

# Annual Report 06/07

Roblon

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Photo page 3: Bent Jakobsen, Nordjyske Stiftstidende

## Roblon A/S

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## Dear shareholder,

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The past year was a particularly good one for Roblon A/S, with organic growth in all three divisions and a marked improvement in the profit for the year compared to the previous year.

Roblon's three divisions have each managed to maintain and expand on the positive development that has been worked towards in such a targeted manner over the last few years.

As an international company with clients in every continent, all our employees have demonstrated a great degree of insight, flexibility and a solid performance so as to serve our customers, in the first instance, but also suppliers and other stakeholders in the best manner possible. These accounts for the year 2006/07 clearly show that this has been successful.

In our globalised world, customers and markets are demonstrating an increasing level of dynamism. In order to be able to respond to changes and to track markets effectively, the divisions have been working with scenario-based strategic development. This has made it possible to establish an even better foundation for dealing with future challenges.

In 2008, 50 years after the company was founded, Roblon A/S is in a stronger position than ever. The best conditions exist for the company to continue to be an attractive partner in the future for our business relations and a challenging, exciting workplace for our employees.

I would like to conclude by thanking our employees for their efforts in 2006/07. I would also like to thank our shareholders for their continued interest in Roblon A/S.

Yours faithfully,  
Roblon A/S

Flemming K. Bertelsen  
Managing Director, CEO



### Roblon A/S Concept

Roblon A/S wishes to be known locally, nationally and internationally as a well-reputed, sound and progressive company which sets credibility and honesty before short-term profits. This value is cherished and supported by employees, customers, suppliers and investors alike.

### Objectives

The overall financial objectives of Roblon A/S are:

- Organic growth of 10-15% annually on the turnover and profits of each business area.
- A profit ratio in each business area of at least 10% for Engineering and 15% for Industrial Fiber and Lighting.
- A solvency ratio exceeding 50 at all times.
- A liquidity ratio exceeding 2.0.
- The dividend policy is described in more detail under Shareholders (see page 13).

The above objectives apply under the current favourable economic conditions.

### Strategies

Roblon A/S updates its strategic plans each year. High priority is given to product and market development that can help to generate organic growth. Any opportunities of e.g. acquisitions, strategic cooperation or acquisition of licence rights within the company's business areas are investigated, if new opportunities should appear or if an acquisition is a means of reaching our strategic objectives.

The individual business areas/divisions' development is subject to ongoing evaluation with focus on continued profitability and growth potential.

## Summary

- Roblon A/S has realised profit after tax of DKK 24.6 million compared to DKK 18.2 million last year, an improvement of 35.7%.
- Profit before tax is DKK 32.3 million compared to DKK 25.3 million last year.
- Profit on primary activities is DKK 32.1 million compared to DKK 24.5 million last year.
- Turnover is DKK 234.0 million compared to DKK 189.4 million in the previous year, which is an improvement of 23.5%.
- All divisions have again realised turnover and earnings that are better than in the previous year.
- The Board of Directors regard the result as very satisfactory.
- It is proposed that the company continue to pay a high dividend of 50%, which amounts to DKK 17.8 million.
- During the financial year 2007/08 we are expecting turnover in the region of DKK 245 million and profit before tax in the region of DKK 30 to 32 million.

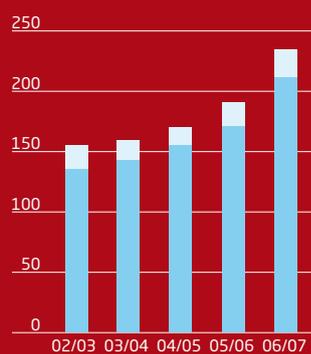
### ROBLON IN FIGURES

| Financial Highlights (DKK mill.)                     | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 |
|--|---------|---------|---------|---------|---------|
| <b>Income Statement:</b>                             |         |         |         |         |         |
| Total turnover                                       | 156.9   | 160.6   | 171.8   | 189.4   | 234.0   |
| Of which for export                                  | 140.3   | 144.1   | 157.0   | 174.9   | 216.5   |
| Profit on primary activities                         | 0.8     | 10.6    | 16.0    | 24.5    | 32.1    |
| Net financing, etc.                                  | 0.5     | 0.4     | 1.1     | 0.8     | 0.2     |
| Profit before tax                                    | 1.3     | 11.0    | 17.1    | 25.3    | 32.3    |
| Profit for the year                                  | 1.8     | 7.8     | 12.5    | 18.2    | 24.6    |
| <b>Balance Sheet:</b>                                |         |         |         |         |         |
| Total assets   | 167.3   | 170.0   | 180.8   | 211.8   | 216.1   |
| Share capital  | 35.3    | 35.4    | 35.4    | 35.4    | 35.4    |
| Capital and reserves                                 | 140.4   | 144.9   | 150.7   | 169.8   | 176.8   |
| Shareholder value                                    | 134.8   | 119.9   | 192.9   | 302.5   | 350.0   |
| <b>Cash Flow:</b>                                    |         |         |         |         |         |
| Cash flow from operating activities                  | 14.3    | 12.5    | 32.2    | 24.0    | 26.1    |
| Cash flow from investment activities                 | (18.0)  | (1.2)   | (3.0)   | (2.9)   | (8.2)   |
| Of which investment in tangible fixed assets (gross) | (21.3)  | (1.4)   | (1.6)   | (1.7)   | (5.5)   |
| Cash flow from financing activities                  | (3.6)   | (3.3)   | (6.8)   | 1.0     | (17.7)  |
| Change in cash and cash equivalents                  | (7.3)   | 8.0     | 22.5    | 22.1    | 0.1     |

| Key Figures                                 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 |
|---|---------|---------|---------|---------|---------|
| Profit ratio (%)                            | 0.5     | 6.6     | 9.3     | 12.9    | 13.7    |
| ROIC/return on average invested capital (%) | 0.6     | 7.7     | 12.1    | 19.2    | 24.6    |
| Equity ratio (%)                            | 84.0    | 85.2    | 83.3    | 80.2    | 81.8    |
| Return on equity (%)                        | 1.3     | 5.5     | 8.5     | 11.3    | 14.2    |
| Earnings per share of DKK 100 (EPS)         | 5.5     | 23.1    | 37.0    | 51.3    | 69.7    |
| Price/Earnings ratio (PE)                   | 73.3    | 15.4    | 15.4    | 16.7    | 14.2    |
| Payout ratio (%)                            | 183     | 87      | 81      | 97      | 72      |
| Cashflow per share of DKK 100               | 42.5    | 37.1    | 95.5    | 68.0    | 73.7    |
| Dividend (%)                                | 10      | 20      | 30      | 50      | 50      |
| Intrinsic value of shares                   | 417     | 429     | 446     | 480     | 500     |
| Stock-exchange listing, end of period       | 400     | 355     | 571     | 855     | 989     |
| Number of employees (average)               | 152     | 136     | 139     | 138     | 147     |

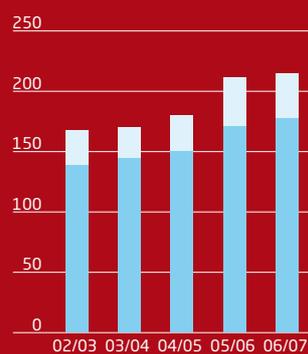
The key figures have been calculated in accordance with the guidelines on calculation of Financial Ratios and Key Figures of the Danish Society of Investment Professionals for 2005. Please see accounting policies for definitions and terms.

Turnover (DKK mill.)



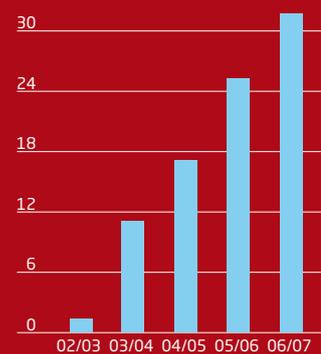
■ Domestic market  
■ Export

Liabilities (DKK mill.)



■ Creditors and provisions  
■ Capital and reserves

Profit before tax (DKK mill.)



■ Profit before tax

## Management's review

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In the financial year 2006/07 Roblon A/S achieved a profit before tax of DKK 32.3 million compared to DKK 25.3 million in the previous year. Profits are considerably better than expected at the beginning of the year, constituting a significant improvement on the previous year.

Turnover in 2006/07 was DKK 234.0 million compared to DKK 189.4 million in the previous year, representing an increase of 23.5%.

In 2006/07 all three divisions have realised turnover and primary profit figures that were better than last year, and they all achieved better turnover and profits than expected at the beginning of the year.

Based on market developments and our expectations at the beginning of the year, the Board of Directors regard the result as very satisfactory.

