NKT

ANNUAL REPORT
2011

Contents

The 2011 Annual Report is presented in accordance with International Financial Reporting Standards (IFRS) adopted by the EU and Danish disclosure requirements for listed companies' annual reports. Statements in the report concerning the future reflect the Group Management's current expectations with regard to future events and financial results. Statements concerning the future are naturally subject to uncertainty and the results achieved may therefore differ from expectations. Issues which may cause such differences include, but are not limited to, economic and financial market developments, legislative and regulatory changes in NKT markets, developments in product demand, competitive conditions and energy and raw material prices. See also the paragraphs on risk factors on page 34 and Note 30 to the consolidated financial statements.

Christian Kjær, Chairman of the Board of Directors

Timing has been absolutely crucial to us when buying and selling companies. In NKT's more recent history we have repeatedly seen that qualified business management must be supported by the ability to choose the right moment. For example in 1999 when NKT acquired Fisker & Nielsen, recognised the potential, and made Nilfisk-Advance one of the largest companies in the market for cleaning equipment. We saw it in 1999 with the sale of Lexel when the Schneider Group wanted a foothold in Scandinavia through this acquisition, and we saw it in 2000 when NKT signed the contract for the sale of Giga on the very same day that NASDAQ reached its highest level ever. On 3 February 2012 we sold NKT Flexibles after developing the company for 12 years. Along the way there had been several offers, but only now did we consider it right to sell - for the benefit of NKT Flexibles' future development and for the benefit of NKT.

Our strategy for 2011-2015 made a good start, and the change in product focus at NKT Cables, away from low voltage and towards infrastructure projects and high voltage, is already showing its potential. Nilfisk-Advance experienced growth rates of 35% in the BRIC+MT countries (Brazil, Russia, India, China, Mexico and Turkey) and overall realised record-high results. NKT Flexibles signed a new framework agreement with Petrobras that was NKT's largest order ever. Photonics Group, which represents some 1% of NKT's revenue, posted positive EBITDA for the first time. In 2012 we look forward to continuing the strategy of expansion through our active ownership of now 3 business units, all of which operate in the international markets.

NKT generated in 2011 revenue of 15.6 bnDKK and an EBITDA result of a little over 1 bnDKK - this fell short, however, of the 1.2 bnDKK initially expected. The reason is that the results from the Cologne factory first manifested themselves in the year's second half.

The positive results and strategic landmarks achieved by NKT's many dedicated employees in 2011 are a solid platform for 2012, a year that in macroeconomic terms may prove to be challenging. In the short term our focus is to protect income and - if necessary - to implement plans for cost and capacity adjustments. However, this will not make us change our long-term direction; our strategic course is supported by solid megatrends which will endure - irrespective of periodic cyclical challenges.

NKT's Annual Report for 2011 starts here.

We hope you will find the report interesting reading.

1 March 2012
NKT Holding A/S

Overview

Nilfisk-Advance, NKT Flexibles and Photonics Group realised growth, while NKT Cables encountered challenges, particularly in the area of projects, and was therefore substantially strengthened organisationally. Group debt was reduced during 2nd half 2011, and the Board of Directors recommends a dividend of 2 DKK per share

NKT's revenue increased by 1,153 mDKK to 15,604 mDKK - the highest level in the history of NKT. Nilfisk-Advance and Photonics Group realised organic growth in revenue of 8% and 16% respectively, surpassing even the 2010 growth rates, while NKT Cables exceeded last year's organic growth in revenue by only 1%.

The operational EBITDA for the NKT Group increased by 51 mDKK to 1,036 mDKK. Nilfisk-Advance, NKT Flexibles and Photonics Group all posted positive income growth, but the income for NKT Cables was smaller than expected. In the 1st half of the year it took NKT Cables longer than first anticipated to close down the existing factory and to implement production in the new factory in Cologne, and in the 2nd half of the year the production of wires for high speed railways in China had to be temporarily suspended due to organisational changes by the customer - the Chinese Railway Ministry. NKT Cables' income was negatively influenced by both developments. With a new management and a programme of excellence focused on efficiency, productivity and safety throughout the organisation, earnings for NKT Cables are expected to rise in 2012.

Strategy

In 2011 important strategic goals were achieved in 'Powered by NKT', NKT's strategic plan for the period 2011-2015. Despite the European debt crisis and its impact on the European economies in particular, the megatrends on which the strategy is based continue to drive developments. In NKT Cables, strong demand was experienced in Electricity Infrastructure for land and submarine cables and orders are at a record level. Nilfisk-Advance continued to expand in the emerging markets, and customer relations in the mature markets were strengthened. Photonics Group achieved an important breakthrough with regard to oil and gas industry customers and strengthened its market position through increased sales focus and product development. NKT Flexibles realised an important strategic goal with the signing of a billion-kroner contract with Petrobras and commenced the subsequent work of setting up production in Brazil.

NKT's strategy builds on active ownership, and in 2011 a strategic study was initiated to determine whether an alternative ownership structure would take NKT Flexibles further than the present joint venture between NKT (51%) and Subsea 7 (49%). In February 2012 agreement was signed concerning sale of NKT Flexibles to the US company National Oilwell Varco for 3.8 bnDKK and the transaction is expected to be finally completed in the 1st half of this year.

Investment

NKT has in recent years invested more than 2 bnDKK in NKT Cables to turn focus towards major infrastructure projects in the energy sector. In 2011 alone, 617 mDKK has been invested. In the 2nd half of 2011 the investment in i.a. factories in Germany and China began to demonstrate the economic development expected. Nilfisk-Advance continued to invest in product development.

2012

NKT expects organic revenue growth of approx. 5-10% in 2012. It is planned to realise an operational EBITDA of 1,050-1,250 mDKK in 2012, which after adjustment for the sale of NKT Flexibles is an operational improvement of up to 400 mDKK on 2011.

Furthermore, the NKT Group's share of profit from the sale of NKT Flexibles will contribute to fulfilment of the Groups own debt targets. It is expected that the ratio of interest bearing debt to operational EBITDA will be approx. 2x at end-2012. NKT will therefore be well-equipped for the future.

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NKT's Annual Report 2011
to smart phone.

5 years' financial highlights

Amounts in mDKK	2011	2010	2009	2008	2007
Income statement					
Revenue	15,604	14,451	11,687	13,828	13,525
Revenue in standard prices [1]	12,151	11,478	9,950	11,273	10,798
Operational earnings before interest, tax, depreciation and amortisation (EBITDA) [2]	1,036	985	935	1,300	1,363
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,003	899	783	1,218	1,433
Depreciation and impairment on property, plant and equipment	-397	-279	-243	-275	-192
Amortisation and impairment on intangible assets	-161	-140	-124	-125	-108
Earnings before interest and tax (EBIT)	445	480	416	818	1,133
Financial items, net	-280	-135	-125	-226	-145
Earnings before tax	165	345	291	592	988
Profit for the year	127	270	238	404	820
Profit attributable to equity holders of NKT Holding A/S	125	266	240	401	805
Cash flows					
Cash flows from operating activities	558	-374	582	763	1,162
Investments in property, plant and equipment	445	744	912	756	458
Balance sheet					
Share capital	475	475	474	474	473
Equity attributable to equity holders of NKT Holding A/S	4,060	4,105	3,719	3,427	3,246
Minority interests	6	7	21	38	36
Group equity	4,066	4,112	3,740	3,465	3,282
Total assets	13,439	12,556	10,124	9,935	9,099
Net interest bearing debt [3]	4,429	4,105	2,725	2,260	1,995
Capital employed [4]	8,496	8,218	6,465	5,725	5,005
Working capital [5]	2,740	2,997	1,974	2,036	2,176
Financial ratios and employees					
Gearing	109%	100%	73%	65%	61%
Net interest bearing debt relative to operational EBITDA	4.3	4.2	2.9	1.7	1.5
Solvency	30%	33%	37%	35%	36%
Return on capital employed (RoCE) [6]	5.5%	7.5%	9.4%	16.4%	22.0%
Number of 20 DKK shares ('000)	23,738	23,738	23,718	23,718	23,638
Earnings, DKK, per outstanding share (EPS)	5.3	11.3	10.2	17.0	34.2
Dividend paid, DKK, per share	2.0	3.5	0.0	11.0	10.0
Equity value, DKK, per outstanding share [7] [8]	172	173	157	145	137
Market price, DKK, per share	191	297	291	106	459
Average number of employees	9,038	8,454	7,938	8,610	7,575

[1) - 8)] Explanatory comments appear in Note 37 to consolidated financial statements.

