Important notice

NOT FOR DISTRIBUTION IN THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

This Prospectus may not be distributed or otherwise be made available, the Offer Shares may not be offered or sold, directly or indirectly, and the Preemptive Rights may not be exercised or otherwise offered or sold, directly or indirectly, in the United States, Canada, Australia or Japan, unless such distribution, offering, sale or exercise is permitted under applicable laws of the relevant jurisdiction, and the Company and the sole lead manager (the "Sole Lead Manager") must receive satisfactory documentation to that effect. This Prospectus may not be distributed or otherwise made available, the Offer Shares may not be offered or sold, directly or indirectly, and the Preemptive Rights may not be exercised or otherwise offered or sold, directly or indirectly, in any jurisdiction outside Denmark, unless such distribution, offering, sale or exercise is permitted under applicable laws in the relevant jurisdiction, and the Company and the Sole Lead Manager may require receipt of satisfactory documentation to that effect. Due to such restrictions under applicable laws, the Company expects that some or all investors residing in the United States, Canada, Australia, Japan and other jurisdictions outside Denmark may not have the Prospectus distributed to them and may not be able to exercise the Preemptive Rights or subscribe for the Offer Shares. The Company and the Sole Lead Manager make no offer or solicitation to any person under any circumstance that may be unlawful.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **"SECURITIES ACT"**), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, PERSONS WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Prospectus or make an investment decision with respect to the securities, investors must be either (1) Qualified Institutional Buyers (**"QIBs"**) (within the meaning of Rule 144A under the Securities Act) or (2) persons who are outside of the United States. By accessing this Prospectus, you shall be deemed to have represented to the Company and the Sole Lead Manager that (1) you and any customers you represent are either (a) QIBs or (b) outside of the United States.

Prospectus 2009

H+H International A/S

build with ease

H+H INTERNATIONAL A/S

(a public limited company incorporated in Denmark, CVR no. 49 61 98 12)

Offering of 8,720,000 new B shares with a nominal value of DKK 50 each at DKK 54 per B share with pre-emptive rights to existing shareholders at the ratio of 8 : 1

This prospectus (the "Prospectus") has been prepared in connection with a capital increase comprising an offering (the "Offering") of 8,720,000 new B shares with a nominal value of DKK 50 each (the "Offer Shares") in H+H International A/S (the "Company" and, together with its directly and indirectly owned subsidiaries, associates and other investments, "H+H" or the "Group") with pre-emptive rights for the Company's Existing Shareholders (as defined below) at the ratio of 8 : 1, and in connection with the admission of the Company's existing A shares to trading and official listing on NASDAQ OMX Copenhagen A/S ("NASDAQ OMX") immediately after the merger of the Company's share classes.

Immediately prior to the Offering, the Company's registered share capital was DKK 109,000,000 nominal value consisting of 1,090,000 shares with a nominal value of DKK 100 each, divided into 240,000 A shares with a nominal value of DKK 100 each ("A Shares") and 850,000 B shares with a nominal value of DKK 100 each ("B Shares", and A Shares together with B Shares, the "Existing Shares", and the Existing Shares together with the Offer Shares, the "Shares"). The Company's B Shares have been admitted to trading and official listing on NASDAQ OMX under the ISIN code DK0015202451 (HH B).

At the Company's extraordinary general meeting held on 27 November 2009, it was resolved, subject to completion of the Offering, to reduce the Company's share capital by a nominal amount of DKK 54,500,000 (a reduction of the A share capital to DKK 12,000,000 nominal value and a reduction of the B share capital to DKK 42,500,000 nominal value), including a reduction of the denomination from DKK 100 nominal value per Share to DKK 50 (the "Capital Reduction"), and to merge the Company's A and B share classes to the effect that the previous A Shares will rank *pari passu* with the B Shares. The Capital Reduction and the merger of the share classes will take place concurrently with the registration of the capital increase related to the Offering with the Danish Commerce and Companies Agency. The Subscription Price in the Offering has been determined on the assumption that the Capital Reduction will be completed and registered. On completion of the Capital Reduction and the merger of the Company's share classes, the Company's share capital will have a nominal value of DKK 54,500,000 prior to the capital increase related to the Offering, divided into 1,090,000 Existing Shares of DKK 50 nominal value each.

At the extraordinary general meeting, it was further resolved, subject to the Capital Reduction and the merger of the Company's share classes, to increase the Company's B share capital by a nominal amount of DKK 436,000,000 by cash payment with pre-emptive rights to the Company's Existing Shareholders at DKK 54 per Share. Upon completion of the Offering, the Company's share capital will thus amount to DKK 490,500,000, divided into 9,810,000 Shares with a nominal value of DKK 50 each.

The Offer Shares are issued in denominations of DKK 50 nominal value, and in connection with the registration of the capital increase related to the Offering and the merger of the share classes, the Existing Shares will also be denominated in shares of DKK 50 nominal value each.

On 7 December 2009 at 12.30 p.m. CET (the "Allocation Time"), any person registered with VP Securities A/S ("VP") as a shareholder of the Company and holders of A Shares ("Existing Shareholders") will be allocated 8 (eight) pre-emptive rights (the "Pre-emptive Rights") for each Existing Share held. For each Pre-emptive Right held, the holder will be entitled to subscribe for 1 (one) Offer Share against payment of DKK 54 per Offer Share (the "Offer Price"), which is lower than the closing price of the B Shares on NASDAQ OMX on 1 December 2009 of DKK 181 per B Share.

The trading period for the Pre-emptive Rights (the "Rights Trading Period") commences on 3 December 2009 and ends on 16 December 2009 at 5.00 p.m. CET. The subscription period for the Offer Shares (the "Subscription Period") commences on 8 December 2009 and closes on 21 December 2009 at 5.00 p.m. CET. Any Pre-emptive Rights that are not exercised during the Subscription Period will lapse with no value, and the holder of such Pre-emptive Rights will not be entitled to compensation. Exercised Pre-emptive Rights cannot be revoked or modified. An application has been made for the Pre-emptive Rights to be admitted for trading and official listing on NASDAQ OMX. If the holder does not want to exercise the Pre-emptive Rights to subscribe for the Offer Shares, the Pre-emptive Rights may be sold during the Rights Trading Period.

The Offer Shares are issued under an unlisted temporary ISIN code. The Offer Shares will not be traded and officially listed on NASDAQ OMX under the temporary ISIN code. Registration of the Offer Shares with the Danish Commerce and Companies Agency will be effected following completion of the Offering, expectedly on 23 December 2009, and as soon as possible thereafter, the Offer Shares will be admitted for trading and official listing on NASDAQ OMX under the ISIN code of the existing B Shares, expectedly on 30 December 2009.

A group of Existing Shareholders, including Arbejdsmarkedets Tillægspension ("ATP") and LD Equity 1 K/S, (collectively referred to as the "Shareholder Group") has made binding advance commitments, subject to the satisfaction of certain conditions, to exercise their respective Pre-emptive Rights to subscribe for a total of 1,501,264 Offer Shares corresponding to aggregate gross proceeds of DKK 81.1 million. A number of investors, including Danske Bank A/S, SmallCap Danmark A/S, PKA A/S and the Sole Lead Manager (collectively referred to as the "Group of Underwriters"), have, moreover, made binding underwriting commitments, subject to the satisfaction of certain conditions, to subscribe for up to 7,218,736 Offer Shares at the Offer Price if Offer Shares are allocated to them by the Supervisory Board which have not been subscribed for by the Company's Existing Shareholders pursuant to their Pre-emptive Rights or by investors pursuant to acquired Pre-emptive Rights at the expiry of the Subscription Period, corresponding to total gross proceeds of DKK 389.8 million. ATP has entered into a binding agreement with SEB Enskilda to buy Offer Shares at the Offer Price, on terms and conditions to be agreed upon, if SEB Enskilda subscribes for Offer Shares under the underwriting commitment. The Shareholder Group and the Group of Underwriters have thus made binding underwriting and advance commitments to subscribe for a total of 8,720,000 Offer Shares corresponding to aggregate gross proceeds of DKK 470.9 million or 100% of the Offering.

Investors should be aware that an investment in the Pre-emptive Rights, the Offer Shares and the Existing Shares involves a high degree of risk. See "Risk Factors" for a description of certain factors to be considered in connection with a decision to invest in the Pre-emptive Rights, the Offer Shares or the Existing Shares.

The Pre-emptive Rights and the Offer Shares will be delivered in book-entry form through allocation to accounts with VP. The Offer Shares have been accepted for clearance through Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear") and Clearstream Banking S.A. ("Clearstream").

In connection with the Offering, the Sole Lead Manager may, from the commencement of the Offering and until 30 days after the first day of listing of the Offer Shares, effect transactions that stabilise or maintain the market price of the Pre-emptive Rights (stabilising actions regarding the Pre-emptive Rights will only take place during the Rights Trading Period), the Offer Shares and the Existing Shares at levels above those that might otherwise prevail. The Sole Lead Manager is, however, not obliged to take any stabilising measures. Such stabilising, if commenced, may be discontinued at any time.

The Offering consists of a public offering in Denmark and the United Kingdom and private placements in certain other jurisdictions.

This Prospectus may not be distributed in or otherwise made available, the Offer Shares may not be offered or sold, directly or indirectly, and the Pre-emptive Rights may not be exercised or otherwise offered or sold, directly or indirectly, in the United States, Canada, Australia or Japan, unless such distribution, offering, sale or exercise is permitted under applicable laws in the relevant jurisdiction, and the Company and the Sole Lead Manager must receive satisfactory documentation to that effect. This Prospectus may not be distributed in or otherwise be made available, the Offer Shares may not be offered or sold, directly or indirectly, and the Pre-emptive Rights may not be exercised or otherwise offered or sold, directly or indirectly, in any jurisdiction outside Denmark, unless such distribution, offering, sale or exercise is permitted under applicable laws in the relevant jurisdiction, and the Company and the Sole Lead Manager may require receipt of satisfactory documentation to that effect. Due to such restrictions under applicable laws, the Company expects that some or all investors residing in the United States, Canada, Australia, Japan and other jurisdictions outside Denmark may not have the Prospectus distributed to them and may not be able to exercise the Pre-emptive Rights or subscribe for the Offer Shares. The Company makes no offer or solicitation to any person under any circumstances that may be unlawful.

The Pre-emptive Rights and the Offer Shares have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "Securities Act") or any state securities laws in the United States. Any transfer of Pre-emptive Rights and any offer and/or sale of the Offer Shares are not permitted except by offer and sale in accordance with Regulation S under the Securities Act ("Regulation S").

The Danish Prospectus contains statements from the Company's independent auditors and the Sole Lead Manager which are not included in or incorporated by reference in the English translation.

The date of this Prospectus is 2 December 2009 (the "Prospectus Date").

Sole Lead Manager

SEB ENSKILDA

Responsibility statement

STATEMENT BY MANAGEMENT

H+H International A/S is responsible for the Prospectus under Danish legislation. The head office of H+H International A/S is situated at Dampfærgevej 27-29, 4th floor, DK-2100 Copenhagen Ø, Denmark.

We hereby declare that we, as the persons responsible for the Prospectus, have taken all reasonable care to ensure that, to the best of our knowledge and belief, the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect the import thereof.

Copenhagen, 2 December 2009

Executive Board:

Hans Gormsen
CEO

Supervisory Board:

Anders C. Karlsson
Chairman
Industrial Advisor

Morten Amtrup
Board member
Managing Director

Henrik Lind
Board member
Partner

Peer Munkholt
Board member
Senior Investment Manager

Birgitte Rahbek Pedersen
Board member
Freelance Translator,
Programmer and Lecturer

Ole Risager
Board member
Professor of International Economics

Contents

Summary

This summary should be considered as an introduction to the Prospectus. Any decision to invest in the Pre-emptive Rights, the Offer Shares and the Existing Shares should be made on the basis of the information contained in this Prospectus as a whole. The individuals or legal entities that have prepared the summary or any translation thereof, and that have requested approval thereof, may be subject to civil liability, but only if it is misleading, incorrect or inconsistent when read in conjunction with the other parts of the Prospectus.

Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might have to bear the costs of translating the Prospectus before such legal proceedings are initiated.

See "Risk factors" for a discussion of certain special factors that prospective investors are advised to consider in connection with an investment in the Pre-emptive Rights, the Offer Shares and the Existing Shares. Certain terms used in this summary are defined in I.26 "Definitions and Glossary".

Introduction to H+H

The Group develops, manufactures and sells aircrete in standard blocks and reinforced products for the building industry in northern and eastern Europe and in the UK. Customers are mainly contractors, developers and builders' merchants.

The Group is Europe's second-largest manufacturer of aircrete and holds a substantial market position relative to the size of the overall market for aircrete. The Group is the market leader in Denmark, Sweden and Finland and holds about a 34% share of the UK market (second-largest player in that market)[1]. In the German market, the Group is the second-largest manufacturer of aircrete, holding a market share of about 15%[2], but the market share varies considerably from state to state. In eastern Europe, the Group is among the leading players and holds a substantial market share in Poland and, having made substantial investments in the Czech Republic and Russia, holds a strategically attractive position in these markets.

In the financial year ended 31 December 2008 (FY 2008), the Group generated revenue of DKK 1,439 million and at 30 September 2009 it had about 1,220 employees in 14 countries.

The Group's current situation

In recent years, the Group has made substantial investments in new production capacity, partly through the acquisition of five factories in Poland and one in the Czech Republic, partly by building a new factory in Kikerino near St Petersburg, Russia, and one in Wittenborn, Germany. In addition, the Group has made substantial upgrades of the acquired factories in the Czech Republic and Poland.

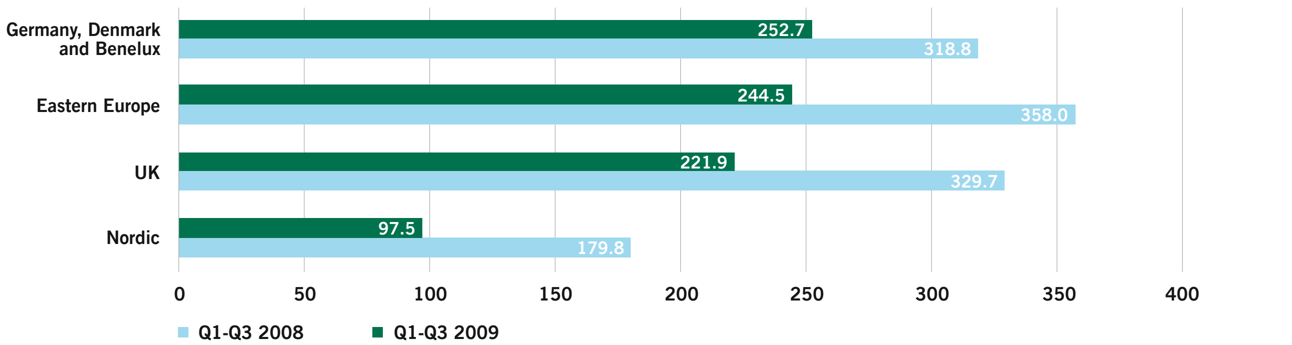
In 2009 alone, the annual production capacity has been increased by almost 700,000 m^3, or by more than 40% relative to the 2008 output. The Group's capital expenditure during the period 1 January 2004–30 September 2009 totalled approximately DKK 1,470 million, most of it in eastern Europe.

In the second half of 2008, the Group was severely hit by the global financial crisis and the ensuing general economic downturn, particularly by the slowdown in residential construction. The number of newly constructed residential units dropped sharply which has affected the Group's sale of aircrete and consequently the Group's revenues and earnings substantially. This development has continued in 2009, when the Group's revenue and earnings have decreased in all geographical markets.

The extensive investment in production capacity combined with a substantial drop in revenue means that the Group is not utilising its full production capacity. As a result, when the markets recover and sales volumes begin to rise, the Group will be in a position to handle the greater sales volumes within its current production capacity. Given the current market situation, Management expects to make only the necessary investments for maintenance purposes, amounting to less than DKK 50 million per year. Capital investment measures for expansion purposes have been suspended.

Developments in the Group's revenue for Q1-Q3 2008 and 2009 are set out in figure 1.1:

Figure 1.1: Consolidated revenue by geographical segment for Q1-Q3 2009 and Q1-Q3 2008 (DKKm)



Source: The Group

[1, 2] H+H estimate

As can be seen from figure 1.1, revenue has dropped substantially in all markets, which is the result of falling sales volumes and severely increased price pressure in the Group's largest markets.

Management has responded to the situation, focusing particularly from the second half year of 2008 on adjusting the production capacity and cost structure. For example, the Group has temporarily mothballed and written off for accounting purposes the Westbury factory in the UK, while also making additional cost adjustments that will have full-year effects of approximately DKK 100 million from 2009 onwards. During the period 31 December 2007–30 September 2009, there was a gross reduction in the number of full-time employees of almost 260 (before hirings related to the factories in Kikerino, Russia, and Most, the Czech Republic).

Staff costs were reduced by 18% (DKK 49 million) from Q1-Q3 2008 to Q1-Q3 2009, and external expenses were reduced by DKK 62 million during the same period (or 33%).

The Group implemented extensive adjustments to its sales, administrative and indirect production costs in the second half year of 2008. In addition to staff reductions, the adjustments made involved a change of production structure and a distinct order of priority was defined for the business activities. In 2009, additional measures were taken to reduce fixed costs. Members of the Executive Board, Key Employees and several senior employees have waived pay adjustments in 2009.

For more information, see "Reasons for the Offering" below.

Strategy
The main focus of the Group's business is the development, production and sale of aircrete for the building industry through B2B channels in northern and eastern Europe and in the UK (as a supplier of building materials). The Group also owns Jämerä-kivitalot Oy, a company designing and arranging the construction of houses built from aircrete to private individuals in Finland.

The Group's short-term strategic focus is on bringing customers and sales more into focus, on reducing costs and making efficiency improvements, and the objective is to emerge from the current very difficult market conditions in a strengthened position.

The Group pursues a two-pronged long-term general strategy for growth in the core business area of development, production and sale of aircrete:

1. Organic revenue growth in the Group's existing geographical markets by increasing solution sales to customers – the Group's "Build with ease" concept. This concept involves innovative solutions for building, project calculation, advisory services, transport, contacts to builders and more. In other words, parameters that make successful selling more than just a question of price.

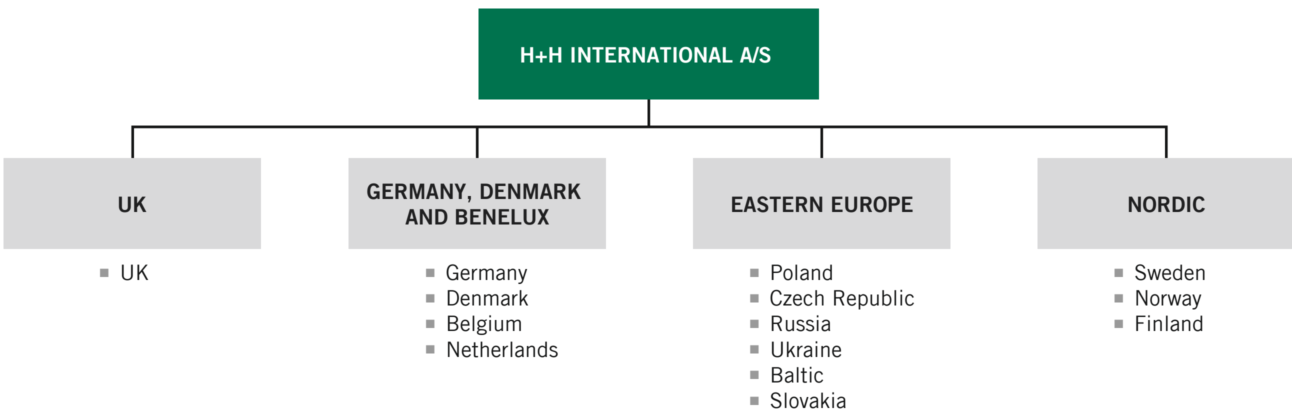
2. Geographical expansion through acquiring or establishing aircrete factories and/or sales units in new markets adjoining existing markets. Geographical expansion involves obvious markets in Europe where the Group does not have a presence and whose construction industries have a natural demand for aircrete. This part of the strategy is currently suspended and there are no plans for production activity start-ups or acquisitions in new markets within the foreseeable future.

The Group's strategy is to remain a focused player in the aircrete industry.

Markets
The Group's markets are divided into four geographical segments: (i) the UK, (ii) Germany, Denmark and Benelux, (iii) Eastern Europe, and (iv) the Nordic region (excluding Denmark). See figure 1.2.

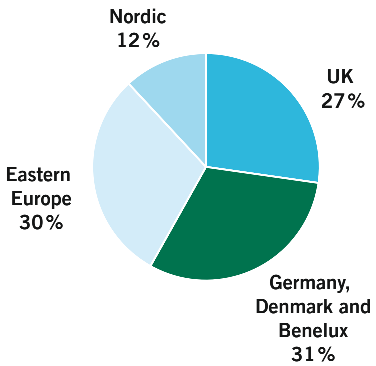
All or part of the Group's product portfolio is sold in each geographical segment. The figure below indicates the proportions of revenue generated in each segment.

Figure 1.2: The Group's geographical segments



Source: The Group

Figure 1.3: The Group's revenue by geographical segment (Q1-Q3 2009)



Source: The Group

Reasons for the Offering

The decrease in Group revenue has resulted in substantially lower earnings since the Group has been unable to reduce its costs in line with the decrease in revenue. Thus, Management expects a loss before tax for FY 2009 in the range of DKK 255-265 million, of which special items are expected to amount to an expense of DKK 105 million. Moreover, Management expects a loss before tax for FY 2010, albeit a somewhat smaller loss than the expected loss before tax and special items for 2009. The free cash flows for 2010 are expected to be neutral. Total investments in 2010 are expected not to exceed DKK 50 million.

The Group's declining revenue and results of operations have led to a breach of certain covenants in the Company's loan agreements with Danske Bank A/S. Based on this, the lender, Danske Bank A/S, was in a position to terminate the loan agreements without notice and demand immediate repayment of the loans granted. The Company has communicated continually with Danske Bank A/S, and Danske Bank A/S has so far, in light of the Company's continual measures, waived its remedies for breach and has regularly issued fixed-term waivers.

Against this background, the Company initiated a capital search process in the summer of 2009 for the purpose of consolidating the capital base. In this connection, a number of discussions were held with existing and potential new shareholders in order to map out possible structures to strengthen the capital base. The process was concluded by agreement being reached on 8 October 2009 with a group consisting primarily of Existing Shareholders and new investors about a rights issue by the Company. See I.18 "Major shareholders".

In connection with the completion of the Offering, the Company has entered into restated and amended loan agreements with Danske Bank A/S about the continuation of the Group's financing facilities with a total credit line corresponding to approximately DKK 1,100 million. The loan agreements are in force as at the Prospectus Date. They are, however, subject to certain formal requirements and requirements relating to documentation, all of which are expected to be met by 31 December 2009. If the Offering is not completed on or before 31 December 2009, or if the Offering results in a net capital injection of less than DKK 300 million, Danske Bank A/S is entitled to terminate the loan agreements and demand immediate repayment of the debt. The agreements with Danske Bank A/S are described in greater detail in I.10 "Capital resources—Borrowing requirement and financing structure".

The reasons for the Offering are to strengthen the Company's financial position and thereby create a stronger financial basis for the future development of the Group in a market characterised by significant uncertainty caused by the general economic downturn and poor predictability.

The Company's survival has thus been threatened and will remain threatened if the Offering is not completed.

Use of proceeds

Upon subscription of the Offering, the gross proceeds will be approximately DKK 470.9 million and the net proceeds (gross proceeds less estimated costs to the Company relating to the Offering) are expected to total approximately DKK 436.0 million.

The net proceeds from the Offering will be deposited in the part of the Company's long-term credit line with Danske Bank A/S constituting an overdraft facility with a credit limit of DKK 492 milion until the Group needs to draw on the facility. Furthermore, the net proceeds will be used to perform the loan agreements made with Danske Bank A/S, whereby the Company shall pay four equal instalments of DKK 50 million each on the existing debt on 2 April 2010, 2 July 2010, 2 October 2010 and 2 January 2011, respectively, i.e. a total of DKK 200 million. The agreements with Danske Bank A/S are described in greater detail in I.10 "Capital resources—Borrowing requirement and financing structure".

As described in II.5 "Terms and conditions of the Offering—Placing and underwriting", the Company has ensured, through advance commitments and underwriting commitments, subject to the satisfaction of certain conditions, that a total of 8,720,000 Offer Shares will be subscribed for in connection with the Offering, corresponding to gross proceeds totalling approximately DKK 470.9 million.

Prospective financial information

Prospective consolidated financial information for the year ending 31 December 2009

Management expects to report a loss before tax of approximately DKK 255–265 million, of which special items are expected to amount to an expense of DKK 105 million. Investments for FY 2009 are expected to be around DKK 100 million.

Prospective consolidated financial information for the year ending 31 December 2010
Management expects a loss before tax for FY 2010, albeit a somewhat smaller loss than the expected loss before tax and special items for 2009. The free cash flows are expected to be neutral. Total investments in 2010 are expected not to exceed DKK 50 million.

Risk Factors
Investing in the Pre-emptive Rights, the Offer Shares and the Existing Shares involves risk, and investors subscribing for or trading in Pre-emptive Rights or Shares in connection with the Offering will thus assume risk. Any decision to invest in the Company should be based on all information included in the Prospectus, including the risk factors set out below.

The risk factors below together with any other risk factors and uncertainty factors set out in this Prospectus could have a material adverse effect, directly or indirectly, on, among other things, the Group's future performance and growth, activities, results of operations, cash flows and financial position. Should one or more of the risk factors described below materialise, the price of the Shares, including the Offer Shares, and the Pre-emptive Rights, may fall, and Shareholders may lose all or part of their investment in the Company.

The list of risk factors set out below is not exhaustive or ranked in any order of probability of occurrence or by the scope of potential consequences for H+H or the Shareholders, but is considered by the Supervisory Board and the Executive Board ("Management") to be the principal risk factors. Other risks and factors of uncertainty not presently known to Management or currently deemed to be immaterial may at later date prove to be significant factors that could have an adverse effect on the Group's business.

This Prospectus also contains forward-looking statements that involve risk and uncertainty. The Company's actual results could differ materially from those anticipated in the forward-looking statements as a result of certain factors, including, but not limited to, the risks the Group faces as described below and elsewhere in this Prospectus.

The principal risk factors can be divided into the following categories:
- Risks related to the Group's financial results and resources
- Risks related to the Group's activities and the markets in which the Group operates
- Risks related to the Group's operations and production
- Risks related to intellectual property rights
- Risks related to reliance on suppliers
- Risks related to currency and other financial risks
- Risks related to litigation and other disputes
- Risks related to faults and defects in the Group's products
- Risks related to legislation
- Risks related to employees
- Risks related to the Offering

Selected financial information
The table below presents selected historical consolidated financial information for H+H extracted from the consolidated financial statements for the financial years ended 31 December 2006, 2007 and 2008, which were prepared in accordance with IFRS as adopted by the EU, and selected unaudited interim financial information extracted from the condensed consolidated interim financial statements for the nine months ended 30 September 2009 which was prepared in accordance with IAS 34 Interim Financial Reporting.

KPMG and PKF have reviewed the condensed consolidated interim financial statements for the nine months ended 30 September 2009 (Q1-Q3 2009). The review conducted did not include the comparative figures for the three-month periods ended 30 September 2009 and 30 September 2008 or for the nine-month period ended 30 September 2008.

Table 1-1: Selected Consolidated Financial Highlights

	Q1-Q3 2009	Q1-Q3 2008	2008	2007	2006
Income statement (DKKm)					
Revenue	816.6	1,186.3	1,439.5	1,850.2	1,662.4
Gross profit	363.7	604.8	710.6	960.3	815.9
Operating profit/(loss) (EBIT)*	(164.6)	56.0	19.0	222.4	128.9
Net financing costs	(42.8)	(12.3)	(17.6)	(17.3)	(14.8)
Profit/(loss) before tax	(207.4)	43.7	1.4	205.1	114.0
Profit/(loss) after tax	(166.2)	33.9	1.7	157.5	74.3
Profit/(loss) for the period	(166.2)	33.9	1.7	157.5	74.3
Depreciation and amortisation	(89.1)	(88.5)	(116.5)	(116.6)	(105.7)
Impairment losses	(90.5)	0.0	0.0	-8.1	0.0

Continued on the next page >>

	Q1-Q3 2009	Q1-Q3 2008	2008	2007	2006
Cash flows (DKKm)					
Cash flows from operating activities	(51.1)	37.8	60.8	266.5	59.9
Cash flows from investing activities	(76.6)	(368.4)	(476.9)	(259.5)	(246.4)
Free cash flows	34.6	(330.6)	(416.1)	7.0	(186.5)
Cash flows from financing activities	144.6	334.3	413.3	-0.5	106.6
Total cash flows	16.9	3.7	(2.8)	6.5	(79.9)
Balance sheet – assets (DKKm)					
Non-current assets	1,518.1	1,645.5	1,558.9	1,361.7	1,248.4
Current assets	386.7	455.6	363.9	422.1	389.8
Total assets	1,904.8	2,101.1	1,922.8	1,783.7	1,638.2
Balance sheet – equity and liabilities (DKKm)					
Share capital	109.0	109.0	109.0	116.0	116.0
Equity	583.1	886.4	743.2	990.3	870.4
Non-current liabilities	131.1	171.4	1,015.7	180.0	180.9
Current liabilities	1,189.9	1,043.3	163.9	613.4	586.8
Total equity and liabilities	1,904.8	2,101.1	1,922.8	1,783.7	1,638.2
Investments and debt (DKKm)					
Investments in non-current assets during the period	78.7	372.0	464.0	263.0	156.0
Net interest-bearing debt	990.7	842.0	863.0	380.8	353.1
Financial ratios					
Gross margin	44.6%	50.1%	49.4%	51.9%	49.1%
Operating margin (EBITA)*	(9.1%)	4.7%	1.3%	12.5%	7.8%
Return on invested capital (ROIC)	(5.8%)	4.4%	1.2%	16.1%	10.6%
Return on equity	(33.4%)	4.8%	0.2%	16.9%	8.8%
Solvency ratio	30.6%	42.2%	38.7%	55.5%	53.1%
Per share data					
Average number of shares outstanding (of DKK 100)	1,069,511	1,077,654	1,090,436	1,146,072	1,147,872
Share price, end of period, DKK	219	624	304	1,362	1,842
Book value per share, end of period, DKK	535	813	682	854	750
Price/book value (P/BV)	0.4	0.8	0.4	1.6	2.5
Current price/earnings (P/E-basic)	(1.4)	19.8	199.9	9.9	28.3
Earnings per DKK 100 share (EPS)	(155.4)	31.5	1.5	137.4	65.0
Diluted earnings per DKK 100 share (EPS-D)	(155.4)	31.5	1.5	137.0	64.9
Dividend per share	0.0	0.0	0.0	30.0	20.0
Payout ratio, %	0.0%	0.0%	0.0%	22.1%	31.1%
Employees					
Average full-time equivalent employees	1,221	1,281	1,282	1,379	1,385

In connection with the completion of the Offering, the Company has signed restated and amended loan agreements with Danske Bank A/S on the continuation of the Group's financing facilities with a total credit line corresponding to approximately DKK 1,100 million, DKK 1,050 million of which will, on completion of the Offering, be committed for a period of five years until 31 December 2014, and DKK 50 million will be an uncommitted credit line. The loan agreements are in force as at the Prospectus Date. They are, however, subject to certain formal requirements and requirements relating to documentation, all of which are expected to be met by 31 December 2009.

* In the table above, EBITA and EBIT are identical, as the Group had no goodwill amortisation during the periods under review.
Earnings per share and diluted earnings per share are calculated in accordance with IAS 33 "Earnings per share".
Other financial ratios are calculated in accordance with "Recommendations and Ratios 2005" issued by the Danish Society of Financial Analysts.

Source: Consolidated financial statements and interim financial statements.

Summary of the Offering

See Part II for a detailed description of the Offering.

Issuer	H+H International A/S, company reg. (CVR) no. 49 61 98 12 Dampfærgevej 27-29, 4th floor DK-2100 Copenhagen Ø Denmark
Offering	The Offering comprises 8,720,000 new B Shares in the Company with a nominal value of DKK 50 each with pre-emptive rights for Existing Shareholders.
Offer Price	The Offer Shares are offered at DKK 54 per Offer Share. The Offer Price is determined on the assumption that the Capital Reduction is registered with the Danish Commerce and Companies Agency not later than at the same time as the registration of the capital increase related to the Offering.
Proceeds	Upon subscription of the Offering, the gross proceeds are expected to total DKK 470.9 million, and the net proceeds (gross proceeds less estimated costs to the Company relating to the Offering) are expected to be a total of approximately DKK 436 million.
Subscription ratio	The Offering is being made at the ratio of 8:1, which means that each Existing Shareholder will be entitled to and will be allocated 8 (eight) Pre-emptive Rights for each Existing Share held at the Allocation Time, and that 1 (one) Pre-emptive Right will be required to subscribe for 1 (one) Offer Share.
Allocation of Pre-emptive Rights	On 7 December 2009 at 12.30 p.m. CET, any person registered with VP as a Shareholder of the Company and holders of A Shares will be allocated 8 (eight) Pre-emptive Rights for each Existing Share held. As from 3 December 2009, the Existing Shares will be traded ex Pre-emptive Rights, assuming that such Existing Shares are traded at customary three-day settlement.
Trading in Pre-emptive Rights	The Pre-emptive Rights can be traded on NASDAQ OMX during the period from 3 December 2009 to 16 December 2009 at 5.00 p.m. CET and can be exercised for subscription of Offer Shares during the Subscription Period from 8 December 2009 to 21 December 2009 at 5.00 p.m. CET.
Subscription Period	The Subscription Period for the Offer Shares commences on 8 December 2009 and closes on 21 December 2009 at 5.00 p.m. CET. For a description of the procedure for exercise and subscription, see II.5 "Terms and conditions of the Offering—Procedure for the exercise of and trading in Pre-emptive Rights".
Method of subscription	Holders of Pre-emptive Rights who wish to subscribe for Offer Shares will be required to do so through their own custodian institution or other financial intermediary in accordance with the rules of such institution or intermediary. The deadline for notification of exercise depends on the holder's agreement with and the rules and procedures of the relevant custodian institution or other financial intermediary, and the deadline may be earlier than the last day of the Subscription Period. Once a holder has exercised its Pre-emptive Rights, such exercise may not be revoked or modified. Upon exercise of Pre-emptive Rights and payment of the Offer Price in the course of the Subscription Period, the Offer Shares will, at the end of a trading day, be allocated temporarily through VP. The Offer Shares will not be traded and officially listed on NASDAQ OMX under the temporary ISIN code.

Payment and delivery	Upon exercise of the Pre-emptive Rights, the holder must pay DKK 54 per Offer Share for which he or she subscribes. Payment for the Offer Shares shall be made in Danish kroner on the date of subscription, however, on or before 21 December 2009, against registration of the Offer Shares in the investor's account with VP under the unlisted temporary ISIN code.
Admission to trading and official listing	An application has been made for the Pre-emptive Rights to be admitted for trading and official listing on NASDAQ OMX to the effect that they can be traded on NASDAQ OMX during the period from 3 December 2009 to 16 December 2009 at 5.00 CET. Registration of the Offer Shares with the Danish Commerce and Companies Agency will be effected following completion of the Offering, expectedly on 23 December 2009, and as soon as possible thereafter, the Offer Shares will be admitted for trading and official listing on NASDAQ OMX on the admission of the ISIN code of the existing B shares, expectedly on 30 December 2009 (the temporary ISIN code and the ISIN code of the existing B Shares are subsequently expected to be merged in VP). The Company's A Shares are unlisted, but after the completion of the Offering and the merger of the share classes, they will be admitted for trading and official listing on NASDAQ OMX under the same ISIN code as the existing B Shares. The change of the nominal share denomination of the Existing Shares from DKK 100 to DKK 50 is expected to be effected in VP and on NASDAQ OMX with effect from 30 December 2009.
Unexercised Pre-emptive Rights	Any Pre-emptive Rights that are not exercised during the Subscription Period will lapse with no value, and the holder of such Pre-emptive Rights will not be entitled to compensation. The Subscription Period closes on 21 December 2009 at 5.00 p.m. CET.
Completion of the Offering	The Offering will only be completed if and when the Offer Shares subscribed for are issued by the Company and registered with the Danish Commerce and Companies Agency, which is expected to take place on 23 December 2009. An announcement concerning the results of the Offering is expected to be made on 23 December 2009.
Withdrawal of the Offering	The Offering may be withdrawn at any time before registration with the Danish Commerce and Companies Agency of the capital increase relating to the Offer Shares. Pursuant to the Rights Issue Agreement which the Company has entered into with the Sole Lead Manager, the Sole Lead Manager may at any time prior to registration of the capital increase relating to the Offer Shares require that the Company withdraw the Offering upon notice of termination of the Rights Issue Agreement. The Sole Lead Manager is entitled to terminate the Rights Issue Agreement upon the occurrence of certain exceptional events and/or unpredictable circumstances, such as *force majeure.* The Rights Issue Agreement also contains conditions for completion which the Company believes are customary for offerings such as the Offering, and the completion of the Offering is subject to compliance with all such conditions in the Rights Issue Agreement. If one or more conditions for completion are not met, the Sole Lead Manager may, at its discretion, also terminate the Rights Issue Agreement and thus require that the Company withdraw the Offering. One of the conditions of the Rights Issue Agreement is that the Shareholder Group and the Group of Underwriters which have made binding underwriting and advance commitments subject to the satisfaction of certain conditions are not entitled to withdraw from their commitments.

Sole Lead Manager	The Offering is coordinated by SEB Enskilda, Silkegade 8, DK-1113 Copenhagen K, Denmark, which acts as the Sole Lead Manager of the Offering.
Underwriting and advance commitments	A group of Existing Shareholders, including Arbejdsmarkedets Tillægspension and LD Equity 1 K/S (collectively referred to as the "Shareholder Group") has made binding advance commitments, subject to the satisfaction of certain conditions, to exercise their respective Pre-emptive Rights to subscribe for a total of 1,501,264 Offer Shares corresponding to aggregate gross proceeds of approximately DKK 81.1 million. A number of investors, including Danske Bank A/S, SmallCap Danmark A/S, PKA A/S and the Sole Lead Manager (collectively referred to as the "Group of Underwriters"), have, moreover, made binding underwriting commitments, subject to the satisfaction of certain conditions, to subscribe for up to 7,218,736 Offer Shares at the Offer Price if Offer Shares are allocated to them by the Supervisory Board which have not been subscribed for by the Company's Existing Shareholders pursuant to their Pre-emptive Rights or by investors pursuant to acquired Pre-emptive Rights at the expiry of the Subscription Period. ATP has entered into a binding agreement with SEB Enskilda to buy Offer Shares at the Offer Price, on terms and conditions to be agreed upon, if SEB Enskilda subscribes for Offer Shares under the underwriting commitment. The Shareholder Group and the Group of Underwriters have thus made binding underwriting and advance commitments to subscribe for a total of 8,720,000 Offer Shares corresponding to aggregate gross proceeds of DKK 470.9 million or 100% of the Offering. See I-18 "Major shareholders" and II.5 "Terms and conditions of the Offering".
ISIN codes	A Shares — None (share certificates) B Shares — DK0015202451 Pre-emptive rights — DK0060198034 Offer Shares (unlisted temporary ISIN code) — DK0060197812
Voting rights	Upon completion of the Offering and the merger of the share classes, all Shares in the Company will rank *pari passu*, including with respect to voting rights. After the merger, all Shares will carry ten votes per Share of DKK 50 nominal value.
Dividend rights	Upon registration of the capital increase with the Danish Commerce and Companies Agency in connection with the Offering, the Offer Shares will rank *pari passu* with the Company's existing B Shares, including with respect to eligibility for any dividends from and including FY 2009. Although the Company generally intends to distribute dividends to its Shareholders in future, there can be no assurance thereof. Based on Management's expectations as at the Prospectus Date, see I.13 "Prospective financial information", the Supervisory Board does not expect to distribute any dividends based on the results of operations for FY 2009 and FY 2010. The restated and amended loan agreements made with Danske Bank A/S include an obligation on the part of the Company to pay annual dividends to the Shareholders of not more than an aggregate amount corresponding to 50% of the Company's profit after tax. See I.10 "Capital resources—Capital resources and cash flows".

Issuing agent	Danske Bank Holmens Kanal 2-12 DK-1092 Copenhagen K Denmark
Lock-up agreements in connection with the Offering	For a period of 360 days from the completion of the Offering (expectedly on 23 December 2009), the Company has undertaken, not to issue, sell, offer for sale, enter into any agreement regarding the sale of, pledge or in any other way directly or indirectly transfer Shares in the Company or other securities exchangeable into Shares in the Company or warrants or other options to acquire Shares in the Company (together "Company Securities") or to announce the intention to make any such act without the prior written consent of the Sole Lead Manager. Such consent is not to be unreasonably withheld or delayed, if the transaction is motivated by reasonable business considerations attributable to the Company. The above mentioned obligation of the Company shall not apply to transfers or issues of Company Securities to employees of the Company or of the Company's subsidiaries, members of the Company's Executive Board or Supervisory Board in relation to the exercise by such persons of their rights in accordance with existing or future employee share, option or warrant programmes. No further lock-up agreements have been made.
Treasury Shares	The Company's holding of treasury Shares as at the Prospectus Date amounts to 20,489 B Shares, totalling 1.88% of the share capital and 0.63% of the votes in the Company before the Offering. In connection with the Offering, Pre-emptive Rights will be allocated to the Company in respect of its treasury Shares. Pursuant to the Danish Public Companies Act, the Company is not allowed to exercise such Pre-emptive Rights itself, for which reason the Company expects to sell the Pre-emptive Rights allocated to it in respect of its treasury Shares.
Applicable law and jurisdiction	The Offering is subject to Danish law. This Prospectus has been prepared in compliance with the standards and requirements in force under Danish law. Any dispute which may arise out of the Offering shall be brought before the Danish courts of law.
Availability of the Prospectus	Copies of this Prospectus are available on request from: SEB Enskilda Silkegade 8 DK-1113 Copenhagen K Denmark Tel.: +45 36 97 74 00 Fax: +45 36 97 74 10 E-mail: prospekt@enskilda.dk Subject to certain exceptions, the Prospectus can also be downloaded from the Company's website: www.HplusH.com. The contents of the website do not form part of the Prospectus.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of Prospectus	2 December 2009
Trading in the Shares ex Pre-emptive Rights commences (provided that the relevant Shares are traded at usual thee-day settlement)	3 December 2009
Admission to trading and official listing of the Pre-emptive Rights	3 December 2009
First day of Rights Trading Period	3 December 2009
Allocation time of Pre-emptive Rights	7 December 2009 at 12.30 p.m. CET
First day of Subscription Period	8 December 2009
Last day of Rights Trading Period	16 December 2009 at 5.00 p.m. CET
Last day of Subscription Period	21 December 2009 at 5.00 p.m. CET
Expected date of completion of the Offering and announcement of the results of the Offering	23 December 2009
Expected date of registration of the Capital Reduction, the Offer Shares and of the merger of the share classes with the Danish Commerce and Companies Agency	23 December 2009
Expected admission of the Offer Shares for trading and official listing on NASDAQ OMX on the admission of the ISIN code of the existing B Shares	30 December 2009
Expected date of admission of the existing A Shares to trading and official listing on NASDAQ OMX after the merger of the share classes (admission to trading and official listing will be in the ISIN code of the existing B Shares)	30 December 2009

The Company's financial calendar is set out below:

- Annual report 2009 to be released on .... 11 March 2010
- Annual General Meeting .... 8 April 2010
- Interim report – first quarter of 2010 .... 27 May 2010
- Interim report – first half-year of 2010 .... 31 August 2010
- Interim report – third quarter of 2010 .... 25 November 2010

Risk factors

Investing in the Pre-emptive Rights, the Offer Shares and the Existing Shares involves risk, and investors subscribing for or trading in Pre-emptive Rights or Shares in connection with the Offering will thus assume risk. Any decision to invest in the Company should be based on all information included in this Prospectus, including the risk factors set out below.

The risk factors below together with any other risk factors and uncertainty factors set out in this Prospectus could have a material adverse effect, directly or indirectly, on, among other things, the Group's future performance and growth, activities, results of operations, cash flows and financial position. Should one or more of the risk factors described below materialise, the price of the Shares and the Pre-emptive Rights may fall, and Shareholders may lose all or part of their investment in the Company.

The list of risk factors set out below is not exhaustive or ranked in any order of probability of occurrence or by the scope of potential consequences for H+H or the Company's Shareholders, but is considered by the Supervisory Board and the Executive Board ("Management") to be the principal risk factors. Other risks and factors of uncertainty not presently known to Management or currently deemed to be immaterial may at later date prove to be significant factors that could have an adverse effect on the Group's business.

This Prospectus also contains forward-looking statements that involve risk and uncertainty. The Company's actual results could differ materially from those anticipated in the forward-looking statements as a result of certain factors, including, but not limited to, the risks the Group faces as described below and elsewhere in this Prospectus.

RISKS RELATED TO THE GROUP'S FINANCIAL RESULTS AND RESOURCES

Over the past year, the Group has incurred significant losses and expects to report losses for FY 2009 and FY 2010

H+H has incurred significant losses since the second half of 2008. These losses and the amount of the losses were not anticipated and have threatened and continue to threaten the survival of the Group. The Company expects to report a loss before tax for FY 2009 of approximately DKK 255–265 million, of which special items are expected to amount to an expense of DKK 105 million. The Company expects to report a loss before tax for FY 2010, albeit a somewhat smaller loss than the expected loss before tax and special items for 2009. The free cash flows for 2010 are expected to be neutral. The total investments in 2010 are expected not to exceed DKK 50 million.

The outlook is highly influenced by a sharp drop in the sale of the Group's products due to general economic developments and developments in the construction industry in the Group's principal markets. In addition, H+H is exposed to considerable price competition in a number of the Group's main markets. As a result, Management's expectations for FY 2009 and FY 2010 in particular are subject to substantial uncertainty and to considerably greater uncertainty than would be the case under normal market conditions.

If the Company does not receive additional cash, as anticipated in connection with the Offering or if Management's expectations for the future do not materialise, the Company may be forced to file for a suspension of payments or bankruptcy, which may cause the Shareholders to lose their entire investment.

If operations develop in a negative direction relative to expectations, it may lead to impairment write-downs of intangible assets as well as property, plant and equipment and a write-down of tax assets.

Future actual financial results may differ significantly from forecasts

The financial outlook for FY 2009 and FY 2010 in particular contained in this Prospectus are based on a number of assumptions. Management believes that the principal assumptions for the Group's expectations relate to

- sales volumes and product mix;
- price competition in a number of the Group's markets;
- general economic trends;
- developments in the markets for building materials;
- foreign exchange rates;
- distribution;
- production efficiency;
- achieving cost savings;
- weather conditions.

In addition, the Group's expectations are based on the assumption that the Group can attract sufficient capital to fund its operations.

For further information about the financial outlook for FY 2009 and FY 2010 and the assumptions on which the outlook is based, see I.13 "Prospective financial information".

Management's expectations for FY 2009 and FY 2010 in particular are subject to substantial uncertainty and to considerably above-normal uncertainty considering the Group's current situation and the general economic downturn. There can be no assurance that the assumptions on which the prospective financial information is based will materialise, and unexpected events, including events beyond the Group's control, could have a negative impact on actual future results, regardless of whether the assumptions relating to future periods or to FY 2009 and FY 2010 otherwise prove correct.

If Management fails to reverse the current trend in operations, it may also lead to impairment write-downs of intangible assets as well as property, plant and equipment and a write-down of tax assets.

If the Company does not receive additional cash, as anticipated in connection with the Offering or if Management's expectations for the future do not materialise, the Company may be forced to file for a suspension of payments or bankruptcy, which could cause the Shareholders to lose their entire investment.

In the event that the assumptions do not materialise or the assumptions prove to be incorrect, it could have a material adverse effect on the Group's business, results of operations, cash flows and financial position, and have a material adverse effect on the value of the Shares and/or the Pre-emptive Rights.

The Group is affected by the global economy

The Group's business is substantially affected, directly and indirectly, by the financial crisis and the subsequent adverse developments in the global economy, especially the developments in the construction sector. The developments have entailed a substantial rise in unemployment, an increased level of suspensions of payments and bankruptcies as well as slowing consumer spending, and it has become much more difficult to obtain funding for new building projects and renovation of existing buildings. The effects are global and have hit many different countries, sectors and industries, including the Group's principal geographical markets, which is where the Group generates most of its revenue.

H+H may continue to be affected by further decline, directly or indirectly, and there may be several negative consequences from the crisis, including the following:

- House builders, builders' merchants and other customers that do not buy the Group's products due to a decline in revenue, income, wealth or borrowing opportunities and/or customers that due to uncertainty about the scope and duration of the crisis are not demanding the Group's products to the same extent as they did before.

- Greater uncertainty about market developments, which makes it more difficult for the Group to plan and adjust production capacity, stock building and other measures.

- Builders' merchants and other customers that due to falling revenue and/or cash problems are forced to close their shops, which could lead to a loss on the Group's receivables.

- The Group may be compelled to accept less favourable borrowing terms than it normally would.

- Greater exchange rate fluctuations.

- Difficulty in sourcing raw materials and other materials due to the insolvency of key suppliers.

- Intensified price competition among aircrete manufacturers and manufacturers of substitute products as a consequence of substantial declines in demand for such building materials, causing lower margins and, hence, lower earnings relative to sales volumes.

At the Prospectus Date, it is difficult for Management to assess the potential negative implications that may arise as a result of the current economic crisis, and it is difficult to assess the scope and duration of the downturn and the period in which the implications might materialise. As a result, Management's expectations for FY 2009 and FY 2010 in particular are subject to substantial uncertainty and to considerably greater uncertainty than would be the case under normal market conditions.

An investment in the Pre-emptive Rights, the Offer Shares or the Existing Shares is subject to substantially above-normal risk under the current market conditions, and Management believes that, going forward, the crisis may continue to have a material negative impact on the Group's business, results of operations, cash flows and financial position and may affect the value of the Shares or the Pre-emptive Rights.

The Group has substantial debt funding and variable working capital requirements

At 30 September 2009, the Group had total net interest-bearing debt of around DKK 991 million and total assets of DKK 1,905 million. If the Offering is completed, the Company will receive net proceeds of approximately DKK 436 million, and the net interest-bearing debt will be reduced accordingly. For additional information on the use of the proceeds from the Offering, see II.3 "The Offering—Key information on capitalisation and use of proceeds—Reasons for the Offering and use of proceeds". The Group expects to continue to apply substantial debt funding to finance its operations in future.

With the Group's peak season being the second and third quarters, the working capital tie-up is generally high in the first quarter of the relevant year due to the building up of stocks prior to and during the peak season and as the Group's trade receivables are increased. The Group covers these fluctuating costs through drawings on an overdraft facility.

In connection with the completion of the Offering, the Company has signed restated and amended loan agreements with Danske Bank A/S on the continuation of the Group's financing facilities with a total credit line corresponding to approximately DKK 1,100 million, DKK 1,050 million of which will, on completion of the Offering, be committed for a period of five years until 31 December 2014, and DKK 50 million will be an uncommitted, short-term credit line. The loan agreements are in force as at the Prospectus Date. They are, however, subject to certain formal requirements and requirements relating to documentation, all of which are expected to be met by 31 December 2009. Due to the Group's present situation, the loan agreements contain no financial covenants for 2010 and 2011. As from FY 2012 and until expiry of the agreements at the end of 2014, the agreements will be subject to usual restrictive financial covenants. The Company is required to pay four equal instalments of DKK 50 million each on the existing debt on 2 April 2010, 2 July 2010, 2 October 2010 and 2 January 2011, respectively, i.e. a total of DKK 200 million. Furthermore, if the ratio of the Group's net interest-bearing debt to EBITDA is 3:1 or higher, the Company has a duty to repay the debt as from FY 2010 by an amount corresponding to 50% of the Group's free cash flows from operating and investing activities, calculated on the basis of the Group's consolidated annual report, less any instalments on the Group's interest-bearing debt (as defined in the loan agreements) (cash sweep).

The loan agreements may be terminated by Danske Bank A/S in the event of breach of the repayment obligations. The loan agreements may furthermore be terminated without notice by Danske Bank A/S if the Shares are delisted from NASDAQ OMX, if parties other than the ultimate owners of Henriksen & Henriksen I/S gain control of more than 50% of the voting rights in the Company in the period up to completion of the Offering, or if investors other than Scandinavian institutional investors (defined in the loan agreements as Danish, Swedish, Norwegian and Finnish financial institutions operating in financial markets and subject to public supervision) alone or in collaboration with other parties gain control of more than one-third of the Shares or more than one-third of the total number of voting rights attaching to the Shares. If the Offering is not completed on or before 31 December 2009, or if the Offering results in a net capital injection of less than DKK 300 million, Danske Bank A/S is entitled to terminate the loan agreements and demand immediate repayment of the debt.

The Group's current debt and its expected earnings relative to debt considerably restricts its options of taking aggressive, commercial measures, for instance in the form of starting up production business in new markets, participating in consolidation and other measures. The Group's competitors may exploit the Group's impaired financial position to strengthen their position at the expense of the Group. The resulting adverse effects may be significant and long-lasting, and it may be difficult for the Group to take adequate countermeasures.

If the Group is unable to pay down, repay or refinance its debt funding on reasonable terms as it falls due, it could have a material adverse effect on the Group's business, results of operations, cash flows and financial position, which may force the Group to file for a suspension of payments or bankruptcy, which may cause all Pre-emptive Rights, Offer Shares and Existing Shares to lose their value.

Should H+H need additional funding in future, such funding may be difficult to obtain

For an extended period of time, the Company has not satisfied the financial covenants of the Group's original loan agreements with Danske Bank A/S. The Company has signed restated and amended loan agreements with Danske Bank A/S, which are subject to completion of the Offering. See I.10 "Capital resources—Borrowing requirement and financing structure" and "II.3 Key information on capitalisation and use of proceeds—Reasons for the Offering and use of proceeds".

The Group may need additional funding in future, including if the Group's operations deviate from expectations or if the Group is otherwise in breach of financial covenants in its borrowing agreements. There can be no assurance that the Group will be able to attract the additional capital required to secure the Group's ongoing operations after the time when the expected proceeds from the Offering have been used, or that such capital can be raised on terms acceptable to the Group.

Alternatively, attempts to raise additional capital may be made through issuance of new Shares or other securities. This may cause the price of the Shares to fall and the ownership interests of the Shareholders to be diluted.

Similarly, there can be no assurance that the Group will be able to achieve an adequate level of funding for its working capital to maintain or develop the Group's business. Also, the Group may have a need for making necessary major unscheduled investments in future, for instance in the form of renovation of existing production facilities, and the Group might not be able to raise the capital required to make such necessary investments. Among other things, this may entail a substantial impairment of the Group's competitive strength compared to the competition, including any resulting loss of customers, market shares and future earnings.

In the event that the Group is unable to raise new funding, it could have a material adverse effect on the Group's business, results of operations, cash flows and financial position, which may force the Group to file for a suspension of payments or bankruptcy, which may cause all Offer Shares and Existing Shares to lose their value.

The Group has significant uncovered pension obligations

Throughout several years, the Group has undertaken future pension obligations vis-à-vis former and certain current employees of H+H UK Limited. The pension obligations vis-à-vis the employees of H+H UK Limited are covered through current contributions to the H+H Celcon Pension Fund, calculated on the basis of factors such as the expected return on the amounts paid and developments in the life expectancy of the relevant employees. If the amount paid by H+H UK Limited is insufficient to cover current and future pension obligations vis-à-vis the relevant employees, H+H UK Limited may be obliged to make additional contributions to cover the uncovered pension obligation.

An actuarial valuation made in April 2008 showed an uncovered pension obligation of DKK 128 million (GBP 15.6 million). On the basis of the actuarial valuation, H+H UK Limited and H+H Celcon Pension Fund Trustee Limited, which supervises H+H Celcon Pension Fund, entered into an agreement on contributions to cover the uncovered pension obligation ("Schedule of Contributions") for the period 2009–2023. The agreement is being reviewed by the UK authorities (the "British Pensions Regulator"), who may demand that changes be made to the agreement, including an acceleration of the period allowed for H+H UK Limited to reduce the uncovered pension obligations, which would imply a higher annual payment from H+H UK Limited. Moreover, the payments to be made under the agreement may not be sufficient to cover the uncovered pension obligations. This will depend on the return realised on the payments made and current developments in the life expectancy of the relevant employees. Accordingly, H+H UK Limited may be required to make additional contributions. A new actuarial valuation made in April 2009 showed an uncovered pension obligation of DKK 188 million (GBP 23.0 million), which may also result in demands for higher contributions in future.

If H+H UK Limited is unable to continue to pay the contributions under the agreement with H+H Celcon Pension Fund Trustee Limited or becomes insolvent, H+H Celcon Pension Fund Trustee Limited may demand that an insurance company take over H+H UK Limited's pension obligation ("winding-up") in return for H+H UK Limited making a lump sum payment to such insurance company. In connection with the actuarial valuation made in April 2008, the winding-up amount was determined at DKK 435 million (GBP 53.1 million).

See I.22 "Material contracts—Other agreements" for additional information on the Group's uncovered pension obligations.

If the assumptions on which the contributions to cover H+H UK Limited's pension obligations have been based so far, and on the basis of which the agreement with H+H Celcon Pension Fund Trustee Limited was made, prove to be incorrect, or the period for the contributions to be made to the pension fund is accelerated, the Group would be forced to make additional payments to cover the pension obligations, which could have a material adverse effect on the Group's business, results of operations, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

There can be no assurance that dividends will be distributed on the Shares

The distribution of dividends is dependent on factors such as the Company's financial performance in the relevant year and the preceding year, its need for reinvestments and outlook. Although the Company generally intends to distribute dividends to its Shareholders in future, there can be no assurance that it will do so. Based on Management's expectations as at the Prospectus Date, see I.13 "Prospective financial information", the Supervisory Board does not expect to distribute any dividends based on the performance for FY 2009 and FY 2010. The restated and amended loan agreements made with Danske Bank A/S in the autumn of 2009 also include an obligation on the part of the Company to pay annual dividends to the Shareholders of not more than an aggregate amount corresponding to 50% of the Company's profit after tax, for as long as the loans are outstanding. See I.10 "Capital resources—Capital resources and cash flows".

There can be no assurance that the Company will distribute dividends on the Shares or of the amount of any such dividends. If the Company does not distribute dividends, or only does so to a limited extent, it could affect the value of the Shares.

RISKS RELATED TO THE GROUP'S ACTIVITIES AND THE MARKETS IN WHICH THE GROUP OPERATES

H+H is exposed to the risk of further or renewed economic downturn or recession in the markets where the Group sells its products

Demand for the Group's products is to a high degree affected by economic developments in the countries and the markets in which the products are sold. The Group's sales are to a large extent related to new dense low-rise housing and are therefore particularly vulnerable to fluctuations in the level of activity in this building segment. The Group's products are primarily sold in geographical markets situated relatively close to one of its factories. The specific geographical market for each factory is determined by local transport rates, infrastructure conditions, and the competitive environment, including price levels. Thus, unutilised factory capacity cannot always be utilised in other geographical markets. A large proportion of sales are made via annual framework agreements with house builders and builders' merchants. Some sales are made without the conclusion of framework agreements, and developments in selling prices may therefore be quite volatile. Framework agreements typically set out price levels and indications concerning anticipated demand. Actual sales depend on the level of building activity achieved by house builders and the actual sales recorded by builders' merchants. Order books in the Group's largest markets are very thin.

Further or renewed economic downturn in the Group's principal markets, Germany, Poland and the UK, or the growth markets in Russia and the Czech Republic, may affect the segment and the areas in which the Group operates more extensively than the general developments in the market for building materials in Europe.

Demand for the Group's products is to a high degree affected by the economic developments and the developments in new residential construction in the near markets in which the Group's factories are located, which could have a material adverse effect on the Group's business, results of operations, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

H+H is exposed to changes in the product mix

There are significant differences in the gross margins of H+H's product categories. For example, the gross margin is higher for complete building solutions than for standard blocks of aircrete. Therefore, a general shift towards increasing sales of standard blocks could adversely affect the total gross margin, all other things being equal. The Group's gross profit could therefore in future be substantially affected by new product launches and the composition of the Group's product portfolio.

Changes in the mix of products sold by the Group could have a material adverse effect on the Group's business, results of operation, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

The selling patterns for the Group's products are seasonal and may vary substantially, and the Group therefore relies on the season developing in line with expectations
Traditionally, sales in the second and third quarters are substantially higher than in the other quarters of the year. Since a large part of the Group's cost base is not directly variable with sales, deviations in the expected sales may result in substantial fluctuations in the Group's financial performance. Seasonal fluctuations furthermore affect the Group's cash resources over the year, which may result in a funding requirement to offset the effect on cash resources.

Furthermore, the Group is not, or is only to a very limited extent, able to plan its cost base according to actual customer demand, because the main part of the Group's sales is made based on current order inflows.

The Group has in the past experienced significant quarterly fluctuations in revenue and financial results of its operations over the course of the financial year, and Management expects that fluctuations will continue to occur in the future.

The above-stated conditions could have an adverse effect on the Group's business, results of operations, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

As H+H operates in growth markets, the Group is exposed to political, economic and other risks in these markets
The Group operates in new markets, including Russia and the Czech Republic, which are expected to contribute significantly to future growth in H+H's revenue in the long term.

The Group's activities in these markets are generally subject to the risks usually associated with operating in new markets, including potential political and economic unrest, the use of exchange rate controls, crime and a lack of law enforcement, external circumstances, exchange rate fluctuations, inflation, economic recession, no or a poorly functioning mortgage bond market and changes in government policies. Furthermore, growth in these countries may not be in line with expectations, for example as a result of recession, high inflation rates and weakening of exchange rates, which could have an adverse effect on demand for the Group's products.

The above-stated conditions could have a material adverse effect on the Group's business, results of operations, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

The markets in which the Group is represented are generally very competitive
The geographical markets for building materials, including the market for aircrete and alternative products, in which the Group is represented, are very competitive. Price competition has intensified significantly in the course of the second half of 2008 and in 2009, which has had a material adverse effect on H+H's market position and earnings. There can be no assurance that this competitive pattern will change in future. Order books in the Group's principal markets are thin, and the current order inflow depends on the Group's ability to supply competitive products, especially in terms of price. The Group's competition may have access to more resources or better production facilities than does H+H, and the Group may consequently be unable to compete in an effective manner in future.

The above-stated conditions could have a material adverse effect on the Group's business, results of operations, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

H+H has operations in jurisdictions in which uncertainty may arise as to the rights in real property
The Group is represented in a number of jurisdictions and markets, especially in eastern Europe, which are characterised by conditions such as a lack of efficient land and property registration systems and hence an increased risk that disputes may arise in respect of title and other rights and obligations in relation to real property. Notwithstanding that the Group has made such examinations and taken such measures, and intends to do so in future, as the Group deems relevant in each individual case in order to secure its rights, considering the relevant jurisdiction, there can be no assurance that the Group's rights in real property might not be challenged.

While Management believes that the Group makes such examinations and takes such measures as are found relevant in order to secure the Group's rights in real property, there can be no assurance that such rights might not be challenged. A challenge of such rights may cause H+H's rights in real property to be lost or restricted, which could have a material adverse effect on the Group's business, results of operations, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

RISKS RELATED TO THE GROUP'S OPERATIONS AND PRODUCTION

The Group relies on successful entries into new markets
A substantial part of the Group's growth expectations for the coming years relate to the newly established aircrete factory in Kikerino near St Petersburg, Russia. The factory was run in during the second half of 2009 and is now fully operational. Setting up business in a new geographical market with new customers involves a risk that the products manufactured cannot be sold in the local market at the expected rate.

If the introduction of the Group's products in the Russian market is delayed, it could have a material adverse effect on the Group's business, results of operations, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

H+H relies on having efficient, up-to-date and competitive production facilities
Management believes that having competitive production is a prerequisite for the Group's profitability. In addition to costs of raw materials, energy consumption and transport, the Group's highest production costs are related to wages and the costs of operating buildings and machinery, including depreciation.

If the Group fails to maintain a competitive cost level, it could have a material adverse effect on the Group's business, results of operations, cash flows and financial position, and affect the value of the Shares or the Pre-emptive Rights.

The Group is exposed to changes in costs of raw materials, energy and transport
The primary raw materials used in the production of aircrete are cement, lime, water, sand/fuel ash and reinforcing steel. Production also requires substantial volumes of energy. In addition, costs of transport also account for a considerable proportion of production costs. If significant price rises were to occur for the raw materials and the energy used in production, or if transport costs were to rise significantly, and the Group fails to compensate for such price rises by raising the prices of the Group's products, the Group's profitability may be adversely affected.

The Group has in the past experienced fluctuations in the costs of raw materials, energy and transport and is therefore highly exposed to cost developments.

The above-stated conditions could have an adverse effect on the Group's business, results of operations, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

The Group is exposed to potential breakdown of or damage to its production
H+H is exposed to risks in relation to damage to its production plants. The Group owns a number of production plants which could temporarily or permanently cease all or part of production if an accident, fire or other incident were to occur.

The Group has taken out an all-risk insurance policy for all production facilities, which includes fire claims and consequential loss. There can be no assurance that these measures are adequate or that the insurance policies taken out cover any potential damage or that they may be maintained on reasonable premium terms.

If one or more production facilities temporarily or permanently were to cease all or parts of production and/or if H+H has failed to take out or is unable to maintain the required insurance policies, including if this cannot be effected on reasonable premium terms, it could have a material adverse effect on the Group's business, results of operations, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

The Group is exposed to excess capacity at its production facilities
In recent years, the Group has invested heavily in increasing its production capacity, see I.5 "Information about the Company—The Company's history and development". Therefore, at the Prospectus Date, and as a consequence of the general slowdown in the construction sector, the Group has significant unutilised capacity which can only be used if the Group's sales and, hence, production increases in future. Due to high transport costs, the geographical markets for each production facility are limited, and the excess capacity can generally not be used to enter new markets. A relatively large proportion of the Group's production costs are fixed costs, which cannot at short notice be reduced in step with the reduced revenue – a fact which may have a negative impact on the Group's operating performance if revenue drops by an unexpected amount or at an unexpected pace.

