

Company Announcement No. 158, 2007



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30 August 2007

Interim financial report H1 2007

- Second-quarter revenue was DKK 532.6 million (2006: DKK 469.4 million)
- First-half revenue was DKK 948.7 million (2006: DKK 784.7 million)
- Second-quarter EBITDA was DKK 124.6 million (2006: DKK 74.8 million)
- First-half EBITDA was DKK 189.8 million (2006: DKK 97.6 million)
- Second-quarter profit before tax was DKK 82.3 million (2006: DKK 45.8 million)
- First-half profit before tax was DKK 113.7 million (2006: DKK 42.6 million)
- Equity at 30 June 2007 stood at DKK 921.9 million
- Net interest-bearing debt at 30 June 2007 amounted to DKK 417.0 million
- The outlook for full-year profit before tax for 2007 is raised to DKK 220-240 million
- The raised earnings estimate reflects the robust development in the Polish market



OPERATING AND FINANCIAL REVIEW

The second quarter benefited from the very positive development in the Polish market, while the level of activity in the German market remains low.

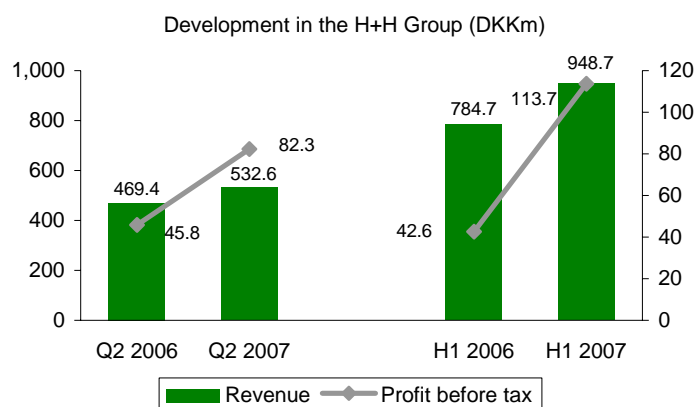
The projects involving the construction of new aircrete factories in Warsaw in Poland and St. Petersburg in Russia, are proceeding to plan. H+H has stepped up its efforts to explore the potential for setting up aircrete production in the Ukraine.

Revenue and profit before tax

Second-quarter 2007 revenue was DKK 532.6 million, up 13.5% on the second quarter of 2006.

Revenue benefited from a change in exchange rates. The total effect was 1.4 percentage points, primarily reflecting the development in the Polish and UK currencies.

Excluding revenue from the Czech factory acquired in the middle of the second quarter of 2006, second-quarter revenue was 12.4% ahead of the same period last year.



First-half revenue was DKK 948.7 million, up 20.9%. Changes in exchange rates affected revenue by less than one percentage point. First-half organic growth was 18.8%. The increase in revenue was primarily attributable to the Polish market. First-quarter revenue benefited from mild weather.

The Group reported second-quarter 2007 profit before tax of DKK 82.3 million, up DKK 36.5 million on the same period last year. The increase in profit was mainly driven by the Eastern European segment and primarily reflected growing sales at improved prices in the Polish market.

First-half 2007 profit before tax was DKK 113.7 million, up DKK 71.1 million on the first half of 2006. First-quarter profit benefited from mild weather compared with the first quarter of 2006.

Capital expenditure

First-half 2007 capital expenditure totalled DKK 73.3 million net (2006: DKK 79.7 million). Second-quarter capital expenditure amounted to DKK 36.4 million.



No acquisitions were made in the first half of 2007. In the first half of 2006 two Polish aircrete factories and a Czech aircrete factory were acquired for a total sum of DKK 92 million.

During the first half, binding agreements were entered into with external suppliers concerning the establishment and modification of manufacturing facilities totalling DKK 247 million.

Financing

Net interest-bearing debt at 30 June 2007 totalled DKK 417.0 million, up DKK 63.9 million on 31 December 2006, due partly to capital expenditure programmes and partly to the normal seasonal fluctuations in working capital.

