dollar rate. The average US dollar rate (544.6) fell by just under 8.5% from 2007 to 2006 (594.7), which had a negative impact on revenue and profit before tax in the amount of DKK 34 million and DKK 1.5 million respectively in the financial year compared to 2006.

The group's currency risks are related to the following items (carrying amount):

(DKK million)	Group		Parent company	
	2007	2006	2007	2006
Currency risks in the balance sheet at 31 December:				
EUR	9.3	(202.8)	31.1	3.9
USD	(22.8)	(16.2)	48.3	0.2
GBP	5.9	1.7	8.5	0.5
PLN	(4.3)	(13.4)	(0.9)	0.8
SEK	19.3	(81.8)	11.9	(11.3)
CHF	7.8	141.9	-	-
Others	(9.5)	(46.6)	(0.2)	6.2

At the balance sheet date, the group's principal foreign currency exposures were in the denominations USD, GBP and SEK. An isolated calculation of these currencies in the case of a simultaneous 10% drop in exchange rates would have a negative impact of DKK 0.2 million in 2007 compared to a positive impact of DKK 10 million in 2006. A rise in foreign exchange rates would have a corresponding effect in the opposite direction.

Foreign exchange policy:

The group's currency risks are hedged by matching income and expenses together with receivables and payables in foreign currency and also by means of derivative financial instruments in the separate companies. Future cash flows are only hedged when binding contracts have been concluded for the sale or purchase of goods.

The DLH Group's net investments in subsidiaries abroad are hedged unless the costs incurred are deemed to considerably exceed the risk of losses. However, the foreign exchange risk related to euro-denominated transactions is not hedged due to the fact that the Danish krone is kept within a narrow fluctuation band against the euro. For the DLH Group's considerable investments in West and Central Africa euro is considered functional currency. Other substantial investments in foreign currencies except for the Brazilian real were hedged in 2007. Due to this and because the value for tax purposes of the foreign exchange hedging is not usually recognised in the actual hedging contract the foreign exchange policy may result in equity adjustments.

23 Financial risks (continued):

Forward contracts to hedge future transactions

Million DKK	2007			2006		
	Notional principal amount*	Exchange gains/losses recognised in equity	Time to maturity months	Notional principal amount*	Exchange gains/losses recognised in equity	Time to maturity months

The group's forward exchange contracts to hedge the purchase and sale of goods, cf. group policy.

USD	0.1	0.0	0-2	(2.5)	2.4	0-3
PLN	-	-	-	(1.0)	0.0	0-1

The group's forward exchange contracts to hedge net investments in foreign subsidiaries, cf. group policy.

USD	(38.5)	5.2	0-2	(30.3)	0.2	0-3
PLN	(52.0)	(0.9)	0-2	(41.5)	(0.3)	0-2
GBP	(3.4)	0.4	0-2	(2.9)	0.0	0-2
MYR	(29.4)	(0.7)	0-2	(30.2)	(0.1)	0-2
CHF	(30.6)	(0.4)	0-2	-	-	-
NOK	(33.2)	(0.2)	0-2	-	-	-
EEK	(38.8)	(0.1)	0-2	(28.0)	0.0	0-2
SEK	(229.9)	0.0	0-2	(98.4)	0.0	0-2
RUB	(200.0)	(1.2)	0-2	(221.1)	(0.1)	0-3

*) Positive principal amounts of forward exchange transactions represent purchases denominated in the currency in question, and negative principal amounts represent sales.

Interest rate and financing risk:

At the end of 2007 DLH's net interest-bearing debt amounted to approximately DKK 2.1 billion. The debt is primarily denominated in the group's principal currencies: Danish kroner (DKK 800 million), euro (DKK 800 million) and US dollar (DKK 300 million). Exposures on loans denominated in foreign currencies are included in the overall hedging policy of the DLH Group, and the above amount is therefore not an expression of the group's foreign exchange exposure.

The debt is financed in part by current non-committed credit facilities and in part by non-current committed credit facilities. No specific targets have been set for the allocation between current and non-current credit facilities, but factors such as the liquidity situation on the credit markets and pricing have been taken into account in the group's consideration of suitable financing. At the balance sheet date, just less than 40% of the group's debt was non-current with an average time to maturity of approximately three years. DLH has close ties to relatively few banks and has adequate cash resources in the form of undrawn credit facilities for financing the group's operations. The disposal of the Building Materials Division on 29 February 2008 considerably improved the group's cash resources.

A simultaneous increase in the interest rate of 1 percentage point on all interest-bearing debt denominated in foreign currencies will on an annual basis reduce the group's pre-tax profit by approximately DKK 15 million at the current level of activity and with the existing capital structure.

The group's interest rate risk is related to the following items (consolidated from loans in various currencies):

Group 2007

(DKK million)	Re-assessment or maturity, if earlier				Broken down by interest rate intervals				
	0-1 years	1-5 years	>5 years	Total	0-2%	2-4%	4-6%	6-8%	>8%
Subordinated loan	-	67.1	44.7	111.8	-	-	-	111.8	-
Long-term credit institutions	5.5	613.1	71.9	690.5	-	7.8	591.7	91.0	-
Short-term credit institutions	1,134.3	-	-	1,134.3	44.6	384.8	661.9	42.3	0.7
Leasing commitment	0.2	0.6	-	0.8	-	-	-	0.8	-
	1,140.0	680.8	116.6	1,937.4	44.6	392.6	1,253.6	245.9	0.7

Parent company 2007

(DKK million)	Re-assessment or maturity, if earlier				Broken down by interest rate intervals				
	0-1 years	1-5 years	>5 years	Total	0-2%	2-4%	4-6%	6-8%	>8%
Subordinated loan	-	67.1	44.7	111.8	-	-	-	111.8	-
Long-term credit institutions	0.5	582.2	50.0	632.7	-	-	591.6	41.1	-
Short-term credit institutions	380.0	-	-	380.0	-	380.0	-	-	-
	380.5	649.3	94.7	1,124.5	-	380.0	591.6	152.9	-