In the interim report of June 14, 2007, the expected profit for the year was adjusted to a profit before tax in the region of DKK 30-32 million, compared with the profit in the region of DKK 24-26 million that was previously expected. The profit therefore largely corresponds to the expectations announced.

The export ratio was 92.5% compared to 92.4% in the previous year.

The background to the extremely satisfactory annual profit is that all three divisions experienced very positive growth in both turnover and profit.

Roblon Industrial Fiber, which supplies products to the cable industry, primarily within the fibre-optic communication cable segment, experienced a considerable increase in sales to this industry. We also experienced a significant increase in sales in the offshore segment.

Roblon Lighting's success is due to stable sales to our distributors and increased sales to several major OEM customers (companies that use fibre optics in their products). A high level of activity has been maintained in the cruise market.

Roblon Engineering's increased turnover is primarily attributable to a large project-related sale of winders and a large sale of rope-making machines, whereas sales of cable machines maintained the level of the previous year.

Each division operates independently. The divisions are distinctive within each of their niches as acknowledged suppliers on the world market. They have a good, broad range of products - also compared to those of their competitors - and are known for flexibility, documentation and speedy follow-up. At the same time, day-to-day interaction between the divisions regarding product development and marketing activities also generates synergies that contribute to future-oriented solutions.

No significant events with a material effect on the company's financial position have occurred since the close of the financial year.

## FUTURE EXPECTATIONS

### The Divisions

Roblon Industrial Fiber expects global demand for fibre-optic cables to continue to show a slight increase and expects turnover to remain at the same level as in 2006/07 for this area. A small increase in sales to offshore and other industry is expected. Earnings in the division are expected to be slightly smaller than in 2006/07 due to higher costs, primarily for development, and increased depreciations in connection with several large investments in new production equipment for the offshore segment.

Roblon Lighting expects a small increase in turnover, while profits are expected to remain at the same level as in the financial year that has just ended, while higher costs were set aside in 2007/08, primarily for increased sales and marketing activities. Here, focus centres on activities such as even closer cooperation with existing and new distributors with a view to increasing sales in established markets as well as in new markets.

Roblon Engineering expects a slight increase in sales of machines to the rope-making industry. A small increase in sales is expected in the cable machine market. On the whole, Roblon Engineering is expecting a small increase in sales, but with lower contribution margin for certain product groups, after which the result is expected to be at the same level as in 2006/07.

All three divisions will, therefore, continue to be strongly committed to organic growth.

In 2007/2008 higher costs are expected, particularly on the sales side, where activities may include participation at several large international trade fairs.

### Roblon A/S

In 2007/08 the company has budgeted for higher turnover than in the previous year, whereas earnings are influenced by higher sales and development costs, which should be viewed in the context of the continuing long-term strategy for increased organic growth. Furthermore, we have budgeted for higher financial earnings in the year ahead.

Sales to manufacturers of fibre-optic communication cables still constitutes Roblon A/S's largest individual customer segment. For the past few years, dependency on this customer segment has been declining due to healthy growth in the company's other business areas.

International trade conditions are expected to create a slight increase in the global demand for products for the cable and rope-making industry in the next financial year.

The prerequisite for the growth in profits described above is that Western economies continue to be stable in the future.

On this basis, turnover in the financial year 2007/08 is expected to be in the region of DKK 245 million and the profit before tax is expected to be within the region of DKK 30-32 million.

# Roblon Industrial Fiber

## PROGRESS IN THE CABLE AND OFFSHORE INDUSTRIES. TURNOVER WITHIN THE DIVISION INCREASED BY 29.4% - EARNINGS INCREASED BY 30.2%.

In 2006/07 Roblon Industrial Fiber achieved turnover and earnings that were considerably higher than in the previous year and higher than expected at the beginning of the year.

During the past few years, Roblon Industrial Fiber has experienced growth in turnover as well as a satisfactory development in earnings. The increase in turnover and earnings compared to the previous year relates to both fibre-based products for the cable industry and fibre-based solutions for the offshore industry. Sales to the cable industry still form the greater part of turnover and earnings at Roblon Industrial Fiber.

### Concept

Roblon Industrial Fiber develops, produces and sells flexible products that can transmit or absorb force. The products are based on the use of synthetic fibres - often with impregnation and coatings to improve function. Related products for existing customer areas can be incorporated in the product range.

### Expertise

The division has sufficient expertise to perform existing assignments and any assignments expected in the next financial year. The expertise is:

- Impregnation and rewinding of fibre products for the cable industry (glass, polyester and aramid fibres).
- Coating of aramid tapes for the offshore industry.
- Production of PP foampaper for power cables.
- Coating of fibres for various special applications.

### Markets

Roblon Industrial Fiber's most important role is still as a major supplier to the cable industry and the oil and gas industry. At the same time, we still maintain an interest in customers in other industries.

In the cable area, the present market share in Europe is maintained, and concurrent efforts are being made to increase the market share in new markets.

The division's high level of activity within the offshore industry is expected to continue in the years to come due to - among other things - increased activity within the industry. The high price rises experienced in the field of refined metals have caused an increased interest in the division's corresponding fibre-based solutions.

### Opportunities/risk Factors

The majority of Roblon Industrial Fiber's products are aimed at manufacturers of fibre-optic communication cables. This has made Roblon Industrial Fiber dependent on fluctuations in market conditions within this industry in particular. To increase competitiveness, new products are being continuously developed with a view to achieving a wider and more complete range of products for servicing the cable industry.

Sales of straps to the oil and gas industry depend on the industry's routine maintenance of and investment in oil extraction facilities at great sea depths. At present there is a higher level of activity in this area than we have seen during the past few years, which contributes towards reducing the division's dependency on the cable industry.

### The Future

Roblon Industrial Fiber expects the high level of activity in 2006/07 within the cable industry to continue to some extent. It is therefore expected that sales to the cable industry will be maintained but with somewhat lower earnings due, among other things, to rising raw material prices.

Focus will continue on maintaining and increasing sales to present customers, but also on sales to selected new markets.

Parallel to this, ongoing optimisation of the product range will take place, so that the products continue to satisfy to the market's expectations.

Within the offshore industry, Roblon Industrial Fiber expects a small increase in turnover and earnings as a result of a high level of activity in the area.

In addition to this, the company will, with its extensive knowledge of manufacturing fibre products, continue to work in a targeted way to develop this area.

On the whole, Roblon Industrial Fiber expects to maintain turnover at the same level as in 2006/07, but with slightly smaller profits than in 2006/07 due, among other things, to higher development and depreciation costs.



| (TDKK)                       | 2006/07 | 2005/06 |
|------------------------------|---------|---------|
| Turnover                     | 91,167  | 70,428  |
| Profit on primary activities |         |         |
| before joint expenditure     | 17,099  | 13,135  |
| Profit ratio (%)             | 18.8    | 18.7    |
| Investments                  | 4,315   | 311     |
| No. of employees (average)   | 44      | 40      |

# Roblon Lighting

## PROGRESS - TURNOVER INCREASED BY 8.7% - EARNINGS INCREASED BY 5.4%.

In 2006/07 Roblon Lighting achieved turnover and earnings that were higher than in the previous year and higher than expected at the beginning of the year.

This success was due to stable sales to the division's distributors. Increased sales were achieved to a large number of OEM customers. A high level of activity has been maintained in the cruise market.

However, sales to the American market have been declining, and the low dollar rate and a slowdown in the housing market appear to be two of the causes.

During the year, the division carried out a branding process with a view to achieving more targeted communication, particularly in respect of illumination designers and architects. There has been cooperation and contact with many of the world's most prominent illumination designers in Europe, the USA and Asia.

The new brand platform has created the basis for the introduction of several new products and a completely new catalogue.

The division has changed its name to Roblon Lighting (previously Fiber Optics). The name can subsequently embrace the introduction of lighting solutions other than those based solely on fibre optics technology.

### Concept

Roblon Lighting aims to be a unique provider of precision lighting for the professional lighting market worldwide. This will be done by offering a wide range of optimised concepts, all of which utilise the special opportunities of advanced lighting systems for creating lighting of a very high quality.

These products will be marketed globally to the professional lighting market.

### Expertise

The division is constantly working in a targeted manner to maintain a leading market position within:

- Optical design.
- Functional design.
- Documentation and easy access to photometric data.
- Flexibility and readiness for conversion.

### Markets

During the year distributors were established in India and Russia, as both markets are considered important for future growth. A targeted dialogue has been maintained with distributors, as well as close cooperation with and follow-up on large OEM customers.

### Opportunities/risk Factors

Within the lighting segment, LED technology has developed to the extent that real lighting solutions using this technology are now being produced.

Some illumination designers are still concerned about the quality of the light, but they are nevertheless all in agreement that, with high-intensity LED, a new light source has been introduced on the lighting market.