Financial ratios are stated in Note 34 to consolidated financial statements.

Financial target performance 2011

2011 was an eventful year with unforeseen challenges that negatively impacted earnings. But it was also a year with many activities and results that lived up to the initial assumptions and expectations for 2011

Final EBITDA for 2011 was approx. 200 mDKK lower than initially anticipated. As seen in the table below, this was solely attributable to developments at NKT Cables, which realised a negative difference of approx. 300 mDKK compared with initial expectations. However, this was partly compensated for by NKT Flexibles where improved operational developments combined with positive impact from an index mechanism linked to raw material prices increased EBITDA by approx. 100 mDKK.

The developments at NKT Cables principally related to 3 factors:

1. The year was negatively influenced by an onerous submarine cable project dating from 2010 for which a further provision of 58 mDKK was made in the 2nd quarter 2011 and covers the remaining costs until final installation. This provision still existed at the end of 2011.
2. During the summer of 2011 it became clear that the transfer and the subsequent commissioning of production lines at the new factory in Cologne were more time-consuming and complex than originally envisaged. This had significant negative impact on revenue and income.
3. It was already assumed in the initial expectations for 2011 that in the 2nd half, activities relating to supply of catenary wire for high speed railways in China - and therefore also sales growth and income - would normalise at a lower level. But the slowdown was significantly stronger than expected as a result of political unrest in China concerning the strategy for high speed railways.

In spite of challenging macroeconomic conditions throughout the year Nilfisk-Advance managed to maintain high organic growth of 8%. For NKT as a whole this compensated for the lower level of growth realised by NKT Cables. The expected growth in income in Nilfisk-Advance was also achieved in spite of strongly rising raw material prices, which towards the end of the year were caught up with by 2 price increases.

Photonics Group did not quite live up to the ambitious growth targets but nevertheless delivered positive income. This is of lesser significance for NKT but is an important milestone for Photonics Group.

NKT Flexibles realised operational earnings which were better than expected at the start of 2011, and were positively influenced by 71 mDKK (51% share) relating to a Price Escalating Factor. On the strategic front NKT Flexibles signed a new frame agreement with Petrobras in Brazil. Later, a strategic process led to the agreement on expected sale to National Oilwell Varco in 2012.

Amounts in mDKK	Initial expectations 2011	Last update in 2011	Realised 2011		Income difference
NKT Group					
- Organic growth	Approx. 5%	Unchanged	4%	✓	
- Operational EBITDA	Approx. 1,200 excl. structural initiatives (one-offs)	Approx. 1,000 (Nov.) Approx. 1,000-1,100 (Aug.)	1,036 operational 1,003 incl. one-offs	÷	~ -200
Assumptions:					
NKT Cables					
- Organic growth	Approx. 5% (EI, Con 5-10%, Rw, Au 10-15%)*	<5%	1%	÷	
- Operational EBITDA	EBITDA% up by approx. 2.5-3.0% from 5.9% in 2010	Approx. 5%	-2.7% pts.	÷	~ -300
Nilfisk-Advance					
- Organic growth	Approx. 5% (W.Europe/USA 3-4%, BRIC+MT min. 25%)	>5%	8%	✓	
- Operational EBITDA	EBITDA% up by approx. 1% pts. from 10.7% in 2010	Unchanged	0.9% pts.	✓	
Photonics Group					
- Organic growth	Min. 20%	Approx. 10%	16%	(✓)	
- Operational EBITDA	Breakeven	Unchanged	1	✓	
NKT Flexibles					
- Operational EBITDA	EBITDA% down by up to 5% pts. from 18.7% in 2010 (23.1%***)	Approx. 15% + 75 mDKK**	19.6% (-3.5% pts.)***	✓	~ +100
Others					
- Investment	Approx. 550 in property, plant and equipment and capitalised development projects. Approx. 150 in acquisitions		617 215		
- Interest bearing debt	Approx. 3.5x based on operational EBITDA of approx. 1,200	Approx. 4,500	4,429		

* *EI: Electricity Infrastructure; Con: Construction; Rw: Railway; Au: Automotive* ** *From Price Escalating Factor* *** *Adjusted for Price Escalating Factor*

Expectations for 2012

In 2012 the NKT Group expects organic growth of 5-10%, rising EBITDA and falling debt. This will equip the Group for the future

It is expected that the sale of NKT Flexibles to National Oilwell Varco can be completed during 1st half 2012 (cf. Stock Exchange Release No. 1 of 3 February 2012). NKT Flexibles is consequently not included in the Group's revenue and EBITDA projections for 2012. From 1 January 2012 NKT Flexibles is included on a separate line in the income statement, 'Profit from discontinued operations', which is stated after the Group's net profit on continuing operations.

In addition to this the expectations for 2012 are based on the composition of the Group's business operations remaining unchanged for the remainder of the year and on there being no worsening in the international economic situation. Furthermore it is also assumed that there are no major, sudden fluctuations in currency rates and energy and raw material prices.

Revenue

NKT expects organic growth in revenue of approx. 5-10% in 2012.

This is based on the following:

- Organic growth for NKT Cables is planned to be approx. 5-10%. Nil growth is expected in the cyclically most directly exposed segments like Construction, Railway and Automotive. In the case of Railway, a lower level of activity for catenary wire in China will be offset by sales in the new product segment for signal cables.

- Growth in NKT Cables will therefore primarily come from the Electricity Infrastructure segment (on- and offshore high voltage cables and medium voltage products), which in 2011 amounted to 63% of the revenue measured in standard metal prices and which in 2012 is expected to show organic growth of approx. 15-20%. Approx. 70% of the expected revenue in 2012 in on- and offshore high voltage cables in Europe is comprised by the existing order book at start-2012, which amounted to 3.3 bnDKK. Approx. 60% of the expected revenue in 2012 from medium voltage products is comprised by existing framework agreements.

- Organic growth for Nilfisk-Advance is planned to be approx. 5%, distributed evenly across product and customer categories. Continued high growth rates of min. 25% are expected in BRIC+MT countries. In the mature markets a more moderate growth is expected of approx. 2-4%, which is due in equal measure to effect of price and volume.

- Organic growth for Photonics Group is planned to be approx. 20%.

Operational EBITDA

Operational EBITDA in 2012 is planned to be 1,050-1,250 mDKK, an operational improvement up to 400 mDKK on 2011 after adjustment for the sale of NKT Flexibles.

This is based on the following:

- For NKT Cables an EBITDA margin of approx. 7.5% is expected for 2012, a nominal operational EBITDA improvement of 250-300 mDKK. The improvement will primarily take place in the last 9 months of 2012.

- For Nilfisk-Advance an EBITDA margin of approx. 12% is expected for 2012, an increase in EBITDA of approx. 75-100 mDKK or 0.5% points in relation to 2011.

- For Photonics Group an EBITDA of approx. 10 mDKK is expected.

Continued next page

Profit from discontinued operations

Profit from discontinued operations relates solely to NKT Flexibles and is expected to amount to approx. 1.3 bnDKK.

The profit amount can be divided into an expected smaller profit share for the period 1 January 2012 until final disposal and an accounting gain of approx. 1.3 bnDKK. The gain portion will be tax-exempt for NKT Holding.

Risks relating to declared earnings expectations

The Group Management considers that the earnings expectations generally contain a degree of risk by virtue of NKT Cables' changed risk profile whereby the potential swing factor for the 2012 income is greater than before due to heightened exposure on single projects.

As seen from the operational EBITDA expectations, an interval of 200 mDKK (1,050-1,250 mDKK) is applied. This corresponds to a weighting of 50% for a realistic total swing factor for 2012 of approx. 400 mDKK.