23 Financial risks (continued):

Group 2006

(DKK million)	Re-assessment or maturity, if earlier				Broken down by interest rate intervals				
	0-1 years	1-5 years	>5 years	Total	0-2%	2-4%	4-6%	6-8%	>8%
Subordinated loan	-	55.9	55.9	111.8	-	-	-	111.8	-
Mortgage credit institutions	4.2	17.3	32.3	53.8	-	42.8	10.0	1.0	-
Long-term credit institutions	7.2	633.9	81.3	722.4	-	18.6	606.1	97.7	-
Short-term credit institutions	1,084.6	-	-	1,084.6	-	739.8	263.3	76.8	4.7
Leasing commitment	1.0	4.4	0.5	5.9	-	5.2	0.7	-	-
Interest rate swap, USD (fixed long-term interest rate)	-	-	-	-	-	39.6	(39.6)	-	-
Interest rate swap, EUR (fixed long-term interest rate)	-	-	-	-	-	(149.1)	149.1	-	-
	1,097.0	711.5	170.0	1,978.5	-	696.9	989.6	287.3	4.7

Parent company 2006

(DKK million)	Re-assessment or maturity, if earlier				Broken down by interest rate intervals				
	0-1 years	1-5 years	>5 years	Total	0-2%	2-4%	4-6%	6-8%	>8%
Subordinated loan	-	55.9	55.9	111.8	-	-	-	111.8	-
Long-term credit institutions	1.9	598.5	50.0	650.4	-	-	602.3	48.1	-
Short-term credit institutions	201.0	-	-	201.0	-	201.0	-	-	-
Interest rate swap, USD (fixed long-term interest rate)	-	-	-	-	-	39.6	(39.6)	-	-
Interest rate swap, EUR (fixed long-term interest rate)	-	-	-	-	-	(149.1)	149.1	-	-
	202.9	654.4	105.9	963.2	-	91.5	711.8	159.9	-

The fair value of the interest rate swaps outstanding at the balance sheet date, which have been concluded to hedge the interest rate risk of loans with a variable rate of interest and adjusted in the equity, is DKK (0.2) million at year-end 2006. Interest rate swaps have expired in 2007.

Fair values:

As regards the financial liabilities below the fair value differs from the value recognised in the group's balance sheet at 31 December 2007.

(DKK million)	Carrying amount	Commercial value	Carrying amount	Commercial value
	2007		2006	
Debt to mortgage credit institutions	-	-	53.8	54.5
Debt to credit institutions	632.7	630.2	650.4	655.7

Debt to mortgage credit institutions in 2006 relates to discontinued operations only.

Capital management:

DLH has a target of an equity ratio including subordinated loans of at least 30%. At the end of 2007 DLH realised an equity ratio including subordinated loans of 32.1% (2006: 32.2%). In the re-assessment of its financial targets following the disposal of the Building Materials Division the group raised its long term target for the equity ratio including subordinated loans to 35% to be reached in 2012.

The supervisory board intends to make a dividend payment to shareholders annually at the rate of approximately 25 % of the profit for the year after tax with due regard to the development plans of the group and its need for consolidation.

Following the disposal of the Building Materials Division the group's equity ratio will be considerably increased. Under this scenario the supervisory board will propose a resolution at the company's annual general meeting in April 2008 to the effect that a share buy-back programme is set up with a limit of DKK 100 million.

23 Financial risks (continued):

Credit risks:**Trade receivables:**

Trade receivables represent the second-largest asset item in the balance sheet, amounting to DKK 669.3 million. Credit is granted according to an active credit policy. Losses on debtors mainly occur in periods of recession. Losses including costs relating to debtor insurance amount to 0.2% of revenue in 2007 and do not normally exceed 0.4% of the revenue.

In the Hardwood Division credit is to a large extent granted on the basis of letters of credit or other payment against documents. Otherwise credit is primarily granted on the basis of debtor insurance with part coverage of potential losses. To this must be added trade receivables from individual customers where credit is granted on the basis of trust and therefore naturally is more risky.

In the Timber & Board Division credit granted to industrial customers and customers outside Denmark is primarily based on debtor insurance with part coverage of potential losses. Conversely, no insurance is taken out in respect of credit to timber merchant companies in Denmark, as such credit is granted on the basis of own credit ratings and a relationship of trust established with the individual customer.

Approximately 60% of the trade receivables of the DLH Group are covered by credit insurance or secured in other ways, for instance by letters of credit or other payment against documents. The group's maximum risk on trade receivables was DKK 265.0 million excluding value added tax at 31 December 2007.

Prepayments to suppliers:

Prepayment to suppliers has been used as an important parameter in securing supplies from Africa, South America and Eastern Europe. This carries an inherent risk of losses and calls for tight control. Some of the prepayments do, however, represent advance financing of already existing inventories built up by the suppliers. At the end of 2007 the group's prepayments to suppliers was DKK 89.0 million, an amount for which security had only been provided in part.

At the balance sheet date the risk profile is as follows:

(DKK million)	Trade receivables		Prepayment for goods	
	2007	2006	2007	2006
Credit risk:				
Nominal value	687.9	921.3	112.9	129.5
Write-downs	(18.6)	(35.3)	(23.9)	(20.3)
Carrying amount	669.3	886.0	89.0	109.2
- Credit insurance, net	(332.6)	(485.4)		-
- Secured in other ways	(71.7)	(42.7)	(7.3)	-
Maximum credit risk	265.0	357.9	81.7	109.2

The maximum credit risk expresses the carrying amount of receivables less receivables secured by credit insurance or otherwise. Some of the advance payments are secured by collateral in the production plant and property.