Roblon Lighting is working to develop new products based on LED technology.

The central element in future growth will be even closer cooperation between Roblon Lighting, our distributors and large OEM customers, as well as the establishment of new markets and the development of new products.

### The Future

The division expects slight growth in turnover in 2007/08, while profits are expected to maintain the same level as in 2006/07 due to increased costs, primarily for sales and marketing.

In the year ahead, this strong position will be maintained through more targeted communication, particularly with architects and illumination designers. The dialogue with distributors will be continually extended.

Great emphasis is being placed on continuing to develop and offer fibre optics products. It is expected that LED systems will gradually become a natural part of the product portfolio

The continuous development of effectiveness and flexibility in the production is an important factor for success on the market.



| (TDKK)                       | 2006/07 | 2005/06 |
|------------------------------|---------|---------|
| Turnover                     | 67,173  | 61,802  |
| Profit on primary activities |         |         |
| before joint expenditure     | 10,334  | 9,808   |
| Profit ratio (%)             | 15.4    | 15.9    |
| Investments                  | 3,860   | 860     |
| No. of employees (average)   | 51      | 49      |

# Roblon Engineering

## TURNOVER INCREASE OF 32.4% - EARNINGS INCREASED BY 53.1%. MAJOR PROJECT-RELATED SALE OF WINDERS

In 2006/07 Roblon Engineering realised turnover and earnings that were much higher than the previous year and higher than expected at the beginning of the year.

Sales of machines to the rope-making industry were higher than in the previous year, while sales of cable machines remained at the same level as the previous year.

Our success in selling winders that are targeted at carbon-fibre production had continued from the previous year. Some of the success in turnover is also due to a major project-related sale to this industry.

A new high-speed twister has been developed, and this machine attracted a great deal of interest at a recent international textile fair. The newly developed HS-Twister® is fully in line with the positive expectations of the technology and order intake.

### Concept

Roblon Engineering supplies solutions that primarily fulfil the need for twisting, cabling, laying, unwinding, winding, rewinding and pulling. The concept is realised through delivery of machinery and equipment, either as line components or as complete lines.

High priority is given to product development and product adaptation. By matching the technology level to individual customer groups, Roblon Engineering wishes to be among the leading suppliers in the market at all times.

### Expertise

Over the years, Roblon Engineering's employees have built up considerable expertise with regard to product development and the sale of products that are part of our concept. The products can be divided into four key areas:

- Twisting machines to produce twisted yarns. The machines are used to produce rope, baler twine, etc.
- Rope-making machines sold mainly to manufacturers of rope for industry, the fishing industry, transport and offshore
- Cable machines for the production of items such as optic fibre cables and installation cables

- Take-up winders are aimed primarily at producers of extruded film and carbon fibre, who require winding on large spools.

### Markets

Roblon Engineering exports to just under 100 countries worldwide. In the financial year 2006/07 Europe was still the principal market, while the rest of Engineering's turnover was distributed over large parts of the rest of the world.

The primary customer groups are manufacturers of rope, including twisted products, as well as cable and carbon fibre manufacturers.

### Opportunities/risk Factors

Sales of machinery are affected by economic cycles in individual sectors and geographical areas. Sales may vary considerably from year to year and are also affected by capacity adjustments and structural changes within the business areas.

The rope-making industry is also influenced by price fluctuations in raw materials for rope-making. Roblon Engineering still has a very large market share in the rope-making industry.

### The Future

A slight increase in the sale of machines to the rope-making industry is expected. In view of Roblon Engineering's very large market share, the general situation in the industry will continue to have a significant impact on sales.

On the other hand, the cable industry has now consolidated itself and a slight increase is expected in sales of machines to this industry.

In the winder segment, a range of winders for the carbon fibre industry has been developed in strategic cooperation with foreign partners. Two important projects were delivered in the last financial year and the one before that. The carbon fibre industry is currently demonstrating healthy growth, and it is expected that further project sales will be realised in the financial year 2007/08.

In the years ahead, the new HS-Twister® is expected to contribute towards increased sales and an expansion of the business area.

On the whole, Roblon Engineering is expecting a small increase in sales in 2007/08, but with lower contribution margin for certain product groups, after which the result is expected to be at the same level as in 2006/07.



| (TDKK)                       | 2006/07 | 2005/06 |
|------------------------------|---------|---------|
| Turnover                     | 75,702  | 57,173  |
| Profit on primary activities |         |         |
| before joint expenditure     | 8,151   | 5,323   |
| Profit ratio (%)             | 10.8    | 9.3     |
| Investments                  | 440     | 1,768   |
| No. of employees (average)   | 48      | 45      |

## Sometimes going unnoticed is the highest praise of all

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ROBLON INDUSTRIAL FIBER DELIVERS SOLUTIONS TO CUSTOMERS AND BUSINESS PARTNERS AROUND THE WORLD. AND AS A SPECIAL 2007 PROJECT PROVED, SOME OF ITS PRODUCTS ARE AT THEIR MOST POWERFUL WHEN THEY ARE DEVELOPED IN CLOSE COOPERATION WITH THEM.



Energinet.dk project near Copenhagen, Denmark Photos: Lars Bahl for Roblon



When Energinet.dk, Balfour Beatty Power Networks and Roblon Industrial Fiber joined forces for a project in Spring 2007, they shared a fundamental goal. They agreed that their project during installation should affect the surroundings as little as possible.

So when they successfully installed optical ground wires 60 metres in the air, across 50 pylons and 15 kilometres of Danish countryside in just nine days, they were delighted that nobody noticed their work.

The joint project arose when Energinet.dk needed to install optical fibres for distribution of communication signals. Roblon put them in touch with another Roblon customer, UK-based Balfour Beatty, which has designed a CSS installation system for situations in which scaffolding cannot be erected.

The CSS system protects underlying services including roads, railways and houses, and it uses Roblon High-voltage Pulling Rope which uniquely allows the work to be carried out live-line.

This meant that Energinet.dk neither had to interrupt adjacent power lines nor to close off roads and railways underneath. Because of this, electricity production continued uninterrupted, which meant that energy consumers noticed nothing. And this was exactly as Roblon and its two customers intended it to be.

“If we hadn’t used Roblon High-voltage Pulling Rope, we would have had to limit transmission,” says Energinet.dk Network Supervisor Kurt Pedersen. “That would have affected the commercial market, causing electricity prices to rise.”

“Had we used steel rope instead, there would have been concerns about a possible power failure,” says Simon Neve, Development and Resources Manager at Balfour Beatty Power Networks’ Transmission Division.

“Roblon rope weighs only 15% the weight of steel rope even though it has the same strength. It is easier to handle, and that makes it easier and quicker to install. The fact that we had the Roblon rope enabled us to do this project.”

## RISK FACTORS

### Economic trends

Economic fluctuations are considered to have a significant impact on the financial results of the company.

Roblon A/S has generally achieved favourable diversification of products and markets. To counter geographically determined fluctuations in demand, all three divisions of Roblon A/S are working to globalise sales in all product areas. The individual divisions are also seeking to diversify their customer areas.

Such diversification will have no effect in the event of a general international economic downturn affecting all divisions.

### Financial risks

#### Foreign exchange risk

The company's policy is to hedge all significant commercial exchange rate risks, and forward contracts are concluded on an ongoing basis. 90% of the company's net revenue is invoiced in DKK or EUR. Speculative forward contracts are not concluded.

#### Interest rate risk

As of 31.10.07 the company has no interestbearing debt. We do not expect that changes in the general level of interest rates on their own will have a significant impact on the profit for the coming year.

#### Credit risk

The company's overall trade receivables are spread over many customers, countries and markets, representing good risk diversification. Risk is further limited by effective management and coverage of major receivables by credit insurance or alternative collateral. As a result of the above, the risk of significant losses is estimated to be limited.

#### IT risk

The company's internal set of rules for IT security, including measures to prevent computer viruses and contingency plans for the restoration of computer systems in the event of any damage, is updated on an ongoing basis with reference to current IT usage.

#### Environment

The external environmental impact from Roblon Engineering is very limited and can be attributed primarily to energy consumption for illumination, heating and the painting process.

Roblon Industrial Fiber is environmentally certified to ISO 14001. Industrial Fiber has no emissions from processes that have an impact on the external aquatic environment. Emissions to air are limited and are subject to ongoing control.

Roblon Lightings' environmental impact is caused primarily by heating and lighting. Energy is also used to control light sources. There are limited emissions to air in connection with the process of gluing fibre bundles.

### Insurance

The company's policy is to take out insurance against risks which might be a threat to its financial position. In addition to statutory insurance cover, policies have been taken out to cover product liability and consequential losses. Properties, operating equipment and stocks are insured on an all-risk basis at their replacement value. Receivables from customers are insured to a certain degree.