Calculation of the swing factor is based on the following risks:

- NKT Cables: 3 different types of risk exposure are relevant when assessing NKT Cables' income for 2012:
  1. Ability to execute high voltage and submarine cable projects for the anticipated income.
  2. Developments in the European building industry, which primarily influence low voltage activities in the Construction segment.
  3. Developments in the Chinese and European markets for railway-related products.

  All 3 of the above can conceivably reduce income for 2012 by 100 mDKK, a potential total negative effect of 300 mDKK.

- Nilfisk-Advance: The greatest risk relates to developments in organic growth rates, a factor directly exposed to macroeconomic influences, cf. also Nilfisk-Advance company review on pages 16-19. The expectations with regard to the nominal increase in earnings are directly linked to the assessment that 5% organic growth can be achieved. If, contrary to expectation, nil growth is realised for 2012, this will have a negative effect of up to 100 mDKK, including costs of approx. 20 mDKK relating to restructuring measures.

Investment

Total planned investment in property, plant and equipment and capitalised development costs is approx. 500 mDKK. This includes approx. 100 mDKK relating to capacity improvements, principally in the form of a stationary turntable capable of optimising sales potential for submarine cables. The balance, approx. 400 mDKK, represents a normal level of maintenance investments (approx. 250 mDKK) and investment in development projects (approx. 150 mDKK).

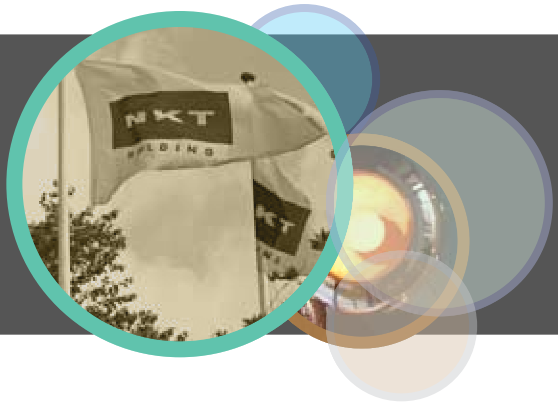
The investment must be seen in relation to annual depreciation of approx. 530 mDKK.

Capital structure

The expectation is that at the end of 2012 NKT's capital structure will again be consistent with the Group's objectives for an optimal capital structure. This means that equity gearing of net interest bearing debt will be max. 100%, solvency ratio will be min. 30% and ratio of net interest bearing debt to operational EBITDA will not exceed 2.5x.

It is expected that the ratio of interest bearing debt to operational EBITDA will be reduced from 4.3x at the start-2012 to approx. 2x at end-2012, chiefly driven by the sale of NKT Flexibles.





Strategy 2011-2015 Status

In 2011 NKT launched a new 5-year strategy entitled 'Powered by NKT'. Most of the initiatives are in progress and for NKT Cables, Nilfisk-Advance and Photonics Group the strategic targets are unchanged. The targets for the NKT Group will be adjusted for the sale of NKT Flexibles when the transaction is completed

The NKT Group

NKT's strategy is focused on a number of business units organised under a holding company which exercises active ownership. The holding company supports the Group's companies with specialist competences which create value for the Group as a whole.

The conglomerate consists of the power cable company NKT Cables, Nilfisk-Advance, which makes cleaning equipment, Photonics Group, which consists of fiber optic-based businesses, and the 51%-owned NKT Flexibles, a supplier of flexible pipe systems to the oil industry. During 1st half 2012 the ownership of NKT Flexibles will be acquired by the US company National Oilwell Varco subject to approval by relevant authorities.

The NKT Group builds on active ownership and has a long-term industrial mindset. The Group has a long tradition of maturing and then selling companies, the most recently example being NKT Flexibles. The NKT Group functions as an industrial home for the companies in which they can focus on the creation of value.

NKT's strategy is unchanged by the sale of NKT Flexibles but the strategic objectives will be adjusted when the divestment is completed.

'Powered by NKT', NKT's strategic plan for 2011-2015, is described in depth at www.nkt.dk under 'About NKT', www.nkt.dk/uk/Menu/About+NKT/Strategy

NKT HOLDING'S MISSION

To create value through exercise of active, long-term ownership of businesses where NKT is best owner

Powered by NKT

The strategy 'Powered by NKT' covers the period 2011-2015 and is founded i.a. on a series of megatrends, including globalisation. These megatrends are leading to increased competition but also to new sales and business possibilities. These include strengthening of competitiveness through placement of production, development, logistics, marketing, administration, etc., in areas where cost levels are low and access to talent, customers and suppliers is optimal.

The principal initiatives were implemented at the start of the strategic period, and 1 year into the strategy focus is i.a. directed towards optimising NKT Cables' new factories in China and Germany and continue the growth in emerging markets in Nilfisk-Advance. In NKT Flexibles, focus was on the construction of a new factory in Brazil.

Market perspective

2011 has not altered the general trends, including the need for investment in efficient and flexible power supply (high and medium voltage cables and optical sensors), sustainable energy production (submarine cables for offshore wind farms), expansion of transport infrastructure (catenary wire for high speed railways and optical fire sensors in tunnels), investment in deepwater oil production (flexible pipes and optical sensors for seismic surveys) and increased exploitation of oil and gas reservoirs (optical sensors). Furthermore, rising prosperity in the emerging markets is leading to increased automation of cleaning processes accompanied by a growing need for cleaning equipment. Order levels in all 4 business units reflected increased activity based on the trends described.

'Best owner' philosophy

The development of the existing business units to their present levels has been based on active ownership. With 'Powered by NKT', this active ownership is continuing in order to further strengthen the business position of the individual companies. In 2011 it was therefore decided to examine the strategic options for NKT Flexibles in a process in which NKT (ownership: 51%) and Subsea 7 (ownership: 49%) determined whether the company was still best served by the existing ownership structure now that NKT Flexibles had partially realised important targets for the strategic period, namely continued high activity at the plant in Kalundborg in Denmark, achievement of a new 4-year framework agreement with Petrobras and establishment of production in Brazil. The strategic study led to the sale of NKT Flexibles (cf. Stock Exchange release No. 1 of 3 February 2012) to National Oilwell Varco. The sale is expected to be completed in 1st half 2012.

Framework conditions

NKT's strategy has its starting point in the economic framework conditions prevailing at the end of 2010, i.e. the economic expectations, interest rates, exchange rates, raw material prices, etc. 2011 witnessed moderate economic growth in the mature markets - primarily Europe and United States - of approx. 1-2% and continued high growth in emerging markets of approx 5-10% p.a.

Based on this economic picture it is still expected that NKT's business units will achieve growth rates higher than the underlying average economic growth in the global economy. The changed economic picture warrants no adjustment to the strategic goals at the present juncture (see strategic targets in the business units below and on next page).

Financial basis

NKT has in recent years made its biggest ever investment, amounting to more than 2 bnDKK. Its purpose is to focus NKT Cables on Electricity Infrastructure. The investment i.a. in factories in China and Germany is en route to generating the expected return, which will be instrumental in reducing net interest bearing debt. With the sale of NKT Flexibles, all 3 internal debt-related goals are expected to be fulfilled in 2012: A solvency ratio of minimum 30%; net interest bearing debt of approx. 2.5x operational EBITDA; and equity gearing of maximum 100%.

NKT Group - strategic targets

	2010	2011	Target 2015
Revenue in market prices, bnDKK	14.5	15.6	approx. 20
Revenue in std. prices, bnDKK	11.5	12.2	approx. 16
Average organic growth, CAGR	12%	4%	7-8%
Operational EBITDA margin, std. prices	8.6%	8.5%	14-15%
Return on capital employed (RoCE)	7.5%	5.5%	20%
Earnings per share (EPS), DKK	11.3	5.3	50

NKT's strategic targets have not been adjusted for the sale of NKT Flexibles.

At the end of 2011 NKT still had the requisit access to capital with credit facilities of 7 bnDKK, more than 30% of which was undrawn at 31 December 2011. The debt was not subject to financial covenants.