If the idle production capacity is not used in full or in part, this could lead to substantial writedowns and costs of close-down and thus have a material adverse effect on the Group's business, results of operations, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

The Group's activities entail risk of pollution of the environment
The Group incurs, and expects to incur and use in the future, costs and resources to comply with and observe environmental laws and regulations. If the Group fails to comply with applicable laws and regulations, including in relation to pollution or product legislation, or if the Group is faced with new environmental measures or liability claims, it could have a material adverse effect on the Group's business, results of operations, cash flows and financial position.

Although Management believes that the Group observes applicable rules and regulations, there can be no assurance against future pollution, and there can be no assurance that the Group's activities have not caused or will not cause contamination of soil or groundwater. In the event that H+H is ordered to clean up historical or future pollution, or change the production environment, it could have a material adverse effect on the Group's business, results of operation, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

RISKS RELATED TO INTELLECTUAL PROPERTY RIGHTS

The Group may unintentionally violate third-party intellectual property rights
H+H relies on the ongoing development of new products and production methods. H+H thus risks violating third-party intellectual property rights, which may force the Group to abandon the marketing or use of such inventions, and the Group may become liable in damages towards a third party.

Europe's largest manufacturer of aircrete, Xella International GmbH, has taken out a patent for a specific method of manufacturing aircrete with a density lower than 400 kg/m^3 based on non-sulphated lime and raw materials compositions with no added cement and the related production method. In this connection, H+H commenced appeal proceedings before the European Patent Office on 2 October 2009. If maintained, the patent may in the long term restrict any efforts by H+H to eliminate cement-based raw material compositions.

H+H has also commenced appeal proceedings in connection with Xella International GmbH having taken out a patent for the installation of so-called heat tunnels immediately ahead of the autoclaves for the purpose of reducing the time required in the autoclaves. The patent may restrict H+H's future opportunities for expanding its production capacity at certain of the Group's factories.

The existence of third-party intellectual property rights could lead to significant obligations and/or costs as well as restrictions for future products and production technology, which could have a material adverse effect on the Group's business, results of operations, cash flows and financial position, and affect the value of the Shares or the Pre-emptive Rights.

RISKS RELATED TO RELIANCE ON SUPPLIERS

The Group relies on a timely and correct supply of necessary raw materials at competitive prices

H+H contracts with a number of suppliers of raw materials used in the production of its products. Although H+H has a number of alternative suppliers for most of these raw materials, a termination of the agreements with one or more suppliers, the suppliers' non-compliance with their obligations under the agreements or a situation in which a supplier for other reasons does not deliver according to the required consumption or in the required quality could imply that the Group will not receive the required raw materials or is forced to buy from alternative suppliers, which cannot necessarily take place on reasonable terms or in the required quality, or that the Group would for a period of time have to refrain from selling some of its products.

If H+H cannot obtain timely delivery of the necessary raw materials at competitive prices or in the necessary volumes/quality, it could have a material adverse effect on the Group's business, results of operations, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

RISKS RELATED TO CURRENCY AND OTHER FINANCIAL RISKS

H+H is exposed to changes in exchange rates

The Company's consolidated financial statements are presented in DKK. Most of the Group's products are produced and sold abroad. Sales in markets outside Denmark represented some 90% of the Group's combined revenue for FY 2008, with Germany, the UK and Poland being the largest markets.

The Group primarily has its net cash inflows in EUR, GBP and PLN, and its primary current exposure is related to these currencies. Its most significant net exposure in terms of cash outflow is EUR, GBP and PLN. The Group is also exposed to CZK and RUB. In the event that any of these currencies weaken, it could have a material adverse effect on the Group's financial results.

The Group has significant net investments outside Denmark, including in non-eurozone countries, involving an increased foreign exchange risk. Exchange rate adjustments, which are taken to the Group's equity, were quite substantial in 2008 and may continue to be so in future.

In addition, if DKK is strengthened in relation to other currencies, this will reduce the value of the contribution in DKK to H+H's consolidated financial results (including revenue) and financial position received from its subsidiaries whose financial statements are prepared in other currencies.

H+H's exchange risk is not hedged through financial instruments at the Prospectus Date.

Such exchange rate fluctuations could lead to losses and could therefore have a material adverse effect on H+H's business, results of operations, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

H+H is exposed to the risk of interest rate increases

In recent years, the Group has made large investments, especially in eastern Europe, which has caused a significant increase in its interest-bearing debt, particularly during 2008. Declining sales due to the global financial crisis, compared to the increase in debt, has substantially increased the Group's financial gearing relative to earnings.

The Group will continue to operate with a high level of debt funding. At 30 September 2009, the Group's net interest-bearing debt amounted to DKK 991 million. If the Offering is successfully completed, the net interest-bearing debt will be reduced by about DKK 436.0 million. Accordingly, the Group will continue to be exposed to the risk of interest rate increases even after completion of the Offering. For additional information on the use of the proceeds from the Offering, see II.3 "Key information on capitalisation and use of proceeds—Reasons for the Offering and use of proceeds".

Thus, an interest rate increase could have an adverse effect on H+H's business, results of operations, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

The Group is exposed to credit risks in relation to its dealers and customers
H+H invoices its products through a number of builders' merchants in more than 14 countries. In this way, the credit risk exposure to contractors and house builders is reduced, but the credit risk to builders' merchants will naturally increase. In accordance with its credit policy, the Group makes internal credit assessments of all major customers and business partners on an ongoing basis, but it is nonetheless exposed to risk of losses on receivables from its debtors. As a result of the latest global economic trends, this risk has increased, as have provisions and write-offs in respect of debtors. The Group takes out credit insurance on its debtors to a limited extent only.

In addition, the Group may need to increase the scope of financing to builders' merchants and other customers to maintain the level of sales of H+H's products, which will increase the Group's funding requirements and the credit risk pertaining thereto.

There can be no assurance that H+H will not suffer losses on debtors in the future or that such losses will be covered or sufficiently covered through credit insurance, and this could have a material adverse effect on the Group's business, results of operations, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

RISKS RELATED TO LITIGATION AND OTHER DISPUTES

H+H has been, is and may in future become a party to litigation and other proceedings
The Group has over the years been involved in various legal, arbitration and regulatory proceedings as a plaintiff or defendant.

At the Prospectus Date, the Group is involved in a few proceedings which Management considers to be material disputes. These are described in more detail in "I.20 Information on assets and liabilities, financial position, results and dividend policy—Legal and arbitration proceedings". In addition, the Group is a party to a number of less significant proceedings. Provisions have been made to the extent deemed reasonable by the Group in respect of the specific proceedings. If H+H's assessment of whether provisions for losses should be made or whether receivables should be recognised at a given point in time is not reflective of subsequent developments or the final outcome of a case, and of potential future claims, it could have a material adverse effect on the Group's results of operations, cash flows and financial position.

If the outcome of important legal, arbitration or regulatory proceedings is not in favour of the Group, in whole or in part, the Group may be ordered to pay substantial amounts to third parties, which could have a material adverse effect on the Group's results of operations, cash flows and financial position.

The Group risks being held liable in damages or being liable to pay fines, which could have a material adverse effect on the Group's business, results of operations, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

RISKS RELATED TO FAULTS AND DEFECTS IN THE GROUP'S PRODUCTS

The Group may become liable for faults and defects in its products
Faults and defects in the Group's products may cause the Group to be held liable in damages which may entail substantial costs and have a negative effect on H+H's brand and reputation.

Although the Group's products are manufactured in accordance with internationally and nationally recognised quality standards, there can be no assurance that all of its products are free from faults and defects. Thus, there can be no assurance that certain products will not have to be recalled at a later date after having been sold, which may entail substantial costs for e.g. replacement, repair or compensation.

Faults and defects in H+H's products may also be caused by faults and defects in raw materials or parts purchased from the Group's suppliers. This may impose costs on the Group and have a negative impact on the H+H brand. Although suppliers may be liable in damages towards the Group, the Group will still be liable towards its customers. In the event that the Group has a claim against one of its suppliers, compensation, if any, from such supplier may prove inadequate to cover the final claim against the Group.

The Group cannot provide any assurance that its products will not hold faults or defects, which could have a material adverse effect on the Group's business, results of operations, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

RISKS RELATED TO LEGISLATION

The Group is subject to a number of laws and regulations
The Group's production and other activities are subject to extensive national and international legislation, including in areas such as labour law, environmental matters and competition, as well as current industry standards and practices. The Group is represented in a number of different jurisdictions and is therefore subject to very different laws and regulations. Notwithstanding that the Group endeavours to comply with all relevant laws and regulations applying in the respective jurisdictions, there can be no assurance that the Group has complied with or will comply with all laws and regulations in all matters. Any failure to comply with such laws and

regulations could imply that the Group becomes liable in damages, is fined or subject to other sanctions, and public authorities may order the Group to change or discontinue its production.

Amendments to existing or the introduction of new laws and regulations or industry standards may impose substantial costs on the Group in relation to implementation in and maintenance of the day-to-day operations.

The Group is also exposed to amendments to tax, duty, customs and accounting rules.

Any failure to comply with laws and regulations, any supervision, investigations or injunctions, liability in damages, fines or other sanctions, or changes in existing standards, laws and regulations, or the introduction of new standards, laws and regulations could have a material adverse effect on the Group's business, results of operations, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

RISKS RELATED TO EMPLOYEES

H+H relies on its ability to attract and retain qualified employees
Retaining and recruiting qualified employees is important to H+H in all areas of the Group's operations, including product development, production, sales, marketing, administration, and other areas.

If H+H fails to attract and retain qualified employees, it could have a material adverse effect on the Group's business, results of operations, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

The Group is exposed to risks related to industrial injuries
H+H may become involved in industrial injury cases. The Group's production has in the past entailed industrial injuries, including fatal injuries.

H+H has taken out industrial injury insurance, but will continue to be subject to liability concerning industrial injury claims in the future, and the Group may be faced with regulatory requirements to prevent industrial injuries. This may entail substantial costs, directly as well as indirectly.

If the Group is unable to obtain or maintain adequate insurance coverage for its liabilities related to industrial injuries, including if insurance coverage cannot be obtained on reasonable premium terms, or if the insurance coverage is inadequate, H+H may incur substantial liabilities and/or costs, and this could have a material adverse effect on the Group's business, results of operations, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

The Group may be exposed to labour disputes
The Group may be exposed to labour disputes or other work stoppages at the Group's production facilities.

The Group may in future be involved in disputes which may harm the Group's reputation and its relations to employees and lead to labour disputes, including work stoppages, strikes and/or disruption, which could have a material adverse effect on the Group's business, results of operations, cash flows and financial position and affect the value of the Shares or the Pre-emptive Rights.

RISKS RELATED TO THE OFFERING

The abolition of the system of multiple share classes in the Company's articles of association will make the Company a potential target of take-over bids
On 27 November 2009, the Company's shareholders in general meeting resolved to abolish the system of multiple share classes of the Company, subject to completion of the Offering. Hence, the Company will be exposed to take-over bids after completion of the Offering. There can be no assurance that a potential bidder for the Company will offer a price corresponding to the price at which the Shareholders acquired their Shares, or a price that corresponds to the Subscription Price of the Offer Shares. Shareholders may be obliged to sell at a lower price than the price at which they acquired their Shares, if a buyer acquires more than 90% of the share capital and thus becomes entitled to effect a compulsory redemption of the shares held by the remaining Shareholders.

The market price of the Shares and the Pre-emptive Rights may be highly volatile
The market price of the Shares and the Pre-emptive Rights may be highly volatile and subject to significant fluctuations caused by various factors, many of which are beyond the Company's control and not necessarily related to H+H's business, operations or prospects. Factors having a potential impact on the price of the Shares and the Pre-emptive Rights include actual or anticipated fluctuations in results of operations, new products or services launched or announced by H+H or the Group's competition, circumstances, trends or changes in the market for building materials, changes to the market's valuation of other corresponding companies, changes to Management and further issuance of Shares by the Company, as well as general macroeconomic conditions.

The price of the Shares and Pre-emptive Rights may be associated with large fluctuations caused by the above factors, including a sale or an attempted sale of a large quantity of the Shares or Pre-emptive Rights on the market.

In addition, the equity market has generally been exposed to significant fluctuations in terms of price and turnover which may be unrelated to or disproportionately high in relation to the results of operations of the companies in question.

Such general market factors could have an adverse effect on the market price of the Shares and the Pre-emptive Rights, irrespective of the Company's results of operations.

The Company may issue more shares or other securities in future, which could have an adverse effect on the share price
Upon completion of the Offering, the Company is subject to a lock-up agreement in relation to the Sole Lead Manager for a limited period of time. See II.7 "The Offering—Selling shareholders and lock-up" for a more detailed description of the agreement, including any exceptions thereto. Upon expiry of the lock-up period, the Company may freely issue shares and other securities, which may cause the price of the Shares to fall. The Company has no current plans of offering additional Shares.

If a further offering or sale of shares, pre-emptive rights or other securities is made by the Company or the Company's major Shareholders, or if the public assumes that an offering or sale might be made, this could have an adverse effect on the price of the Shares and the Pre-emptive Rights.

The Company is a public limited liability company organised under the laws of Denmark, which may make it difficult for Shareholders resident outside Denmark to exercise or enforce certain rights
The Company is a public limited liability company organised under the laws of Denmark, which may make it difficult for Shareholders of the Company resident outside Denmark to exercise or enforce certain rights.

The rights of holders of Shares and Pre-emptive Rights are governed by Danish law and by the Company's articles of association. These rights may differ from the typical rights of Shareholders in other jurisdictions, including the United States. It may not be possible for investors to effect service of process upon the Company outside Denmark or to enforce against the Company judgments obtained in courts outside Denmark based upon applicable laws in jurisdictions outside Denmark. Also, Shareholders outside Denmark may not be entitled to exercise their voting rights or other shareholder rights such as pre-emptive rights to Shares.

Shareholders resident outside Denmark may be unable to acquire and/or exercise Pre-emptive Rights
Shareholders resident in jurisdictions outside Denmark, including the United States, may be unable to acquire and/or exercise the Pre-emptive Rights, unless the Pre-emptive Rights and/or the Offer Shares or any rights or other securities being offered have been registered with the relevant authorities in such jurisdictions, or unless any such acquisition or exercise is made in accordance with an exemption from the registration requirements. The Company does not intend to file a registration statement in any other jurisdiction outside Denmark or the United Kingdom in respect of the Pre-emptive Rights or the Offer Shares and makes no representation as to the availability of any exemption from the registration requirement under the laws of any other jurisdiction outside Denmark or the United Kingdom in respect of any such rights in the future.

The Offering may not be completed and may be withdrawn in certain exceptional or unpredictable circumstances
The Offering may be withdrawn during the period leading up to registration with the Danish Commerce and Companies Agency of the capital increase pertaining to the Offer Shares. In connection with the Offering, the Company and the Sole Lead Manager have entered into the Rights Issue Agreement. See II.5 "Terms and conditions of the Offering—Placing and underwriting". Pursuant to the Rights Issue Agreement, the Sole Lead Manager may require at any time prior to registration of the capital increase pertaining to the Offer Shares that the Company withdraw the Offering upon notice of termination of the Rights Issue Agreement. The Sole Lead Manager is entitled to terminate the Rights Issue Agreement upon the occurrence of certain exceptional or unpredictable circumstances, such as force majeure. The Rights Issue Agreement also contains conditions for completion of the Offering, which the Company believes are customary for offerings such as the Offering, and the completion of the Offering is subject to compliance with all conditions in that respect set out in the Rights Issue Agreement. If one or more conditions for completion are not met, the Sole Lead Manager may, at its discretion, also terminate the Rights Issue Agreement and thus require that the Company withdraw the Offering. If such circumstances occur prior to registration with the Danish Commerce and Companies Agency of the capital increase pertaining to the Offer Shares, and the Sole Lead Manager decides to terminate the Rights Issue Agreement, the Pre-emptive Rights will lapse, and no Offer Shares will be issued, potentially causing investors who may have acquired Pre-emptive Rights and/or Offer Shares (in an off-market transaction, see below) to incur a loss. A withdrawal will be announced through NASDAQ OMX.

In the event that the Offering is not completed, there is a risk that the Group will not be able to honour its obligations as and when they fall due and, hence, that the Company may be forced to file for a suspension of payments or bankruptcy, should it not be possible to raise further debt capital or equity.

Advance commitments and underwriting guarantees could be withdrawn or might not be met
In connection with the Offering, a number of Existing Shareholders (the "Shareholder Group") have made advance commitments to exercise their Pre-emptive Rights for a total amount of DKK 81.1 million. Furthermore, a number of investors (the "Group of Underwriters") have undertaken to subscribe for Offer Shares for a total amount of DKK 389.8 million. Both the advance commitments and the underwriting guarantees have been made on terms and conditions which may imply in each case that the Company's other contracting party is not bound thereby. This could imply that the Offering will not be completed.

If the Offering is not completed, investors having acquired Pre-emptive Rights may incur a loss equivalent to the purchase price of the Pre-emptive Rights
If the Offering is not completed, any exercise of Pre-emptive Rights that has already taken place will automatically be cancelled, the subscription price for Offer Shares will be refunded subject to

current legislation (less any brokerage fees), all Pre-emptive Rights will lapse, and no Offer Shares will be issued. However, trades of Pre-emptive Rights executed during the Rights Trading Period will not be affected. As a result, investors who acquire Pre-emptive Rights will incur a loss equivalent to the purchase price of the Pre-emptive Rights plus any brokerage fees.

Investors having purchased rights to Offer Shares prior to completion of the Offering may lose their investment if the Offering is not completed

If the Offering is not completed, the Offer Shares will not be issued, and investors having acquired rights to Offer Shares in an off-market transaction, may lose their investment if the seller of the rights to the Offer Shares does not refund the price for such rights.

If the market price of the Existing Shares declines significantly, the Pre-emptive Rights may lose their value

The market price of the Pre-emptive Rights depends on the price of the Existing Shares. A decline in the price of the Existing Shares could have an adverse effect on the value and market price of the Pre-emptive Rights.

In the event that the Pre-emptive Rights are not exercised before the expiry of the Subscription period (21 December 2009 at 5 p.m. CET), the holder's Pre-emptive Rights will lapse

If the Pre-emptive Rights have not been exercised before the expiry of the Subscription Period (21 December 2009 at 5 p.m. CET), the Pre-emptive Rights will lapse and have no value and the holder will not be entitled to any compensation. Accordingly, Existing Shareholders and other holders of Pre-emptive Rights must ensure that all required exercise instructions are received by the banks of such Existing Shareholders or other holders before expiry of the time limit.

If the Existing Shareholders do not exercise any or all of the Pre-emptive Rights, their ownership interest will become diluted, and such dilution will be significant

The issue of Offer Shares will cause Existing Shareholders who have not exercised their Pre-emptive Rights to experience a dilution of their ownership interest and voting rights, and such dilution will be significant. Even if such Existing Shareholders decide to sell their Pre-emptive Rights, the payment they will receive may not be sufficient to offset the dilution.

The market for the Pre-emptive Rights may only offer limited liquidity, and if a market develops, the price of the Pre-emptive Rights may be subject to greater volatility than the price of the Existing Shares

The trading period during which the Pre-emptive Rights may be traded on NASDAQ OMX commences on 3 December 2009 and ends at 5.00 p.m. on 16 December 2009 CET. There can be no assurance that a market will develop for the Pre-emptive Rights when they are first traded on NASDAQ OMX. If such a market develops, the Pre-emptive Rights may be exposed to higher levels of volatility than the Existing Shares.

The Shares may not maintain their present liquidity

The liquidity of the Shares is impacted by various factors and may among other things be reduced as a result of a change in the composition of shareholders. Should this happen, it may become more difficult for investors and other Shareholders to trade in the Company's Shares, and this could have an adverse effect on the price of the Shares.

Shareholders outside Denmark are subject to exchange rate risk

The Pre-emptive Rights and the Offer Shares are priced in Danish kroner. Accordingly, the value of the Pre-emptive Rights and the Offer Shares is likely to fluctuate since the exchange rate between the local currency of the country in which an investor outside Denmark is based and the Danish krone fluctuates. If the value of Danish kroner depreciates against the local currency of the country in which an investor outside Denmark is based, the value of the investor's Pre-emptive Rights and the Offer Shares will decrease.

General information

This Prospectus has been prepared in compliance with Danish law, including Consolidating Act no. 795 of 20 August 2009 on Securities Trading, as amended, (the “Danish Securities Trading Act”), Commission Regulation (EC) no. 809/2004 of 29 April 2004 and Executive Order no. 885 of 14 September 2009 issued by the Danish Financial Supervisory Authority on prospectuses for securities admitted for trading on a regulated market and for public offerings of securities of at least EUR 2,500,000 (the “Prospectus Order”). This Prospectus is governed by Danish law.

This Prospectus has been prepared in connection with the Offering and in connection with the admission to trading and official listing on NASDAQ OMX of the A Shares after the merger of the Company’s share classes.

This Prospectus has been prepared in Danish and translated into English. In the event of any discrepancy between the Danish Prospectus and the English translation, the Danish Prospectus shall prevail. The Danish Prospectus contains statements from the Company’s independent auditors and the Sole Lead Manager which are not included in or incorporated by reference in the English translation.

SEB Enskilda Corporate Finance, Skandinaviska Enskilda Banken, Denmark, branch of Skandinaviska Enskilda Banken AB (publ.) Sweden, (“SEB Enskilda”), acts as Sole Lead Manager in connection with the Offering and will receive remuneration from the Company for its services. In the course of its usual business activities, SEB Enskilda or certain companies affiliated with it may have provided and may in future provide investment banking advice and carry on normal banking business with the Company and any subsidiaries and affiliates.

No person is authorised to give any information or to make any representation in connection with the Offering not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been made or authorised by the Company or SEB Enskilda. The Company and SEB Enskilda accept no liability for any such information or representation.

The Company and other sources identified herein have provided the information contained in this Prospectus. The information in this Prospectus relates to the date printed on the front cover, unless otherwise expressly stated. The distribution of this Prospectus shall not in any circumstances imply that there have been no changes in the affairs of the Company since that date, or that the information contained in this Prospectus is correct as at any time subsequent to the date hereof.

Any material new circumstance, substantive error or inaccuracy in connection with the information in this Prospectus which may affect the evaluation of the Pre-emptive Rights, the Offer Shares or the Existing Shares, which occurs or is ascertained between the time of approval of this Prospectus and the final completion of the Offering or the commencement of trading on a regulated market, will be published as a supplement to the Prospectus pursuant to applicable laws and regulations in Denmark. Investors who have accepted to exercise Pre-emptive Rights and/or purchase Offer Shares prior to publication of the supplement are entitled to withdraw their acceptance during two business days after the publication of the supplement.

The Company is responsible for this Prospectus under current Danish legislation. Neither SEB Enskilda nor any other person makes any direct or indirect representation for the accuracy and completeness of this Prospectus or the information or representations contained herein.

Prospective subscribers or purchasers of Pre-emptive Rights and/or the Offer Shares should make an independent assessment as to whether the information in this Prospectus is relevant, and any subscription or any purchase of Pre-emptive Rights and/or the Offer Shares should be based on the examinations that the prospective subscribers or purchasers may deem necessary.

This Prospectus may not be forwarded, reproduced or otherwise redistributed by anyone but the Sole Lead Manager and the Company. Investors may not reproduce or distribute this Prospectus, in whole or in part, and investors may not disclose any of the contents of this Prospectus or use any information herein for any purpose other than for considering the purchase of Pre-emptive Rights and the purchase of or subscription for the Offer Shares described in this Prospectus. Investors agree to the foregoing by accepting delivery of this Prospectus.

Selling restrictions

The Offering will be implemented under Danish law, and neither the Company nor the Sole Lead Manager has taken any action or will take any action in any jurisdiction, with the exception of Denmark and the United Kingdom, which may result in a public offering of the Pre-emptive Rights and/or the Offer Shares.

Consistent with the rules on cross-border offers of Directive 2003/71/EC of the European Parliament and the Council, the Company will request that the Danish Financial Supervisory Authority provide the competent authorities for approving prospectuses in the United Kingdom with a certificate of approval regarding the Prospectus. Such certificate of approval, accompanied by the Prospectus and a translation hereof, will be filed with the competent authorities for approving prospectuses in the United Kingdom after which the Prospectus will be valid for public offerings in this jurisdiction.

The delivery of this Prospectus and the marketing of Pre-emptive Rights or Shares are subject to restrictions in certain countries. Persons into whose possession this Prospectus may come are required by the Company and the Sole Lead Manager to inform themselves about such restrictions and to observe such restrictions, including any tax issues and currency restrictions that may be relevant in connection with the Offering. All investors should examine the tax consequences of an investment in Pre-emptive Rights and Offer Shares or the trading in Pre-emptive Rights through their own advisers. This Prospectus does not constitute an offer of or an invitation to purchase any Pre-emptive Rights or purchase or subscribe for any Offer Shares in any jurisdiction in which such offer or invitation would be unlawful.

Furthermore, the Pre-emptive Rights and the Offer Shares are subject to transfer and selling restrictions in certain jurisdictions. Prospective purchasers of Pre-emptive Rights and/or subscribers of the Offer Shares shall comply with all applicable laws and provisions in countries or territories in which they acquire, subscribe for, offer or sell Pre-emptive Rights and/or Offer Shares or possess or distribute this Prospectus and must obtain consent, approval or permission, as required, for the acquisition of the Pre-emptive Rights or the Offer Shares. Persons into whose possession this Prospectus may come are required by the Company and the Sole Lead Manager to inform themselves about such restrictions and to observe such restrictions. Neither the Company, the Company's auditors nor the Sole Lead Manager accepts any liability for any violation of these restrictions by any person, irrespective of whether such person is an Existing Shareholder or a potential purchaser of Pre-emptive Rights and/or subscriber of the Offer Shares.

This Prospectus may not be distributed in or otherwise made available, the Offer Shares may not be offered or sold, directly or indirectly, and the Pre-emptive Rights may not be exercised or otherwise offered or sold, directly or indirectly, in the United States, Canada, Australia or Japan, unless such distribution, offering, sale or exercise is permitted under applicable laws in the relevant jurisdiction, and the Company and the Sole Lead Manager must receive satisfactory documentation to that effect. This Prospectus may not be distributed in or otherwise made available, and the Offer Shares may not be offered or sold, directly or indirectly, and the Pre-emptive Rights may not be exercised or otherwise offered or sold, directly or indirectly, in any jurisdiction outside Denmark, unless such distribution, offering, sale or exercise is permitted under applicable laws in the relevant jurisdiction, and the Company and the Sole Lead Manager may require receipt of satisfactory documentation to that effect. Due to such restrictions under applicable laws, the Company expects that some or all investors residing in the United States, Canada, Australia, Japan and other jurisdictions outside Denmark may not have the Prospectus distributed to them and may not be able to exercise the Pre-emptive Rights or subscribe for the Offer Shares.

Notice to residents of the United States

The Pre-emptive Rights and the Offer Shares have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of such regulatory authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Pre-emptive Rights and the Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States. No transfer of the Pre-emptive Rights and no offer or sale of the Offer Shares are permitted unless in connection with an offer or sale under Regulation S.

The Offering concerns securities in a Danish company. The Offering is subject to Danish disclosure requirements deviating from the disclosure requirements under U.S. law. The financial statements contained in this document have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the EU, and may not be comparable with the financial statements of U.S. companies.

It may be difficult to enforce investors' rights and claims under U.S. federal securities laws because the Company is residing in Denmark and some or all members of the Company's Management (Supervisory Board and Executive Board) and Key Employees may be residents of Denmark. It may not be possible to file a lawsuit against a non-U.S. company such as the Company or its Management or Key Employees with a court outside the United States concerning breach of U.S. securities laws. It may be difficult to enforce judgments obtained in U.S. courts against a non-U.S. company such as the Company and its affiliates.

Notice regarding the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each a "Relevant Member State"), no offering of Pre-emptive Rights or Offer Shares to the public will be made in any Relevant Member State prior to the publication of a prospectus concerning the Pre-emptive Rights and the Offer Shares which has been approved by the competent authority in such Relevant Member State or, where relevant, approved in another Relevant Member State and notified to the competent authority in such Relevant Member State, all pursuant to the Prospectus Directive, except that with effect from and including the date of implementation of the Prospectus Directive in such Relevant Member State, an offering of Pre-emptive Rights and Offer Shares may be made to the public at any time in such Relevant Member State:

(a) to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
(b) to any legal entity fulfilling at least two of the following criteria: (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than EUR 43,000,000; and (iii) an annual net revenue of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;
(c) to less than 100 individuals or legal persons (except for "qualified investors" as defined in the Prospectus Directive) subject to the prior written consent of the Company and the Sole Lead Manager; or
(d) in any other circumstances which do not require the publication by the Company of a prospectus under Article 3 of the Prospectus Directive.

For the purposes of the above, the expression an "offer of Pre-emptive Rights and Offer Shares to the public" in relation to any Pre-emptive Rights and Offer Shares in any Relevant Member State means the communication, in any form and by any means, of sufficient information on the terms of the Offering, the Pre-emptive Rights and Offer Shares so as to enable an investor to decide to purchase the Pre-emptive Rights or purchase or subscribe for the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The term "Prospectus Directive" means Directive 2003/71/EC and includes all relevant implementation procedures in each Relevant Member State.

Notice regarding other jurisdictions outside Denmark
The Pre-emptive Rights and the Offer Shares have not been approved, disapproved or recommended by any foreign regulatory authorities, nor have any of such authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus.

Enforceability of judgments
The Company is a public limited liability company organised under the laws of Denmark. Most of the members of Management are residents of Denmark, and all or a substantial share of the assets of the Company and such persons are located in Denmark. As a result, it may not be possible for investors to effect service of process outside Denmark upon the Company or such persons or to enforce against them judgments obtained in courts outside Denmark based upon applicable laws in jurisdictions outside Denmark.

Market and industry data and information provided by third parties
This Prospectus contains information on the markets in which the Group operates. A substantial part of the information comes from analyses prepared by external organisations. Such information is considered to be reliable, but the information has not been verified, and neither the Company nor the Sole Lead Manager makes any representation as to the accuracy of such information. Thus, developments in the Group's activities may deviate from the market developments stated in this Prospectus. The Company and the Sole Lead Manager do not assume any obligation to update such information. If information has been obtained from third parties, the Company confirms that such information has been accurately reproduced, and to the best of the Company's knowledge and belief and in so far as can be ascertained from the information published by such third party, no facts have been omitted which would render the information reproduced inaccurate or misleading.

Presentation of financial statements and other information
Certain accounting and statistical figures in this Prospectus have been subject to rounding adjustments. The sum of these figures is therefore not necessarily equivalent to the total amounts stated, and the percentage figures are not necessarily exactly equivalent to the absolute figures.

References to "DKK" are to Danish kroner. References to "EUR" or "euro" are to the single currency of the Member States participating in the third stage of the European Economic and Monetary Union pursuant to the Treaty Establishing the European Community, as amended from time to time. References to "PLN" are to Polish zloty. References to "CZK" are to Czech koruna. References to "SEK" are to Swedish kroner. References to "GBP" are to pound Sterling. References to "UAH" are to Ukrainian hryvnia. References to "RUB" are to Russian roubles.

The Company publishes its annual reports in DKK. The exchange rates used in this Prospectus for the above-mentioned currencies are those calculated as at 30 September 2009 and are 7.44 for EUR/DKK, 1.76 for PLN/DKK, 0.30 for CZK/DKK, 0.73 for SEK/DKK, 8.19 for GBP/DKK, 0.006 for UAH/DKK and 0.17 for RUB/DKK, unless otherwise stated.

Forward looking statements
This Prospectus contains forward-looking statements regarding the Company's strategy, growth, business, results of operations, financial position and cash flows, which are subject to risks and uncertainties. In addition, this Prospectus contains statements concerning forecasts for FY 2009 and FY 2010. These forward-looking statements contain words such as "seek", "estimate", "assess", "expect", "presume", "intend", "may" or similar expressions or their negatives. Such forward-looking statements are based on information, assumptions and beliefs deemed reasonable by the Company, and which may change or be changed due to uncertainty relating to the economic, financial, competitive or regulatory environment. Such forward-looking statements are subject to known and unknown risks and uncertainties related to an investment in the Company. The Company's actual results may differ significantly from the results discussed or implied in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in "Risk factors" herein. The forward-looking statements are made as of the Prospectus Date. Investors should carefully consider the risk factors described in this Prospectus before making any investment decision. If one or more of these risks materialise, it may have an adverse impact on the Company's business, position, results of operations or objectives. In addition, other risks that have not yet been identified or which the Company has not considered to be material may have an adverse impact, and investors may lose all or part of their investment. See "Risk factors".

I. Company Information

1. PERSONS RESPONSIBLE

See "Responsibility and statements".

2. AUDITORS

The Company's independent auditors are KPMG Statsautoriseret Revisionspartnerselskab ("KPMG") and PKF Kresten Foged Statsautoriseret Revisionsaktieselskab ("PKF"). Prior to 2008, KPMG conducted its auditing business through KPMG C. Jespersen Statsautoriseret Revisionsinteressentskab, and the auditors' reports on the annual reports for 2006 and 2007 were therefore issued under this company name.

KPMG Statsautoriseret Revisionspartnerselskab
Jesper Koefoed and Lau Bent Baun, State Authorised Public Accountants
Borups Allé 177
DK-2000 Frederiksberg
Denmark

PKF Kresten Foged Statsautoriseret Revisionsaktieselskab
Ole Skou and Jan Østergaard, State Authorised Public Accountants
Frederiksgade 1
DK - 1265 Copenhagen K
Denmark

The annual report for the financial year ended 31 December 2008 was audited by KPMG represented by Jesper Koefoed and David Olafsson, State Authorised Public Accountants, and by PKF represented by Ole Skou and Jan Østergaard, State Authorised Public Accountants.

The annual report for the financial year ended 31 December 2007 was audited by KPMG represented by Jesper Koefoed and David Olafsson, State Authorised Public Accountants, and by PKF represented by Lars Skovgaard-Sørensen and Jan Østergaard, State Authorised Public Accountants.

The annual report for the financial year ended 31 December 2006 was audited by KPMG represented by H.J. Borgen and David Olafsson, State Authorised Public Accountants, and by PKF represented by Lars Skovgaard-Sørensen and Jan Østergaard, State Authorised Public Accountants.

KPMG and PKF have issued reports in this Prospectus.

The auditors in charge are members of the Institute of State Authorized Public Accountants in Denmark.

3. SELECTED FINANCIAL INFORMATION

See I.9 “Operating and financial review”.

4. RISK FACTORS

For a description of risk factors, see "Risk factors" above.

5. COMPANY INFORMATION

5.1. Name and registered office

H+H International A/S
CVR No. 49 61 98 12
Dampfærgevej 27-29, 4th floor
DK-2100 Copenhagen Ø
Denmark

Tel: (+45) 35 27 02 00
Fax: (+45) 35 27 02 01

Website: www.HplusH.com
E-mail: info@HplusH.com

The registered office of the Company is situated in the City of Copenhagen.

H+H International A/S has registered the following secondary names:

- Henriksen og Henriksen International A/S (H+H International A/S)
- Henriksen og Henriksen Holding A/S (H+H International A/S)
- H+H Holding A/S (H+H International A/S)

5.2. Date of incorporation and governing law

The Company was incorporated on 25 November 1966 under the name of Henriksen og Henriksen Industri A/S. The Company's name was changed to Henriksen og Henriksen Holding A/S in 1990 and to Henriksen og Henriksen International A/S in 2000. The Company got its current name, H+H International A/S, in 2001. The Company is governed by Danish law.

5.3. Objects

Pursuant to article 1 of its articles of association, the Company's objects are to invest in industry, trade, real property and financial activities and to carry on any other activities which, in the opinion of the Supervisory Board, are ancillary to any of the above activities and to do all or any of the above things in Denmark or abroad, as a holding company.

5.4. Financial year and financial reporting

The Company's financial year runs from 1 January to 31 December.

The Company publishes interim reports for the first, second and third quarters of the financial year and a full-year report.

The Company's financial calendar is set out below:

- Annual report 2009 to be released on ....11 March 2010
- Annual General Meeting ....8 April 2010
- Interim report – first quarter of 2010 ....27 May 2010
- Interim report – First half-year of 2010 ....31 August 2010
- Interim report – third quarter of 2010...... 25 November 2010

The Company's most recent annual general meeting was held on 2 April 2009.

5.5. Auditors

The Company's independent auditors are KPMG Statsautoriseret Revisionspartnerselskab and PKF Kresten Foged Statsautoriseret Revisionsaktieselskab.

5.6. Principal bankers

The Company's principal bankers are Danske Bank A/S.

5.7. The Company's history and development

History

H+H can trace its beginnings back to 1909, when contractor H. J. Henriksen and tileworks owner Waldemar Kähler established a joint gravel pit enterprise. The company grew and became a group of companies engaged in the production of calcium silicate, rockwool (the current company Rockwool), and in 1937 expanded its operations to include production of aircrete (formerly known as 'gas concrete'). In 1962, the Henriksen and Kähler families split up the group, and the Henriksen family became the sole owner of the aircrete activities with manufacturing facilities in Denmark and the UK. The company's other activities included a klinker factory and a concrete products factory. The Henriksen family pooled its activities in a partnership, Henriksen og Henriksen I/S, which then owned the shares in the family's businesses operated under the names such as H+H Gasbeton A/S, H+H Stenindustrier A/S and H+H-Scanbyg A/S.

At the end of 1984, a decision was made to have the Company's B shares listed on the Copenhagen Stock Exchange (currently NASDAQ OMX) and the listing was effected in June 1985. H+H received DKK 68 million in fresh capital in connection with the listing. One of the purposes of the listing was to raise funds to diversify the business activities, which at the time consisted of a gravel pit division, H+H Stenindustrier, and a trading company, H+H Scanbyg, in addition to the aircrete operations. As a result, H+H acquired a small furniture manufacturer and a kitchen components manufacturer.

In the late 1990s, the strategy was revised to focus on the aircrete activities rather than on diversification, and during 1998–2004, all activities not involving the production and sale of aircrete were divested. Concurrently with the divestments, H+H expanded its aircrete operations by acquiring and setting up businesses in Finland, Norway, Sweden and Germany.

In 2005 and 2006, H+H acquired five aircrete factories in Poland and one in the Czech Republic. In addition, the Company set up sales subsidiaries in Ukraine and Slovakia in 2006, a sales subsidiary for the Baltic States in Latvia in 2007 and sales subsidiaries in Belgium and the Netherlands in 2008. In 2007, H+H began construction of a new aircrete factory in Kikerino near St Petersburg, Russia, which officially opened in June 2009.

At the end of 2008, the Finnish subsidiary Jämerä, a manufacturer of system-built houses, was hived off from the Group's aircrete subsidiary H+H Finland Oy into a separate company, Jämerä-kivitalot Oy.

Current trading

In light of the negative economic developments that began in 2008 and which have impacted the Group's markets, Management has begun to refocus on organic growth and on exploiting the potential of the Group's products in its current markets. Sales on the Group's markets have been severely impacted by the financial crisis and the slowdown in construction. As a result, the Group has unutilised production capacity, and the Group's revenue and earnings have been severely affected.

Due to the fall in revenue, the Group has implemented major cost-reduction programmes in order to align its costs with the current market level.

5.8. Investments

The Group's investments of the past couple of years were made under market conditions that were substantially more positive than those currently prevailing. Investments were made primarily to build up production capacity in new geographical markets. As a result, the Group has expanded its combined production capacity considerably in recent years.

As a result of the global economic recession and the resulting slump in demand for H+H products, the Group has unutilised capacity as at the Prospectus Date. For that reason, Management believes that there will not be a need to invest in additional production capacity within the next few years. Accordingly, the Group's investments will be limited to maintenance at its existing factories. Investments for maintenance purposes for the next few years are forecast at less than DKK 50 million annually.

Table 5–1 below sets out the Group's investments in intangible assets and property, plant and equipment excluding acquisitions.

Investments in the eastern European segment in FY 2008 amounted to DKK 417 million. These investments related mainly to the construction of the Kikerino factory in Russia and the upgrading of the Gorzkowice factory in Poland and the Most factory in the Czech Republic and include prepayments of factory equipment due to be delivered in 2009. Total investments for the Group's other segments amounted to DKK 47 million.

Investments in the eastern European segment in FY 2007 amounted to DKK 192 million. The investments were mainly attributable to upgradings of production facilities in Poland and the Czech Republic and construction of the new factory in Kikerino, Russia. Total investments for the Group's other segments in FY 2007 amounted to DKK 71 million, which amount was primarily used for the new Wittenborn II factory in Germany, the acquisition of a site in the UK and maintenance of the facilities in the UK, Germany and Finland.

In FY 2006, investments made in Germany and Denmark amounted to DKK 83 million, of which investments for the new Wittenborn II factory in Germany amounted to DKK 71 million. Investments in eastern Europe in FY 2006 amounted to DKK 38 million, relating primarily to new upgrading initiatives for newly acquired factories in Poland and the Czech Republic. Investments in the remaining segments, ie. the UK and the Nordic Region, amounted to DKK 35 million.

As at the Prospectus Date, the Group does not have any material current investments.

Table 5-1: The Group's investments in intangible assets and property, plant and equipment broken down by geographical segment in FY 2008, 2007 and 2006

(DKKm)	2008	2007	2006
UK	19.2	41.3	20.0
Germany, Denmark and Benelux	20.1	21.5	83.1
Eastern Europe	417.4	192.0	37.8
Nordic region	5.2	6.0	7.2
Non-allocated items	2.1	2.2	7.9
Total	**464.0**	**263.0**	**156.0**

Source: H+H

6. BUSINESS AND MARKET

6.1. Business

The Group develops, manufactures and sells aircrete in standard blocks and reinforced products for the building industry in northern and eastern Europe and in the UK. Customers are mainly contractors, developers and builders' merchants.

The Group is Europe's second-largest manufacturer of aircrete and holds a substantial market position relative to the size of the overall market for aircrete. The Group is the market leader in Denmark, Sweden and Finland and holds about a 34% share of the UK market (second-largest player in that market)[3]. In the German market, the Group is the second-largest manufacturer of aircrete, holding a market share of about 15%[4], but the market share varies considerably from state to state. In eastern Europe, the Group is among the leading players and holds a substantial market share in Poland and, having made substantial investments in the Czech Republic and Russia, holds a strategically attractive position in these markets.

In the financial year ended 31 December 2008 (FY 2008), the Group generated revenue of DKK 1,439 million and at 30 September 2009 it had about 1,220 employees in 14 countries.

The Group's current situation

In recent years, the Group has made substantial investments in new production capacity, partly through the acquisition of five factories in Poland and one in the Czech Republic, partly by building a new factory in Kikerino near St Petersburg, Russia, and one in Wittenborn, Germany. In addition, the Group has made substantial upgrades of the acquired factories in the Czech Republic and Poland.

The Group's investments and acquisitions are set out in figure 6.1.

A large amount of the capital expenditure of 2004 (DKK 32 million) related to the Wittenborn II factory in Germany. During that same financial year, a DKK 22 million upgrade was made at the Borough Green factory in the UK.

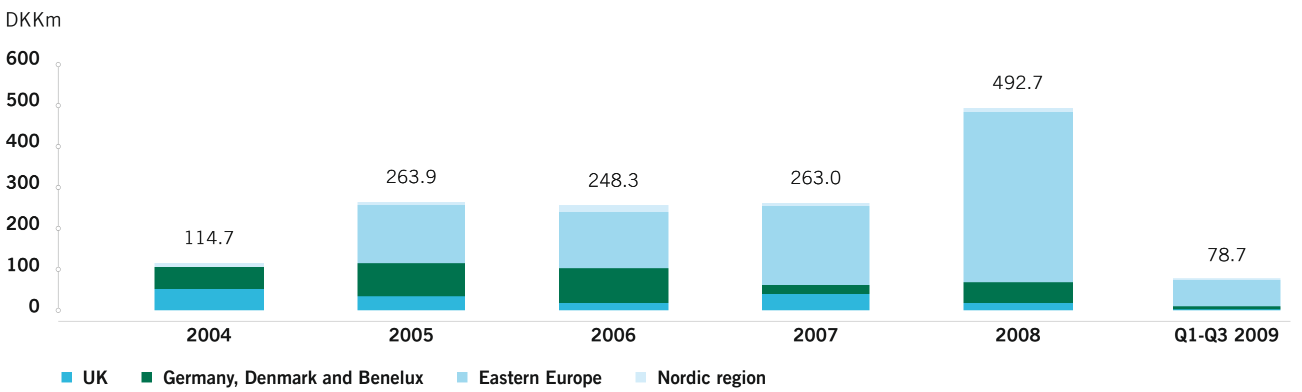
In FY 2005, the Group acquired three Polish aircrete factories. The total cost of acquiring the factories, including transaction costs and interest-bearing debt amounted to DKK 145 million. In addition to these acquisitions, the Group invested a further DKK 53 million in building the Wittenborn II factory in Germany.

In 2006, the Group acquired three aircrete factories, two in Poland and one in Most, the Czech Republic. The total cost of acquisition including transaction costs and interest-bearing debt amounted to DKK 74 million for the two Polish factories and DKK 25 million for the Czech factory. In addition, capital expenditure of a further DKK 71 million was made at the Wittenborn II factory in Germany and of DKK 38 million to upgrade the recent acquisitions in Poland and the Czech Republic. Accordingly, capital expenditure at the Wittenborn II factory in Germany totalled DKK 156 million in the period 2004–2006.

The capital expenditure made in 2007 mainly involved the upgrading of the factories acquired in Poland and the Czech Republic and the construction of a new factory in Kikerino near St Petersburg, Russia. Total capital expenditure in eastern Europe amounted to DKK 192 million. The capital expenditure of FY 2007 also related to maintenance of existing production facilities in the UK, Germany and Finland and to the acquisition of a site in the UK.

Most of the capital expenditure made in 2008 related to the construction of the Russian factory in Kikerino near St Petersburg as well as extensive upgrades of the factories in Most, the Czech Republic and Gorzkowice, Poland. In addition, the Group acquired a sand pit adjoining its factories in Wittenborn in northern Germany at a price of DKK 29 million.

Figure 6.1: Capital expenditure and acquisitions by business segment, 2004 – Q1-Q3 2009 (DKKm)



Note: Nordic region contains unallocated items and acquisitions are included in the various geographical segments.
Source: The Group

[3, 4] H+H estimate

Most of the capital expenditure of DKK 66 million made in eastern Europe during the nine months ended 30 September 2009 (Q1-Q3 2009) related to the new factory in Kikerino, Russia.

Accordingly, since 2004 the Group has acquired a total of five factories in Poland and one in the Czech Republic while also making extensive upgrades and modernising the production facilities. In 2009 alone, the annual production capacity has been increased by almost 700,000 m^3, or by more than 40% relative to the 2008 output. As can be seen from figure 6.1, the Group's capital expenditure during the period 1 January 2004–30 September 2009 totalled approximately DKK 1,470 million, most of it in eastern Europe.

In the second half of 2008, the Group was severely hit by the global financial crisis and the ensuing general economic downturn and particularly by the slowdown in residential construction. The number of newly constructed residential units dropped sharply which has adversely affected the Group's sale of aircrete and impacted the Group's revenue and earnings quite severely. This development has continued in 2009, when the Group's revenue and earnings have decreased in all geographical markets.

The extensive investment in production capacity combined with a substantial drop in revenue means that the Group is not utilising its full production capacity. As a result, when the markets recover and sales volumes begin to rise, the Group will be in a position to handle the greater sales volumes within its current production capacity. Given the current market situation, Management expects to make only the necessary investments for maintenance purposes, amounting to less than DKK 50 million per year. Capital investment measures for expansion purposes have been suspended.

As a result of falling earnings, the Group has abandoned plans of potential construction of new factories in Poland and the Ukraine, and as a result equipment already supplied has been written off for accounting purposes and provisions have been taken to cover the residual contractual obligations. The writedown and the provision amount to a total of DKK 58.5 million.

Developments in the Group's revenue for Q1-Q3 2008 and Q1-Q3 2009 are set out in figure 6.2.

As can be seen from figure 6.2, revenue has dropped substantially in all markets, which is the result of falling sales volumes and severely increased price pressure in the Group's largest markets.

Management has responded to the situation, focusing particularly from the second half year of 2008 on adjusting the production capacity and cost structure. For example, the Group has temporarily mothballed and written off for accounting purposes the Westbury factory in the UK, while also making additional cost adjustments that will have full-year effects of approximately DKK 100 million from 2009 onwards. During the period 31 December 2007–30 September 2009, there was a gross reduction in the number of full-time employees of almost 260 (before hirings related to starting up the factories in Kikerino, Russia and Most, the Czech Republic).

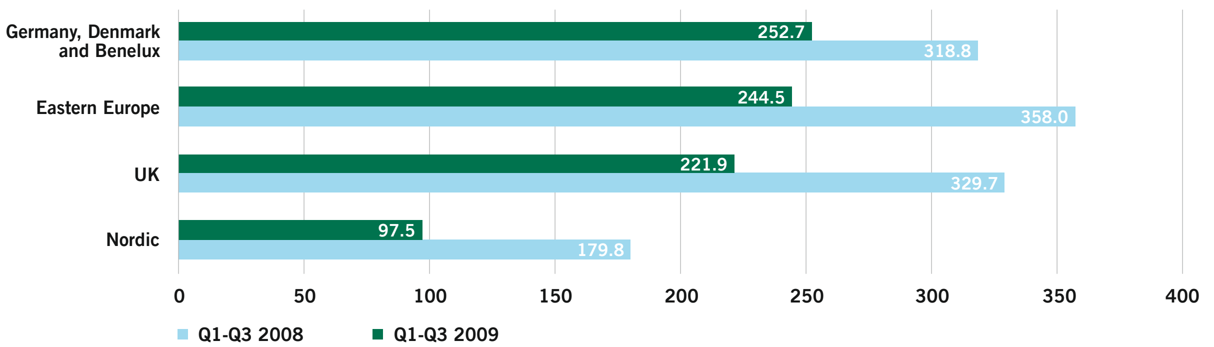
Staff costs were reduced by 18% (DKK 49 million) from Q1-Q3 2008 to Q1-Q3 2009, and external expenses were reduced by DKK 62 million during the same period (or 33%).

The Group implemented extensive adjustments to its sales, administrative and indirect production costs in the second half year of 2008. In addition to staff reductions, the adjustments made involved a change of production structure and a distinct order of priority was defined for the business activities. In 2009, additional measures were taken to reduce fixed costs. Members of the Executive Board, Key Employees and several senior employees have waived pay adjustments in 2009.

Strategy

The main focus of the Group's business is the development, production and sale of aircrete for the building industry through B2B channels in northern and eastern Europe and in the UK (as a supplier of building materials). The Group also owns Jämerä-kivitalot Oy, a company designing and arranging the construction of houses built from aircrete to private individuals in Finland.

Figure 6.2: Consolidated revenue by geographical segment for Q1-Q3 2009 and Q1-Q3 2008 (DKKm)



Source: The Group

The Group's short-term strategic focus is on bringing customers and sales more into focus, on reducing costs and making efficiency improvements, and the objective is to emerge from the current very difficult market conditions in a strengthened position.

The Group pursues a two-pronged long-term general strategy for growth in the core business area of development, production and sale of aircrete:

A. Organic revenue growth in the Group's existing geographical markets by increasing solution sales to customers – the Group's "Build with ease" concept. This concept involves innovative solutions for building, project calculation, advisory services, transport, contacts to builders and more. In other words, parameters that make successful selling more than just a question of price.

B. Geographical expansion through acquiring or establishing aircrete factories and/or sales units in new markets adjoining existing markets. Geographical expansion involves obvious markets in Europe where the Group does not have a presence and whose construction industries have a natural demand for aircrete. This part of the strategy is currently suspended and there are no plans for production activity start-ups or acquisitions in new markets within the foreseeable future.

The Group's strategy is to remain a focused player in the aircrete industry.

Organic growth
Due to its current situation, the Group is currently focused on organic growth in its existing geographical markets through ongoing development and implementation of the solution-driven sales and business strategy Build with ease. The Group's Build with ease approach is based on three cornerstones: i) the Group is a manufacturer of quality aircrete; ii) the Group is a trusted business partner to its customers; and iii) the Group is a market innovator through its innovative solutions.

The Group is focused on developing, manufacturing and selling aircrete and makes an ongoing effort to differentiate itself from other aircrete manufacturers. The Group aims to be a customer-oriented provider of aircrete and to develop new, simple products and solutions through active dialogue with customers. Management believes that the Group's future lies in supplying intelligent building systems that combine standard goods in a way so they create a customer-specific top-quality aircrete solution.

Geographical expansion
Since 2005, the Group has concentrated its geographical expansion on eastern Europe, where aircrete is a well-known and widely used building material. To a large extent, geographical expansion has focused on markets neighbouring the Group's existing markets. This approach increases opportunities for intra-group trading between the Group's subsidiaries in neighbouring countries, enabling the Group to optimise production capacity with due consideration to the sale of the products. In addition, the Group has invested in expanding the production capacity in these markets by establishing or modernising factories in Germany and the UK.

Given the current economic conditions, the low level of building activity and the Group's financial position, the initiatives for geographical expansion including expansion of the production capacity have been suspended for the next few years.

In spite of the current economic conditions, Management remains confident that eastern Europe offers a substantial long-term potential that the Group is well-positioned to capitalise on.

The product
Aircrete is produced from sand/fuel ash, cement, lime, water and aluminium powder, all raw materials that are amply available in all markets and none of which constitute a limited resource. Aircrete is vapour permeable, a characteristic which combined with its excellent thermal insulating properties and inorganic natural materials provides a pleasant indoor climate in finished aircrete buildings.

Aircrete is a building material that combines lightness with excellent thermal insulating properties and strength, making it very suitable for constructing walls. The main characteristics are:

- lightness
- excellent thermal insulation
- strength relative to weight
- fire resistance
- resistant to rot and fungal attack
- quick and easy to use

The Group's products are coated and have smooth surfaces for an easy build process, which is an important competitive parameter in a number of the Group's markets.

The products are autoclaved for strength and dimensional stability, making aircrete very suitable for thin structures. The products are fire resistant and thus well suited for fire walls and fire compartment walls. In addition, being resistant to rot and fungal attack, aircrete is suitable for most types of wet rooms.

The Group's unreinforced products weigh only about one quarter of similar solid concrete products, making them easier to handle on site. It is also easier to redimension unreinforced blocks at the construction site, as sawing and cutting aircrete products can be done manually.

The products are used for residential, industrial and commercial construction.

Figure 6.3: Using the Group's product line

Blocks | **Foundation** | **Wall components** | **Industrial components** | **Jämerä**

Source: The Group

The Group's aircrete products are standardised and delivered on pallets. Blocks account for more than 90% of consolidated revenue. In addition, the Group sells horizontal and vertical wall components and beams, which are mainly used in residential wall construction. In a few markets, the Group also manufactures products used as foundations, floors and ceilings.

Jämerä

In addition to the above products, the Group also designs and arranges the construction of houses built in aircrete for private individuals through the Finnish subsidiary Jämerä-kivitalot Oy, which currently operates only in Finland.

Substitute products

There are a number of substitute products in the aircrete fields of application, including blocks of calcium silicate, concrete, light concrete, clay, wood and gypsum. The type and competitive significance of each of these products depends on the field of application, building traditions and legislation. See section I.6 "Business and market — Market".

Customers

The Group generates some 80–85% of its sales in residential construction. Management believes that there is also a large, unmet potential in industrial and commercial construction, which is a segment the Group has experience from in both Sweden and Finland. Addressing this potential is one of the reasons why the Group built the Wittenborn II and Pollington II factories, both of which can manufacture reinforced products, which are widely used for industrial and commercial construction.

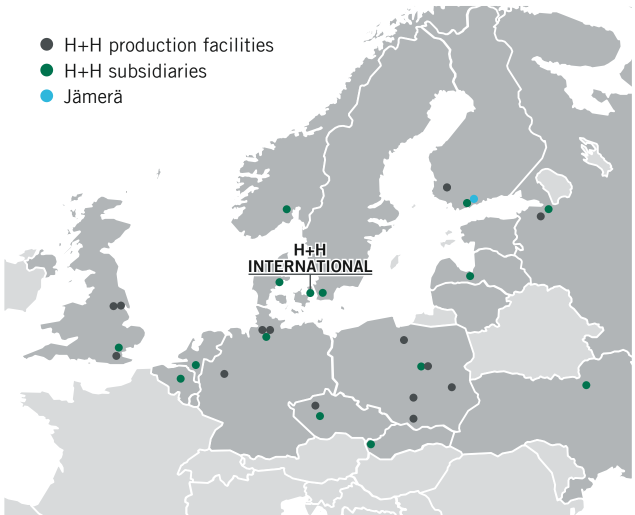
With the exception of the Jämerä activities in Finland, which accounted for less than 5% of consolidated sales in Q1-Q3 2009, the Group operates exclusively in B2B markets and customers are mainly contractors, developers and builders' merchants. The distribution of sales by customer type varies from country to country.

Small contractors and developers are mostly active in a single geographical market, whereas the large chains of builders' merchants and international contracting firms typically operate in more than one market.

Production facilities and sales offices

The Group's production facilities are located near its main markets so as to minimise transport costs. Also, several of the Group's factories are strategically located so they can support sales to several markets. For example, the factory in the Czech Republic serves both the Czech and the German markets.

Figure 6.4: The Group's factories and subsidiaries (head offices)



Source: The Group

Table 6-1: The Group's production capacity (m³)			
Country	**Factory**	**Block capacity**	**Reinforced block capacity**
UK	Westbury	350,000 [1]	
	Borough Green	360,000	
	Pollington I	376,000	
	Pollington II	330,000 [2]	260,000 [3]
Germany	Wittenborn I	350,000	
	Wittenborn II	50,000	100,000
	Hamm-Uentrop	250,000	
Czech Republic	Most	300,000	
Poland	Pulawy	180,000	
	Gorzkowice	300,000	
	Lidzbark	250,000	
	Skawina	210,000	
	Warsaw	260,000	
Finland	Ikaalinen	70,000	100,000
Russia	Kikerino	400,000	
Total		**4,036,000** [4]	**460,000** [4]

1. Temporarily mothballed
2. If only manufacturing blocks
3. If only manufacturing reinforced products
4. Including Pollington II

Note: Pollington II currently only produces blocks and currently does not produce reinforced blocks. The capacities indicated are annual and are based on an expected average production capacity using triple shifts and a five-day workweek.

Source: The Group

The Group's head office is located in Copenhagen, and it operates 15 factories, two of which have been modernised and upgraded and two of which were built within the last few years. One factory has temporarily been mothballed (Westbury in the UK). Production currently takes place at these locations:

- The UK: Borough Green and Pollington I+II
- Germany: Wittenborn I+II and Hamm-Uentrop
- Czech Republic: Most
- Poland: Warsaw, Pulawy, Gorzkowice, Lidzbark and Skawina
- Finland: Ikaalinen
- Russia: Kikerino near St Petersburg

Table 6–1 lists the Group's factories and their production capacities.

The Group has subsidiaries in Denmark (Aarhus), Norway (Drammen), Sweden (Malmoe), Finland (Helsinki), Germany (Wittenborn), the UK (Borough Green), the Netherlands (Nederweert), Belgium (Brussels), Poland (Warsaw), the Czech Republic (Most), Russia (St Petersburg), Latvia (Riga), Ukraine (Kiev) and Slovakia (Senec). Local subsidiaries have overall sales responsibility for each country and coordinate their coverage with local sales representatives.

Jämerä-kivitalot Oy is based in Espoo, Finland outside Helsinki.

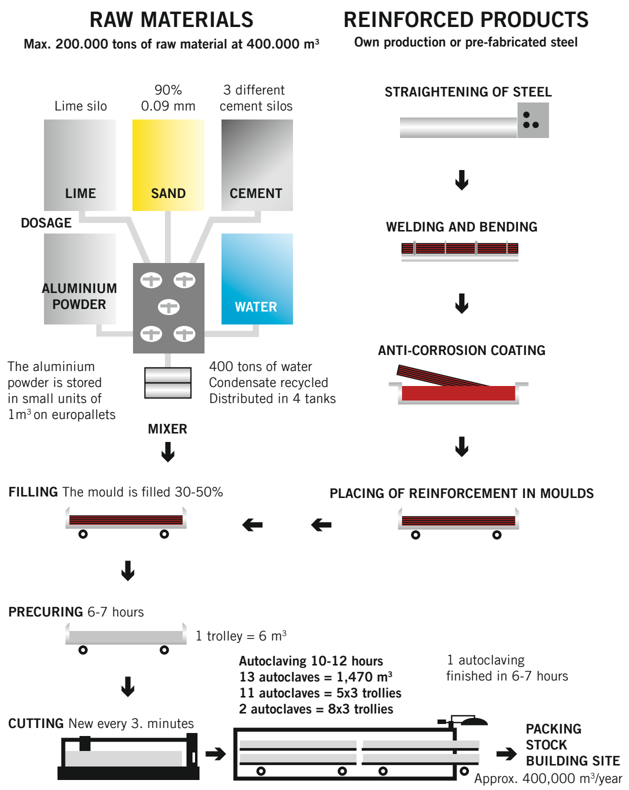
Sales and distribution

Sales to each individual customer are coordinated locally. The selling phase may involve advice and guidance on using the products, project calculations, arranging contacts to selected aircrete installation firms and transport services.

Distribution of the Group's products is provided through independent hauliers, either i) by direct transport from the Group's factories to the customer's construction site, ii) for builders' merchants, by shipment to the customer's warehouse or iii) by the customers collecting the goods at the factories. About 70% of the distribution activity goes directly to the customer's construction site (either by third-party shipment or customer pick-up) and about 30% is shipped to builders' merchant warehouses.

The vast majority of the Group's sales are invoiced through selected builders' merchants, with which the Group has developed close business relations. The Group settles payment directly with the builders' merchants and the builders' merchants have the sole responsibility for the final settlement with the contracting firm and/or the developer and thus bear the full credit risk in respect of each individual customer.

Figure 6.5: Production of aircrete



Source: The Group

Marketing

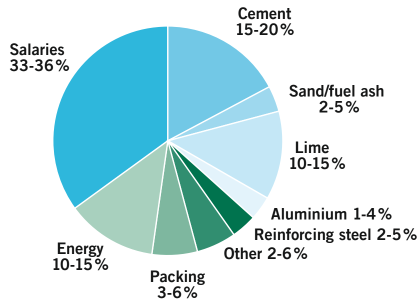
All marketing activities take place locally on the basis of the Group's corporate identity guidelines for logo, colours, packaging and more.

Typically, marketing consists of advertising in trade journals, participation at trade fairs and contributions to advertising expenses paid to builders' merchants promoting the Group's products in their advertising materials. Also, the Group's logo is used on product packaging and other materials.

Manufacturing process

Aircrete is produced from water, sand/fuel ash, lime, cement and aluminium powder. Sand is ground in a ball mill to achieve a sufficiently fine texture before it is subsequently mixed with the other basic materials. The characteristic cellular structure is achieved

Figure 6.6: Production cost split, 2008



Source: The Group

by adding aluminium powder before the slurry is discharged into moulds. For reinforced products, reinforcing steel is placed in the moulds before the slurry is added.

The slurry then precures/rises until it sets to the desired consistency before the aircrete mass is suitable for cutting into the desired dimensions. Finally, the product is autoclaved (cured) for 10–12 hours. The finished product is then packaged and is ready for use. The production process is illustrated in figure 6.5.

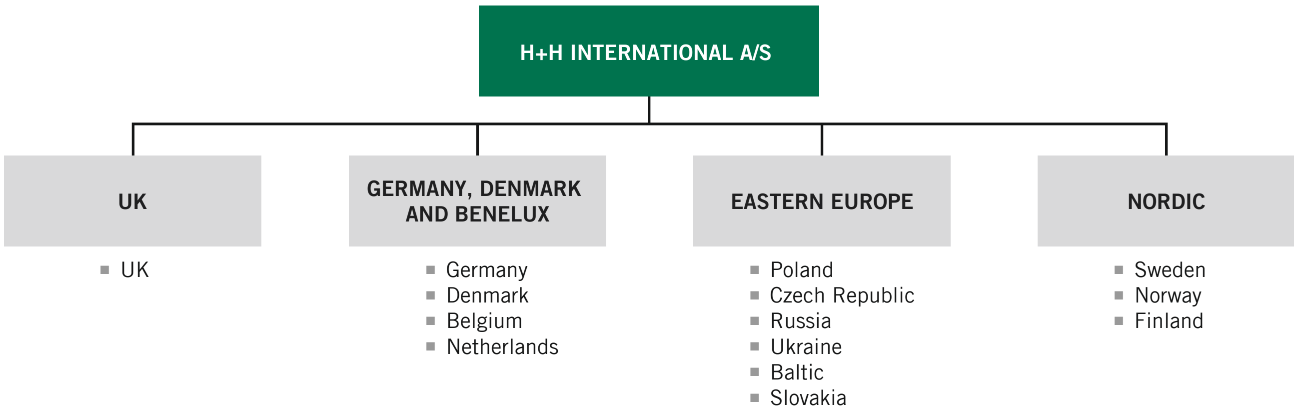
In order to ensure high uniform quality, the manufacturing process requires high technical and production standards as well as extensive prior experience.

Suppliers

The raw materials used to produce aircrete are all standard. Most of the costs of raw materials used in production relate to lime, cement and energy. For reinforced products, reinforcing steel accounts for a substantial part of the raw materials costs.

Figure 6.6 illustrates the distribution of production costs for 2008. The costs of raw materials vary considerably for the Group's factories. Replacing a supplier is relatively easy, as a number of competing suppliers are available. Accordingly, the Group relies only to a slight extent on individual suppliers, with the exception of energy.

Figure 6.7: The Group's geographical segments



Source: The Group

Markets

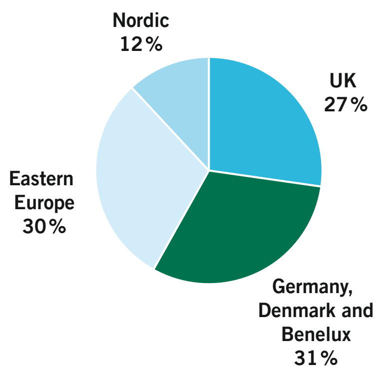
The Group's markets are divided into four geographical segments: (i) the UK, (ii) Germany, Denmark and Benelux, (iii) Eastern Europe, and (iv) the Nordic region (excluding Denmark). See figure 6.7.