Trade receivables are broken down by credit quality as follows in 2007:

Denmark	39.6
Other Scandinavian countries	95.3
Western Europe	338.3
Eastern Europe	51.8
North America	33.8
Africa	42.7
Asia	30.0
Other countries	37.8
Total	669.3

Trade receivables past due, but not written-down at 31 December 2007:

Period of maturity:	
Up to 6 months	95.8
Between 6 and 9 months	-
Between 9 and 12 months	-
More than 12 months	-
Total	95.8

	Group		Parent company	
	2007	2006	2007	2006
(DKK million)				
24 Assets charged:				
Properties:				
In addition to debt to mortgage credit institutions in the continuing group and the parent company property have been charged for	-	1.0	-	-
The carrying amount of the charged properties in the continuing group is DKK 0.0 million (2006: DKK 38.4 million). Debt in the charged properties in the continuing group is DKK 0.0 million (2006: DKK 21.4 million).				
Bills of exchange:				
Discounted with foreign credit institutions	43.0	67.4	-	-
25 Contingent liabilities:				
No deferred tax provision is made in the balance sheet in respect of contingent 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.	89.0	89.0	-	-
Guarantee commitments in favour of group enterprises in addition to the credit institution loans stated in the balance sheet, maximum	-	-	650.7	646.1
Guarantee commitments in favour of custom authorities etc., maximum	32.1	26.4	18.9	19.8

Leasing commitment:

	Lease concluded	Purchase option may be exercised	Term	Nominal value of leasing commitment
The parent company and group enterprises have concluded operating leases in respect of properties:				
Head office building, Skagensgade 66, 2630 Taastrup	2007	2014	20 years	DKK 80.9 million
Office building/warehouse, Nordkajen, 6000 Kolding	2004	No option	5 years	DKK 3.9 million
Office building/warehouse, Østre Kajgade 2-4, 4600 Køge	2006	No option	5 years	DKK 20.6 million
Office building/warehouse, Industriområdet 15, 8732 Hovedgård	2006	No option	9 years	DKK 24.9 million
Office building/warehouse, Nydamsvej 2, 8362 Hørning	2006	No option	6 years	DKK 4.6 million

As regards the properties in Kolding, Køge, Hovedgård and Hørning these are usual rent agreements and there is therefore no purchase option. Property in Taastrup may be acquired at a fixed price via a purchase option. The option was not favourable at the time of its conclusion.

In addition, framework agreements have been concluded for operating leases in respect of passenger vehicles, vans, lorries and fork lift trucks in both the parent company and group enterprises in Denmark. The agreements have been concluded subject to the usual market terms.

The present value of the leasing commitments amounts to DKK 95.2 million (2006: DKK 142.5 million).

2007	Group				Parent company			
	0-1 years	1-5 years	> 5 years	Total	0-1 years	1-5 years	>5 years	Total
Commitment under operating lease, nominal value falling due:								
Properties	12.6	41.7	80.5	134.8	3.1	13.0	64.8	80.9
Passenger vehicles and vans	2.4	1.6	-	4.0	0.3	-	-	0.3
Total	15.0	43.3	80.5	138.8	3.4	13.0	64.8	81.2
2006	Group				Parent company			
	0-1 years	1-5 years	> 5 years	Total	0-1 years	1-5 years	>5 years	Total
Commitment under operating lease, nominal value falling due:								
Properties	17.6	68.9	71.2	157.7	3.4	14.7	37.6	55.7
Passenger vehicles and vans	6.4	5.2	-	11.6	0.3	0.2	-	0.5
Lorries	1.2	2.2	-	3.4	-	-	-	-
Fork lift trucks	2.2	6.1	1.2	9.5	-	-	-	-
Other commitments	0.2	0.1	-	0.3	-	-	-	-
Total	27.6	82.5	72.4	182.5	3.7	14.9	37.6	56.2

DKK 14.7 million (2006: DKK 19.3 million) relating to operating leases has been recognised in the income statement under other external expenses.

26 **Related parties:****Related parties with controlling influence:**

DLH-Fonden, Ved Stranden 18, P.O. Box 2034, 1012 Copenhagen K.

No transactions have been conducted with DLH-Fonden in 2007 apart from the payment of dividend.

Further reference is made to pages 18-19 under the section on shareholders.

Related parties with a significant influence:

Comprises the company's supervisory board, group management and group enterprises as outlined in the group chart on page 70.

Related party transactions:**Group:**

Apart from intra-group transactions, which have been eliminated in the consolidated financial statements, and the customary remuneration of the supervisory and executive boards, no transactions have been performed during the year with the supervisory or executive board, major shareholders or group enterprises.

Please refer to page 23, outlining positions of trust held by members of the supervisory and executive boards.

The group's Swiss subsidiary has borrowed CHF 3.5 million, corresponding to DKK 15.6 million (2005 CHF 3 million, corresponding to DKK 14.3 million) from the subsidiary's pension fund. Interest on the loan is charged at the rate of 5% in 2007 and 2006.

The group's sales to the 50% owned joint venture Indochina Wood Ltd. amounted to DKK 5.1 million (2006: DKK 3.3 million) and total receivable at year-end amounted to DKK 2.1 million (2006: DKK 2.0 million) and are included in trade receivables.

Parent company:

The parent company has made long-term loans to, has receivables from or payables to group enterprises.

(DKK million)	2007	2006
Long-term loans	396.9	395.7
Interest-bearing receivables	661.1	502.9
Liabilities	174.6	215.0

At the balance sheet date long-term loans granted carry interest at rates between 4.5% and 6.5%, and interest-bearing receivables carry interest at rates between 3.4% and 6.3%. Liabilities carry interest at rates between 4.4% and 6.3% p.a. depending on the currency. Interest rates are fixed on the basis of the company's own interest arrangements with the credit institutions.

Interest rates relating to group enterprises are stated in notes 10 and 11.

The parent company has received DKK 125.0 million in dividend from subsidiaries in 2007 (2006: DKK 70 million).

The parent company defrays most of the IT expenses for all the DLH Group enterprises, expenses incidental to running certain properties in Denmark and corporate functions at the head office in Taastrup. The individual group enterprises have been invoiced as follows for their share of the use of these services and facilities:

(DKK million)	2007	2006
IT-expenses	15.6	25.1
Corporate centre	20.9	14.4
Rent etc.	3.4	7.1
	39.9	46.6

Re-invoicing for secondment of staff to Danish enterprises is stated in note 7.

The parent company has provided guarantees for group enterprises' bank loans, please see note 25.

No other transactions have been carried out involving members of the supervisory or executive boards or other executives, major shareholders or other related parties in the course of the year.