NKT Cables

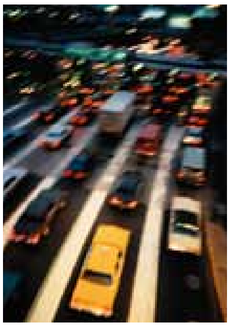
NKT Cables pursues a product differentiation strategy that optimises energy efficiency for its customers by means of intelligent solutions. There are 4 areas of application:

- **Electricity Infrastructure.** The investments of recent years in new factories in Germany and China are securing NKT Cables a strong position in the expansion of transmission networks with high voltage and submarine cables. In 2011 the order intake increased and significant efforts were undertaken to optimise production in the new plant in Cologne and project execution. In China the goal is to obtain certification for products up to 500 kV. Type-testing of 220 kV cables was successful in 2011 and prequalification testing is now pending. Productivity in the medium voltage cable segment will be further increased through improved production optimisations.
- **Construction.** The focus is on cost management, efficient logistics and certification of products in more markets. Existing customer relationships have been strengthened and the customer base has been enlarged in main markets. In smaller markets the position of NKT Cables has been strengthened through offering the total product range.
- **Railway.** NKT Cables has maintained its position as leading supplier of high-performance catenary wires to China and other markets by investing in technology and system solutions. In 2011 signal cable production was started in Asnæs, Denmark, and NKT Cables became a certified supplier to several European railway operators, which opened the way for participation in tenders for signal cable projects.
- **Automotive.** Car cables are a niche segment for NKT Cables. Partnerships with car component suppliers will be maintained and NKT Cables' knowledge and technology will be utilised in future hybrid and electric cars. Existing collaborations and development work continued 2011.

NKT Cables - strategic targets

	2010	2011	Target 2015
Revenue, std. prices, bnDKK	5.5	5.6	7.8
Average organic growth, CAGR	16%	1%	7-8%
EBITDA margin, std. prices	5.9%	3.2%	13%

Order intake for high voltage cables for the off- and onshore markets showed solid growth and with significant optimisations in production NKT Cables took many steps towards realising its strategy. The strong order intake confirms the correctness of the shift in strategy towards expansion of energy infrastructure.



Nilfisk-Advance

The strategic focus for Nilfisk-Advance is to be 'Customers' Preferred Choice'. Work is focused on the following 5 action areas, which support the financial objective and which can all be related to the company's fundamental mission:

- **Develop optimum customer satisfaction.** Work continued in 2011 on a large number of customer-specific surveys within selected customer segments. These have led to a series of initiatives intended to ensure that customers encounter the same level of targeted care and professionalism wherever in the world they meet Nilfisk-Advance.
- **Protect the company's position in significant emerging markets.** In 2011 Nilfisk-Advance realised growth of 35% in BRIC+MT countries (Brazil, Russia, India, China, Mexico and Turkey) and continued its acquisition programme targeted at local distributors and small businesses. Continued annual growth averaging 20-30% is expected in BRIC+MT, and this will therefore account for approx. 8-10% of total revenue by 2015.
- **Focus on organisation, culture and management.** In 2011, new core values were introduced along with a new global employee survey with increased focus on organisational development. At the same time a new executive development programme was initiated aimed at increasing management efficiency.
- **Realise customer expectations for lead times.** Supply capability was significantly increased in 2011 and reached at the year end a satisfactory level.
- **Reduce complexity.** The product range was adjusted in 2011 and product development was based on platform models to even greater extent.

Furthermore, it will remain an objective to actively drive a consolidation of the market for professional cleaning equipment, partly through organic growth with focus on additional structural measures, product development and market expansion, and partly through acquisitions to increase global presence.

Nilfisk-Advance - strategic targets

	2010	2011	Target 2015
Revenue, bnDKK	5.7	6.3	7.7
Average organic growth, CAGR	7%	8%	6-7%
Operational EBITDA margin	10.7%	11.6%	14%

In 2011 Nilfisk-Advance achieved individual goals in all strategic areas, and through targeted actions the company gained market shares in both mature and emerging markets. Events in the first year of the strategy were therefore consistent with the strategic targets.

Photonics Group

The 3 companies in the Photonics Group work with industrial application of fiber optics and focus on areas with high growth potential. Their strategy targets global market leadership in the defined product segments and builds on 4 main focus areas:

- To continue **maturing of crystal fiber** technology, primarily targeted on application by established laser producers. NKT Photonics increased sales to industry customers in 2011. Technology development is supported by 4 EU-funded projects.
- To make NKT Photonics and Lios Technology **key suppliers** to industrial market leaders by exploiting their respective strength in technology. In 2011, several leading industry players in i.a. the oil and gas sectors designed fiber lasers and distributed temperature monitoring systems into their product portfolios.
- To strengthen **Vytran's market position** in fiber processing equipment. In 2011 Vytran outperformed the market in growth terms, thus improving both market share and earnings. At the same time new products were launched.
- To exploit Photonics Group's technology position - i.a. by establishing **partnerships**, entering into complementary product segments or by moving up the value chain and thereby increasing revenue and income. In 2011 NKT Photonics and Lios Technology both entered into licensing and partnership agreements.

Photonics Group - strategic targets

	2010	2011	Target 2015
Revenue, mDKK	185	210	500
Average organic growth, CAGR	14%	16%	20%
EBITDA margin	neg.	0.5%	20%

2011 was Photonics Group's first year with positive EBITDA, and considerable investment was committed to expanding sales and distribution networks and to maturing products for sale. Production efficiency increased significantly and general developments supported the strategic objectives.

NKT Flexibles

For NKT Flexibles the key strategic objectives for 2012-2015 are:

- To reach the next level through production under **Framework Agreement II** with Petrobras. In 2011 work began on building the organisation and factory for Brazil.
- To ensure continued level of activity of approx.150+ km pipe/year at the **Kalundborg factory** in Denmark when the factory in Brazil becomes operational. In 2011, substantial orders were acquired worldwide.
- To continuously **strengthen market positions** through development of human capital, niche technologies and cost-saving work processes.
- To progress **development work** to commercialise flexible pipe solutions for use in Petrobras' pre-salt field developments and for depths exceeding 2,500 metres.

NKT Flexibles - strategic targets

	2010	2011	Target* 2015
Revenue, bnDKK	1.2	1.6	2.5
Average organic growth, CAGR	-9%	34%	15%
EBITDA margin	18.7%	23.3%	20-25%

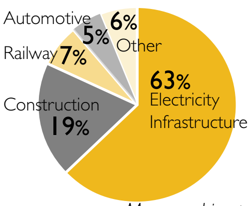
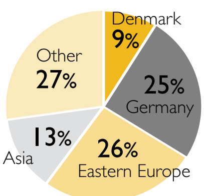
** Not adjusted for the effect of the new framework agreement in Brazil due to the initiated sales process.*

The perspectives for NKT Flexibles' strategic development strengthened during 2011 due to the positive development in the market for oil and gas production. The strategic initiatives will position NKT Flexibles to secure further growth in the years ahead.

NKT Cables

NKT Cables is one of Europe's leading manufacturers of power cables. Cable solutions are supplied from factories in Europe and China to a growing number of customers worldwide

FACTS - 2011

Organisation	nkt cables **Head office** in Cologne, Germany
Management	 **Marc van't Noordende** CEO
Employees	**3,503** (year-end)
Revenue	**9,088 mDKK** *Measured in market prices*
Sales by fields of application	 *Measured in standard prices*
Products	**Electricity Infrastructure:** High voltage cables (72-500 kV), medium and low voltage cables (1-72 kV), submarine cables and related accessories, engineering, project management, control systems, fiber-based monitoring systems for cables and overhead lines, installation services. **Construction:** Cables for buildings, medium and low voltage cables (1-36 kV). **Railway:** Catenary wire systems, signal wires. **Automotive:** Car body wires.
Sales by markets	 *Measured in market prices*

NKT Cables has in recent years particularly established itself as a supplier of power cable solutions to i.a. support the necessary expansion of grid infrastructure in the energy sector and development of renewable energy sources. Demand is particularly strong in Europe, and considerable investments in a new high voltage and submarine cable factory in Cologne, Germany, are securing increased market share. System solutions are in demand both as part of turnkey contracts and as component supplies.