All or part of the Group's product portfolio is sold in each geographical segment. Figure 6.8 indicates the proportions of revenue generated in each segment.

See I.9 "Operating and financial review" for an overview of the Group's revenue by geographical segment for the financial years ended 31 December 2006–2008.

The individual geographical segments are reviewed in the following.

Figure 6.8: The Group's revenue by geographical segment (Q1-Q3 2009)



Source: The Group

UK

The Group has four factories in the UK. One of them (Westbury) has temporarily been mothballed and written off for accounting purposes due to the slowdown in construction activity. All factories manufacture blocks and one of them, Pollington II, is also equipped to manufacture reinforced products. The UK factories only supply their local market.

The most recent investment in production capacity was made in 2000–2002, when the Pollington II factory was built. The average capacity utilisation at the Group's UK factories in Q1-Q3 2009 was around 50% (excluding capacity at Westbury). There are no plans to invest in new factories or in any other major capacity increase over the next few years.

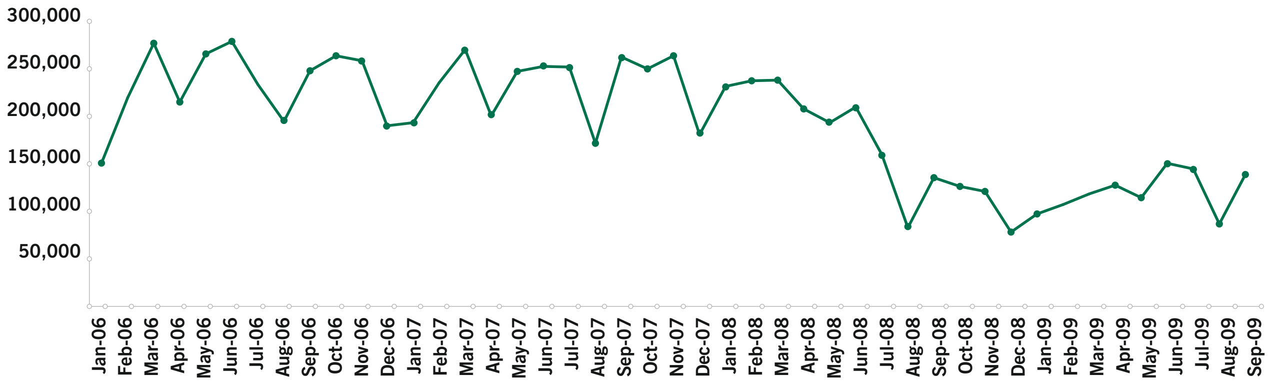
The Group estimates that aircrete accounts for about 31%, concrete blocks for about 40% and light concrete blocks for about 29% of the total market for blocks in the UK. Aircrete is used mainly for inner leafs that are subsequently cladded using insulation materials and bricks. To some extent, aircrete is also used for foundation blocks.

The Group has operated in the UK market since the late 1950s. The Group currently holds a market share of around 34% and is second only to the Thermalite brand (owned by HeidelbergCement AG) at about 36%. Tarmac Limited (owned by Anglo American plc) has a market share of about 23% while other manufacturers have about 7%[5].

The UK building market has suffered severely during the financial crisis. The number of mortgage approvals to buy or build a new house hit a low in November 2008. Since then, the number of approved applications has doubled – albeit from a very low level[6].

[5] H+H estimate

Figure 6.9: Total production of aircrete in the UK, m³/month (2006–2009)



Source: The Aircrete Products Association (APA)

In addition, the total volume of aircrete manufactured in the UK has been declining since 2006. Despite the seasonal fluctuations in production volumes, Management believes that the market has troughed out (see figure 6.9), although market developments are still subject to substantial uncertainty.

Due to the slowdown in the building industry, the Group's UK revenue dropped from DKK 330 million in Q1-Q3 2008 to DKK 222 million in Q1-Q3 2009. Management has responded to the situation by closing down production shifts at the factories and by laying off staff. In addition, the Westbury factory has temporarily been mothballed and the value written off for accounting purposes.

Management believes that opportunities for growth in the UK market arise through a need for more new housing and by promoting the use of aircrete for other segments. The building process can also be made more efficient through the use of thin joint aircrete blocks and elements. Another possibility is to further develop the Rå Build concept, a building carcass concept used in the UK market. According to the National Housing and Planning Advice Unit (NHPAU), the demand for new residential construction in future will be about 237,800–290,500 housing units per year[7]. In 2007, a total of about 210,000 housing units were built, whereas only about 126,500 housing units were built during the period July 2008–June 2009[8].

Germany, Denmark and Benelux

The Group owns three factories in Germany; one in Hamm-Uentrop and two in Wittenborn (Wittenborn I and II). All three factories manufacture blocks, and the Wittenborn II factory also manufactures reinforced products. In addition to the German market, the factories in Germany supply the Danish, Swedish, Norwegian, Dutch and Belgian markets.

The most recent investment in production capacity was the construction of the Wittenborn II factory, which was commissioned in 2006. The average capacity utilisation at the Group's German factories in Q1-Q3 2009 was less than 75%. There are no plans to invest in new factories or in any other major capacity increase over the next few years.

Aircrete accounts for about 19% of the total German market for blocks. Clay blocks make up just over 45%, calcium silicate about 25%, while concrete and light concrete make up about 11%[9]. The use of aircrete varies from region to region. In northern Germany, aircrete is used mainly for inner leafs that are subsequently cladded using insulation materials and bricks. In southern Germany, the monolithic building systems are more predominant. Efforts to increase the sale of aircrete for industrial construction have been stepped up. In Denmark, aircrete is used mainly for inner leafs and internal walls in residential construction and as partition walls in multi-storey buildings. In the Netherlands, aircrete is used mainly for partition walls in single family and multi-storey housing, while in Belgium it is used as inner leafs in residential construction.

The Group has had a presence in Germany since 2002 and is currently the second-largest manufacturer of aircrete for the German market after Xella International GmbH. The Group has a market share of about 15% in Germany, but there are considerable differences in its market share between the local states. The Group is the market leader in Denmark. The Group set up sales offices in the Netherlands and in Belgium in 2008.

The German residential construction market fell from 241,000 housing completions in 2003 to 156,000 in 2008[10] and in 2009 the number of housing completions is expected to drop further. The Danish market has suffered severely during the financial crisis and following the building boom of 2006–2007, and in the Netherlands, the market for aircrete has dropped by about 20%.

Due to the slowdown in the building industry, the Group's revenue from Germany, Denmark and Benelux dropped from DKK 319 million in Q1-Q3 2008 to DKK 253 million in Q1-Q3 2009. Management has responded to the situation by closing down production shifts at the factories and by reducing overheads.

[6] British Bankers' Association & Enterprises Ltd.
[7, 8] www.communities.gov.uk
[9] H+H estimate
[10] Statistisches Bundesamt

Management believes that the opportunities for growth in the German market arise by introducing aircrete applications to other segments, including reinforced products for industrial construction, and through geographical expansion to southern Germany. In Denmark, Management believes that opportunities for growth are available from increasingly constructing solid walls and using insulating aircrete blocks. In the Netherlands, Management believes that opportunities for growth are available from expanding the use of aircrete for inner leafs and industrial construction.

Eastern Europe

The Group owns seven factories in eastern Europe; five in Poland, one in the Czech Republic and one in Russia. All seven factories manufacture aircrete blocks. The Group has the most production capacity in Poland. The factories in Poland supply the Polish, Baltic and Ukrainian markets. The factory in the Czech Republic supplies the Czech, Slovakian and southern German markets. The factory in Russia supplies the Russian market and, going forward, will also be able to supply the Finnish and the Baltic markets.

A number of investments have been made in recent years. The Group acquired six factories in 2005/2006; five in Poland and one in the Czech Republic. The factories in Gorzkowice (Poland) and Most (the Czech Republic) were modernised and upgraded in 2008, and the factory in Kikerino near St Petersburg, Russia, was built and stood ready for production in May 2009. The factory has been run in and is now fully operational. The average capacity utilisation at the Group's Polish factories in Q1-Q3 2009 was less than 75%. There are no plans to invest in new factories or in any other major capacity increase over the next few years.

Aircrete is a well-known material for residential construction in eastern Europe. For multi-storey housing, aircrete is used for outer walls and partition walls (basically all walls that are not load-bearing). In Poland, aircrete accounts for as much as 40% of the market for blocks, clay blocks account for about 35%, while other building materials make up the last 25%. In the Czech Republic, clay blocks account for as much as 65% of the market for blocks, while aircrete accounts for about 30% and other building materials make up the last 5%. In the North-West region of Russia, aircrete makes up about 35% of the market for blocks, clay blocks account for about 45% and other building materials make up 20%[11].

The main competition in Poland is Xella International GmbH, which has six factories and Solbet Spótka z o.o. with five factories. In the Czech Republic, Xella International GmbH is the largest competitor with three factories. In Russia, the main competition is Aeroc International AS.

The Polish market for new construction work has suffered severely in 2009 due to the financial crisis. In Q1-Q3 2009, the number of building starts fell by 24% relative to the same period of 2008[12].

In addition, there has been severe price competition in the market for aircrete. The Russian and the Czech markets have also been severely hit during the financial crisis, but as these are new markets for the Group, the impact has only been minor.

Due to the slowdown in the building industry combined with price pressure, the Group's revenue from Eastern Europe dropped from DKK 358 million in Q1-Q3 2008 to DKK 245 million in Q1-Q3 2009. H+H has responded to the situation by focusing on cost savings and stepping up sales efforts.

Management believes that eastern Europe will be an attractive market for the Group going forward and that having completed a focused start-up phase during the last few years, the Group will have good opportunities to win substantial market shares and thus generate growth.

Nordic region (Norway, Sweden and Finland)

H+H has a factory in Ikaalinen, Finland, capable of manufacturing blocks as well as reinforced products. In addition to Finland, the factory also supplies the Swedish market.

The Finnish factory was acquired in 1999, and the Group has had a presence in Sweden since 2000. The average capacity utilisation at the Group's Finnish factory in Q1-Q3 2009 was less than 50%. There are no plans to invest in new factories or in any other major capacity increase over the next few years.

The Group is the only manufacturer of aircrete in the Nordic region. Xella International GmbH has small market shares in Sweden and Norway, while Aeroc International AS has small shares of the Finnish and Swedish markets. Aircrete is used both for residential and for industrial construction. The market for stone houses makes up 10% of the overall residential construction market in Finland and 5% in Sweden. The vast majority of residential units in the two countries are built of wood.

In Finland, the Group owns Jämerä-kivitalot Oy, a company designing and arranging the construction of houses built from aircrete to private individuals. Jämerä has a market share of about 35% in the market for stone houses[13].

The Nordic building market has suffered severely during the financial crisis. The Swedish krona has depreciated vis-à-vis the euro, causing the Group to lose competitive strength relative to locally produced building substitutes.

Due to the slowdown in the building industry, the Group's Nordic revenue dropped from DKK 180 million in Q1-Q3 2008 to DKK 98 million in Q1-Q3 2009. Management has responded to the situation by closing down production shifts at the factory in Finland and by reducing overheads.

[11] H+H-estimate
[12] GUS, Central Statistical Office Poland
[13] H+H-estimate

Table 6-2: Competing products and their characteristics

Characteristic	Aircrete	Concrete	Light concrete	Clay blocks	Calcium silicate	Steel	Gypsum
Thermal insulation	●	◔	◑	◑	◕	◔	◑
Fire resistance	●	●	●	●	●	○	◑
Resistance to rot and fungal attack	●	●	●	●	●	●	○
Strength	◑	●	◑	◕	◑	●	○
Sound insulation	◑	●	◑	●	◑	○	◑
Lightness (relative to strength)	●	○	◑	◑	◑	◑	●
User-friendliness	●	○	◑	◑	◑	◑	●

● **Strength** ○ **Weakness**

Source: The Group

6.2.Market

Building materials

Aircrete is used mainly for walls. In certain markets, it is also used for foundations, floors and ceilings. Aircrete is produced as unreinforced blocks as well as steel-reinforced elements and beams and is used to for residential, industrial and commercial construction.

Aircrete is a valid alternative to other types of building materials, including concrete, light concrete, clay blocks, calcium silicate blocks, brick, steel and gypsum. The choice of material varies from market to market and depends on building traditions, climate and technical building requirements.

In addition to the differences in markets, the choice of building materials also depends on product price as well as transport and construction costs. Construction costs include, among other things, other required building materials, specialist construction equipment and labour.

Table 6-2 above illustrates the main product characteristics.

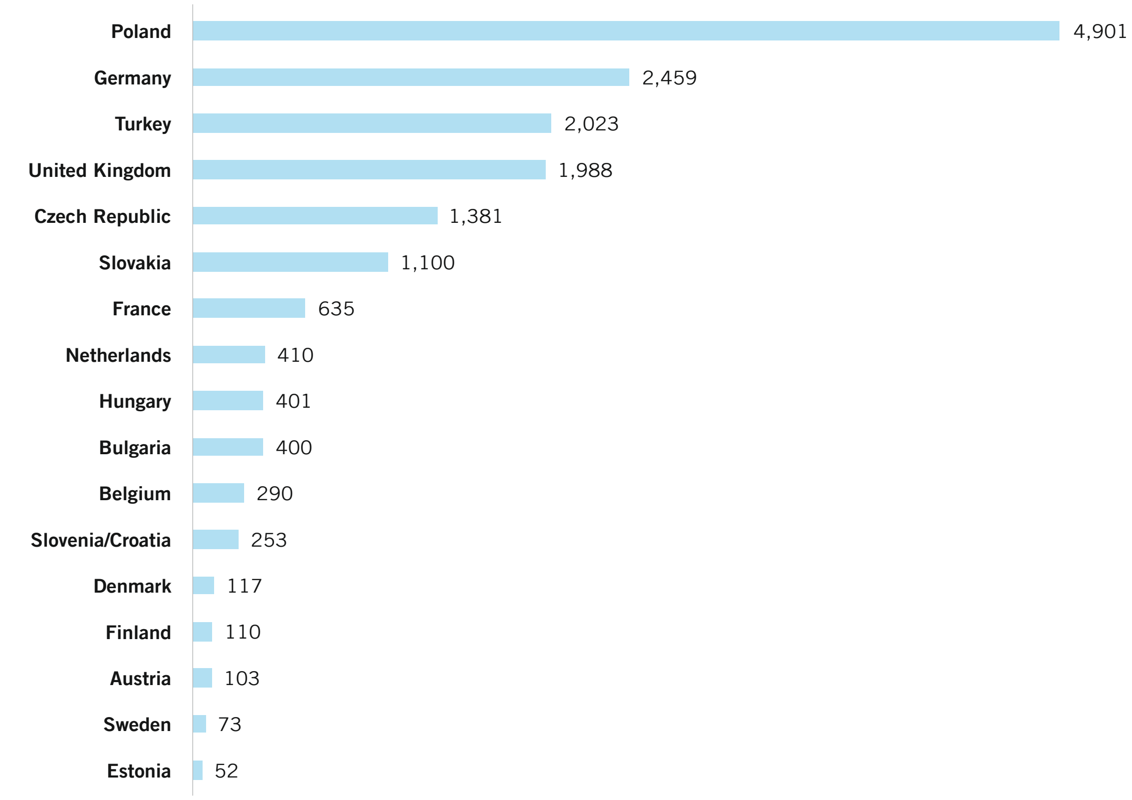
The leading manufacturers of building materials making up the competition in Europe are Xella International GmbH, Aeroc International AS, Wienerberger AG, CRH plc, HeidelbergCement AG, Compagnie de Saint-Gobain, Knauf Gips KG and Lafarge S.A.

Xella International GmbH is Europe's largest manufacturer of aircrete and also manufactures calcium silicate blocks and Fermacell boards. Xella International GmbH's market focus is on Europe. Aeroc International AS also manufactures aircrete. Its core markets are Russia and north-eastern Europe. Wienerberger AG is one of the world's largest manufacturers of clay blocks, façade bricks and roof tiles. Wienerberger AG's main market focus is on Europe and the USA. CRH plc has a broad product portfolio consisting of aircrete, calcium silicate blocks as well as clay and concrete blocks, and the company operates in Europe and the United States. HeidelbergCement AG manufactures calcium silicate blocks and concrete, among other things, and has operations in Europe, the United States and Asia. For example, HeidelbergCement AG owns the UK aircrete brand Thermalite. Compagnie de Saint-Gobain and Knauf Gips KG manufacture gypsum boards, among other things. Lafarge S.A. manufactures gypsum boards, cement and concrete, among other things.

The largest international manufacturers of building materials typically have a broad product portfolio, and Management expects consolidation in the market for building materials to continue. The Group's strategy is to remain a focused player in the aircrete industry.

Local market characteristics and applications of the different types of building materials are set out in the review of geographical segments in the preceeding section.

Figure 6.10: The market for aircrete in 2008 (including reinforced products) (1,000 m³)



Source: European Autoclaved Aerated Concrete Association

Aircrete industry characteristics

The structure of the aircrete market has been shaped by local demand. Previously, the industry was dominated by small and medium-sized, privately-owned companies generally operating a single or a few factories. In the early 1980s, the large players began to enhance their production processes and took the first steps towards industry consolidation. The dominant manufacturers of aircrete in Europe today are Xella International GmbH, H+H and Aeroc International AS (owned by LSR Group). There are still a number of small and medium-sized manufacturers in the industry, all of them producing for their local markets.

High transport costs is the main reason for the fragmented industry and for the presence of local aircrete factories.

The aircrete industry is relatively capital intensive. High barriers to entry mean that capacity utilisation and high production volumes are essential at each individual factory. At the same time, the required investment volume is both a barrier to entry for new players and a barrier to exit for players considering a withdrawal from the industry.

As can be seen from the above description, raw materials for manufacturing aircrete are easily accessible in all markets. Local access to raw materials supports production being located in the proximity of the markets where the products are sold.

The market for aircrete

Overall, the European market for aircrete (measured in terms of m^3) fell by 8% from 2007 to 2008[14]. As shown in figure 6.10, the largest markets for aircrete are Poland, Germany, Turkey, the UK and the Czech Republic. The Group has production and sales in each of these markets with the exception of Turkey.

[14] EAACA

Table 6-3: Real GDP growth split by H+H's geographical segments

Country	2003	2004	2005	2006	2007	2008	2009E	2010E	2011E
UK									
UK	2.8%	3.0%	2.2%	2.9%	2.6%	0.7%	(4.4%)	0.9%	2.5%
Germany, Denmark and Benelux									
Germany	(0.2%)	1.2%	0.8%	3.0%	2.5%	1.3%	(5.3%)	0.3%	1.5%
Denmark	0.4%	2.3%	2.4%	3.3%	1.6%	(1.2%)	(2.4%)	0.9%	1.5%
Belgium	1.0%	2.8%	2.2%	3.0%	2.6%	1.0%	(3.2%)	0.0%	1.6%
Netherlands	0.3%	2.2%	2.0%	3.4%	3.6%	2.0%	(4.2%)	0.7%	0.6%
Nordic region									
Finland	1.8%	3.7%	2.8%	4.9%	4.2%	1.0%	(6.4%)	0.9%	2.0%
Norway	1.0%	3.9%	2.7%	2.3%	3.1%	2.1%	(1.9%)	1.3%	1.8%
Sweden	1.9%	4.1%	3.3%	4.2%	2. 6%	(0.2%)	(4.8%)	1.2%	2.5%
Eastern Europe									
Estonia	7.6%	7.2%	9.4%	10.0%	7.2%	(3.6%)	(14.0%)	(2.6%)	1.4%
Latvia	7.2%	8.7%	10.6%	12.2%	10.0%	(4.6%)	(18.0%)	(4.0%)	1.5%
Lithuania	10.2%	7.4%	7.8%	7.8%	8.9%	3.0%	(18.5%)	(4.0%)	3.0%
Poland	3.9%	5.3%	3.6%	6.2%	6.8%	4.9%	1.0%	2.2%	4.0%
Russia	7.4%	7.2%	6.3%	7.6%	8.1%	5.8%	(7.5%)	1.5%	3.0%
Slovakia	4.7%	5.2%	6.5%	8.5%	10.4%	6.4%	(4.7%)	3.7%	5.2%
Czech Republic	3.6%	4.5%	6.3%	6.8%	6.1%	2.7%	(4.3%)	1.3%	2.5%
Ukraine	9.6%	12.1%	2.7%	7.3%	7.9%	2.1%	(14.0%)	2.7%	4.0%

Source: © Euromonitor International 2008

Trends in demand for aircrete

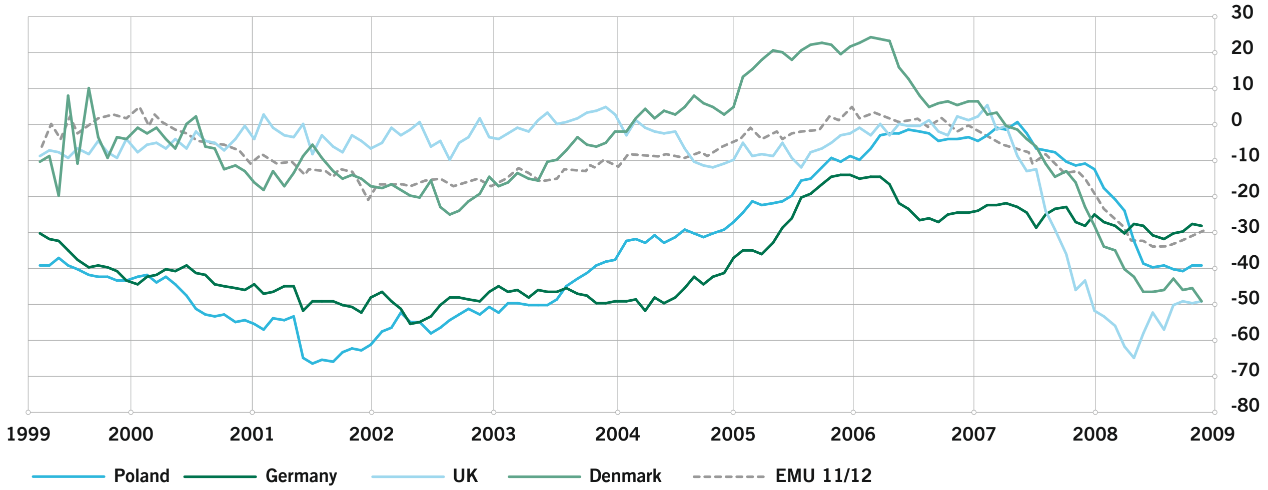
Demand for aircrete is driven by developments in residential construction. Residential construction is influenced in particular by macroeconomic and demographic factors, such as developments in GDP, unemployment, consumer confidence, access to and costs of mortgage financing, urbanisation and the housing stock. Residential construction also depends on building traditions and climatic conditions that may impose practical restrictions on construction phases as well as legislative requirements for insulation and carbon emissions.

The strong exposure of residential construction to macroeconomic factors in particular means that the number of new housing units, and by extension the demand for aircrete, has dropped severely during the financial crisis. The most recent crisis has proven to be both a global and a deep one. As a result, the Group has a strong exposure in spite of its strategy for geographical diversification.

As can be seen from table 6-3 above, the financial crisis has severely impacted the development of real growth rates in all of the Group's main markets.

The slowdown in economic activity and the rising unemployment have increased uncertainty about the future, causing many residential construction projects to be deferred. The growing uncertainty is illustrated by the European Commission's Construction Confidence Index (CCI) shown in figure 6.11 on the next page.

Figure 6.11: The European Commission's Construction Confidence Indicator



Source: Datastream
Note: EMU 11/12 refers to the original members of the European monetary union (Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.

Generally speaking, confidence rose in all markets during the years leading up to the financial crisis and then dropped sharply. The UK and Denmark, in particular, suffered severe falls in 2007 and 2008.

The slowdown in residential construction has caused price pressures in a number of markets. As manufacturers have tried to maintain a certain rate of capacity utilisation at their factories, the markets have become extremely competitive with price being a significant factor.

Residential construction continues to face an uncertain future. Management expects that construction activity will eventually recover and that growing demand for new residential construction combined with tougher requirements for quality construction and more living floor space per capita, mainly in eastern Europe, will revitalise demand for aircrete. However, the timing of such increase in demand is subject to considerable uncertainty.

6.3. Extraordinary matters

Management believes that the information provided in section I.6 "Business and market" is not affected by extraordinary matters other than the global financial crisis and the derived general economic downturn and, in particular, the slowdown in residential construction.

6.4. Basis of any statements from the Group on its competitive position

See section I.6 "Business and market – Business – Markets" and I.6 "Business and market – Building materials" for statements from the Group on its competitive position.

Statements regarding the Group's competitive situation and the background for the current situation are based on the Group's own estimates unless other sources are indicated.

7. ORGANISATIONAL STRUCTURE

7.1. Group structure

The Group comprises the parent company H+H International A/S and subsidiaries in northern and eastern Europe and the UK.

Table 7.1 below shows the Company's directly or indirectly owned subsidiaries at the Prospectus Date. The Company's ownership interests correspond to its votes.

7.2. Functional structure

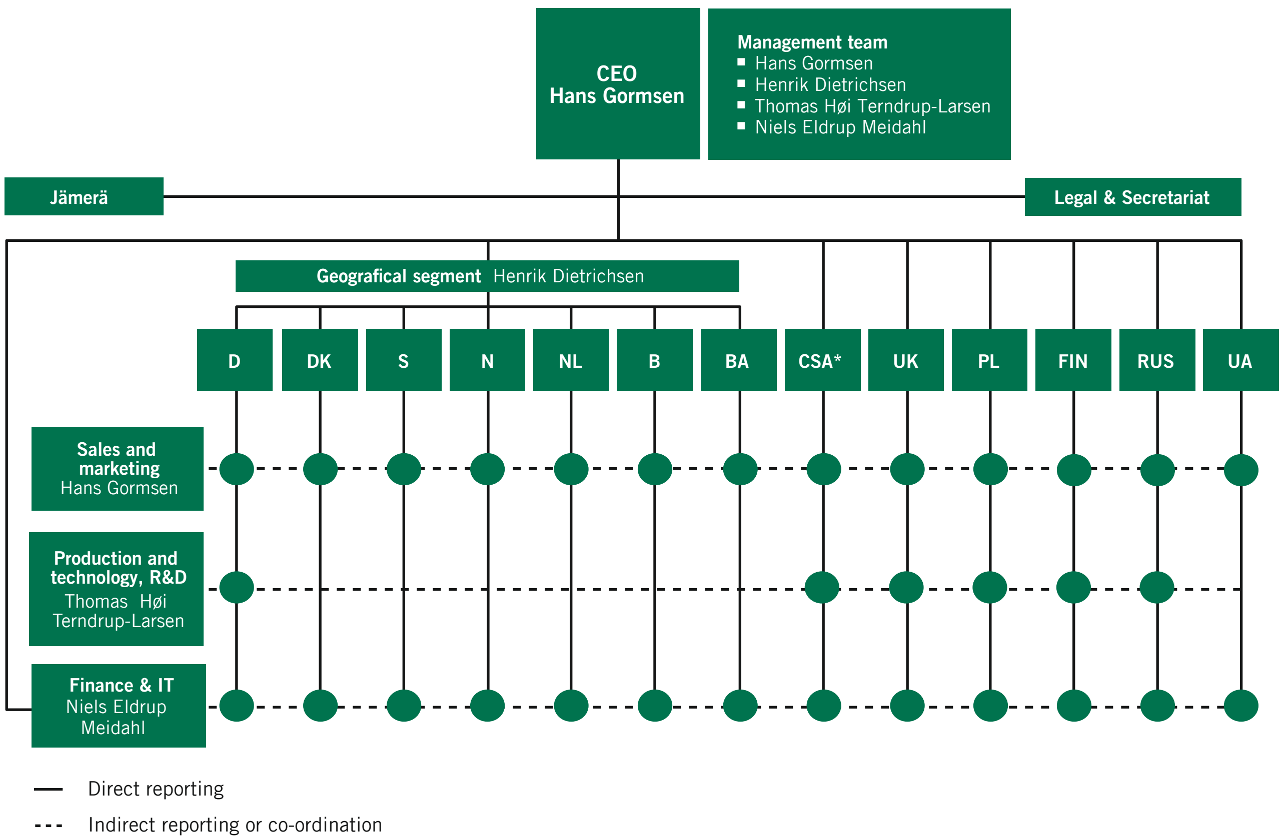
The Group has a decentralised structure with sales and production companies in the UK, Germany, Poland, the Czech Republic, Russia and Finland and sales companies in Denmark, Sweden, Norway, the Netherlands, Belgium, Latvia, Slovakia and Ukraine. The individual companies are run by a manager who is in charge of the unit's operations.

The financial management of the Group is handled locally as well as centrally. The local units have their own finance functions which handle the day-to-day financial business. The controlling of the Group's financial units and all matters relating to consolidation are handled centrally.

Furthermore, the Company has the overall responsibility for R&D activities and major projects, such as expansion, renovations or modernisation of production facilities. The Company moreover provides technical expertise relating to, *inter alia*, efficiency, production and quality improvements to the individual production companies. Product development is mainly conducted in the local companies but is coordinated by the Company on a central level.

Figure 7.1 below illustrates the Group's functional structure.

Figure 7.1: The Group's functional structure



Source: H+H

* Czech Republic, Slovakia and Austria

Table 7-1: The Company's subsidiaries at the Prospectus Date

Company	Domicile	The Company's ownership interest
H+H UK Holdings Limited	UK	100.00
H+H UK Limited	UK	100.00*
H+H Deutschland GmbH	Germany	100.00
H+H Danmark A/S	Denmark	100.00
H+H Belgien SPRL	Belgium	100.00
H+H Nederland BV	Netherlands	100.00
H+H Polska Sp. z o.o.	Poland	100.00
Prefabet S.A.**	Poland	99.94*
H+H Česká republika s.r.o.	Czech Republic	100.00
OOO H+H	Russia	100.00
H+H Slovenská republika s.r.o.	Slovakia	100.00
H+H Ukraina TOV	Ukraine	100.00
H+H UA TOV***	Ukraine	100.00
H+H Baltic SIA	Latvia	100.00
H+H Finland Oy	Finland	100.00
Jämerä-kivitalot Oy	Finland	100.00
H+H Sverige AB	Sweden	100.00
H+H Norge AS	Norway	100.00
HH ApS af 15. april 2004****	Denmark	100.00
HHI A/S af 3. maj 2004*****	Denmark	100.00
Kway Holdings Ltd.******	UK	100.00
Lincoln Properties Limited	UK	100.00*
Sherburn Furniture Company Limited	UK	100.00*
Kingsway Building Materials Limited	UK	100.00*
H+H Celcon Pension Fund Trustee Limited	UK	100.00*
Kingsway Group Executive Share Scheme Trustee Limited	UK	100.00*
H+H Celcon Money Purchase Scheme Trustee Limited	UK	100.00*
Kingsway Technology Limited	UK	100.00*
Kayplan Windows Limited	UK	100.00*
New Horizon Windows Limited	UK	100.00*
Ryarsh Brick and Sand PLC	UK	100.00*
H+H Celcon Limited	UK	100.00*
Bald (UK) Limited	UK	100.00*
Celcon Limited	UK	100.00*
Celcon Products Limited	UK	100.00*
New Horizon Furniture Limited	UK	100.00*
Celcon Blocks Limited	UK	100.00*
Contrology Products Limited	UK	100.00*
Elremco Products Limited	UK	100.00*
Kingsway Ventures Limited	UK	100.00*
Celcon Building Materials Limited	UK	100.00*
Essex Electronics Limited	UK	100.00*
Ryarsh Brick Limited	UK	100.00*

Source: H+H

* Indirectly owned by the Company.

** The outstanding 0.06% owned by the former owners of Prefab S.A. See I.20 "Information on assets and liabilities, financial position, results and dividend policy—Legal and arbitration proceedings".

*** Project company relating to a project for the construction of a new factory in Ukraine which has now been abandoned.

**** (No activities).

***** Owns patents and minor investments in a few of the companies set out in the table.

****** Most of Kway Holdings Ltd.'s subsidiaries have (no activity). However, H+H Celcon Pension Fund Trustee acts as administrator and asset manager of the independent H+H Celcon Pension Fund. Apart from the latter company, the other companies (without activity) will eventually be voluntarily dissolved.

8. PROPERTY, PLANT AND EQUIPMENT

8.1. Facilities

Land and buildings

Owned facilities

The Group owns production facilities in Germany, Poland, the UK, Finland, the Czech Republic and Russia.

The UK facilities comprise four factories; one in Westbury, one in Borough Green and two in Pollington. The Westbury factory is from 1974 and covers an area of about 7,000 m^2, while the Borough Green factory, which was built in 1992, covers about 7,300 m^2. The factories in Pollington cover a total area of about 14,800 m^2 and were built in 1978 and 2002, respectively. To this should be added a gravel pit in Pollington and about 370,000 m^2 of agricultural land in Borough Green.

In Germany, the Group owns three factories; two in Wittenborn and one in Hamm-Uentrop. The factories in Wittenborn are from 1969 and 2006, respectively, and together with administrative buildings at the site, they cover an area of about 23,000 m^2. In Hamm-Uentrop, the Group has about 9,800 m^2 of factory and administrative buildings. The buildings in Hamm-Uentrup are from 1964. Furthermore, the Group owns a gravel pit in Wittenborn.

In Poland, the Group has a total of five factories located in Warsaw, Skawina, Gorzkowice, Pulawy and Lidzbark. The Polish factories and administrative buildings cover an area of about 150,000 m^2. Furthermore, the Group owns a building site of about 97,000 m^2 near Warsaw. The Group also owns three apartment blocks located in connection with the factory at Lidzbark that were built concurrently with the factory and were intended to house its workers, as was the tradition in the former East Bloc countries. Two of the apartment blocks have been partially renovated and are let out, and the third is expected to be demolished and the site used for additional storage purposes. The Group also owns a sand pit adjoining the factory at Lidzbark, which is subject to an unconditional right of repurchase on the part of the government valid until November 2013. This is not considered a critical issue, however, as there are plenty of alternative sand deposits in the area. The acquisition of the factory in Warsaw included the plot of land in Grzymalitow which is used for 28 parking spaces. The parking spaces are a remnant of the former owner's business activities in property development, and it is expected that the parking spaces will be sold.

The factory in Finland is located in Ikaalinen and is from 1972. Together with the administrative buildings, it covers an area of about 18,000 m^2. The Group also owns a gravel pit located near the factory.

The new factory in Russia, which is located in Kikerino outside St Petersburg, is from 2008 and covers an area of about 14,800 m^2.

The factory in the Czech Republic is from 1964 and covers about 18,300 m^2.

With the exception of the factories in Westbury in the UK and Kikerino in Russia, which are located on leased land, the Group owns all the land on which the production facilities are located. The total land area is 3.1 million m^2. All production equipment is owned by the Group.

The Group owns an office property of about 1,000 m^2 in Aarhus, Denmark.

Apart from the right of repurchase relating to the Group's sand pit in Lidzbark, none of H+H's properties or facilities are subject to material easements that prevent or restrict the current business activities or that are believed to require major investments or costs going forward.

The Group's owned facilities are listed in Table 8-1.

Leased facilities

The Group's head office is located in Copenhagen, Denmark, where the Company rents office and archive premises of a total of 680 m^2. The office lease is non-terminable by the lessor until 1 January 2010, after which date the lessor may terminate the lease at six months' notice. The Company may terminate the office lease at six months' notice. The total annual rent for 2009 amounts to DKK 976,023, excluding VAT. The Company also rents minor office and sales facilities in the remaining markets, in which it is represented.

In Sweden, Norway, Finland, the Netherlands, Latvia, and Ukraine, the Group rents office premises. In addition, it rents a number of offices for Jämerä in Finland, and land in connection with the Westbury factory in the UK and the factory in Russia. The lease at Westbury is fixed-term and runs until 2062. The Group's Russian subsidiary, OOO H+H, leases the site on which the new aircrete factory has been built from the authorities in Kikerino, Russia, and the lease implies that OOO H+H will acquire the site from the Kikerino authorities after commissioning of the factory. Efforts are currently made to complete the purchase of the site in Russia. The deed for the plot of land is expected to be signed in December

Table 8-1: Group owned land, buildings and production equipment

Description	Space (m²)	Floor space (m²)	Book value (tDKK)
Russia			
Land and buildings	14,961	14,753	142,377
Production equipment			113,685
Czech Republic			
Land and buildings	83,184	18,361	59,863
Production equipment			113,263
Finland			
Land and buildings	235,300	18,397	9,568
Production equipment			15,432
UK			
Land and buildings	728,000	29,163	68,499
Production equipment			191,281
Poland			
Land and buildings	1,105,622	148,430	125,393
Production equipment			171,318
Germany			
Land and buildings	933,702	32,853	170,026
Production equipment			142,186
Denmark			
Land and buildings	3,870	969	5,800

Source: The Group
Note: Book values at 30 September 2009 calculated using official exchange rates prevailing at 30 September 2009.

2009. The purchase price for the site, covering approximately 10 hectares, totals an amount equivalent to approximately DKK 2.25 million excluding VAT. Furthermore, the Company leases two gravel pits in Poland and a storage facility in Germany. Finally, it rents office premises in St Petersburg in Russia. At the Prospectus Date, the Group's total annual rent commitment amounts to DKK 5.4 million.

In Ukraine, the project company H+H UA TOV, established as part of the preparations for the Group's potential establishment of a new aircrete factory in Ukraine, entered into an agreement with the authorities in Rivne, Ukraine, in early 2008 to lease a site covering approximately 19 hectares on which construction of a new, potential factory was contemplated. The lease has a term of 49 years with a right of priority to subsequently extend the lease term. The lease may be terminated if the site is acquired by public authorities for public use or designated for public use, if H+H UA TOV enters into bankruptcy or is otherwise liquidated, if the other party fails to comply with the lease, or if termination follows from Ukrainian law. The lease may also be terminated if H+H UA TOV fails to obtain a building permit or fails to obtain access to gas, electricity and water.

The Group's principal leased facilities are listed in Table 8-2.

Plant and machinery

The Group has not concluded any agreements on leasing of equipment and owns all production equipment installed at its factories.

Table 8-2: The Group's principal leased facilities

Description	Floor space (m^2)	Yearly rent (tDKK)	Term of notice
Russia			
Office, St Petersburg	366	549	One month. Lease expires in 2010
Land, Kikerino	101,400	43	Ownership will pass to H+H during first quarter of 2010
Finland			
Office, Helsinki	165	157	Three months
Main office, Espoo	400	465	Six months. Lease expires on 31 October 2010
UK			
Westbury facility	40,000	1,077	Lease expires in 2062
Poland			
Gorzkowice, Mierzyn sand pit	224,417	378	Area distributed on five leases expiring in 2011-2019
Pulawy, sand pit	69,900	78	In force until sand deposits depleted
Germany			
Lichtenheld GmbH, Wahlstedt	2,400	188	Three months
Ukraine			
Plot of land, Rivne	19,800	78	Lease expires in 2058
Netherlands			
Office, Nederwert	425	204	12 months. Lease expires in 2013; can be extended for five-year periods.
Sweden			
Office, Malmo	470	368	Lease expires in 2012. Can be terminated at nine months' notice to expiry. Automatically extended by three years if not terminated.
Norway			
Office, Oslo	200	182	Six months. Lease expires in 2011.
Denmark			
Head office, Copenhagen	680	976	Six months

Source: H+H
Note: The table sets out the annual rent for 2009. The calculations of rental costs in DKK are based on exchange rates at 30 September 2009.

8.2. Insurance

The Group has an extensive insurance programme reflecting the extent of the Group's activities.

Management has adopted an insurance policy whereby the insurance taken out by the Group must at all times cover any damage to H+H's activities and any claims for damages that H+H may incur to the effect that such damage or claims do not impact assets and future operations to any significant extent.

The Group may be self-insured in respect of minor risks, while efforts are made to fully insure major risks. When deemed financially beneficial, insurance policies contain a deductible.

In accordance with this insurance policy, global insurance programmes have been established for, *inter alia*, property (building/contents/business interruption) professional and product liability, crime and directors and officers' liability.

The insurance programme is reviewed at least once a year together with the Group's main insurer, TrygVesta A/S, which has provided the most essential of the global insurance programmes. In addition, regular adjustments are made to the programmes to ensure that coverage is in accordance with the Group's development and identified needs. The Supervisory Board reviews the most essential matters relating to the Group's insurance coverage at least once every year.

The total loss of the Group's major production facilities due to fire constitutes H+H's most important single risk, as the re-establishment of production facilities would be very time-consuming and as there can be no assurance that the factory's output can be substituted by other factories on competitive terms, which could result in a loss of profit and, in the longer term, a loss of market share. Hence, insurance has been taken out to cover the risk of business interruptions.

H+H works continuously with risk management and prevention of damage to its facilities. This risk management is performed in collaboration with representatives from TrygVesta A/S.

The Group has primarily taken out insurance with TrygVesta A/S and as Tryg/Vesta A/S is a member of the AXA network local policies are issued in the various countries which take into account identified local risks. In addition, local insurance is taken out, including workers' compensation insurance and motor insurance. Agreed deductibles apply to property insurance as well as professional and product liability insurance.

Property (buildings/contents/business interruption)

The property insurance coverage has been established as an overall group policy covering domestic and foreign companies on an all-risk basis. Where expedient, underlying local policies in the individual countries have been attached to the overall group policy. The Group's plant and equipment have been insured at replacement value under this policy. The insurance has been established on a declaration basis. The Group's domestic Danish properties are insured at replacement value pursuant to Danish rules (without an insurance sum).

The Group's stocks are essentially not insured as they are mainly located in the open and are not flammable.

Professional and product liability insurance

The insurance coverage has been established as an overall group policy covering domestic as well as foreign companies. Where expedient, underlying local policies in the individual countries have been attached to the overall group policy.

Other insurance

The Group's insurance programme also include

- Directors and officers' liability insurance with AIG
- Crime insurance through AIG
- International personal insurance for seconded employees
- Industrial accident insurance for Danish employees
- Motor insurance

8.3. Environmental aspects

H+H does not currently issue separate environmental reports because H+H's production has only a limited impact on the environment. However, H+H is committed to actively tackling the environmental issues related to its operations, including ways of avoiding, containing or remedying any adverse environmental impacts. Hence, H+H always takes into account environmental considerations such as reducing the consumption of raw materials and energy when building new factories or upgrading existing ones.

Raw materials

Aircrete is an environmentally friendly product based on water, sand or fuel ash, lime, reinforcing steel and cement. At some of H+H's existing factories, the water consumption has been reduced by collecting rain water for use in production, and production water is to some extent reused. On demolition of buildings incorporating aircrete, the aircrete can be reused in crushed form, e.g. for road filling, as insulation material and material for light-weight aggregate concrete.

Production

The machinery used for manufacturing is electrically powered and gas, coal or oil is used for raising steam for autoclaving aircrete. In order to reduce energy consumption, production costs and carbon emissions, H+H continuously seeks to reduce the consumption of energy and the possibilities of using renewable and more sustainable energy sources are explored regularly.

Products
As part of its product development, the Group continuously seeks to enhance the insulating properties of its aircrete products to ensure that the aircrete remains one of the most energy-efficient building materials available.

Environmental measures
Going forward, as part of its CSR efforts, H+H will perform an evaluation of its overall environmental impact relative to raw material consumption, production and products. This evaluation will be used as a management tool for monitoring H+H's environmental performance and as input into an assessment of environmental opportunities and risks and decisions on required action plans.

Statement by the Management
Management is not aware of any external environmental issues which have or may in future have a significant impact on the Group's financial operations, including the use of property, plant and equipment, apart from the pollution discovered on a piece of land next to the Borough Green factory in the UK. The pollution has been assessed by experts and on the basis of their assessment, a provision of about DKK 8 million has been made for cleaning up the area. The authorities have assessed the pollution and have concluded that the pollution does not require immediate cleaning.

9. OPERATING AND FINANCIAL REVIEW

The table below presents selected historical consolidated financial information for H+H extracted from the consolidated financial statements for the financial years ended 31 December 2006, 2007 and 2008, which were prepared in accordance with IFRS as adopted by the EU, and selected unaudited interim financial information extracted from the condensed consolidated interim financial statements for the nine months ended 30 September 2009, which was prepared in accordance with IAS 34, "Interim Financial Reporting".

KPMG and PKF have reviewed the condensed consolidated interim financial statements for the nine months ended 30 September 2009. The review did not include the comparative figures for the three months ended 30 September 2009, the three months ended 30 September 2008 or the nine months ended 30 September 2008.

Operating and financial review

The following review should be read in conjunction with the Group's audited annual reports and the consolidated financial statements and the notes thereto for the financial years ended 31 December 2006, 2007 and 2008 included in III "Financial information", and the condensed consolidated interim financial statements for the nine months ended 30 September 2009, also included in III "Financial information".

Principal factors affecting H+H's results of operations

The following is a description of the factors which Management believes to be those that have had or may have the most significant effect on the activities, results of operations and financial position of the Group.

The consolidated revenue and results of operations are impacted by the general economic situation in the Group's geographical markets. The sale of aircrete is exposed to economic slowdown or recession and general fluctuations in the level of construction activity. A major part of the Group's sales is related to new dense low-rise housing. The Group is therefore particularly vulnerable to fluctuations in the level of activity in this building segment.

The Group strives to expand the market for aircrete to include, to a greater extent, other forms of buildings than dense low-rise housing, including apartments, commercial buildings and the market for refurbishment and upgrading.

In recent years, the Group has expanded its activities to include more geographical areas, balancing out fluctuations in the level of activity in the individual markets. The markets covered by the Group are characterised by fierce competition and at present also by excess production capacity, which increases price competition in the markets.

The Group purchases raw materials used in the production of aircrete, primarily cement, lime, water, aluminium powder and sand/fuel ash. Reinforced products also comprise reinforcing steel. The production of aircrete also requires a substantial consumption of energy. Prices of raw materials and energy fluctuate significantly and are decided by the relative strength of the suppliers, supply and demand as well as other factors. The most significant costs of raw materials are for cement, lime, sand/fuel ash, reinforcing steel and energy. If price increases occur over extended periods of time, the Group's ability to maintain its previous profit margins will depend on its ability to pass on these incremental costs to the customers.

A relatively large proportion of the Group's production costs are fixed costs which cannot at short notice be reduced in step with the reduced revenue – a fact which may have a negative impact on the Group's operating performance if revenue drops by an unexpected amount or at an unexpected pace.

Table 9-1: Selected Consolidated Financial Highlights

Income statement (DKKm)	Q1-Q3 2009	Q1-Q3 2008	2008	2007	2006
Revenue	816.6	1,186.3	1,439.5	1,850.2	1,662.4
Cost of sales	(452.9)	(581.5)	(728.9)	(890.0)	(846.4)
Gross profit	**363.7**	**604.8**	**710.6**	**960.3**	**816.0**
Other external expenses	(125.3)	(187.6)	(232.8)	(243.1)	(247.2)
Staff costs	(223.4)	(272.7)	(346.4)	(358.9)	(334.3)
Depreciation and amortisation	(89.1)	(88.5)	(116.5)	(116.6)	(105.7)
Impairment losses	(90.5)	0.0	0.0	(8.1)	0.0
Other operating income and expenses	0.0	0.0	4.1	(11.2)	0.1
Operating profit/(loss) (EBIT)	**(164.6)**	**56.0**	**19.0**	**222.4**	**128.9**

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Income statement (DKKm)	Q1-Q3 2009	Q1-Q3 2008	2008	2007	2006
Financial income and expenses	(42.8)	(12.3)	(17.6)	(17.3)	(14.8)
Profit/(loss) before tax	**(207.4)**	**43.7**	**1.4**	**205.1**	**114.1**
Income tax on profit/loss for the period	41.2	(9.8)	0.3	(47.6)	(39.8)
Profit/(loss) for the period	**(166.2)**	**33.9**	**1.7**	**157.5**	**74.3**
Cash flows (DKKm)					
Cash flows from operating activities	(51.1)	37.8	60.8	266.5	59.9
Cash flows from investing activities	(76.6)	(368.4)	(476.9)	259.5	(246.4)
Cash flows from financing activities	144.6	334.3	413.3	(0.5)	106.6
Total cash flows	16.9	3.7	(2.8)	6.5	(79.9)
Balance sheet – assets (DKKm)					
Non-current assets	1,518.1	1,645.5	1,558.9	1,361.7	1,248.4
Current assets	386.7	455.6	363.9	422.1	389.8
Total assets	1,904.8	2,101.1	1,922.8	1,783.7	1,638.2
Balance sheet – equity and liabilities (DKKm)					
Share capital	109.0	109.0	109.0	116.0	116.0
Equity	583.1	886.4	743.2	990.3	870.4
Non-current liabilities	131.8	171.4	1,015.7	180.0	180.9
Current liabilities	1,189.9	1,043.3	163.9	613.4	586.8
Total equity and liabilities	1,904.8	2,101.1	1,922.8	1,783.7	1,638.2
Investments and debt (DKKm)					
Investments in non-current assets during the period	78.7	372.0	464.0	263.0	156.0
Net interest-bearing debt	990.7	842.0	863.0	380.8	353.1
Financial ratios					
Gross margin	44.6%	51.0%	49.4%	51.9%	49.1%
EBITDA (DKKm)*	15.0	144.5	135.5	347.1	234.6
EBITDA-margin, % *	1.8%	12.2%	9.4%	18.8%	14.1%
Operating margin (EBITA)*	(9.1%)	4.7%	1.3%	12.5%	7.8%
Return on invested capital (ROIC)	(5.8%)	4.4%	1.2%	16.1%	10.6%
Return on equity	(33.4%)	4.8%	0.2%	16.9%	8.8%
Solvency ratio	30.6%)	42.2%	38.7%	55.5%	53.1%
Per share data					
Average number of shares outstanding (of DKK 100)	1,069,511	1,077,654	1,090,436	1,146,072	1,147,872
Share price, end of period, DKK	219	624	304	1,362	1,842
Book value per share, end of period, DKK	535	813	682	854	750
Price/book value (P/BV)	0.4	0.8	0.4	1.6	2.5
Current price/earnings (P/E-basic)	(1.4)	19.8	199.9	9.9	28.3
Earnings per DKK 100 share (EPS)	(155.4)	31.5	1.5	137.4	65.0
Diluted earnings per DKK 100 share (EPS-D)	(155.4)	31.5	1.5	137.0	64.9
Dividend per share	0.0	0.0	0.0	30.0	20.0
Payout ratio, %	0.0%	0.0%	0.0%	22.1%	31.1%
Employees					
Average full-time equivalent employees	1,221	1,281	1,282	1,379	1,385

* Neither EBITDA nor EBITA are defined under IFRS. EBITDA and EBITA are presented as supplementary performance measures for purposes of comparison of results of operations from period to period, as differences between periods as a result of changes in capital structure, taxation and the age of non-current assets and the related depreciation and amortisation are eliminated. EBITDA and EBITA should not be assessed on a stand-alone basis or in the place of operating profit or other income statement or cash flow statement items prepared under IFRS as a measure of earnings or cash flows. EBITDA and EBITA do not take into account payment obligations on debt or other liabilities, including capital investments, and as such do not necessarily give an indication of any available cash. Also, EBITDA and EBITA as presented in this Prospectus may not be comparable to other companies' similarly termed performance measures as such measures may be calculated differently. The following is a reconciliation of EBITDA and EBITA against operating profit in DKK millions.

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Income statement (DKKm)	Q1-Q3 2009	Q1-Q3 2008	2008	2007	2006
Operating profit/loss	(164.6)	56.0	19.0	222.4	128.9
Impairment losses	90.5	0.0	0.0	8.1	0.0
EBITA	(74.1)	56.0	19.0	230.5	128.9
Depreciation and amortisation	89.1	88.5	116.5	116.6	105.7
EBITDA	15.0	144.5	135.5	347.1	234.6

Note: Earnings per share and diluted earnings per share are calculated in accordance with IAS 33 "Earnings per share".
Other financial ratios are calculated in accordance with "Recommendations and Ratios 2005" issued by the Danish Society of Financial Analysts.

Source: Consolidated annual and interim financial statements

The Company's consolidated financial statements are presented in DKK. A major part of the Group's earnings and costs is denominated in currencies other than Danish kroner, mainly EUR, GBP, PLN, RUB and CZK. The Group's revenue and expenses are exposed to fluctuations in these currencies. In recent years, the Group has not engaged in any active exchange rate hedging of its cash flows.

Critical accounting policies

The Group's accounting policies are set out in III.2 "Financial information—Consolidated financial information for the financial years ended 31 December 2008, 2007 and 2006—Notes—Note 1" in this Prospectus.

Estimation uncertainty

When preparing annual reports and interim reports, Management is required to make a number of accounting estimates and judgments which influence the carrying amount of certain assets and liabilities and the recognised revenue and costs for the period.

Management's most significant estimates in connection with the financial reporting are described in III.2 "Financial information—Consolidated financial information for the financial years ended 31 December 2006, 2007 and 2008 – Notes – Note 2". The estimates affecting annual reports and interim reports include, but are not limited to, depreciation, amortisation and impairment losses, provisions and contingent liabilities and assets.

The estimates and assumptions applied are based on historical experience and other factors which Management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. The result of the assumptions is used to evaluate the carrying amounts of the assets and liabilities and the reported revenue and costs that do not appear from other material. Realised results may differ from the estimated results.

The following estimates and judgments are assessed to be significant to the annual reports and interim reports:

Intangible assets and property, plant and equipment

For the Group, significant changes in the estimates and assumptions on which the calculations of the carrying amounts are based may have a material effect on the measurement of property, plant and equipment and intangible assets, including goodwill and recognised costs relating to investments on hold. For further information, see III "Financial information".

Trade receivables

Specific estimates of trade receivables are made based on an assessment of the individual customers' historical ability to pay.

Contingent liabilities

Contingent liabilities, including the outcome of pending lawsuits, are inherently uncertain. Management has estimated these based on legal assessments in the individual cases. It is the assessment of Management that the estimates are reasonable.

9.1. Consolidated financial statements for Q1-Q3 2009 and comparative figures for Q1-Q3 2008

The Group reported a loss before tax of DKK 207.4 million, for the nine months ended 30 September 2009 (Q1-Q3 2009) against a profit before tax of DKK 43.7 million for the year-earlier period.

The loss for the period was adversely impacted in the amount of DKK 104.1 million by impairment losses relating to the temporary mothballing of the factory in Westbury, United Kingdom, and impairment losses on development projects. Inventory write-downs also had an adverse impact. Furthermore, as a result of falling earnings, the Group has shelved plans of potential construction of new factories in Poland and the Ukraine, and as a result equipment already supplied has been written off for accounting purposes and provisions have been taken to cover the residual contractual obligations. The write-downs and provisions total DKK 58.5 million.

Income statement

Revenue

Table 9-2: Revenue by geographical segment for Q1-Q3 2008 and 2009		
(DKKm)	Q1-Q3 2009	Q1-Q3 2008
UK	221.9	329.7
Germany, Denmark and Benelux	252.7	318.8
Eastern Europe	244.5	358.0
Nordic	97.5	179.8
Total Group revenue	**816.6**	**1,186.3**

Source: H+H

The Group's revenue for Q1-Q3 2009 was DKK 816.6 million, against DKK 1,186.3 million for the year-earlier period, equalling a 31.1% drop in revenue.

The financial statements for Q1-Q3 2009 were marked by the continued weak level of activity in residential construction. This development was primarily due to the negative economic trends, resulting in difficult and unpredictable general market conditions.

Profit/(loss) before tax

Table 9-3: Profit/(loss) before tax by geographical segment for Q1-Q3 2008 and 2009		
(DKKm)	Q1-Q3 2009	Q1-Q3 2008
UK	(31.8)	(11.8)
Germany, Denmark and Benelux	(14.6)	29.4
Eastern Europe	(42.7)	44.0
Nordic	(23.7)	2.9
Eliminations and non-allocated items	(94.6)	(20.8)
Group profit before tax	**(207.4)**	**43.7**

Source: H+H

The Group reported a loss before tax of DKK 207.4 million for Q1-Q3 2009, against a profit before tax of DKK 43.7 million for Q1-Q3 2008. The performance was adversely impacted by special items of DKK 104.1 million. All segments reported declining pre-tax results.

The setback was mainly due to the significant revenue reduction and the fiercer price competition in a majority of the Group's markets. Conversely, considerable overhead savings contributed positively to the Group's performance.

Investments

Q1-Q3 2009 investments totalled DKK 78.7 million (2008: DKK 368.4 million). Total investments for the year ended 31 December 2009 are expected to be in the region of DKK 100 million. It is estimated that annual maintenance investments for the entire Group can be held below DKK 50 million in the next few years.

The principal portion of investments for Q1-Q3 2009 related to the construction of the aircrete factory in Kikerino, 70 km. southwest of St Petersburg, Russia.

Financial income and expense

Total financing costs amounted to DKK 42.8 million for Q1-Q3 2009, against DKK 12.3 million for the same period of 2008. In addition, financing costs totalling DKK 10.2 million in connection with the Group's large investment projects were capitalised in Q1-Q3 2009, compared with DKK 11.6 million for the corresponding period of 2008.

Tax

Income tax for Q1-Q3 represented income of DKK 41.2 million, corresponding to an effective tax rate of 19.9%. For the corresponding period last year, income tax represented an expense of DKK 9.8 million, corresponding to an effective tax rate of 22.4%.

Cash flows

Net cash flows from operating activities for Q1-Q3 2009 were an outflow of DKK 51.1 million, against an inflow of DKK 37.8 million for the year-earlier period. The difference was explained by the Group's weaker operating performance.

Net cash flows from investing activities for Q1-Q3 2009 were an outflow of DKK 76.6 million, against an outflow of DKK 368.4 million for the year-earlier period. The difference was explained by a decrease in the Group's investments in the 2009 period relative to 2008.

Total free cash flows for Q1-Q3 2009 were an outflow of DKK 127.7 million, against an outflow of DKK 330.6 million for the year-earlier period.

Total cash flows from investing activities for Q1-Q3 2009 were an inflow of DKK 144.4 million, against an inflow of DKK 334.3 million for the year-earlier period. The difference was explained by the fact that the Group had a lower investment level and, consequently, did not need to obtain the same amount of debt financing in the 2009 period relative to 2008.

9.2. Consolidated financial statements for the years ended 31 December 2008, 2007 and 2006

Income statement

The net profit for the year ended 31 December 2008 was DKK 1.4 million, against DKK 205.1 million for the year ended 31 December 2007 and DKK 114.1 million for the year ended 31 December 2006.

Revenue

Table 9-4: Revenue by geographical segment			
(DKKm)	2008	2007	2006
UK	380.9	693.6	664.0
Germany, Denmark and Benelux	395.6	434.5	537.9
Eastern Europe	429.0	436.1	187.4
Nordic	234.0	286.0	273.1
Total Group revenue	**1,439.5**	**1,850.2**	**1,662.4**

Source: H+H

Financial year ended 31 December 2008 (FY 2008)
Revenue amounted to DKK 1,440 million (FY 2007: DKK 1,850 million), which was a reduction of DKK 410 million or 22%. Changes in exchange rates reduced revenue by 2.8 percentage points.

UK revenue amounted to DKK 381 million (FY 2007: DKK 694 million), representing a 45.1% decline. Changes in the average GBP/DKK exchange rate adversely affected revenue growth by 14.2 percentage points. The overall sales volume realised was significantly lower than that of FY 2007. The decrease in sales was estimated to be largely in line with the overall decline in the aircrete market in the UK.

Revenue for the Germany, Denmark and Benelux segment was DKK 396 million (FY 2007: DKK 435 million), equalling a drop of 8.9%. The lower revenue primarily related to declining sales in the Danish market and declining sales from the German factories to the Polish market. On average, very minor price increases materialised in the German and Danish markets relative to FY 2007.

Revenue for the Eastern European segment was DKK 429 million (FY 2007: DKK 436 million), equalling a drop of 1.6%. Changes in the average exchange rates positively affected revenue growth by 5.9 percentage points. The declining revenue was attributable to a drop in sales to the Polish market, in particular, although the Czech market also saw declining sales. The lower revenue was to a large extent due to a lack of production capacity at the Gorzkowice factory in Poland and at the Most factory in the Czech Republic, both of which were closed for major upgrading throughout most of 2008. In the Ukrainian market, a significant increase in sales was achieved. On average, minor price increases were realised for the year relative to FY 2007.

Revenue for the Nordic segment amounted to DKK 234 million (FY 2007: DKK 286 million), equalling a drop of 18.2%. Changes in the average exchange rates negatively affected revenue growth by 1.4 percentage point. The lower revenue was due to a revenue decline in the Finnish, Swedish and Norwegian markets. Selling price increases were generally realised at a modest level.

Financial year ended 31 December 2007 (FY 2007)
Revenue amounted to DKK 1,850 million (FY 2006: DKK 1,662 million), which was an increase of DKK 188 million or 11.3%. Adjusted for activities in the Czech Republic acquired in May 2006, the revenue increase was 11.0%. Changes in exchange rates affected the revenue increase by less than one percentage point.

UK revenue amounted to DKK 694 million (FY 2006: DKK 664 million), representing a 4.5% increase. Changes in the average GBP/DKK exchange rate adversely affected revenue growth by 0.9 percentage point. The overall sales volume realised was in line with FY 2006 in a generally flat market. Average selling price increases were positively affected by the product and customer mix.

Revenue for the Germany, Denmark and Benelux segment was DKK 435 million (FY 2006: DKK 538 million), equalling a drop of 19.2%. The lower revenue was mainly due to a decline in sales in the German and Danish markets. This decline was primarily attributable to a general decline in the level of construction activity. Moreover, the Danish market was negatively affected by continuously increasing competition in the market for aircrete products.

Revenue for the Eastern European segment amounted to DKK 436 million (FY 2006: DKK 187 million), equalling an increase of 133%. The increase was attributable to a combination of significantly higher selling prices and a considerable increase in volumes sold. The improvement was mainly achieved in the Polish market. FY 2007 sales were positively affected by the generally high level of activity in Poland.

The Nordic segment generated revenue of DKK 286 million (FY 2006: DKK 273 million), equalling an increase of 4.7%. Behind the increase was a combination of higher revenue in the Swedish market and reduced revenue in Finland and Norway.

Financial year ended 31 December 2006 (FY 2006)
The Group generated total revenue of DKK 1,662 million (FY 2005: DKK 1,354 million), representing an increase of DKK 308.0 million or 22.7%. Adjusted for the acquired activities in Poland and the Czech Republic, the revenue increase was 9.6%.

Revenue increases were realised in all segments from 2005 to 2006, but only in the UK and Danish markets were the revenue increases generated primarily as a result of increased sales volumes. In the other markets, improved selling prices were the principal factor of the revenue increase.

Table 9-5: Impairment losses

(DKKm)	2008	2007	2006
Land and buildings	0	8.1	0

Source: H+H

In 2007, a write-down of DKK 8.1 million was recognised relating to capitalised costs in connection with an application to build a new factory in the longer term. The carrying amount of the asset at 31 December 2007 was DKK 0. No write-downs were made in 2008 or 2006.

Table 9-6: Financial income and expense

(DKKm)	2008	2007	2006
Interest income	0.6	0.1	0.4
Other value adjustments	9.7	0.6	0.0
Other financial income	0.1	0.1	0.2
	10.4	0.8	0.6

Source: H+H

During the period 2006 to 2008, the Group's financial income was very stable, although greater positive value adjustments were made in 2008. Consequently, financial income was somewhat higher in 2008 than in 2007 and 2006.

Table 9-7: Financial expenses

(DKKm)	2008	2007	2006
Interest expense	39.1	18.2	14.5
Other value adjustments	4.8	1.4	0.3
Capital losses on derivatives	0.7	0.0	0.0
Other financial expenses	0.6	0.2	0.7
Of which capitalised interest expenses	(17.2)	(1.6)	0.0
	28.0	18.2	15.4

Source: H+H

During the period 2006 to 2008, the Group's financial expenses rose as a result of the Group's growing debt. The accumulation of debt was due to acquisition and establishment of new factories.

Profit/(loss) before tax

Table 9-8: Profit/(loss) before tax by segment

(DKKm)	2008	2007	2006
UK	(19.1)	67.9	62.1
Germany, Denmark and Benelux	16.4	67.7	97.1
Eastern Europe	31.2	76.8	(41.2)
Nordic countries	1.0	10.9	8.0
Eliminations and non-allocated items	(28.1)	(18.2)	(12.0)
Group profit before tax	**1.4**	**205.1**	**114.0**

Source: H+H

Financial year ended 31 December 2008 (FY 2008)
The profit for the year before tax amounted to DKK 1.4 million (FY 2007: DKK 205.1 million).

All segments performed considerably worse than in FY 2007. The most significant setback was realised in the UK, where sales volumes dropped sharply during the year.

The UK business posted a loss before tax of DKK 19.1 million (FY 2007: DKK a profit before tax of 67.9 million). In FY 2008, non-recurring costs were incurred in the amount of DKK 13.5 million in connection with alignments of staff numbers and non-recurring income in the amount of DKK 4.7 million generated in relation to the Group's plots of land. The declining results primarily reflected significantly lower sales due to an overall decline in construction activity. Higher raw materials and energy costs, which were not fully recovered through higher selling prices, also had an adverse effect on the financial performance.

The Germany, Denmark and Benelux segment reported profit before tax of DKK 16.4 million (FY 2007: DKK 67.7 million). The lower earnings mainly reflected lower sales in Denmark and lower sales from the German factories to Poland. Furthermore, the adjustments of selling prices for the German and Danish markets were insufficient to make up for increases in direct costs. Finally, significant non-recurring costs were incurred in Germany in connection with alignments of the organisation.

The Eastern European segment posted a profit before tax of DKK 31.2 million (FY 2007: DKK 76.8 million). Profit before tax for the Polish activities was around DKK 55 million, down from a profit before tax of around DKK 80 million for FY 2007. The lower profit primarily reflected lower sales, due partly to upgrading of one of the Group's five factories, which reduced the Group's production capacity temporarily. The other markets under the Eastern European segment realised a loss before tax of around DKK 25 million compared with a loss before tax of around DKK 5 million for FY 2007. Just under half of the total loss before tax came from the Czech activities and was due to upgrading of the factory in Most and the resulting very low sales for the year. The start-up of the Russian activities, with the setting up of an organisation, also contributed a loss for the year.