In the first quarter of 2007 H+H bought back 5,000 nos. H+H shares for a total price of DKK 9.3 million. The shares were used to cover share options issued. H+H did not buy or sell any treasury shares in the second quarter.

Taxation

Income tax expense for the period under review has been partially estimated. Consolidated income tax for the first half of 2007 has been calculated at DKK 29.8 million, equivalent to an effective tax rate of 26.2% (2006: 36.2%). Particularly the development in the Polish company's share of consolidated profit before tax contributed to a lower average tax rate.

Equity

The Group's equity increased by DKK 51.5 million in the first half of 2007 as a result of first-half profit of DKK 83.9 million, payment of dividend amounting to DKK 23.2 million, foreign exchange adjustments of DKK (3.7) million, buy-back of H+H shares amounting to DKK (9.3) million and other adjustments of DKK 3.8 million.



SEGMENTS

UK

Second-quarter 2007 revenue in the UK was DKK 191.8 million, 9.5% ahead of last year's second quarter.

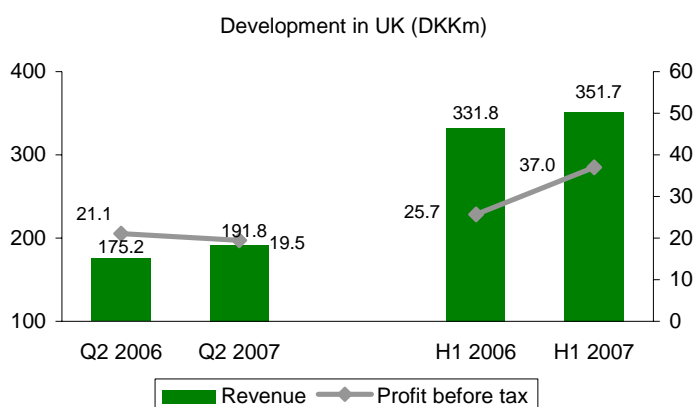
The volume sold was marginally up on the level in the second quarter of 2006. Average selling prices were at a slightly higher level than expected, primarily reflecting changes in the customer and product mix.

Second-quarter profit before tax was DKK 19.5 million, down DKK 1.6 million on the same period last year. Second-quarter 2007 profit before tax includes a DKK 8.3 million write-down. Excluding this write-down, second-quarter 2007 profit before tax was DKK 27.8 million, up DKK 6.7 million on the same period last year.

The DKK 8.3 million write-down relates to capitalised costs in connection with an application for permission to construct a new factory in Borough Green in the UK. The work on the application has been going on since 2001. At the present time, it is considered unlikely that final approval will be obtained within the next few years. The total capitalised costs were consequently written down to nil in the second quarter.

First-half 2007 revenue was DKK 351.7 million, 6.0% ahead of first-half 2006 revenue. First-half profit before tax was DKK 37.0 million, up DKK 11.3 million on first-half 2006 profit before tax. Profit was depressed by the write-down in the second quarter of 2007 referred to above, but benefited from lower gas prices and inventory changes in the first quarter of 2007.

Full-year 2007 profit before tax for the UK is expected to be in the region of DKK 75 million compared with DKK 62.1 million in 2006.





Germany and Denmark

Second-quarter revenue for the German-Danish segment was DKK 147.1 million, down DKK 24.1 million on the second quarter of 2006.

The German market was characterised by a very low level of activity within residential construction again in the second quarter. The volume sold in the second quarter of 2007 was down on the same period last year due to the low level of activity.

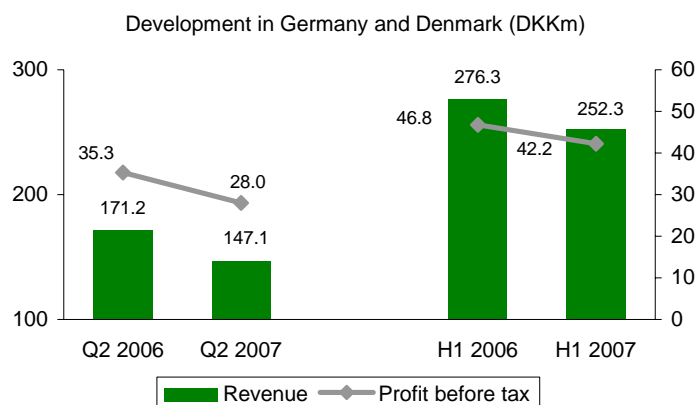
Due to the low level of activity in Germany, the capacity at the German factories was taken up by exporting a substantial volume to Poland, where demand for aircrete of the highest quality has been strongly increasing.