### Overall liquidity

The company has financed its activities via its operations, and as at 31.10.07 the company has a liquidity surplus. The company has unutilised ongoing credit facilities, and further financing is available by raising loans against buildings and machinery as collateral.

## DEVELOPMENT

Each of the three divisions of Roblon A/S works within its own niche area, and each is among the world leaders in the product areas in which it operates.

New products are developed in close cooperation with customers, and in many cases the solving of specific problems at the customer's premises has a major influence on the extent of the development projects.

The divisions market a range of highly advanced standard products. As part of our dialogue with the customer, customer-specific adaptations are often carried out, which optimise the product or machine for its actual application. The development of these standard products represents the biggest projects in the individual divisions' development departments.

There is also continuous development of specialised products to supplement the existing product portfolio.

At Roblon Engineering, the development of a new high-speed twister, the "HS Twister<sup>®</sup>" was concluded in 2007. This machine attracted a great deal of interest at a recent international textile fair, where the machine was exhibited for the first time.

In Roblon Lighting, the development of a completely new range of lighting fittings was completed and actual sales commenced.

The strong position that Roblon Lighting holds within the field fibre optic illumination systems will, in the coming year, gradually be supplemented through the development and introduction of LED-based illumination systems as part of the product portfolio.

## EMPLOYEES AND ORGANIZATION

A development project was previously initiated across the divisions with the title "Innovative Management Development". In this project, strategies have been developed for each of the divisions on the basis of different potential future scenarios. This strategy work has led Roblon A/S to a strategy that is

more deeply rooted in the organization and more forward-looking than earlier.

All divisions have a competent, motivated staff, which enables the individual division to rapidly increase the level of activity if provided for by the trading conditions.

A principal objective for Roblon A/S is to provide the employees with the necessary internal and external training for them to possess the competence required to perform current and future tasks, and also to retain and develop each individual employee.

The company had 147 full-time employees on average during the year, compared to 138 in the previous year. The number of employees was 155 at the start of the new financial year against 138 one year ago.

## CORPORATE GOVERNANCE

Since the Copenhagen Stock Exchange published the revised "Recommendations for Good Corporate Governance" in 2005, the Board of Directors and the Executive Management have carried out ongoing work on the issue of good corporate governance.

In the Stock Exchange's comments on "Recommendations for Good Corporate Governance", it has not been assumed that companies will comply in full with the recommendations, but that in those areas where there are deviations they will explain why the recommendations have not been followed. The central element is thus that transparency is hereby created with regard to the company's management structure.

There is a brief description below of the areas in which Roblon A/S deviates from the guidelines and/or has shortcomings in relation to the "Recommendations for Good Corporate Governance".

On Roblon A/S's website ([www.roblon.com](http://www.roblon.com)) there is a detailed description of good corporate governance.

### I. The role and interaction of shareholders with corporate governance

Roblon A/S does not have any significant deviations.

### II. The role and importance of stakeholders for the company

The Board has not adopted any policy that covers all stakeholders as a whole.

The Board is regularly informed of the Management's communication and relationship with stakeholders.

Roblon A/S does not have any significant deviations in addition to this.

### III. Openness and transparency

Roblon A/S does not publish quarterly reports.

The Board has decided to submit interim statements in the future, while quarterly reports are not deemed to contribute to a better understanding of the company's activities.

Roblon A/S does not have any significant deviations in addition to this.

### IV. The tasks and responsibilities of the Board.

Roblon A/S does not have any significant deviations.

### V. The composition of the Board

Roblon A/S does not publish any recruitment criteria or Board profile. No formalised annual evaluation is carried out.

The Board is composed in such a manner as to guarantee that there is a broad base of professional experience. There is ongoing evaluation of whether the Board's expertise corresponds with Roblon A/S's needs and activities.

Roblon A/S does not provide information on which share portfolios the Board members may hold in Roblon.

Roblon A/S has not deemed it necessary to explain the system of Board members elected by employees.

Robson A/S has not set any age limit for Board members. Robson A/S's Board has not, at present, found it necessary to appoint any Board committees, including an audit committee.

Roblon A/S has not laid down any formal guidelines for the evaluation of the Board's work.

Roblon A/S does not have any significant deviations in addition to this.

### VI. Remuneration paid to the Board of Directors and Executive Management

Roblon A/S does not have a documented remuneration policy for the Board of Directors and Executive Management. Remuneration is evaluated at regular intervals in order to ensure a market level in relation to Roblon A/S's specific circumstances.

Information is not provided on individual Board members' salaries.

Roblon A/S does not have any significant deviations in addition to this.

### VII. Risk management

Roblon A/S does not have any significant deviations.

### VIII. Audit

Roblon A/S does not have any significant deviations.

## SHAREHOLDERS

### Dividend

At the Annual General Meeting on February 7, 2008 the Board of Directors will propose a dividend ratio of 50%, corresponding to DKK 17.8 million.

In the current situation with prospects of a positive cash flow and reduced investments in the coming years, as well as continued large capital and reserves, the company's policy is to distribute the main proportion of the profit for the year as dividend to the shareholders. The final decision on dividend will take into account current investment requirements as well as an evaluation of the future development in liquidity.

The Board of Directors proposes a dividend for 2006/07 amounting to 50%, corresponding to the dividend of 2005/06. The distribution amounts to 72.4% of the profit for the year. At a year-end price of DKK 989 per share of DKK 100, this implies a direct return in the region of 5.1%.

#### Notifications to the stock exchange

|                    |  |
|--------------------|--|
| January 4, 2007    | Preliminary statement 2005/06                |
| April 26, 2007     | Election of employee board members           |
| June 1, 2007       | Notification of voting rights and capital    |
| June 14, 2007      | Interim report 2006/07                       |
| June 27, 2007      | Announcement regarding LD's sale of shares   |
| September 11, 2007 | Financial calendar 2007/08                   |
| December 5, 2007   | Increase of share capital by employee shares |

#### Future information

Apart from preliminary statements and interim reports, interim statements will also be issued.

#### Financial calendar

|                   |   |
|-------------------|---|
| February 7, 2008  | Annual General Meeting                                |
| June 19, 2008     | Expected publication of interim report                |
| January 6, 2009   | Expected publication of preliminary statement 2007/08 |
| February 12, 2009 | Annual General Meeting                                |

#### Ownership

The following shareholders are subject to the provisions of Section 28a of the Public Companies Act:

|  | Ownership interest (%) | Voting right (%) |
|--|------------------------|------------------|
| - ES Holding Frederikshavn ApS,<br>Strandvej 98, 9970 Strandby                                   | 25.2                   | 68.8             |
| - The Danish Labour Market<br>Supplementary Pension Fund (ATP)<br>Kongens Vænge 8, 3400 Hillerød | 12.9                   | 5.4              |
| - Danske Bank Group, Holmens<br>Kanal 2-12, 1092 Copenhagen K                                    | 5.6                    | 2.3              |

Roblon A/S is included in the consolidated accounts for ES Holding Frederikshavn ApS

#### Capital and reserves

At the end of the year the company's capital and reserves total DKK 176.8 million.

Roblon's share capital is divided into A-shares and B-shares. In view of the current ownership structure, the Board of Directors has no immediate plans to merge the two share classes. In the Management's view, the existing ownership structure has helped to create the basis for a long-term, consistent strategy for the company with ambitious, long-term financial goals. By achieving these goals, value will be created for shareholders, customers and employees.

A good capital reserve is considered a key strength with regard to possible future extensions of activity.

## COMPANY INFORMATION

#### Roblon A/S

Nordhavnsvej 1  
P.O. Box 120  
DK-9900 Frederikshavn, Denmark  
Phone +45 96 20 33 00  
Fax +45 96 20 33 99  
E-mail: info@roblon.com  
www.roblon.com  
CVR-no. DK 57 06 85 15

#### Board of Directors

Managing Director Klaus Kalstrup (Chairman)  
- born 1965, joined the Board in 2004.  
Director Niels Bach (Deputy Chairman)  
- born 1932, joined the Board in 1992.  
Senior Master Ole Krogsgaard  
- born 1947, joined the Board in 2002.  
Managing Director Henrik Hougaard  
- born 1958, joined the Board in 2007.  
Machine Operator Eva Lyngen \*)  
- born 1956, joined the Board in 2007.  
Machinist Jeppe Skovgaard Sørensen \*)  
- born 1961, joined the Board in 2007.  
\*) Elected by the employees

#### Management

Managing Director, CEO, Flemming K. Bertelsen, born 1946, employed at Roblon in 2002.