The Nordic segment reported a profit before tax of DKK 1.0 million (FY 2007: DKK 10.9 million). Finland, Sweden and Norway all contributed to the DKK 9.9 million fall in profit, which was due to a combination of lower sales and growing direct costs that could not be fully compensated for through adjustments of selling prices.

Unallocated net costs amounted to DKK 28.1 million (FY 2007: DKK 18.2 million). Non-recurring costs totalling DKK 4.5 million were incurred in FY 2008 in connection with changes on the Executive Board. The profit for FY 2007 included non-recurring income of DKK 5.6 million concerning final clarification of expenses for refurbishment of discontinued leaseholds in the UK. The Company's net costs before financial income and expenses totalled DKK 43.4 million (FY 2007: DKK 34.3 million). Unallocated net financial income amounted to DKK 14.8 million (FY 2007: DKK 11.3 million).

Financial year ended 31 December 2007 (FY 2007)
The profit for the year before tax amounted to DKK 205.1 million (FY 2006: DKK 114.0 million).

The principal factor behind the profit improvement was the highly positive performance in the Polish market.

The UK business posted a profit before tax of DKK 67.9 million (FY 2006: DKK 62.1 million). The profit for 2007 included non-recurring costs in relation to a provision of DKK 16.5 million for the clean-up of a contaminated plot of land and a DKK 8.1 million write-down of capitalised costs in connection with an application to build a new factory in the longer term. Adjusted for these non-recurring costs, the profit before tax for FY 2007 was DKK 92.5

million, equalling a profit improvement on FY 2007 of DKK 30.4 million. The improvement was due to higher margins on volumes sold and, to a lesser extent, to changes in the inventory of finished goods. Lower gas prices during the first half of 2007 contributed to the profit improvement compared with FY 2006.

The Germany, Denmark and Benelux segment realised profit before tax of DKK 67.7 million (FY 2006: DKK 97.1 million). The lower profit was mainly attributable to reduced sales in the German and Danish markets. Furthermore, the running-in of the new Wittenborn II factory had an adverse impact on the profit.

The Eastern European segment posted a profit before tax of DKK 76.8 million (FY 2006: a loss before tax of DKK 41.2 million). The great performance improvement was due to considerably higher volumes sold and significantly higher selling prices in the Polish market. In FY 2006, selling prices were at a very low level in Poland.

The Nordic segment reported a profit before tax of DKK 10.9 million (FY 2006: DKK 8.0 million). The positive profit development was mainly attributable to the Swedish activities, where enhanced sales and improved margins meant a major improvement of the profit realised. In Finland, the profit was slightly down relative to FY 2006. The performance in Finland was adversely impacted by the restructuring of the Jämerä concept. The Norwegian activities recorded a minor loss in FY 2007, against a minor profit in FY 2006.

Unallocated net costs amounted to DKK 18.2 million (FY 2006: DKK 12.0 million). The profit for FY 2007 included non-recurring income of DKK 5.6 million concerning final clarification of expenses for refurbishment of discontinued leaseholds in the UK. The Company's net costs before financial income and expenses totalled DKK 34.3 million (FY 2006: DKK 22.3 million). The increase in net costs was primarily due to a strengthening of the organisation and enhanced efforts to cultivate new geographical markets. Unallocated net financial income amounted to DKK 11.3 million (FY 2006: DKK 11.0 million).

Financial year ended 31 December 2006 (FY 2006)
The profit for the year before tax amounted to DKK 114.0 million (FY 2005: DKK 147.8 million). The reduced profit level compared with FY 2005 was principally due to a major loss on the new activities in Poland.

The Group's principal activities were characterised by a very weak beginning of the year due to poor weather conditions in the first quarter and a correspondingly very positive end of the year due to unusually mild weather during the fourth quarter.

Tax
Income tax for FY 2008 represented income of DKK 0.3 million, against an expense of DKK 47.6 million for FY 2007 and an expense of DKK 39.8 million for FY 2006. The positive tax rate in FY 2008 was primarily the result of individual adjustments in Germany relating to prior years. The tax rate was 23.2% in FY 2007, versus 34.9% in FY 2006. The main reason for the change in the effective tax rate from FY 2006 to FY 2007 was the improved financial performance in Poland in FY 2007, where the profit was taxed at a rate of 19%.

Balance sheet items
Assets
The Group's total assets stood at DKK 1,923 million at 31 December 2008, relative to DKK 1,784 million at 31 December 2007 and DKK 1,638 million at 31 December 2006. The most material assets were property, plant and equipment, intangible assets, inventories and trade receivables.

Property, plant and equipment amounted to DKK 1,418 million at 31 December 2008, compared with DKK 1,233 million at 31 December 2007 and DKK 1,120 million at 31 December 2006. The increase in property, plant and equipment from 2007 to 2008 mainly related to the construction of the Kikerino factory in Russia and the upgrading of the Gorzkowice factory in Poland and the Most factory in the Czech Republic, which more than made up for the foreign exchange loss of approximately DKK 175 million in connection with translation of exchange rates at the balance sheet date. The increase from 2006 to 2007 was due to the same upgrading and construction of factories as in 2007 as well as the upgrading of the Wittenborn II factory in Germany.

In the period 1 January 2006 to 31 December 2008, an inventory build-up took place totalling approximately DKK 70 million which mainly related to the Group's presence in an increased number of geographic locations.

Equity and liabilities
At 31 December 2008, equity amounted to DKK 743 million, which was a drop of DKK 247 million relative to equity at 31 December 2007, which was DKK 990 million. The decline in equity in FY 2008 was mainly explained by the purchase of treasury Shares in the total amount of DKK 99.8 million, of which DKK 92.2 million was used for a reduction of the share capital, payment of dividends of DKK 32.1 million and market value adjustments of equity investments etc. in the amount of DKK 110.0 million.

The increase in equity from 31 December 2006 to 31 December 2007 of DKK 120 million could largely be ascribed to the profit for the year less dividends paid and market value adjustments of equity investments in particular.

Non-current liabilities amounted to DKK 1,016 million at 31 December 2008, against DKK 180 million at 31 December 2007 and DKK 181 million at 31 December 2006. The increase of DKK 836 million between 31 December 2007 and 31 December 2008 was due to the fact that the Company entered into a banking agreement committing the Company's bank debt for a longer period of time. Unlike an uncommitted credit facility, under a committed facility the bank has no option to call the loan if the company complies with the agreement.

Current liabilities amounted to DKK 164 million at 31 December 2008, against DKK 613 million at 31 December 2007 and DKK 587 million at 31 December 2006. The decrease of DKK 449 million between 31 December 2007 and 31 December 2008 was mainly due to the fact that the Company entered into a banking agreement committing the Company's bank debt for a longer period of time.

Cash flows

Cash flows from operating activities amounted to an inflow of DKK 61 million in FY 2008, against an inflow of DKK 266 million in FY 2007 and an inflow of DKK 60 million in FY 2006.

Cash flows from investing activities amounted to an outflow of DKK 477 million in FY 2008, against an outflow of DKK 260 million in FY 2007 and DKK an outflow of 246 million in FY 2006. FY 2008 was affected by the construction of the Kikerino factory in Russia and the upgrading of the Gorzkowice factory in Poland and the Most factory in the Czech Republic. Investments in FY 2007 were affected by the construction of the Kikerino factory in Russia and the upgrading of the Gorzkowice factory in Poland, the Most factory in the Czech Republic and the Wittenborn II factory in Germany.

Cash flows from financing activities amounted to an inflow of DKK 413 million in FY 2008, against an outflow of DKK 0.5 million in FY 2007 and an inflow of DKK 106 million in FY 2006. FY 2008 was affected by share buy-backs of DKK 100 million and dividend of DKK 32.1 million.

9.3 Off-balance sheet liabilities

For a detailed description of the Company's rental and leasing obligations, see I.8 "Property, plant and equipment" elsewhere in this Prospectus. No material new rental or leasing obligations have been assumed since the publication of the annual report for FY 2008.

The Group has defined benefit pension plans in the UK and Germany. The UK plans are managed by a pension fund, to which payments are made, whereas the German plans are unfunded. The majority of the liabilities are related to the UK pension plan, for which an updated actuarial calculation was made at 30 September 2009. The calculation showed that the plan is underfunded by DKK 105 million after deduction of deferred tax (the present value of the liabilities exceeds the fair value of the plan assets). As a result of the Group's use of the corridor method, DKK 38 million of this amount was not included in the balance sheet and equity at 30 September 2009. For additional information thereon, see I.22 "Material contracts – Other contracts".

At the Prospectus Date, the Group is involved in 3 lawsuits which Management considers significant and which have not been fully provided for. These are described in I.20 "Information on assets and liabilities, financial position, results and dividend policy—Legal and arbitration proceedings", which provides more detailed information on provisions, etc.

The Group has not entered into any agreements resulting in off-balance sheet items from 30 September 2009 until the Prospectus Date.

9.4. Capital resources

For a detailed description of the Company's capital resources, see I.10 "Capital resources" and II.3 "Key information on capitalisation and use of proceeds—Capitalisation and indebtedness" in this Prospectus.

9.5. Investments

In FY 2008, the Group's net investment in property, plant and equipment and intangible assets excluding corporate acquisitions amounted to DKK 464 million, against DKK 263 million in FY 2007 and DKK 156 million in FY 2006.

The Group's investments in property, plant and equipment and intangible assets in FY 2008, FY 2007 and FY 2006 mainly related to the upgrading of the Gorzkowice factory in Poland, the Most factory in the Czech Republic and the Wittenborn II factory in Germany, and the construction of the Kikerino factory in Russia.

Investments in intangible assets were limited in FY 2008, FY 2007 and FY 2006 and related mainly to software and the acquisition and development of a patent.

Current investments

At the end of 2008, binding contracts had been concluded for further investments totalling DKK 46 million. The contracts mainly related to Russia. The major part of this investment was paid before the Prospectus Date, and the Group therefore does not currently have any major investments, nor has it committed to make further investments.

9.6. Significant events after the balance sheet date

Since the balance sheet date of the condensed consolidated interim financial statements for the nine months ended 30 September 2009, the Company has concluded restated and amended loan agreements with Danske Bank A/S, which are conditioned on the completion of the Offering. See I.22 "Material contracts".

No other events have occurred that could have a material impact on the Company's financial position.

9.7. Matters of note in respect of the parent company, H+H International A/S

The Group's parent company is the listed company H+H International A/S.

Activities

The Company's activities solely comprise holding/group functions and the Company does not engage in the sale or production of the Group's products.

The Company's activities thus comprise ordinary group functions such as management, finance/treasury, business development/marketing, legal issues, and similar functions.

In addition, the Company provides the funding required for the activities of its subsidiaries, either by obtaining loans directly – which it then re-lends – or by providing guarantees for the subsidiaries' banking commitments toward the Group's bankers.

Moreover, the Company is responsible for the Group's development function and undertakes the general technical and production coordination across the Group.

Operations and capital structure

The Company's income is mainly made up of management fees, interest and dividends from subsidiaries.

The Company's costs mainly comprise staff costs, other external costs and financial expenses.

The Company's profit before tax for FY 2008 was DKK 28.9 million (FY 2007: DKK 100.6 million).

The balance sheet total of DKK 1,856 million at 31 December 2008 (2007: DKK 1,658 million) mainly comprises investments in subsidiaries of DKK 1,259 million (2007: DKK 1,212 million) and amounts owed by group enterprises of DKK 589 million (2007: DKK 439 million).

The Company's equity stood at DKK 1,453 million at 31 December 2008 (2007: DKK 1,553 million). This equity is significantly higher than the Group's equity, which at the same date amounted to only DKK 743 million (2007: DKK 990 million). The approximately DKK 710 million difference (2007: DKK 563 million) is mainly explained by the fact that the value of investments in subsidiaries, in accordance with the Company's accounting policies, is recognised at original cost (including acquired goodwill), whereas in the consolidated financial statements this goodwill was written off in the year of acquisition over the consolidated equity.

Risk of impairment of investments in subsidiaries

The cost of investments in subsidiaries was tested for impairment in connection with previous year-end reporting. In accordance with note 14 to the annual report for 2008, no impairment write-down was recognised on equity investments, as their estimated recoverable amounts exceeded their carrying amounts. The recoverable amount at 31 December 2008 of the investments was based on value in use, which was determined using expected net cash flows based on estimates for the years ending 31 December 2009-2012 and a discount rate before tax of 8.6% -11.8%. The weighted average growth rate used for extrapolating expected future net cash flows for the years after 2012 was estimated at 2%. The growth rate was estimated not to exceed the long-term average growth rate in the Company's markets.

As for the Company, impairment tests are not conducted until the preparation of the annual report, i.e. they will next be conducted in connection with the preparation of the annual report for 2009 in February/March 2010. In view of the Group's adverse financial performance in 2009 and the forecast for 2010, it is probable that significant impairment losses may occur. Any resulting impairment write-downs will be for accounting purposes only, however, as they will not affect either results of operations or equity in the consolidated financial statements, as explained above. Moreover, Management believes that the equity reported in the Company's annual report cannot be lower than the equity reported in the annual report for the Group.

9.8 Governmental initiatives etc.

The Company is not aware of any government, economic, fiscal, monetary or political initiatives that have materially affected or could materially affect, directly or indirectly, the Group's operations.

10. CAPITAL RESOURCES

10.1. Capital resources and cash flows

The Group's primary application of cash funds relates to production (including raw materials and energy), distribution, marketing, wages and salaries, loan interest, repayment of loans, tax payments and investments in production facilities.

The Group's primary sources of cash funds are cash flows from operations, bank loans and other debt or equity financing. At 30 September 2009, the Group had a total committed credit facility in local currency corresponding to DKK 1,056 million in addition to a short-term uncommitted unused credit facility of DKK 50 million.

Table 10-1: The Group's credit facility as at 30 September 2009

Million	Local currency	DKK
CZK loan	400	118
PLZ loan	100	176
DKK loan	270	270
DKK overdraft facility	492	492
Binding committed long-term credit facility		1,056
Short-term (uncommitted) credit facility		50
Total credit facility		1,106

Source: The Group

The Group's total bank debt stood at DKK 1,015 million as at 30 September 2009. The Group's cash and cash equivalents amounted to DKK 24 million, bringing net interest-bearing debt at 30 September 2009 to a total of DKK 991 million.

Table 10-2: Drawings on the Group's committed credit facility as at 30 September 2009

(DKKm)	
Long-term debt	0
Short-term debt	1,015
Interest-bearing debt	**1,015**
Cash and cash equivalents	24
Net interest-bearing debt	**991**

Source: The Group

All of the Group's bank debt was classified as short-term debt at 30 September 2009. After the balance sheet date, 30 September 2009, restated and amended committed loan agreements have been entered into with Danske Bank A/S. As these agreements had not been entered into on the balance sheet date, the debt was classified as short-term debt at 30 September 2009. Danske Bank A/S is entitled to terminate the restated and amended loan agreements if the Offering is not completed as assumed.

As part of the restated and amended loan agreements, it has been agreed that the Company will pay four equal instalments of DKK 50 million each on the existing bank debt on 2 April 2010, 2 July 2010, 2 October 2010 and 2 January 2011, respectively, i.e. a total of DKK 150 million in 2010 and DKK 50 million in 2011. After the completion of the Offering, the short-term debt will therefore amount to DKK 150 million, whilst the remaining bank debt will be classified as long-term debt.

Upon receipt of the net proceeds from the Offering, Management will deposit such proceeds in the part of the long-term credit facility constituting an overdraft facility with a credit limit of DKK 492 million until the Group needs to draw on the facility.

Management believes that the Company's current capital resources, including the proceeds from the Offering, future revenues and credit facilities available, will be adequate to cover the Group's present capital needs, i.e. for a minimum of 12 months following the Prospectus Date, including that there will be adequate capital for the investments planned for the current financial year and FY 2010. See I.5 "Company information—Investments".

Cash flows

See I.9 "Operating and financial review" for a description of the Group's cash flows.

10.2. Borrowing requirement and financing structure

The loan agreements for the Group's existing long-term credit facility of approximately DKK 1,050 million were concluded with Danske Bank A/S in September 2008. The loan agreements comprise a loan denominated in Czech koruna of CZK 400 million, a loan denominated in Polish zloty of PLN 100 million, a loan of DKK 270 million and an overdraft facility of DKK 492 million. At 30 September 2009, approximately DKK 1,015 million of the credit line under the loan agreements had been used.

As from the second half of 2008 and going into 2009 as the global economic crisis took hold, the Group experienced a sharp decline in revenue and results of operations leading to the breach of certain covenants in the loan agreements with Danske Bank A/S. Based on this, the lender, Danske Bank, was in a position to terminate the loan agreements without notice and demand immediate repayment of the loans granted. The Company has continually communicated with Danske Bank A/S, and Danske Bank A/S has so far, in light of the Company's continual measures to consolidate its capital base, waived its remedies for breach and has regularly issued fixed-term waivers.

Against this background, the Company initiated a capital search process in the summer of 2009 for the purpose of consolidating the capital base. In this connection, a number of discussions were held with existing and potential new shareholders in order to map out possible structures to strengthen the capital base. The process was concluded by agreement being reached on 8 October 2009 with a group consisting primarily of Existing Shareholders and new investors about a rights issue by the Company.

In connection with the completion of the Offering, the Company has signed restated and amended loan agreements with Danske Bank A/S concerning continuation of the Group's financing facilities with a total credit limit corresponding to approximately DKK 1,100 million, DKK 1,050 million of which will be committed after the completion of the Offering for a period of five years until 31 December 2014, and DKK 50 million will be an uncommitted short-term credit limit. The loan agreements are in force as at the Prospectus Date. They are, however, subject to certain formal requirements and requirements relating to documentation, all of which are expected to be met by 31 December 2009. Due to the Group's present situation, the loan agreements contain no financial covenants for 2010 and 2011. As from FY 2012 and until expiry of the agreements at the end of 2014, the agreements will be subject to usual restrictive financial covenants. The Company shall pay four equal instalments of DKK 50 million each on the existing debt on 2 April 2010, 2 July 2010, 2 October 2010 and 2 January 2011, respectively, i.e. a total of DKK 200 million. Furthermore, if the ratio of the Group's net interest-bearing debt to EBITDA is 3:1 or higher, the Company has a duty to repay the debt as from FY 2010 by an amount corresponding to 50% of the Group's free cash flows from operating and investing activities, calculated on the basis of the Group's consolidated annual report, less any instalments on the Group's interest-bearing debt (as defined in the loan agreements) (cash sweep). The Group has not undertaken to pay any additional ordinary instalments until the loan agreements expire on 31 December 2014. The Company and those of its subsidiaries participating in the loan agreements or which can be considered a material subsidiary cross-guarantee each other's liabilities under the loan agreements.

The loan agreements may be terminated by Danske Bank A/S in the event of breach of the repayment obligations. The loan agreements may furthermore be terminated without notice by Danske Bank A/S if the Shares are delisted from NASDAQ OMX, if any parties other than the ultimate owners of Henriksen & Henriksen I/S gain control of more than 50% of the voting rights in the Company in the period until completion of the Offering, or if investors other than Scandinavian institutional investors (defined in the loan agreements as Danish, Swedish, Norwegian and Finnish financial institutions operating in the financial markets and subject to public supervision) alone or in coordinated collaboration with other parties gain control of more than one-third of the Shares or more than one-third of the total number of votes attached to the Shares. If the Offering is not completed on or before 31 December 2009, or if the Offering results in a net capital injection of less than DKK 300 million, Danske Bank A/S is entitled to terminate the loan agreements and demand immediate repayment of the debt. If the Offering is completed, the Company must pay an initial fee of DKK 3.15 million on 6 January 2010. Furthermore, a commitment fee will be payable regularly on the unused part of the credit facility.

Under the loan agreements, the Supervisory Board has undertaken not to recommend annual dividends to the Shareholders exceeding 50% of the Company's profit after tax in the preceding financial year without prior permission by Danske Bank A/S. The Company is furthermore subject to restrictive undertakings in relation to the disposal of its assets without prior permission by Danske Bank A/S, including *inter alia:*

- an undertaking not to sell material assets;
- an undertaking no to delist the Shares from NASDAQ OMX;
- an undertaking not to enter into material acquisitions, mergers, restructuring or any similar transactions; and
- an undertaking not to enter into material leasing arrangements.

If parties other than Scandinavian institutional investors (defined in the loan agreements as Danish, Swedish, Norwegian and Finnish financial institutions operating in financial markets and subject to public supervision) alone or in coordinated collaboration with other parties gain control of more than 20% of the Shares or more than 20% of the total number of votes attached to the Shares, the Group will furthermore not be entitled to make investments or acquisitions, participate in mergers, demergers, reconstruction or any other transactions involving a sale of all material assets in a subsidiary without prior permission by Danske Bank A/S.

Together with the proceeds from the Offering, the Group's borrowing facility will be used to finance the Group's operations and to finance any working capital fluctuations and other operating matters.

For more details, see II.3 "Key information on capitalisation and use of proceeds—Working capital statement".

10.3. Restrictions concerning the use of capital resources

The Group is not subject to any restrictions in the use of its capital resources that have or may have material direct or indirect impact on the Group, except for those relating to the loan agreements with Danske Bank A/S described in I.10 "Capital resources – Borrowing requirement and financial structure".

11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

11.1. Research and development

The Group's policy is to develop technology, processes, products and product systems for the purpose of securing the Group an attractive position within the production and sale of aircrete products. In 2008, the Group's research and development costs amounted to around DKK 5 million. The research and development costs of 2006 and 2007 were similar to the 2008 figure.

The Group's research and development activities are divided into two main areas:

Development of product applications and systems

These activities are aimed at developing new products and applications based on existing products. Development is carried out locally by the subsidiaries in the individual countries, as individual applications and systems are closely correlated with national regulations, standards and not least building traditions. These activities are monitored and coordinated by the Company.

R&D activities

The Group's R&D activities are carried out at the Group's R&D centre located in connection with the Group's two factories in Wittenborn, Germany.

The R&D activities are focused on the following three main areas:

A. Reduction of production costs

The purpose of these activities is to develop methods and processes that may contribute to lowering the costs of manufacturing aircrete. Focus is on lowering energy consumption and on finding alternative and more inexpensive raw materials.

B. Optimisation of raw material compositions

This area primarily comprises activities related to development of methods to predict the consequences of changing the composition of the individual raw materials. The methods developed are intended to help ensure uniform quality of the aircrete products when changes occur in or are deliberately made to the characteristics of the raw materials.

C. New product types and qualities

This area includes activities related to development or optimisation of aircrete properties, such as strength, thermal insulation and acoustics as well as fire resistance. Other activities include product reinforcement and development of entirely new product types and new aircrete applications.

11.2. Patents, licenses and other proprietary rights

Management regularly assesses the need to protect and defend H+H's trademarks, patents and other intellectual property rights.

Trademarks

The Group's H+H trademark is a key component of the H+H brand, and registration thereof as a word mark and/or a device mark is handled centrally by the Company in all existing or potential geographical markets where registration is possible. In order to assist in the protection of the trademarks, the Company regularly and globally monitors potential applications for trademarks that are identical to or confusingly similar to the H+H trademark, and in the event of conflict the Group has enforced its trademark rights.

Product-related trademarks vary from country to country due to language differences, and any decision concerning or registration of product trademarks is made locally by the individual production and sales companies.

As at the Prospectus Date, no significant opposition, cancellation or infringement cases are pending.

Patents

The Group holds relatively few patents, as the general principles of aircrete manufacture are commonly available and unprotected. The Group's patents concern both inventions within manufacturing techniques and product properties.

As at the Prospectus Date, the Group is not involved in any significant disputes regarding the Group's inventions that are patented or have pending patent applications.

Xella International GmbH has taken out a patent for the manufacturing of aircrete with a density lower than 400 kg/m^3 based on non-sulphated lime and with no added cement in combination with a related production method. In this connection, H+H has commenced appeal proceedings before the European Patent Office. The reason for H+H's appeal is that H+H already applies the patented production method at H+H's factories in the Czech Republic and Russia. Furthermore, H+H makes products with a density that is lower than 400 kg/m^3, however, based on traditional raw material compositions, i.e. containing cement and sulphated lime. As the patent is limited to a very specific combination of the stated production method, densities below 400 kg/m^3 and raw material compositions with no cement added and only with non-sulphated lime, the outcome of the appeal is not seen to be of significant, limiting importance to the Group's activities. It cannot be ruled out that, if maintained, the patent may in the long term restrict efforts by H+H to eliminate cement-based raw material compositions.

H+H has also commenced appeal proceedings in connection with Xella International GmbH having taken out a patent for the installation of so-called heat tunnels immediately ahead of the autoclaves for the purpose of reducing the time required in the autoclaves. The patent is not believed to have any immediate restrictive effect on H+H's production capacity, but it may restrict H+H's future opportunities for expanding its production capacity at certain of the Group's factories.

Know-how

Over the years, H+H has built extensive know-how on the manufacture of aircrete. This know-how is concentrated primarily within the following three areas:

- chemical processes involved in the manufacture of aircrete;
- planning and optimisation of work routines and production processes; and
- production of aircrete using equipment from various large suppliers of machinery.

This know-how is a prerequisite for achieving a high degree of uniformity and high quality in the aircrete products – a very important parameter, as the requirement for consistently high quality combined with requirements for innovative solutions and requirements for being a trusted partner to the customers make up the foundation of H+H's sales-driven business strategy, Build with ease, which is intended, among other things, to make H+H's products stand out from the competing products. See I.6 "Business and market" for a description of the business strategy.

12. TREND INFORMATION

The Group's core business consists of production and sale of aircrete. The Group operates primarily in northern and eastern Europe and the UK.

The economic recession has caused a substantial drop in consumer confidence and personal spending. Combined with the cyclical nature of the market for building materials, this has caused falling sales of the Group's products since the second half of FY 2008.

Demand for the Group's products is to a high degree affected by economic developments in the countries and the markets in which the products are sold. The Group's sales are to a large extent related to new dense low-rise housing and are therefore particularly vulnerable to fluctuations in the level of activity in this building segment. The Group's products are primarily sold in geographical markets situated relatively close to its factories. The specific geographical market for each factory is determined by local transport rates, infrastructure conditions, and the competitive environment, including price levels.

Demand for aircrete is driven by developments in residential construction. Residential construction is influenced in particular by macroeconomic and demographic factors, such as developments in GDP, unemployment, consumer confidence, access to and costs of mortgage financing, urbanisation and the housing stock. Residential construction also depends on building traditions and climatic conditions that may impose practical restrictions on construction phases as well as legislative requirements for insulation and carbon emissions.

Residential construction continues to face an uncertain future. Management expects that construction activity will eventually recover and that growing demand for new residential construction combined with tougher requirements for quality construction and more living floor space per capita will revitalise demand for aircrete. However, the timing of such revitalisation is subject to significant uncertainty.

See I.6 "Business and market—Market" for a description of market trends.

13. PROSPECTIVE FINANCIAL INFORMATION

13.1. Statement by the Executive Board and the Supervisory Board

The Executive Board and the Supervisory Board present their forecast for the years ending 31 December 2009 and 2010 in the following. The forecasts were prepared for use in this Prospectus. The Executive Board and the Supervisory Board believe that the forecasts have been prepared according to the methodology and based on the material assumptions set out in I.13 Prospective financial information "Methodology and assumptions" below and the accounting policies set out on pages F-13 to F-20 in this Prospectus.

The forecasts are based on a number of assumptions, some of which are within the control of the Group, whilst others are beyond the Group's control.

The forecasts for the years ending 31 December 2009 and 2010 represent the Executive Board's and the Supervisory Board's best estimates at the Prospectus Date. The forecasts contain estimates and statements that are subject to considerable uncertainty.

Actual results are likely to be different from the forecasts for the years ending 31 December 2009 and 2010 since anticipated events frequently do not occur as expected, and the variance may be material.

Copenhagen, 2 December 2009

Executive Board:

Hans Gormsen
CEO

Supervisory Board:

Anders C. Karlsson
Chairman

Morten Amtrup

Henrik Lind

Peer Munkholt

Birgitte Rahbek Pedersen

Ole Risager

13.2. Report by the Company's independent auditors on the prospective consolidated financial information for the financial year ending 31 December 2009

To the readers of this Prospectus

We have examined the prospective consolidated financial information for the financial year 2009 for the Group, as described in section I.13 "Prospective financial information" – "Prospective consolidated financial information for the year endning 31 December 2009" below, prepared by Management in accordance with the Group's accounting policies, which are described on pages F-13 to F-20 in this Prospectus.

Management is responsible for the Prospective financial information for the financial year 2009 and the assumptions on which it is based. Our responsibility is to express an opinion on the Prospective financial information for the financial year 2009 on the basis of our examinations.

Basis of opinion

We have conducted our examination of the Prospective financial information for the financial year 2009 in accordance with the Danish Auditing Standard on "Examination of prospective financial information" (RS 3400). This standard requires that we plan and perform our examinations in order to obtain limited assurance that the applied assumptions are well founded and do not contain material misstatement, and reasonable assurance that the Prospective financial information for the financial year 2009 has been prepared on the basis of these assumptions.

Our examinations comprised a review of the Prospective financial information for the financial year 2009 in order to assess whether the assumptions applied by Management are documented, well founded and complete. We also tested whether the Prospective financial information for the financial year 2009 was prepared in accordance with the assumptions set out and tested whether the figures in the Prospective financial information for the financial year 2009 correlate.

We believe that our examinations provide a reasonable basis for our opinion.

Opinion

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the prospective consolidated financial information for the financial year 2009. Furthermore, in our opinion, the prospective consolidated financial information for the financial year 2009 has been prepared on the basis of the assumptions set out and is presented in accordance with the Group's accounting policies, which are described on pages F-13 to F-20 in this Prospectus.

Actual results for the financial year 2009 are likely to be different from the Prospective financial information for the financial year 2009 since anticipated events frequently do not occur as expected, and the variation may be material.

Emphasis of matter

Without qualifying our opinion, we refer to page 74 where Management states that the Group's ability to continue as a going concern is based on the assumption that the planned capital increase, as set out in this Prospectus, is implemented. Management believes that the capital increase will be implemented, and Management has therefore prepared the prospective consolidated financial information for the financial year 2009 on the basis of the assumption that the Group is a going concern.

Copenhagen, 2 December 2009

KPMG
Statsautoriseret Revisionspartnerselskab

Jesper Koefoed State Authorised Public Accountant	**Lau Bent Baun** State Authorised Public Accountant

PKF Kresten Foged
Statsautoriseret Revisionsaktieselskab

Ole Skou State Authorised Public Accountant	**Jan Østergaard** State Authorised Public Accountant

13.3. Prospective financial information

Introduction to prospective financial information

The prospective financial information has been prepared on the basis of the Group's accounting policies for the financial year ending 31 December 2008, as described in III "Financial information—Consolidated financial information for the financial years ended 31 December 2006, 2007 and 2008—Notes to the financial statements—Note 1" elsewhere in this Prospectus. The Group's earnings expectations are based on a number of assumptions and estimates which, while presented with numerical specificity and considered reasonable by Management, are inherently subject to significant business, operational and economic uncertainties, many of which are beyond the Group's control.

Further, the expectations for future periods have been prepared on the basis of assumptions with respect to future business decisions that may not be made as assumed. The most significant assumptions for the years ending 31 December 2009 and 2010 are described in "Methodology and assumptions" below.

The prospective financial information for the years ending 31 December 2009 and 2010 represents Management's best estimates at the Prospectus Date. The prospective financial information contains estimates and forward-looking statements which, not least in view of the recent global economic downturn, are subject to considerable, and significantly greater, uncertainty than would apply in normal market conditions. See "Risk factors".

Also, as a result of the global financial crisis, market visibility is significantly lower than previously and the prospective financial information is therefore subject to considerably greater uncertainty than would apply in normal market conditions.

Actual results are likely to be different from the forecasts for the years ending 31 December 2009 and 2010 since anticipated events frequently do not occur as expected, and the variance may be material, in particular in respect of 2010.

The prospective financial information for the years ending 31 December 2009 and 2010 in this section should be read in conjunction with "Risk factors", included elsewhere in this Prospectus.

13.4. Methodology and assumptions

The expectations for the year ending 31 December 2009 were prepared in accordance with the Group's normal internal procedures for preparing estimates for future periods. The Group's expectations for the financial year ending 31 December 2009 are based on realised figures for the first nine months of 2009 with the addition of the Group's reassessed profit forecast for the last three months of the financial year of 20 November 2009, approved by the Supervisory Board.

The expectations for the year ending 31 December 2010 are based on the budget dated 20 November 2009 prepared by the Executive Board and approved by the Supervisory Board.

Management believes that the principal assumptions for the Group's forcasts for FY 2009 and FY 2010 relate to:

- sales volumes and product mix;
- price competition in a number of the Group's markets;
- general economic trends;
- developments in the markets for building materials;
- foreign exchange rates;
- distribution;
- production efficiency;
- achievement of cost savings; and
- weather conditions.

In addition, Management's forecast and going concern assumption for FY 2009 and FY 2010 are based on the assumption that the Offering will be completed with net proceeds to the Company of approximately DKK 436.0 million and on the assumption that the Group can attract sufficient capital to fund its operations.

Management's expectations are subject to substantial uncertainty and to considerably above-normal uncertainty considering the Group's current situation and the general economic downturn. There can be no assurance that the assumptions on which the prospective financial information is based will materialise, and unexpected events, including events beyond the Group's control, could have a negative impact on actual future results, regardless of whether the assumptions relating to FY 2009 and FY 2010 otherwise prove correct.

In addition, Management's earnings expectations for the year ending 31 December 2009 are based, among other things, on the following assumptions:

- The general economic trends are not expected to deteriorate any further and the price levels of the Group's products will remain stable at the level prevailing at the end of November 2009.
- H+H has not, nor does Management intend to, enter into any currency hedges for the year ending 31 December 2009 and exchange rates, mainly for GBP, EUR, PLN, RUB and CZK for the rest of 2009 will remain at the level prevailing at the end of November 2009.
- No matters will occur that would lead to impairment tests, requiring further impairment write-downs of the Group's assets other than those already made at 30 September 2009.

In addition, Management's earnings expectations for the year ending 31 December 2010 are based, among other things, on the following assumptions:

- The expectation that the general economic trends will have been stabilised and the price levels of the Group's products will be slightly higher than in November 2009.
- That agreements are concluded with a number of new and existing customers to support revenue expectations and so that no impairment losses or restructuring costs need to be incurred.

- H+H has not, nor does Management intend to, enter into any currency hedges for the year ending 31 December 2010 and exchange rates, mainly for GBP, EUR, PLN, RUB and CZK for the rest of 2009 will be in line with the level prevailing at the end of November 2009. The exchange rates assumed for the prospective financial information are: GBP/DKK 8.50; EUR/DKK 7.45; RUB/DKK 0.17; PLN/DKK 1.80, CZK/DKK 0.29.
- Stable energy and raw materials prices relative to the end of November 2009.

13.5. Prospective consolidated financial information for H+H

Prospective consolidated financial information for FY 2009
With reference to I.13 "Prospective financial information—Prospective financial information" and based on the methodology and assumptions described in 13.4, Management expects to report a loss before tax of approximately DKK 255–265 million, of which special items are expected to amount to an expense of DKK 105 million. Investments for FY 2009 are expected to be around DKK 100 million.

Prospective consolidated financial information for FY 2010
With reference to I.13 "Prospective financial information—Prospective financial information" and based on I.13 "Prospective financial information—Methodology and assumptions", Management expects to report a loss before tax for FY 2010, albeit a somewhat smaller loss than the expected loss before tax and special items for FY 2009. The free cash flows are expected to be neutral. The total investments in FY 2010 are expected not to exceed DKK 50 million.

14. SUPERVISORY BOARD, EXECUTIVE BOARD, KEY EMPLOYEES AND REGULATORY AUTHORITIES

14.1. Supervisory Board [15]

The Supervisory Board is responsible for ensuring a responsible organisation of the Company's business pursuant to law and the Company's articles of association. The management of the Company is divided between the Supervisory Board and the Executive Board, and the Executive Board is responsible for the day-to-day management of the Company in accordance with the guidelines and instructions issued by the Supervisory Board. Matters of an unusual nature or major significance, such as determining the Company's objectives and strategies and budgets and risk management policies, are not part of the day-to-day management, and the Executive Board must submit such matters to the Supervisory Board.

The Supervisory Board and the Executive Board make up the management of the Company (the "Management"). The business address of the members of the Supervisory Board is: c/o H+H International A/S, Dampfærgevej 27-29, 4th floor, DK-2100 Copenhagen Ø, Denmark.

Pursuant to the Company's articles of association, the Supervisory Board must be composed of six to nine members who are elected for terms of one year. Currently, no board members have been elected by the employees. The Supervisory Board elects a chairman and possibly a deputy chairman from among its own number.

Table 14.1 below shows the current composition of the Supervisory Board.

Anders C. Karlsson, Chairman
Anders C. Karlsson, born in 1950, is an industrial advisor. He holds a BSc. (Business Administration and Economics).

Current managerial positions and directorships:
Anders C. Karlsson is industrial advisor to Ratos AB and the owner and a board member of Anders C. Management AB (Sweden) and Lasabotte AB (Sweden). Furthermore, Anders C. Karlsson is chairman of the board of WSP Europe AB (Sweden) and a member of the board of WSP Group plc. (UK). In addition, Anders C. Karlsson is chairman of the boards of IPEG AB (Sweden), Rapid Granulator AB (Sweden), AH Industries A/S and Inwido AB (Sweden) and a member of the boards of Lindab International AB (Sweden), Ludesi AB (Sweden) and ATO Fritid AB (Sweden).

Previous managerial positions and directorships held within the past five years:
Anders C. Karlsson has been chairman of the boards of AH industries Flanges A/S, AH Industries Components A/S, AH Industries Transport A/S, AH Industries Porjects ApS and has served on the boards of Air Liquide Gas AB (Sweden), Intervect AB (Sweden), Lindab AB (Sweden), GCE Holding AB (Sweden), Elit Fonster AB (Sweden), Alimak Hek Group AB (Sweden), Inwido Sverige AB (Sweden) and Tele P AB (Sweden).

Morten Amtrup, Board Member
Morten Amtrup, born in 1963, is managing director of Morten Amtrup Holding ApS. He holds an MSc (Economics).

Table 14-1: The composition of the Supervisory Board

Name	Function	Year of birth	On the Board since	Current term commenced in	Current term expires in
Anders C. Karlsson	Chairman	1950	2005	April 2009	April 2010
Morten Amtrup	Board member	1963	2008	April 2009	April 2010
Henrik Lind	Board member	1947	1987	April 2009	April 2010
Peer Munkholt	Board member	1955	2008	April 2009	April 2010
Birgitte Rahbek Pedersen	Board member	1944	2009	April 2009	April 2010
Ole Risager	Board member	1957	2009	April 2009	April 2010

Source: H+H

[15] The description of the board members' current and previous managerial positions and directorships contained in this section 14.1 is based on information provided by the relevant persons to the Company, and it has not been possible for the Company to verify the information received in all cases.

Current managerial positions and directorships:
Morten Amtrup is a member of the board of Cyncron A/S and managing director and member of the boards of Cyncron Clinical Pharmacology A/S, Cyncron International Ltd. I A/S and Cyncron Scandinavia A/S. Morten Amtrup is also managing director and member of the board of Rævehøjparken ApS, managing director of Vilvorde Invest ApS and a member of the board of Investeringsanpartsselskabet af 1. april 2008.

Previous managerial positions and directorships held within the past five years:
Morten Amtrup has served as managing director of Cyncron A/S. Morten Amtrup has furthermore served as managing director and member of the board of ista Danmark A/S, a member of the group executive management of ista International GmbH (Germany), managing director of ista Meering UK Ltd. (UK) and director of ista Holding Netherlands GmbH (Germany), ista Nederland B.V. (Netherlands), ista Holding Netherlands B.V. (Netherlands), VES Holding ApS and Provendum ApS (now Procedius ApS).

In addition, Morten Amtrup has served as chairman of the boards of ista Deutschland GmbH (Germany) and ista Italia s.r.l. (Italy) and deputy chairman of the board of Tianjin ista Energy Accounting Technology Co. Ltd. (China). Also, he has been a member of the boards of ista S.A. (Belgium), ista Suomi OY (Finland), Utility Energy Solution (UK), ista Metering Services España, S.A. (Spain), Incatema S.L. (Spain) and ista North America Inc. (USA).

Henrik Lind, Board Member
Henrik Lind, born in 1947 is a partner of the law firm Gorrissen Federspiel. Henrik Lind holds an LLM and is licensed to practise law with a right to appear before the Supreme Court of Denmark.

Current managerial positions and directorships:
Henrik Lind is chairman of the board of Gorrissen Federspiel and chairman of Gorrissen Federspiel's international and ethical committees, deputy chairman of the association of Danish lawyers Danske Advokater, member of the board of SKAKO Industries A/S, member of the general council of DJØF (the Danish Association of Lawyers and Economists) and Secretary of European Air Law Association.

Previous managerial positions and directorships held within the past five years:
Henrik Lind has served as president of Association Européenne d'Etudes Juridiques et Fiscales.

Peer Munkholt, Board Member
Peer Munkholt, born in 1955, is senior investment manager at IFU (the Industrialisation Fund for Developing Countries). Peer Munkholt holds an MSc (Economics).

Current managerial positions and directorships:
Peer Munkholt is a member of the boards of BPT Arista S.A. SICAV-SIF (Luxembourg), Hold Co A/S, OOO Rockwool North (Russia), Roxul Asia Sdn Bhd (Malaysia), Rurik A/S, Uhrenholt Food Services Holding Ltd. (Cyprus) and ZAO Mineral Wool (Russia).

Previous managerial positions and directorships held within the past five years:
Peer Munkholt has served as a member of the boards of SIA CSK Steel (Latvia), OOO Sadolin Sestroretsk (Russia), AS Falck Baltics (Estonia), AS Hansa Graanul (Estonia), Baltic Property Trust A/S, Agrileasing A/S, AS RDS Hotelli (Estonia), AS Astlanda Hotelli (Estonia), AS Baltifalt (Estonia), Allervej 130 A/S, BPT Arista A/S (dissolved on a shareholder statement that all debts had been paid), Mekong Shipping ApS and Flexa Invest ApS.

Birgitte Rahbek Pedersen, Board Member
Birgitte Rahbek Pedersen, born in 1944, is a freelance translator, programmer and lecturer. Birgitte Rahbek Pedersen holds an MA (Cultural Sociology), a PhD in educational theory, is a psychotherapist, a conflict mediator and trilingual secretary with a minor in French.

Current managerial positions and directorships:
Birgitte Rahbek Pedersen is a member of the boards of Enkefru Plums Støttefond and Gotvedskolen.

Previous managerial positions and directorships held within the past five years:
Other than as stated above, Birgitte Rahbek Pedersen has not held any managerial positions or directorships.

Ole Risager, Board Member
Ole Risager, born in 1957, is a professor at the Department of International Economics and Management at Copenhagen Business School. Ole Risager holds a PhD in international economics.

Current managerial positions and directorships:
Ole Risager is chairman of the boards of Core German Residential II Kommanditaktieselskab, Core German Residential II nr. 1 A/S, Core German Residential II nr. 2 A/S, Core German Residential II nr. 3 A/S, Core German Residential II nr. 4 A/S, Core German Residential II nr. 5 A/S, Core German Residential II nr. 6 A/S and Core German Residential II nr. 7 A/S. Ole Risager is also a member of the board of Investeringsforeningen LD-Invest and a member of the Executive Risk Steering Group of A.P.M. Terminals B.V. (the Netherlands).

Previous managerial positions and directorships held within the past five years:
Ole Risager has served as vice president with A.P. Moller – Maersk A/S.

14.2. Executive Board

The Supervisory Board has appointed an executive board consisting of one member, Hans Gormsen, who is registered as CEO with the Danish Commerce and Companies Agency and who constitutes the Executive Board of the Company. The Executive Board is responsible for the day-to-day management of the Company in accordance with the guidelines and instructions issued by the Supervisory Board. The business address of the Executive Board is: c/o H+H International A/S, Dampfærgevej 27-29, 4th floor, DK-2100 Copenhagen Ø, Denmark.

Hans Gormsen, CEO

Hans Gormsen, born in 1951, was appointed CEO on 1 September 2004. Hans Gormsen holds an MSc (Chemistry).

Current and previous managerial positions and directorships:
Hans Gormsen holds no other managerial positions or directorships outside the Group and has not held any such positions within the past five years.

14.3. Key employees

The Group's key employees ("Key Employees") comprise the Company's CFO and two senior vice presidents who all report to the Executive Board. The business address of the Key Employees is: c/o H+H International A/S, Dampfærgevej 27-29, 4th floor, DK-2100 Copenhagen Ø, Denmark.

Niels Eldrup Meidahl, CFO

Niels Eldrup Meidahl, born in 1973, was appointed CFO on 16 September 2009. Niels Eldrup Meidahl holds an LLM and an MSc (Business Administration and Auditing).

Current managerial positions and directorships:
Niels Eldrup Meidahl is a member of the board of Pharma 2100 ApS.

Previous managerial positions and directorships held within the past five years:
Niels Eldrup Meidahl has served as CFO of DSV Miljø A/S, CEO of DSV Miljø Ejendomme A/S, DSV Jord og Genbrug Holding A/S, DSV Totalleverancer Holding A/S and DSV Råstoffer Holding A/S.

In addition, Niels Eldrup Meidahl has been a member of the boards of Nettgrinda AS (Norway), Soilrem Oy (Finland), RGS90 Norge AS (Norway), RGS90 Sverige AB (Sweden), MB Envirotechnik AB (Sweden), GDL Transport AB (Sweden), MB Envirotechnik Ltd. (UK), Miljøteam A/S, DSV Miljø Ejendomme A/S, Vandrens – Stigsnæs Industripark A/S, 3V Transport A/S (dissolved by merger), A/S Kyndby Losseplads, Carbogrit – Stigsnæs Industripark A/S, Brudehus A/S, DSV Råstoffer A/S, DSV Transport A/S, DSVM 1 A/S, Hedehusene Ejendomsselskab A/S, KKM Depot Gerringe A/S, DSVM 2 A/S, Nymølle Stenindustrier A/S, PVC – Stignæs Industripark A/S, Specialdepot A/S – Sneglerup, Råstof og Genanvendelse Selskabet af 1990 A/S, Dansk Jordrens A/S (dissolved by merger), DSV Anlæg, Teknik & Miljø A/S (dissolved by merger) and Memsflov ApS.

Henrik Dietrichsen, Senior Vice President

Henrik Dietrichsen, born in 1971, was appointed senior vice president on 1 February 2006 and before that, he was CEO of H+H Danmark A/S. Henrik Dietrichsen holds an MSc (Business Administration and Auditing).

Current and previous managerial positions and directorships:
Henrik Dietrichsen holds no other managerial positions or directorships outside the Group and has not held any such positions within the past five years.

Thomas Høi Terndrup-Larsen, Senior Vice President

Thomas Høi Terndrup-Larsen, born in 1964, was appointed senior vice president on 1 October 2008. Thomas Høi Terndrup-Larsen holds an MSc (Engineering).

Current managerial positions and directorships:
Thomas Høi Terndrup-Larsen holds no other managerial positions outside the Group.

Other managerial positions and directorships held within the past five years:
Thomas Høi Terndrup-Larsen has served as general manager, Project Management, Project Division 1 with FLSmidth A/S, Department Manager, Project management, Project Division 1 with FLSmidth A/S and head of operations with FLSmidth Ltda. (Brazil).

14.4. Statement on past records

During the past five years, none of the members of the Supervisory Board, or the Executive Board or any Key Employee has been (a) convicted of fraudulent offences, or (b) subject to any official public incriminations or sanctions by statutory or regulatory authorities (including designated professional bodies), or (c) disqualified by a court from acting as a member of the board of directors, management board or supervisory board of an issuer or from being in charge of an issuer's management , except for Peer Munkholt, who as a member of the board of Hold Co A/S was fined DKK 3,000 by the Danish Commerce and Companies Agency because the company had not reported its financial results for 2007 in due time.

Except for Peer Munkholt and Anders C. Karlsson, none of the members of the Supervisory Board, the Executive Board or any Key Employee has within the past five years participated in the management of any company that has commenced insolvency proceedings, receivership or entered into liquidation. Peer Munkholt was a member of the board of BPT Arista A/S, which was dissolved on a shareholder statement that all debts had been paid, and Anders C. Karlsson is chairman of the board of Rapid Granulator AB which is subject to restructuring under the Swedish act on the reconstruction of companies ("lag (1996:764) om företagsrekonstruktion").

14.5. Statement on conflicts of interest

Until the merger of the share classes, the A share capital represents the majority of votes in the Company and can thus for instance decide e.g. the election of members to the Supervisory Board.

In respect of election of members to the Supervisory Board, the Company's A shareholder, due to its majority voting right, recommends and elects all the members of the Supervisory Board elected by the Shareholders in general meeting. Of the six members of the Supervisory Board, one member, Birgitte Rahbek Pedersen, cannot be considered to be independent as she also, concurrently with her membership of the Supervisory Board, serves on the management board of Enkefru Plums Støttefond, which is a partner of the A shareholder, Henriksen og Henriksen I/S. Henrik Lind, member of the Supervisory Board, is a partner of the law firm Gorrissen Federspiel, which in 2009 acted as ad hoc advisor to the Company in respect of two matters, and therefore, Henrik Lind cannot currently be considered to be independent. Except as stated above, no actual or potential conflicts of interest exist between any of the duties of the members of the Supervisory Board and the Executive Board and of the Key Employees and their private interests or other duties. See 1.16.4 "Declaration on corporate governance" for more information about the Company' policy on corporate governance.

Other than as stated above regarding the A shareholder's appointment of board members, the Company is not aware of any members of the Executive Board or of any Key Employees having been appointed pursuant to an agreement or understanding with the Company's major Shareholders, suppliers or other parties. There are no family relations among the members of the Company's Supervisory Board, Executive Board or Key Employees.

No member of Management nor any Key Employee has acquired Shares within the past 12 months before the Prospectus Date at a price lower than the Offer Price, and none of these persons are entitled to such acquisition as at the Prospectus Date.

14.6. Restrictions on securities trading

There are no restrictions on Management's or Key Employees' trading in the Shares other than restrictions resulting from legislation and the Group's internal rules.

In connection with the final completion of the Offering, the A Shares will be merged with the B Shares and admitted to trading and listing on NASDAQ OMX.

15. REMUNERATION AND BENEFITS

15.1. Remuneration of the Supervisory Board

The Supervisory Board receives a fixed cash remuneration which is determined and approved each year by the shareholders in general meeting for the current financial year. The fixed remuneration for 2009 was approved at the ordinary general meeting on 2 April 2009 and determined at DKK 500,000 to the chairman of the Supervisory Board and DKK 200,000 to each of the ordinary board members. Until 23 September 2009, when Kresten Andersen Bergsøe resigned from the Supervisory Board, the Supervisory Board consisted of eight members. On 26 November 2009 Christian Harlang resigned from the Supervisory Board. At the Prospectus Date, the Supervisory Board consists of six members. A member that resigns from or joins the Supervisory Board during a financial year receives a proportionate share of the fixed annual remuneration in proportion to the period in which the member has served on the Supervisory Board. In 2008, the fixed remuneration paid to the eight members of the Supervisory Board amounted to a total of DKK 1,900,000.

In case of a significant extra workload for a board member, e.g. a member's participation in ad hoc working groups appointed by the Supervisory Board, the member may receive a special fee in addition to the fixed annual remuneration, provided that the general meeting approves such extra fee in connection with the approval of the annual report for the year to which the special fee relates. No special fee was allocated to any board member in 2008.

The Supervisory Board is not covered by any bonus or option plans.

The Company has not granted any loans, issued any guarantees or undertaken any other obligations to or on behalf of the Supervisory Board or any of its members. No member of the Supervisory Board is entitled to any kind of remuneration upon retirement from his position as a board member. The Company has not allocated funds or made provisions for any pension benefits, severance schemes or the like for the Supervisory Board and has no obligation to do so.

No employee representatives have been elected to the Supervisory Board.

15.2. Remuneration of the Executive Board and Key Employees

In the financial year 2008, the remuneration to the Executive Board and Key Employees consisted of a base salary including standard benefits, such as a company car and a company-paid telephone, in addition to the possibility of receiving share options and a performance-related cash bonus. No pension scheme exists.

Until 31 October 2008, the Executive Board consisted of two members, after which the Executive Board was reduced to one member when the Company's former Executive Vice President was dismissed and released from his duties until expiry of his notice period on 31 October 2009. The total fixed remuneration paid to the Executive Board in respect of 2008 amounted to DKK 4,445,000 (including the dismissed member of the Executive Board). In 2009, for the period from 1 January until the Prospectus Date, the fixed remuneration paid to the Executive Board (i.e. the CEO) amounted to DKK 2,627,625, while the dismissed member of the Executive Board received a fixed remuneration of DKK 1,672,000 from 1 January 2009 until the end of his notice period on 31 October 2009.

Until 30 September 2008, Key Employees comprised two persons. After that date, another Key Employee was appointed and the Key Employees have since comprised the Company's CFO and two Senior Vice Presidents. The total fixed remuneration paid to the Key Employees in respect of 2008 amounted to DKK 3,308,000. In 2009, until the Prospectus Date, the total fixed remuneration paid to the Company's three Key Employees amounted to DKK 3,103,374. It should be noted, however, that for a period of about 1½ months, no salary was paid to a CFO, because the Company's former CFO resigned on 31 July 2009, and the new CFO did not join the Company until mid-September 2009. Furthermore, the fixed remuneration to one of the Key Employees was significantly reduced as from 2009, because the employee in question, concurrently with his position in the Company, was seconded as CEO to H+H Deutschland GmbH, which pays the main part of the employee's fixed remuneration. No other member of the Executive Board or Key Employee receives remuneration from the Company's subsidiaries.

No cash bonus was paid for 2008 to neither the Executive Board nor the Key Employees, as the performance targets for 2008 were not met, and for the same reason, no cash bonus will be paid to the Executive Board or the Key Employees for 2009. The Executive Board (one person) received 1,425 share options, and a former member of the Executive Board, who was dismissed and released from his duties at the end of October 2008, received 1,200 share options, while the Key Employees received at total of 1,725 share options for 2008, all at an exercise price of DKK 268 per share for exercise during the period 2012–2013. The said exercise price will be adjusted after the completion of the Offering and registration of the capital increase, see 1.17 "Employees—Shareholdings and option holdings" below. One of the former Key Employees has resigned since the grant was made and, therefore, 675 of the share options mentioned have lapsed.

The Executive Board and the Key Employees may each terminate their employment relationships at six months' notice. The Company may dismiss the members of the Executive Board and Key Employees at 12 months' notice. However, for a period of three years, the Company's notice vis-à-vis the members of the Executive Board will be extended to 24 months from the time of a change of ownership of the Company's voting majority, or a dissolution of the Company by merger, and for the same period, the Executive Board's notice vis-à-vis the Company will be reduced to three months. Similarly, but without a three-year limitation, the Company's notice vis-à-vis the Executive Board will be extended to 24 months, and the Executive Board's notice vis-à-vis the Company will be reduced to three months in the event of a change of ownership of the Company. These rights are not triggered in connection with the completion of the Offering. If the Company dismisses a member of the Executive Board or a Key Employee without cause, the dismissed person is entitled to receive severance pay corresponding to 12 months' fixed salary. The members of the Executive Board and the Key Employees are bound by non-competition clauses.

Other than these amounts, the Executive Board and Key Employees are not entitled to any kind of remuneration on retirement. The Company has not granted any loans, issued any guarantees or undertaken any other obligations to or on behalf of the Executive Board or the Key Employees. The Company has not allocated funds or made provisions for any pension benefits, severance schemes or the like for the Executive Board or the Key Employees and has no obligations to do so at the present time.

15.3. Incentive programmes

The shareholders in general meeting have approved overall guidelines for incentive pay of the Supervisory Board and the Executive Board, see section 19 of the Company's articles of association. The guidelines are available on the Company's website, www.HplusH.com. In continuation thereof, the Supervisory Board has determined a remuneration policy for the Supervisory Board and the Executive Board.

According to these guidelines, the Supervisory Board is not eligible for any kind of incentive pay. The Executive Board's and the Key Employees' incentive programme currently comprises two schemes – performance-related cash bonuses and non-performance-related share option grants. Even though, formally, the guidelines for incentive pay apply only to the Supervisory Board and the Executive Board, incentive pay to the Key Employees also follows the guidelines set out.

An important purpose of incentive pay is to ensure that the interests of the Executive Board and the Key Employees are aligned with those of the Company and the Shareholders in the short as well as the long term. In addition, the purpose of the incentive programme is to facilitate remuneration which is sufficiently competitive to attract, retain and motivate the Company's management.

Cash bonus

The Company seeks to provide short-term motivation through the payment of an annual cash bonus, which is calculated on the basis of the Group's financial results before tax. The bonus amount may constitute a maximum of 40% of the Executive Board's or the Key Employees' fixed base salaries during the year in which it is earned. The profit range is fixed in relation to the annual budgeted profit before tax. The bonus amount is calculated on a straight-line basis within a profit range, and the achievement of the lowest profit within the range triggers a bonus of 0% of the maximum bonus amount, while the achievement of the highest profit within the range triggers a bonus of 100% of the bonus amount. The maximum bonus amount can only be achieved if the Group's profit before tax exceeds the budgeted profit before tax by an amount fixed for the relevant range of the year.

Share options

With a view to motivating the Group's Executive Board, Key Employees and other senior executives of the Group to create value and ensure compliance with the Group's long-term objectives, the Company may grant share options to such employees. The granting of share options may take place on an annual basis.

According to the overall guidelines for incentive pay to the Supervisory Board and the Executive Board approved by the shareholders in general meeting, the share option plans must be defined to the effect that the exercise of a share option may be made within an exercise period of up to three years. In the current share option plan which applies to the Executive Board, the Key Employees and one senior executive of the Group and for which the vesting period expires on 31 December 2009, the exercise window has been fixed at one year commencing three years from the time of the final fixing of the exercise price. Furthermore, the guidelines determine that the fixed exercise price must be higher than the average market price for the Company's B Shares. According to the current share option plan, the exercise price is fixed as the average market price plus 20% calculated over the first ten business days following the Company's announcement of its annual report for the financial year in which the share options vest. According to the overall guidelines, a member of the Executive Board may receive a maximum of 2,000 share options in respect of a financial year. Currently, the Executive Board, comprising the CEO, receives a total of 1,450 share options per financial year, while two out of the three Key Employees and one senior executive currently covered by the plan at the Prospectus Date receive between 900 and 1,050 share options per financial year. The Company's CFO, who joined the Company in mid-September 2009, will be covered by the incentive programmes as from 2010 and, hence, his vesting period will not commence until 2010. According to the previous share option plan, under which a number of share options are still outstanding, and the current share option plan, the exercise price must be adjusted if the Company's capital structure is changed, including in connection with the completion of the Offering, and the adjustment must be made on the basis of calculations made by the Company's auditors.

The Supervisory Board determines the grants of share options on a discretionary basis and the grants are not related to the Company's performance. However, according to the current share option plan, the share options will only represent a value if the market price of the Shares during the exercise period is or will be more than 20% higher than the market price at the time of the fixing of the exercise price. Hence, as from the time of granting, recipients of share options will be motivated to work for the highest possible value creation to the Company's Shareholders, as reflected by a positive share price performance for the Shares.

The Company hedges its obligations under the share option plan on a current basis through its holding of treasury Shares. In connection with the final fixing of the exercise price of the share options granted for the previous financial year, the Company typically acquires treasury Shares to cover the options granted.

According the terms of the current share option plan, share options granted will lapse if a member of the Executive Board, a Key Employee or a senior executive covered by the share option plan resigns from his position without the Company having been in material breach of its obligations towards that employee. Similarly, the share options of an employee covered by the share option plan will lapse if the Company dismisses that employee upon material breach of the employee's obligations towards the Company, or if that employee is summarily dismissed for cause by the Company.

See 1.17 "Employees—Shareholdings and option holdings" for further details of the Executive Board's and Key Employees' holdings of Existing Shares in the Company and share options.

Other than the share option plan referred to, no other programmes relating to the Company's share capital exist.

16. BOARD PRACTICES

16.1. Practices of the Supervisory Board and the Executive Board

The Supervisory Board is responsible for ensuring a responsible organisation of the Company's business pursuant to the law and the Company's articles of association. The management of the Company is divided between the Supervisory Board and the Executive Board and the Executive Board is responsible for the day-to-day management of the Company in accordance with the guidelines and instructions of the Supervisory Board. Matters of an unusual nature or major significance, such as determining the Company's objectives and strategies and budgets and risk management policies, are not part of the day-to-day management, and the Executive Board must submit such matters to the Supervisory Board. The guidelines for the work of the Supervisory Board have been defined in the rules of procedure for the Supervisory Board, which are reviewed at least once a year with a view to aligning them with the Company's requirements, if relevant. The appendices of the rules of procedure contain, *inter alia*, a list of the annual duties determined for the Supervisory Board and instructions for the Executive Board. As part of these duties, the Supervisory Board performs an annual review of various policies and guidelines relating to e.g. remuneration, risk management and investments. The Supervisory Board also assesses the need, on an ongoing basis, for new guidelines and policies. Accordingly, Management is currently consolidating the policies of the subsidiaries relative to competitive behaviour into one joint policy for the Group.

Prior to the commencement of a financial year, at least four supervisory board meetings are normally planned together with a strategy seminar. Further meetings are held as and when needed. In 2008, the Supervisory Board held 12 meetings, including a strategy seminar, while in 2009 as a result of the Company's capital search process, the Supervisory Board has held 23 meetings as at the Prospectus Date.

Each month, the Supervisory Board receives a written report from the Executive Board regarding H+H's operations and other relevant issues.

See I.14 "Supervisory Board, Executive Board, Key Employees and regulatory authorities" for further details about the individual members of the Supervisory Board and the Executive Board.

16.2. Employment contracts for the Executive Board

Members of the Executive Board are appointed by the Supervisory Board which lays down the terms and conditions of their employment and the framework for their duties. The Executive Board is responsible for the day-to-day operations of the Company and the development of activities and operations, performance and internal matters. The Supervisory Board's delegation of responsibilities to the Executive Board is laid down in the form of written instructions from the Supervisory Board to the Executive Board. According to the Supervisory Board's rules of procedures, these instructions to the Executive Board must be reviewed once a year with a view to aligning them with the Company's needs, if relevant.

For a description of the employment terms of the member of the Executive Board, see I.15 "Remuneration and benefits".

16.3. Audit and compensations committees

The Supervisory Board has not set up a compensation committee. The guidelines for the remuneration of the Executive Board are laid down in a Remuneration Policy adopted by the Supervisory Board, and overall guidelines for incentive pay of the Supervisory Board and the Executive Board have been approved by the shareholders in general meeting, see article 19 of the Company's articles of association and the Company's website at www.HplusH.com, where the full guidelines are available. According to the overall guidelines, the chairman of the Supervisory Board, on behalf of the Supervisory Board, evaluates the remuneration including incentive programmes of the Executive Board once a year to ensure that it is competitive and that the Company is able to recruit, retain and motivate the Executive Board.

For additional information see I.15.3 "Incentive programmes".

The Supervisory Board has resolved that the entire Supervisory Board will undertake the tasks of an audit committee. Hence, the Supervisory Board has adopted a formal mandate to define the overall tasks and determined an annual plan specifying the defined audit committee functions to be performed by the Supervisory Board during the financial year.

16.4. Declaration on corporate governance

The Company's principles of corporate governance are laid down in the Company's Governance Policy as adopted by the Supervisory Board and revised as and when needed. The Company's Corporate Governance Policy was most recently revised in August 2008. The overall principles are available on the Company's website, www.HplusH.com.

The Company complies with the recommendations of the Danish Corporate Governance Committee of 15 August 2005 as updated, except as described below, as the Supervisory Board has found compliance with the recommendations to be impossible, irrelevant or inexpedient in these situations. The middle two exceptions are due to matters relating to the voting majority of the A shareholder (Henriksen & Henriksen I/S). The Company intends to comply with the recommendations to the extent possible in future.

- The Supervisory Board has not elected a deputy chairman as it has not considered such position to be necessary to date. The Supervisory Board will elect a deputy chairman if and when it deems it relevant to have a deputy chairman.

- Notices convening a general meeting at which candidates are up for election to the Supervisory Board do not always contain names and descriptions of the candidates for the Supervisory Board. Candidates for the Supervisory Board are recommended to the shareholders in general meeting by the A shareholder of the Company, which has the voting majority at the general meeting. Hence, the Company can only include names and descriptions of the candidates in the notice convening a general meeting if the Company has received information to that effect from the A shareholder prior to convening the general meeting.

- The Supervisory Board does not evaluate the members of the Supervisory Board or the composition of the Supervisory Board in relation to e.g. skills, age and gender, and it does not consider whether the number of board members is expedient relative to the Company's needs. For the same reason, the Supervisory Board has not laid down any requirement as to how many supervisory board memberships a member of the Supervisory Board may hold in addition to the membership of the Company's Supervisory Board. The lack of action on this issue by the Supervisory Board is due to the fact that the A shareholder unilaterally recommends and elects Supervisory Board members as it holds the majority of votes at the general meeting. For further information about the A shareholder's recommendation of candidates to the Supervisory Board and the Supervisory Board members' independence of the A shareholder, see the information provided in I.14 "Supervisory Board, Executive Board, Key Employees and regulatory authorities—Statement on conflicts of interest".

- To date, the Supervisory Board has not determined an annual general framework of the auditors' provision of non-audit services. Instead, the Supervisory Board assesses the auditors' independence on the basis of the auditors' actual provision of non-audit services during the previous financial year in connection with the Supervisory Board's decision on the recommendation of auditors at the Company's ordinary general meeting. However, as part of its audit committee functions, the Supervisory Board will in future, prior to each Supervisory Board meeting, receive a cumulative list of the auditors' non-audit services provided during the current financial year, which is to form the basis of the Supervisory Board's current assessment of the auditors' independence and objectivity.

The Company's Corporate Governance Policy will be reviewed upon the completion of the Offering and transition to only one share class.

17. EMPLOYEES

17.1. Distribution of employees

At 30 September 2009, the Group had 1,221 employees.

Table 17-1 below shows the distribution of the average number of employees at 31 December 2006, 31 December 2007, 31 December 2008 and 30 September 2009. The table shows the distribution of employees by blue-collar and white-collar employees as well as the geographical distribution.