In the Danish market, demand for aircrete showed a slightly downward trend in the second quarter. As forecast, there are signs of a slight fall-off in the level of activity within residential construction in Denmark. The Danish company thus experienced a slight decline in volume compared with the same period last year.

Second-quarter 2007 profit before tax for Germany-Denmark was DKK 28.0 million, down DKK 7.3 million on the second quarter of 2006, reflecting a lower level of activity than in the corresponding period last year.

First-half revenue in the German-Danish segment was DKK 252.3 million, or 8.7% down on the first half of 2006. First-half profit before tax was DKK 42.2 million versus DKK 46.8 million in the first half of 2006. Profit before tax was adversely affected by a lower level of activity in the German market, in particular.

Full-year 2007 profit before tax for the German-Danish segment is expected to be in the region of DKK 80 million compared with DKK 97.1 million in 2006.

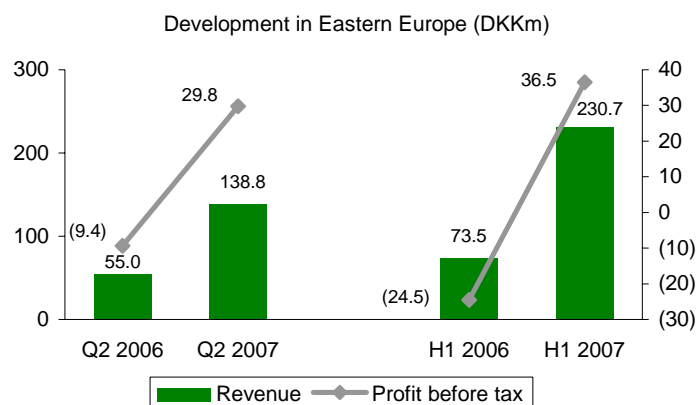


Eastern Europe

Second-quarter revenue for the Eastern European segment was DKK 138.8 million, up 152%. Excluding the activities acquired in the Czech Republic, the increase was 133%.

Both the volume sold and average selling prices exceeded the projected level.

The increase in revenue in the Eastern European segment was due primarily to a significant increase in the level of activity in the Polish market. Selling prices in the Polish market showed an upward trend during the second quarter.



Second-quarter sales in the Polish market were constrained by production capacity at the Polish factories. Revenue in the Polish market includes aircrete products from H+H's German factories. Sales from the German factories to the Polish market increased in the second quarter and are expected to continue for the remainder of the year.

In the first quarter, the Czech factory in Most was upgraded as planned to prepare it for future sand-based aircrete production. Due to fine-tuning of the production plant in the second quarter, the production volume lagged slightly behind the original projection. However, the new sand-based products were well received in a market that is characterised by a high level of activity.

Second-quarter profit before tax for the Eastern European segment was DKK 29.8 million, DKK 39.2 million ahead of the same period last year. The improved performance predominantly reflected the increased sales and the higher selling prices in the Polish market.

First-half 2007 revenue was DKK 230.7 million, 214% ahead of first-half 2006 revenue. First-half profit before tax was DKK 36.5 million, up DKK 61.0 million on first-half 2006 profit before tax. First-quarter 2007 revenue and profit benefited from mild weather.

The full-year 2007 result before tax for the Eastern European segment is expected to be a profit in the region of DKK 75 million compared with a loss of DKK 41.2 million in 2006.



Nordic countries

The Nordic segment reported second-quarter revenue of DKK 80.4 million, 12% ahead of second-quarter 2006 revenue. The improvement was predominantly due to the Finnish and Swedish markets.