27 Acquisition of businesses:

Names of acquired businesses	Principal activity	Acquisition date	Acquired investments
OK Træ ApS	Distribution of sheet materials	21 June 2007	100%
Olle Zettergren AB	Distribution of sheet materials	1 July 2007	100%
Hustvedt Group	Distribution of hardwood, veneer and sheet materials	1 August 2007	100%

(DKK million)	OK Træ ApS		Olle Zettergren AB		Hustvedt Group		Total 2007		2006	
	Carrying amount prior to acquisition	Fair value at acquisition date	Carrying amount prior to acquisition	Fair value at acquisition date	Carrying amount prior to acquisition	Fair value at acquisition date	Carrying amount prior to acquisition	Fair value at acquisition date	Carrying amount prior to acquisition	Fair value at acquisition date
Intangible assets	-	75	-	21.5	-	41.3	-	70.3	1.7	10.2
Property, plant and equipment	0.4	0.4	11.6	21.6	2.2	2.2	14.2	24.2	232.2	280.1
Financial assets	-	-	-	-	1.6	1.7	1.6	1.7	-	-
Inventories	1.0	1.0	31.0	31.0	27.7	27.7	59.7	59.7	371.9	371.9
Receivables	1.9	1.9	12.4	12.4	14.9	14.9	29.2	29.2	246.6	246.6
Cash	1.0	1.0	20.5	20.5	0.3	0.3	21.8	21.8	52.1	52.1
Loans	-	-	-	-	(10.6)	(10.6)	(10.6)	(10.6)	(211.1)	(211.1)
Deferred tax	(0.1)	(0.1)	(3.4)	(12.3)	-	(11.1)	(3.5)	(23.5)	(2.8)	(1.9)
Trade payables	(0.9)	(0.9)	(4.5)	(4.5)	(3.5)	(3.5)	(8.9)	(8.9)	(88.3)	(88.3)
Pension liabilities	-	-	-	-	(2.0)	(3.7)	(2.0)	(3.7)	(9.9)	(11.0)
Other payables	(1.1)	(1.1)	(7.5)	(7.5)	(7.7)	(7.7)	(16.3)	(16.3)	(155.6)	(159.7)
Net assets	2.2	9.7	60.1	82.7	22.9	51.5	85.2	143.9	436.8	488.9
Goodwill *)	-	-	-	7.8	-	14.9	-	22.7	-	37.2
Negative goodwill	-	-	-	-	-	-	-	-	-	(32.7)
Cash funds taken over	-	(1.0)	-	(20.5)	-	(0.3)	-	(21.8)	-	(52.1)
Subordinated loan	-	-	-	-	-	-	-	-	-	(111.8)
Share increase	-	-	-	-	-	-	-	-	-	(102.0)
Cash acquisition price	-	8.7	-	70.0	-	66.1	-	144.8	-	227.5

*) This is a preliminary calculation of goodwill to the acquisition of OK Træ ApS, Olle Zettergren AB and the Hustvedt Group. With respect to the acquisitions made in 2006 the goodwill calculated is final, except from adjustment of earn-out related provisions.

Please refer to note 22 regarding subordinated loan in 2006 and to note 19 regarding share increase in 2006.

OK Træ ApS:

On 21 June 2007 the Timber & Board Division acquired full ownership of the company OK Træ ApS. Until now, the operations of this company have consisted of the distribution of sheet materials.

The DLH Group has measured the fair value of the net assets in OK Træ, concluding that there were no fair value adjustments except for the recognition of intangible assets. The entire difference between the purchase price and the net assets has been allocated to the contract with the supplier Homanit, which was not recognised in the financial statements of OK Træ ApS. The supplier contract has been recognised as an intangible asset, and no goodwill relating to the acquisition of OK Træ ApS has been recognised. The supplier contract was the main reason for acquiring OK Træ ApS.

OK Træ ApS generates annual revenue of DKK 30 million with an EBIT of approximately DKK 2.4 million. In the ownership period, from 21 July, OK Træ ApS has generated revenue of DKK 13.7 million with an EBIT of DKK 2.0 million.

Olle Zettergren AB:

On 1 July 2007 the Timber & Board Division acquired full ownership of the Swedish company Olle Zettergren AB. Until now, the operations of this company have consisted of the distribution of sheet materials to the Swedish industrial market, primarily in mid and southern Sweden.

The fair value adjustment relates to the re-evaluation of the company's property in Sweden in the amount of DKK 10.0 million. In connection with the allocation of the purchase price to net assets, the DLH Group has identified customer relations worth DKK 21.5 million, an item which has been recognised as an intangible asset. The fair value adjustment incorporates deferred tax of DKK 8.9 million, DKK 2.8 million regarding property and DKK 6.1 million regarding customer relations, respectively. Deferred tax is calculated at a tax rate of 28%, which is the current tax rate for Olle Zettergren AB. The difference between the balance of the purchase price and the net assets, determined at fair value, has been recognised as goodwill. The goodwill recognised relates to the purchase of market shares in existing business units, including the existing organisation, and purchasing synergies from the amalgamation of the supplier network.

Olle Zettergren AB generates annual revenue of DKK 80 million with an EBIT of approximately DKK 8 million. In the ownership period, from 1 July, Olle Zettergren AB has generated revenue of DKK 51.3 million with an EBIT of DKK 3.2 million.

27 Acquisition of businesses:

The Hustvedt Group:

On 1 August 2007 the Hardwood Division acquired full ownership of three companies in the Norwegian group Hustvedt. Until now, the operations of the Hustvedt Group have consisted of the distribution of hardwood, veneer and sheet materials to the Norwegian industry, including the shipbuilding industry.

The fair value adjustment relates to an increase in pension liabilities of DKK 1.7 million. In connection with the allocation of the purchase price to net assets, the DLH Group has identified customer relations worth DKK 4.3 million, an item which has been recognised as an intangible asset. The fair value adjustment incorporates deferred tax in the amount of DKK 11.1 million, DKK (0.5) million regarding pension liabilities, DKK 11.6 million regarding customer relations, respectively. Deferred tax is calculated at a rate of 28%, which is the current tax rate for the Hustvedt Group. The difference between the balance of the purchase price and the net assets, determined at fair value, has been recognised as goodwill. The goodwill recognised relates to the purchase of market shares in existing business units, including the existing organisation, and expected purchasing synergies from the amalgamation of the supplier network.