Due to the difficult market conditions and the resulting fall in sales and earnings in H2 2008, the Group has generated significant losses since the second half of 2008. Management has responded to the situation, focusing on adjusting the production capacity and cost structure, particularly from the second half year of 2008. During the period from 31 December 2007 to 30 September 2009, there was a gross reduction in the number of full-time employees of almost 260 (before hirings related to the factories in Kikerino, Russia, and Most, the Czech Republic).

Staff costs for the period from 1 January to 30 September 2009, compared with the period from 1 January to 30 September 2008, were reduced by 18%, equal to DKK 49 million.

Management believes that the Group enjoys a strong image as a business as well as a workplace, and the Group has not experienced significant industrial disputes or strikes in recent years. The Group's employees have shown understanding of the Group's difficult situation and of Management's need to adjust the number of employees.

17.2. Shareholdings and option holdings

The Group's incentive programmes comprise a share option plan for the Executive Board, Key Employees and one senior executive of the Group. The Supervisory Board is not comprised by incentive pay.

For a more detailed description of the Group's incentive programmes, see I.15 "Remuneration and benefits—Incentive programmes".

Table 17-2 is an overview of Shares and share options held by members of the Supervisory Board and the Executive Board as at the Prospectus Date:

Table 17-2: Shares and share options held by members of the Supervisory Board and the Executive Board as at the Prospectus Date

Name	Number of B Shares	Number of share options*
Supervisory Board		
Anders C. Karlsson	500	-
Morten Amtrup (Morten Amtrup Holding ApS)	1,000	-
Henrik Lind	-	-
Peer Munkholt	-	-
Birgitte Rahbek Pedersen	-	-
Ole Risager	-	-
Executive Board		
Hans Gormsen	1,800	7,397
Key Employees		
Niels Eldrup Meidahl**	-	-
Henrik Dietrichsen	30	4,623
Thomas Høi Terndrup-Larsen	-	1,050

Source: H+H

* The number of share options includes a proportionate share as at the Prospectus Date of the share options granted for 2009.

** Joined the Company in mid-September 2009 and will not be covered by the Company's incentive programme until in 2010.

All listed members of the Supervisory Board and the Executive Board, who hold Existing Shares in the Company, have declared that they will exercise all pre-emptive rights related to the Existing Shares and subscribe for Offer Shares.

Table 17-1: Distribution of employees

Distribution of employees by white-collar employees and blue-collar employees

	Number of employees 30 September 2009	Number of employees 31 December 2008	Number of employees 31 December 2007	Number of employees 31 December 2006
Blue-collar employees	849	926	1,035	1,028
White-collar employees	372	356	344	357
Total	**1,221**	**1,282**	**1,379**	**1,385**

Geographical distribution of employees

	Number of employees 30 September 2009	Number of employees 31 December 2008	Number of employees 31 December 2007	Number of employees 31 December 2006
UK	198	264	317	319
Germany, Denmark and Benelux	189	203	201	200
Eastern Europe	699	662	688	696
Nordic	135	153	173	170
Total	**1,221**	**1,282**	**1,379**	**1,385**

Source: The Group

Tabel 17-3: Outstanding share options as of the Prospectus Date						
	Total		Executive Board**		Key Employees and other employees***	
Outstanding options	**Number of share options**	**Exercise price**	**Number of share options**	**Exercise price**	**Number of share options**	**Exercise price**
Outstanding at 31 December 2008	31,971		7,397		24,574	
Granted in 2009*	1,050				1,050	
Exercised in 2009	5,342				5,342	
Outstanding at the Prospectus Date	27,679		7,397		20,282	

Outstanding share options as at the time of exercise at 31 December 2008

Exercise period	**Total number of share options**	**Average exercise price DKK**	**Executive Board, number of share options**	**Average exercise price DKK**	**Other employees, number of share options**	**Average exercise price DKK**
2007-2009	1,662	1,430	-		1,662	1,430
2008-2010	4,399	1,430	950	1,430	3,449	1,430
2009-2011	3,398	1,388	901	1,388	2,497	1,388
2010-2012	4,974	1,860	1,271	1,860	3,703	1,860
2011-2012	6,000	1,576	1,425	1,576	4,575	1,576
2012-2013	5,925		1,425		4,500	
2013-2014	5,613		1,425		4,188	
Total	31,971		7,397		24,574	

Outstanding share option plans as at the Prospectus Date

Exercise period	**Total number of share options**	**Average exercise price DKK**	**Executive Board, number of share options**	**Average exercise price DKK**	**Other employees, number of share options**	**Average exercise price DKK**
2008-2010	3,766	1,430	950	1,430	2,816	1,430
2009-2011	2,950	1,388	901	1,388	2,049	1,388
2010-2012	4,344	1,860	1,271	1,860	3,073	1,860
2011-2012	5,325	1,576	1,425	1,576	3,900	1,576
2012-2013	5,250	268	1,425	268	3,825	268
2013-2014	6,044		1,425		4,619	
Total	27,679		7,397		20,282	

Source: H+H

* The exercise prices have been fixed as the average market price ten business days following the publication of the annual reports for 2007, 2008 and 2009 with the addition of 20%. Under the share option plans, the exercise prices specified for the share options not yet exercised must be adjusted following the completion of the Offering as the issuance of the Offer Shares is made at a discount to the market price. This adjustment of the exercise prices will be made in accordance with calculations to be performed by the Company's auditors.

** For the purpose of this table, the Executive Board shall mean the existing Executive Board comprising Hans Gormsen, CEO, and a former member of the Executive Board, who was dismissed by the Company on 31 October 2008, holding share options that vested during his notice period leading up to 31 December 2009 and who was entitled to keep his share options following the dismissal by the Company, regardless of the dismissal.

*** For the purpose of this table, other employees shall mean two former members of the executive board of H+H UK Limited, one who retired at 31 December 2007 and one who was dismissed in 2008, who are entitled to keep their share options regardless of the discontinuation of their employment with H+H UK Limited. Furthermore, the present CEO of H+H UK Limited is covered by the share option plan.

For further information on the share option plan, see I.15 "Remuneration and benefits".

18. MAJOR SHAREHOLDERS

Pursuant to section 29 of the Danish Securities Trading Act and section 28a of the Danish Public Companies Act, the Company has received notifications of holdings of 5% or more of the share capital or voting rights from the shareholders listed below. The information about the shareholdings of ATP and LD Equity 1 K/S have been updated with further information received by the Company in connection with the conclusion of the agreements on binding advanced commitments with the Shareholder Group, see II.5 "Terms and conditions of the Offering—Placing and underwriting—Underwriting and advance commitments".

The Company is not authorised to issue company announcements regarding major shareholdings unless the Company has received a prior notice to that effect from the relevant Shareholder. Thus, changes may have occurred to the share capital or voting rights specified for major Shareholders relative to the specification in Table 18-1.

The Company is not aware of it being owned or controlled, directly or indirectly, by any party other than A shareholder, Henriksen og Henriksen I/S, and the Company is not aware of any agreements that could later result in other parties taking over the control of the Company. See I.16.4 "Declaration on corporate governance".

In October 2009, Henriksen og Henriksen I/S, Enkefru Plums Støttefond, Holdingselskabet af 9/11 2001 ApS, Kresten Andersen Bergsøe, Danske Bank A/S and ATP entered into an agreement regarding the rights issue in the Company whereby Henriksen og Henriksen I/S, Enkefru Plums Støttefond, Holdingselskabet af 9/11 2001 ApS and Kresten Andersen Bergsøe irrevocably undertook vis-à-vis ATP and Danske Bank A/S to vote in favour of the completion of a rights issue and in favour of the resolutions necessary to complete the rights issue, including the abolition of the Company's system of multiple share classes.

See II.5 "Terms and Conditions of the Offering—Placing and underwriting—Underwriting and advance commitments" for a description of certain Existing Shareholders' advance commitments and underwriting commitments by a number of investors.

The Company's holding of treasury Shares at the Prospectus Date amounts to 20,489 B Shares, totalling 1.88% of the share capital and 0.63% the votes in the Company before the Offering.

Table 18-1: Major shareholders at 20 November 2009

Shareholder	Number of A Shares before the Offering	Number of B Shares before the Offering	Equity interest before the Offering	Voting rights before the Offering*
Henriksen & Henriksen I/S	240,000	0	22.02%	74.31%
ATP**	0	109,834	10.08%	3.40%
Holdingselskabet af 9/11-2001 ApS and Kresten Andersen Bergsøe***	0	107,200	9.83%	3.32%
LD Equity 1 K/S	0	63,609	5.84%	1.97%

Source: H+H

* Excluding the voting rights relating to the Company's holding of treasury Shares of 20,489 B Shares.

** Arbejdsmarkedets Tillægspension together with ATP Invest.

*** Holdingselskabet af 9/11-2001 ApS is controlled by Kresten Andersen Bergsøe, and both are partners of the A shareholder, Henriksen og Henriksen I/S.

19. RELATED PARTY TRANSACTIONS

The related parties which have significant influence on the Company and the Group consist of the A shareholder, Henriksen og Henriksen I/S and its partners, Enkefru Plums Støttefond, Kresten Andersen Bergsøe and Holdingselskabet af 9/11-2001 ApS, as well as the members of the Supervisory Board and the Executive Board, and the Key Employees of the Company. Related parties also include such persons' relatives as well as companies in which such persons have significant interests.

In addition to the purchase of ad hoc legal assistance in two single matters in the spring of 2009 from the law firm Gorrissen Federspiel, in which the Board member Henrik Lind is a partner, and what may result from the membership of the Supervisory Board or the employment and any shareholdings in the Company, no transactions have been conducted between the Company or H+H and the above-mentioned related parties.

For a description of the remuneration to the Supervisory and Executive Boards as well as incentive programmes, see I.15 "Remuneration and benefits" and I.15 "Remuneration and benefits—Incentive programmes".

In addition, the related parties of the Company include the subsidiaries, see I.7 "Organisational structure—Principal subsidiaries".

20. INFORMATION ON ASSETS AND LIABILITIES, FINANCIAL POSITION, RESULTS AND DIVIDEND POLICY

20.1. Financial information

The historical annual reports for the years ended 31 December 2006, 2007 and 2008 were audited by KPMG, Statsautoriseret Revisionspartnerselskab and PKF Kresten Foged Statsautoriseret Revisionsaktieselskab and were provided with unqualified auditors' reports without emphasis of matter.

See Part III "Financial information".

20.2. Dividend policy

Pursuant to the Company's dividend policy, dividend payments under normal and stable conditions should be in the range of 25-40% of the profit for the year. In principle, distribution to the Shareholders may be in the form of dividends or share buybacks followed by a write-down of the capital or a combination thereof.

No dividend was distributed for the financial year 2008.

For FY 2007, a dividend of DKK 30 per Existing Share was distributed, corresponding to a payout ratio of 22.1%. In addition, 68,340 B shares were bought back at the beginning of 2008 at a total acquisition price of about DKK 90 million. The acquisition of the B shares was used to write down the B share capital by a nominal value of DKK 7,000,000, corresponding to the cancellation of 70,000 B shares.

For FY 2006, a dividend of DKK 20 per Existing Share was distributed in 2007, corresponding to a payout ratio of 31.1%.

Although the Company generally intends to distribute dividends to its Shareholders in future, there can be no assurance thereof. Based on Management's expectations at the Prospectus Date, see I.13 "Prospective financial information", the Supervisory Board does not expect to distribute dividends for FY 2009 and FY 2010. The Company's restated and amended loan agreements concluded with Danske Bank A/S prior to Offering comprise an obligation for the Company to distribute annual dividends within a financial year of a maximum total amount corresponding to 50% of the Company's net profit for the preceding financial year. See I.10 "Capital resources—Borrowing requirement and financing structure" for further details about the loan agreement with Danske Bank A/S.

The distribution of dividends is subject to general business conditions, the Company's current and expected financial conditions and results of operations, earnings, capital expenditure requirements, cash position and other relevant factors, including its growth potential. The Company relies on financing from its subsidiaries in the form of dividends, repayment of debt and loans for paying dividends. Dividends are only paid if the Company has sufficient profit for the purpose of distribution from prior financial years or sufficient distributable reserves to render possible a distribution of dividends.

The Supervisory Board is not authorised to distribute extraordinary dividends.

Under current Danish legislation, the Company withholds tax on dividends. For a summary of certain tax consequences in connection with dividends or distributions to holders of Shares in the Company, see II.4 "Information concerning the Offer Shares—Taxation".

20.3. Legal and arbitration proceedings

As at the Prospectus Date, H+H is involved in a number of legal proceedings. Provisions have been made to the extent found reasonable by Management based on a concrete assessment of the cases.

Apart from the disputes described below, H+H has not, during the past 12 months, been involved in any governmental, legal or arbitration proceedings, which have had or will have a material adverse effect on the Company's or H+H's financial position or results of operations, and Management is not aware of any such proceedings being threatened that could have such an effect in the future.

H+H Sverige AB vs HSB Bostad AB

The litigation is pending at Stockholm's Tingsrëtt in Sweden and the written pleadings have been completed but the case is not expected to be tried until in the spring of 2010. The case began in December 2006, when H+H Sverige AB commenced legal proceedings against a customer, HSB Bostad AB for non-payment of DKK 0.1 million (SEK 164,833) plus interest out of a total invoiced amount of DKK 4.0 million (SEK 5,426,752) for delivery of aircrete products for the customer's construction of 28 single-family homes in Sweden. The customer subsequently made a counterclaim for the payment by H+H Sverige AB of DKK 11.8 million (SEK 16,158,712) plus interest, which amount as at the Prospectus Date has increased to DKK 16.0 million (SEK 21,964,250) plus interest. The claim covers alleged damages for losses suffered by HSB Bostad AB as a result of alleged defects to products delivered by H+H Sverige AB and furthermore, HSB Bostad AB claims that H+H Sverige AB incurs liability as advisors in relation to the construction of the residential units. H+H Sverige AB has rejected the claims and allegations submitted and Management believes that HSB Bostad AB's claims are unjustified and therefore, no provisions have been made for the claim.

H+H Polska Sp. z o.o. vs Mr Klimas and Mr Lewandowsky

H+H Polska Sp. z o.o. has been ordered by the courts of first and second instance to release an amount of about DKK 4.0 million

(PLN 2,300,000) paid by and still held in an escrow account set up in connection with H+H Polska Sp. z o.o.'s acquisition of a majority stake in the aircrete company Prefabet S.A in 2005 from Mr Klimas and Mr Lewandowsky. H+H Polska Sp. z o.o. is currently seeking to bring the case before a court of third instance, the Polish supreme court. Concurrently with this case, H+H Polska Sp. z.o.o. has commenced legal proceedings against Mr Klimas and Mr Lewandowsky demanding that they pay DKK 3.8 million (PLN 2,136,800) to H+H Polska Sp. z o.o. as compensation for H+H Polska Sp. z o.o.'s loss resulting from incorrect bookkeeping and overstatement of valuation of Prefabet S.A. as well as breach of a contractual obligation of confidentiality. The latter has not yet been tried by a court of first instance. The outcome of the legal proceedings will have no adverse effect on the results of operations as provisions have been made for the claim against H+H Polska Sp. z o.o. in respect of the former case.

H+H UK Limited vs Kent County Council and local non-governmental organisation

In 2003, H+H UK Limited applied to the Kent County Council (KCC) for a permit under a local development plan to build a potential new factory next to the existing factory in Borough Green. H+H UK Limited later withdrew its application due to protests by a local non-governmental organisation combined with some formal errors on KCC's part. A dispute in respect of the coverage of each of the parties' legal costs emerged and the parties are currently negotiating in an attempt to reach an amicable solution. In the worst-case scenario, H+H UK Limited may become liable to pay approximately DKK 2.3 milllion (GBP 280,000) in legal costs to the other parties and may only receive approximately DKK 1.5 million (GBP 180,000) to cover its own legal costs to the effect that H+H UK Limited will have net costs of approximately DKK 0.8 million (GBP 100,000). As at the Prospectus Date, provisions of DKK 0.4 million (GBP 50,000) have been made.

H+H International A/S vs Lampe & Schwartze KG, Germany

The matter pertains to a damage in transport to part of the factory equipment which the Company provided to OOO H+H, Russia for the construction of the new factory in Russia. The Company has filed a claim for an amount corresponding to about DKK 2.2 million, including intra-company costs for own technicians etc. The insurance company completed its expert valuation in the autumn of 2009, and the Company is awaiting the insurance company's position on the claim filed. No provisions have been made.

Patent disputes with Xella International GmbH

For a desciption of two patent disputes with Xella International GmbH, see I.11 "Research and development, patents and licences—Patents, licences and other proprietary rights".

20.4. Significant change to the Group's financial or trading position

Since 30 September 2009, the Company has concluded restated and amended loan agreements with Danske Bank A/S, which is conditioned on the completion of the Offering. Hence, at the completion thereof, the Company will no longer be in breach of certain covenants. Reference is made to I.10 "Capital resources—Borrowing requirement and financing structure".

No other events have occurred that have a material impact on the Company's financial position.

21. ADDITIONAL INFORMATION

21.1. Share capital before and after the Offering

As at the Prospectus Date, the Company's share capital had a nominal value of DKK 109,000,000, divided into A share capital with a nominal value of DKK 24,000,000 and B share capital with a nominal value of DKK 85,000,000. This corresponds to 1,090,000 Shares of DKK 100 each, divided into 240,000 A Shares and 850,000 B Shares. The A Share capital represents 74.31% of the voting rights in the Company, whereas the B share capital represents 25.69% of the voting rights in the Company.

All Shares are issued and fully paid up.

At the Company's extraordinary general meeting held on 27 November 2009, it was resolved, subject to completion of the Offering, that the Company's share capital should be reduced by a nominal amount of DKK 54,500,000, including a reduction of the denomination from DKK 100 nominal value to DKK 50, and that the Company's A and B share classes should be merged. The Capital Reduction and the merger of the share classes will take place concurrently with the registration of the capital increase related to the Offering. The Subscription Price in the Offering has been determined on the assumption that the Capital Reduction will be completed and registered.

The Capital Reduction will be completed as a proportionate reduction of the Company's A and B share capital to the effect that the A share capital is reduced from DKK 24,000,000 nominal value to DKK 12,000,000 nominal value, and the B share capital is reduced from DKK 85,000,000 nominal value to DKK 42,500,000 nominal value. Concurrently, the denomination of the A and B share capital will be reduced from DKK 100 nominal value to DKK 50 nominal value.

On completion of the Capital Reduction and the merger of the Company's share classes, the Company's share capital had a nominal value of DKK 54,500,000 prior to the capital increase related to the Offering, corresponding to 1,090,000 Existing Shares of DKK 50 each.

At the extraordinary general meeting, it was further resolved, subject to the Capital Reduction and the merger of the Company's share classes, to increase the Company's B share capital by a nominal amount of DKK 436,000,000 by cash payment with pre-emptive rights to the Company's Existing Shareholders at a price of 54.

The Offer Shares are issued in denominations of DKK 50 nominal value, and in connection with the registration of the capital increase related to the Offering and the merger of the share classes, the Existing Shares will also be denominated in shares of DKK 50 each. Upon completion of the Offering, the Company's share capital will thus amount to DKK 490,500,000, divided into 9,810,000 Shares with a nominal value of DKK 50 each. Upon abolition of multiple share classes, all Shares will rank *pari passu* and will carry the same number of votes per share. The articles of association applicable after the abolition of multiple share classes, the Capital Reduction and the capital increase related to the Offering are set out in Appendix 1 "Articles of association" including a few modifications following from the Offering.

The Company has not issued any securities that are convertible, exchangeable or have warrants attached. Moreover, the Group has not obtained any convertible loans.

Apart from share options issued by the Company as set out in table 17-2 and I.15.3 "Incentive programmes—Share options", none of the companies in the Group have warrants or options attached to their share capital.

21.2. Historical movements in the Company's share capital

Table 21-1: Movements in the share capital since 2001

Date of completion	Transaction type	Share capital before change	Nominal change	Share capital after change	Price	Number of shares held after change
16 May 2001	Capital reduction with disbursement to shareholders	124,006,300	(8,006,300)	116,000,000	794.81	1,160,000
31 July 2008	Capital reduction with disbursement to shareholders	116,000,000	(7,000,000)	109,000,000	1,325.74	1,090,000
27 November 2009 (to be registered on and subject to completion of the Offering)	Conditional capital reduction for allocation to special fund	109,000,000 (24,000,000 A share capital and 85,000,000 B share capital)	(54,500,000) (12,000,000 A share capital and 42,500,000 B share capital)	54,500,000 (12,000,000 A share capital and 42,500,000 B share capital)	100.00	1,090,000 (denomination changed from DKK 100 to DKK 50)
Upon completion of the Offering	Capital increase and merger of share classes	54,500,000	436,000,000	490,500,000	108.00	9,810,000

Source: H+H

21.3. Memorandum of association and articles of association

Memorandum of association

The Company was incorporated on 25 November 1966. The memorandum of association contains no provisions of continued importance to the Company.

Objects

Pursuant to article 1 of the Company's articles of association, the Company's objects are to invest in industry, trade, real property and financial activities and to carry on any other activities which, in the opinion of the Supervisory Board, are ancillary to any of the above activities and to do all or any of the above things in Denmark or abroad, as a holding company.

Summary of provisions concerning the Supervisory Board and the Executive Board

Pursuant to article 16 of the articles of association, the Company is managed by a Supervisory Board consisting of six to nine members elected by the shareholders in general meeting.

The members of the Supervisory Board resign each year at the annual general meeting but are eligible for re-election.

The Supervisory Board will appoint a chairman. Resolutions made by the Supervisory Board are adopted by a simple majority of votes. In the event of an equality of votes, the chairman will have the casting vote.

The Supervisory Board appoints an executive board consisting of one or more members and may confer joint powers of procuration.

Authorisations

No authorisations have been granted to the Supervisory Board to increase the Company's share capital. At the extraordinary general meeting held on 27 November 2009, the Supervisory Board was authorised to establish whether the conditions for the shareholder resolutions on capital reduction, capital increase and merger of share classes relating to the Offering are satisfied.

Shareholders agreements

The Company is not aware of any shareholders agreements made.

Registrar

The Company's registrar is VP Investor Services A/S.

Issuing agent

Danske Bank A/S
Holmens Kanal 2-12
1092 Copenhagen K
DK-Denmark

Denomination

Existing Shares have a denomination of DKK 100. In connection with the Capital Reduction, the denomination of the Existing Shares is reduced to DKK 50. The Offer Shares will be issued in denominations of DKK 50. The change of the denomination of the Existing Shares from DKK 100 to DKK 50 is expected to be effected in VP and on NASDAQ OMX with effect from 30 December 2009.

Treasury Shares

As at the Prospectus Date, the Company held 20,489 B Shares as treasury Shares, corresponding to a total nominal amount of DKK 2,048,900 or 1.88% of the share capital. The Company's treasury Shares are recognised directly in the equity (corresponding to a book value of DKK 0). Most recently at the annual general meeting held in April 2009, the Company was authorised to acquire up to 10% of the Company's share capital by way of treasury Shares at a price corresponding to the most recently quoted price of the B Shares on NASDAQ OMX prior to the acquisition plus or less 10%.

In connection with the Offering, Pre-emptive Rights will be allocated to the Company in respect of its Existing Shares held as treasury Shares. Pursuant to the Danish Public Companies Act, the Company is not allowed to exercise such Pre-emptive Rights, for which reason the Company expects to sell the Pre-emptive Rights allocated to it in respect of its Existing Shares held as treasury Shares in connection with the Offering.

Registration by name

As at the Prospectus Date, it is stated in article 3 of the Company's articles of association that A Shares must be issued to named holders and recorded in the names of the holders in the Company's register of shareholders and that B Shares will be issued to bearer but may be registered in the name of the holder in the Company's register of shareholders.

Following completion of the merger of the share classes in connection with the completion of the Offering, all Shares in the Company will be negotiable instruments which are issued to bearer but may be registered in the name of the holder in the Company's register of shareholders.

Voting rights

As at the Prospectus Date, each A Share of DKK 100 carries 100 votes and each B Share of DKK 100 carries ten votes at general meetings of the Company, see article 14 of the articles of association.

Following completion of the merger of the share classes in connection with the completion of the Offering, each Share of DKK 50 will carry ten votes at general meetings of the Company.

A Shareholder who has acquired Shares in the Company by transfer can only exercise his voting rights attaching to the relevant Shares if the Shares in question have been recorded in the name of the relevant Shareholder in the Company's register of shareholders by the time when the general meeting is convened, or if the Shareholder before that time has notified the Company of and documented his acquisition.

Attendance at general meetings of the Company and exercise of voting rights are subject to the relevant Shareholder not less than three days in advance having requested – and with regard to voting rights having provided evidence thereof – and obtained an admission card, which card in the case of Shareholders entitled to vote will also state the number of votes to which the Shareholder is entitled.

Negotiability and transferability
The A Shares are non-negotiable instruments, whereas the B Shares are negotiable instruments. Under the Company's articles of association, no restrictions apply to the transferability of the B Shares. See article 3 of the articles of association.

Following completion of the merger of the share classes in connection with the completion of the Offering, all Shares will be negotiable instruments and freely transferable in relation to the Company's articles of association.

Redemption and exchange
No Shareholder is under an obligation to have his Shares redeemed. See article 4 of the articles of association.

General meetings
General meetings of the Company will be held in the Capital Region as determined by the Supervisory Board. See article 9 of the articles of association.

The Company's annual general meeting is held every year before the end of April. Extraordinary general meetings will be held when deemed appropriate by the Supervisory Board or one of the Company's auditors or when requested in writing by Shareholders holding at least one tenth of the share capital for the purpose of transacting specific business. General meetings are convened by the Supervisory Board giving not less than two and not more than four weeks' notice.

All resolutions at general meetings are adopted by a simple majority of votes unless the Danish Public Companies Act or the articles of association prescribe more stringent requirements.

The provisions of the Company's articles of association relating to a change to the capital are not more restricted than prescribed by law.

For the adoption of resolutions to amend the articles of association or to dissolve the Company, it is, however, required that at least two-thirds of the share capital is represented at the general meeting, and that the resolution is passed by at least two-thirds of both the votes cast and of the voting share capital represented at the general meeting.

The provisions of the Company's articles of association relating to a change to the Shareholders' rights are not more stringent than prescribed by law.

For information about the rules on equity investments to be notified, see II.4 "Information concerning the Offer Shares – Danish legislation concerning tender offers, redemption of shares and disclosure of shareholdings – Major shareholdings".

Provisions in the Company's articles of association which may lead to a change of control in the Company being deferred
A Shareholder who has acquired Shares in the Company by transfer can only exercise his voting rights attaching to the relevant Shares if the Shares in question have been recorded in the name of the Shareholder in the Company's register of shareholders by the time when the general meeting is convened, or if the Shareholder before that time has notified the Company of and documented his acquisition.

New Danish Companies Act
On 29 May 2009, the Danish parliament passed a new companies act, which will partly come into force on 18 January 2010. Although the act implies a number of changes to the general management of Danish companies with limited liability, the Company does not, as at the Prospectus Date, expect that the act will have any material impact on the activities of the Company or the interests of its Shareholders.

22. MATERIAL CONTRACTS

The sections below provide an overview of H+H's material contracts.

22.1. Loan agreements

In connection with the completion of the Offering, the Company has signed restated and amended loan agreements with Danske Bank A/S on the continuation of the Group's financing facilities with a total credit line corresponding to approximately DKK 1,100 million, DKK 1,050 million of which will, on completion of the Offering, be committed for a period of five years until 31 December 2014, and DKK 50 million will be an uncommitted credit line. The loan agreements are in force as at the Prospectus Date. They are, however, subject to certain formal requirements and requirements relating to documentation, all of which are expected to be met by 31 December 2009. Due to the Group's present situation, the loan agreements contain no financial covenants for 2010 and 2011. As from FY 2012 and until expiry of the agreements at the end of 2014, the agreements will be subject to usual restrictive financial covenants. The Company is required to pay four equal instalments of DKK 50 million each on the existing debt on 2 April 2010, 2 July 2010, 2 October 2010 and 2 January 2011, respectively, i.e. a total of DKK 200 million. Furthermore, if the ratio of the Group's net interest-bearing debt to EBITDA is 3:1 or higher, the Company has a duty to repay the debt as from FY 2010 by an amount corresponding to 50% of the Group's free cash flows from operating and investing activities, calculated on the basis of the Group's consolidated annual report, less any instalments on the Group's interest-bearing debt (as defined in the loan agreements) (cash sweep). The Group has not undertaken to pay any additional ordinary instalments until the loan agreements expire on 31 December 2014. The Company and those of its subsidiaries participating in the loan agreements or which can be considered a material subsidiary cross-guarantee each other's liabilities under the loan agreements.

The loan agreements may be terminated by Danske Bank A/S in the event of breach of the repayment obligations. The loan agreements may furthermore be terminated without notice by Danske Bank A/S if the Shares are delisted from NASDAQ OMX, if parties other than the ultimate owners of Henriksen & Henriksen I/S gain control of more than 50% of the voting rights in the Company in the period up to completion of the Offering, or if investors other than Scandinavian institutional investors (defined in the loan agreements as Danish, Swedish, Norwegian and Finnish financial institutions operating in financial markets and subject to public supervision) alone or in collaboration with other parties gain control of more than one-third of the Shares or more than one-third of the total number of voting rights attaching to the Shares. If the Offering is not completed on or before 31 December 2009, or if the Offering results in a net capital injection of less than DKK 300 million, Danske Bank A/S is entitled to terminate the loan agreements and demand immediate repayment of the debt. If the Offering is completed, the Company must pay an initial fee of DKK 3.15 million on 6 January 2010. Furthermore, a commitment fee will be payable regularly on the unused part of the credit facility.

Under the loan agreements, the Supervisory Board has undertaken not to recommend annual dividends to the Shareholders exceeding 50% of the Company's profit after tax in the preceding financial year without prior permission by Danske Bank A/S. The Company is furthermore subject to restrictive undertakings in relation to the disposal of its assets without prior permission by Danske Bank, including *inter alia*:

- an undertaking not to sell material assets;
- an undertaking not to delist the Shares from NASDAQ OMX;
- an undertaking not to enter into material acquisitions, mergers, restructuring or any similar transactions; and
- an undertaking not to enter into material leasing arrangements.

If parties other than the Scandinavian institutional investors (defined in the loan agreements as Danish, Swedish, Norwegian and Finnish financial institutions operating in financial markets and subject to public supervision) alone or in coordinated collaboration with other parties gain control of more than 20% of the Shares or more than 20% of the total number of votes attached to the Shares, the Group will furthermore not be entitled to make investments or acquisitions, participate in mergers, demergers, reconstruction or any other transactions involving a sale of all material assets in a subsidiary without prior permission by Danske Bank A/S.

22.2. Real property

In mid-2007, H+H's Russian subsidiary, OOO H+H, entered into a design and build contract with a Finnish company by the name of Lemcon Ltd., under which Lemcon Ltd. undertook the project planning and construction of a factory building covering approximately 14,000 m^2 for H+H's first Russian aircrete factory and adjoining office buildings. The contract sum totalled an amount corresponding to approximately DKK 90 million, excluding VAT, for project planning and construction. The guarantee period expires on 2 January 2011 and, as at the Prospectus Date, no material defects in the construction have been ascertained.

As part of the soundings for construction of a new factory in the Warsaw region in Poland, H+H Polska Sp. z o.o. acquired a site on the outskirts of Warsaw in late 2008. The site covers approximately 100,000 sq m and was acquired at a price corresponding to around DKK 6.75 million. In order to preserve the long-term development potential represented by this site for the time being, the Company has no current plans to sell the site.

22.3. Lease agreements

The Group's Russian subsidiary, OOO H+H, leases the site on which the new aircrete factory has been built from the authorities in Kikerino, Russia, and the lease implies that OOO H+H will acquire the site from the Kikerino authorities after commissioning of the factory. The deed of conveyance is currently being drafted and it is expected to be signed in December 2009 and registered in the first quarter of 2010 at the latest. The purchase price for the site, covering approximately 10 hectares, totals an amount equivalent to approximately DKK 2.25 million excluding VAT.

In Ukraine, the project company H+H UA TOV, established as part of the preparations for the Group's potential establishment of a new aircrete factory in Ukraine, entered into an agreement with the authorities in Rivne, Ukraine, in early 2008 to lease a site covering approximately 19 hectares on which construction of a new, potential factory is contemplated. The lease has a term of 49 years with a right of priority to subsequently extend the lease term. The annual rent for 2009 currently totals an amount corresponding to approximately DKK 78,000 and is adjusted annually pursuant to Ukrainian law. The lease may be terminated if the site is acquired by public authorities for public use or designated for public use, if H+H UA TOV enters into bankruptcy or is otherwise liquidated, if the other party fails to comply with the lease, or if termination follows from Ukrainian law. The lease may also be terminated if H+H UA TOV fails to obtain a building permit or fails to obtain access to gas, electricity and water. H+H UA TOV currently has a building permit, which was most recently extended to expire on 30 September 2010. As a result of the economic crisis and the corollary earnings decline, the project involving the potential establishment of a new aircrete factory in Ukraine has been abandoned. In light of the relatively low annual rent, the Company will continue to lease the site for the time being in order to preserve the development potential it represents in the longer term. If, at a later stage, H+H UA TOV should want to terminate the lease, such termination can take place against payment of an amount corresponding to one year's rent.

22.4. Agreements concerning equipment

As part of H+H's strategy of geographical expansion in eastern Europe and due to delivery times of two to three years for aircrete factory equipment, the Company furthermore entered into agreements with Wehrhahn GmbH and others in 2007 for the supply of equipment for an aircrete factory which in terms of technology and capacity would be equivalent to the then not yet completed factory in Kikerino near St Petersburg, Russia. The intention was to use the equipment for the establishment of a new factory in Poland or alternatively Ukraine. As a result of declining earnings, the plans for the potential establishment of new factories in Poland and Ukraine have now been abolished. Pursuant to the agreements entered into with respect to factory equipment, payment of approximately DKK 40 million has already been effected, while payment of approximately DKK 15 million remains outstanding. Most of the equipment has been delivered, while the remaining equipment and materials purchased for use in the manufacture of equipment will be delivered in the fourth quarter of 2009. In one specific case, an agreement has been made concerning storing of equipment with the supplier for the time being, while the remaining equipment is stored with H+H. The equipment is intended to be used as spare parts, for the establishment of new production lines and/or sold, and it was written off for accounting purposes at 30 September 2009.

22.5. Distribution and sales agreements

A few subsidiaries in the Group have entered into sales agreements that make up a significant part of the subsidiary's revenue. Accordingly, H+H Polska Sp. z o.o. has entered into a framework agreement with a customer, a voluntary chain of builders' merchants with a voluntary centralised procurement function, marketing, etc. for its members. Sales to this customer currently total approximately 30% of H+H Polska Sp. z o.o.'s annual revenue. If this agreement is terminated, sales to the individual members of the chain of builders' merchants may, however, continue, as the members are not obliged to procure goods only through the association's centralised procurement function.

22.6. Other agreements

Pension obligations

Throughout several years, the Group has undertaken future pension obligations vis-à-vis former and certain current employees of H+H UK Limited, among other employees. The pension obligations vis-à-vis the employees of H+H UK Limited are covered through current contributions to the H+H Celcon Pension Fund paid by the relevant employees and by H+H UK Limited, respectively. The contributions paid by H+H UK Limited are calculated on the basis of the expected return on the amounts paid and developments in the life expectancy of the relevant employees. If the amount paid by H+H UK Limited is insufficient to cover current and future pension obligations vis-à-vis the relevant employees, H+H UK Limited may be obliged to make additional contributions to cover the uncovered pension obligation.

H+H Celcon Pension Fund is supervised by an independent asset manager, H+H Celcon Pension Fund Trustee Limited. The asset manager is required by law to arrange for a limited actuarial valuation to be performed every year and a more comprehensive actuarial valuation of the pensions obligations to be performed every three years, among other things. A comprehensive actuarial valuation made in April 2008 showed an uncovered pension obligation of DKK 128 million (GBP 15.6 million). On the basis of the actuarial valuation, H+H UK Limited and H+H Celcon Pension Fund Trustee Limited entered into an agreement on contributions to cover the uncovered pension obligation ("Schedule of Contributions") on 26 June 2009. The agreement stipulates a 15-year repayment profile, according to which H+H UK Limited is required to pay DKK 1.0 million (GBP 0.12 million) per year in the period from April 2009 to March 2011 and DKK 18 million (GBP 2.171 million) per year in the period from April 2011 to March 2023. The agreement is being reviewed by the UK authorities (the "British Pensions Regulator"), who may demand that changes be made to the agreement, including an acceleration of the period allowed for H+H UK Limited to reduce the uncovered pension obligations, which would imply a higher annual payment from H+H UK Limited.

The agreement on contributions to cover the uncovered pension obligation is subject to ordinary renegotiation based on the next comprehensive actuarial valuation of H+H UK Limited's uncovered pension obligations, which is due in April 2011, at the latest. H+H Celcon Pension Fund Trustee Limited may, however, at any time request a renegotiation of the agreement on contributions to cover the uncovered pension obligation. This would be expected to occur if, for instance, if the annual actuarial valuation shows that the uncovered pension obligation has increased significantly, or if the conditions at H+H UK Limited change significantly in the form of divestment of H+H UK Limited's assets, a major decline or increase in H+H UK Limited's earnings, a relative increase in H+H UK Limited's payment of dividends to the Company, etc. If the parties are unable to agree on a new agreement, H+H Celcon Pension Fund Trustee Limited may request that the British Pensions Regulator act as mediator and, if necessary, determine the terms and conditions for H+H UK Limited's contributions to cover the uncovered pension obligations. The annual actuarial valuation made in April 2009 showed an increase in the uncovered pension obligation from DKK 128 million (GBP 15.6 million) to DKK 188 million (GBP 23.0 million), which was primarily attributable to developments in the financial markets. H+H Celcon Pension Fund Trustee Limited has stated that it continues to back the current agreement, and that it does not expect to evaluate the agreement until at the next annual general meeting to be held in the summer of 2010 on the basis of the limited actuarial valuation as at April 2010, before it will decide on whether or not to request a renegotiation.

If H+H UK Limited is unable to continue to pay the contributions or becomes insolvent, H+H Celcon Pension Fund Trustee Limited may demand that an insurance company take over H+H UK Limited's pension obligation ("winding-up") in return for H+H UK Limited paying a lump sum payment to such insurance company. In connection with the actuarial valuation made in April 2008, the winding-up amount was DKK 435 million (GBP 53.1 million).

For accounting purposes, the uncovered pension obligation is treated in accordance with IAS 19. The financial statements of H+H UK Limited as at 30 September 2009 showed an uncovered pension obligation relating to H+H Celcon Pension Fund of approximately DKK 105 million (GBP 12.6 million) after deduction of deferred tax. As a result of the Group's use of the corridor method, DKK 38 million of this amount was not included in the balance sheet and equity at 30 September 2009, see I.9 "Operating and financial review—Off-balance sheet liabilities". No guarantees or other collateral has been provided by the Company to the H+H Celcon Pension Fund or H+H Celcon Pension Fund Trustee Limited.

The pension scheme with H+H Celcon Pension Fund has been closed for inflow of new employees since 1 June 2007. H+H UK Limited has instead set up a pension scheme under which the individual employee's pension amount is solely dependent on the amounts paid into the scheme by H+H UK Limited and the employee over time and not the relevant employee's longevity.

Investment agreements
In Russia, OOO H+H entered into an investment agreement with Leningrad Oblast in December 2007 prior to the start-up of construction of a new factory. Such agreements are offered to foreign investors with a view to attracting foreign investment to the region. The agreement has a term of five years and, among other things, contains tax advantages during the term of the agreement with respect to income tax and tax on assets (buildings, production equipment and other non-current assets). However, the latter is subject to a threshold of about DKK 253 million (EUR 34.11 million), meaning that normal tax on assets will be levied at the rate of 2.2% per year on the amount whereby the Russian company's assets exceed the relevant threshold. The Russian company's assets exceeded the maximum amount during the second quarter of 2009 and the company therefore incurred a tax liability on assets in the amount of approximately DKK 50,000 in the third quarter of 2009. The investment agreement may be terminated unilaterally by Leningrad Oblast, if OOO H+H (i) moves its registered office to a location outside Leningrad Oblast, (ii) is no longer liable to tax in Leningrad Oblast, (iii) fails to pay tax or commits unlawful tax evasion, (iv) enters into bankruptcy, (v) fails to comply with its obligations under the investment agreement, or (vi) if Russian legislation provides for termination. If, after expiry of the five-year term of agreement but before expiry of another five-year period, OOO H+H enters into bankruptcy or is otherwise liquidated or dissolved or moves its registered office to a location outside Leningrad Oblast, OOO H+H shall not later than one month after its solvent or insolvent liquidation or relocation of its registered office pay an amount plus interest to Leningrad Oblast corresponding to the tax advantages and other subsidies received by OOO H+H under the investment agreement.

23. THIRD PARTY INFORMATION, EXPERT STATEMENTS AND DECLARATIONS OF INTEREST

23.1. Third party information

This Prospectus contains information on the market and the structure and size of the market obtained from the sources listed below. These sources are considered to be reliable and objective.

BBA British Bankers' Association & Enterprises Ltd.
Pinners Hall
105-108 Old Broad Street
London EC2N 1EX
www.bba.or.uk

The Aircrete Products Association (APA)
Monthly reports including information on the use of aircrete.
The Group is a member of APA and receives all statistics.
www.aircrete.co.uk

Communities and Local Government
Eland House
Bressenden Place
London SW1E 5DU
United Kingdom
http://www.communities.gov.uk

Article: "The prospects for a recovery in the UK housebuilding market" by John Stewart (page 3)
Reference to: National Housing and Planning Advice Unit

GUS, Central Statistical Office, Poland
www.gus.pl

Datastream - Thomson Reuters Corporation
3 Times Square
New York, New York 10036
USA
www.thomsonreuters.com

Euromonitor International Plc.
60-61 Britton Street
London EC1M 5UX
United Kingdom
www.euromonitor.com

European Autoclaved Aerated Concrete Association (EAACA)
Annual report including information about the size of the European aircrete market.
The Group is a member of the EAACA.
Entenfangweg 15
30419 Hannover
Germany
www.eaaca.org

Statistisches Bundesamt
Gustav-Stresemann-Ring 11
65189 Wiesbaden
http://www.destatis.de/

23.2. Statement on accurate reproduction

A part of the information comes from analyses prepared by external organisations. Such information is considered to be reliable, but the information has not been verified, and neither the Company nor the Sole Lead Manager makes any representation as to the accuracy of such information. Thus, developments in the Group's activities may deviate from the market developments stated in this Prospectus. The Company does not assume any obligation to update such information. It is confirmed that information provided by third parties has been correctly reproduced, and that, to the best of the Company's knowledge and belief, based on information published by third parties, no facts have been omitted which would render the information provided inaccurate or misleading.

24. DOCUMENTS ON DISPLAY

The following documents are available for inspection at the Company's head office:

- The Company's memorandum and articles of association
- The Supervisory Board's resolution to complete the Offering with a report from the Supervisory Board pursuant to section 29(2)(ii) of the Danish Public Companies Act and a statement from the Company's auditors on the report of the Supervisory Board pursuant to section 29(2)(iii) of the Danish Public Companies Act
- The Company's annual reports for the years ended 31 December 2006, 2007 and 2008
- The Company's interim reports for FY 2008 and FY 2009

Furthermore, the following documents are available for inspection at the Company's head office:

- The annual reports of the Company's subsidiaries for FY 2006, FY 2007 and FY 2008

The address of the Company's head office and website is stated in I.5 "Company information—Name and registered office".

25. DISCLOSURE OF INVESTMENTS

The Company has no investments in companies other than companies of the Group.

26. DEFINITIONS AND GLOSSARY

The following is a list of definitions of terms used in this Prospectus:

AAC	Autoclaved Aerated Concrete, also called aircrete
A Shares	The Company's class A shares
Danish Stock Option Act	Consolidating Act no. 309 of 5 May 2004 on the Use of Options to Purchase or Subscription Rights to Shares etc. in Employment Relationships
Shares	The Existing Shares and the Offer Shares
Danish Public Companies Act	Consolidating Act no. 649 of 15 June 2006 on Public Companies, as amended
Shareholder	The shareholders of the Company from time to time
Shareholder Group	A group of Existing Shareholders, including Arbejdsmarkedets Tillægspension and LD Equity 1 K/S
ATP	Arbejdsmarkedets Tillægspension
B Shares	The Company's class B shares
Supervisory Board	The Supervisory Board of H+H International A/S
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Clearstream	Clearstream Banking S.A.
CZK	Czech koruna, the official currency of the Czech Republic
Executive Board	The Executive Board of H+H International A/S
DKK	Danish kroner, the official currency of Denmark
EBITDA	Earnings before interest, tax, depreciation and amortisation
Existing Shares	The Company's existing A Shares and B Shares
Existing Shareholders	Any person registered with VP as a shareholder of the Company at the Allocation Time and holders of A Shares
Rights Issue Agreement	Agreement on the Offering signed by the Company and the Sole Lead Manager
EUR	Euro, the single currency of the member states participating in the third stage of the European Economic and Monetary Union pursuant to the Treaty Establishing the European Communities, as amended from time to time
Euroclear	Euroclear Bank S.A./N.V., as operator of the Euroclear System
Group of Underwriters	A number of investors, including Danske Bank A/S, SmallCap Danmark A/S, PKA A/S and the Sole Lead Manager (collectively referred to as the "Group of Underwriters"), who have made a binding underwriting commitment, subject to the satisfaction of certain conditions, to subscribe for up to 7,218,736 Offer Shares at the Offer Price
GBP	Pound sterling, the official currency of the United Kingdom
H+H or Group	The Company together with its directly and indirectly owned subsidiaries, associates and other investments
Rights Trading Period	From 3 December 2009 to 16 December 2009 at 5.00 p.m. (CET)
IFRS	International Financial Reporting Standards
KPMG	KPMG Statsautoriseret Revisionspartnerselskab
NASDAQ OMX	NASDAQ OMX Nordic Exchange Copenhagen A/S
Sole Lead Manager or SEB Enskilda	SEB Enskilda Corporate Finance, Skandinaviska Enskilda Banken, Denmark, branch of Skandinaviska Enskilda Banken (publ.), Sweden
Management	The Supervisory Board and the Executive Board of the Company

Key Employees	Key employees comprise Henrik Dietrichsen (Senior Vice President of the Company), Niels Eldrup Meidahl (CFO of the Company) and Thomas Høi Terndrup-Larsen (Senior Vice President of the Company)
PKF	PKF Kresten Foged Statsautoriseret Revisionsaktieselskab
PLN	Polish zloty, the official currency of Poland
Prospectus	This document issued by H+H International A/S in connection with the Offering and dated 2 December 2009
Prospectus Supplement	A supplement to the Prospectus
Prospectus Date	2 December 2009
Prospectus Order	Executive Order no. 885 of 14 September 2009 on prospectuses for securities admitted to trading on a regulated market and for the public offerings of securities of more than EUR 2,500,000.
Regulation S	Regulation S of the Securities Act
Relevant Member State	The individual member states of the European Economic Area which have implemented the Prospectus Directive
Risk Factors	Risks associated with investment in the Pre-emptive Rights, the Offer Shares or the Existing Shares
RUB	Russian roubles, the official currency of Russia
Securities Act	U.S. Securities Act of 1933
Company	H+H International A/S, company reg. (CVR) no. 49 61 98 12
Company Securities	Shares in the Company or other securities exchangeable for Shares in the Company, or warrants or other options to buy Shares in the Company
Executive Order on Major Shareholders	Executive Order no. 1225 of 22 October 2007 on major shareholders
Subscription Period	From 8 December 2009 to 21 December 2009 at 5.00 p.m. (CET)
Pre-emptive Rights	Pre-emptive rights allocated to the Company's Existing Shareholders
Subscription Price or Offer Price	DKK 54 per Offer Share of DKK 50 nominal value
Allocation Date	7 December 2009 at 12.30 p.m. (CET)
Offering	The Offering comprises a capital increase with pre-emptive rights to the Existing Shareholders of 8,720,000 new B Shares of DKK 50 nominal value each offered in a public offering in Denmark and the United Kingdom and private placements in certain other jurisdictions
Offer Shares	8,720,000 new B Shares of DKK 50 nominal value each
UAH	Ukrainian hryvnia, the official currency of Ukraine
USD	US dollars, the official currency of the United States
VP Securities or VP	VP Securities A/S, Weidekampsgade 14, DK-2300 Copenhagen S, Denmark
Danish Securities Trading Act	Consolidating Act no. 795 of 20 August 2009

The following words are used and have the meanings set out below in this Prospectus:

Autoclaved	Technical term for the aircrete curing process
Inner leaf	Load-bearing internal wall on which external cladding is subsequently fitted
Vapour permeable	Allows evaporation of water molecules through the material
Monolithic	Solid wall
Mortar blocks	Aircrete blocks that are laid with mortar
Rå Build	The Rå Build concept is a building carcass concept using thin-joint aircrete blocks
Thin-joint blocks	Aircrete blocks that are glued together (with thin layer mortar)

II. The Offering

1. PERSONS RESPONSIBLE

See “Responsibility and statements” above for more details.

2. RISK FACTORS RELATED TO THE OFFERING

See "Risk factors" above for more details.

3. KEY INFORMATION ON CAPITALISATION AND USE OF PROCEEDS

3.1. Working capital statement

As at the Prospectus Date, Management believes that the Company's current capital resources, including the net proceeds from the Offering, future revenues and credit facilities available, will be adequate to cover the Group's present capital needs, i.e. for a minimum of 12 months following the Prospectus Date, including that there will be adequate capital for the investments planned for the current financial year and FY 2010. See I.5 "Company information—Investments" and I.13 "Prospective financial information – Prospective financial information".

The Company's survival has been threatened and will remain threatened if the Offering is not completed.

3.2. Capitalisation and indebtedness

Table 3-1 below shows the consolidated capitalisation of the Group at the end of Q3 2009 (30 September 2009).

The Group's capitalisation is presented on a historical consolidated basis, and on an adjusted basis giving effect to the Offering and the application of the net proceeds from the Offering as described in II.3 "Key information on capitalisation and use of proceeds—Reasons for the Offering and use of proceeds" below.

Table 3-1 should be read in conjunction with I.9 "Operating and financial review", I.21 "Additional information—Share capital" and I.21 "Additional information – Memorandum of Association and Articles of Association" and the financial statements included in Part III of this Prospectus.

The Group's primary sources of cash funds are cash flows from operations, bank loans and other debt or equity financing. At 30 September 2009, the Group had a total committed credit line in local currency corresponding to DKK 1,056 million in addition to a short-term uncommitted unused credit line of DKK 50 million.

The Company has no guaranteed debt, except that the Company's subsidiaries are liable for the Company's debt to Danske Bank A/S.

In all material respects, the Company has not provided any security for bank debt, except for a few leasing agreements for cars under which the cars are charged. This security totals less than DKK 3 million.

3.3. Interest of natural and legal persons involved in the Offering

In October 2009, Henriksen og Henriksen I/S, Enkefru Plums Støttefond, Holdingselskabet af 9/11 2001 ApS, Kresten Andersen Bergsøe, Danske Bank A/S and ATP entered into an agreement regarding a rights issue by the Company whereby Henriksen og Henriksen I/S, Enkefru Plums Støttefond, Holdingselskabet af 9/11 2001 ApS and Kresten Andersen Bergsøe irrevocably undertook vis-à-vis ATP and Danske Bank A/S to vote in favour of a rights issue and in favour of the resolutions necessary to make the rights issue, including abolition of the Company's multiple share classes.

As described in I.17 "Employees", certain members of Management are also Shareholders of the Company.

The Company is not aware of any other potential interests or conflicts of interest in relation to the Offering that would be material to the Company.

3.4. Reasons for the Offering and use of proceeds

Reasons for the Offering

In the second half of 2008, the Group was severely hit by the global financial crisis and the ensuing general economic downturn and particularly by the slowdown in residential construction. The number of newly constructed residential units dropped sharply which has affected the Group's sale of aircrete and consequently the Group's revenues and earnings substantially. This development has continued in 2009, when the Group's revenue and earnings have decreased in all geographical markets.

The decrease in Group revenue has resulted in substantially lower earnings since the Group has been unable to reduce its costs in line with the decrease in revenue. Thus, Management expects a loss before tax for FY 2009 in the range of DKK 255-265 million, of which special items are expected to amount to an expense of DKK 105 million. Moreover, Management expects a loss before tax for FY 2010, albeit a somewhat smaller than the expected loss be-

Table 3-1: Capitalisation before and after the Offering

(DKKm)	Unaudited as at 30 September 2009	Capital Reduction	Effect of the Offering*	After the Offering*
Cash and cash equivalents	(24.6)			(24.6)
Short-term interest-bearing debt	1,015.3		436.0	579.3
Total net interest-bearing debt	990.7		436.0	554.7
Share capital	109.0	(54.5)	436.0	490.5
Reserves	474.1	54.5	0.0	528.6
Equity	583.1	0.0	436.0	1,019.1
Total capitalisation	**1,573.8**	**0.0**	**0.0**	**1,573.8**

Source: H+H

* Upon subscription and after deduction of issuing costs. See Part II "The Offering—Costs".

fore tax and special items for 2009. The free cash flows for 2010 are expected to be neutral. Total investments in 2010 are expected not to exceed DKK 50 million.

Management has responded to the financial crisis and particularly in H2 2008 focused on adjusting selling costs, administrative expenses and indirect production overheads. The adjustment included a reduction of headcount, changes to the production structure and a strict prioritisation of business activities. In 2009, additional measures were taken to reduce fixed costs. The Executive Board, the Key Employees and several senior employees of the Group have chosen to waive salary adjustment in 2009. See "Business and market—Business—H+H's current situation".

The Group's declining revenue and results of operations have led to a breach of certain covenants in the Company's loan agreements with Danske Bank A/S. Based on this, the lender, Danske Bank A/S, was in a position to terminate the loan agreements without notice and demand immediate repayment of the loans granted. The Company has communicated continually with Danske Bank A/S, and Danske Bank A/S has so far, in light of the Company's continual measures, waived its remedies for breach and has regularly issued fixed-term waivers.

Against this background, the Company initiated a capital search process in the summer of 2009 for the purpose of consolidating the capital base. In this connection, a number of discussions were held with existing and potential new shareholders in order to map out possible structures to strengthen the capital base. The process was concluded by agreement being reached on 8 October 2009 with a group consisting primarily of Existing Shareholders and new investors about a rights issue by the Company. See I.18 "Major shareholders".

In connection with the completion of the Offering, the Company has entered into restated and amended loan agreements with Danske Bank A/S about the continuation of the Group's financing facilities with a total credit line corresponding to approximately DKK 1,100 million. The loan agreements are in force as at the Prospectus Date. They are, however, subject to certain formal requirements and requirements relating to documentation, all of which are expected to be met by 31 December 2009. If the Offering is not completed on or before 31 December 2009, or if the Offering results in a net capital injection of less than DKK 300 million, Danske Bank A/S is entitled to terminate the loan agreements and demand immediate repayment of the debt. The agreements with Danske Bank A/S are described in greater detail in I.10 "Capital resources—Borrowing requirement and financing structure".

The reasons for the Offering are to strengthen the Company's financial position and thereby create a stronger financial basis for the future development of the Group in a market characterised by significant uncertainty caused by the general economic downturn and poor predictability.

Thus, the Company's survival has been threatened and will remain threatened if the Offering is not completed.

Use of proceeds

Upon subscription of the Offering, the gross proceeds will be approximately DKK 470.9 million and the net proceeds (gross proceeds less estimated costs to the Company relating to the Offering) are expected to total approximately DKK 436.0 million.

The net proceeds from the Offering will be deposited in the part of the Company's long-term credit line with Danske Bank A/S constituting an overdraft facility with a credit limit of DKK 492 million until the Group needs to draw on the facility. Furthermore, the net proceeds will be used to perform the loan agreements made with Danske Bank A/S, whereby the Company shall pay four equal instalments of DKK 50 million each on the existing debt on 2 April 2010, 2 July 2010, 2 October 2010 and 2 January 2011, respectively, i.e. a total of DKK 200 million. The agreements with Danske Bank A/S are described in greater detail in I.10 "Capital resources—Borrowing requirement and financing structure".

As described in II.5 "Terms and conditions of the Offering—Placing and underwriting", the Company has ensured, through advance commitments and underwriting commitments, subject to the satisfaction of certain conditions, that a total of 8,720,000 Offer Shares will be subscribed for in connection with the Offering, corresponding to gross proceeds totalling approximately DKK 470.9 million.

For further information about the Company's capital resources, including the Company's potential need for further financing, see II.3 "Key information on capitalisation and use of proceeds—Working capital statement" and II.3 "Key information on capitalisation and use of proceeds—Capitalisation and indebtedness".

4. INFORMATION CONCERNING THE OFFER SHARES

4.1. Type of security and ISIN codes

The Offering comprises 8,720,000 new B Shares in the Company with a nominal value of DKK 50 each with pre-emptive rights for Existing Shareholders. Furthermore, the Prospectus comprises admission of the Company's existing A Shares to trading and listing on NASDAQ OMX following the merger of the Company's share classes in connection with the completion of the Offering. See II.5 "Terms and conditions of the Offering—Completion of the Offering".

Pre-emptive Rights

The Offering is being made at the ratio of 8 : 1, which means that each Existing Shareholder will be entitled to and will be allocated 8 (eight) Pre-emptive Rights for each Existing Share held at the Allocation Time, and that 1 (one) Pre-emptive Right will be required to subscribe for 1 (one) Offer Share.

Pre-emptive Rights will be allocated to the Company's Existing Shareholders on 7 December 2009, at 12.30 p.m. CET through VP. Shares traded after 3 December 2009 at 9.00 a.m. CET will be traded ex Pre-emptive Rights, assuming that such Shares are traded at customary three-day settlement.

The Pre-emptive Rights have ISIN code DK0060198034.

An application has been made for the Pre-emptive Rights to be admitted for trading and official listing on NASDAQ OMX to the effect that they can be traded on NASDAQ OMX during the period from 3 December 2009 at 9.00 a.m. CET to 16 December 2009 at 5.00 p.m. CET.

Offer Shares

The Offer Shares are new B Shares to be issued temporarily after exercise of the Pre-emptive Rights and payment of the Offer Price, and they will be registered under an unlisted temporary ISIN code. If the Offering is completed, the Offer Shares will be of the same class as the existing B Shares upon registration of the capital increase with the Danish Commerce and Companies Agency, and the Company's share classes will be merged in immediate continuation of the registration of the capital increase with the Danish Commerce and Companies Agency, after which all Shares, including the Offer Shares, will be bearer shares.

The Offer Shares are offered at DKK 54 per Offer Share. The determination of the price assumes that the Capital Reduction will be finally completed and registered with the Danish Commerce and Companies Agency at the same time as the registration of the capital increase related to the Offering.

The Offer Shares are issued under an unlisted temporary ISIN code DK0060197812. The Offer Shares will not be traded and officially listed on NASDAQ OMX under the temporary ISIN code.

Registration of the Offer Shares with the Danish Commerce and Companies Agency will be effected following completion of the Offering, expectedly on 23 December 2009, and as soon as possible thereafter, the Offer Shares will be admitted for trading and official listing on NASDAQ OMX under the ISIN code of the existing B Shares, expectedly on 30 December 2009 (the temporary ISIN code and the ISIN code of the existing B Shares are subsequently expected to be merged in VP).

4.2. Applicable law and jurisdiction

The Offering is subject to Danish law. This Prospectus has been prepared in compliance with the standards and requirements in force under Danish law. Any dispute which may arise out of the Offering shall be brought before the Danish courts of law.

4.3. Registration

The Offer Shares will be issued to bearer but may be registered in the name of the holder in the Company's register of shareholders upon request to the bearer's custodian institution or other financial intermediary. All Pre-emptive Rights and Offer Shares will be delivered in book-entry form by allocation to accounts with VP through a Danish bank or other institution authorised as the custodian of such Shares. The address of VP is Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen S, Denmark. The Pre-emptive Rights and the Offer Shares are in book-entry form only.

4.4. Currency

The Offering will be carried out and trading in the Pre-emptive Rights will be effected in Danish kroner. The Offer Shares are denominated in Danish kroner.

4.5. Rights attaching to the Offer Shares

Pre-emptive rights

1 (one) Pre-emptive Right confers the right to subscribe for 1 (one) Offer Share of DKK 50 nominal value in the Company.

The Pre-emptive Rights can be traded on NASDAQ OMX during the period from 3 December 2009 to 16 December 2009 at 5.00 p.m. CET and can be exercised for subscription of Offer Shares during the Subscription Period from 8 December 2009 to 21 December 2009 at 5.00 p.m. CET.

Any Pre-emptive Rights that are not exercised during the Subscription Period will lapse with no value, and the holder of such Pre-emptive Rights will not be entitled to compensation. The Subscription Period closes on 21 December 2009 at 5.00 p.m. CET. If the holder does not want to exercise the Pre-emptive Rights to subscribe for the Offer Shares, the Pre-emptive Rights can be sold during the Rights Trading Period.

If the Offering is not completed, any exercise of Pre-emptive Rights that has already taken place will be cancelled automatically. The subscription amount for the Offer Shares will be refunded (less any transaction costs) to the last registered owner of the Offer Shares as of the date of withdrawal. All Pre-emptive Rights will lapse, and no Offer Shares will be issued.

However, trades of Pre-emptive Rights executed during the Rights Trading Period will not be affected. As a result, investors who acquired Pre-emptive Rights will incur a loss corresponding to the purchase price of the Pre-emptive Rights and any transaction costs. Trades in Offer Shares will not be affected either, and investors who have acquired Offer Shares will receive a refund of the subscription amount for the Offer Shares (less any transaction costs). As a result, investors who have acquired Offer Shares will incur a loss corresponding to the difference between the purchase price and the subscription amount for the Offer Shares and any transaction costs.

Any withdrawal will be notified immediately via NASDAQ OMX. See "Risk factors—Risks related to the Offering" for information on withdrawal of the Offering.

Offer Shares

Upon registration of the merger of the share classes and the capital increase with the Danish Commerce and Companies Agency in connection with the Offering, the Offer Shares will rank *pari passu* with the Company's existing B Shares, including with respect to eligibility for any dividends from and including FY 2009.

Although the Company generally intends to distribute dividends to its Shareholders in future, there can be no assurance thereof. Based on Management's expectations as at the Prospectus Date, see I.13 "Prospective financial information", the Supervisory Board does not expect to distribute any dividends based on the results of operations for FY 2009 and FY 2010. The restated and amended loan agreements made with Danske Bank A/S include an obligation on the part of the Company not to pay annual dividends to the Shareholders, within one financial year exceeding an aggregate amount corresponding to 50% of the Company's profit after tax in the previous financial year. See I.10 "Capital resources—Capital resources and cash flows".

Any dividends will be paid in Danish kroner. Any dividends paid to Shareholders will be paid in accordance with the rules of VP to the Shareholders' accounts with their custodian bank or any other financial intermediary.

No restrictions on dividends or special procedures apply to Shareholders not residing in Denmark. See II.4 "Information concerning the Offer Shares—Taxation" for a brief description of certain tax consequences with respect to dividends or distributions to holders of the Offer Shares.

Upon completion of the Offering and the merger of the share classes, all Shares in the Company will rank *pari passu*, including with respect to voting rights. After the merger, all Shares will carry ten votes per Share of DKK 50 nominal value.

In case of the dissolution or winding-up of the Company, the Offer Shares are entitled to a proportionate part of the Company's assets after payment of the Company's creditors. The Company's articles of association contain no special rules on redemption or exchange of Shares.

See I.21 "Additional information" for a description of the rights of the Existing Shares and Appendix 1 "Articles of Association", which contains the Company's amended articles of association applicable after the merger of the share classes, the Capital Reduction and the capital increase related to the Offering.

4.6. Resolutions, authorisations and approvals

At the Company's extraordinary general meeting held on 27 November 2009, it was resolved, subject to completion of the Offering, to reduce the Company's share capital by a nominal amount of DKK 54,500,000, including a reduction of the denomination from DKK 100 nominal value per Share to DKK 50, and to merge the Company's A and B share classes. The Capital Reduction and the merger of the share classes will take place concurrently with the registration of the capital increase related to the Offering. The Subscription Price in the Offering has been determined on the assumption that the Capital Reduction will be completed and registered.

The Capital Reduction will be completed as a proportionate reduction of the Company's A and B share capital to the effect that the A share capital will be reduced from DKK 24,000,000 nominal value to DKK 12,000,000 nominal value and the B share capital will be reduced from DKK 85,000,000 nominal value to DKK 42,500,000 nominal value. Concurrently, the denomination of the A and B share capital will be reduced from DKK 100 nominal value to DKK 50 nominal value.

The Shareholders in general meeting also resolved to merge the Company's A and B share classes subject to completion of the Offering and thereby to abolish the division of the Company's share capital into A and B share classes. On completion of the Capital Reduction and the merger of the Company's share classes, the Company's share capital will have a nominal value of DKK 54,500,000 prior to the capital increase related to the Offering, corresponding to 1,090,000 Existing Shares of DKK 50 each.

At the extraordinary general meeting, it was further resolved, subject to the Capital Reduction and the merger of the Company's share classes, to increase the Company's B share capital by a nominal amount of DKK 436,000,000 by cash payment with pre-emptive rights to the Company's Existing Shareholders at a price of DKK 54 per Share.

The Offer Shares will be issued in denominations of DKK 50 nominal value each and in connection with the registration of the capital increase related to the Offering and the merger of the share classes the Existing Shares will also be denominated in shares of DKK 50 each. Upon completion of the Offering, the Company's share capital will thus amount to DKK 490,500,000, divided into 9,810,000 Shares with a nominal value of DKK 50 each. The Shares issued in the capital increase will be B Shares which are negotiable instruments issued to bearer, but which may be registered in the name of the holder in the Company's register of shareholders. Upon abolition of multiple share classes, all Shares will rank *pari passu* and will carry the same number of votes per

Share. The articles of association applicable after the abolition of multiple share classes, the Capital Reduction and the capital increase related to the Offering, are set out in Appendix 1 "Articles of association" including a few modifications following from the Offering.

The Offer Shares will be issued temporarily through VP in connection with the exercise of the Pre-emptive Rights. After completion of the Offering, it is expected that the Offer Shares will be finally issued after registration of the Capital Reduction, the merger of the Company's share classes and the capital increase with the Danish Commerce and Companies Agency.