Industry drivers

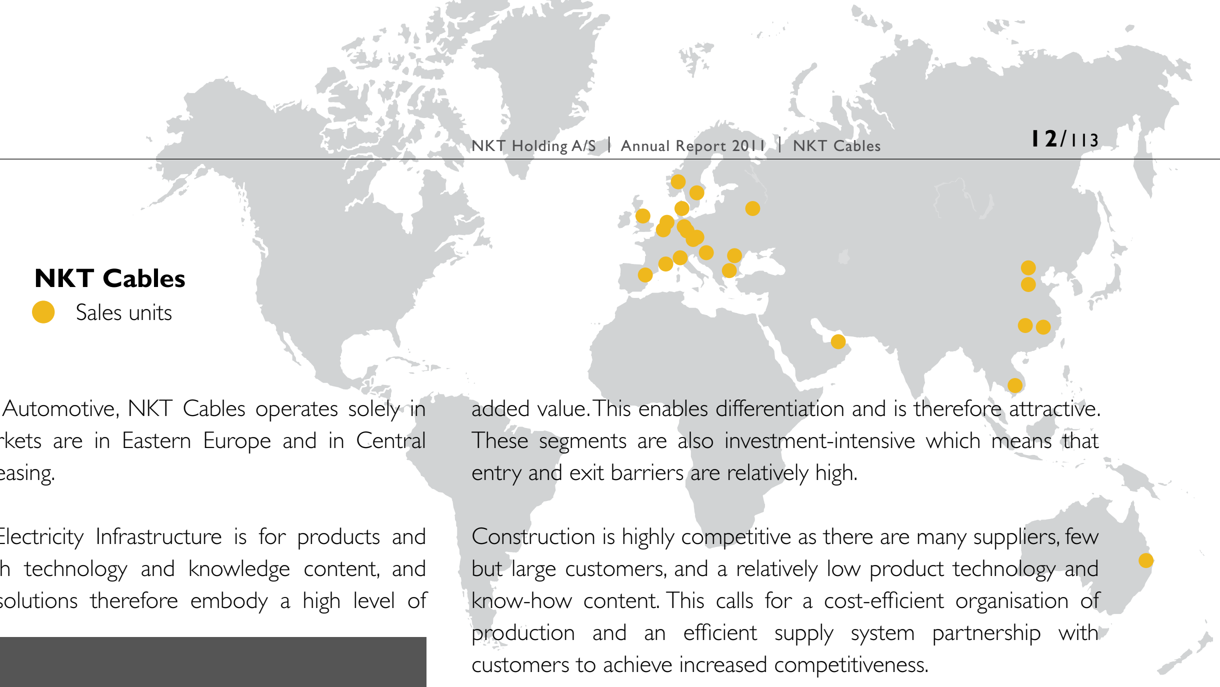
The market development in Electricity Infrastructure is driven by the need to create an efficient European electricity market with an increased share of sustainable energy. This calls for expanded capacity and flexibility in the electricity supply network and for establishment of links between the individual networks to create a single, integrated European grid. In addition, the network age means that a general quality upgrade is necessary, and in some markets focus is also on replacing overhead lines with underground cables. Outside Europe, growth is driven by the need for efficient electricity infrastructure to support the strong expansion in emerging markets.

The market development in Construction is driven by factors such as environmental requirements and introduction of new safety classes; e.g. requirements for fire retardant properties and cables free of lead and PVC. In Railway, the trend towards high speed trains as a supplement or alternative to air travel is ongoing. In Automotive, the market is driven by the need to build more intelligence into cars, thereby increasing the amount of wiring. Development of electric cars is also creating a need to design cables for this purpose.

Market

The cable market consists of several different segments characterised by different types of customers, sales outlets, geographical size, etc. The market boundaries are further defined by technical standards, technology, type-approval requirements, transport costs, and reference projects, etc.

NKT Cables addresses 4 areas of application: Electricity Infrastructure and Railway, which are global markets, while Construction and Automotive are more regional. Products and solutions relating to Electricity Infrastructure and Railway are sold by NKT Cables both in their natural domestic markets, which are Europe and China, but also in Russia, the Middle East, Australia, New Zealand and Southeast Asia.



In Construction and Automotive, NKT Cables operates solely in Europe. Primary markets are in Eastern Europe and in Central Europe sales are increasing.

Market demand in Electricity Infrastructure is for products and solutions with a high technology and knowledge content, and products and total solutions therefore embody a high level of added value. This enables differentiation and is therefore attractive. These segments are also investment-intensive which means that entry and exit barriers are relatively high.

Construction is highly competitive as there are many suppliers, few but large customers, and a relatively low product technology and know-how content. This calls for a cost-efficient organisation of production and an efficient supply system partnership with customers to achieve increased competitiveness.

Railway spans both relatively low-tech as well as high-tech solutions. There are many suppliers for low-tech solutions, and high-tech solutions include very high speed rail links for which there are only a few suppliers.

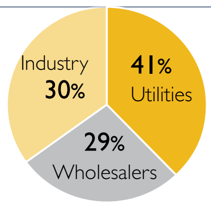
Automotive is a huge market in which NKT Cables is a selective niche player focused on quality, flexibility, and an efficient supply system.

FACTS - 2011

Customers

Electricity Infrastructure: Transmission and distribution companies in the electricity sector, such as EON, ENBW, EDF, RWE, Energinet, Scottish Power, Dong Energy, Tennet, 50 Hertz and Vattenfall.
Construction: Electrical wholesalers, such as Rexel, Sonepar and Solar who sell to building industry end-users. There are also a large number of national customers.
Railway: Railway owners and operators, such as China's Ministry of Railway, and leading railway contractors such as Siemens and Balfour Beatty.
Automotive: Specialist companies which install cables and switches, etc., in body units that are supplied to well-known leading car manufacturers with production in Europe.

Sales by markets



Measured in standard prices

Number of production units

Competitors

Electricity Infrastructure: : Submarine and high voltage: Nexans (France), Prysmian (Italy), ABB (Sweden), General Cable (US) and LS (South Korea) as well as a small number of regional players in Asia and the Middle East. Medium voltage: 10-15 regional competitors.
Construction: Medium and low voltage: Prysmian (Italy), Tele-Fonika (Poland) and numerous small local European manufacturers.
Railway: Isodraht (Germany, owned by the Swedish Liljedahl Group), Sundwig (Austria), Lafarga Lacambra (Spain), Tele-Fonika (Poland) and Hitachi (Japan).
Automotive: Leoni (Germany), Prysmian (Italy), Nexans (France), KBE (Germany) and Coficab (Tunisia).

Product development

The continued development of submarine cables and high voltage products is linked to the growing need for alternative energy sources. This requires new, non-standard cable and joint solutions, which in turn requires the development and testing of new designs as well as materials and process optimisation.

The design of the new factory in Cologne has, through its material flow and capacities of individual machines and turntables, focused on production of very long cable lengths to reduce the installed costs of high voltage and submarine cable systems. NKT often develops innovative solutions in collaboration with customers. One example is the world's largest submarine cable connecting Grenaa and the Anholt offshore wind farm in Denmark, where for the first time a 1600 Al conductor is used.

In the low voltage segment, EU requirements to develop products in a higher safety class add more value to the individual product, therefore allowing differentiation. The products are principally sold to the construction sector for tunnels, hospitals and airports where fire safety requirements are high.

NKT Cables was the first cable manufacturer to offer lead-free cables, and one of the first to market PVC-free cables and PVC cables based on plasticisers free from phthalates.

Competitors

The industry is highly fragmented and NKT Cables has a global market share of around 1%. However, this segmentation means that NKT Cables is typically one of 5-10 players in the product groups or geographic markets it chooses to compete in.

The global cable market is estimated at around 750 bnDKK annually and the market leaders are global players like Prysmian (incl. Draka), Nexans, and General Cable. In Europe NKT Cables has a market share of around 3%. The market is highly fragmented and no player holds more than 10%.

Risks

The more general risks affecting NKT Cables are described in the section 'Risks' on page 34.