#### Accountants

Mortensen & Beierholm  
State Authorized Public Accountants  
Suensonsvej 75  
DK-9900 Frederikshavn, Denmark

#### Attorney

Attorney H.J. Kaptain  
Advokatfirmaet Hjulmand & Kaptain  
Havnepladsen 7  
DK-9900 Frederikshavn, Denmark

#### Primary Bank

Danske Bank, Finanscenter Jylland Nord  
DK-9000 Aalborg, Denmark

#### Managerial posts in other Danish limited liability companies held by the Board of Directors and the Management:

In accordance with Section 107 of the Danish Financial Statements Act concerning managerial posts in Danish limited liability companies held by members of the Board of Directors and Management of Roblon Aktieselskab, the following has been reported:

#### Klaus Kalstrup:

Managing Director of T&O Stelectric A/S.

**Niels Bach:**

Chairman of Frederikshavn Havn and Bornholms Erhvervsfond.  
Member of the Board of Copenhagen Malmø Port AB.

**Henrik Hougaard:**

Managing Director of Skiold Holding A/S and Thoraso ApS.  
Chairman of the Board of: SKIOLD A/S, Grintec A/S, Engsko A/S and FirstFarms A/S.  
Member of the Board of: SKIOLD MULLERUP A/S, ACEMO S.A. (France), DAMAS A/S, United Milling Systems A/S, DK-TEC A/S, Fortin Madrejon A/S.

**Flemming K. Bertelsen:**

Member of the Board of Stampen Træ-Pak A/S.

## Financial Review

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In continuation of the Management's review, the financial review includes comments on the annual accounts for 2006/07 and the accounting policies.

The accounts are presented in accordance with the same accounting policies as last year.

**IAS/ IFRS**

Since the Annual Report for Roblon A/S contains no consolidated accounts the rules concerning presentation according to IFRS will not be applicable until 2009 onwards.

Until further notice the accounts will be presented in accordance with the Danish Financial Statements Act. The transition to presentation according to IFRS is not expected to have any significant impact on the profits and capital and reserves.

**Income Statement**

The turnover for the financial year totalled DKK 234.0 million, compared to DKK 189.4 million in the previous year and the turnover is higher in all divisions. In total an improvement of 23.5%.

The export ratio was 92.5% compared to 92.4% in the previous year.

Costs for raw materials and consumables and staff costs have increased as a result of higher activity. Other external costs have increased due to the determined focus on achieving organic growth.

Roblon A/S' profit on primary activities was DKK 32.1 million compared to DKK 24.5 million in 2005/06.

Profit on primary activities in Industrial Fiber was DKK 17.1 million compared to DKK 13.1 million in the previous year; in Lighting it was DKK 10.3 million compared to DKK 9.8 million in the previous year and in Engineering it was DKK 8.2 million against DKK 5.3 million in the previous year.

The profit before tax for Roblon A/S was DKK 32.3 million, compared to DKK 25.3 million in 2005/06.

**Balance sheet**

The company's balance sheet total has increased to DKK 216.1 million from DKK 211.8 million.

Intangible fixed assets increased to DKK 5.8 million from DKK 3.6 million one year earlier, after the purchase of patent rights at DKK 3.0 million. Tangible fixed assets decreased to DKK 61.5 million from DKK 63.1 million.

Current assets increased to DKK 148.8 million from DKK 145.2 million. Stocks decreased to DKK 51.9 million from DKK 54.2 million, debtors increased to DKK 41.4 million from DKK 35.7 million and cash at bank and in hand is largely unchanged with DKK 55.4 million compared to DKK 55.3 million one year earlier.

The company's capital and reserves amount to DKK 176.8 million and the solvency ratio is 73.5% after dividend.

**Cash flow statement**

Cash flow from operating activities was DKK 26.1 million in the financial year, compared to DKK 24.0 million in the previous year. Profit on primary activities before depreciation amounts to DKK 39.6 million compared to DKK 32.7 million one year before. Changes in stocks, debtors and short-term creditors reduced net liquidity by DKK 2.8 million, while it was reduced by DKK 8.5 million in 2005/2006. Corporate tax amounts to DKK 11.2 million compared to DKK 1.1 million one year before.

Cash flow from investment activities shows tied-up capital of DKK 8.2 million compared to DKK 2.9 million in 2005/06.

Cash flow from financing activities consists of payment of dividend amounting to DKK 17.8 million.

In the financial year, cash at bank and in hand increased by DKK 0.1 million to DKK 55.4 million.

## Accounting Policies

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The Annual Report for ROBLON A/S for the period November 1, 2006 to October 31, 2007 is presented in accordance with the provisions of the Danish Financial Statements Act on class D companies, Danish accounting guidelines and other Danish financial reporting requirements of listed companies.

The accounting policies are unchanged from the previous year and comprise the key recognition methods and measurement basis described below.

**Recognition and measurement in general**

Assets are recognised on the balance sheet if it is probable that future financial benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised on the balance sheet if they are probable and the value of the liability can be measured reliably.

On initial recognition assets and liabilities are stated at cost price. Subsequently assets and liabilities are measured as described for each individual item below.

Recognition and measurement take into account gains, losses and risks occurring before the presentation of the an-

nual report, which confirm or disprove circumstances existing as at the balance sheet date.

Revenue is recognised on the income statement as it is generated, including value adjustments of financial assets and liabilities, which are stated at fair value or amortised at cost price. Costs incurred in order to achieve the revenue for the year are also recognised, including depreciation, write-down and provisions for liabilities, as well as reversals as a result of changes in accounting estimates of amounts previously recognised in the income statement.

#### Translation of foreign currencies

Transactions in foreign currencies are translated when first recognised at the exchange rate applying on the transaction date. Differences between the exchange rate on the transaction date and the payment date are recognised under financial items in the income statement.

Debtors, creditors and other monetary items in foreign currencies are translated at the exchange rate applying on the balance sheet date. The difference between the exchange rate on the balance sheet date and at the time when the debtor or creditor item occurred or was recognised in the latest annual accounts is recognised under financial income and expenses in the income statement.

#### Financial derivatives

Financial derivatives are initially recognised in the balance sheet at cost price and subsequently stated at fair value. Positive and negative fair values of financial derivatives are included under other debtors and creditors, respectively.

Changes in the fair value of financial derivatives, which are classified as and meet the criteria for hedging the fair value of a recognised asset or liability are recognised in the income statement along with changes in the value of the hedged asset or liability.

Changes in the market value of financial derivatives which are classified as and meet the criteria for hedging future assets or liabilities are recognised directly in the capital and reserves. Income and expenses relating to such hedging transactions are transferred from the capital and reserves when the hedged asset or liability is realised and recognised under the same accounting item as the hedged asset or liability.

### INCOME STATEMENT

#### Net turnover

Net turnover from sale of finished goods is recognised in the income statement according to the invoicing principles in the year, when the delivery takes place. The net turnover is stated exclusive of VAT, taxes and discounts in connection with sales.

#### Financial income and expenses

Financial income and expenses comprise interest, capital gains and losses on securities and transactions in foreign currencies

as well as supplements and reimbursements under the tax on-account scheme.

#### Tax on profit for the year

Tax for the year, comprising tax payable and changes in deferred tax, is included in the income statement at the percentage attributable to the profit for the year.

### BALANCE SHEET

#### Intangible fixed assets

Intangible fixed assets are valued at cost price less accumulated depreciation and write-downs or at recoverable value, whichever is lower.

Development projects comprise costs and wages directly and indirectly attributable to the company's development activities.

Development projects which are clearly defined and identifiable, where the technical degree of utilisation, sufficient resources and a potential future market or development opportunity in the company can be demonstrated, and where the intention is to produce, market or utilise the project are recognised as intangible fixed assets, if the cost price can be reliably calculated and there is adequate security that future revenue will cover the development costs and other overheads. However, most of the company's development costs do not comply with the above mentioned criteria for recognition and are therefore recognised in the income statement as expenses in the year in which they are incurred, having been spent on the continuous maintenance of earnings.

After completion of the development activities the capitalised development costs are depreciated on a straight-line basis over their estimated useful lives. The depreciation period for capitalised projects is five years.

Acquired patents are written down throughout their duration. Annual write-down tests are performed for each asset.

#### Tangible fixed assets

Land and buildings, plant, machinery and other fixtures, tools and equipment are valued at cost price less accumulated depreciation.

The cost price is the acquisition price plus costs directly related to the acquisition until the time when the asset can be commissioned. For assets produced in-house the cost price comprises direct and indirect costs for materials, components, contractors and wages and salaries.

Tangible fixed assets are written down to the recoverable value if this is lower than the book value.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, which are as follows:

|  |            |
|--|------------|
| Buildings                                  | 25 years   |
| Material building improvements             | 5 years    |
| Plant and machinery                        | 3-10 years |
| Fixtures and fittings, tools and equipment | 3-5 years  |

Investments at a cost price of less than DKK 25,000 per unit are charged to the income statement in the year of acquisition.