The Nordic segment delivered second-quarter profit before tax of DKK 4.5 million versus DKK 2.2 million for the corresponding period last year, predominantly reflecting increased sales in Sweden.

First-half revenue for the Nordic segment was DKK 144.0 million, up 32.4% on the corresponding period last year, primarily due to the Swedish and Finnish markets.

The first-half result before tax for the Nordic segment was a profit of DKK 2.5 million compared with a loss of DKK 1.3 million for the corresponding period last year.

Full-year 2007 profit before tax for the Nordic segment is expected to be in the region of DKK 15 million compared with DKK 8.0 million in 2006.

Eliminations and non-allocated items

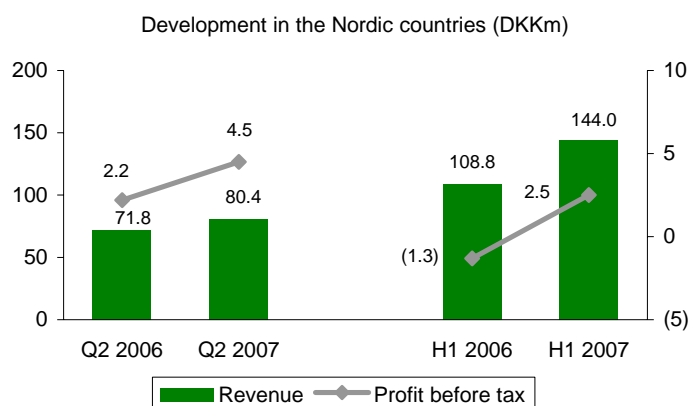
The first-half 2007 pre-tax result of eliminations and non-allocated items was a loss of DKK 4.5 million compared with a first-half 2006 loss of DKK 4.1 million. The first-half 2007 result included a DKK 5.7 million positive adjustment of provisions made in the second quarter of 2007. The adjustment related to the final clarification of the level of reinstatement costs for discontinued leases in 2004 and 2006. The leases related to furniture production that was closed down in 1999. In connection with the closure full provision was made for the anticipated rental and reinstatement costs.

FULL-YEAR PROFIT OUTLOOK

Full-year profit before tax is expected to be in the DKK 220–240 million range compared with the latest outlook of DKK 190–210 million.

The outlook expressed in the 2006 annual report was profit before tax in the region of DKK 140–160 million.

The revised outlook for full-year profit before tax is due to a raised profit outlook for the Eastern European segment as a result of a significant increase in earnings in the Polish market.





STATEMENT BY THE EXECUTIVE AND SUPERVISORY BOARDS

The Executive and Supervisory Boards have today considered and approved the interim financial report of H+H International A/S for the period 1 January – 30 June 2007.

The interim financial report, which has not been audited or reviewed by the Company's auditors, is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

We consider the accounting policies applied to be appropriate. Accordingly, the interim financial report gives a true and fair view of the Group's financial position at 30 June 2007 and of the results of the Group's operations and cash flows for the period 1 January – 30 June 2007.

Executive Board

Hans Gormsen
CEO

Michael Witthohn
Executive Vice President

Supervisory Board

Anders C. Karlsson
Chairman

Jørgen Ajslev

Kresten Andersen Bergsøe

Christian Harlang

Henrik Lind

Bjarne Olesen

Lars Bredo Rahbek

Forward-looking statements

The forward-looking statements in this interim financial report reflect management's current expectations for certain future events and financial results. Statements regarding the future are, of course, subject to risks and uncertainties which may result in material deviations from expectations. Factors that may cause the actual results to deviate materially from expectations include but are not limited to general economic developments and developments in the financial markets, changes in pricing for aircrete products; the market's acceptance of new products, introduction of competitive products and the integration of company acquisitions.

H+H International A/S is only required to update and adjust the expectations presented when this is required under Danish law, including the Danish Securities Trading, etc. Act.