The Hustvedt Group generates annual revenue of DKK 140 million with an EBIT of approximately DKK 7.6 million. In the ownership period, from 1 August, the Hustvedt Group has generated revenue of DKK 79.2 million with an EBIT of DKK 3.8 million.

Full-year effect

Group revenue and EBIT generated by the continuing operations determined on a pro forma basis as if all acquisitions had been made on 1 January in the year of acquisition amount to:

(DKK million)	2007	2006
Revenue	5,719.8	5,482.0
Full-year effect of:		
- OK Træ ApS	16.3	-
- Olle Zettergren AB	28.7	-
- Hustvedt Group	60.8	-
- tt Group	-	140.0
- Ljungberg Group	-	185.0
Revenue, pro forma	5,825.6	5,807.0
EBIT	244.4	224.2
Full-year effect of:		
- OK Træ ApS	0.4	-
- Olle Zettergren AB	4.8	-
- Hustvedt Group	3.2	-
- tt Group	-	16.7
- Ljungberg Group	-	8.4
EBIT, pro forma	252.8	249.3

In 2006 the DLH Group acquired the tt Group and the Ljungberg Group.

The tt Group:

On 23 January 2006 the Hardwood Division acquired full ownership of 15 companies and the operations of another company in the Swiss group, Tropical Timber (tt). Until now, the operations of the tt Group has comprised harvesting from own forest concessions in Africa, production, distribution and the sale of hardwood.

The main fair value adjustments relate to intangible assets, properties and buildings, machinery and equipment, inventories and receivables.

The adjustment by DKK 9.5 million of intangible non-current assets relates to the FSC-certification in Congo Brazzaville as well as the forest concession in Gabon.

The adjustment of properties and buildings in the amount of DKK 15.1 million relates to properties and buildings in Denmark, France and the USA, which have been revalued by external valuers.

The adjustment of machinery and equipment in the amount of DKK 25.6 million relates to a revaluation of the written-off replacement cost for harvesting equipment in the Republic of the Congo, resulting in revaluation to the tune of DKK 27.2 million as well as write-down of DKK 1.7 million for impairment losses on plant and machinery in Hungary.

The resulting negative goodwill of DKK 32.7 million is recognised in the income statement under the item "other operating income".

Prior to the acquisition, the tt Group generated annual revenue of DKK 1,300 million with an EBIT of approximately DKK 75 million. In the ownership period, from 23 January 2006, the tt Group has generated revenue of DKK 1,160 million with an EBIT of DKK 58.3 million, including negative goodwill of DKK 32.7 million.



27 Acquisition of businesses (continued):**The Ljungberg Group:**

On 31 August 2006 the Timber & Board Division acquired full ownership of two companies in the Swedish group Ljungberg. Until now, the operations of the Ljungberg Group have consisted of distribution of sheet materials in Scandinavia.

The fair value adjustment relates to revaluation of properties in Sweden, primarily the head office and warehouse in Hässleholm, in the amount of DKK 7.2 million, and an increase in the pension liabilities of DKK 1.1 million. The group has not identified and recognised intangible assets in connection with the acquisition, and the entire difference between the purchase price and the net assets, determined at fair value, has therefore been recognised as goodwill. The goodwill recognised relates only to the purchase of market shares in existing business units as well as expected purchasing synergies from the amalgamation of the supplier network.

The Ljungberg Group generates annual revenue of DKK 300 million with an EBIT of approximately DKK 14 million. In the ownership period from 1 September 2006 the Ljungberg Group has generated revenue of DKK 115.0 million with an EBIT of DKK 5.6 million.

28 Subsequent events occurring after the end of the financial year:**Acquisition of Palma Byggrossisten AB completed:**

With effect from 31 January 2008 DLH acquired 100% of the shares in Palma Byggrossisten AB in Sundsvall. The contractual purchase price was DKK 94 million. The group is in the process of allocating the purchase price. This has not been completed as the details of the carrying amount of Palma Byggrossisten AB prior to the takeover are still not available.

Palma Byggrossisten AB, which is ideally positioned on the Swedish distributor market for sheet materials in the northern part of Sweden, generates annual revenue of approximately DKK 100 million and will further consolidate DLH's market position in the Nordic countries. Palma Byggrossisten AB will be incorporated into DLH's Timber & Board Division, reporting to the group's Swedish subsidiary Karl Ljungberg AB. Palma Byggrossisten AB is expected to contribute with an annual EBIT at the level of DKK 8 million.

Disposal of the Building Materials Division effected:

With effect from 29 February 2008 DLH finalised the sale of its shares in DLH Træ & Byg A/S, and thus the Building Materials Division, to Saint-Gobain Distribution Nordic AB, a company in the Saint-Gobain Group.

The selling price for the shares in DLH Træ & Byg A/S has been provisionally calculated at DKK 825 million. The final price will be calculated when the accounts for the Building Materials Division as of 29 February 2008 are available and is not expected to deviate significantly from the estimated selling price. The group expects a net profit from the disposal amounting to DKK 580 million after deducting transaction costs, provisions etc.

Share buy-back programme:

As a result of the disposal of the Building Materials Division, the supervisory board will propose a resolution concerning a share buy-back programme of up to DKK 100 million, the equivalent of almost 8% of the listed Class B share capital based on the share price of 78, at the annual general meeting on 16 April 2008.

The share buy-back programme will be implemented in accordance with the 'safe-harbour' method approved by the EU. The programme is expected to be launched following the publication of the group's 1st quarter report on 21 May 2008 and concluded before the end of 2008. The shares will be cancelled following the buy-back.

The share buy-back does not prevent the company from issuing shares at a later stage in connection with large scale acquisitions (as in 2000 and 2006).

It is expected that DLH-Fonden, which owns 25.8% of the total share capital (both Class A and Class B shares), will not dispose of shares in connection with the buy-back programme.