Commercial risks

Electricity Infrastructure (including submarine cables) project sales are the single biggest area of the company's business, and managing the associated project risks is crucial. Prior to bidding for major orders, a project assessment is conducted to obtain detailed knowledge and overview of the risks contained in the project. In the execution phase, project management is critically important for ensuring optimal coordination of cable production in collaboration with the customer and external installation subcontractors. Financial consequences of delays, etc., cannot always be passed on to the subcontractors. The execution and completion of a project may extend over several years.

NKT Cables operates in a competitive and mature European industry and in China. The company's competitiveness and profitability are both directly related to its ability to produce quality products with attractive unit costs and to establish close interaction with customers.

The key to satisfactory competitiveness is 'critical mass', meaning that NKT Cables must manufacture product series large enough to realise low average production costs. Sales channels and distribution strategy aim to minimise delivery costs.

Accordingly, NKT Cables has in recent years placed strong focus on 2 subjects: first, adjustment of production configuration to obtain a higher degree of product specialisation. Secondly, integration of the sales organisation under one unified management and placed in distinct geographical regions to create one face to the customer. Both initiatives will be finalised in 2012.

Metals - primarily copper and aluminium - are the company's prime production raw material and represent on average more than 50% of the selling price with the existing product mix. However, this may vary from 20 to 75% depending on product type. The development in metal prices appears in Fig. 2 on page 14.

Earnings sensitivity to changing metal prices is deemed rather limited as the exposure is hedged wherever possible. Where this is difficult, cost changes are reflected relatively quickly in changed selling prices. However, strong price changes may impact on earnings by way of inventory adjustments. In Electricity Infrastructure the prices are usually determined by contractual price formulas linking raw material cost developments to cable pricing. In Construction, price lists are used which during the period of their validity are subject to a variety of hedging contracts.

Financial risks

NKT Cables' currency sensitivity is primarily related to currency developments in Poland, the Czech Republic, UK, Sweden and China, and to price developments in USD-based metals.

Cyclical sensitivity

Almost half of NKT Cables' revenue - principally the part relating to products for the building industry and medium voltage products - is considered cyclically sensitive.

Around 50% of the revenue relating to Electricity Infrastructure - principally the part relating to submarine cables and high voltage cables and accessories - mainly derives from energy sector sales. This sector is normally considered less cyclically sensitive as activity is primarily determined by capacity needs created by rising energy consumption, and in particular expansion due to increased focus on improved system reliability and use of renewable energy. Also the long lead and execution times for large infrastructure projects contribute to a certain level of stability in activities.

Around 10% of NKT Cables' revenue referred to above relates to Railway where sales are chiefly determined by infrastructure projects in China and are therefore currently less cyclically sensitive. However, the political risk is deemed material.

2011

Fig. 1 Highlights

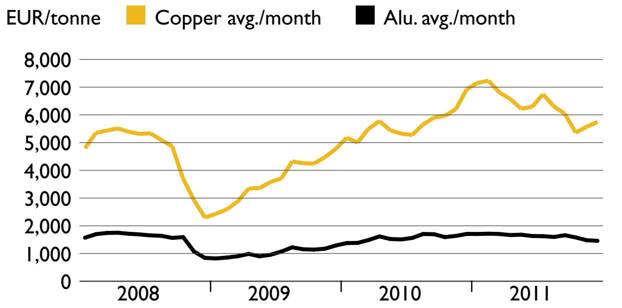
Amounts in mDKK	2011	2010	2009
Revenue	**9,088**	**8,520**	**6,383**
Revenue to standard prices	5,635	5,547	4,646
- Growth	7%	33%	-18%
- Organic growth	1%	16%	-7%
EBITDA	**182**	**329**	**373**
- EBITDA margin (std.)	3.2%	5.9%	8.0%
EBIT	-154	109	197
Capital employed	4,470	4,701	3,313
Return on capital employed	neg.	2.6%	6.9%
Working capital	1,452	1,856	1,089
Employees, year-end	3,503	3,490	3,127

2011 was challenging, and NKT Cables came to recognise that in Cologne closure of the old factory, and relocation and commissioning of the new factory took longer than first anticipated, resulting in negative impact on earnings. Focus was given to optimising operations and improving earnings so as to benefit from the investment made in recent years in Germany and China. The year was marked by high activity in infrastructure projects and NKT Cables was awarded a number of projects (high voltage, medium voltage and submarine cables). The company entered 2012 with all-time high orders and therefore good visibility with regard to 2012-2013.

Revenue in standard metal prices increased to 5,635 mDKK (2010: 5,547 mDKK), corresponding to organic growth of 1%. The growth was negatively influenced by reduced sales in Railway, cf. page 15.

A large proportion of the raw materials for cable production consists of aluminium and copper. At 31 December 2011 the price of copper had fallen by 17% on year-end 2010 measured on a

Fig. 2 Metal prices



Standard metal prices (std. price)

Since 2007 NKT Cables has adjusted and validated data so that the effect of changes in metal prices can be isolated from standard copper and aluminium prices set at 1,550 EUR/tonne and 1,350 EUR/tonne, respectively. (2003 price level).

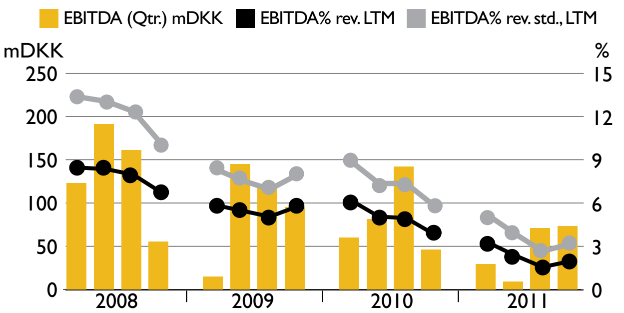
monthly average. Despite the decrease in copper price during 2011 the average price of copper measured on a monthly basis was 12% higher than in 2010. The price of aluminium, measured on a monthly basis, fell by 15% on end-year 2010 and the average aluminium price in 2011, measured on a monthly basis, was 4% higher than in 2010. The development in metal prices appears in Fig. 2.

Revenue in market prices amounted to 9,088 mDKK (2010: 8,520 mDKK) and was influenced by increased metal prices that were predominantly charged to the customer or hedged, cf. also page 13.

Earnings for the year (EBITDA) were 182 mDKK (2010: 329 mDKK), a margin of 3.2% (2010: 5.9%) calculated in standard metal prices. EBITDA was negatively impacted by a number of factors, including a loss on a submarine cable project, which dated from 2010 and whose completion and installation led to cost overruns. The cable entered operation on 1 March 2011. Final installation work is planned for 2012.

During 1st half 2011 the transfer of the last cable production lines from the old to the new factory in Cologne was completed, with everything that this entailed in the form of installation work,

Fig. 3 EBITDA



commissioning of new software and production flows, as well as training of hundreds of operators for the new workflows. The complexity of commissioning and transfer proved greater than initially anticipated, causing the planned earnings level to be reached at a later stage. Output at the Cologne factory increased steadily in the course of 2011 and reached its highest level so far at the end of the year.

In Q3 a programme of operational excellence was initiated throughout NKT Cables. Focusing on operational processes and support functions, the purpose is to improve productivity and earnings. After years of heavy investments in production assets and strong growth, focus has shifted to further optimising production, whilst at the same time focusing on continued growth and optimal support from back office functions.

Electricity Infrastructure

High and medium voltage cables (land and submarine cables) accounted for a steadily rising share of total revenue, growth being particularly strong in Europe. With utilities expanding their network infrastructure, NKT Cables supplied total solutions for both offshore wind farms and onshore cable projects.

During 2011 work was performed on the Anholt offshore wind farm project, and the Gwynt y Môr project. Other offshore cable projects awarded included Riffgat (value 600 mDKK), West of Duddon Sands (value 600 mDKK), Amrumbank West (value 150 mDKK) and Baltic 2. Tendering activity was considerable.