Income statement

(DKK m)	Group			
	Q2 2007	Q2 2006	H1 2007	H1 2006
Revenue	532.6	469.4	948.7	784.7
EBITDA	124.6	74.8	189.8	97.6
Depreciation	(28.7)	(25.0)	(58.4)	(48.6)
EBITA	95.9	49.8	131.4	49.0
Amortisation and impairment losses	(8.3)	0.0	(8.3)	0.0
EBIT	87.6	49.8	123.1	49.0
Net financing costs	(5.3)	(4.0)	(9.4)	(6.4)
Profit before tax	82.3	45.8	113.7	42.6
Income tax	(20.8)	(13.9)	(29.8)	(15.4)
Profit for the period	61.5	31.9	83.9	27.2

Financial ratios

	Q2 2007	Q2 2006	H1 2007	H1 2006
Earnings per DKK 100 share (EPS)	53.7	27.7	73.2	23.7
Diluted earnings per DKK 100 share (EPS-D)	53.5	27.7	72.9	23.7
Return on equity (% p.a.)	27.4%	15.7%	18.7%	6.6%
Share price, end of period	2,401	1,243	2,401	1,243
Book value per share, end of period	795	697	795	697
Financial objectives				
Sales growth (organic)	12.4%	9.1%	18.8%	9.7%
Operating margin (EBITA)	16.4%	10.6%	13.0%	6.2%
ROIC, (% p.a.)	21.9%	13.7%	15.8%	7.3%
Solvency ratio	52.2%	49.2%	52.2%	49.2%



Balance sheet

(DKKm)	Group			
	30 June 2007	31 December 2006	30 June 2006	31 December 2005
ASSETS				
Non-current assets				
Intangible assets	104.8	103.1	83.2	73.5
Property, plant and equipment	1,124.3	1,120.4	1,098.0	954.7
Other non-current assets	18.3	24.9	20.8	18.5
Total non-current assets	1,247.4	1,248.4	1,202.0	1,046.7
Current assets				
Inventories	192.1	172.5	151.3	141.2
Receivables	321.4	211.6	275.2	146.1
Cash and cash equivalents	5.6	5.7	13.8	85.5
Total currents assets	519.1	389.8	440.3	372.8
TOTAL ASSETS	1,766.5	1,638.2	1,642.3	1,419.5
EQUITY AND LIABILITIES				
Equity				
Share capital	116.0	116.0	116.0	116.0
Retained earnings	805.9	731.2	692.7	671.1
Proposed dividend	-	23.2	-	40.6
Total equity	921.9	870.4	808.7	827.7
Liabilities				
Non-current liabilities	183.3	180.9	175.6	160.6
Current liabilities	661.3	586.9	658.0	431.2
Total liabilities	844.6	767.8	833.6	591.8
TOTAL EQUITY AND LIABILITIES	1,766.5	1,638.2	1,642.3	1,419.5
Net interest-bearing debt	417.0	353.1	399.8	123.5

Notes

- 1 Accounting policies
- 2 Segment information
- 3 Post-balance sheet events



Cash flow statement

(DKK m)	Group			
	Q2 2007	Q2 2006	H1 2007	H1 2006
Operating activities	55.9	55.6	39.4	(74.3)
Investing activities	(35.4)	(64.0)	(72.3)	(171.9)
Financing activities	(21.1)	16.4	32.8	175.2
Net increase (decrease) in cash and cash equivalents	(0.6)	8.0	(0.1)	(71.0)
Cash and cash equivalents opening	6.2	6.2	5.7	85.5
Foreign exchange adjustments of cash	0.0	(0.4)	0.0	(0.7)
Cash and cash equivalents at 30 June	5.6	13.8	5.6	13.8

Statement of changes in equity

(DKK m)	Group			
	Q2 2007	Q2 2006	H1 2007	H1 2006
Equity opening	876.8	817.6	870.4	827.7
Profit for the period	61.5	31.9	83.9	27.2
Foreign exchange adjustments, foreign companies	2.7	(0.8)	(3.7)	(8.9)
Share-based payment	0.4	0.3	0.8	0.5
Dividend paid	(23.2)	(40.6)	(23.2)	(40.6)
Sale/buyback of treasury shares (net)	0.0	0.0	(9.3)	2.6
Fair value adjustment of hedging reserve	3.4	0.0	2.3	0.0
Other adjustments	0.3	0.3	0.7	0.2
Total equity at 30 June	921.9	808.7	921.9	808.7



Notes

1. Accounting policies

This report for the period 1 January – 30 June 2007 has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies. The application of IAS 34 means that the disclosure is less detailed than in a full annual report and that the recognition and measurement principles laid down by the International Financial Reporting Standards (IFRS) are applied.