Otherwise, no significant events have taken place after 31 December 2007.

29 New financial reporting standards

IASB has issued the following new financial reporting standards (IAS and IFRS) and interpretations (IFRICs) that Dalhoff Larsen & Horneman A/S is not required to comply with in the preparation of the 2007 annual report: IAS 1, 23 and 27, IFRS 2, 3 and 8 as well as IFRICs 11-14. Only IFRS 8 and IFRIC 11 have been approved by the EU. Dalhoff Larsen & Horneman A/S expects to implement the new financial reporting standards and interpretations when they become compulsory in 2008, 2009 and 2010, respectively. None of the new standards or interpretations are expected to have a significant impact on the financial reporting of Dalhoff Larsen & Horneman A/S.

30 Discontinued operations

(DKK million)	Group	
	2007	2006
Profit for the year for the Building Materials Division before tax:		
Income statement:		
Revenue	1,814.8	1,836.3
Cost of sales	(1,400.1)	(1,444.5)
Gross profit	414.7	391.8
Other operating income, net	0.9	2.0
Other external expenses	(121.5)	(102.8)
Other staff costs	(206.7)	(197.1)
Operating profit before depreciation (EBITDA)	87.4	93.9
Depreciation & amortisation	(14.6)	(16.6)
Operating profit (EBIT)	72.8	77.3
Financial items:		
Financial income	4.6	4.2
Financial expenses	(15.8)	(13.6)
	(11.2)	(9.4)
Profit before tax (EBT)	61.6	67.9
Tax on profit for the year	(15.1)	(19.8)
Profit for the year	46.5	48.1
Earnings per share for discontinued operations:		
Earnings per share (EPS)	2.53	2.65
Diluted earnings per share (EPS-D)	2.52	2.64
Cash flow from discontinued operations, net:		
Cash flow from operating activities	57.5	38.1
Cash flow from investment activities	(17.5)	(14.6)
Cash flow from financing activity	(1.6)	(1.9)
Total	38.4	21.6

30 Discontinued operations (continued)

(DKK million)	Discontinued operations		Parent company	
	2007	2006	2007	2006
Goodwill	18.4	18.4	-	-
Property, plant and equipment	160.9	156.6	-	-
Other non-current assets:	3.1	4.9	152.7	-
Inventories	216.8	212.5	-	-
Trade debtors	196.1	199.1	-	-
Other receivables	37.6	36.1	-	-
Cash	1.2	1.6	-	-
Total assets held for sale	634.1	629.2	152.7	-

Assets held for sale in the parent company consist of investments in the subsidiary DLH Træ & Byg A/S. The equity investment is measured at original cost since the net selling price is expected to exceed the cost.

Mortgage credit institutions	49.6	54.8	-	-
Credit institutions	121.6	52.8	-	-
Trade payables	57.6	59.1	-	-
Other liabilities	62.0	56.9	-	-
Liabilities relating to assets held for sale	290.8	223.6	-	-

Enhanced focus after the sale of the Building Materials Division

At the end of 2007 DLH concluded an agreement to sell DLH's Building Materials Division to the Norwegian Optimera Group, which is owned by the French group Saint-Gobain. The disposal of the Building Materials Division is of great strategic importance to DLH and at the same time a natural step in the continued development of the building materials business.

The history of the Building Materials Division starts with the acquisition of Christiansen & Nielsen, Trælasthandel A/S in 1965. Since then DLH acquired a series of timber merchant companies which in 2002 became the Building Materials Division.

As the Building Materials Division grew, greater economies of scale and synergies were achieved. The ongoing streamlining of the Building Materials Division primarily took place within logistics, purchasing and marketing. The outcome was a business unit which today is a major player in the building materials market. The division is the third largest capital chain within the industry in terms of revenue and number of outlets. The most recent major event in the history of the division was when 18 timber merchant companies changed their names to Horneman on 1 January 2007 and joined Denmark's largest building materials chain, XL-BYG.

With the disposal of the Building Materials Division DLH has ensured that the division becomes part of a group which is properly equipped to take the business to the next level. Saint-Gobain is a global enterprise with more than 200,000 employees in 54 countries and is the largest and strongest player in the building materials market world-wide.

For the time being the management and the support functions of the Building Materials Division will remain at DLH's head office in Taastrup and benefit from the corporate functions of the DLH Group (such as IT and HR). The sale was completed on 29 February 2008.

The history of the Building Materials Division

- 1965 Acquisition of Christiansen & Nielsen, Trælasthandel A/S (Aalborg and Vinderup).
- 1967 Acquisition of Tune Trælasthandel A/S.
- 1989 Acquisition of Skodborg Trælasthandel af 16/9 1975 A/S (Skodborg, Vamdrup, Vejle, Lunderskov).
- 1994 Acquisition of Walter Jessen & Co. A/S (Brøndby).
- 1995 Acquisition of A/S Kr. Præstegaards Tømmerhandel (Grindsted, Billund, Oksbøl).
- 1996 Acquisition of Annebergs Tømmerhandel A/S in Nr. Nebel and Hvide Sande.
- 1997 Acquisition of timber merchant company in Tim and opening of ProTræ in Odense.
- 1998 Acquisition of timber merchant company in Lendemark.
- 2000 Acquisition of Karlslunde Trælast A/S (Karlslunde and Solrød).
- 2003 Acquisition of A/S Holtens Langes Trælasthandel (Korsør and Ringsted).
- 2005 Acquisition of Møller Lee Tømmerhandel A/S (Hjørring) and Risør Træ & Finer A/S.
- 2007 Corporate name and logo – XL-BYG Horneman.
- 2007 Disposal to Saint-Gobain with final takeover on 29 February 2008.
- 2007 Revenue DKK 1.8 billion, 550 employees.