4.7. Date of issue of the Pre-emptive Rights and the Offer Shares

Allocation of Pre-emptive Rights

On 7 December 2009 at 12.30 p.m. CET, any person registered with VP as a Shareholder of the Company and holders of A Shares will be allocated 8 (eight) Pre-emptive Rights for each Existing Share held. As from 3 December 2009, the Shares will be traded ex Pre-emptive Rights, assuming that such Shares are traded at customary three-day settlement.

Issue of Offer Shares

The Subscription Period for the Offer Shares commences on 8 December 2009 and closes on 21 December 2009 at 5.00 p.m. CET. During this period, the Offer Shares will thus be allocated temporarily through VP upon exercise of Pre-emptive Rights against payment of the Offer Price. The final issue date of the Offer Shares is expected to be 23 December 2009.

4.8. Negotiability and transferability of the Shares and the Offer Shares

The A Shares are non-negotiable instruments, and the B Shares are negotiable instruments. The A Shares are issued to named holders and are recorded in the Company's register of shareholders. The B Shares are issued to bearer, but may be recorded in the name of the holder in the Company's register of shareholders. No restrictions apply to the transferability of the existing B Shares or the Offer Shares.

Following the abolition of multiple share classes, see I.21 "Additional information", all Shares will be negotiable instruments and bearer shares that may be recorded in the name of the holder in the Company's register of shareholders.

4.9. Danish legislation concerning tender offers, redemption of shares and disclosure of shareholdings

Mandatory takeover bids

Applicable rules on mandatory tender offers are set out in chapter 8 of the Danish Securities Trading Act and the executive order issued pursuant thereto. If a shareholding is transferred, directly or indirectly, in a company with one or more share classes admitted for trading on a regulated market or an alternative marketplace to an acquirer or to persons who trade in understanding with such acquirer, the acquirer shall enable all shareholders of the company to dispose of their shares on identical terms if such transfer implies that the acquirer:

(a) will hold the majority of voting rights in the company;
(b) becomes entitled to appoint or dismiss a majority of the members of the company's supervisory board;
(c) obtains the right to exercise a controlling influence over the company based on the articles of association or otherwise according to agreement with it;
(d) according to agreement with other shareholders, will control the majority of voting rights in the company; or
(e) will be able to exercise a controlling influence over the company and will hold more than one-third of the voting rights.

If special conditions apply, the Danish Financial Supervisory Authority may grant an exemption from the obligation to make a mandatory offer.

Compulsory redemption

According to section 20b and 20e of the Danish Public Companies Act, shares in a company may be redeemed by a shareholder holding more than nine-tenths of the shares and a corresponding proportion of the voting rights in the company. A minority shareholder may in the same manner require a majority shareholder holding more than nine-tenths of the share capital to redeem the minority shareholder's shares.

Major shareholdings

Pursuant to section 29 of the Danish Securities Trading Act, a shareholder of a company whose shares are admitted to trading in a regulated market or an alternative market place is required to notify the company and the Danish Financial Supervisory Authority as soon as possible if such shareholder's stake:

1. represents 5% or more of the voting rights in the company or the nominal value is 5% or more of the share capital; and
2. when a change in a holding already notified entails that the limits of 5%, 10%, 15%, 20%, 25%, 50% or 90%, and
3. the limits of one-third and two-thirds of the voting rights of the share capital or the nominal value are reached or no longer reached, or the change implies that the limits stated in 1 are no longer reached.

The notifications must comply with the requirements for the contents thereof set out in sections 15 and 16 of the Danish executive order on major shareholders, including the identity of the shareholder and the date when a limit is reached or is no longer reached. Failure to comply with the disclosure requirements is punishable by a fine. When the Company has received such notification, it must publish the contents of such notification as soon as possible.

Furthermore, the general duty of notification pursuant to the Danish Public Companies Act applies as well as special duties of notification in respect of the Company's insider group pursuant to the Danish Securities Trading Act.

Amendments to the Danish Public Companies Act and the Danish Securities Trading Act

On 29 May 2009, the Danish parliament passed a new Companies Act, which will come partially into force on 18 January 2010. Although the act introduces a number of changes to the general management of Danish companies with limited liability, the Company does not expect, as at the Prospectus Date, that the act will have any material impact on the activities of the Company or the rights and obligations of its Shareholders.

The rules regulating mandatory tender offers are set out in Part 8 of the Danish Securities Trading Act, and will be amended in connection with the implementation of the new Danish Companies Act. The amendments will not materially change the Danish rules on takeover bids.

4.10. Public takeover bids for the Company

No tender offers have been made by any third party in respect of the Existing Shares during the past or current financial years.

4.11. Taxation

Introduction

The following is a summary of certain Danish income tax considerations relating to an investment in the Pre-emptive Rights and the Offer Shares.

The description does not purport to be a complete or exhaustive description of all tax issues. The description does not i.a. address investors subject to special tax rules, such as investors subject to the Danish Act on Pension Investment Return Taxation (i.e. pension savings), insurance companies, banks, dealers in securities and investors holding shares as part of their profession.

The description is generally based on the legislation in force at the time of preparation of the Prospectus. However, the tax reform ("Spring Package 2.0") implements material changes to the rules on taxation of dividends and capital gains, for which reason relevant changes are described below in separate sections entitled "The tax reform". As a general rule, the changes take effect as from the income year 2010.

It is assumed that existing and prospective investors will consult their own tax advisers with a view to obtaining an individual assessment of the tax consequences of investing in, holding, managing and transferring the Shares.

Taxation of investors subject to full tax liability in Denmark

Individuals residing in Denmark or spending at least six consecutive months in Denmark within a year and companies which are either registered in Denmark or the management of which is based in Denmark, are generally subject to full tax liability in Denmark. Individuals or companies also subject to full tax liability in another country may be subject to special rules, which are not described herein.

Taxation of dividends

Dividends paid to individuals are taxed as share income. For the 2009 income year, the tax rates for share income is 28% for share income up to a total of DKK 48,300 (DKK 96,600 for married couples cohabiting at the end of the income year), 43% for share income of more than DKK 48,300, but less than DKK 106,100 (DKK 96,600/212,200, respectively, for married couples cohabiting at the end of the income year), and 45% for share income of more than DKK 106,100 (DKK 212,200 for married couples cohabiting at the end of the income year).

Dividends paid to individuals are generally subject to withholding tax at the rate of 28%. Where the share income in the relevant year solely comprises dividends and does not exceed DKK 48,300 (2009), the withholding tax is final.

Companies include 66% of dividends in the taxable income.

Dividends paid to Danish companies are generally subject to withholding tax at a rate of 16.5%.

If a company holds at least 10% of the share capital in the Company directly, dividends from the Company are, however, tax exempt, provided that the corporate shareholder has held the shares for at least 12 consecutive months, and that the dividends are declared during this period.

The tax reform

As from the income year 2010, individuals' share income up to DKK 48,300 (DKK 96,600 for married couples cohabiting at the end of the income year) is subject to tax at the rate of 28% and amounts in excess thereof at a rate of 42%. The rate of 28% will be reduced to 27% in 2012.

For corporate shareholders, a distinction will be introduced with effect from the income year 2010 between "subsidiary shares/group shares" and "portfolio shares". "Portfolio shares" typically comprise shares held by a company constituting less than 10% of the share capital, whereas "subsidiary shares/group shares" typically comprise shares held by a company constituting 10% or more of the share capital or a controlling influence, individually or collectively with other group companies.

Dividends relating to "portfolio shares" are included in full in the corporate income whereas dividends relating to "subsidiary shares/group shares" are tax exempt. Special rules apply if the shares in the Company are held by a so-called "intermediate holding company".

In respect of dividends distributed on and after 1 January 2010, the withholding tax rate is changed to 25% for payment of dividends to Danish companies. In respect of individuals, there is no change.

Disposal of shares
Since NASDAQ OMX is a member of the World Federation of Exchanges, the Shares in the Company are deemed to be listed for tax purposes.

With respect to gains on disposal of shares, the tax rules distinguish between whether the seller is an individual or a company. For companies, the rules furthermore distinguish between whether the shares have been held for less than three years or more than three years.

Individuals are subject to tax on gains on the disposal of shares. Gains are taxed as share income. For the 2009 income year, the tax rates for share income is 28% for share income up to a total of DKK 48,300 (DKK 96,600 for married couples cohabiting at the end of the income year), 43% for share income of more than DKK 48,300, but less than DKK 106,100 (DKK 96,600/212,200, respectively, for married couples cohabiting at the end of the income year), and 45% for share income of more than DKK 106,100 (DKK 212,200 for married couples cohabiting at the end of the income year).

Individuals may set off losses upon disposal of listed shares in taxable profits and dividends in respect of listed shares. Losses may be carried forward indefinitely to be set off against taxable gains and dividends from listed shares received in subsequent years.

Companies must include gains on shares held for less than three years in the calculation of taxable income and are subject to tax at the rate of 25%. Losses may be set off against gains on shares held for less than three years. However, losses may only be deducted if such losses exceed the tax-exempt dividends in respect of the relevant shares received by the company during the ownership period.

Gains on shares held by companies for more than three years are tax exempt and losses cannot be deducted.

In respect of companies, shares acquired by exercising Pre-emptive Rights will be deemed to be acquired at the same time as the original share if the Pre-emptive Rights provide for subscription of shares at a price which is lower than the market price at the time of allocation.

The tax reform
The distinction between listed and unlisted shares will be changed with effect from 1 January 2010 to the effect that the term "listed" will be replaced by the term "admitted to trading in a regulated market". Since Shares in the Company are listed on NASDAQ OMX, the shares will be deemed to be "admitted to trading in a regulated market".

As from 1 January 2010, individuals' share income up to DKK 48,300 (DKK 96,600 for married couples cohabiting at the end of the income year) is subject to tax at the rate of 28% and amounts in excess thereof at a rate of 42%. The rate of 28% will be reduced to 27% in 2012.

Losses on shares incurred by individuals and established on or after 1 January 2010 may be set off against profits and dividends in respect of shares admitted to trading in a regulated market. The access to offsetting is subject to the Danish tax authorities having received information on the acquisition of the shares. For Shareholders who have acquired the shares through a Danish securities dealer (e.g. a Danish bank), the condition will normally be satisfied through the securities dealer's mandatory reporting to the Danish tax authorities. Shareholders trading in the shares through a non-Danish securities dealer must report the acquisition of the shares to the Danish tax authorities themselves or alternatively make an agreement with the non-Danish securities dealer about such dealer undertaking reporting. In respect of shares bought before 1 January 2010, and disposed after such date, the condition for deducting losses will normally be satisfied if the shares are stated in the overview of the holding at year-end 2009.

With effect from the income year 2010, the distinction relating to three-year ownership periods for companies will be abolished. Instead, a distinction is introduced between "portfolio shares" and "subsidiary shares/group shares". "Portfolio shares" particularly comprise shares held by a company constituting less than 10% of the share capital, whereas "subsidiary shares/group shares" comprise shares held by a company constituting not 10% or more of the share capital or a controlling influence, individually or collectively with other intra-group companies.

Profits and losses relating to "portfolio shares" are included in corporate income, whereas profits and losses relating to "subsidiary shares/group shares" are not relevant to the calculation of income. Companies' profits and losses relating to portfolio shares admitted to trading in a regulated market or a multilateral trading facility must be made up according to the mark-to-market principle. The mark-to-market principle entails ongoing taxation year-on-year of unrealised profits/losses.

Special rules apply if the Shares in the Company are held by a so-called "intermediate holding company".

Exercise and disposal of Pre-emptive Rights
The allocation and exercise of Pre-emptive Rights does not result in a tax liability for the Shareholders.

Individuals are liable to pay tax on gains on the disposal of Pre-emptive Rights. Gains are included in the share income according to the rates specified above.

Companies' gains on disposal of Pre-emptive Rights are tax exempt if the Pre-emptive Rights have been held for three years or more. Disposal of Pre-emptive Rights held for less than three years is included in the calculation of taxable income and is subject to tax at the rate of 25%. In respect of companies, Pre-emptive Rights will be deemed to be acquired at the same time as the original share if the Pre-emptive Rights provide for subscription of shares at a price which is lower than the market price at the time of allocation.

Gains and losses on disposal of Pre-emptive Rights are calculated for both companies and individuals according to the share-for-share method as the difference between the sales price and the purchase price. Allocated pre-emptive rights will be deemed to have been acquired at a price of DKK 0.

The tax reform
Losses on Pre-emptive Rights incurred by individuals and established on or after 1 January 2010 may be set off against profits and dividends in respect of shares admitted to trading in a regulated market. The access to offsetting is subject to the Danish tax authorities having received information on the acquisition of the Pre-emptive Rights according to the same rules as those applying to shares as described above.

With effect from 1 January 2010, the distinction relating to three-year ownership periods for companies will be abolished. Instead, a distinction is introduced between "portfolio shares" and "subsidiary shares/group shares". Pre-emptive Rights are subject to tax according to the rules for "portfolio shares" as described above if the company holds less than 10% of the share capital and does not fulfil the conditions for joint taxation with the company issuing the Pre-emptive Rights.

Investors who are not residents of Denmark and are not subject to full tax liability in Denmark
Where the Shares are held in connection with the operation of activities subject to limited tax liability in Denmark, dividends and gains may be included in the taxable income for such activities.

Other Shareholders not subject to full tax liability in Denmark are subject to a limited tax liability to Denmark on dividends from shares in Danish companies.

Taxation of dividends
Dividends distributed from a Danish company to a non-resident individual or company are generally subject to withholding tax at a rate of 28%. If Denmark has entered into a double taxation treaty with the country in which the shareholder is resident, the shareholder may seek a refund from the Danish tax authorities of tax withheld in excess of the tax to which Denmark is entitled under the relevant double taxation treaty.

For individuals resident in certain countries, the obligation to withhold tax may on certain conditions be reduced to the tax rate stipulated in the double taxation treaty with the relevant country.

In addition, it will be possible for the company paying dividends or VP to enter into an agreement with the Danish tax authorities under which the company will solely be obliged to withhold dividend tax at the rate provided by the relevant double taxation treaty.

Normally, no dividend tax is withheld on dividends paid to a company which is not a resident of Denmark, and which holds 10% or more of the share capital in a Danish company provided that the non-Danish company has held the shares for at least 12 consecutive months, and the distribution is effected within this period. However, this rule only applies to companies which can claim relief or exemption from Danish withholding tax on dividends pursuant to EC Directive 90/435/EEC (the "Parent/Subsidiary Directive") or a double taxation treaty concluded with Denmark. It is a prerequisite that relevant forms are submitted to the Danish tax authorities.

The tax reform
As a consequence of the tax reform, the rules on withholding tax on dividends paid to a company not residing in Denmark are adjusted with effect for dividends distributed on or after 1 January 2010. No withholding tax will then be imposed on outgoing dividends in respect of subsidiary shares when the taxation of dividends from the subsidiary shall be waived or reduced according to the Parent/Subsidiary Directive or according to a double taxation treaty. Likewise, no withholding tax will be imposed on outgoing dividends in respect of group shares that are not subsidiary shares when the group receiving the dividends are residing in an EU/EEA member state, and the taxation of dividends should be waived or reduced according to the Parent/Subsidiary Directive or according to a double taxation treaty, in the case of subsidiary shares. It is a prerequisite for omitting the withholding of tax that relevant forms are submitted to the Danish tax authorities.

Disposal of shares
Non-resident shareholders are generally not liable to pay tax in Denmark on the sale of shares and on allocation and sale of Pre-emptive Rights.

The tax reform
With effect from the income year 2010, access to taxation of companies' general shares not held for immediate resale and Pre-emptive Rights affiliated with a permanent establishment will be introduced.

Transfer taxes/stamp duties
Transfers of shares and Pre-emptive Rights are not subject to any Danish share transfer tax or Danish stamp duty.

5. TERMS AND CONDITIONS OF THE OFFERING

5.1. Subscription ratio, Offer Price and allocation of Pre-emptive Rights

Shareholders registered with VP on 7 December 2009 at 12.30 p.m. CET as Shareholders of the Company and holders of A Shares will be entitled to be allocated Pre-emptive Rights.

The subscription ratio is 8 : 1 which means that Existing Shareholders will receive 8 (eight) Pre-emptive Rights for each Existing Share held, and that 1 (one) Pre-emptive Right will confer the right on the holder for subscribe for 1 (one) Offer Share of DKK 50 nominal value.

The Pre-emptive Rights and the Offer Shares will be delivered in book-entry form through allocation to the Existing Shareholders' accounts with VP. The Offer Shares will be registered in investors' accounts with VP following exercise of Pre-emptive Rights against cash payment of the Offer Price of DKK 54 per Offer Share, free of brokerage. The Subscription Price has been determined on the assumption that the Capital Reduction will be completed and registered.

The Pre-emptive Rights have the ISIN code DK0060198034, and the Offer Shares have the temporary ISIN code DK0060197812. The Offer Shares will not be traded and officially listed on NASDAQ OMX under the temporary ISIN code.

As from 3 December 2009, the Shares will be traded ex Pre-emptive Rights, assuming that the Shares are traded at customary three-day settlement.

An application has been made for the Pre-emptive Rights to be admitted for trading and official listing on NASDAQ OMX to the effect that they can be traded on NASDAQ OMX during the period from 3 December 2009 to 16 December 2009 at 5.00 CET.

Registration of the Offer Shares with the Danish Commerce and Companies Agency will be effected following completion of the Offering, expectedly on 23 December 2009, and as soon as possible thereafter, the Offer Shares will be admitted for trading and official listing on NASDAQ OMX under the ISIN code of the existing B Shares, expectedly on 30 December 2009 (the temporary ISIN code and the ISIN code of the existing B Shares are subsequently expected to be merged in VP).

The Company's A Shares are unlisted, but after the completion of the Offering and the merger of the share classes, they will be admitted for trading and official listing on NASDAQ OMX under the same ISIN code as the existing B Shares.

The change of the denomination of the Existing Shares from DKK 100 to DKK 50 is expected to be effected in VP and on NASDAQ OMX with effect from 30 December 2009.

5.2. Offering and proceeds

The Offering includes 8,720,000 Offer Shares of DKK 50 nominal value each. This Prospectus also includes admission of the Company's existing A Shares to trading and listing on NASDAQ OMX following the merger of the Company's share classes in connection with the completion of the Offering. See II.4 "Information concerning the Offer Shares—Resolutions, authorisations and approvals".

Upon subscription of the Offering, the gross proceeds will be approximately DKK 470.9 million and the net proceeds (gross proceeds less estimated costs to the Company relating to the Offering) are expected to total approximately DKK 436.0 million.

The Shareholder Group has made binding advance commitments, subject to the satisfaction of certain conditions, to exercise their respective Pre-emptive Rights and acquire Pre-emptive Rights to subscribe for a total of 1,501,264 Offer Shares corresponding to total gross proceeds of approximately DKK 81.1 million.

Subject to the satisfaction of certain conditions, any Offer Shares which have not been subscribed for by holders of Pre-emptive Rights will be subscribed for by the Group of Underwriters, and, subject to the satisfaction of certain conditions, the Company is ensured, by the Group of Underwriters, that of a total of 7,218,736 Offer Shares will be subscribed, corresponding to total gross proceeds of approximately DKK 389.8 million.

5.3. Completion of the Offering

The Offering will only be completed if and when the Offer Shares subscribed for are issued by the Company and registered with the Danish Commerce and Companies Agency, which is expected to take place on 23 December 2009. An announcement concerning the results of the Offering is expected to be made on 23 December 2009.

5.4. Subscription period

The Subscription Period for the Offer Shares commences on 8 December 2009 and closes on 21 December 2009 at 5.00 p.m. CET. For a description of the procedure for exercise and subscription, see II.5 "Terms and conditions of the Offering—Procedure for the exercise of and trading in Pre-emptive Rights".

5.5. Withdrawal of the Offering

The Offering may be withdrawn at any time before registration with the Danish Commerce and Companies Agency of the capital increase relating to the Offer Shares. Pursuant to the Rights Issue Agreement which the Company has entered into with the Sole Lead Manager, the Sole Lead Manager may at any time prior to registration of the capital increase relating to the Offer Shares require that the Company withdraw the Offering upon notice of termination of the Rights Issue Agreement.

The Sole Lead Manager is entitled to terminate the Rights Issue Agreement upon the occurrence of certain exceptional events and/or unpredictable circumstances, such as *force majeure.* The Rights Issue Agreement also contains conditions for completion which the Company believes are customary for offerings such as the Offering, and the completion of the Offering is subject to compliance with all such conditions in the Rights Issue Agreement. If one or more conditions for completion are not met, the Sole Lead Manager may, at its discretion, terminate the Rights Issue Agreement and thereby require that the Company withdraw the Offering. One of the conditions of the Rights Issue Agreement is that the Shareholder Group and the Group of Underwriters which have made binding underwriting and/or advance commitments subject to the satisfaction of certain conditions are not entitled to withdraw from their commitments.

If the Offering is not completed, any exercise of Pre-emptive Rights that has already taken place will be cancelled automatically. The subscription amount for the Offer Shares will be refunded (less any transaction costs) to the last registered owner of the Offer Shares as of the date of withdrawal. All Pre-emptive Rights will lapse with no value, and no Offer Shares will be issued, potentially causing investors who may have acquired Pre-emptive Rights and/or Offer Shares to incur a loss.

Trades in Offer Shares will not be affected, and investors who have acquired Offer Shares will receive a refund of the subscription amount for the Offer Shares (less any transaction costs). As a result, investors who have acquired Offer Shares will incur a loss corresponding to the difference between the purchase price and the subscription amount for the Offer Shares and any transaction costs.

A withdrawal will be announced through NASDAQ OMX. See "Risk factors—Risks related to the Offering" for additional information on withdrawal of the Offering.

5.6. Reduction of subscription

Reduction of subscription is not applicable in connection with the Offering.

5.7. Minimum or maximum subscription amounts

The minimum number of Offer Shares that a holder of Pre-emptive Rights may subscribe for will be 1 (one) Offer Share, requiring the exercise of 1 (one) Pre-emptive Right and the payment of the Offer Price. The number of Offer Shares that a holder of Pre-emptive Rights may subscribe for is not capped. However, the number is limited to the number of Offer Shares which may be subscribed for through the exercise of the Pre-emptive Rights held or acquired.

5.8. Withdrawal of applications for subscription

Instructions to exercise Pre-emptive Rights are irrevocable.

5.9. Payment and delivery

Upon exercise of the Pre-emptive Rights, the holder must pay DKK 54 per Offer Share for which he or she subscribes. Payment for the Offer Shares shall be made in Danish kroner on the date of subscription, however, on or before 21 December 2009, against registration of the Offer Shares in the investor's account with VP under the unlisted temporary ISIN code. The Offer Price is determined on the assumption that the Capital Reduction is registered with the Danish Commerce and Companies Agency not later than at the same time as the registration of the capital increase related to the Offering.

5.10. Announcement of the results of the Offering

The results of the Offering will be announced in a company announcement expected to be issued through NASDAQ OMX not later than two trading days after the expiry of the Subscription Period (expectedly on 23 December 2009).

5.11. Procedure for the exercise of and trading in Pre-emptive Rights

Holders of Pre-emptive Rights who wish to subscribe for Offer Shares will be required to do so through their own custodian institution or other financial intermediary in accordance with the rules of such institution or intermediary. The deadline for notification of exercise depends on the holder's agreement with and the rules and procedures of the relevant custodian institution or other financial intermediary, and the deadline may be earlier than the last day of the Subscription Period. Once a holder has exercised its Pre-emptive Rights, such exercise may not be revoked or modified.

Upon exercise of Pre-emptive Rights and payment of the Offer price in the course of the Subscription Period, the Offer Shares will, at the end of a trading day, be allocated temporarily through VP. The Offer Shares will not be traded and officially listed on NASDAQ OMX under the temporary ISIN code.

The Offer Shares may be subscribed for in the period from 8 December 2009 to 21 December 2009 at 5.00 p.m. CET. If the Offering is completed, the Offer Shares will be registered with the Danish Commerce and Companies Agency (expectedly on 23 December 2009). As soon as possible thereafter, the unlisted temporary ISIN code will be merged with the ISIN code of the existing B Shares.

Exercise instructions without the necessary documentation which originate from a person located in the United States, or are postmarked in the United States or such other jurisdiction in which it would not be permissible to subscribe for the Offer Shares, will be deemed to be invalid, and no Offer Shares will be credited to institutions with addresses in the United States or any other jurisdiction in which it would not be permissible to subscribe for the Offer Shares without the required documentation. The Company and the Sole Lead Manager reserve the right to reject any exercise of Pre-emptive Rights on behalf of persons who fail to present the required documentation and (i) who for acceptance or delivery of Offer Shares indicate an address in the United States or any other jurisdiction in which it would not be permissible to subscribe for the Offer Shares; (ii) who cannot show or prove that they are not in the United States or any other jurisdiction in which it would not be permissible to subscribe for Offer Shares; (iii) who act on behalf of persons in the United States or any other jurisdiction in which it would not be permissible to subscribe for the Offer Shares, unless it is effected on a discretionary basis; or (iv) who in the opinion of the Company or its agents have given their exercise instructions or certifications in, or sent such instructions or certifications from the United States or any other jurisdiction in which it would not be permissible to offer the Offer Shares. See II.5 "Terms and conditions of the Offering—Transfer restrictions".

Any holders who exercise their Pre-emptive Rights shall be deemed to have represented that they have complied with all applicable laws. Custodian institutions exercising Pre-emptive Rights on behalf of beneficial owners shall be deemed to have represented that they have complied with the offering procedures set forth in this Prospectus. Neither the Pre-emptive Rights nor the Offer Shares have been registered under the Securities Act or any state securities laws in the United States.

An application has been made for the Pre-emptive Rights to be admitted for trading and official listing on NASDAQ OMX to the effect that they can be traded on NASDAQ OMX during the period from 3 December 2009 to 16 December 2009 at 5.00 CET.

Holders of Pre-emptive Rights who do not wish to exercise their Pre-emptive Rights to subscribe for Offer Shares may sell the Pre-emptive Rights during the Rights Trading Period, and the purchaser may use the acquired Pre-emptive Rights to subscribe for Offer Shares. Holders wishing to sell their Pre-emptive Rights should instruct their custodian institution or other financial intermediary accordingly.

Upon expiry of the Subscription Period, the Pre-emptive Rights will lapse with no value, and holders of such Pre-emptive Rights will not be entitled to compensation. The Subscription Period closes on 21 December 2009 at 5.00 p.m. CET. If the holder does not want to exercise the Pre-emptive Rights to subscribe for the Offer Shares, the Pre-emptive Rights may be sold during the Rights Trading Period.

5.12. Expected timetable of principal events

Announcement of Prospectus	2 December 2009
Trading in the Shares ex Pre-emptive Rights commences (provided that the relevant Shares are traded at usual thee-day settlement)	3 December 2009
Admission to trading and official listing of the Pre-emptive Rights	3 December 2009
First day of Rights Trading Period	3 December 2009
Allocation time of Pre-emptive Rights	7 December 2009 at 12.30 p.m. CET
First day of Subscription Period	8 December 2009
Last day of Rights Trading Period	16 December 2009 at 5.00 p.m. CET
Last day of Subscription Period	21 December 2009 at 5.00 p.m. CET
Expected date of completion of the Offering and announcement of the results of the Offering	23 December 2009
Expected registration of the Capital Reduction, the Offer Shares and of the merger of the share classes with the Danish Commerce and Companies Agency	23 December 2009
Expected admission of the Offer Shares to trading and official listing on NASDAQ OMX through admission of the ISIN code of the existing B Shares	30 December 2009
Expected date of admission of the existing A Shares to trading and official listing on NASDAQ OMX after the merger of the share classes (admission to trading and official listing will be in the ISIN code of the existing B Shares)	30 December 2009

5.13. Transfer restrictions

The Offering consists of a public offering in Denmark and the United Kingdom and private placements in certain other jurisdictions. Consistent with the rules on cross-border offers of Directive 2003/71/EC of the European Parliament and the Council, the Company will request that the Danish Financial Supervisory Authority provide the competent authorities for approving prospectuses in the United Kingdom with a certificate of approval regarding the Prospectus. Such certificate of approval, accompanied by the Prospectus and a translation thereof, will be filed with the competent authorities for approving prospectuses in the United Kingdom after which the Prospectus will be valid for public offerings in this jurisdiction.

General restrictions

The Offering will be implemented under Danish law, and neither the Company nor the Sole Lead Manager has taken any action or will take any action in any jurisdiction, with the exception of Denmark and the United Kingdom, which may result in a public offering of the Pre-emptive Rights and/or the Offer Shares.

The delivery of this Prospectus and the marketing of Pre-emptive Rights or Shares are subject to restrictions in certain countries. Persons into whose possession this Prospectus may come are required by the Company and the Sole Lead Manager to inform themselves about such restrictions and to observe such restrictions, including any tax issues and currency restrictions that may be relevant in connection with the Offering. All investors should examine the tax consequences of an investment in Pre-emptive Rights and Offer Shares through their own advisers. This Prospectus does not constitute an offer of or an invitation to purchase any Pre-emptive Rights or purchase or subscribe for any Offer Shares in any jurisdiction in which such offer or invitation would be unlawful.

Furthermore, the Pre-emptive Rights and the Offer Shares are subject to transfer and selling restrictions in certain jurisdictions. Potential purchasers of Pre-emptive Rights and/or subscribers of the Offer Shares must comply with all applicable laws and provisions in countries or territories in which they acquire, subscribe for, offer or sell Pre-emptive Rights and/or Offer Shares or possess or distribute this Prospectus and must obtain consent, approval or permission, as required, for the acquisition of the Offer Shares. Persons into whose possession this Prospectus may come are required by the Company and the Sole Lead Manager to inform themselves about such restrictions and to observe such restrictions.

The distribution of this Prospectus and the Offering may, in certain jurisdictions, be restricted by law, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Neither the Company nor the Sole Lead Manager accepts any legal liability for any violation of these restrictions by any person, irrespective of whether such person is an Existing Shareholder or a potential purchaser of Pre-emptive Rights and/or subscriber of the Offer Shares.

This Prospectus may not be distributed in or otherwise made available, the Offer Shares may not be offered or sold, directly or indirectly, and the Pre-emptive Rights may not be exercised or otherwise offered or sold, directly or indirectly, in the United States, Canada, Australia or Japan, unless such distribution, offering, sale or exercise is permitted under applicable laws in the relevant jurisdiction, and the Company and the Sole Lead Manager must receive satisfactory documentation to that effect. This Prospectus may not be distributed in or otherwise be made available, the Offer Shares may not be offered or sold, directly or indirectly, and the Pre-emptive Rights may not be exercised or otherwise offered or sold, directly or indirectly, in any jurisdiction outside Denmark, unless such distribution, offering, sale or exercise is permitted under applicable laws in the relevant jurisdiction, and the Company and the Sole Lead Manager may require receipt of satisfactory documentation to that effect. Due to such restrictions under applicable laws, the Company expects that some or all investors residing in the United States, Canada, Australia, Japan and other jurisdictions outside Denmark may not have the Prospectus distributed to them and may not be able to exercise the Pre-emptive Rights or subscribe for the Offer Shares. The Company makes no offer or solicitation to any person under any circumstances that may be unlawful.

Selling restrictions in the United States
The Pre-emptive Rights and the Offer Shares have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of such regulatory authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Pre-emptive Rights and the Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States. No transfer of the Pre-emptive Rights and no offer or sale of the Offer Shares are permitted unless in connection with an offering or sale under Regulation S.

The Offering concerns securities in a Danish company. The Offering is subject to Danish disclosure requirements deviating from the disclosure requirements under U.S. law. The financial statements contained in this document have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the EU, and may not be comparable with the financial statements of U.S. companies.

It may be difficult to enforce investors' rights and claims under U.S. federal securities laws because the Company is residing in Denmark and some or all members of the Company's Management (Supervisory Board and Executive Board) and Key Employees may be residents of Denmark. It may not be possible to file a lawsuit against a non-U.S. company such as the Company or its Management with a court outside the United States concerning breach of the U.S. securities laws. It may be difficult to enforce judgments obtained in U.S. courts against a non-U.S. company such as the Company and its affiliates.

Any person who wishes to exercise any Pre-emptive Rights and subscribe for any Offer Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this Prospectus and delivery of Pre-emptive Rights or Offer Shares, either that he is acquiring the Pre-emptive Rights or the Offer Shares in an offshore transaction as defined in Regulation S in compliance with Regulation S, or pursuant to an effective registration statement under the U.S. Securities Act, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws.

In addition, until the expiration of 40 days after the closing of the Subscription Period, an offer to sell or a sale of Pre-emptive Rights or Offer Shares within the United States by a broker or dealer (whether or not it is participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer to sell or such sale is made otherwise than pursuant to exemptions under the U.S. Securities Act. Due to such restrictions under applicable laws and regulations, the Company expects that some or all investors residing in the United States may not be able to exercise the Pre-emptive Rights and subscribe for the Offer Shares.

Restrictions on sales in the European Economic Area
In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each a "Relevant Member State"), no offering of Pre-emptive Rights or Offer Shares to the public will be made in any Relevant Member State prior to the publication of a prospectus concerning the Pre-emptive Rights and the Offer Shares which has been approved by the competent authority in such Relevant Member State or, where relevant, approved in another Relevant Member State and notified to the competent authority in such Relevant Member State, all pursuant to the Prospectus Directive, except that with effect from and including the date of implementation of the Prospectus Directive in such Relevant Member State, an offering of Pre-emptive Rights and Offer Shares may be made to the public at any time in such Relevant Member State:

(a) to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
(b) to any legal entity fulfilling at least two of the following criteria:
    a. an average of at least 250 employees during the last financial year;
    b. a total balance sheet of more than EUR 43 million; and
    c. an annual net revenue of more than EUR 50 million, as shown in its last annual or consolidated accounts;
(c) to less than 100 individuals or legal persons (except for "qualified investors" as defined in the Prospectus Directive) subject to the prior written consent of the Company and the Sole Lead Manager; or
(d) in any other circumstances which do not require the publication by the Company of a prospectus under Article 3 of the Prospectus Directive.

For the purposes of the above, the expression an "offer of Pre-emptive Rights and Offer Shares to the public" in relation to any Pre-emptive Rights and Offer Shares in any Relevant Member State means the communication, in any form and by any means, of sufficient information on the terms of the Offering, the Pre-emptive Rights and Offer Shares so as to enable an investor to decide to purchase the Pre-emptive Rights or purchase or subscribe for the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The term "Prospectus Directive" means Directive 2003/71/EC and includes all relevant implementation procedures in each Relevant Member State.

Restrictions on sales in Canada, Australia and Japan and any other jurisdictions outside Denmark

The Pre-emptive Rights and the Offer Shares have not been approved, disapproved or recommended by any foreign regulatory authorities, nor have any of such authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus.

Due to restrictions under applicable laws and regulations, the Company expects that certain or all investors residing in Canada, Australia, Japan and other jurisdictions outside Denmark may not be able to exercise the Pre-emptive Rights or subscribe for the Offer Shares.

5.14. Intentions of major Shareholders and members of the Supervisory Board and Executive Board

Binding advance commitments from Existing Shareholders to subscribe for Offer Shares

A group of Existing Shareholders, including Arbejdsmarkedets Tillægspension and LD Equity 1 K/S (collectively referred to as the "Shareholder Group") has made binding advance commitments, subject to the satisfaction of certain conditions, to exercise their respective Pre-emptive Rights to subscribe for a total of 1,501,264 Offer Shares corresponding to aggregate gross proceeds of DKK 81.1 million. See also I.18 "Major shareholders" and II.5 "Terms and conditions of the Offering—Placing and underwriting".

Intentions of members of the Company's Supervisory Board and Executive Board

The members of the Supervisory Board and the Executive Board holding B Shares in the Company have all indicated they intend to exercise their allocated Pre-emptive Rights.

Intentions of the Company's A shareholder

See II.7 "Shareholders who have indicated that they expect to sell their Shares or Pre-emptive Rights".

5.15. Plan of distribution

There is no pre-allotment of Offer Shares.

5.16. Over-allotment

There is no over-allotment of Offer Shares.

5.17. Offer Price

The Offer Shares are offered at DKK 54 per Offer Share of DKK 50 nominal value, free of brokerage. The Offer Price is determined on the assumption that the Capital Reduction is registered with the Danish Commerce and Companies Agency not later than at the same time as the capital increase related to the Offering.

5.18. Price disparity

No persons have been granted the right to subscribe for Offer Shares at a price other than the Offer Price, and consequently there is no price disparity.

5.19. Placing and underwriting

Sole Lead Manager

The Offering is coordinated by SEB Enskilda, Silkegade 8, DK-1113 Copenhagen K, Denmark, which acts as the Sole Lead Manager of the Offering.

Subscription and paying agents

Shareholders' instructions to exercise Pre-emptive Rights and subscribe for Offer Shares shall be given to each Shareholder's custodian institution or other financial intermediary.

Euroclear and Clearstream act as international payment intermediaries:

Euroclear Bank S.A./N.V.
1 Boulevard de Roi Albert II
B-1210 Brussels
Belgium

Clearstream Banking S.A.
42 Avenue JF Kennedy
L-1855 Luxembourg
Luxembourg

Underwriting and advance commitments

A group of Existing Shareholders, including Arbejdsmarkedets Tillægspension and LD Equity 1 K/S (collectively referred to as the "Shareholder Group") has made binding advance commitments, subject to the satisfaction of certain conditions, to exercise their respective Pre-emptive Rights to subscribe for a total of 1,501,264 Offer Shares corresponding to aggregate gross proceeds of DKK 81.1 million.

A number of investors, including Danske Bank A/S, SmallCap Danmark A/S, PKA A/S and the Sole Lead Manager (collectively referred to as the "Group of Underwriters"), have, moreover, made binding underwriting commitments, subject to the satisfaction of certain conditions, to subscribe for up to 7,218,736 Offer Shares at the Offer Price if Offer Shares are allocated to them by the Supervisory Board which have not been subscribed for by the Company's Existing Shareholders pursuant to their Pre-emptive Rights or by investors pursuant to acquired Pre-emptive Rights at the expiry of the Subscription Period, corresponding to total gross proceeds of DKK 389.8 million. ATP has entered into a binding agreement with SEB Enskilda to buy Offer Shares at the Offer Price, on terms and conditions to be agreed upon, if SEB Enskilda subscribes for Offer Shares under the underwriting commitment.

The Shareholder Group and the Group of Underwriters have thus made binding underwriting and advance commitments to subscribe for a total of 8,720,000 Offer Shares corresponding to aggregate gross proceeds of DKK 470.9 million or 100% of the Offering.

Table 5-1 below shows the shareholdings as at the Prospectus Date, advance commitments to subscribe for Pre-emptive Rights and underwriting commitments to subscribe for Offer Shares for each Shareholder in the Shareholder Group and the Group of Underwriters.

The advance commitments and underwriting commitments are subject, *inter alia*, to the Sole Lead Manager not withdrawing from the Offering or any other events occurring which must be assumed to have a material adverse effect on the Company's operations and activities, its financial position or prospects. In addition, the advance commitments and underwriting commitments are subject to the Offering being completed by 28 February 2010 at the latest, and to the Offering being subscribed. The Company pays an underwriting commission totalling 2% on the amount underwritten by the Group of Underwriters. The advance commitments and underwriting commitments do not contain any other material terms and conditions.

Pursuant to the Rights Issue Agreement which the Company has entered into with the Sole Lead Manager, the Sole Lead Manager may at any time prior to registration of the capital increase relating to the Offer Shares require that the Company withdraw the Offering upon notice of termination of the Rights Issue Agreement. The Sole Lead Manager is entitled to terminate the Rights Issue Agreement upon the occurrence of certain exceptional events and/or unpredictable circumstances, such as force majeure. The Rights Issue Agreement also contains conditions for completion which the Company believes are customary for offerings such as the Offering, and the completion of the Offering is subject to compliance with all such conditions in the Rights Issue Agreement. If one or more conditions for completion are not met, the Sole Lead Manager may, at its discretion, terminate the Rights Issue Agreement and thereby require that the Company withdraw the Offering. The Rights Issue Agreement is subject, among other things, to the Shareholder Group and the Group of Underwriters not being entitled to withdraw from their commitments.

The Sole Lead Manager may at any time acquire and sell Pre-emptive Rights, exercise such Pre-emptive Rights and buy and sell Offer Shares and Existing Shares.

Table 5-1: Underwriting and advance commitments

Underwriting and advance commitments	Number of Shares before the Offering: A Shares	Number of Shares before the Offering: B Shares	Shareholdings before the Offering: Share capital	Shareholdings before the Offering: Votes	Advance commitments relating to the exercise of allocated Pre-emptive Rights (number of Offer Shares)	Underwriting commitments (number of Offer Shares)	Maximum number of Shares after the Offering	Maximum Shareholdings and votes after the Offering
ATP* Kongens Vænge 8 DK- 3400 Hillerød	-	109,834	10.1%	3.4%	878,672	-	988,506	10.1%
LD Equity 1 K/S Vendersgade 28 DK- 1363 København K	-	63,609	5.8%	2.0%	508,872	-	572,481	5.8%
Danske Bank A/S Holmens Kanal 2-12 DK- 1092 København K	-	-	0.0%	0.0%	-	1,851,851	1,851,851	18.9%
SmallCap Danmark A/S Toldbodgade 53 DK-1253 København K	-	-	0.0%	0.0%	-	925,925	925,925	9.4%
PKA A/S Tuborg Boulevard 3 DK- 2900 Hellerup	-	-	0.0%	0.0%	-	925,925	925,925	9.4%
SEB Enskilda (Sole Lead Manager) Silkegade 8 DK-1113 Copenhagen K	-	-	0.0%	0.0%	-	1,237,262	1,237,262	12.6%
Management								
Anders C. Karlsson, Board member	-	500	0.0%	0.0%	4,000	-	4,500	0.0%
Morten Amtrup, Board member	-	1,000	0.1%	0.0%	8,000	-	9,000	0.1%
Hans Gormsen, CEO	-	1,800	0.2%	0.1%	14,400	-	16,200	0.2%
Others	-	57,218	5.2%	1.8%	87,320	2,277,773	2,422,311	24.7%
Total	**-**	**233,961**	**21.5%**	**7.2%**	**1,501,264**	**7,218,736**	**8,953,961**	**91.3%**

* Note: ATP has entered into a binding agreement with SEB Enskilda to buy up to 973,179 Offer Shares at the Offer Price, on terms and conditions to be agreed upon, if SEB Enskilda subscribes for Offer Shares under the underwriting commitment. If ATP receives full allocation (973,179 Offer Shares) under the agreement with SEB Enskilda, ATP's maximum share of the capital and votes after the Offering will be 20.0%, and SEB Enskilda's maximum share of the capital and votes after the Offering will be 2.7%.

6. ADMISSION TO TRADING AND OFFICIAL LISTING

The Company's existing B Shares have been admitted to trading and official listing on NASDAQ OMX.

An application has been made for the Pre-emptive Rights to be admitted for trading and official listing on NASDAQ OMX to the effect that they can be traded on NASDAQ OMX during the period from 3 December 2009 to 16 December 2009 at 5.00 CET.

The Offer Shares are issued under an unlisted temporary ISIN code. The Offer Shares will not be traded and officially listed on NASDAQ OMX under the temporary ISIN code.

Registration of the Offer Shares with the Danish Commerce and Companies Agency will be effected following completion of the Offering, expectedly on 23 December 2009, and as soon as possible thereafter, the Offer Shares will be admitted for trading and official listing on NASDAQ OMX under the ISIN code of the existing B Shares, expectedly on 30 December 2009 (the temporary ISIN code and the ISIN code of the existing B Shares are subsequently expected to be merged in VP).

Immediately after the merger of the Company's share classes, the Company's existing A Shares will expectedly be admitted to trading and official listing on NASDAQ OMX (expectedly on 30 December 2009) in the same ISIN code as the existing B Shares.

6.1. Market making

Since 31 January 2003, the Company has had a market-making agreement with Danske Bank A/S, pursuant to which Danske Bank A/S acts as market maker for the Company's B Shares. The obligation of Danske Bank A/S to act as market maker does not apply during periods when large buy or sell orders are executed. The agreement is terminable at one month's notice to the end of 31 May or 30 November of each year. The Company expects to enter into a market-making agreement for all Shares which will come into effect upon completion of the Offering.

6.2. Stabilisation

In connection with the Offering, the Sole Lead Manager may, until 30 days after the first day of trading in the Offer Shares, effect transactions that stabilise or maintain the market price of the Pre-emptive Rights (stabilising actions regarding the Pre-emptive Rights will only take place during the Rights Trading Period), the Offer Shares and the existing B Shares at levels above those that might otherwise prevail in the open market. The Sole Lead Manager is, however, not obliged to take any stabilising measures. Such stabilising, if commenced, may be discontinued at any time.

6.3. ISIN codes

A Shares..None (share certificates)
B Shares.. DK0015202451
Pre-emptive rights DK0060198034
Offer Shares (unlisted temporary ISIN code)....... DK0060197812

7. SELLING SHAREHOLDERS AND LOCK-UP

7.1. Shareholders who have indicated that they expect to sell their Shares or Pre-emptive Rights

Henriksen og Henriksen I/S has indicated that the partnership wishes to dispose of its Pre-emptive Rights. The Company has not received any further indications from Shareholders that they intend to sell their Shares or Pre-emptive Rights.

The Company's holding of treasury Shares as at the Prospectus Date amounts to 20,489 B Shares, totalling 1.88% of the share capital and 0.63% of the votes in the Company before the Offering. In connection with the Offering, Pre-emptive Rights will be allocated to the Company in respect of its treasury Shares. Pursuant to the Danish Public Companies Act, the Company is not allowed to exercise such Pre-emptive Rights itself, for which reason the Company expects to sell the Pre-emptive Rights allocated to it in respect of its treasury Shares.

7.2. Lock-up agreements in connection with the Offering

For a period of 360 days from the completion of the Offering (expectedly on 23 December 2009), the Company has undertaken, not to issue, sell, offer for sale, enter into any agreement regarding the sale of, pledge or in any other way directly or indirectly transfer Shares in the Company or other securities exchangeable into Shares in the Company or warrants or other options to acquire Shares in the Company (together "Company Securities") or to announce the intention to make any such act without the prior written consent of the Sole Lead Manager. Such consent is not to be unreasonably withheld or delayed, if the transaction is motivated by reasonable business considerations attributable to the Company.

The above mentioned obligation of the Company shall not apply to transfers or issues of Company Securities to employees of the Company and employees of the Company's subsidiaries, members of the Company's Executive Board or Supervisory Board in relation to the exercise by such persons of their rights in accordance with existing or future employee share, option or warrant programmes.

No further lock-up agreements have been made.

8. COSTS

As described in II.5 "Terms and conditions of the Offering—Placing and underwriting", the Company has ensured, through advance commitments and/or underwriting commitments subject to the satisfaction of certain conditions, that a total of 8,720,000 Offer Shares will be subscribed for in the Offering, equivalent to total gross proceeds of DKK 470.9 million and estimated net proceeds (gross proceeds less estimated costs to the Company relating to the Offering) totalling approximately DKK 436.0 million.

Estimated costs, excluding VAT, of the Offering are expected to be:

Table 8-1: Issuing costs

(DKKm)	
Financial intermediary	17.8
Commissions (underwriting and other costs)	8.3
Fees to legal advisers, accountants and the like.	7.5
Printing, layout, translation and distribution	0.6
Other costs	0.7
Total	**34.9**

Source: H+H

Subscription commission to the custodian institutions amounts to 0.125% of the market value of the shares subscribed for through them.

9. DILUTION

Following completion of the Offering and receipt of the net proceeds, the Company's pro forma equity value as at 30 September 2009 would be approximately DKK 1,019 million, if the Offering is completed, corresponding to an equity value of approximately DKK 103.9 per Share on subscription of the Offer Shares. The equity value per Share is determined by dividing the Company's total equity by the total number of Shares.

Upon subscription of the Offer Shares, the Offering corresponds to an immediate change in the equity value of approximately DKK -431.1 per Existing Share for the Existing Shareholders if the Offering is completed. The immediate dilution of the adjusted equity value for investors subscribing for the Offer Shares is approximately DKK -49.9 per Share if the Offering is completed.

Table 9-1 below illustrates the dilution per Share that investors in the Offer Shares may experience:

Table 9-1: Dilution per Share

(DKKm)	
Offer Price per Share	54.0
Equity value per Share at September 30th 2009	535.0
Change in equity value per Share attributable to the Offering	(431.1)
Equity value per Share after the Offering	103.9
Dilution per Share	(49.9)
Relative dilution per Share	(92.4 %)

Source: H+H

Shareholders of the Company who do not exercise their Pre-emptive Rights to subscribe for Offer Shares will experience a dilution of their ownership interest of approximately 89% if the Offering is completed.

10. ADDITIONAL INFORMATION

10.1. Advisers

Sole Lead Manager
SEB Enskilda Corporate Finance, Skandinaviska Enskilda Banken, Denmark, branch of Skandinaviska Enskilda Banken (publ.) Sweden.

Legal adviser to the Company in connection with the Offering
Kromann Reumert is the Company's legal adviser.

Legal adviser to the Sole Lead Manager
Accura Advokataktieselskab is the legal adviser to the Sole Lead Manager.

Auditors to the Company
KPMG Statsautoriseret Revisionspartnerselskab and PKF Kresten Foged Statsautoriseret Revisionsaktieselskab are the Company's independent auditors.

10.2. Availability of the Prospectus

Copies of this Prospectus are available on request from:

SEB Enskilda
Silkegade 8
DK-1113 Copenhagen K
Denmark

Tel.: +45 36 97 74 00
Fax: +45 36 97 74 10
E-mail: prospekt@enskilda.dk

Subject to certain exceptions, the Prospectus can also be downloaded from the Company's website: www.HplusH.com.
The contents of the website do not form part of the Prospectus.

The distribution of this Prospectus and the offer of the Pre-emptive Rights and the Offer Shares are, in certain jurisdictions, restricted by law. This Prospectus does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Pre-emptive Rights or the Offer Shares in any jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. Persons into whose possession this Prospectus may come are required to inform themselves about and to observe such restrictions.

III. Financial information

1. INTRODUCTION TO FINANCIAL INFORMATION

The following consolidated financial statements for 2006, 2007 and 2008 are a summary of the Company's official annual reports for 2006, 2007 and 2008 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 used in the preparation of the annual report for 2008 are consistent with those of 2006 and 2007.

The official annual reports for 2006, 2007 and 2008, respectively, comprise management's reviews, the financial statements of the parent company H+H International A/S, the consolidated financial statements of the H+H Group and accompanying notes. The consolidated financial statements in this Prospectus comprise the consolidated financial statements of the H+H Group with accompanying notes. The consolidated financial statements in this Prospectus do not include management's reviews as these are incorporated in the Prospectus by cross reference to the official annual reports, see "Part F – Financial information– Information incorporated by reference".

The Company has published an interim financial report for the Group for the first to third quarters of 2009. The interim financial report comprises management's review and financial statements for the period 1 January 2009 to 30 September 2009 with accompanying comparative figures for the period 1 January 2008 to 30 September 2008. The interim financial report has been prepared in accordance with IAS 34 as adopted by the EU and additional Danish disclosure requirements for interim reports. Except for the effect of the new IASs/IFRSs implemented in the period, the accounting policies are unchanged compared to the annual report for 2008. With effect from 1 January 2009 H+H has implemented amendments to IAS 1 on presentation of consolidated financial statements, and amendments to IFRS 2 on share-based payment and IFRS 8 on operating segments.

The amendments to IAS 1, IFRS 2 and IFRS 8 have no effect on profit or loss or equity, but result in changes to the disclosure requirements in the statement of comprehensive income and segment information according to IAS 1 and IFRS 8, respectively. The changes have been incorporated in the interim financial report. The amendments to IFRS 2 are currently irrelevant to H+H.

The financial statements for the period 1 January 2009 to 30 September 2009 with comparative figures for the period 1 January 2008 to 30 September 2008, as disclosed in the Prospectus, are in accordance with the financial statements included in the Company's interim condensed consolidated financial report for the Group for the first to third quarters of 2009. For this Prospectus, the Company's auditors, appointed at the annual general meeting, have performed a review of the condensed consolidated financial statements of the Group for the first to third quarters of 2009. The review did not comprise the third quarter of 2009 or comparative figures for the third quarter of 2008 and the first to third quarters of 2008.

2. INFORMATION INCORPORATED BY REFERENCE

The additional information explicitly listed in the table below has been incorporated by reference in the Prospectus pursuant to section 18 of the Danish Prospectus Order. Direct and indirect references in the reports to other documents or websites are not incorporated by reference and do not form part of the Prospectus. The reports speak only as of the date of their respective publications and have not been updated and in some cases they have been made superfluous by the information in this Prospectus. Potential investors in the Pre-emption Rights, the Offer Shares or the Existing Shares should assume that the information in this Prospectus as well as the information the Company incorporates by reference is accurate as of the dates of the respective documents only.

H+H International A/S's business, financial condition, cash flows and results of operations may have changed since those dates. Potential investors in the Pre-emption Rights, the Offer Shares or the Existing Shares are therefore encouraged to read the information incorporated by reference in conjunction with the cautionary statements in "Prospective financial information" and in conjunction with "Risk factors".

The official annual reports for 2006, 2007 and 2008, respectively, comprise management's reviews and the financial statements of the parent company H+H International A/S. The interim financial report for the first to third quarters of 2009 comprises a management's review. The information disclosed in the management's review is incorporated in this Prospectus as set out in the cross reference table below and is available for inspection at the Company's address, Dampfærgevej 27-29, 4th floor, DKK-2100 Copenhagen Ø, Denmark, as well as on the Company's website: www.HplusH.com

3. CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS 2006, 2007 AND 2008

3.1. Statement by the Executive and Supervisory Boards

The Supervisory and Executive Boards have considered and approved the official annual reports for the financial years 2006, 2007 and 2008 of the Group on 16 March 2007, 10 March 2008 and 11 March 2009, respectively. The financial statements for 2006, 2007 and 2008 included in this Prospectus have been prepared for the purpose of the Offering and have been extracted from the official and audited annual reports for 2006, 2007 and 2008.

The Company's consolidated financial statements for the financial years 2006, 2007 and 2008, which are disclosed in this Prospectus, have been extracted from the Company's annual reports prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

We consider the accounting policies used to be appropriate. Accordingly, the consolidated financial information gives a true and fair view of the Group's financial position at 31 December 2006, 31 December 2007 and 31 December 2008 and of the results of the Group's operations and cash flows for the financial years 1 January 2006 to 31 December 2006, 1 January 2007 to 31 December 2007 and 1 January 2008 to 31 December 2008.

Copenhagen, 2 December 2009

Executive Board:

Hans Gormsen
CEO

Supervisory Board:

Anders C. Karlsson
Chairman

Morten Amtrup

Henrik Lind

Peer Munkholt

Birgitte Rahbek Pedersen

Ole Risager

3.2. Independent auditors' report on the consolidated financial statements for 2006, 2007 and 2008

To the readers of this Prospectus and the Shareholders of H+H International A/S
We have audited the annual reports of H+H International A/S prepared and published by Management for the financial years 2006, 2007 and 2008, from which the consolidated financial statements on pages F-7 to F-50 have been derived. The audit of the annual reports has been performed in accordance with Danish Standards on Auditing. In our auditors' report on the annual report for the financial year 2006 dated 16 March 2007, on the annual report for the financial year 2007 dated 10 March 2008 and on the annual report for the financial year 2008 dated 11 March 2009, we expressed an unqualified opinion with no emphasis of matter. Our auditors' report on the annual report for the financial year 2008 dated 11 March 2009 is disclosed below:

"To the shareholders of H+H International A/S
We have audited the annual report of H+H International A/S for the financial year 1 January – 31 December 2008, which comprises the statement by the Executive and Supervisory Boards, the management's review, income statement, balance sheet, statement of changes in equity, cash flow statement and notes for the Group as well as the parent company. The annual report 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.

Management's responsibility for the annual report
Management is responsible for the preparation and fair presentation of the annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and using appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and basis of opinion
Our responsibility is to express an opinion on this 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 whether the annual report is free from 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 auditors' judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the 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.

Opinion
In our opinion, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2008 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2008 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies".

We have not performed any further audit procedures after the date of the respective auditors' reports on the annual report.

We have ensured that the consolidated financial statements have been accurately derived from the official annual reports for the financial years 2006, 2007 and 2008.

The Company's Management is responsible for accurately deriving the consolidated financial statements on pages F-7 to F-50, prepared in accordance with International Financial Reporting Standards as adopted by the EU, from the annual reports for the financial years 2006, 2007 and 2008. Our responsibility is to express an opinion on the consolidated financial statements derived from the official annual reports based on our work.

Basis of opinion

We planned and conducted our work in accordance with the Danish Standard on Auditing RS 800 "The auditor's report on special purpose audit engagements" to obtain reasonable assurance that the consolidated financial statements are consistent, in all material respects, with the official annual reports from which they were derived.

Opinion

In our opinion, the consolidated financial statements disclosed on pages F-7 to F-50, prepared in accordance with International Financial Reporting Standards as adopted by the EU, are consistent, in all material respects, with the official annual reports for the financial years 2006, 2007 and 2008 from which they were derived.

Copenhagen, 2 December 2009

KPMG
Statsautoriseret Revisionspartnerselskab

Jesper Koefoed State Authorised Public Accountant	**Lau Bent Baun** State Authorised Public Accountant

PKF Kresten Foged
Statsautoriseret Revisionsaktieselskab

Ole Skou State Authorised Public Accountant	**Jan Østergaard** State Authorised Public Accountant

3.3. Five-year summary

	2008	2007	2006	2005	2004
Income statement (DKKm)					
Revenue	1,439.5	1,850.2	1,662.4	1,354.4	1,370.9
Gross profit	710.6	960.3	815.9	703.2	767.8
Operating profit (EBIT)	19.0	222.4	128.9	141.6	195.2
Net financing costs	(17.6)	(17.4)	(14.8)	6.2	(5.2)
Profit from continuing operations before tax	1.4	205.1	114.0	147.8	190.0
Profit from continuing operations after tax	1.7	157.5	74.3	100.3	136.7
Profit for the year	1.7	157.5	74.3	100.3	141.6
Balance sheet - assets (DKKm)					
Non-current assets	1,558.9	1,361.7	1,248.4	1,046.6	860.7
Current assets	363.9	422.1	389.8	372.9	429.0
Total assets	1,922.8	1,783.7	1,638.2	1,419.5	1,289.7
Balance sheet - equity and liabilities (DKKm)					
Share capital	109.0	116.0	116.0	116.0	116.0
Equity	743.2	990.3	870.4	827.7	745.3
Non-current liabilities	1,015.7	180.0	180.9	160.6	263.9
Current liabilities	163.9	613.4	586.8	431.2	280.5
Total equity and liabilities	1,922.8	1,783.7	1,638.2	1,419.5	1,289.7
Investments and debt (DKKm)					
Investments for the year in non-current assets	464.0	263.0	156.0	122.1	114.7
Interest-bearing debt (net)	863.0	380.8	353.1	123.5	45.0
Financial ratios					
Gross margin	49.4%	51.9%	49.1%	51.9%	56.0%
Operating margin (EBITA margin)	1.3%	12.5%	7.8%	10.5%	14.2%
Return on invested capital	1.2%	16.1%	10.6%	14.4%	22.0%
Return on equity	0.2%	16.9%	8.8%	12.8%	20.0%
Solvency ratio	38.7%	55.5%	53.1%	58.3%	57.8%
Average number of shares outstanding (per DKK 100)	1,090,436	1,146,072	1,147,872	1,137,012	1,119,006
Share price, year-end (DKK)	304	1,362	1,842	1,351	1,175
Book value per share, year-end (DKK)	682	854	750	713	642
Price/book value	0.4	1.6	2.5	1.9	1.8
Price earnings ratio (PE)	199.9	9.9	28.3	15.3	9.3
Earnings per DKK 100 share (EPS)	1.5	137.4	65.0	88.2	126.6
Diluted earnings per DKK 100 shares (EPS-D)	1.5	137.0	64.9	87.5	124.3
Dividend per share	-	30.0	20.0	35.0	35.0
Payout ratio	0.0%	22.1%	31.1%	40.5%	28.7%
Average full-time equivalent staff	1,282	1,379	1,385	712	761

Earnings per share and diluted earnings per share have been calculated in accordance with IAS 33 (note 11)
The other financial ratios have been calculated in accordance with the Danish Society of Financial Analysts' "Recommendations & Ratios 2005". Reference is made to definitions and concepts in note 1 "Accounting policies".

3.4. Income statement

Note	DKK'000	2008	2007	2006
3	Revenue	1,439,460	1,850,233	1,662,392
	Cost of sales	(728,871)	(889,950)	(846,445)
	Gross profit	**710,589**	**960,283**	**815,947**
	Other external expenses	(232,796)	(243,070)	(247,185)
4	Staff costs	(346,402)	(358,908)	(334,273)
5	Depreciation and amortisation	(116,471)	(116,557)	(105,686)
6	Impairment losses	0	(8,136)	0
7	Other operating income and expenses	4,109	(11,200)	71
		(691,560)	(737,871)	(687,073)
	Operating profit (loss)	**19,029**	**222,412**	**128,874**
8	Financial income	10,388	824	614
9	Financial expenses	(28,041)	(18,185)	(15,449)
		(17,653)	(17,361)	(14,835)
	Profit before tax	**1,376**	**205,051**	**114,039**
10	Tax on profit	280	(47,595)	(39,773)
	Profit for the year	**1,656**	**157,456**	**74,266**
	Attributable to:			
	Equity holders of H+H International A/S	1,655	157,454	74,630
	Minority interest	1	2	(364)
		1,656	**157,456**	**74,266**
11	Earnings per share (EPS)	1.52	137.39	65.02
11	Diluted earnings per share (EPS-D)	1.52	136.95	64.93

Earnings and diluted earnings per share have been calculated in accordance with IAS 33 (note 11).
Other financial ratios have been calculated in accordance with the Danish Society of Financial Analysts' "Recommendations & Financial Ratios 2005".
Reference is made to definitions and concepts in note 1 "Accounting policies".