Profits and losses on the sale of tangible fixed assets are calculated as the difference between the sales price less sales costs and the book value at the time of sale. The profit or loss is recognised in the income statement under depreciations.

#### **Stocks**

Stocks are stated at cost price according to the FIFO method. If the net realisable value is lower than the cost price, the latter is written down to the lower value.

The cost price for raw materials and consumables comprises the purchase price plus landed cost.

The cost price for finished goods and work in progress comprises cost price for raw materials, consumables, direct labour costs and indirect production costs. Indirect production costs comprise indirect materials and labour costs as well as maintenance and depreciation of the machinery, plant and equipment used during the manufacturing process.

The net realisable value of stocks is stated as the sales price less completion costs and costs for effecting sales, and is determined taking into account marketability/unmarketability and the development in the expected sales price.

#### **Debtors**

Debtors are valued at amortised cost price, and the necessary write-downs to meet expected loss are made.

#### **Subsidies**

Subsidies received are set off against operating costs for the period in which the costs eligible for subsidies are incurred.

#### **Dividend**

The dividend expected to be paid for the year is shown as a separate item under capital and reserves.

#### **Own capital investments**

Acquisition and renunciation sums and dividend from own capital investments are recognised in the profit carried forward under capital and reserves.

#### **Provisions**

Allocated obligations/provisions are recognised when the company, due to circumstances occurring before or at the balance sheet date, has legal or actual obligations, and it is probable that financial benefits must be renounced in order to honour the obligation.

#### **Debt commitments**

Short-term debt commitments comprising debt to suppliers and other debts, are valued at amortised cost price, which normally corresponds to nominal value.

#### **Corporate tax and deferred tax**

Tax payable and tax receivable are recognised in the balance sheet as calculated tax on the taxable revenue for the year, adjusted for tax on previous years' taxable revenue and for tax paid on account.

Deferred tax is valued according to the balance sheet-oriented debt method on all temporary differences between book value and fiscal value of assets and liabilities.

Deferred tax assets are recognised at the value at which they are expected to be used and balanced in deferred tax liabilities. Deferred tax is valued on the basis of the tax rules and tax rates under the legislation applying as at the balance sheet date, when the deferred tax is expected to be payable. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

#### **Cash flow statement**

The cash flow statement is presented according to the indirect method based on "Profit on primary activities before depreciation" in the income statement. The cash flow analysis shows the impact of the following three activities on the liquidity for the year.

Cash flow from operating activities comprises profit for the year adjusted for non-liquid operating items, changes in current capital and paid corporation tax during the year.

Cash flow from investment activities comprises cash flow from purchase and sale of intangible, tangible and financial fixed assets.

Cash flow from financing activities comprises cash flow from dividend to shareholders, purchase and sale of own shares and subscription of employee shares.

Cash at bank and in hand comprises cash at bank and in hand.

#### **Segmental analysis**

Information is given on business segments and geographical markets. The primary activities can be divided into the segments Industrial Fiber, Lighting and Engineering. The business segment of the company is the primary segment and the geographical segment is the secondary segment. For geographical markets, only net turnover is stated. The segmental information observes the company's accounting policies and internal financial control.

Fixed and current assets in the segment comprise the assets used directly in the operation of the segment.

Segment liabilities comprise liabilities derived from the operation of the segment, including suppliers of goods and services and other creditors.

Outstanding corporation tax, cash at bank and in hand and deferred tax have not been distributed.

Non-distributed joint expenditure comprises expenditure on the finance function, auditing, Board of Directors, etc. as well as internal profits on machinery supplied by Roblon Engineering.

#### **Key ratios**

Key ratios have been calculated in accordance with the "Recommendations and Key Figures for 2005" from the Danish Society of Investment Professionals.

Financial highlights and key figures stated in the table are calculated as follows:

|  |   |   |  |
|--|---|---|--|
| Profit ratio:                            | Profit on primary activities as a percentage of turnover  | Price/earnings ratio (PE)                               | Stock exchange listing as a ratio of earnings per share of DKK 100.                                |
| ROIC/return on average invested capital. | Operating profit (EBIT) as a ratio of average invested capital. Invested capital includes capital and reserves and corporate tax less liquid items. | Payout ratio  | Total payout of dividend as a ratio of profit on ordinary activities after tax.                    |
| Equity ratio                             | Capital and reserves as a ratio of total assets, end of period.   | Cash flow per share of DKK 100                          | Cash flow from operating activities as a ratio of average number of shares (excluding own shares). |
| Return on equity                         | Profit after tax as a ratio of average capital and reserves.  | Intrinsic value of shares                               | Capital and reserves as a ratio of number of shares (excluding own shares), end of period.         |
| Earnings per share of DKK 100            | Earnings after tax as a ratio of average number of shares (excluding own shares).   | The key figures are adjusted for capital augmentations. |  |

## Directors' Report

The Board of Directors and Management today considered and approved the annual report for 2006/07.

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act on class D companies, Danish accounting guidelines and further Danish disclosure requirements for annual reports of listed companies. We consider the chosen accounting policies to be appropriate and find that the annual accounts give a true and fair view of the company's assets, liabilities and financial position as at October 31, 2007 as well as the result of the company's activities and cash flow for the financial year November 1, 2006 - October 31, 2007.

The annual report is submitted for the approval of the Annual General Meeting.

Frederikshavn, January 3, 2008

### Management



Flemming K. Bertelsen  
Managing Director, CEO

### Board of Directors



Klaus Kalstrup  
Chairman



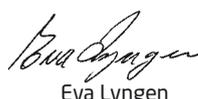
Niels Bach  
Deputy Chairman



Henrik Hougaard



Ole Krogsgaard



Eva Lyngen



Jeppe Skovgaard Sørensen

# The Independent Auditor's Report

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To Roblon A/S' shareholders

We have audited the Annual Report of Roblon A/S for the financial year 1 November 2006 - 31 October 2007, which comprises the Management's Review, the Statement of the Board of Directors and Board of Executives on the Annual Report, a summary of significant accounting policies, the income statement, balance sheet, statement of changes in equity, cash flow statement for the year then ended and notes. The Annual Report has been prepared in accordance with the Danish Financial Statements Act, Danish Accounting Standards and additional Danish disclosure requirements for Annual Reports of listed companies.

## **The Board of Directors and Board of Executives' Responsibility for the Annual Report**

The Board of Directors and Board of Executives are responsible for the preparation and fair presentation of this Annual Report in accordance with the Danish Financial Statements Act, Danish Accounting Standards 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 applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **Auditor's Responsibility and Basis of Opinion**

Our responsibility is to express an opinion on 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 auditor's 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the Annual Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and Board of Executives, 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 has not resulted in any qualification.

## **Opinion**

In our opinion, the Annual Report gives a true and fair view of the company's financial position at 31 October 2007 and of the results of the company's operations and cash flows for the financial year 1 November 2006 - 31 October 2007 in accordance with the Danish Financial Statements Act, Danish Accounting Standards and additional Danish disclosure requirements for Annual Reports of listed companies.

Frederikshavn, 3 January 2008  
Mortensen & Beierholm  
State Authorized Public Accountants



Søren P. Sønderby  
State Authorized Public Accountant

## CASH FLOW STATEMENT

| (TDKK)   | 2006/07        | 2005/06       |
|--|----------------|---------------|
| Profit on primary activities before depreciation           | 39,641         | 32,717        |
| Change in provisions for liabilities                       | 210            | 90            |
| Change in stocks   | 2,311          | -9,585        |
| Change in debtors  | -5,721         | -4,627        |
| Change in short-term creditors                             | 649            | 5,668         |
| Cash flow from operating activities before financial items | 37,090         | 24,263        |
| Interest income  | 2,194          | 1,908         |
| Interest expenditure                                       | -1,989         | -1,091        |
| Cash flow from ordinary activities                         | 37,295         | 25,080        |
| Corporate tax  | -11,221        | -1,036        |
| <b>Cash flow from operating activities</b>                 | <b>26,074</b>  | <b>24,044</b> |
| Investment in intangible fixed assets                      | -3,093         | -1,403        |
| Investment in tangible fixed assets                        | -5,521         | -1,656        |
| Sales proceeds from tangible fixed assets                  | 374            | 155           |
| <b>Cash flow from investment activities</b>                | <b>-8,240</b>  | <b>-2,904</b> |
| Sale of own shares   | 0              | 11,599        |
| Payment of dividend  | -17,691        | -10,615       |
| <b>Cash flow from financing activities</b>                 | <b>-17,691</b> | <b>984</b>    |
| Change in cash at bank and in hand                         | 143            | 22,124        |
| Cash at bank and in hand as at 1/11 2006                   | 55,269         | 33,145        |
| <b>Cash at bank and in hand and bonds as at 31/10 2007</b> | <b>55,412</b>  | <b>55,269</b> |