GROUP ENTERPRISES

As at 1 March 2008

Dalhoff Larsen & Horneman A/S
Skagensgade 66
DK-2630 Taastrup

DLH Environmental Department
Skagensgade 66
DK-2630 Taastrup

HARDWOOD DIVISION

DLH Nordisk A/S
Skagensgade 66, 2630 Taastrup, **Denmark**

tt Timber International AG
Elisabethenanlage 11, P.O. Box 631, 4010 Basle,
Switzerland

Indufor n.v.
Noorderlaan 125, 2030 Antwerp, **Belgium**

Nordisk Timber Ltda.
Rodovia Augusto Montenegro, km 11 - Icoaracy,
CEP 66.820.000 Belém, Pará, **Brazil**

Alameda Frei Romon no 1010
Bairro : Centro
CEP 68.800-000, Breves, Pará, **Brazil**

Av. Sete de Setembro, 5011, Edifício Tokyo,
14th Floor, Batel, CEP 80240-000
Curitiba, Paraná, **Brazil**

Rua Governador Manoel Ribas 1400,
Bairro Industrial CEP 83221-560
Paranaagua, Paraná, **Brazil**

SAT - Société d'Approvisionnement et de Transit
B.P. 4409, Douala - Bonanjo, the **Camerouns**

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DLH Nordisk A/S
Suite 1202, Building K, 343 Huaihai West Road,
200030 Shanghai, **China**

CIB - Congolaise Industrielle des Bois
BP 41, Ouesso, the Republic of the **Congo**

CIB - Congolaise Industrielle des Bois
BP 145, Brazzaville, the Republic of the **Congo**

DLH Czech, s.r.o.
Na Hurce 1091/8, 161 01 Prag 6, the **Czech Republic**

DLH Nordisk A/S
Industriområdet 15, 8732 Hovedgård, **Denmark**

Väärspuu & Spooni A/S
Sära tee 4/6, Peetri Küla, Rae Vald, 75312 Harjumaa,
Estonia

Vilukeskus OY
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CIB - Congolaise Industrielle des Bois
127, Avenue d'Italie, 75013 Paris, **France**

DLH France
Rue de l'île Botty, Zone Industrielle de Cheviré - B.P.
70105, 44101 Nantes Cedex 4, **France**

DLH France
1, Zone d'Activités de l'Ancien Pont, La Peyrade,
3410 Frontignan, **France**

CIB - Commerce et Industrie du Bois
B.P. 51, Port-Gentil, the **Gabon**

GB - Gabonaise Industrielle des Bois
B.P. 51, Port-Gentil, the **Gabon**

Indufor GmbH
Asbestosstrasse 1, 26954 Nordenham, **Germany**

DLH Germany GmbH
Asbestosstrasse 1, 26954 Nordenham, **Germany**

Bohmans Furnier GmbH
Postfach 1105, 97829 Frammersbach, **Germany**

DLH Guyana, Inc.
Lot 13, Bel Air Springs, Georgetown, **Guyana**

DLH Hungary Kft.
Paphegy 3, 2624 Szokolya, **Hungary**

DLH Nordisk Indonesia
Graha Aktiva - Suite 603,
Jl. HR. Rasuna Said Blok X-1 Kav. 03
Jakarta 12950, **Indonesia**

DLH Côte d'Ivoire SA
Rue Saint Jean-Cocody, 01 B.P. 2648 Abidjan 01,
the Ivory Coast

01 B.P. 391, San Pedro, **the Ivory Coast**

Bohmans Finieri Sia
Biekermiekuila 121, LV-1021 Riga, **Latvia**

Bohmans Ltd
Meistru g. 8A, LT-02169 Vilnius, **Lithuania**

DLH Timber Industries Sdn Bhd
MMB Timber Complex, Warehouse No 4 & 5, Mile 3. 1/2,
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91021 Tawau, Sabah, **Malaysia**

Carl Ronnow (M) Sdn Bhd
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97 Jalan SS7/2, Kelana Jaya, 47301 Petaling Jaya,
Selangor Darul Ehsan, **Malaysia**

Carl Ronnow (M) Sdn Bhd
DLH Timber Industries Sdn Bhd
Kampung Melawa, 14.5 Km, Jalan Sepangar Bay,
Menggalat, Locked Bag 20, 88990 Kota Kinabalu,
Sabah, **Malaysia**

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Denemarkenweg 1, 4389 PE Rithem, **the Netherlands**

DLH Nederland
Eernweg 8, 3742 LB Baarn, **the Netherlands**

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AS Tre og Finer
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5268 Bergen, **Norway**

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DLH Poland Sp. z o.o.
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ul. Modlińska 231, 03-120 Warszawa, **Poland**

ul. Kopijników 77, 03-274 Warszawa, **Poland**

ul. A. Struga 42, 70-784 Szczecin, **Poland**

ul. Rozdzińskiego 95, 40-203 Katowice, **Poland**

ul. Grudziadzka 122A, 87-100 Torun, **Poland**

ul. Marcelinska 96, 87-324 Poznan, **Poland**

ul. Starogardzka 3, 83-010 Straszyn, **Poland**

ul. Fordonska 135, 85-739 Bydgoszcz, **Poland**

ul. Wycsigowa 58, 53-012 Wrocław, **Poland**

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Bohmans Novosibirsk
Prospect Dzerzhinskogo, 87, 630051 Novosibirsk,
Russia

Bohmans Vologda
Gagarina Street, 89, 160000 Vologda, **Russia**

Bohmans Nizhiny Novgorod
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Nizhny Novgorod, **Russia**

DLH Slovakia s.r.o.
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Nogradyho Street 561/14
96001 Zvolen, **Slovakia**

DLH Nordisk A/S
14th Floor, No. 1 Thibault Square,
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AB Bohmans Fanerfabrik
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AB Fanerkompagniet
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DLH Nordisk Derevo Ltd.
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Cherkassy Oblast, the **Ukraine**

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DLH UK Limited trading as Alan Thomas Craig
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DLH Nordisk, Inc.
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TIMBER & BOARD DIVISION

DLH A/S
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Salgscenter Hørring
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Salgscenter Kolding
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Produktion: Nordkajen 5, 6000 Kolding, **Denmark**

Salgscenter Køge
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DLH Poland sp z.o.o.
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DLH Poland Sp z.o.o.
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DLH Russia 000
Lomonosova ave. 135. 5-th Floor, 163000 Archangel,
Russia