3.5. Balance sheet

Note	ASSETS DKK'000	2008	2007	2006
	Intangible assets			
	Goodwill	85,691	94,071	90,079
	Other intangible assets	31,767	13,810	12,972
12		117,458	107,881	103,051
	Property, plant and equipment			
	Land and buildings	418,089	463,613	433,069
	Plant and machinery	390,576	508,510	565,627
	Fixtures and fittings, tools and equipment	80,970	78,703	79,392
	Assets in the course of construction and prepayments	529,317	182,921	42,343
12		1,418,952	1,233,747	1,120,431
	Other non-current assets			
13	Deferred tax assets	22,472	20,036	24,729
	Securities	0	0	139
		22,472	20,036	24,868
	Total non-current assets	**1,558,882**	**1,361,664**	**1,248,350**
15	Inventories	212,039	189,637	172,449
	Receivables			
16	Trade receivables	94,945	150,741	184,557
	Tax receivable	9,216	28,992	1,808
16	Other receivables	34,434	13,727	20,417
	Prepayments	5,562	26,765	4,839
		144,157	220,225	211,621
	Cash and cash equivalents	**7,741**	**12,206**	**5,739**
	Total current assets	**363,937**	**422,068**	**389,809**
	Total assets	**1,922,819**	**1,783,732**	**1,638,159**

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EQUITY AND LIABILITIES

Note	DKK'000	2008	2007	2006
	Equity			
	Share capital	109,000	116,000	116,000
	Translation reserve	(115,150)	(401)	12,379
	Hedging reserve	(1,422)	3,196	(1,862)
	Retained earnings	750,730	836,725	720,696
	Proposed dividend	0	34,800	23,200
	Total equity attributable to equity holders of H+H International A/S	**743,158**	**990,320**	**870,413**
	Minority interest	22	21	19
	Total equity	**743,180**	**990,341**	**870,432**
	Liabilities			
	Non-current liabilities			
17	Pension obligations	68,775	87,191	94,322
18	Provisions	18,017	26,110	13,355
14	Deferred tax liabilities	56,997	63,596	68,345
19	Bank loans	869,979	1,133	2,017
	Other non-current liabilities	1,905	1,975	2,888
		1,015,673	180,005	180,927
	Current liabilities			
19	Bank loans	802	391,846	356,787
	Trade payables	72,802	99,418	122,332
18	Provisions	0	0	5,299
	Income tax	2,162	16,930	8,296
	Other payables	88,200	105,192	94,086
		163,966	613,386	586,800
	Total liabilities	**1,179,639**	**793,391**	**767,727**
	Total equity and liabilities	**1,922,819**	**1,783,732**	**1,638,159**

3.6. Cash flow statement

Note	CASH FLOW STATEMENT DKK'000	2008	2007	2006
	Operating activities			
	Operating profit (loss)	19,029	222,412	128,874
	Net financing costs	(17,653)	(17,361)	(14,835)
	Depreciation, amortisation and impairment losses	116,471	124,693	105,686
	Other adjustments	1,567	7,103	3,344
	Change in inventories	(47,194)	(22,927)	(22,242)
	Change in receivables	54,989	6,407	(36,215)
	Change in trade payables and other payables	(37,781)	7,125	(56,765)
	Income tax paid	(28,612)	(60,983)	(47,934)
		60,816	266,469	59,913
	Investing activities			
	Selling prices for disposals of property, plant and equipment	6,445	3,516	1,827
20	Acquisition of enterprises	(28,690)	0	(92,214)
	Acquisition of property, plant and equipment and intangibles	(437,917)	(263,021)	(156,045)
	Property, plant and equipment and intangibles held under finance leases	(26,129)	0	0
	Change in trade payables relating to investments	9,377	0	0
		(476,914)	(259,505)	(246,432)
	Financing activities			
	Dividend to equity holders of H+H International A/S	(32,085)	(22,894)	(40,239)
	Sale of treasury Shares	0	945	2,625
	Buyback of treasury Shares	(99,841)	(9,250)	0
	Change in long-term debt	933,594	(1,215)	(609)
	Change in short-term debt	(388,388)	31,963	144,817
		413,280	(451)	106,594
	Net increase (decrease) in cash and cash equivalents	**(2,818)**	**6,513**	**(79,925)**
	Cash and cash equivalents at 1 January	12,206	5,739	85,533
	Foreign exchange adjustments of cash and cash equivalents	(1,647)	(46)	131
	Cash and cash equivalents at 31 December	**7,741**	**12,206**	**5,739**

3.7. Statement of changes in equity

DKK'000	Share capital	Translation reserve	Hedging reserve	Retained earnings	Proposed dividend	Total	Minority interest	Total
Equity at 1 January 2006	116,000	7,333	0	663,548	40,600	827,481	208	827,689
Changes in equity in 2006								
Foreign exchange adjustments, foreign companies	0	5,046	0	0	0	5,046	0	5,046
Recognised gains/losses for the year	0	0	(2,660)	0	0	(2,660)	0	(2,660)
Tax on changes in equity	0	0	798	1,888	0	2,686	0	2,686
Net gains recognised directly in equity	0	5,046	(1,862)	1,888	0	5,072	0	5,072
Profit for the year	0	0	0	51,066	23,200	74,266	364	74,630
Total recognised income and expense for the year	**0**	**5,046**	**(1,862)**	**52,954**	**23,200**	**79,338**	**364**	**79,702**
Dividend paid	0	0	0	0	(40,600)	(40,600)	0	(40,600)
Redemption of minority shareholders	0	0	0	0	0	0	-553	-553
Share-based payment	0	0	0	1,208	0	1,208	0	1,208
Sale of treasury Shares	0	0	0	6,112	0	6,112	0	6,112
Buyback of treasury Shares	0	0	0	(3,487)	0	(3,487)	0	(3,487)
Dividend, treasury Shares	0	0	0	361	0	361	0	361
Total changes in equity in 2006	**0**	**5,046**	**(1,862)**	**57,148**	**(17,400)**	**42,932**	**(189)**	**42,743**
Equity at 31 December 2006	**116,000**	**12,379**	**(1,862)**	**720,696**	**23,200**	**870,413**	**19**	**870,432**
Changes in equity in 2007								
Foreign exchange adjustments, foreign companies	0	(12,780)	0	0	0	(12,780)	0	(12,780)
Recognised gains/losses for the year	0	0	6,605	0	0	6,605	0	6,605
Tax on changes in equity	0	0	(1,547)	(977)	0	(2,524)	0	(2,524)
Net gains recognised directly in equity	0	(12,780)	5,058	(977)	0	(8,699)	0	(8,699)
Profit for the year	0	0	0	122,654	34,800	157,454	2	157,456
Total recognised income and expense for the year	**0**	**(12,780)**	**5,058**	**121,677**	**34,800**	**148,755**	**2**	**148,757**
Dividend paid	0	0	0	0	(23,200)	(23,200)	0	(23,200)
Share-based payment	0	0	0	2,351	0	2,351	0	2,351
Sale of treasury Shares	0	0	0	945	0	945	0	945
Buyback of treasury Shares	0	0	0	(9,250)	0	(9,250)	0	(9,250)
Dividend, treasury Shares	0	0	0	306	0	306	0	306
Total changes in equity in 2007	**0**	**(12,780)**	**5,058**	**116,029**	**11,600**	**119,907**	**2**	**119,909**
Equity at 31 December 2007	**116,000**	**(401)**	**3,196**	**836,725**	**34,800**	**990,320**	**21**	**990,341**

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DKK'000	Share capital	Translation reserve	Hedging reserve	Retained earnings	Proposed dividend	Total	Minority interest	Total
Changes in equity in 2008								
Foreign exchange adjustments, foreign companies	0	(114,748)	(485)	0	0	(115,233)	0	(115,233)
Value adjustments for the year	0	0	(3,247)	0	0	(3,247)	0	(3,247)
Value adjustments transferred to financial expenses	0	0	(2,033)	0	0	(2,033)	0	(2,033)
Tax on changes in equity	0	0	1,147	0	0	1,147	0	1,147
Net gains recognised directly in equity	0	(114,748)	(4,618)	0	0	(119,366)	0	(119,366)
Profit for the year	0	0	0	1,655	0	1,655	1	1,656
Total recognised income and expense for the year	**0**	**(114,748)**	**(4,618)**	**1,655**	**0**	**(117,711)**	**1**	**(117,710)**
Dividend paid	0	0	0	0	(34,800)	(34,800)	0	(34,800)
Reduction of share capital	(7,000)	0	0	(85,164)	0	(92,164)	0	(92,164)
Share-based payment	0	0	0	2,475	0	2,475	0	2,475
Buyback of treasury Shares	0	0	0	(7,677)	0	(7,677)	0	(7,677)
Dividend, treasury Shares	0	0	0	2,715	0	2,715	0	2,715
Total changes in equity in 2008	**(7,000)**	**(114,748)**	**(4,618)**	**(85,996)**	**(34,800)**	**(247,162)**	**1**	**(247,161)**
Equity at 31 December 2008	**109,000**	**(115,149)**	**(1,422)**	**750,729**	**0**	**743,158**	**22**	**743,180**

At the annual general meeting on 16 April 2008, a resolution was passed to reduce the share capital by nom. DKK 7,000,000 by cancellation of 70,000 own B shares. Apart from this cancellation of shares, no other changes have been made to the share capital during the period 2006 - 2008.

3.8. Notes

1. ACCOUNTING POLICIES

Basis of preparation

H+H International A/S is a public limited company registered in Denmark. The consolidated financial statements for 2006, 2007 and 2008 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. In addition, the consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by IASB.

The consolidated financial statements for 2006, 2007 and 2008 are presented in DKK rounded to the nearest DKK 1,000.

The consolidated financial statements for 2006, 2007 and 2008 have been prepared using the historical cost principle. However, recognised derivatives are measured at fair value, and non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount before the reclassification and fair value less costs to sell.

The accounting policies set out below have been applied consistently during the the financial years.

All new and amended standards and interpretations that are relevant and that are effective for the financial years shown in this Prospectus have been applied in the preparation of the consolidated financial information.

The application of new and amended standards and interpretations has not resulted in any changes in terms of money to the consolidated financial statements for 2006, 2007 and 2008, and there have consequently been no changes to the Group's accounting policies for the financial years shown in this Prospectus.

DESCRIPTION OF ACCOUNTING POLICIES

Consolidated financial statements

The consolidated financial statements include the parent company H+H International A/S and subsidiaries in which H+H International A/S has the power to govern the financial and operating policies so as to obtain benefits from the subsidiary's activities. Control exists when the company holds or has the ability to exercise, directly or indirectly, more than 50% of the voting rights or otherwise has the power to control the subsidiary in question.

The consolidated financial statements have been prepared by aggregation of the parent company's and the individual subsidiaries' financial statements, applying the Group's accounting policies.

Intragroup income and expenses, shareholdings, balances and dividends as well as realised and unrealised gains and losses arising from intragroup transactions are eliminated on consolidation.

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

Subsidiaries' items are recognised in full in the consolidated financial statements. Minority interest's portion of profit for the year and equity in subsidiaries that are not wholly-owned is recognised as part of the consolidated profit and equity, respectively, but disclosed separately.

Business combinations
Enterprises acquired during the year are recognised in the consolidated financial statements from the date of acquisition. Enterprises disposed of during the year are recognised in the consolidated income statement up to the date of disposal. Comparative figures are not restated to reflect acquisitions.

On acquisition of enterprises whereby the parent company obtains control of the acquiree the purchase method is applied. The acquirees' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right, and the fair value can be measured reliably. Deferred tax on the restatements made is recognised.

The acquisition date is the date on which H+H International A/S obtains control of the acquiree.

Any excess of the cost over the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed (goodwill) is recognised as goodwill under intangible assets. Goodwill is not amortised, but tested at least annually for impairment. The first impairment test is carried out before the end of the year of acquisition. On 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 entity with a functional currency that is different from the H+H Group's presentation currency are accounted for as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate at the transaction date. Any excess of the fair value over the cost of acquisition (negative goodwill) is recognised in the income statement at the date of acquisition.

The cost of an enterprise consists of the fair value of the agreed consideration plus any costs directly attributable to the acquisition. If parts of the consideration are contingent on future events, these parts are recognised in the cost to the extent that the events are probable and the consideration can be measured reliably.

If the measurement of identifiable assets acquired and liabilities and contingent liabilities assumed is subject to uncertainty at the date of acquisition, these are recognised initially on the basis of provisional fair values. Goodwill from business combinations may be adjusted for up to 12 months following their acquisition if the fair value of the identifiable assets, liabilities and contingent liabilities subsequently proves to differ from the fair value assumed at the time of acquisition. The effect of any such adjustments is recognised in opening equity, and the comparative figures are restated accordingly. Subsequently, goodwill is only adjusted as a consequence of changes in estimated contingent purchase consideration, except in the case of material errors. However, subsequent realisation of the acquiree's deferred tax assets that were not recognised at the date of acquisition leads to recognition of the tax benefit in the income statement and simultaneous reduction of the carrying amount of goodwill to the amount that would have been recognised if the deferred tax asset had been recognised as an identifiable asset at the date of acquisition.

Gains or losses on disposal of subsidiaries are determined as the difference between the selling price or proceeds on disposal and the carrying amount of net assets including goodwill at the date of disposal and costs to sell. Insofar as goodwill from business combinations occurring before 1 January 2002 has been written off immediately directly to equity, the carrying amount at the date of disposal is DKK 0.

Foreign currency translation
For each enterprise included in the consolidated financial statements a functional currency has been determined. The functional currency of an enterprise is the currency of the primary economic environment in which the enterprise operates.

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates 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 at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable 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 foreign enterprises with a functional currency different from DKK, the items in the income statements are translated at the exchange rates at the transaction date and the balance sheet items are translated at the exchange rates at the balance sheet date. An average exchange rate for each month is used as the exchange rate at the transaction date to the extent that this does not give a significantly different view. Foreign exchange differences arising on translation of the opening equity of foreign enterprises at the exchange rates at the balance sheet date and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date are recognised directly in equity under a separate translation reserve.

Foreign exchange adjustments of balances with foreign enterprises that are accounted for as part of the overall net investment in the enterprise in question are recognised in the consolidated financial statements directly in equity under a separate translation reserve.

On complete or partial disposal of a foreign operation, or on repayment of balances that are considered part of the net investment, the share of the cumulative exchange adjustments that is recognised directly in equity and attributable to this is recognised in the income statement when the gain or loss on disposal is recognised.

Derivative financial instruments

Derivative financial instruments are recognised from the trade date and measured in the balance sheet at fair value. Positive and negative fair values of derivative financial instruments are recognised as other receivables and other payables, respectively, and offsetting of positive and negative fair values is only effected if the enterprise is permitted to and intends to settle several financial instruments net in cash. Fair values of derivative financial instruments are determined on the basis of current market data and recognised valuation methods.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as hedges of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the value of the hedged asset or liability to the extent of the hedged risk. Hedging of the value of future cash flows from contracts concluded (firm commitment) is accounted for as hedging of the fair value of a recognised asset or liability, except in the case of foreign currency hedging.

Changes in the portion of the fair value of derivative financial instruments that is designated as and qualifies for recognition as a hedge of future cash flows and that provides an effective hedge against changes in the value of the hedged item are recognised in equity under a separate hedging reserve until the hedged transaction is realised. On realisation of the hedged transaction, the resulting gain or loss is transferred from equity and recognised in the same item as the hedged item. However, on hedging of the proceeds from future loans, the resulting gain or loss is transferred from equity over the term of the loan.

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

Changes in the fair value of derivative financial instruments that are used to hedge net investments in foreign subsidiaries or associates and that provide an effective hedge against changes in foreign exchange rates in these subsidiaries or associates are recognised in the consolidated financial statements directly in equity under a separate translation reserve.

Some contracts embody conditions corresponding to derivative financial instruments. Such embedded financial instruments are recognised separately and measured at fair value on a continuing basis if they differ significantly from the host contract, unless the entire combined contract is recognised and measured at fair value on a continuing basis.

INCOME STATEMENT

Revenue from the sale of goods for resale and finished goods is recognised in the income statement if delivery and transfer of risk to the buyer have taken place, and if the income can be measured reliably and is expected to be received.

Revenue is measured net of VAT and duties collected on behalf of third parties. All types of discounts and rebates granted are recognised in revenue.

Cost of sales comprises costs incurred in generating the revenue for the year. The trading enterprises recognise cost of sales and the producing enterprises' production costs, equivalent to revenue for the year. This includes the direct and indirect costs of raw materials and consumables.

Other external expenses cover other expenses, including purchases of goods and services that are not directly attributable to production.

Other external expenses also include research and development costs that do not meet the criteria for capitalisation.

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

Financial income and expenses comprise interest income and expense, capital gains and losses and impairment losses relating to securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities, including finance lease obligations, and surcharges and allowances under the tax prepayment scheme, etc. Financial income and expenses also include realised and unrealised gains and losses relating to derivative financial instruments that cannot be designated as hedging transactions.

However, borrowing costs related to the financing of the production of the Group's assets are recognised in the cost of the assets.

Income tax expense. Income tax expense comprises current tax and changes in deferred tax for the year. The portion that relates to profit for the year is recognised in the income statement, and the portion that relates to amounts directly recognised in equity is recognised directly in equity.

H+H International A/S is taxed jointly with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed subsidiaries in proportion to their taxable income. Subsidiaries that utilise tax losses in other subsidiaries pay joint taxation contributions to the parent company equivalent to the tax base of the utilised losses, while subsidiaries with tax losses that are utilised by other subsidiaries receive joint taxation contributions from the parent company equivalent to the tax base of the tax losses utilised (full absorption). The jointly taxed companies are taxed under the on-account tax scheme.

BALANCE SHEET

Goodwill is recognised initially in the balance sheet at cost as described under 'Business combinations'. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the date of acquisition. The determination of cash-generating units follows the Group's organisational and internal reporting structure.

Other intangible assets comprise development projects, patents, licences and other intangible assets.

Development projects that are clearly defined and identifiable, and for which technical feasibility, adequate resources and a potential future market or an application in the enterprise can be demonstrated, and which the enterprise intends to manufacture, market or use, are recognised as intangible assets if the cost can be determined reliably and if there is reasonable certainty that the future earnings or the net selling price will cover production costs, selling costs, administrative expenses and development costs. Other development costs are recognised in the income statement when incurred.

Recognised development costs are measured at cost less accumulated amortisation and impairment losses. Cost comprises salaries, amortisation and other expenses attributable to the Group's development activities and interest expense on loans to finance the production of development projects that relate to the production period.

On completion of the development work, development projects are amortised on a straight-line basis over the estimated economic useful life from the date the asset is available for use. The amortisation period is normally 5-10 years. The amortisation base is reduced by any impairment losses.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents and licences are amortised on a straight-line basis over the shorter of the remaining patent or contract period and the useful life. The amortisation base is reduced by any impairment losses.

Other intangible assets are amortised on a straight-line basis over the expected useful lives of the assets.

Property, plant and equipment. Land and buildings, plant and machinery, and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises purchase price and any costs directly attributable to the acquisition up to the date the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers and labour. Cost is increased by estimated costs for dismantling and removal of the asset and restoration costs to the extent that they are recognised as a provision and interest expense on loans to finance the production of property, plant and equipment that relate to the production period. The cost of a combined asset is divided into separate constituents that are depreciated separately if the constituents have different useful lives.

In the case of assets held under finance leases cost is determined as the lower of the assets' fair value and the present value of the future minimum lease payments. In determining the present value the interest rate implicit in the lease is used as discount rate or the Group's incremental borrowing rate.

Subsequent costs, for example in connection with replacement of part of an item of property, plant or equipment, are recognised in the carrying amount of the asset if it is probable that future economic benefits will flow to the Group from the expenses incurred. The replaced part is derecognised in the balance sheet, and the carrying amount is taken to the income statement. All other expenses for general repair and maintenance are recognised in the income statement as incurred.

Property, plant and equipment are depreciated on a straightline basis over the expected useful lives of the assets as follows:

Buildings 10-50 years
Plant and machinery 2-20 years
Fixtures and fittings, tools and equipment 2-10 years
Land is not depreciated

The depreciation base is determined taking into account the asset's residual value and is reduced by any impairment losses. The residual value is determined at the date of acquisition and reviewed annually. Depreciation ceases if the residual value of an asset exceeds its carrying amount.

The effect of any changes in depreciation period or residual value on depreciation is recognised prospectively as a change in accounting estimates.

Impairment of non-current assets. Goodwill and intangible assets with an indefinite useful life are tested for impairment annually, the first time before the end of the year of acquisition.

Development projects in process are similarly tested for impairment annually.

The carrying amount of goodwill is tested for impairment together with the other non-current assets of the cash-generating unit to which the goodwill has been allocated, and written down to the recoverable amount in the income statement if the carrying amount exceeds the recoverable amount. As a rule, the recoverable amount is determined as the present value of the expected future net cash flows from the enterprise or activity (cash-generating unit) to which the goodwill relates. Impairment losses relating to goodwill are recognised as a separate line item in the income statement.

The carrying amounts of other non-current assets are reviewed annually to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less expected disposal costs and its value in use. The value in use is determined as the present value of expected future cash flows from the asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement as depreciation, amortisation and impairment losses.

Impairment losses relating to goodwill are not reversed. Impairment losses relating to other assets are reversed to the extent that the assumptions or estimates that led to the impairment loss have changed. Impairment losses are only reversed to the extent that the asset's new carrying amount does not exceed the value the asset would have had after depreciation if no impairment losses had been charged.

Inventories are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are written down to this lower value.

In the case of goods for resale, and raw materials and consumables, cost comprises purchase price plus expenses incurred in bringing the inventories to their existing location and condition.

In the case of finished goods and work in progress, cost comprises raw materials, consumables, direct labour, and production overheads. Production overheads comprise indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the production process, and the cost of factory administration and management.

The net realisable value of inventories is determined as the selling price less any costs of completion and costs incurred to execute the sale. The net realisable value is determined on the basis of marketability, obsolescence and development of expected selling price.

Receivables are measured at amortised cost, which in all material respects corresponds to the nominal value less write-downs for bad and doubtful debts.

A write-down for bad and doubtful debts is recorded if there is any objective evidence that an impairment loss on a receivable has been incurred. If objective evidence of impairment exists, the impairment loss is determined individually. Impairment losses on receivables which have not been individually impaired have been impairment tested by groups. An impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, including the realisable value of any collateral received. The discount rate applied is the effective interest rate of the individual receivable. Write-downs and losses on receivables are recognised as other external expenses.

Prepayments recognised under assets comprise expenses incurred in respect of subsequent financial years. Prepayments are measured at amortised cost.

EQUITY

Proposed dividends are recognised as a liability at the date of adoption at the annual general meeting (declaration date). The expected dividend for the year is disclosed as a separate item under equity.

Treasury Shares. Acquisition costs, disposal costs and dividends relating to treasury Shares are recognised directly as retained earnings under equity. Capital reductions on cancellation of treasury Shares reduce the share capital by an amount equivalent to the nominal value of the shares.

Proceeds from the sale of treasury Shares in H+H International A/S in connection with the exercise of share options are taken directly to equity.

The translation reserve comprises foreign exchange differences arising on translation of financial statements of entities with a functional currency different from DKK, foreign exchange adjustments relating to assets and liabilities that form part of the Group's net investment in such entities, and foreign exchange adjustments relating to hedging transactions that hedge the Group's net investment in such entities.

Foreign exchange adjustments are recognised in the income statement on realisation or partial realisation of the net investment.

The hedging reserve comprises the accumulated net change in the fair value of hedging transactions that qualify for designation as hedges of future cash flows, and where the hedged transaction has yet to be realised.

Incentive schemes. The H+H Group's incentive programmes comprise a share option plan for senior executives.

The value of services rendered by employees in return for option grants is measured at the fair value of the options.

For equity-settled share options the grant date fair value is measured and recognised in the income statement as staff costs over the vesting period.

The costs are set off directly against equity.

On initial recognition of share options, the number of options expected to vest is estimated, cf. the service condition described in note 24. The estimate of the number of vested options is adjusted subsequently, so that the total recognition is based on the actual number of vested options.

The fair value of the options granted is estimated using an option price model. The calculation takes account of the terms and conditions attaching to the share options granted.

Pension obligations. The Group has entered into pension agreements and similar agreements with some of its employees.

Obligations relating to defined contribution plans are recognised in the income statement over the vesting period, and any contributions payable are recognised in the balance sheet as other payables.

In the case of defined benefit plans, the value in use of future benefits to be paid under the plan is determined actuarially on an annual basis. The value in use is determined on the basis of assumptions concerning future trends in factors such as salary levels, interest rates, inflation and mortality. The value in use is determined only for the benefits attributable to services already rendered to the Group. The actuarially determined value in use less the fair value of any plan assets is recognised in the balance sheet under pension obligations, except as provided below.

In the income statement the pension cost for the year is recognised based on actuarial estimates and the financial outlook at the start of the year. If the cumulative actuarial gains and losses at the start of a financial year exceed the greater of the numerical value of 10% of the pension obligations and 10% of the fair value of the plan assets, the excess is recognised in the income statement. The amount in question is recognised in the income statement over the participating employees' expected average remaining working lives with the Company. The proportion of actuarial gains/losses that is not recognised is disclosed in a note.

In the case of a change in benefits for employee service with the enterprise in prior periods, a change in the actuarially determined value in use arises which is designated as a historical cost. Historical costs are charged to the income statement immediately to the extent that the amended benefits have already vested. If not, they are recognised in the income statement over the vesting period for the amended benefits.

When the calculation results in plan assets exceeding liabilities to the Group, the recognised asset is limited to the net total of any future refunds from the plan or reductions in future contributions to the plan.

Income tax 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 using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes. However, the following temporary differences are not provided for: goodwill not deductible for tax purposes, office properties and other items – apart from business combinations – where temporary differences have arisen at the date of acquisition that affect neither accounting nor taxable profit. Where alternative tax rules can be applied to compute the tax base, deferred tax is measured on the basis of management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised as other non-current assets at the value at which they are expected to be utilised either by elimination against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to offset current tax liabilities and assets or intends to settle current tax liabilities and assets on a net basis or to realise tax assets and liabilities simultaneously.

Adjustment of deferred tax is made in respect of elimination of unrealised intragroup profits and losses.

Deferred tax is measured on the basis of the tax rules and at the tax rates that will apply under the legislation enacted at the balance sheet date in the respective countries when the deferred tax is expected to crystallise in the form of current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

Under the joint taxation rules, H+H International A/S, as management company, becomes liable for the subsidiaries' income taxes to the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable and receivable are recognised in the balance sheet under balances with Group subsidiaries.

Provisions. Provisions are recognised when, as a result of an event occurring before or at the balance sheet date, the Group has a legal or constructive obligation, the settlement of which is expected to result in an outflow from the Company of resources embodying economic benefits.

The measurement of provisions is based on management's best estimates of the amount expected to be required to settle the obligation.

In connection with the measurement of provisions, the costs required to settle the obligation are discounted to net present value if this has a material effect on the measurement of the obligation. A pre-tax discount rate is applied that reflects society's general interest rate level plus the specific risks that are estimated to attach to the provision. The changes in present values during the financial year are recognised under financial expenses.

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

When the Group has an obligation to dismantle or remove an asset or restore the site on which the asset has been used, a provision equivalent to the present value of the expected future expenses is recognised.

Leasing

Lease commitments are accounted for as commitments under finance leases and commitments under operating leases, respectively. A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of the leased asset. Other leases are classified as operating leases.

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

Lease payments under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Financial liabilities. Bank loans, etc. are recognised at the date of borrowing at the proceeds received net of transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest rate method. Accordingly, the difference between the proceeds and the nominal amount is recognised in the income statement under financial expenses over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases, measured at amortised cost.

Other liabilities are measured at amortised cost.

CASH FLOW STATEMENT

The cash flow statement shows the cash flows for the year, broken down by operating, investing and financing activities, and the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and end of the year.

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

Cash flows in currencies different from the functional currency are translated at average exchange rates, unless these deviate significantly from the rates at the transaction date.

Cash flows from operating activities are determined as pretax profit adjusted for non-cash operating items, changes in working capital, interest received and paid, and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities; acquisitions and disposals of intangible assets, property, plant and equipment and other non-current assets; and acquisitions and disposals of securities that are not recognised as cash and cash equivalents.

Finance leases are accounted for as non-cash transactions.

Cash flows from financing activities comprise changes in the size or composition of the share capital and associated expenses as well as the raising of loans, repayment of interest-bearing debt, buyback and sale of treasury Shares, and payment of dividends.

Cash flows relating to assets held under finance leases are recognised as payment of interest and repayment of debt.

Cash and cash equivalents comprise cash and securities with a maturity of less than three months at the time of acquisition that are readily convertible to cash and are subject to an insignificant risk of changes in value.

SEGMENT INFORMATION

The Group's primary segment is the geographical segments. The segments reflect the Group's risks and organisational and internal reporting structure. The segment information has been prepared in accordance with the Group's accounting policies.

Segment income, segment expense, segment assets and segment liabilities are those items that are directly attributable to the individual segment or can be allocated to the segment on a reasonable basis. Unallocated items comprise primarily assets, liabilities, income and expense relating to the Group's administrative functions, investing activities, etc.

Non-current segment assets are those non-current assets that are employed directly by the segment in its operating activities, including intangible assets and property, plant and equipment.

Current segment assets are those current assets that are employed directly by the segment in its operating activities, including inventories, trade receivables, other receivables, prepayments, and cash and cash equivalents.

Segment liabilities are those liabilities that result from the segment's operating activities, including trade payables and other payables.

FINANCIAL RATIOS

Earnings per share (EPS) and diluted earnings per share (EPS-D) are determined in accordance with IAS 33. Other financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' 'Recommendations & Financial ratios 2005'.

The financial ratios under financial highlights have been calculated as follows:

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Return on invested capital (ROIC)	$\frac{\text{Operating profit x 100}}{\text{Average operating assets}}$
Profit	Profit attributable to the equity holders of the parent company
Earnings per share (EPS-Basic)	$\frac{\text{Profit}}{\text{Average number of shares outstanding}}$
Diluted earnings per share (EPS-D)	$\frac{\text{Diluted earnings}}{\text{Diluted average number of shares outstanding}}$
Return on equity	$\frac{\text{Profit x 100}}{\text{Average equity excl. minority interest}}$
Solvency ratio	$\frac{\text{Equity at year-end attributable to the H+H-Group x 100}}{\text{Total liabilities, year-end}}$
Book value per share, year-end	$\frac{\text{The H+H-Group's equity, year-end}}{\text{Number of shares, year-end}}$
Price/book value	$\frac{\text{Price}}{\text{Year-end book value per share}}$
Current price earnings ratio (PE-basic)	$\frac{\text{Price}}{\text{Earnings per share}}$
Current price earnings ratio (PE-diluted)	$\frac{\text{Price}}{\text{Earnings per share – diluted}}$
Payout ratio	$\frac{\text{Total dividend paid x 100}}{\text{Profit}}$

2. MANAGEMENT'S ESTIMATES AND JUDGEMENTS

Estimation uncertainty
Determining the carrying amounts of some assets and liabilities requires management to make judgements, estimates and assumptions concerning future events.

The estimates and assumptions made are based on historical experience and other factors that are believed by management to be sound under the circumstances, but that, by their nature, are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur. Moreover, the Group is subject to risks and uncertainties that may lead to the actual outcomes differing from these estimates.

It may be necessary to change previously made estimates as a result of changes in the factors on which these were based or as a result of new knowledge or subsequent events.

Estimates that have a significant effect on the financial reporting are made in connection with, for example, the determination of depreciation, amortisation and impairment losses, provisions and contingent liabilities and contingent assets.

In the case of the H+H Group, significant changes in estimates and assumptions on which the calculations of the carrying amounts are based may have a material effect on the measurement of intangible assets, including goodwill and investments on hold. The assessment of goodwill and investments on hold is referred to in note 12.

Accounting policies
As part of the application of the Group's accounting policies, management makes judgements, in addition to estimations, that may have a significant effect on the amounts recognised in the consolidated financial statements.

In 2006 and 2008 management made such judgements in relation to allocation of the purchase price on acquisition of an enterprise. The allocation of the purchase price relating to activities acquired is set out in note 20.

No special estimations were made in 2006, 2007 and 2008.

3. SEGMENT INFORMATION

DKKm	UK	Germany Denmark & Benelux	Eastern Europe	Nordic	Eliminations and non-allocated items	Group total
2008						
Revenue, external	380.9	395.6	429.0	234.0	0.0	1,439.5
Revenue, internal	0.0	41.6	0.0	4.3	(45.9)	0.0
EBITDA	23.8	76.6	65.1	12.0	(42.0)	135.5
Depreciation and amortisation	(37.8)	(47.5)	(23.2)	(7.1)	(0.9)	(116.5)
EBITA	(14.0)	29.1	41.9	4.9	(42.9)	19.0
EBIT	(14.0)	29.1	41.9	4.9	(42.9)	19.0
Profit (loss) before tax *	(19.1)	16.4	31.2	1.0	(28.1)	1.4
Non-current assets	278.2	401.1	818.7	50.6	10.3	1,558.9
Addition of intangible assets and property, plant and equipment	19.2	20.1	417.4	5.2	2.1	464.0
Assets	383.6	522.0	768.1	108.9	140.2	1,922.8
Equity	157.6	204.1	144.9	22.8	213.8	743.2
Liabilities	226.0	317.9	623.2	86.1	(73.6)	1,179.6
Non-cash adjustments	0.0	5.1	(11.1)	0.0	7.6	1.6
Average full-time equivalent staff	264	203	662	136	17	1,282
2007						
Revenue, external	693.6	434.5	436.1	286.0	0.0	1,850.2
Revenue, internal	1.5	41.0	0.0	0.0	(42.5)	0.0
EBITDA	123.3	123.7	106.8	22.0	(28.7)	347.1
Depreciation and amortisation	(42.8)	(45.9)	(19.7)	(7.4)	(0.8)	(116.6)
EBITA	80.5	77.8	87.1	14.6	(29.5)	230.5
Impairment losses	(8.1)	0.0	0.0	0.0	0.0	(8.1)
EBIT	72.4	77.8	87.1	14.6	(29.5)	222.4
Profit (loss) before tax *	67.9	67.7	76.8	10.9	(18.2)	205.1
Non-current assets	390.3	403.7	468.3	50.9	48.5	1,361.7
Addition of intangible assets and property, plant and equipment	41.3	21.5	192.0	6.0	2.2	263.0
Assets	544.2	549.6	532.6	130.6	26.7	1,783.7
Equity	233.3	224.8	146.6	20.9	364.7	990.3
Liabilities	310.9	324.8	386.0	109.7	(338.0)	793.4
Non-cash adjustments	0.0	0.2	0.0	0.0	6.9	7.1
Average full-time equivalent staff	317	201	688	158	15	1,379
2006						
Revenue, external	664.0	537.9	187.4	273.1	0.0	1,662.4
Revenue, internal	0.0	12.6	0.0	0.0	(12.6)	0.0
EBITDA	107.6	145.6	(15.2)	18.9	(22.3)	234.6
Depreciation and amortisation	(41.2)	(41.0)	(15.2)	(7.8)	(0.5)	(105.7)
EBITA	66.4	104.6	(30.4)	11.1	(22.8)	128.9
EBIT	66.4	104.6	(30.4)	11.1	(22.8)	128.9
Profit (loss) before tax *	62.1	97.1	(41.2)	8.0	(12.0)	114.0
Non-current assets	434.9	425.0	318.3	36.6	33.6	1,248.4
Addition of intangible assets and property, plant and equipment	20.0	83.1	37.8	7.2	7.9	156.0
Assets	616.0	538.5	399.9	103.6	(19.8)	1,638.2
Equity	314.5	221.9	73.2	9.6	251.2	870.4
Liabilities	301.5	316.6	326.8	93.9	(271.0)	767.8
Non-cash adjustments	(5.3)	1.0	15.3	0.0	(7.7)	3.3
Average full-time equivalent staff	319	200	696	162	8	1,385

* The H+H-Group's consolidated profit before tax, management fee, etc.

4. STAFF COSTS

DKK'000	**2008**	**2007**	**2006**
Wages and salaries	287,181	297,541	280,050
Defined benefit plans, see note 21	10,292	11,485	12,111
Defined contribution plans	8,971	8,540	8,657
Share-based payment	2,475	2,351	1,208
Remuneration to the Supervisory Board	1,900	1,700	1,700
Other staff costs	35,583	37,291	30,547
	346,402	358,908	334,273
Remuneration to the Executive Board:			
Salaries and fees	4,445	4,575	4,270
Bonus plans	0	1,770	826
Share-based payment	667	705	336
Termination benefit	4,532	0	0
	9,644	7,050	5,432
Remuneration to other senior executives:			
Salaries and fees	3,308	5,041	4,660
Bonus plans	0	1,505	1,032
Share-based payment	444	1,311	580
	3,752	7,857	6,272
Average full-time equivalent staff	1,282	1,379	1,385

The Executive Board consisted of two persons in 2006 & 2007 In October 2008, Michael Witthohn stepped down and the Executive Board is accordingly made up of Hans Gormsen, CEO. In 2008, a termination benefit to Michael Witthohn consisting of remuneration of DKK 3,855 thousand and a share-based payment of DKK 677 thousand was charged to the income statement.

No special remuneration was paid to the Supervisory Board in 2006, 2007 and 2008. The Supervisory Board remuneration was distributed with DKK 500,000 to the chairman of the Supervisory Board and DKK 200,000 to each of the other members. The Supervisory Board consisted of seven members in 2006 and 2007 and eight members in 2008.

The H+H Group incurred costs in respect of termination benefits totalling DKK 26,807 thousand in 2008 (2007: DKK 730 thousand, 2006: DKK 0). This included share-based payment of DKK 944 thousand (2007: DKK 0, 2006: DKK 0).

Of the total staff costs for 2008, 53% was attributable to aircrete manufacture (2007: 58.6%, 2006: 58.9%).

Annual bonus

The Executive Board of the parent company and the Company's senior executives have the opportunity to earn an annual cash non-us. Depending on the bonus agreement with the specific person, the maximum bonus amount is either 25% or 40% of the person's annual base salary in the year in which the bonus is earned. The earning of bonus is dependent on profit before tax in the year in which the bonus is earned, and bonus is therefore not guaranteed. The bonus amount will depend on profit before tax relative to budgeted profit, with the bonus amount being calculated on a straight-line basis within a fixed interval for budget compliance beyond the budgeted profit. Bonus earned is paid eight days after the approval by the shareholders in annual general meeting of the annual report for the year in which the bonus is earned. In case of termination of employment, regardless of the reason, the person in question is entitled to proportionately earned bonus up to the date of termination of his or her employment.

On the basis of profit before tax for 2007, a total cash bonus of DKK 2,631,000 was paid in 2008 (2007 DKK 1,206 thousand), including DKK 1,770,000 (2007 DKK 826 thousand) to be distributed between the two members of the Executive Board. The results for 2008 did not entitle either the Executive Board or any senior executives to a cash bonus in 2009.

5. DEPRECIATION AND AMORTISATION

DKK'000	2008	2007	2006
Other intangible assets	1,874	1,869	1,485
Land and buildings	17,187	17,076	15,510
Plant and machinery	79,170	81,198	74,326
Fixtures and fittings, tools and equipment	18,240	16,414	14,365
	116,471	116,557	105,686

6. IMPAIRMENT LOSSES

DKK'000	2008	2007	2006
Land and buildings	0	8,136	0
	0	8,136	0

7. OTHER OPERATING INCOME AND EXPENSES

DKK'000	2008	2007	2006
Gain on disposal of property, plant and equipment	495	347	136
Loss on disposal of property, plant and equipment	(1,039)	(591)	(65)
Adjustment of obligation in respect of restoration of leases	0	5,584	0
Provision for clean-up of plot of land	4,653	(16,540)	0
	4,109	(11,200)	71

8. FINANCIAL INCOME

DKK'000	2008	2007	2006
Interest income	576	77	416
Other value adjustments	9,684	620	40
Other financial income	128	127	158
	10,388	824	614

9. FINANCIAL EXPENSES

DKK'000	2008	2007	2006
Interest expense	39,053	18,214	14,472
Other value adjustments	4,835	1,373	274
Fair value adjustments of derivatives that are not hedging transactions	686	0	0
Other financial expenses	662	175	703
Portion relating to capitalised interest expense	(17,195)	(1,577)	0
	28,041	18,185	15,449

10. TAX

DKK'000	2008	2007	2006
Income tax expense	(280)	47,595	39,773
Tax on changes in equity	(1,147)	2,524	(2,686)
	(1,427)	50,119	37,087
Which can be broken down as follows:			
Current tax for the year	2,829	52,024	40,950
Adjustment relating to change in tax rate	0	(4,221)	0
Effect of withdrawal from joint taxation	0	0	5,320
Reassessment of tax asset	0	0	(8,471)
Adjustments of deferred tax	849	5,784	1,020
Prior-year adjustments	(5,105)	(3,468)	(1,732)
	(1,427)	50,119	37,087
Current joint taxation contribution for the year	0	0	0
	(1,427)	50,119	37,087
Breakdown of tax on profit from ordinary activities:			
Calculated 25% (2006: 28%) tax on profit from ordinary activities	344	51,262	31,931
Adjustment to calculated tax in foreign Group			
enterprises in relation to 25% (2006: 28%)	(3,283)	580	9,456
Tax effect of:			
Change in tax rate	0	(4,221)	0
Various adjustments	750	(975)	(142)
Tax on changes in equity	(1,147)	2,524	(2,686)
Effect of withdrawal from joint taxation	0	0	5,320
Non-deductible expenses	7,014	4,525	3,821
Adjustment to prior-year taxes	(5,105)	(3,576)	(1,732)
Reassessment of tax asset	0	0	(8,471)
Non-taxable income	0	0	(410)
	(1,427)	50,119	37,087

11. EARNINGS PER SHARE

DKK'000	2008	2007	2006
Average number of shares	1,130,833	1,160,000	1,160,000
Average number of treasury Shares	(40,397)	(13,928)	(12,128)
Average number of outstanding shares	1,090,436	1,146,072	1,147,872
Dilution from share options	0	3,620	1,482
Average number of outstanding shares, diluted	1,090,436	1,149,692	1,149,354
Profit for the year	1,656	157,456	74,266
Attributable to minority interest	(1)	(2)	364
Equity holders of H+H International A/S	1,655	157,454	74,630
Earnings per share (EPS) of nom. DKK 100	1.52	137.39	65.02
Earnings per share (EPS-D)	1.52	136.95	64.93

Of the total calculated number of options entitling the holder to buy one share with a nominal value of DKK 100 under the H+H-Group's option programmes, there were 0 options in 2008 (2007: 13,740 options, 2006: 5,387 options) that had an exercise price not exceeding the average market price for the years in question and were therefore not included in the calculation of diluted earnings per share.

A share buyback programme amounting to approx. DKK 90 million for the company's B shares was implemented in 2008 with a view to subsequent cancellation and reduction of the share capital. Adjusted for the repurchased shares, earnings per share for 2007 amounts to DKK 146.21, while diluted earnings per share for 2007 amounts to DKK 145.72 (assuming ownership during the entire period).

12. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

	2008					
DKK'000	**Goodwill**	**Other intangible assets**	**Land and buildings**	**Plant and machinery**	**Fixtures and fittings, tools and equipment**	**Assets in the course of construction**
Total cost at 1 January 2008	94,071	23,459	563,167	980,056	135,258	182,921
Additions on acquisition of enterprises	0	17,146	2,319	1,335	8,175	0
Transfers	0	0	2,382	17,758	1,748	(21,888)
Foreign exchange adjustments, year-end rate	(8,380)	(733)	(58,984)	(150,363)	(6,895)	(47,327)
Additions for the year	0	3,052	12,322	15,696	16,888	416,088
Disposals for the year	0	0	(1,655)	(4,836)	(12,196)	(477)
Total cost at 31 December 2008	85,691	42,924	519,551	859,646	142,978	529,317
Total depreciation and amortisation at 1 January 2008	0	9,649	99,554	471,546	56,555	0
Transfers	0	0	0	(68)	68	0
Foreign exchange adjustments, year-end rate	0	(233)	(13,622)	(71,190)	(3,789)	0
Changes in foreign exchange rates	0	(133)	(1,639)	(6,593)	420	0
Depreciation and amortisation of assets disposed of	0	0	(18)	(3,795)	(9,486)	0
Depreciation and amortisation for the year	0	1,874	17,187	79,170	18,240	0
Total depreciation, amortisation and impairment losses at 31 December 2008	0	11,157	101,462	469,070	62,008	0
Carrying amount	85,691	31,767	418,089	390,576	80,970	529,317
Of which assets held under finance leases				4,246		

	2007					
DKK'000	**Goodwill**	**Other intangible assets**	**Land and buildings**	**Plant and machinery**	**Fixtures and fittings, tools and equipment**	**Assets in the course of construction**
Total cost at 1 January 2007	90,079	20,232	512,525	981,932	123,404	42,343
Transfers	0	0	9,614	15,065	6,902	(31,581)
Foreign exchange adjustments, year-end rate	3,992	660	(2,916)	(45,186)	(1,032)	(1,320)
Additions for the year	0	2,567	45,122	30,693	11,160	173,479
Disposals for the year	0	0	(1,178)	(2,448)	(5,176)	0
Total cost at 31 December 2007	94,071	23,459	563,167	980,056	135,258	182,921
Total depreciation and amortisation at 1 January 2007	0	7,260	79,456	416,305	44,012	0
Transfers	0	0	(561)	0	561	0
Foreign exchange adjustments, year-end rate	0	469	(4,114)	(22,581)	(1,195)	0
Changes in foreign exchange rates	0	51	(99)	(1,736)	(37)	0
Depreciation and amortisation of assets disposed of	0	0	(340)	(1,640)	(3,200)	0
Depreciation and amortisation for the year	0	1,869	17,076	81,198	16,414	0
Impairment losses for the year	0	0	8,136	0	0	0
Total depreciation, amortisation and impairment losses at 31 December 2007	0	9,649	99,554	471,546	56,555	0
Carrying amount	94,071	13,810	463,613	508,510	78,703	182,921
Of which assets held under finance leases				7,003		

DKK'000	2006 Goodwill	Other intangible assets	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Assets in the course of construction
Total cost at 1 January 2006	70,483	9,006	395,178	846,406	70,867	75,648
Final allocation of purchase sum relating to 2005	9,099	0	(1,549)	(3,283)	0	0
Additions on acquisition of enterprises	10,144	643	87,510	35,441	0	0
Transfers	0	0	8,342	68,741	30,642	(107,725)
Foreign exchange adjustments, year-end rate	353	18	3,111	10,927	372	908
Additions for the year	0	10,820	19,933	26,054	25,726	73,512
Disposals for the year	0	(255)	0	(2,354)	(4,203)	0
Total cost at 31 December 2006	90,079	20,232	512,525	981,932	123,404	42,343
Total depreciation and amortisation at 1 January 2006	0	6,026	62,922	338,529	31,977	0
Foreign exchange adjustments, year-end rate	0	(7)	882	4,524	233	0
Changes in foreign exchange rates	0	11	142	691	63	0
Depreciation and amortisation of assets disposed of	0	(255)	0	(1,765)	(2,626)	0
Depreciation and amortisation for the year	0	1,485	15,510	74,326	14,365	0
Total depreciation, amortisation and impairment losses at 31 December 2006	0	7,260	79,456	416,305	44,012	0
Carrying amount	90,079	12,972	433,069	565,627	79,392	42,343
Of which assets held under finance leases				5,277		

Interest totalling DKK 17,195 thousand was capitalised in 2008 (2007: DKK 1,577 thousand, 2006: DKK 0). The interest rate depends on the situation for each currency. For the Group, the interest rate was between 3.25% and 6.00% (2007: 3.85% to 5.5% 2006: N/A).

In 2008, an amount totalling DKK 2,007 thousand was capitalised in respect of development (2007: DKK 111 thousand, 2006: DKK 0).

Binding contracts for delivery of non-current assets totaling DKK 48,127 thousand had been concluded at the end of 2008 (2007: DKK 216,463 thousand, 2006: DKK 7,915 thousand). The contracts relate predominantly to the construction of factories in Russia and Poland (DKK 41,862 thousand).

Some fixed assets in Poland have been provided as security for bank loans. The security provided amounts to DKK 28,503 thousand, and the carrying amount of the asset is DKK 27,423 thousand.

On 31 December 2008, management tested the carrying amount of goodwill for impairment based on the allocation of the cost of goodwill among the cash-generating units.

Of the total goodwill of DKK 85,691 thousand (2007: DKK 94,071 thousand, 2006: DKK 90,079 thousand), DKK 57,460 thousand (2007: DKK 65,823 thousand, 2006: DKK 61,827 thousand) related to the Eastern European segment, while DKK 28,231 thousand (2007: DKK 28,248 thousand, 2006: DKK 28,252 thousand) related to the Germany, Denmark and Benelux segment.

As a result of the integration of acquired enterprises in the existing Group, management is of the opinion that the lowest level of cash-generating unit to which the carrying amount of goodwill can be allocated is at company level in each country.

Other intangible assets consist of acquired patents, rights, software and similar.

A write-down of DKK 8.1 million was made in 2007 in respect of capitalised costs in connection with an application for permission to build a new factory in the longer term. The carrying amount of the asset at the end of 2007 was DKK 0 thousand.

The recoverable amount was defined as the value in use in connection with the impairment testing.

Impairment testing of goodwill in Eastern Europe:
The activities in Poland and the Czech Republic were acquired in 2005 and 2006. Despite the short period of ownership, the segment's operations have been developing favourably since 2007.

The activities have been developing more favourably than originally anticipated, and a positive operating result is expected in future as well.

The contribution margin for the budget period has been estimated on the basis of the expected pricing in the markets. It has also been assumed that the existing market shares will, as a minimum, be held.

The recoverable amount of goodwill that can be allocated to the Eastern European segment is based on the value in use, which has been determined using expected net cash flows based on management's estimates for the years 2009-2012 and a discount rate before tax of approximately 9.8%.

The weighted average growth rate used for extrapolating expected future net cash flows for the years after 2012 has been estimated at 2%. It is estimated that the growth rate will not exceed the long-term average growth rate in the Company's markets.

Based on these assumptions, management is of the opinion that the carrying amount of goodwill exceeds its recoverable amount.

Impairment testing of goodwill in Germany, Denmark and Benelux:
The Germany and Denmark segment has historically recorded operating profits in excess of DKK 50 million.

The contribution margin for the budget period has been estimated on the basis of the expected pricing in the markets.

It has been estimated that the expected market share will be on par with those achieved in 2007 and 2008.

The recoverable amount of goodwill that can be allocated to the activities is based on the value in use, which has been determined using expected net cash flows based on an investment case featuring estimates for the years 2009-2012 and a discount rate before tax of 9.2%.

The weighted average growth rate used for extrapolating expected future net cash flows for the years after 2012 has been estimated at 2%. It is estimated that the growth rate will not exceed the long-term average growth rate in the Company's markets. Based on these assumptions, management is of the opinion that the carrying amount of goodwill exceeds its recoverable amount.

Other non-current assets:
Management has not identified any factors that indicate a need for impairment testing of other non-current assets.

Assets on hold:
The H+H Group has put the following investments on hold:

The construction of a new aircrete factory in Ukraine has been temporarily put on hold. Costs totalling DKK 6.5 million had been capitalised at the end of 2008. H+H still intends to establish an aircrete factory in Ukraine. However, it has been deemed appropriate to postpone the remaining investment.

The construction of a new aircrete factory in Warsaw has also been temporarily put on hold. A plot of land was acquired for DKK 7.2 million at the end of 2008. H+H still intends to make use of this plot of land.

Contracts for construction and delivery of certain machinery and capital equipment have been entered into due to long delivery times. Capital equipment at a total price of DKK 43.5 million had been acquired at the end of 2008. A further DKK 15.7 million will be invested in capital equipment in 2009. The capital equipment is not expected to be taken into use in 2009.

Management tested the carrying amount of ongoing investments for impairment in 2008. It is estimated that the recoverable amount exceeds the carrying amount. The assessment of the recoverable amount is based on calculations of value in use determined using expected net cash flows based on future budgets for the years in question approved by management, and a discount rate before tax of 10.7%.

Due to low demand in the UK, the factory in Westbury has not been in operation since October 2008. Based on anticipated aircrete demand in 2009, the factory is not expected to resume operation in 2009. The factory is expected to start up again as market conditions normalise. The carrying amount of the factory is approximately DKK 20 million. Management is of the opinion that the recoverable amount exceeds the carrying amount.

An amount of DKK 8.4 million had been capitalised at the end of 2008 in respect of a larger development project. Management estimates that the recoverable amount exceeds the carrying amount.

13. DEFERRED TAX, ASSET

DKK'000	**2008**	**2007**	**2006**
Deferred tax asset at 1 January	20,036	24,729	18,369
Foreign exchange adjustments	(1,662)	45	(181)
Adjustment relating to changed tax rate	(314)	(572)	0
Change in deferred tax	4,412	(4,166)	(3,150)
Effect of withdrawal from joint taxation	0	0	1,220
Reassessment of tax asset	0	0	8,471
Deferred tax asset at 31 December	22,472	20,036	24,729
Deferred tax asset relates to:			
Non-current assets	(1,901)	3,052	4,558
Current assets	694	804	689
Liabilities	591	51	308
Tax loss carryforwards	23,088	16,129	19,174
	22,472	20,036	24,729

14. DEFERRED TAX, LIABILITY

DKK'000	2008	2007	2006
Deferred tax liability at 1 January	63,596	68,345	51,367
Adjustment of allocation of purchase price	0	0	(2,142)
Additions on acquisition of enterprise	0	0	15,375
Foreign exchange adjustments	(9,449)	(1,726)	834
Adjustment relating to change in tax rate	0	(4,793)	0
Effect of withdrawal from joint taxation	0	0	6,540
Prior-year adjustments	2,315	152	(1,499)
Change in deferred tax	535	1,618	(2,130)
Deferred tax liability at 31 December	56,997	63,596	68,345
Provisions for deferred tax relate to:			
Non-current assets	34,697	56,878	62,322
Current assets	11,019	1,679	(701)
Liabilities	4,017	89	184
Retaxation balance relating to discontinued joint taxation	7,264	4,950	6,540
	56,997	63,596	68,345

Temporary differences relating to equity investments have not been recognised, as the Group and the parent company, respectively, are able to check whether the liability crystallises and as it is likely that the liability will not crystallise.

No provision has been made in respect of deferred tax in connection with the share option plan, as the price of the shares at the balance sheet date was less than the exercise price of the options.

15. INVENTORIES

DKK'000	2008	2007	2006
Raw materials and consumables	49,949	48,838	40,164
Finished goods and goods for resale	162,090	140,799	132,285
	212,039	189,637	172,449
Write-downs recognised in the above inventories developed as follows:			
Write-downs at 1 January	12,029	10,277	8,949
Foreign exchange adjustments	(1,451)	(301)	97
Write-downs for the year	5,375	7,431	5,017
Realised during the year	(1,769)	(5,378)	(3,786)
Reversals	(250)	0	0
Inventory write-downs, year-end	13,934	12,029	10,277
Value of inventories recognised at net realisable value	13,685	13,752	14,747
Cost of sales	723,246	882,820	841,331
Write-downs for the year	5,375	7,130	5,114
Reversal of inventory write-downs	250	0	0
	728,871	889,950	846,445

16. RECEIVABLES

DKK'000	2008	2007	2006
Trade receivables	94,945	150,741	184,557
Other receivables	34,434	13,727	20,417
	129,379	164,468	204,974
Write-downs recognised in the above receivables developed as follows:			
Write-downs at 1 January	7,505	7,714	5,429
Foreign exchange adjustments	(973)	74	(35)
Write-downs for the year	1,059	490	2,235
Realised during the year	(876)	(773)	85
Reversals	(1,988)	0	0
Write-downs relating to receivables, year-end	4,727	7,505	7,714

Receivables that are not past due are deemed to predominantly have a high credit quality.

Security is not normally required in respect of claims. The Group's customers are typically large well-consolidated builders' merchants and house-builders, and customers are credit rated on a regular basis. Only limited security had been provided at 31 December.

Receivables are written down directly if the value of each debtor's ability to pay has deteriorated, for example as a result of suspension of payments, compulsory winding-up or similar, based on individual assessment of each receivable. Write-downs are made to calculated net realisable value. The income statement for 2008 includes write-downs for bad debts of DKK (929) thousand (2007: DKK 490 thousand, 2006: DKK 2,235 thousand).

In 2008, other receivables consist primarily of an accumulated VAT claim in connection with the investments in Russia. The VAT claim was significantly lower in 2007 and 2006.

Age analysis of trade receivables			
DKK'000	2008	2007	2006
Not past due	59,902	123,929	164,402
Past due 0-30 days	26,624	24,191	13,872
Past due 30-90 days	5,474	2,118	3,942
More than 90 days	2,945	503	2,341
	94,945	150,741	184,557

17. PENSION LIABILITIES

Under defined contribution plans, the employer is under obligation to pay a specific contribution (e.g. a fixed amount or a fixed percentage of the salary). Under defined contribution plans, the Group does not bear the risk associated with the future development in interest rates, inflation, mortality and disability.

Under defined benefit plans, the employer is under obligation to pay a specific amount (e.g. retirement pension as a fixed amount or a fixed percentage of the final salary). Under defined benefit plans, the Group bears the risk associated with the future development in interest rates, inflation, mortality and disability.

Danish enterprises' pension obligations are insured. Some foreign enterprises' pension obligations are also insured. Foreign companies that are not insured or only insured in part (defined benefit plans) calculate their obligation actuarially at present value at the balance sheet date. These pension plans are fully or partly funded in pension funds for the employees. In the consolidated financial statements, an amount of DKK 68,775 thousand (2007: DKK 87,191 thousand, 2006: DKK 94,322 thousand) has been recognised under liabilities in respect of the Group's obligations to existing and former employees after deduction of the assets associated with the plans.

In the consolidated income statement, an amount of DKK 8,971 thousand (2007: DKK 8,540 thousand, 2006: DKK 8,657 thousand) has been recognised in respect of expenses relating to insured plans (defined contribution). For non-insured plans (defined benefit plans), an amount of DKK 10,292 thousand (2007: DKK 11,485 thousand, 2006: DKK 12,111 thousand) has been recognised in the consolidated income statement in respect of expenses.

The Group has defined benefit plans in the UK and Germany. The UK pension plans are managed by a pension fund to which payments are made, whereas the German pension plans are unfunded.

DKK'000	**2008**	**2007**	**2006**
Pension and similar obligations:			
Present value of fully or partly defined benefit plans	324,340	445,752	490,164
Fair value of plan assets	228,932	344,802	364,928
Underfunding	95,408	100,950	125,236
Unrecognised actuarial losses/(gains)	34,002	21,097	38,240
Present value of unfunded defined benefit plans	7,017	7,338	7,326
Unrecognised actuarial losses/(gains)	(352)	0	0
Net obligation recognised in balance sheet	68,775	87,191	94,322
Development in present value of fully or partly funded defined benefit obligation:			
Obligation at 1 January	445,752	490,164	458,452
Foreign exchange adjustments	(107,294)	(42,037)	9,470
Pension costs relating to the currend financial year	6,710	7,876	8,719
Calculated interest on obligation	21,498	25,199	23,292
Actuarial gains/(losses)	(30,004)	(23,149)	44
Pensions paid	(12,322)	(12,301)	(9,813)
Obligation at 31 December	324,340	445,752	490,164
Development in present value of unfunded defined benefit plans: *			
Obligation at 1 January	7,338	7,326	
Foreign exchange adjustments	(6)	1	
Pension costs relating to the current financial year	117	42	
Calculated interest on obligation	394	413	
Actuarial gains/(losses)	(353)	0	
Pensions paid	(473)	(442)	
Obligation at 31 December	7,017	7,340	

* As a result of IFRS amendments in 2008, the presentation of "Development in present value of unfunded benefit plans" has been changed. As a consequence, comparative figures for 2006 are not disclosed. H+H did not have any pension obligations in respect of acquired companies in 2006, 2007 or 2008.

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DKK'000	2008	2007	2006
Development in fair value of pension plans:			
Pension assets at 1 January	344,802	364,928	337,035
Foreign exchange adjustments	(78,234)	(32,190)	7,029
Expected return on plan assets	18,426	21,555	19,900
Actuarial gains/(losses)	(52,032)	(8,342)	(339)
The company's contribution to plan assets	8,292	11,152	11,116
Pensions paid	(12,322)	(12,301)	(9,813)
Pension assets at 31 December	228,932	344,802	364,928
Pension costs recognised in the income statement:			
Pension costs relating to the current financial year	6,827	7,841	8,719
Calculated interest on obligation	21,891	25,199	23,292
Expected return on plan assets	(18,426)	(21,555)	(19,900)
Total amount recognised in respect of defined benefit plans	10,292	11,485	12,111
Total amount recognised in respect of defined contribution plans	8,971	8,540	8,657
Total amount recognised in the income statement	19,263	20,025	20,768

The cost has been recognised in the income statement under staff costs.
Actuarial gains or losses have not previously been recognised in the income statement.

DKK'000	2008	2007	2006
Pension assets can be broken down as follows:			
Shares	93,862	136,894	151,330
Bonds	135,070	204,671	211,277
Cash	0	3,237	2,321
Total	228,932	344,802	364,928
Return on plan assets:			
Actual return on plan assets	20,734	21,457	19,791
Expected return on plan assets	18,426	21,555	19,900
Actuarial gain/(loss) on plan assets	2,308	(98)	(109)

The Group expects to contribute DKK 5,557 thousand (2007: DKK 10,432 thousand, 2006: DKK 11,176 thousand) to the defined benefit pension plan in 2009.

The average assumptions for the actuarial calculations at the balance sheet date are as follows:

Discount rate (avg.)	6.20%	5.80%	5.20%
Expected return on plan assets	6.02%	6.59%	6.23%
Future rate of salary increase	4.60%	4.80%	4.60%

The expected return on plan assets has been determined by an external valuer on the basis of the composition of the assets and the general economic outlook.

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DKK'000	2008	2007	2007	2006
The amounts for the current and previous years for the Group's pension obligations are as follows:				
Actuarially determined pension obligations	324,340	445,752	490,164	458,452
Pension assets	228,932	344,802	364,928	337,035
Present value of unfunded defined benefit plans	7,017	7,338	7,326	7,377
Overfunding/(underfunding)	(102,425)	(108,288)	(132,562)	(128,794)
Empirical changes to obligations	629	(163)	(109)	(1,779)
Empirical changes to pension assets	2,308	(98)	(109)	218

18. OTHER PROVISIONS

DKK'000	2008	2007	2006	2008	2007	2006
	Non-current portion			Current portion		
Warranty obligations at 1 January	6,488	8,160	7,469	0	0	0
Foreign exchange adjustments	(316)	11	75	0	0	0
Provisions for the year	730	193	2,159	0	0	0
Utilised during the year	0	0	(825)	0	0	0
Reversal during the year	(1,384)	(1,876)	(718)	0	0	0
Warranty obligations at 31 December	5,518	6,488	8,160	0	0	0
Rental obligations at 1 January	0	0	5,230	0	5,299	0
Foreign exchange adjustments	0	0	0	0	(125)	0
Transfer	0	0	(5,230)	0	0	5,230
Provisions for the year	0	0	0	0	0	69
Utilised during the year	0	0	0	0	(412)	0
Reversal during the year	0	0	0	0	(4,762)	0
Warranty obligations at 31 December	0	0	0	0	0	5,299
Obligation relating to restoration of sites at 1 January	19,622	5,195	4,676	0	0	0
Foreign exchange adjustments	(3,603)	(942)	15	0	0	0
Provisions for the year	2,529	16,540	504	0	0	0
Utilised during the year	0	(426)	0	0	0	0
Reversal during the year	(6,049)	(745)	0	0	0	0
Obligation relating to restoration of sites at 31 December	12,499	19,622	5,195	0	0	0
Total other provisions	18,017	26,110	13,355	0	0	5,299

The H+H Group's companies provide normal warranties in respect of products supplied to customers. The provision for warranty obligations thus relates to warranties provided in respect of products supplied prior to the balance sheet date. The warranty period varies depending on normal practice in the markets in question. The warranty period is typically between one and five years. Warranty obligations have been determined separately for each company based on normal practice in the market in question and historical warranty costs. Warranty obligations at 31.12.2008 relate predominantly to Germany and Poland.

Investigations in relation to the impending clean-up of the plot of land at the Borough Green factory were carried out in 2008. A DKK 16,540 thousand provision for clean-up was made in 2007. The extent proved to be less than initially assumed, and an amount of DKK 4,653 thousand was consequently reversed in 2008.

The obligation in respect of restoration of sites relates to the company's sites in Finland, Poland and the UK. The obligation has been calculated based on external assessments of the restoration costs. Restoration is expected to take place in 2010 or later.

In 2007, a provision in respect of lease and restoration obligations relating to a discontinued lease in the UK was reversed. The parties have entered into a final agreement under which the previous provision has been reversed. The reversal of the provision is recognised as other operating income and is included in the segment information as a non-allocated item.

19. BANK LOANS

DKK'000	2008	2007	2006
Bank loans	871,716	390,937	355,677
Lease commitments	998	2,042	3,127
Amortised loan costs	(1,933)	0	0
	870,781	392,979	358,804
Bank loans have been recognised as follows in the balance sheet:			
Long-term	869,979	1,133	2,017
Short-term	802	391,846	356,787
	870,781	392,979	358,804

	2008			2007			2006		
Finance leases	**Lease payment**	**Interest**	**Carrying amount**	**Lease payment**	**Interest**	**Carrying amount**	**Lease payment**	**Interest**	**Carrying amount**
0-1 year	843	41	802	956	47	909	1,177	67	1,110
1-5 years	228	32	196	1,317	184	1,133	2,485	468	2,017
	1,071	73	998	2,273	231	2,042	3,662	535	3,127

The Group leases capital equipment under finance leases. The lease term is typically between two and five years, with an option to purchase the asset in question at a favourable price on expiry of the term.

All leases follow a fixed repayment profile and none of the leases include provisions about conditional lease payments apart from provisions on indexation based on public indices. The leases are non-cancellable during the agreed lease term, but may be extended on renewed terms. The leases are normally based on a fixed interest rate.

Operating leases	2008	2007	2006
	Lease payment	**Lease payment**	**Lease payment**
Not later than 1 year	619	763	894
Later than 1 year and not later than 5 years	1,462	2,170	3,827
Later than 5 years	1,006	1,334	1,460
Total minimum lease payment	3,087	4,267	6,181

The Group leases property, capital equipment and vehicles under operating leases in a few cases.

An amount of DKK 5,339 thousand (2007: DKK 6,009 thousand, 2006: DKK 6,260 thousand) has been recognised in the consolidated income statement for 2008 in respect of operating leases.

Besides the operating leases referred to in the foregoing, the H+H Group has entered into long-term land leases in Poland and the UK. H+H does not have an option to buy the leased plots of land. The annual lease costs amount to DKK 2,075 thousand.

20. ACQUISITIONS

DKK'000	2008	
	Fair value at acquisition date	Carrying amount before acquisition date
Germany		
Intangible assets	17,146	5,015
Land and buildings	2,319	2,319
Other non-current assets	8,175	0
Plant and machinery	1,335	34
Inventories	125	115
Other liabilities	(37)	0
Other non-current liabilities	(373)	(343)
Net assets acquired	28,690	7,140
Total purchase price	28,690	
Including cash	0	
Cash purchase price	28,690	

On 2 January 2008, H+H Deutschland GmbH acquired a gravel pit adjoining its factories in Wittenborn. The gravel pit has historically been a supplier of sand to the Wittenborn factories.

DKK'000	2007
No enterprises were acquired in 2007.	

DKK'000	2006	
	Fair value at acquisition date	Carrying amount before acquisition date
Poland		
Intangible assets	643	8
Property, plant and equipment	102,091	21,708
Other non-current assets	1,521	1,668
Inventories	4,919	6,741
Receivables	5,983	6,296
Cash an cash equivalents	1,651	1,651
Deferred tax	(15,375)	(10)
Bank loans	(6,962)	(6,962)
Trade payables	(6,593)	(6,981)
Other non-current liabilities	(11,759)	(9,904)
Other payables	(14,806)	(12,874)
Net assets acquired	61,313	1,341
Attributable to minority interest	(6,176)	
H+H's share of net assets acquired	55,137	
Goodwill	2,845	
Cost	57,982	
Of which cash and cash equivalents	(1,651)	
Purchase consideration in cash	56,331	

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DKK'000	2006	
	Fair value at acquisition date	Carrying amount before acquisition date
Acquisition of the share attributable to minority interest		
Attributable to minority interest	5,785	
Goodwill	4,915	
Purchase consideration in cash	10,700	

On 3 January 2006, H+H acquired the controlling interest in the company PPH Faelbet S.A. via a subsidiary in Poland. PPH Faelbet S.A. owned 78.18% of the company Prefabet-Pulawy Sp. z o.o. at the date of acquisition, thereby controlling the two factories, both of which manufacture aircrete. These factories were acquired in continuation of the acquisition of three factories in 2005. The five factories were integrated at the end of 2006 so that there are now two legal entities.

All of the minority shareholders in the company Prefabet-Pulawy Sp.z.o.o. have subsequently been bought out. The purchase price totals DKK 67,032 thousand for 100% of the shares in Prefabet-Pulawy Sp.z.o.o.

As a result of the full integration of the five factories acquired, it is no longer possible to separate the individual entities.

The goodwill amount is attributable to the value of the market access and the synergies from the H+H Group's existing operations.

The main adjustments to the carrying amount prior to the acquisition of the two factories relate to lease rights in respect of plots of land, buildings, machinery and equipment. External valuers have assisted in determining the fair value of the assets referred to above. No specific intangible assets justifying individual valuation have been identified.

DKK'000	2006	
	Fair value at acquisition date	Carrying amount before acquisition date
Czech Republic		
Land and buildings	16,006	5,066
Plant and machinery	4,854	2,676
Inventories	1,939	1,763
Acquired net assets	22,799	9,505
Goodwill	2,384	
Cost	25,183	
Of which cash and cash equivalents	0	
Purchase consideration in cash	25,183	

On 2 May 2006, H+H acquired an aircrete factory in the Czech Republic. The purchase sum totalled DKK 25,183 thousand. The goodwill amount, which has been estimated at DKK 2,384 thousand, relates to the value of market access and the synergies from the i H+H Group.

The main adjustments to the carrying amount prior to the acquisition relate to the factory buildings and plant and machinery. The fair values of the assets in question have been determined by the local management based on the market values of comparable assets. No specific intangible assets justifying individual valuation have been identified.