## INCOME STATEMENT FOR THE PERIOD NOVEMBER 1, 2006 - OCTOBER 31, 2007

| Note | (TDKK)   | 2006/07       | 2005/06       |
|------|--|---------------|---------------|
|      | Net turnover   | 234,042       | 189,403       |
|      | Change in stocks of finished goods and work in progress              | -4,182        | 4,758         |
|      | Work performed on own account and stated under assets                | 721           | 2,076         |
|      |  | 230,581       | 196,237       |
|      | Costs for raw materials and consumables                              | -103,661      | -89,226       |
|      | Other external expenses  | -28,711       | -23,562       |
| 1    | Staff costs  | -58,568       | -50,732       |
|      | Profit on primary activities before depreciation                     | 39,641        | 32,717        |
|      | Depreciation and write-downs of tangible and intangible fixed assets | -7,542        | -8,204        |
|      | <b>Profit on primary activities</b>                                  | <b>32,099</b> | <b>24,513</b> |
|      | Interest income  | 2,194         | 1,908         |
| 2    | Interest expenditure   | -1,989        | -1,091        |
|      | <b>Profit before tax</b>   | <b>32,304</b> | <b>25,330</b> |
| 3    | Tax on profit for the year   | -7,660        | -7,175        |
|      | <b>Profit for the year</b>   | <b>24,644</b> | <b>18,155</b> |
|      | <b>Proposal for distribution of profits</b>                          |               |               |
|      | Proposed dividend, 50% (50%)   | 17,849        | 17,691        |
|      | To profit carried forward  | 6,795         | 464           |
|      | Profit for the year  | 24,644        | 18,155        |

## BALANCE SHEET AS AT OCTOBER 31, 2007

| Note | Assets (TDKK)                              | 2006/07        | 2005/06        |
|------|--|----------------|----------------|
|      | <b>Fixed Assets</b>                        |                |                |
|      | Completed development projects             | 2,789          | 1,663          |
|      | Acquired patent                            | 3,025          | 0              |
|      | Ongoing development projects               | 0              | 1,893          |
| 4    | <b>Total intangible fixed assets</b>       | <b>5,814</b>   | <b>3,556</b>   |
|      | Land and buildings                         | 47,393         | 50,467         |
|      | Plant and machinery                        | 12,260         | 10,983         |
|      | Fixtures and fittings, tools and equipment | 1,837          | 1,600          |
| 5    | <b>Total tangible fixed assets</b>         | <b>61,490</b>  | <b>63,050</b>  |
|      | <b>Total Fixed Assets</b>                  | <b>67,304</b>  | <b>66,606</b>  |
|      | <b>Current Assets</b>                      |                |                |
|      | Raw materials and consumables              | 33,333         | 31,462         |
|      | Work in progress                           | 4,481          | 3,824          |
|      | Manufactured finished goods                | 14,099         | 18,938         |
|      | Stocks                                     | 51,913         | 54,224         |
| 6    | Trade debtors                              | 40,213         | 34,262         |
|      | Other debtors                              | 990            | 1,310          |
|      | Accruals                                   | 224            | 134            |
|      | <b>Total debtors</b>                       | <b>41,427</b>  | <b>35,706</b>  |
|      | Cash at bank and in hand                   | 55,412         | 55,269         |
|      | <b>Total Current Assets</b>                | <b>148,752</b> | <b>145,199</b> |
|      | <b>Total Assets</b>                        | <b>216,056</b> | <b>211,805</b> |

## BALANCE SHEET AS AT OCTOBER 31, 2007

| Note | Liabilities (TDKK)                      | 2006/07        | 2005/06        |
|------|---|----------------|----------------|
|      | <b>Capital and Reserves</b>             |                |                |
|      | Share capital                           | 35,383         | 35,383         |
|      | Profit carried forward                  | 123,520        | 116,725        |
|      | Proposed dividend                       | 17,849         | 17,691         |
|      | <b>Total capital and reserves</b>       | <b>176,752</b> | <b>169,799</b> |
|      | <b>Provisions for liabilities</b>       |                |                |
| 7    | Provisions for deferred tax             | 4,089          | 4,743          |
| 8    | Other provisions for liabilities        | 900            | 690            |
|      | <b>Total provisions for liabilities</b> | <b>4,989</b>   | <b>5,433</b>   |
|      | <b>Short-term creditors</b>             |                |                |
|      | Customer prepayments received           | 1,935          | 3,357          |
| 9    | Corporate tax                           | 6,944          | 9,851          |
|      | Suppliers of goods and services         | 13,552         | 14,206         |
|      | Other debt                              | 11,884         | 9,159          |
|      | <b>Total short-term creditors</b>       | <b>34,315</b>  | <b>36,573</b>  |
|      | <b>Total Liabilities</b>                | <b>216,056</b> | <b>211,805</b> |

10 Fees to auditors elected by the General Meeting

11 Transactions with closely related parties

12 Foreign exchange, credit and interest-rate risks

13 Segmental analysis

## CAPITAL AND RESERVES STATEMENT

| (TDKK)                                       | Share capital | Profit carried forward | Proposed dividend | Total   |
|--|---------------|------------------------|-------------------|---------|
| Capital and reserves as at 1/11 2005         | 35,383        | 104,662                | 10,615            | 150,660 |
| Dividend distributed                         |               |                        | -10,615           | -10,615 |
| Sale of own shares                           |               | 11,599                 |                   | 11,599  |
| Profit for the year                          |               | 18,155                 |                   | 18,155  |
| Proposed dividend                            |               | -17,691                | 17,691            | 0       |
| Capital and reserves as at 1/11 2006         | 35,383        | 116,725                | 17,691            | 169,799 |
| Dividend distributed                         |               |                        | -17,691           | -17,691 |
| Profit for the year                          |               | 24,644                 |                   | 24,644  |
| Proposed dividend                            |               | -17,849                | 17,849            | 0       |
| Capital and reserves as at 31/10 2007        | 35,383        | 123,520                | 17,849            | 176,752 |
| Changes in share capital:                    |               |                        |                   |         |
| Share capital as at 1/11 2002                |               |                        |                   | 35,313  |
| Capital augmentation employee shares 2003/04 |               |                        |                   | 70      |
| Share capital as at 31/10 2007               |               |                        |                   | 35,383  |

After the end of the financial year, the share capital has been increased by tDKK 315 in B-shares concerning employee shares. The share capital of 35,382,500 consists of the following shares:

|           |                |                |                |
|-----------|----------------|----------------|----------------|
| A shares: | 5,555 of DKK   | 1,000 in total | DKK 5,555,000  |
| B shares: | 298,275 of DKK | 100 in total   | DKK 29,827,500 |

Each A share of DKK 1,000 gives 100 votes.

Each B share of DKK 100 gives one vote.

In accordance with the company's Articles of Association B shares are entitled to dividend of 8% before any other allocation is made.

## NOTES

| Note | (TDKK)   | 2006/07 | 2005/06 |
|------|--|---------|---------|
| 1    | <b>Staff costs</b>   |         |         |
|      | Fees to the Board of Directors   | 375     | 470     |
|      | Wages, management  | 1,632   | 1,350   |
|      | Wages and salaries   | 52,012  | 44,874  |
|      | Pension, management  | 278     | 254     |
|      | Pensions, others   | 3,462   | 3,063   |
|      | Other social security expenses   | 809     | 721     |
|      |  | 58,568  | 50,732  |
|      | The Management hold the entitlement to company cars.   |         |         |
|      | Average number of full-time employees  | 147     | 138     |
| 2    | <b>Financial expenses</b>  |         |         |
|      | Interest costs   | 4       | 172     |
|      | Exchange rate losses and adjustments (net)   | 1,985   | 919     |
|      |  | 1,989   | 1,091   |
| 3    | <b>Corporate tax for the year</b>  |         |         |
|      | Tax payable  | 8,379   | 7,041   |
|      | Change in deferred tax   | -719    | 134     |
|      |  | 7,660   | 7,175   |
|      | Reconciliation of corporate tax:   |         |         |
|      | 25% tax on the profit before tax   | 8,076   | 7,092   |
|      | Permanent differences between recognition of income and expenditure for accounting and taxation purposes | 99      | 83      |
|      | Deferred tax adjusted to 25%   | -515    | 0       |
|      |  | 7,660   | 7,175   |
|      | Effective tax rate   | 23.7    | 28.3    |