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Pyatnitskaya str, 39/1, Office No. 26, 156000 Kostroma,
Russia

DLH A/S
Naimushina Str, 44, Office 36, 665709 Bratsk, **Russia**

DLH A/S
Karatzuskiy Line, 39, 660661 Krasnoyarsk, **Russia**

Karl Ljungberg AB
Regementsgatan 2, 645 33 Strängnäs, **Sweden**

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Norra Industrig., Box 2014, 281 02 Häsleholm,
Sweden

Karl Ljungberg AB
Box 2014, Industrigatan, 281 02 Häsleholm, **Sweden**

Karl Ljungberg AB
Magasinsgatan 15, 574 38 Vettlanda, **Sweden**

Palma Bygghjälpen AB
Timmervägen, 85124 Sundsvall, **Sweden**

Olle Zettergren AB
Gesällvägen 6, 14563 Norsborg, **Sweden**

DLH A/S c/o DLH Nordisk, Inc.
2307 W. Cone Blvd, Suite 200, Greensboro, NC 27408,
USA

LEGAL STRUCTURE

As at 1 March 2008

DLH Group	Currency	Share capital	Ownership
Dalhoff Larsen & Horneman A/S, Høje Taastrup, Denmark	DKK	185,784,739	
tt Timber International AG, Basle, Switzerland	CHF	4.6 million	100%
CFA-Abeilles Holding S.A, Basle, Switzerland	CHF	1.6 million	100%
tt Timber Benelux BV, Baarn, the Netherlands	EUR	2.0 million	100%
Congolaise Industrielle des Bois SA, Quesso, the Republic of Congo	XAF	2,370 million	100%
Soc. d'Approvisionnements et de Transits SARL, Douala, the Cameroons	XAF	75 million	100%
Soc. Industrielle des Chutes de Lalié SA, Libreville, Gabon	XAF	10 million	100%
Commerce et Industrie du Bois SA, Port-Gentil, Gabon	XAF	1,000 million	100%
Gabonaise Industrielle des Bois SA, Port-Gentil, Gabon	XAF	2,000 million	100%
Soc. Forestière Tropicale SA, Abidjan, the Ivory Coast	XAF	75 million	100%
DLH Nordisk A/S, Høje Taastrup, Denmark	DKK	50 million	100%
DLH UK Limited, Westerham, the United Kingdom	GBP	2.3 million	100%
DLH Nordisk Inc., Greensboro, the USA	USD	0.05 million	100%
PW Hardwood LLC, Greensboro, the USA	USD	1.0 million	100%
DLH Guyana Inc., Georgetown, Guyana (former British Guyana)	GYD	0.05 million	100%
Inter-Continental Hardwoods Inc., Currie, the USA	USD	0.035 million	100%
Georgia Timber International Inc., Greensboro, the USA	USD	0.001 million	100%
Indufor N.V., Antwerpen, Belgium	EUR	2.5 million	100%
DLH Nordisk (Holland) B.V., Rittheim, the Netherlands	EUR	0.1 million	100%
DLH Germany GmbH, Nordenham, Germany	EUR	1.0 million	100%
DLH France S.A.R.L., Nantes, France	EUR	0.8 million	100%
DLH Poland Sp. z o.o., Warsaw, Poland	PLN	2.4 million	100%
DLH Nordisk Sp. z o.o., Karlino, Poland	PLN	2.0 million	100%
DLH Nordisk s.r.o., Prag, the Czech Republic	CZK	0.2 million	100%
DLH Nordisk s.r.o., Bratislava, Slovakia	SKK	0.2 million	100%
DLH Nordisk Derevo, Uman, the Ukraine	UAH	0.2 million	100%
DLH Nordisk Kft., Szigetszentmiklos-Lakihegy, Hungary	HUF	3.0 million	100%
IH Timber Kft., Szokalya, Hungary	HUF	300 million	100%
Nordisk Timber Ltda., Belém, Brazil	BRL	33.1 million	100%
DLH Nordisk S.A.R.L., Abidjan, the Ivory Coast	XAF	150 million	100%
Nordisk Gabon SA, Libreville, Gabon	XAF	10 million	100%
Société Nouvelle DLH Nordisk S.A., Libreville, Gabon	XAF	2.0 million	100%
Carl Ronnow (Malaysia) Sdn. Bhd, Kota Kinabalu, Malaysia	MYR	2.5 million	100%
DLH Timber Industries Sdn. Bhd., Kota Kinabalu, Malaysia	MYR	0.5 million	100%
Hustvedt-gruppen AS, Oslo, Norway	NOK	0.5 million	100%
AB Bohmans Fanerfabrik, Oskarshamn, Sweden	SEK	0.5 million	100%
AB Fanerkompaniet, Stockholm, Sweden	SEK	0.5 million	100%
Viiukeskus OY, Turku (Åbo), Finland	EUR	0.003 million	100%
Väärispuu ja Spooni AS, Maardu, Estonia	EEK	0.4 million	100%
Bohmans Finieri SIA, Riga, Latvia	LVL	0.002 million	100%
Bohmans UAB, Vilnius, Lithuania	LTL	0.2 million	100%
Bohmans KU, Kiev, the Ukraine	UAH	0.01 million	100%
OOO Bohmans, Khimki, Russia	RUB	0.05 million	100%
Bohmans Furnier GmbH, Karlstadt, Germany	EUR	0.3 million	100%
Indochina Wood Limited, Tortola, British Virgin Islands	USD	0.05 million	50%
DLH A/S, Høje Taastrup, Denmark	DKK	25.5 million	100%
OK Træ ApS, Hørning	DKK	0.5 million	100%
Karl Ljungberg AB, Hässleholm, Sweden	SEK	5.0 million	100%
Olle Zettergren AB, Norsborg, Sweden	SEK	0.9 million	100%
Palma Bygggrossitnen AB, Sundsvall, Sweden	SEK	0.4 million	100%
Ljungberg AS, Frogner, Norway	NOK	3.0 million	100%
DLH Russia ooo, Archangle, Russia	RUB	0.06 million	100%