21. CONTINGENT LIABILITIES

DKK'000	2008	2007	2006
Concluded contracts in respect of which guarantee insurance has been taken out	0	0	1,291
Financial guarantee	0	2,535	0
	0	2,535	1,291

H+H International A/S acts as a guarantor for the subsidiaries' drawdowns on the Group's credit facility.

The H+H Group is a party to a few pending legal proceedings. In management's opinion, the outcome of these proceedings will not have any impact on the Group's financial position apart from the receivables and payables recognised in the balance sheet.

In 2007, a guarantee was provided on behalf of a strategic business partner. This guarantee amounted to DKK 2,535 thousand at the end of 2007. It is now considered probable that the bank guarantee will be called in, and it was consequently charged to the income statement in 2008.

Taxes and duties
The Group's Danish companies are jointly and severally liable for tax on the Group's jointly taxed income for financial years up to and including 2005 and for joint registration of VAT.

22. FEES PAID TO AUDITORS

DKK'000	2008	2007	2006
Audit fees:			
KPMG	2,326	2,312	2,194
Kresten Foged	150	150	150
	2,476	2,462	2,344
Non-audit fees:			
KPMG			
Tax and VAT assistance	636	692	1,108
Other services	277	242	1,222
	913	934	2,330

23. RELATED PARTIES

The Group's related parties are the Executive Board, the Supervisory Board and senior executives in the H+H Group, and Henriksen og Henriksen I/S, because of its significant shareholdings in the Company.

Apart from service contracts, no agreements or transactions have been entered into between the Company, the Executive Board, the Supervisory Board and senior executives. Remuneration to the Supervisory Board, the Executive Board and senior executives is disclosed in notes 4 and 24.

Apart from dividend distribution, no agreements or transactions have been entered into between Henriksen og Henriksen I/S and the Group.

Henrik Lind – member of the Supervisory Board – is a partner in the law firm Gorrissen Federspiel Kierkegaard, which was paid fees totalling DKK 0 thousand in 2008 for legal assistance (2007: DKK 15 thousand, 2006: DKK 84 thousand).

Intragroup trading is on arm's length terms.

24. INCENTIVE SCHEMES

New share option plan
In May 2007, the Supervisory Board of H+H International A/S established a new share option plan for the Executive Board and other senior executives. The Supervisory Board of H+H International A/S is not comprised by the Company's share option plan.

Each share option entitles the holder to buy one B share with a nominal value of DKK 100. The total number of underlying shares in the share option plan for grants for 2007, 2008 and 2009 is 6,000 B shares, 5,925 B shares and 5,613 B shares, respectively. The exercise price is fixed immediately after the publication of the annual report for the year in question, calculated as the average price for ten business days after the publication of the annual report plus 20%. The options are exercisable during a one-year period beginning three years and ending four years after the determination of the exercise price. The right to be granted and exercise share options is conditional upon the option holder's employment with the Company not having ceased, either due to the option holder having given notice of termination or due to breach on the part of the option holder. There are no other vesting conditions.

The fair value of the share option plan has been calculated at DKK 4.5 million in total, distributed with DKK 1.5 million for the 2007 grant, DKK 1.5 million for the 2008 grant and DKK 1.5 million for the 2009 grant. Costs will be recognised in the financial statements as staff costs over the period from 2007 to 2013. The fair value of options granted to the Executive Board totals DKK 2.0 million and is distributed with DKK 0.7 million for the 2007 grant, DKK 0.7 million for the 2008 grant, and DKK 0.6 million for the 2009 grant. The costs related to the options granted to the Executive Board will also be recognised in the financial statements as staff costs over the period from 2007 to 2013. The fair values have been calculated using the Black-Scholes model. The main assumptions for the calculation of fair values using the Black-Scholes model are a share price of DKK 2,160 and an exercise price of DKK 2,592 per share of nominally DKK 100, a volatility of 25%, an interest rate of 4.0%, dividend of 2%, and average exercise three years after the grant date. The volatility has been fixed on the basis of an expected future level, based on the historical volatility. No other special circumstances relating to option grants have been taken into account in calculating the fair value, such as requirements concerning employment or the non-negotiability of the options, even though these factors would reduce the fair value.

Old share option plan
In July 2004, the Supervisory Board of H+H International A/S laid down new guidelines governing share option grants in the years 2004-2007. Options will be granted to senior executives in the H+H Group nominated by the Supervisory Board as being eligible for options. The Supervisory Board of H+H International A/S is not comprised by the Company's share option plans.

At the end of 2006, six employees were eligible for options. At the end of 2006, the overall option programme totalled 10,120 shares with exercise windows in the periods 2007-2009, 2008-2010 and 2009-2011. Options are granted to a number of shares with a current market price equivalent to an amount not exceeding the option holder's fixed annual salary at the end of the previous financial year. Half of the grant is not tied to the Company's financial performance, whereas the other half is tied, wholly or partly, to the achievement of various financial performance goals in the previous year. In 2006, 50% of the full portion was granted. The current market price of the number of shares comprised by an option grant is calculated on the basis of the average price on ten business days after the publication of the announcement of financial results at the grant date, and this average price also constitutes the exercise price for the share options. The options are exercisable in a two-year period, 3-5 years after grant. The right to exercise share options is conditional upon the employee not having given notice of termination before the exercise date.

In 2006, a total of 3,398 shares at an average price of DKK 1,388 per share of nominally DKK 100 were allocated. The fair value at the grant date of allocations in 2006 amounted to DKK 0.7m for employees and DKK 0.5m for the Executive Board. The fair values were calculated using the Black-Scholes model at the grant date and are recognised as staff costs over the vesting period. The main assumptions for the calculation of fair values using the Black-Scholes model are a share price and an exercise price of DKK 1,550 per share of nominally DKK 100, a volatility of 40%, an interest rate of 3.5%, a dividend rate of 3%, and average exercise three years after the grant date. The volatility has been fixed on the basis of an expected future level, based on the historical volatility.

The final allocation of share options under the old share option plan took place in March 2007 and totalled 4,974 share options distributed on six persons, each share option entitling the holder to buy one B share of nominally DKK 100 at an exercise price per share of DKK 1,860.

Exercise of outstanding options
No share options were exercised in 2008.

A total of 661 share options were exercised in 2007, with exercise window for the period 2007-2010 at an average exercise price of DKK 1,430 per share of nominally DKK 100. The average market price for the exercised options in 2007 was DKK 2,700 per share of nominally DKK 100.

The number of options allocated under the old guidelines stood at 14,036 shares with exercise windows in the period 2006-2009. After the issue of the financial statements for 2005 in March 2006, the option holders exercised their right to buy all 14,036 shares at an average exercise price of DKK 675 per share of nominally DKK 100. The average market price for the options exercised in 2006 was DKK 1,391 per share of nominally DKK 100.

At the end of 2008, there were 6,061 outstanding exercisable options (2007: 1,662, 2006: 0). No options were forfeited in 2007 or 2006. 462 granted options were forfeited in 2008.

At the end of 2008, the overall share option plans amounted to 31,971 shares (2007: 32,433 shares, 2006: 10,120 shares). The outstanding options corresponded to 2.93% of the share capital (2007: 2.9%, 2006: 0.9%. This included a total of 20,433 share options with final pricing (2007: 14,433, 2006: 10,120 share options.

The options can only be settled in shares. The share option plans are covered by treasury Shares at the date of final pricing. Treasury Shares amounted to 10,320 B shares at the end of 2006, 14,659 B shares at the end of 2007 and 20,489 B shares at the end of 2008.

The outstanding options with final pricing at 31 December 2008 have an average remaining contractual life of 1.5 years (2007: 1.8 years) and an exercise price in the range of DKK 1,430 to DKK 1,860 per option (2007: DKK 1,430 to DKK 1,860 per option).

The cost recognised in the 2008 income statement in respect of share options is DKK 2,475 thousand (2007: DKK 2,351 thousand, 2006: DKK 1,208 thousand).

	Total		Executive Board		Other employees	
Outstanding options	**Number**	**Average exercise price**	**Number**	**Average exercise price**	**Number**	**Average exercise price**
Outstanding options at 31 December 2005	20,758	919.37	950	1,430.00	19,808	894.88
Granted in 2006 *	3,398	1,388.00	1,386	1,388.00	2,012	1,388.00
Exercised in 2006	(14,036)	674.82			(14,036)	674.82
Transfer			676	1,430.00	(676)	1,430.00
Outstanding options at 31 December 2006	10,120		3,012		7,108	
Allocated in 2007	4,974	1,860.00	2,094	1,860.00	2,880	1,860.00
Granted in 2007 *	18,000		7,875		10,125	
Exercised in 2007	(661)	1,430.00	-	-	(661)	1,430.00
Outstanding options at 31 December 2007	32,433		12,981		19,452	
Transfer	0		(5,584)		5,584	
Disposal	(462)		-		(462)	
Outstanding options at 31 December 2008	31,971		7,397		24,574	

* The exercise prices are fixed as the average market price ten days after the publication of the annual reports for the financial years 2007, 2008 and 2009 plus 10%.

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	Total		Executive Board		Other employees	
Breakdown of outstanding options by exercise period:	**Number**	**Average exercise price**	**Number**	**Average exercise price**	**Number**	**Average exercise price**
Outstanding option plans at 31 December 2006						
2007-2009	2,323	1,430.00	-	0.00	2,323	1,430.00
2008-2010	4,399	1,430.00	1,626	1,430.00	2,773	1,430.00
2009-2011	3,398	1,388.00	1,386	1,388.00	2,012	1,388.00
Total	10,120		3,012		7,108	
Outstanding option plans at 31 December 2007						
2007-2009	1,662	1,430.00	-	-	1,662	1,430.00
2008-2010	4,399	1,430.00	1,626	1,430.00	2,773	1,430.00
2009-2011	3,398	1,388.00	1,386	1,388.00	2,012	1,388.00
2010-2012	4,974	1,860.00	2,094	1,860.00	2,880	1,860.00
2011-2012	6,000		2,625		3,375	
2012-2013	6,000		2,625		3,375	
2013-2014	6,000		2,625		3,375	
Total	32,433		12,981		19,452	
Outstanding option plans at 31 December 2008						
2007-2009	1,662	1,430.00	-	-	1,662	1,430.00
2008-2010	4,399	1,430.00	950	1,430.00	3,449	1,430.00
2009-2011	3,398	1,388.00	901	1,388.00	2,497	1,388.00
2010-2012	4,974	1,860.00	1,271	1,860.00	3,703	1,860.00
2011-2012	6,000	1,576.00	1,425	1,576.00	4,575	1,576.00
2012-2013	5,925		1,425		4,500	
2013-2014	5,613		1,425		4,188	
Total	31,971		7,397		24,574	

25. THE GROUP'S RISK MANAGEMENT POLICY

The annual report for 2008 with accompanying comparative figures for 2007 is the first annual report prepared in accordance with IFRS 7. Consequently, some comparative figures for 2006 are not disclosed.

The Group is exposed to various financial risks as a result of its operating, investing and financing activities, including market risks (currency, interest rate and commodity risks), credit risks and liquidity risks. It is the Group's policy not to speculate actively in financial risks.

The Group's financial risk management is thus aimed exclusively at management of the financial risks that are a direct consequence of the Group's operating, investing and financing activities. This note relates exclusively to financial risks directly associated with the Group's financial instruments.

MARKET RISKS

Currency risks

The exposure of the Group's companies to currency risks is insignificant, as financial instruments are primarily entered into in the individual consolidated enterprises' functional currencies as a result of their purchase and sales transactions.

The H+H Group does not engage in currency speculation. The individual consolidated enterprises do not enter into financial instruments denominated in foreign currencies unless commercially warranted, and expected transactions and financial instruments in foreign currencies that exceed a limited level and time horizon require hedging. Derivatives and other financial instruments are used to a limited extent only to hedge currency risks.

The H+H Group had no derivatives or other financial instruments hedging currency risks at the end of 2006, 2007 and 2008.

The table below shows the currency exposure by currency at the balance sheet date based on the functional currency of each consolidated enterprise.

DKK'000	2008					
	EUR	**GBP**	**PLN**	**DKK**	**Others**	**Total**
Trade receivables	10,218	44,287	12,769	16,194	11,477	94,945
Cash	2,087	63	205	63	5,323	7,741
Trade payables	(21,945)	(14,936)	(12,283)	(4,077)	(19,561)	(72,802)
Bank loans	(146,743)	(94,928)	(223,322)	(291,601)	(114,187)	(870,781)
Gross exposure	(156,383)	(65,514)	(222,631)	(279,421)	(116,948)	(840,897)
Hedged via derivative financial instruments	0	0	0	0	0	0
Net exposure	(156,383)	(65,514)	(222,631)	(279,421)	(116,948)	(840,897)

DKK'000	2007					
	EUR	**GBP**	**PLN**	**DKK**	**Others**	**Total**
Trade receivables	14,827	76,530	18,191	25,172	16,021	150,741
Cash	3,566	85	3,342	75	5,138	12,206
Trade payables	(22,239)	(42,507)	(20,706)	(5,541)	(8,425)	(99,418)
Bank loans	(75,581)	(87,118)	(181,025)	(47,213)	(2,042)	(392,979)
Gross exposure	(79,427)	(53,010)	(180,198)	(27,507)	10,692	(329,450)
Hedged via derivative financial instruments	0	0	0	0	0	0
Net exposure	(79,427)	(53,010)	(180,198)	(27,507)	10,692	(329,450)

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As a result of the limited exposure to currency risks, the Group's sensitivity to changes in exchange rates is limited. The principal currency risk relates to the relationships GBP/DKK and PLN/DKK.

None of the subsidiaries has any significant exposure to currencies other than their functional currencies.

Sensitivity of profit and equity to market fluctuations	2008		2007		2006	
	Profit	Equity	Profit	Equity	Profit	Equity
5% increase in GBP/DKK	(1,263)	7,880	3,380	11,664	2,881	15,014
5% increase in PLN/DKK	2,531	7,214	4,012	6,532	(2,139)	2,825
	1,268	15,094	7,392	18,196	742	17,839

The above table illustrates the sensitivity of profit and equity to market fluctuations. A fall in the relationships GBP/DKK and PLN/DKK would result in a corresponding increase in profit after tax and equity.

The sensitivity analysis is calculated at the balance sheet date on the basis of the exposure to the stated currencies at the balance sheet date. The calculations are based solely on the stated change in the exchange rate and do not take into account any knock-on effects on interest rates, other exchange rates, etc.

Commodity risks

The primary raw materials used in the production of aircrete are cement, lime, water, and sand or pulverised fuel ash. Costs for cement account for approximately one-third of total raw material consumption, excluding energy consumption. Energy costs also account for a substantial proportion of total variable costs. The pricing of most of the raw materials is agreed through standard fixed-price contracts with suppliers with a term of less than one year under which committed minimum quantities can be purchased at fixed prices.

Interest rate risks

As a result of its investing and financing activities, the Group is exposed to the interest rate level both in Denmark and abroad. The main interest rate exposure is related to fluctuations in CIBOR, LIBOR, EURIBOR and WIBOR.

It is the Group's policy to hedge interest rate risks on the Group's loans if it estimates that the interest payments can be secured at a satisfactory level. Hedging is normally effected using interest rate swaps, where floating-rate loans are swapped to fixed-rate loans.

At 31 December 2008, the weighted average term (fixedrate term) of the Group's loans was 0.4 years (2007: 1.0 year), incl. the effect of interest rate swaps.

The table below illustrates the Group's interest rate exposure to financial instruments at the balance sheet date:

	2008				2007				2006			
	Net interest-bearing debt	Hedging of interest rate	Net position	Weighted time to maturity of hedge	Net interest-bearing debt	Hedging of interest rate	Net position	Weighted time to maturity of hedge	Net interest-bearing debt	Hedging of interest rate	Net position	Weighted time to maturity of hedge
DKK	291,538	270,000	21,538	0-1 year	47,139	0	47,139	-	18,566	0	18,566	-
EUR	144,656	0	144,656	-	72,014	0	72,014	-	48,957	0	48,957	-
PLN	223,116	323,424	(100,308)	1-2 years	177,684	165,632	12,052	2-3 years	200,558	0	200,558	-
GBP	94,866	0	94,866	-	87,033	0	87,033	-	86,174	0	86,174	-
Others	108,864	111,920	(3,056)	0-1 year	(3,097)	0	(3,097)	-	(1,190)	0	(1,190)	-
Total	863,040	705,344	157,696		380,773	165,632	215,141		353,065	0	353,065	

All other things being equal, a 1% p.a. increase in the interest rate level in relation to the interest rate level at the balance sheet date would add DKK 3.7 million to the value of the Group's hedging instrument, adding DKK 2.9 million to consolidated equity after tax.

A fall in the interest rate would lead to corresponding decreases in the value of the hedging instrument and equity.

The sensitivity analysis is calculated at the balance sheet date on the basis of the interest rate exposure at the balance sheet date. The calculations are based solely on the stated change in the interest rate level and do not take into account any knock-on effects on exchange rates, etc.

All other things being equal, based on the Group's average net interest-bearing debt (expressed by quarter), a 1% p.a. increase in the interest rate level in relation to the average interest rate level in 2008 would reduce profit before tax by DKK 4.5 million (2007: DKK 2.6 million).

Liquidity risks

The H+H Group's liquidity risk is defined as the risk that the Group will not, in a worst-case scenario, be able to meet its financial obligations due to insufficient liquidity. It is the H+H Group's policy for capital procurement and placing of surplus funds to be managed centrally by the Company.

In autumn 2008, the Group entered into an agreement with Danske Bank A/S on committed three-year bank facilities. The facilities amount to DKK 1,100 million. The Group's facilities were previously not committed. The facilities were put in place to ensure that the Group has the necessary scope to act in the immediate future. In the fourth quarter of 2008, a material adverse change occurred in respect of the expectations concerning the Group's operational and financial position as a result of the global financial crisis.

The change entitled one of the Group's lenders to demand repayment of the Group's long-term loans. The lender waived this entitlement by the end of 2008, and this consequently did not have any impact on the presentation of non-current liabilities in the balance sheet at 31 December 2008.

Credit risks

The Group is exposed to credit risks in the course of its activities. The Group's credit risks are primarily related to receivables in respect of sales of the Group's products. Other credit risks, which relate to bank deposits and counterparties under financial contracts, are considered to be insignificant.

The maximum credit risk related to financial assets corresponds to the carrying amounts recognised in the balance sheet. The H+H Group does not have any material risks relating to a single customer, business partner or country.

The Group's customers are primarily large well-consolidated builders' merchants. The Group has modest credit exposure to housebuilders and developers in a few markets. In keeping with the Group's credit policy, all major customers and other business partners are credit rated on a regular basis. Credit limits are determined on the basis of the individual customer's and counterparty's credit rating.

If the credit rating of a customer or counterparty is considered not to be sufficient, the payment terms will be changed or security or credit insurance will be obtained. The Group regularly monitors its credit exposure to customers and counterparties as part of its risk management. The customer types in the individual segments are typically very similar, regardless of which segment they come from. The Group has historically suffered relatively small losses as a result of non-payment on the part of customers or counterparties. These losses have been evenly distributed among the Group's geographical segments. The credit quality of receivables is consequently considered to be identical, regardless of which segment the receivable comes from.

Hedge accounting

The H+H Group uses financial instruments, including derivatives, to a limited extent only to hedge financial risks.

Hedging of expected future transactions (cash flow hedging)

The table below shows the fair value of the Group's hedging transactions for 2008 and 2007 broken down by hedging instrument. The fair value of those financial instruments that qualify for designation as hedging instruments under IAS 39 is recognised directly in equity until the hedged items are recognised in the income statement.

Financial instruments that hedge expected transactions and qualify for designation as hedge accounting in accordance with IAS 39

	2008			2007			2006		
DKK'000	Gain/loss recognised in equity	Fair value at 31 December	Time to maturity	Gain/loss recognised in equity	Fair value at 31 December	Time to maturity	Gain/loss recognised in equity	Fair value at 31 December	Time to maturity
Hedging transaction, commodity prices	-	-	-	1,862	0	-	(1,862)	(1,862)	0-1 year
Interest rate swap – PLN 80 million	(3,422)	(226)	1-3 years	3,196	3,196	1-3 years	0	0	0
Interest rate swap – DKK 270 million	(955)	(955)	0-1 year	-	-	-	-	-	-
Interest rate swap – CZK 400 million	(241)	(241)	0-1 year	-	-	-	-	-	-
	(4,618)	(1.422)		5,058	3,196		(1,862)	(1,862)	

A loss of DKK 1.4 million after tax was recognised via equity at the end of 2008. A gain of DKK 3.2 million after tax was recognised via equity at the end of 2007. A loss of DKK 1.9 million after tax was recognised via equity at the end of 2006.

In December 2006, the purchase prices for gas supplies in the UK were fixed for the period January to September 2007 using gas forwards. No contracts fixing gas purchase prices were entered into in 2008.

At the start of 2007, an interest rate swap was entered into to hedge the interest rate risk on part of the loan portfolio in Poland. The hedged liability amounts to PLN 80 million, and the fixed rate is 4.895%. The hedging contract is expected to have an impact on the income statement over the term of the contract.

In the middle of the fourth quarter of 2008, the interest rate on three dedicated loans was fixed for the coming six months.

Any ineffectiveness on hedging instruments is recognised directly in the income statement. Hedging instruments did not result in ineffectiveness in either 2008, 2007 or 2006.

Other derivatives

The fair value of those financial instruments that do not qualify for designation as hedging instruments according to IAS 39 is recognised directly in the income statement and appears from notes 8 and 9. A loss of DKK 0.7 million was recognised in the income statement in 2008 (2007 and 2006: no gains or losses).

Financial instruments that hedge expected transactions but do not qualify as hedge accounting in accordance with IAS 39

	2008			2007			2006		
DKK'000	Gain/loss recognised in equity	Fair value at 31 December	Time to maturity	Gain/loss recognised in equity	Fair value at 31 December	Time to maturity	Gain/loss recognised in equity	Fair value at 31 December	Time to maturity
Interest rate swap PLN 100 million	(686)	(686)	0-1 year	-	-	-	-	-	-
				-	-	-	-	-	-

Classification and fair value of financial instruments

The fair value of unlisted financial instruments is determined as the present value of expected future instalments and interest payments. The current market rate for instruments with similar maturities is used as discount rate.

It is estimated that the fair value of financial instruments relating to the purchase and sale of products, etc. with a short credit period matches the carrying amount. For a description of accounting policies and methods, including recognition criteria and basis of measurement, reference is made to the relevant sections under accounting policies.

DKK'000	2008		2007		2006	
Categories of financial instruments	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets used as hedging instruments	-	-	3,196	3,196	-	-
Trade receivables	94,945	94,945	150,741	150,741	184,557	184,557
Other receivables	49,212	49,212	66,288	66,288	20,417	20,417
Cash	7,741	7,741	12,206	12,206	5,739	5,739
Total receivables	151,898	151,898	229,235	229,235	210,713	210,713
Financial liabilities measured at fair value via the income statement	686	686	-	-	-	-
Financial liabilities used as hedging instruments	1,422	1,422	-	-	1,862	1,862
Finance lease liabilities	998	998	2,042	2,042	3,127	3,127
Loans	869,783	869,783	390,937	390,937	355,677	355,677
Trade payables and other payables	179,019	179,019	232,695	232,695	216,418	216,418
Total financial liabilities measured at amortised cost	1,049,800	1,049,800	625,674	625,674	575,222	575,222

26. TREASURY SHARES AND GROUPS OF SHAREHOLDERS

Treasury Shares	Number of shares	Nominal value DKK'000	% share of year-end share capital
Holding at 1 January 2006	19,367	1,936	1.7
Purchased during the year	2,500	250	0.2
Sold during the year	(11,547)	(1,154)	(1.0)
Holding at 31 December 2006	10,320	1,032	0.9
Purchased during the year	5,000	500	0.4
Sold during the year	(661)	(66)	(0.1)
Holding at 31 December 2007	14,659	1,466	1.2
Purchased during the year	75,830	7,583	7.0
Sold during the year	0	0	0.0
Cancellation of shares	(70,000)	(7,000)	(6.3)
Holding at 31 December 2008	20,489	2,049	1.9

The selling price of shares sold in 2008 totalled DKK 0 thousand (2007: DKK 945 thousand, 2006: DKK 6,112 thousand).

The purchase price of shares acquired in 2008 totalled DKK 99,841 thousand (2007: DKK 9,250 thousand, 2006: DKK 3,488 thousand).

Treasury Shares have been acquired in order to cover liabilities related to the company's share option plans.

In addition, treasury Shares have been acquired in the first quarter of 2008 in order to reduce the company share capital. At 31 December 2008, a total of 20,433 shares must be available in connection with the company's option plans (2007: 14,433 shares, 2006: 10,120 shares).

Breakdown by groups of shareholders:

Groups of shareholders at 31 December 2008 (DKK)	Nominal value	% of total	Votes	% of total
Share capital:				
A shares	24,000,000	22.02	24,000,000	74.31
B shares (treasury Shares have been deducted under votes)	85,000,000	77.98	8,295,110	25.69
Total	109,000,000	100.00	32,295,110	100.00

The following shareholders held more than 5% of the share capital or at least 5% of the voting rights in H+H International A/S at 1 February 2009.

Major shareholders and groups of shareholders (DKK)	Nominal value	% of total	Votes	% of total
Henriksen og Henriksen I/S c/o Oluf Engell, lawyer, Copenhagen (A shares)	24,000,000	22.02	24,000,000	74.31
Danish Labour Market Supplementary Pension Fund (ATP) and ATP Invest, Hillerød (B shares)	13,275,200	12.18	1,327,520	4.11
Holdingselskabet af 9/11 2001 ApS, Copenhagen (B shares)	10,402,000	9.54	1,040,200	3.22
Lønmodtagernes Dyrtidsfond (Employees' Capital Pension Fund) and Fåmandsforeningen LD, Copenhagen (B shares)	9,134,900	8.38	913,490	2.83

The calculations of ownership interest and voting rights cover both A shares and B shares, whereas the company's holding of treasury Shares is excluded from the calculation of the share of voting rights. The calculation of a major shareholders' holding includes shareholdings through controlling companies, but excludes ownership of a partnership interest in the A shareholder, Henriksen og Henriksen I/S.

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Groups of shareholders (DKK)	Nominal value	% of total	Votes	% of total
Henriksen og Henriksen I/S	24,000,000	22.02	24,000,000	74.31
Supervisory Board and Executive Board	10,532,000	9.66	1,053,200	3.26
LD and ATP	22,410,100	20.56	2,241,010	6.94
Foreign investors	6,050,100	5.55	605,010	1.87
H+H International A/S	2,048,900	1.88	-	-
Other registered shareholders	23,078,800	21.17	2,307,880	7.15
Unregistered shareholders	20,880,100	19.16	2,088,010	6.47
Total	109,000,000	100.00	32,295,110	100.00

Groups of shareholders at 31 December 2007 (DKK)	Nominal value	% of total	Votes	% of total
Share capital				
A shares	24,000,000		24,000,000	
B shares (treasury Shares have been deducted under votes)	92,000,000		9,116,911	
Total	116,000,000		33,116,911	

The following shareholders held more than 5% of the share capital or at least 5% of the voting rights in H+H International A/S at 1 February 2008.

Major shareholders (DKK)	Nominal value	% of total	Votes	% of total
Henriksen og Henriksen I/S c/o Oluf Engell, lawyer, Copenhagen (A shares)	24,000,000	20.69	24,000,000	74.31
Danish Labour Market Supplementary Pension Fund (ATP) and ATP Invest, Hillerød (B shares)	14,543,600	12.54	1,454,360	4.39
Holdingselskabet af 9/11 2001 ApS, Copenhagen (B shares)	10,402,000	8.97	1,040,200	3.21
Lønmodtagernes Dyrtidsfond (Employees' Capital Pension Fund) and Fåmandsforeningen LD, Copenhagen (B shares)	8,660,900	7.47	866,090	2.87
H+H International A/S, egne aktier (B-aktier)	8,308,900	7.16	830,890	-

The calculations of ownership interest and voting rights cover both A shares and B shares, whereas the company's holding of treasury Shares is excluded from the calculation of the share of voting rights. The calculation of a major shareholders' holding includes shareholdings through controlling companies, but excludes ownership of a partnership interest in the A shareholder, Henriksen og Henriksen I/S.

Groups of shareholders (DKK)	Nominal value	% of total	Votes	% of total
Henriksen og Henriksen I/S	24,000,000	20.69	24,000,000	74.14
Supervisory Board and Executive Board	10,532,000	9.08	1,053,200	3.25
LD and ATP	23,204,500	20.00	2,320,450	7.17
Foreign investors	14,411,500	12.42	1,441,150	4.45
H+H International A/S	8,308,900	7.16	830,890	-
Other registered shareholders	13,279,700	11.45	1,327,970	4.10
Unregistered shareholders	22,263,400	19.18	2,226,340	6.88
Total	116,000,000	100.00	33,200,000	100.00

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Groups of shareholders at 31 December 2006 (DKK)	Nominal value	% of total	Votes	% of total
Share capital				
A shares	24,000,000		24,000,000	
B shares (treasury Shares have been deducted under votes)	92,000,000		9,189,680	
Total	116,000,000		33,189,680	

The following shareholders held more than 5% of the share capital or at least 5% of the voting rights in H+H International A/S at 1 February 2007.

Major shareholders (DKK)	Nominal value	% of total	Votes	% of total
Henriksen og Henriksen I/S c/o Oluf Engell, lawyer, Copenhagen (A shares)	24,000,000	20.69	24,000,000	72.29
Danish Labour Market Supplementary Pension Fund (ATP) and ATP Invest, Hillerød (B shares)	15,532,600	13.39	1,553,260	4.68
Holdingselskabet af 9/11 2001 ApS, Copenhagen (B shares)	8,930,900	7.70	893,090	2.69
Lønmodtagernes Dyrtidsfond (Employees' Capital Pension Fund) and Fåmandsforeningen LD, Copenhagen (B shares)	7,902,000	6.81	790,200	2.38

The calculations of ownership interest and voting rights cover both A shares and B shares, whereas the company's holding of treasury Shares is excluded from the calculation of the share of voting rights. The calculation of a major shareholders' holding includes shareholdings through controlling companies, but excludes ownership of a partnership interest in the A shareholder, Henriksen og Henriksen I/S.

Groups of shareholders (DKK)	Nominal value	% of total	Votes	% of total
Henriksen og Henriksen I/S	24,000,000	20.69	24,000,000	72.29
Supervisory Board and Executive Board	8,765,500	7.56	876,550	2.64
LD and ATP	24,463,500	21.09	2,446,350	7.37
Foreign investors	1,597,300	1.38	159,730	0.48
H+H International A/S	1,032,000	0.89	103,200	0.31
Other registered shareholders	30,601,100	26.38	3,060,110	9.22
Unregistered shareholders	25,540,600	22.02	2,554,060	7.69
Total	116,000,000	100.00	33,200,000	100.00

Dividend policy
According to the Company's financial objectives, the Company must seek to maintain a payout ratio in the region of 25-40% of profit for the year, under normal and stable conditions. Distributions to shareholders can, in principle, be made in the form of dividends or through share buybacks followed by reduction of the share capital – or a combination of both.

No dividend was paid for the 2008 financial year.

Dividend of DKK 30 per share of nominally DKK 100 was paid in 2008 for the 2007 financial year, equivalent to a payout ratio of 22.1%. Furthermore, H+H bought back 68,430 B shares at the start of the year, at a total purchase price of approximately DKK 90 million. The buyback of B shares was used to write down the B share capital by nominally DKK 7,000,000 in 2008, equivalent to the cancellation of 70,000 B shares.

Dividend of DKK 20 per share of nomilally DKK 100 was paid in 2007 for the 2006 financial year, equivalent to a payout ratio of 31.1%.

Capital structure
It is H+H's financial objective that the Group's solvency should be at least 30%. The solvency ratio was 38.6% at the end of 2008. The Supervisory Board and Executive Board regularly evaluate the capital structure based on the expected cash flows with a view to ensuring an appropriate balance between adequate future financial flexibility and a reasonable return to shareholders.

26. EVENTS AFTER THE REPORTING DATE

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

27. NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS AND IFRIC INTERPRETATIONS

The IASB has issued the following new standards (IASs and IFRSs) and interpretations (IFRICs) that are not mandatory for the H+H Group in connection with the preparation of the annual report for 2008: IAS 1, 23 and 27; IFRS 2, 3 and 8; IFRIC 12, 13 and 15-18; and amendments to IAS 32 and IAS 1, amendments to IAS 39 and amendments to IFRS 1 and IAS 27; as well as improvements to IFRSs May 2008. IFRS 3, IAS 27, the said amendments and IFRIC 12 and 15- 18 have yet to be adopted by the EU.

- IAS 1 (revised 2007) Presentation of Financial Statements applies to financial years beginning on or after 1 January 2009. The standard changes the presentation of the primary statements in 2009.
- IFRS 8 Operating Segments on segment disclosures applies to financial years beginning on or after 1 January 2009. The standard will affect the presentation of the Group's segments only and not recognition and measurement in the annual report. Under the new standard, information will no longer be required to be presented in respect of both business and geographical segments, only segment information that corresponds to internal management reports.
- IAS 23 (revised 2007) Borrowing Costs applies to financial years beginning on or after 1 January 2009. IAS 23 (revised 2007) requires recognition of borrowing costs in the cost of qualifying assets (intangible assets; property, plant and equipment; and inventories). The H+H Group already capitalises borrowing costs that are directly attributable to the production of qualifying assets. IAS 23 (revised 2007) is consequently not expected to have any impact on the H+H Group's financial reporting.
- IFRS 3 (revised 2007) Business Combinations (and the concurrent revision of IAS 27) applies to financial years beginning on or after 1 July 2009. The H+H Group does not expect to use the option to recognise goodwill relating to any minority shareholders in acquired enterprises, and expects that a number of the technical adjustments to the purchase method in IFRS 3 will only have minor impact on its financial reporting (IFRS 3 and IAS 27 have yet to be adopted by the EU).
- IFRIC 13 Customer Loyalty Programmes is effective for financial years beginning on or after 1 January 2009. The H+H Group has no customer loyalty programmes, and IFRIC 13 is consequently not expected to have any impact on the financial reporting.
- IFRIC 15 is effective for financial years beginning 1 January 2009. The interpretation classifies agreements with a view to determining when the percentage-ofcompletion approach and the completed sale approach, respectively, can be applied. IFRIC 15 is not expected to have any impact on the H+H Group's financial reporting.
- The amendment to IAS 38 as a result of the improvement project (2007) has no impact on the H+H Group. Amendments to IAS 38 will be effective for financial years beginning 1 January 2009. The standard specifies that catalogues and other advertising and promotional material must be accounted for as marketing activities.

None of the new standards and interpretations is expected to have a significant impact on the H+H Group's financial reporting. The H+H Group expects to implement the new IFRSs and IFRICs from the mandatory effective dates.

4. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY – 30 SEPTEMBER 2009

4.1. Statement by the Executive and Supervisory Boards

The Executive and Supervisory Boards have today considered and approved the condensed consolidated financial statements of H+H International A/S for the period 1 January – 30 September 2009.

The financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. In our opinion, the financial statements give a true and fair view of the Group's financial position at 30 September 2009 and of the results of the Group's operations and cash flows for the period 1 January – 30 September 2009.

Copenhagen, 2 December 2009

Executive Board:

Hans Gormsen
CEO

Supervisory Board:

Anders C. Karlsson
Chairman

Morten Amtrup

Henrik Lind

Peer Munkholt

Birgitte Rahbek Pedersen

Ole Risager

4.2. Independent auditors' review report on the condensed consolidated financial statements for the period 1 January - 30 September 2009

To the readers of this Prospecuts and the shareholders of H+H International A/S
We have reviewed the condensed consolidated financial statements for the period 1 January – 30 September 2009 of H+H International A/S which comprise income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and accompanying notes ("the condensed consolidated interim financial statements"). The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

Management is responsible for the preparation and presentation of the condensed consolidated interim financial statements. Our responsibility is to express an opinion on the condensed consolidated interim financial statements based on our review.

Basis of opinion
We conducted our review in accordance with RS 2410 "Review of interim financial information performed by the independent auditors of the entity". A review of condensed financial statements consists of making inquiries of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is substantially less than the scope of an audit conducted in accordance with Danish Standards on Auditing and therefore provides less assurance that we will become aware of all significant matters that might be identified in an audit. We have not conducted an audit, and accordingly we express no audit opinion on the condensed consolidated interim financial statements.

Opinion
During our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements for the period 1 January - 30 September 2009 have not been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

Emphasis of matter regarding matters in the financial statements
We have not audited or reviewed the period 1 July - 30 September 2009 or the comparative figures for the period 1 July - 30 September 2008 and the period 1 January - 30 September 2008, and consequently we do not express an opinion in this respect.

Without qualifying our opinion, we refer to note 7, in which Management states that the Group's ability to continue as a going concern is based on the assumption that the planned capital increase, as set out in this Prospectus, is implemented. Management believes that the capital increase will be implemented, and therefore Management presents the condensed consolidated interim financial statements for the period 1 January – 30 September 2009 on the basis of the assumption that the H+H Group is a going concern.

Copenhagen, 2 December 2009

KPMG
Statsautoriseret Revisionspartnerselskab

Jesper Koefoed
State Authorised Public Accountant

Lau Bent Baun
State Authorised Public Accountant

PKF Kresten Foged
Statsautoriseret Revisionsaktieselskab

Ole Skou
State Authorised Public Accountant

Jan Østergaard
State Authorised Public Accountant

4.3. Income statement

DKKm	Q3 2009 Unaudited	Q3 2008 Unaudited	Q1 - Q3 2009 Unaudited	Q1 - Q3 2008 Unaudited	2008
Revenue	320.5	365.2	816.6	1,186.3	1,439.5
Cost of sales	(180.4)	(195.1)	(452.9)	(581.5)	(728.9)
Gross profit	**140.1**	**170.1**	**363.7**	**604.8**	**710.6**
Other external expenses	(50.0)	(72.7)	(125.3)	(187.6)	(232.8)
Staff costs	(68.7)	(73.9)	(223.4)	(272.7)	(346.4)
Depreciation and amortisation	(30.5)	(29.3)	(89.1)	(88.5)	(116.5)
Impairment losses	(58.5)	0.0	(90.5)	0.0	0.0
Other operating income and expenses	0.0	0.0	0.0	0.0	4.1
Operating profit (loss) EBIT	**(67.6)**	**(5.8)**	**(164.6)**	**56.0**	**19.0**
Net financing costs	(14.8)	(3.1)	(42.8)	(12.3)	(17.6)
Profit (loss) before tax for the period	**(82.4)**	**(8.9)**	**(207.4)**	**43.7**	**1.4**
Income tax expense for the period	18.8	4.0	41.2	(9.8)	0.3
Profit (loss) for the period	**(63.6)**	**(4.9)**	**(166.2)**	**33.9**	**1.7**

Earnings per share	(59.4)	(4.6)	(155.4)	31.5	1.5
Diluted earnings per share	(59.4)	(4.6)	(155.4)	31.5	1.5

Statement of comprehensive income					
Profit (loss) for the period	**(63.6)**	**(4.9)**	**(166.2)**	**33.9**	**1.7**
Items recognised directly in equity					
Foreign exchange adjustments, foreign enterprises	(1.3)	(10.3)	4.9	(1.8)	(115.2)
Tax on changes in equity	0.0	1.6	1.2	(7.2)	(3.3)
Value adjustments of hedging instruments	0.0	0.0	0.0	0.2	(2.0)
Foreign exchange adjustments transferred to net financing costs	0.0	2.3	(0.3)	1.6	1.1
Total comprehensive income	**(64.9)**	**(11.3)**	**(160.4)**	**26.5**	**(117.7)**

4.4. Balance sheet

DKKm	30 September 2009 Unaudited	31 December 2008	30 September 2008 Unaudited	31 December 2007
ASSETS				
Non-current assets				
Intangible assets	107.7	117.5	127.2	107.9
Property, plant and equipment	1,362.9	1,418.9	1,498.1	1,233.8
Other non-current assets	47.5	22.5	20.2	20.0
Total non-current asets	**1,518.1**	**1,558.9**	**1,645.5**	**1,361.7**
Current assets				
Inventories	193.0	212.0	231.4	189.6
Trade receivables	147.0	94.9	165.3	150.7
Other receivables	22.1	49.3	42.7	69.5
Cash and cash equivalents	24.6	7.7	16.2	12.2
Total non-current assets	**386.7**	**363.9**	**455.6**	**422.0**
TOTAL ASSETS	**1,904.8**	**1,922.8**	**2,101.1**	**1,783.7**
EQUITY AND LIABILITIES				
Equity				
Share capital	109.0	109.0	109.0	116.0
Translation reserve	(110.2)	(115.1)	(2.2)	(0.4)
Hedging reserve	(0.5)	(1.4)	(2.4)	3.2
Retained earnings	584.8	750.7	782.0	836.7
Proposed dividends	0.0	0.0	0.0	34.8
Total equity	**583.1**	**743.2**	**886.4**	**990.3**
Non-current liabilities				
Bank loans	0	870.0	0	1.1
Deferred tax	39.4	57.0	77.7	63.6
Other non-current liabilities	92.4	88.7	93.7	115.3
Total non-current liabilities	**131.8**	**1,015.7**	**171.4**	**180.0**
Current liabilities				
Bank loans	1,015.3	0.8	858.2	391.8
Trade payables	63.2	72.8	81.9	99.4
Income tax	1.6	2.2	0.6	16.9
Other liabilities	109.8	88.2	102.6	105.3
Total current liabilities	**1,189.9**	**164.0**	**1,043.3**	**613.4**
Total liabilities	**1,321.7**	**1,179.7**	**1,214.7**	**793.4**
TOTAL EQUITY AND LIABILITIES	**1,904.8**	**1,922.8**	**2,101.1**	**1,783.7**
Net interest-bearing debt	990.7	863.0	842.0	380.8

4.5. Cash flow statement

DKKm	Q3 2009 unaudited	Q3 2008 unaudited	Q1 - Q3 2009 unaudited	Q1 - Q3 2008 unaudited
Operating activities	45.9	46.1	(51.1)	37.8
Investing activities	(11.3)	(103.5)	(76.6)	(368.4)
Free cash flows	34.6	(57.4)	(127.7)	(330.6)
Financing activities	(16.9)	46.5	144.6	334.3
Net increase (decrease) in cash and cash equivalents	**17.7**	**(10.9)**	**16.9**	**3.7**
Cash and cash equivalents, opening	6.7	27.2	7.7	12.2
Foreign exchange adjustments of cash and cash equivalents	0.2	(0.1)	0.0	0.3
Cash and cash equivalents at 30 September	**24.6**	**16.2**	**24.6**	**16.2**

4.6. Statement of changes in equity (unaudited)

DKKm	Share capital	Translation reserve	Hedging reserve	Retained earnings	Proposed dividend	Total
Equity at 1 January 2009	**109.0**	**(115.1)**	**(1.4)**	**750.7**	**0.0**	**743.2**
Total changes in equity in 2009						
Total comprehensive income	**0.0**	**4.9**	**0.9**	**(166.2)**	**0.0**	**(160.4)**
Share-based payment				0.3		0.3
Total changes in equity in 2009	**0.0**	**4.9**	**0.9**	**(165.9)**	**0.0**	**(160.1)**
Equity at 30 September 2009	**109.0**	**(110.2)**	**(0.5)**	**584.8**	**0.0**	**583.1**

Equity at 1 January 2008	**116.0**	**0.4**	**3.2**	**836.7**	**34.8**	**990.3**
Total changes in equity in 2008						
Total comprehensive income	**0.0**	**(1.8)**	**(5.6)**	**33.9**	**0.0**	**26.5**
Distributed dividend					(34.8)	(34.8)
Reduction of share capital	(7.0)			(85.1)		(92.1)
Buyback of treasury Shares				(7.7)		(7.7)
Share-based payment				1.5		1.5
Dividend, treasury Shares				2.7		2.7
Total changes in equity in 2008	**(7.0)**	**(1.8)**	**(5.6)**	**(54.7)**	**(34.8)**	**(103.9)**
Equity at 30 September 2008	**109.0**	**(2.2)**	**(2.4)**	**782.0**	**0.0**	**886.4**

4.7. Notes

1. ACCOUNTING POLICIES

Basis of accounting
The condensed consolidated interim financial statements comprise a condensed version of the consolidated financial statements of H+H International A/S.

Accounting policies
The condensed consolidated interim financial statements are presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

Apart from the effects of new IASs/IFRSs implemented during the period, the accounting policies remain unchanged compared with the 2008 annual report, which was presented in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. Reference is made to pages 37-46 of the 2008 annual report for a complete description.

New IASs/IFRSs implemented during the period
With effect from 1 January 2009 H+H has implemented amendments to IAS 1 on presentation of consolidated financial statements, and amendments to IFRS 2 on share-based payment and IFRS 8 on operating segments.

The amendments to IAS 1, IFRS 2 and IFRS 8 have no effect on profit or loss or equity, but result in changes to the disclosure requirements in the statement of comprehensive income and segment information according to IAS 1 and IFRS 8, respectively. The changes have been incorporated in the condensed consolidated interim financial statements. The amendments to IFRS 2 are currently irrelevant to H+H.

2. SEGMENT INFORMATION (UNAUDITED)

DKKm	UK		Germany, Denmark and Benelux		Eastern Europe		Nordic countries		Reportable segment totals	
Q3	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Revenue, external	87.4	83.4	89.2	102.5	104.3	109.5	39.6	69.8	320.5	365.2
Revenue, internal	0.0	0.0	4.6	9.5	0.0	0.0	0.4	0.2	5.0	9.7
EBITDA	10.5	(12.7)	10.7	23.3	9.1	14.1	(0.5)	8.2	29.8	32.9
Depreciation and amortisation	(7.9)	(9.2)	(12.0)	(12.1)	(8.6)	(6.0)	(1.8)	(1.9)	(30.3)	(29.2)
EBITA	2.6	(21.9)	(1.3)	11.2	0.5	8.1	(2.3)	6.3	(0.5)	3.7
Impairment losses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	2.6	(21.9)	(1.3)	11.2	0.5	8.1	(2.3)	6.3	(0.5)	3.7
Net financing costs	(1.2)	(1.4)	(3.3)	(3.6)	(9.9)	0.1	(0.9)	(0.8)	(15.3)	(5.7)
Profit (loss) before tax	1.4	(23.3)	(4.6)	7.6	(9.4)	8.2	(3.2)	5.5	(15.8)	(2.0)

Q1 - Q3	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Revenue, external	221.9	329.7	252.7	318.8	244.5	358.0	97.5	179.8	816.6	1,186.3
Revenue, internal	0.0	0.0	16.5	36.7	0.0	0.0	0.9	4.1	17.4	40.8
EBITDA	12.5	20.9	30.5	76.1	11.1	65.2	(15.8)	10.6	38.3	172.8
Depreciation and amortisation	(24.6)	(28.6)	(35.3)	(36.8)	(23.1)	(17.2)	(5.3)	(5.4)	(88.3)	(88.0)
EBITA	(12.1)	(7.7)	(4.8)	39.3	(12.0)	48.0	(21.1)	5.2	(50.0)	84.8
Impairment losses	(16.1)	0.0	0.0	0.0	(6.6)	0.0	0.0	0.0	(22.7)	0.0
EBIT	(28.2)	(7.7)	(4.8)	39.3	(18.6)	48.0	(21.1)	5.2	(72.7)	84.8
Net financing costs	(3.6)	(4.1)	(9.8)	(9.9)	(24.1)	(4.0)	(2.6)	(2.3)	(40.1)	(20.3)
Profit (loss) before tax	(31.8)	(11.8)	(14.6)	29.4	(42.7)	44.0	(23.7)	2.9	(112.8)	64.5

DKKm	Q1 - Q3 2009	Q1 - Q3 2008
Segment profit (loss) before tax for reportable segments	(112.8)	64.5
Unallocated Group costs, corporate functions	(26.8)	(20.8)
Impairment losses on non-current assets and provision for onerous contract	(67.8)	0.0
Profit (loss) before tax according to income statement	(207.4)	43.7

The H+H companies are geographically divided into four segments: three factories; Germany, Denmark and Benelux with three factories in Germany and sales offices in Denmark, Belgium and the Netherlands; Eastern Europe with five factories in Poland, one factory in Russia, one factory in the Czech Republic, a sales office in Ukraine and a sales office in Latvia. The Nordic segment consists of a factory in Finland and sales offices in Sweden and Norway.

3. SEASONAL AND CYCLICAL FLUCTUATIONS

Seasonal fluctuations
The sales pattern for the Group's products is seasonal. Sales in the second and third quarters are traditionally significantly higher than during the rest of the year. As a large proportion of the Group's cost base is not directly variable with revenue, deviations from projected sales may result in considerable fluctuations in the Group's results. Seasonal fluctuations also affect the Group's cash resources during the year.

Furthermore, because the Group's sales are predominantly based on regular orders, the Group is unable, or only to a very limited extent able, to align its cost base to actual customer demand. Historically, revenue and results generated by the Group's operations have fluctuated significantly during the financial year, and management expects this to remain the case.

Cyclical fluctuations
The economic development in the countries and markets in which the Group's products are sold has a major impact on demand for the Group's products. The Group's sales go predominantly to new dense low-rise housing, and the Group is consequently particularly vulnerable to fluctuations in the level of activity in this building segment. The Group's products are primarily sold in the geographical markets that are situated relatively close to its factories – the specific geographical market for each factory depends on local transport prices, the state of the infrastructure and the competitive situation, including the price level.

Further or renewed recession in the Group's principal markets, Germany, Poland and the UK, or the growth markets in Russia and the Czech Republic, can have a more severe impact on the segment and areas in which the Group operates than on the building materials market in general.

4. FIXED ASSETS

As part of the Group's strategy to expand geographically in Eastern Europe and due to delivery times of two to three years for factory equipment for aircrete factories, the Group concluded an agreement with Wehrhahn GmbH and others in 2007 for the supply of equipment for an aircrete factory with technology and capacity similar to the new factory in Kikerino near St Petersburg in Russia. The plan was for the equipment to be used to establish a new factory in Poland or, alternatively, Ukraine. Due to declining earnings, the plans for the possible construction of new factories in Poland and Ukraine have now been shelved and the equipment supplied has therefore been adjusted downwards to DKK 0. In addition, a provision has been made for the remaining contractual obligation. Total write-downs and provisions amount to DKK 58.5 million.

5. PENSION OBLIGATIONS

The Group has defined benefit plans in the UK and Germany. The UK pension plans are managed by a pension fund to which payments are made, whereas the German pension plans are unfunded. Pension obligations relate predominantly to the plans in the UK, for which an updated actuarial calculation was prepared at 30 September 2009 that shows a shortfall of DKK 105 million (the present value of the obligations exceeds the fair value of the plan assets). As a result of the Group's application of the corridor approach, DKK 105 million of the shortfall has not been recognised in the balance sheet or equity at 30 September 2009.

6. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT, IMPAIRMENT TESTS AT 30 SEPTEMBER 2009

At 30 September 2009 impairment tests were prepared relating to the Group's key intangible assets and property, plant and equipment, including assets in Poland, Germany, the UK, Russia and the Czech Republic jointly accounting for more than 90% of the Group's overall non-current assets at 30 September 2009.

The impairment tests are generally based on estimate for 2009, budget for 2010 and strategy projections for 2011-2014, as approved by management. For the years 2010-2014, average annual revenue growth has been estimated at 12%-61%. For the years after 2014 an estimated growth rate of 4% p.a. has been applied. It is estimated that the growth rate will not exceed the long-term average growth rate in the Group's markets. An increasing gross margin has been estimated for the years 2010-2014, following which it is constant. A discount rate of between 7.9% and 22.0% after tax (WACC) has been applied.

Summary of applied assumptions:

	Poland	Germany	UK	Russia	Czech Republic
Fixed assets at 30 September 2009 (DKKm)	352.9	350.9	260.0	257.8	176.7
Average estimated annual growth rate in the years 2010-2014 (CAGR)	12.2 %	12.3 %	16.2%	61.2 %	29.9 %
Estimated gross margin 2010-2014	42-45 %	42-48 %	49-52 %	46-52 %	39-50 %
WACC	10.4 %	7.9 %	8.0 %	20-22 %	9.7 %

The expected annual growth for Russia and the Czech Republic of 61.2% and 29.9%, respectively, reflects the fact that the factory in Russia is completely new and in a new market and the factory in the Czech Republic a newly upgraded factory with currently low market penetration.

The impairment tests prepared at 30 September 2009 did not show any need for the recognition of impairment losses. Based on the above assumptions, management is of the opinion that the recoverable amount of intangible assets and property, plant and equipment exceeds their carrying amount.

7. CAPITAL STRUCTURE AND CASH FLOW

Net interest-bearing debt stood at DKK 990.7 million at 30 September 2009, up DKK 127.7 million since the start of the year. The increase reflected the financial results and seasonal changes in working capital. In autumn 2008 an agreement was concluded with Danske Bank A/S on three-year committed credit facilities of DKK 1,100 million. In the fourth quarter of 2008 a material adverse change in the outlook for the Group's operating and financial positions occurred as a result of the global financial crisis. On that basis, Danske Bank A/S was entitled to demand that the Group repay its non-current loan, which Danske Bank A/S has not demanded.

As announced in Company Announcement No. 196, 2009, H+H International A/S plans to implement the Offering, which is expected to contribute approximately DKK 436 million to the Company in net proceeds. The purpose of the rights issue is to remedy the Group's financial situation while at the same time ensuring the maintenance of the Group's financing and its continued operation. A loan agreement has been concluded with Danske Bank A/S after the balance sheet date of 30 September 2009 on a five-year committed credit facility of DKK 1.050. million, which is covenant-free until the date of the first covenant test on 31 March 2012. As part of the capital increase it has been agreed that a DKK 50 million instalment will be payable in each of the following four quarters, the first time on 2 April 2010. The loan agreement is subject to compliance with certain formal and documentary requirements, which are all expected to be met by 31 December 2009. The Company will in that case no longer be in breach of financial covenants. If the Offering is not implemented as assumed, Danske Bank A/S will be entitled to terminate the loan agreement.

Management is of the opinion that the Group's existing capital resources, including the net proceeds from the Offering, and future income, will be sufficient to meet its capital requirements for the continued operation, assuming that the Group realises the expectations concerning the current financial year and the 2010 financial year and that no further material adverse events occur.

It is against this background that Management presents the condensed consolidated financial statements for the period 1 January - 30 September 2009 on the assumption of the Group's going concern.

8. LITIGATION

H+H Sverige AB v HSB Bostad AB

The action is pending before Stockholms Tingsrätt (Stockholm District Court) in Sweden. The written proceedings have been finalised, but the case is not expected to be heard until spring 2010. The case started in December 2006 when the H+H Sverige AB issued proceedings against a customer, HSB Bostad AB, for non-payment of a part payment of SEK 164,833 with the addition of interest out of an invoice total of SEK 5,426,752 for delivery of aircrete products for the customer's construction of 28 single-family houses in Sweden. The customer subsequently set up a counterclaim, claiming that H+H Sverige AB be ordered to pay SEK 16,158,712 with the addition of interest, which was subsequently at the date of the Prospectus increased to SEK 21,964,250 with the addition of interest. The claim allegedly relates to compensation for a loss suffered by HSB Bostad AB as a result of alleged defects in the products supplied by H+H Sverige AB, and HSB Bostad AB claims, among other things, that H+H Sverige AB has a consultancy responsibility in relation to construction of the houses. HSB Bostad AB has not provided any written documentation of the stated loss corresponding to the alleged claim for compensation. H+H Sverige AB has contested the claims and allegations, and management considers HSB Bostad AB's claim to be unwarranted and has consequently not made any provision in respect of it.

9. SPECIAL ITEMS

Special items can be broken down as follows:

(DKK'000)	Q3 2009 Unaudited	Q1 - Q3 2009 Unaudited
Impairment losses on non-current assets and provision for onerous contract	(58.5)	(58.5)
Impairment losses and provisions relating to a UK factory	0.0	(19.0)
Impairment losses on development projects	0.0	(15.9)
Value adjustments to inventories	(1.2)	(6.7)
Other items	(4.0)	(4.0)
Total	**(63.7)**	**(104.1)**

Impairment losses have been recognised relating to the temporarily closed factory in Westbury in the UK and impairment losses on development projects. Impairment losses on inventories also impacted adversely on results. The Company has incurred non-recurring expenses in connection with the ongoing capital-raising process. Lastly, impairment losses on non-current assets and provision for an onerous contract have been recognised, see note 4.

10. MATERIAL EVENTS AFTER THE BALANCE SHEET DATE

The Company has concluded a loan agreement with Danske Bank A/S after the balance sheet date. The loan agreement is subject to compliance with certain formal and documentary requirements, which are all expected to be met by 31 December 2009. The Company will in that case no longer be in breach of financial covenants. If the Offering is not implemented as assumed, Danske Bank A/S will be entitled to terminate the loan agreement.

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

IV. Appendix

1. ARTICLES OF ASSOCIATION

Name, registered office, objects:

1.

The name of the Company is H+H International A/S.

The Company also operates under the secondary names:

1. Henriksen og Henriksen International A/S (H+H International A/S)
2. Henriksen og Henriksen Holding A/S (H+H International A/S)
3. H+H Holding A/S (H+H International A/S)

The registered office of the Company is situated in the City of Copenhagen.

The Company's objects are to invest in industry, trade, real property and financial activities and to carry on any other activities which, in the opinion of the Supervisory Board, are ancillary to any of the above activities and to do all or any of the above things in Denmark or abroad, as a holding company.

Share capital and shares:

2.

The share capital of the Company is DKK 490,500,000. The share capital has been admitted to listing on NASDAQ OMX Copenhagen A/S, and the shares are registered with VP Securities A/S.

The share capital is divided into shares of DKK 5 or any multiple thereof as determined by the Supervisory Board.

The share capital has been fully paid up through cash and non-cash contributions.

3.

The Company's shares shall be issued to bearer, but may be registered in the names of the holders in the Company's register of shareholders.

The shares shall be negotiable instruments.

The register of shareholders shall be kept by VP Investor Services A/S (VP Services A/S), Weidekampsgade 14, 2300 Copenhagen S, Denmark.

4.

No shareholder shall be required to have his shares redeemed in whole or in part.

No share shall carry any special rights.

5.

The Company's shares shall be freely transferable. All rights attaching to the shares shall be notified to VP Securities A/S in accordance with the applicable rules.

6.

If new shares are issued in connection with a capital increase, the shareholders are entitled to subscribe for the new shares in proportion to their shareholdings, unless otherwise resolved by the general meeting by special resolution.

7.

Dividends to the shareholders shall be paid through VP Securities A/S and deposited in the dividend accounts registered with VP Securities A/S.

General meetings:

8.

The general meeting shall have the supreme authority in all the Company's affairs. The Company's general meetings shall be held at a venue in The Capital Region of Denmark as determined by the Supervisory Board.

The Supervisory Board shall convene the Company's general meetings with not less than two weeks' notice and not more than four weeks' notice, including the date of publication and the date of the general meeting, in writing to shareholders registered in the Company's register of shareholders and by publication in the IT information system of the Danish Commerce and Companies Agency.

The notice of meeting shall set out the agenda. It shall be highlighted in the agenda whether the business to be transacted includes any resolutions requiring more than a simple majority for adoption. If the agenda includes resolutions on amendment of the Articles of Association, the essence of the resolution(s) shall be stated in the notice.

9.

The Company's annual general meeting shall be held every year before the end of April.

Not later than eight days before each general meeting, the agenda, and, in the case of an annual general meeting, the annual report, shall be available for inspection by the shareholders at the Company's office and be mailed to all registered shareholders who have requested this.

10.

An extraordinary general meeting shall be held whenever decided by the shareholders in general meeting, the Supervisory Board or the auditors. The decision shall specify the nature of the business to be transacted at the meeting and any resolutions to be proposed.

Such decision shall be taken by the Supervisory Board within eight days of receipt at the Company's office of a written request for same from shareholders holding at least one-tenth of the Company's share capital, specifying the nature of the business to be transacted at the meeting and any resolutions to be proposed.

Notice of extraordinary general meeting shall be mailed and published within eight days of the Supervisory Board's decision or the auditors' request, see also Article 8(3) and (4).

11.

The agenda of the annual general meeting shall include the following items of business:

1. Appointment of chairman of the meeting
2. Management's report on the Company's activities in the past year
3. Presentation and adoption of the annual report
4. Decision on discharging the Executive and Supervisory Boards from their obligations
5. Proposal by the Supervisory Board for distribution of profit or covering of the loss for the year
6. Proposal by the Supervisory Board that the Supervisory Board be authorised to permit the Company to buy back own shares
7. Proposal by the Supervisory Board concerning the Supervisory Board's remuneration for the current financial year
8. Any other proposals by the Supervisory Board or shareholders
9. Election of members to the company's Supervisory Board
10. Appointment of auditors of the Company
11. Any other business

12.

On the motion of the Supervisory Board, the shareholders in general meeting shall appoint a Chairman of the meeting. The Chairman shall preside over the meeting and shall decide all questions relating to the proceedings, voting and the results of same.

13.

Any shareholder shall be entitled to vote at the Company's general meetings.

Each share of DKK 5 shall carry one vote. Shareholders who have acquired shares in connection with a transfer shall only be entitled to exercise the voting rights attaching to the shares if the shares have been registered in the register of shareholders or the shareholder has substantiated his acquisition of the shares not later than three business days before the general meeting. In addition, not later than three business days before the general meeting, the shareholder shall have substantiated his voting right and have made a request for an admission card stating the number of votes to which he is entitled.

Any shareholder shall be entitled to vote by written instrument of proxy.

Persons acting as proxies need not be shareholders of the Company.

Unless otherwise stated in the proxy, proxies shall be deemed to remain valid until the Company is notified in writing that they have been revoked; however, instruments of proxy may not be granted for a period longer than one year.

Where the shareholder is a limited company or other legal entity, the shareholder shall be entitled to be represented at general meetings by the persons who have power to bind the company according to the shareholder's Articles of Association or by written proxy from same.

Shareholders who are legally incompetent or have been put under guardianship may be represented by a guardian at general meetings.

14.

Only resolutions and proposed changes to same included in the agenda may be decided at general meetings.

Resolutions at general meetings shall be decided by simple majority, unless otherwise provided by law or in these Articles of Association. In the event of equality of votes, the resolution shall be deemed to have been rejected.

Resolutions on amendment of the Company's Articles of Association or the winding-up of the Company shall be valid only if carried by at least two-thirds of the votes cast and of the voting share capital represented at the general meeting.

Minutes of all proceedings at general meetings shall be made and entered in a minute book authorised for that purpose by the Supervisory Board.

Supervisory Board:

15.

The Company shall be managed by a Supervisory Board consisting of six to nine members, as decided by the shareholders in general meeting.

The members of the Supervisory Board thus elected shall elect a Chairman from their own number. The term of office of members of the Board shall be one year. Re-election shall be permitted.

In the event of a member of the Supervisory Board retiring before the expiry of his term of office or in the event of a member no longer fulfilling the statutory conditions for being a supervisory board member, the provisions in Section 50(2) of the Danish Companies Act shall apply. Any new election shall be held in accordance with the rules set out in the foregoing.

16.

The general management of all the Company's affairs shall be vested in the Supervisory Board.

The Supervisory Board shall lay down its own rules of procedure.

The Supervisory Board shall make decisions by simple majority. In the event of equality of votes, the Chairman shall be entitled to a casting vote.

Minutes of the proceedings at meetings of the Supervisory Board shall be entered in a minute book, which shall be signed by all the members attending the meeting.

Executive Board:

17.

The Supervisory Board shall appoint one or more members of the Executive Board to be in charge of the day-to-day affairs of the Company, and shall distribute the affairs between them and determine their terms of employment.

The Supervisory Board shall be entitled to grant joint power of procuration.

In the event of the Supervisory Board having appointed several members of the Supervisory Board, the Supervisory Board may also appoint one of these CEO and Chairman of the Executive Board.

Members of the Executive Board cannot form a quorum of the Supervisory Board and shall not be eligible for election as Chairman of the Supervisory Board.

Overall guidelines for incentive-based pay:

18.

The Company has laid down overall guidelines for incentive pay to the Company's Supervisory and Executive Boards. The guidelines are adopted at the Company's general meeting and published on the Company's website.

Power to bind the Company:

19.

The Company shall be bound by the joint signatures of four members of the Supervisory Board, by the joint signatures of the Chairman of the Supervisory Board and a member of the Supervisory Board, by the joint signatures of two members of the Executive Board or by the joint signatures of a member of the Supervisory Board and a member of the Executive Board.

Audit:

20.

The Company's annual report shall be audited by one or two state-authorised public accountants appointed by the shareholders in annual general meeting. The term of office of the auditor(s) shall be one year.

Financial year:

21.

The Company's financial year shall be the calendar year.

Financial statements and dividend:

22.

The annual report shall be prepared taking meticulous account of existing assets and liabilities, and the provisions for depreciation deemed necessary by the Supervisory Board shall be made.

Electronic communications:

23.

On 2 April 2009, the shareholders in general meeting decided to introduce the option of electronic communications between the Company and its shareholders in accordance with Section 65(b) of the Danish Public Limited Companies Act, authorising the Supervisory Board to determine the date of introduction and to effect the necessary amendments to the Articles of Association.

The Supervisory Board shall inform the Company's shareholders, by ordinary letter, of the date of introduction of electronic communications, and the Company shall request from its shareholders an electronic mail address to which communications can be delivered. Each shareholder shall then be responsible for ensuring that the Company is in possession of the shareholder's correct electronic address at all times.

The Company shall be entitled to deliver all communications to the Company's shareholders pursuant to the Danish Public Limited Companies Act or these Articles of Association by electronic mail, and to present or deliver documents electronically. The Company shall thus be entitled to e-mail shareholders notices convening general meetings, the complete resolutions to be proposed at general meetings, admission cards, proxy forms, subscription lists, company announcements, annual reports and other general information from the Company to shareholders. Apart from admission cards to general meetings, the communications and documents listed above will also be available on the Company's website www.HplusH.com. However, the Company shall be entitled to decide at any time, in specific cases, to communicate with shareholders by ordinary letter instead.

The Company shall be entitled to decide that requests for admission cards to general meetings shall be forwarded electronically via the Company's website www.HplusH.com, and/or via another website as stated on the Company's website.

Information relating to requirements concerning the systems used and the use of electronic communications shall be provided by the Company directly to shareholders or on the Company's website www.HplusH.com.

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