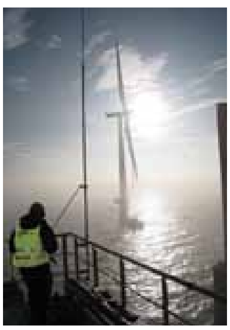
NKT Cables strengthened its organisation for major infrastructure projects significantly and upgraded its planning and risk management competences to better accommodate the handling of complex projects.

To meet the increased demand for submarine cables, storage capacity was expanded in the form of additional turntable capacity making production and delivery substantially more flexible.

In the high voltage land cable segment, pressure on prices was seen at the lower end of the product range. This impacted negatively on the gross margin.

At the high voltage factory in Cangzhou, China, productivity and sales of 110 kV cables increased. Approval testing for 220 kV cables was begun to qualify for sale in the Chinese market, and approval is expected to take place by the turn of 2012-2013.

Monitoring of high voltage and submarine cable systems is becoming more and more relevant due to the change from central to decentralised energy generation. NKT Cables is seeing growing sales for the Valcap monitoring system.



The medium voltage cable segment had high utilisation of capacity based on existing framework agreements with utility companies throughout Europe. However, the gross profit margin was reduced by increased material costs.

To increase the sales of accessories for the high and medium voltage product range the factory in Nordenham, Germany, was expanded with a new production hall resulting in greater capacity.

Construction
In mid-2011 the European economic slowdown began to weaken the European building sector further, resulting in increased price pressure. NKT Cables conducted a rigorous product and customer profitability analysis in order to reconsider its product and market strategy. In the Nordic countries the level of activity was low throughout the period.

NKT Cables introduced Qaddy™, an innovative cable drum system for building wires marketed to electrical installers in Denmark and Poland.

Railway
Railway production took place at the factories in Changzhou and Nanjing near Shanghai, China, and in Hettstedt, Germany. Revenue from railway products was at a very low level in 2nd half 2011 following excellent sales at the start of the year. While demand for catenary wires in 2009, 2010 and 1st half 2011 triggered a high level of activity, revenue fell in 2nd half 2011 as the main market, China, came to a standstill. This was due to political changes in the country's railway ministry followed by a serious high speed rail accident. NKT Cables adjusted its workforce in 2nd half 2011 and is awaiting resumption of railway projects. Following various announcements, Chinese railway market activity is expected to normalise in the course of 2012, albeit at levels below those of the recent peak years. China accounted for around half of NKT Cables' sales to the railway industry.

Eventually, new markets will emerge in Australia and India, and several European countries have plans for high speed rail projects. In 2011 NKT Cables was granted product approvals for signalling cables from several railway companies. In late 2011 NKT Cables participated in tenders which have not yet been finalised. The signal cables are manufactured at the Asnæs factory in Denmark.

Automotive
Automotive cables and wires are principally manufactured under existing framework agreements in the Czech Republic. In 2011 this segment accounted for 5% of NKT Cables' total revenue (2010: 5%). Most of the revenue came from customers in Central Europe. Quality, flexibility and just-in-time delivery are crucial issues. NKT Cables' customers (OEMs) sell their products to companies which include the VW Group and Hyundai/KIA.

Other sales
NKT Cables also sold aluminium wires to niche customer segments. These products are complementary to the company's portfolio and thus support optimum utilisation of production capacity.

Social responsibility
In 2011 NKT Cables introduced a new health and safety policy aimed at improving safety and reducing work accidents by 25% annually to reach 0 by 2015. This was among the projects undertaken in 2011 under the UN Global Compact, which the NKT Group has supported since 2009. NKT Cables also joined independently at the end of 2011. For more information on the NKT Group's CSR activities see page 33 and the Report Communication on Progress 2011 at http://www.nkt.dk/uk/Menu/CSR/UN+Global+Compact.

VISION
NKT Cables is creating value for its customers by providing solutions with cables

Investigation of cable market by the European Commission
As reported in Stock Market Announcement No. 10 of 6 July 2011, NKT Cables and NKT Holding received a Statement of Objections from the European Commission in connection with the Commission's investigation of the submarine and underground high voltage cable markets in the period 1998-2008. NKT Cables and NKT Holding have examined the documentation from the European Commission and have provided the European Commission with their observations by the deadline in early November 2011. Subsequently the European Commission has submitted additional documents, and NKT Cables and NKT Holding have launched a review. Currently it is not possible to determine whether costs will be incurred, and if so, the magnitude of these costs. As a result, no liability is recognised in the balance sheet at 31 December 2011. The European Commission is expected to reach a decision on this issue within the next few years.

Organisation and management
In 2010 NKT Cables began restructuring its country based organisation towards a functional organisation ('One Company'). This process was accelerated and largely finalised in 2011. The new structure accommodates the growing international focus within Electrical Infrastructure. The management team changed with Marc van't Noordende joining the company as CEO on 1 June (Stock Exchange Release No. 7 of 25 March 2011). A new CFO, Henrik Bøggild, has been appointed and will take up his duties on 1 April 2012. With a new management team in place, even greater focus will be directed towards optimising earnings in all parts of the business.

Management agenda 2012
The agenda for 2012 consists of 3 parts:

1. The investment made in recent years in upgrade of existing facilities, establishment of new facilities, training of personnel and organisation will be satisfactorily concluded in 2012.

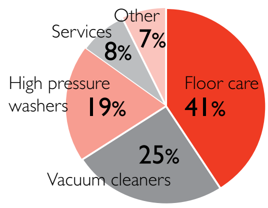
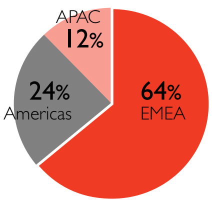
2. With many projects, both onshore and offshore, for the international high voltage industry NKT Cables has acquired a large order book which will continue to be expanded in 2013.

3. NKT Cables will become 'best in class' operationally through focus on excellence in relation to safety, productivity and efficiency. E.g. NKT Cables last year launched a safety campaign targeted at reducing work accidents to 0 by means of a dedicated effort.

Nilfisk-Advance

As a leading international producer of professional cleaning equipment for indoor and outdoor applications, Nilfisk-Advance has the whole world as its market

FACTS - 2011

Organisation	Nilfisk Advance setting standards **Head office** in Brøndby, Denmark
Management	 **Jørgen Jensen** CEO
Employees	**5,345** (year-end)
Revenue	**6,307 mDKK**
Sales by products	
Products	**Floor care:** Sweepers, scrubber dryers, polishers, washers, sanders, combination riders, restauration equipment (Nilfisk, Advance, Clarke, Nilfisk-ALTO, Viper, US Products, Hydramaster). **Vacuum cleaners:** Industrial and domestic models (Nilfisk, Nilfisk-CFM ,Viper). **High pressure washers:** Models for the professional market and domestic models (Nilfisk-ALTO). **Service:** Individual service contracts, sales of spares, etc. **Other products:** Outdoor multifunction equipment including sweepers, snow removal machines, etc. (Nilfisk-Egholm).
Sales by markets	

Nilfisk-Advance primarily supplies equipment and solutions to the global professional cleaning market. A smaller part of operations is aimed at domestic consumers.

Industry drivers

The demand for automated cleaning is closely allied to living standards and wage costs. Higher living standards lead to increased demand for cleaning and higher wages, which results in a need for automation. To date, Western Europe and North America have therefore been the biggest markets, representing a total of some 80% of global sales, while the rest of the world accounts for the remainder. In the years ahead the highest growth rates are particularly expected in the BRIC+MT countries (Brazil, Russia, India, China, Mexico and Turkey).

Fundamental economic growth and sales of cleaning equipment are therefore strongly co-related. Cleaning equipment is seldom a vital production factor for the end-user. The cleaning industry therefore experiences severe decline in times of global economic slowdown, as was the case in 2008-2009 when cleaning equipment sales fell by up to 20% in mature markets such as Europe and the US, and by 5-10% in the BRIC countries.

Nilfisk-Advance splits global market activities into EMEA (Europe, Middle East and Africa), the Americas (North, South and Central America) and APAC (Asia and the Pacific).

Products

Nilfisk-Advance markets a broad programme of mainly equipment and services for the professional cleaning market. Besides the Nilfisk brand the company also markets numerous other leading brands as part of the multi brand strategy.