The Group has not changed its accounting policies from those applied in the Annual Report for 2006. The Annual Report provides a full description of the Group's accounting policies. The interim financial report has not been audited or reviewed

2. Segment information

(DKKm)												
	UK		Germany and Denmark		Eastern Europe*		Nordic countries		Eliminations and non-allocated items**		Group total	
Q2	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Revenue	191.8	175.2	147.1	171.2	138.8	55.0	80.4	71.8	(25.5)	(3.8)	532.6	469.4
EBITDA	39.2	32.5	42.4	46.4	37.3	(3.1)	7.5	4.9	(1.8)	(5.9)	124.6	74.8
Depreciation	(10.5)	(10.1)	(11.7)	(9.3)	(4.6)	(3.6)	(1.7)	(2.0)	(0.2)	0.0	(28.7)	(25.0)
EBITA	28.7	22.4	30.7	37.1	32.7	(6.7)	5.8	2.9	(2.0)	(5.9)	95.9	49.8
Amortisation and impairment losses	(8.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(8.3)	0.0
EBIT	20.4	22.4	30.7	37.1	32.7	(6.7)	5.8	2.9	(2.0)	(5.9)	87.6	49.8
Net financing costs	(0.9)	(1.3)	(2.7)	(1.8)	(2.9)	(2.7)	(1.3)	(0.7)	2.5	2.5	(5.3)	(4.0)
Profit (loss) before tax	19.5	21.1	28.0	35.3	29.8	(9.4)	4.5	2.2	0.5	(3.4)	82.3	45.8
H1	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Revenue	351.7	331.8	252.3	276.3	230.7	73.5	144.0	108.8	(30.0)	(5.7)	948.7	784.7
EBITDA	68.1	48.6	70.3	68.4	52.1	(13.6)	8.2	3.8	(8.9)	(9.6)	189.8	97.6
Depreciation	(21.3)	(20.1)	(23.1)	(18.3)	(10.0)	(6.3)	(3.6)	(3.7)	(0.4)	(0.2)	(58.4)	(48.6)
EBITA	46.8	28.5	47.2	50.1	42.1	(19.9)	4.6	0.1	(9.3)	(9.8)	131.4	49.0
Amortisation and impairment losses	(8.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(8.3)	0.0
EBIT	38.5	28.5	47.2	50.1	42.1	(19.9)	4.6	0.1	(9.3)	(9.8)	123.1	49.0
Net financing costs	(1.5)	(2.8)	(5.0)	(3.3)	(5.6)	(4.6)	(2.1)	(1.4)	4.8	5.7	(9.4)	(6.4)
Profit (loss) before tax	37.0	25.7	42.2	46.8	36.5	(24.5)	2.5	(1.3)	(4.5)	(4.1)	113.7	42.6

* The activities in the Czech Republic have been recognised from the date of acquisition, 2 May 2006.

** The elimination items consist of inter-segment transactions. Intragroup trading is on an arm's length basis. The H+H Group has defined trading in aircrete as the total manufacturing and other directly related costs plus an approx. 8% margin.

The H+H companies are geographically divided into four segments:

UK with four factories, Germany and Denmark with three factories in Germany and one sales office in Denmark, Eastern Europe with five factories in Poland and one factory in the Czech Republic and a sales office in the Ukraine, the Nordic countries with one factory in Finland and sales offices in Sweden and Norway.



3. Post-balance sheet events

No events have occurred after the balance sheet date that will have a material effect on the company's financial standing.