## NOTES

| Note | (TDKK)                          |                    |                                |  |
|------|---------------------------------|--------------------|--------------------------------|--|
| 4    | <b>Intangible fixed assets</b>  | Acquired patent    | Completed development projects | Ongoing development projects               |
|      | Purchase price:                 |                    |                                |  |
|      | Balance as at 1/11 2006         | 0                  | 2,677                          | 1,893                                      |
|      | Additions 2006/07               | 3,025              | 1,961                          | 0  |
|      | Disposals 2006/07               | 0                  | 0                              | (1,893)                                    |
|      | Balance as at 31/10 2007        | 3,025              | 4,638                          | 0  |
|      | Depreciation and write-downs:   |                    |                                |  |
|      | Balance as at 1/11 2006         | 0                  | 1,014                          | 0  |
|      | Depreciation of the year        | 0                  | 835                            | 0  |
|      | Balance as at 31/10 2007        | 0                  | 1,849                          | 0  |
|      | Net book value as at 31/10 2007 | 3,025              | 2,789                          | 0  |
| 5    | <b>Tangible fixed assets</b>    | Land and buildings | Plant and machinery            | Fixtures and fittings, tools and equipment |
|      | Purchase price:                 |                    |                                |  |
|      | Balance as at 1/11 2006         | 80,693             | 70,377                         | 8,638                                      |
|      | Additions 2006/07               | 68                 | 4,471                          | 982  |
|      | Disposals 2006/07               | 0                  | 0                              | -655                                       |
|      | Balance as at 31/10 2007        | 80,761             | 74,848                         | 8,965                                      |
|      | Depreciation and write-downs:   |                    |                                |  |
|      | Balance as at 1/11 2006         | 30,226             | 59,394                         | 7,038                                      |
|      | Concerning assets sold          | 0                  | 0                              | -596                                       |
|      | Depreciation of the year        | 3,142              | 3,194                          | 686  |
|      | Balance as at 31/10 2007        | 33,368             | 62,588                         | 7,128                                      |
|      | Net book value as at 31/10 2007 | 47,393             | 12,260                         | 1,837                                      |

Cash value of land and buildings amounts to tDKK 76,208 according to the latest public evaluation.

Profit on sales of tangible fixed assets is set off against depreciation at tDKK 315 in the income statement.

## NOTES

| Note | (TDKK)   | 2006/07 | 2005/06 |
|------|--|---------|---------|
| 6    | <b>Trade debtors</b>   |         |         |
|      | Trade debtors falling due after 1 year   | 897     | 2,016   |
| 7    | <b>Provisions for deferred tax</b>   |         |         |
|      | Deferred tax as at 1/11 2006   | 4,743   | 4,609   |
|      | Adjustment of deferred tax 1/11 2006   | 65      | 0       |
|      | Adjustment for the year  | -719    | 134     |
|      | Deferred tax as at 31/10 2007  | 4,089   | 4,743   |
|      | The amount allocated for deferred tax relates to:  |         |         |
|      | Current assets   | 267     | 452     |
|      | Intangible fixed assets  | 1,454   | 996     |
|      | Tangible fixed assets  | 3,025   | 3,333   |
|      | Liabilities  | -657    | -38     |
|      |  | 4,089   | 4,743   |
|      | A tax rate of 25% has been used for calculating deferred tax.  |         |         |
| 8    | <b>Other provisions for liabilities</b>  |         |         |
|      | Provisions for liabilities as at 1/11 2006   | 690     | 600     |
|      | Additions 2006/07  | 815     | 525     |
|      | Applied 2006/07  | -605    | -435    |
|      | Provisions for liabilities as at 31/10 2007  | 900     | 690     |
|      | Other provisions for liabilities consist of security liabilities expected to be applied within one year. |         |         |
| 9    | <b>Corporate tax receivable</b>  |         |         |
|      | Balance as at 1/11 2006  | 9,851   | 3,846   |
|      | Adjustment concerning previous year  | -65     | 0       |
|      | Payment of corporate tax concerning previous year  | -10,506 | -688    |
|      |  | -720    | 3,158   |
|      | Corporate tax payable  | 8,379   | 7,041   |
|      | Tax paid on account in 2006/07   | -715    | -348    |
|      | Balance as at 31/10 2007   | 6,944   | 9,851   |
| 10   | <b>Fees to auditors elected by the General Meeting</b>   |         |         |
|      | Audit Mortensen & Beierholm  | 159     | 155     |
|      | Other services Mortensen & Beierholm   | 32      | 64      |

11 **Transactions with related parties**

Related parties for Roblon A/S are the members of the Board of Directors and the Management.

Furthermore Manufacturer Erik Schou, Strandvej 98, DK-9970 Strandby through ES Holding Frederikshavn ApS owns the A-shares of Roblon A/S and has the controlling interest of the company.

During the year the company has not made any exceptional transactions with significant shareholders, with the Board of Directors or Management, or with companies in which any of these hold financial interests.

## NOTES

## 12 Foreign exchange, credit and interest-rate risks

The company uses hedging instruments such as foreign exchange contracts and swaps in order to secure amounts included in and excluded from the accounts. The hedging of transactions included in the accounts covers receivables and creditors.

| Foreign exchange risks (TDKK): | Payment/<br>Expiry | Debtors/<br>cash at bank<br>and in hand | Creditors | Forward<br>foreign<br>exchange<br>contracts | Net<br>position |
|--------------------------------|--------------------|---|-----------|---|-----------------|
|                                |                    |   |           |   |                 |
| EUR                            | < 1 year           | 25,068                                  | -6,131    | 0   | 18,937          |
|                                | > 1 year           | 897                                     | 0         | 0   | 897             |
| USD                            | < 1 year           | 22,385                                  | -511      | 0   | 21,874          |
| GBP                            | < 1 year           | 3,525                                   | -178      | 0   | 3,347           |
| Others                         | < 1 year           | 301                                     | -212      | 0   | 89              |
|                                |                    | 52,176                                  | -7,032    | 0   | 45,144          |

Corporate trade debtors and trade creditors usually fall due no later than three months after delivery.

Credit risks: Debtors are partly covered by credit insurance. The risk of material losses on the total debtors is deemed to be insignificant.

Interest-rate risks: Viewed separately, a fall/increase in the market rate of one percentage point is not deemed to have any material impact on corporate results.

## 13 Segmental analysis

Activities - primary segment

|                              | Industrial Fiber |        | Lighting |        | Engineering |        | Not distributed |        | Total company |         |
|------------------------------|------------------|--------|----------|--------|-------------|--------|-----------------|--------|---------------|---------|
|                              | 06/07            | 05/06  | 06/07    | 05/06  | 06/07       | 05/06  | 06/07           | 05/06  | 06/07         | 05/06   |
| Turnover                     | 91,167           | 70,428 | 67,173   | 61,802 | 75,702      | 57,173 | 0               | 0      | 234,042       | 189,403 |
| Profit on primary activities | 17,099           | 13,135 | 10,334   | 9,808  | 8,151       | 5,323  | -3,485          | -3,753 | 32,099        | 24,513  |
| Fixed assets                 | 26,090           | 25,337 | 25,432   | 24,061 | 12,842      | 14,128 | 2,940           | 3,080  | 67,304        | 66,606  |
| Current assets               | 31,890           | 32,035 | 26,114   | 24,435 | 35,149      | 32,656 | 55,599          | 56,073 | 148,752       | 145,199 |
| Total segmental assets       | 57,980           | 57,372 | 51,546   | 48,496 | 47,991      | 46,784 | 58,539          | 59,153 | 216,056       | 211,805 |
| Segmental liabilities        | 5,961            | 4,722  | 7,381    | 7,585  | 9,199       | 10,294 | 16,763          | 19,405 | 39,304        | 42,006  |
| Investments in fixed assets  | 4,315            | 311    | 3,860    | 860    | 440         | 1,768  | 0               | 119    | 8,615         | 3,058   |
| Average number of employees  | 44               | 40     | 51       | 49     | 48          | 45     | 4               | 4      | 147           | 138     |
| Profit ratio                 | 18.8             | 18.7   | 15.4     | 15.9   | 10.8        | 9.3    |                 |        | 13.7          | 12.9    |

Geographical - secondary segment

|              | Rest of Europe |         | Rest of the world |        | Denmark |        | Not distributed |       | Total company |         |
|--------------|----------------|---------|-------------------|--------|---------|--------|-----------------|-------|---------------|---------|
|              | 06/07          | 05/06   | 06/07             | 05/06  | 06/07   | 05/06  | 06/07           | 05/06 | 06/07         | 05/06   |
| Net turnover | 138,064        | 119,640 | 78,411            | 55,352 | 17,567  | 14,411 | 0               | 0     | 234,042       | 189,403 |