The company draws on a large network of component suppliers and its own factories are therefore principally used for assembly, quality control and logistics.

Nilfisk-Advance markets and sells its products partly through its own sales units and partly through distributors. The company has its own sales units in 43 countries. An extensive network of distributors services those countries in which Nilfisk-Advance does not have its own sales representation.

Nilfisk-Advance

Sales units

Product development

Product development takes place at 3 competence centres located in Europe, Asia and the US and focuses on user-driven innovation, industrial design, environmentally friendly products and cost. Nilfisk-Advance develops and manufactures innovative products of high quality and with high reliability. To maintain this position some 3% of revenue is committed to product development. An important element in this context is increasing the value of the equipment for the end-user. In other words reliability, consideration for environment, operating friendliness, attractive service and high safety standards - and not least that equipment pricing can be based on low manufacturing costs.

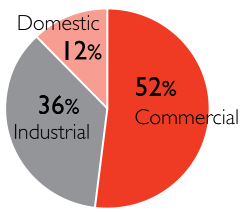
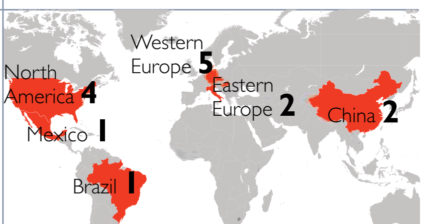
Market and competitors

The global market for professional in-and-outdoor cleaning equipment is estimated to represent some 55 bnDKK annually. Market growth over an economic cycle is estimated at approx. 3-4%, of which the mature US and European markets represent up to 3% points. It is expected that in the years ahead the rest of the world will represent growth rates that significantly exceed those for the mature markets. Over a normal economic cycle a market growth of 4-6% is expected in periods of prosperity and 0-2% at times of slowdown.

The consolidation level among manufacturers of professional cleaning equipment has traditionally been very low. The 4 leading suppliers (Nilfisk-Advance, Kärcher, Hako, and Tennant) have a combined market share of approx. 35%.

The rest of the market is divided between around 100 suppliers who are predominantly regional players.

FACTS - 2011

Customers	**Commercial:** Contract cleaners, institutions, organisations, public authorities, shops, hotels and business. **Industrial:** Industrial companies with special cleaning requirements. **Domestic:** White goods stockists, retail chains and DYI stores selling single units to domestic customers.
Sales by customers	
Number of production units	 Also distribution centres in Denmark, Germany and USA
Competitors	Kärcher (Germany) Hako (Germany) Tennant (US) And many small players

Risks

General risk factors affecting the companies are reviewed in 'Risk factors' on page 34.

Commercial risks

In order to remain consistently among the leading suppliers of professional cleaning equipment it is crucial that Nilfisk-Advance has a competitive product programme. New quality products with enhanced productivity, reliability, ergonomics, sustainability and reduced operating costs are therefore launched on a regular basis.

Nilfisk-Advance also focuses on ongoing improvements to its business systems through efficiencies in production, the supply chain, administration and sales.

Financial risks

Currency sensitivity for Nilfisk-Advance chiefly relates to USD developments, an exposure relating primarily to translation risk. A change of +/-5% in USD will affect the company's revenue in DKK terms by approx. +/- 63 mDKK and EBITDA by approx. +/- 4 mDKK. Added to this, a significant part of production for the EMEA region (Europe, Middle East and Africa) is based in Hungary which has the currency unit HUF. Net exposure is continuously assessed 12 months ahead.

Cyclical sensitivity

Nilfisk-Advance is cyclically sensitive. This is because most end-customers are professional or institutional users for whom buying cleaning equipment is a capital expenditure. In times of slowdown customers defer investments in order to protect and optimise liquidity. A decrease in revenue of 5% is estimated to influence EBITDA by up to 100 mDKK.

2011

Fig. 4 Highlights

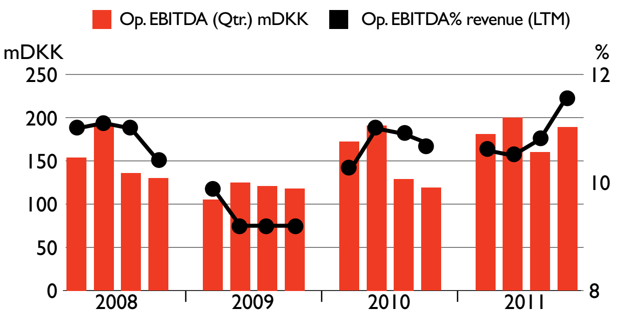
Amounts in mDKK	2011	2010	2009
Revenue	**6,307**	**5,747**	**5,138**
- Growth	10%	12%	-13%
- Organic growth	8%	7%	-13%
Operational EBITDA*	**732**	**612**	**469**
- Operational EBITDA margin*	11.6%	10.7%	9.2%
Operational EBIT*	523	426	293
Capital employed	3,232	2,898	2,580
Return on capital employed	17.1%	15.1%	10.9%
Working capital	1,216	1,074	852
Employees, year-end	5,345	4,894	4,779

** Adjusted for structural initiatives*

Nilfisk-Advance delivered strong results for 2011 with growth in sales of professional cleaning equipment to EMEA and APAC markets. In particular, rapid progress was made in the emerging markets. During the year Nilfisk-Advance therefore strengthened its presence in these new emerging markets with a view to becoming an even stronger partner for its customers in the future.

Revenue amounted to 6,307 mDKK (2010: 5,747 mDKK), equal to organic growth of 8% (2010: 7%). The growth, plus acquisitions, was 10%. Operational EBITDA was 732 mDKK (2010: 612 mDKK), equal to an operational EBITDA margin of 11.6% (2010: 10.7%). See Fig. 5.

Fig. 5 EBITDA



Market coverage and acquisitions

The EMEA region (Europe, Middle East and Africa) showed organic growth in revenue of 8%, with good progress being made in Northern, Eastern and Central Europe, while growth in Southern Europe declined. In Q1 Nilfisk-Advance acquired Egholm, the Danish supplier of outdoor equipment, and in Q3 the French development company Jungo Voirie and its Franco-German production of the Jungojet 3500 sweeper. Together with earlier acquisitions these companies were integrated in a new Outdoor Division that will mainly focus on EMEA and APAC markets. In Q3 Nilfisk-Advance acquired the longstanding Swiss distributor Sonderegger with a view to strengthening direct sales and getting closer to customers. Strong growth was seen in Russia and Turkey. Growth, including acquisitions, in the EMEA region as a whole was 12%, and market shares were gained across a broad front from small suppliers.

In the Americas (North, Central and South America), organic growth of 6% was reported, principally in Central and South America. North America saw satisfactory growth in the core business, floor care, but slower growth in sales to large public sector companies and the residential market was registered.

APAC (Asia/Pacific) recorded 11% growth. Australia in particular experienced continued strong growth and satisfactory progress was made in the other markets. In Q3 2 dealerships were acquired in Korea with view to securing a share of the strongly expanding Korean market.

The BRIC+MT countries (Brazil, Russia, India, China, Mexico and Turkey) delivered average growth rates of 35%, which embraced variations of 15-50%. In preparation for future growth Nilfisk-Advance established 3 new sales offices in Russia. This is a total of nine in eight years and includes an office in the city of Sochi in the Krasnodar region, the venue for the upcoming Winter Olympics. In China the company reported good solid growth and an expanded market presence. As part of the continued strengthening of the market position, 2 dealerships were acquired in Q2. In Turkey, considerable organisational expansion took place to enable direct servicing of customers.

Focus on costs

2011 was characterised by rising raw material prices for metals and plastics. As a result, Nilfisk-Advance raised its net selling prices in January and mid-year by 2% and 1.5%, respectively. The increases barely covered the rising costs and gross margin for the year was 41.8% (2010: 42.0%). As part of the price adjustment policy, a further adjustment of approx. 1.5-2.0% to net selling prices will be made at the start of 2012.

In step with the weakened economic situation in Europe and the company's rising costs, increased focus was paid to cost development in 2011. Effort was made i.a. to reduce rising freight rates through sourcing activities. The debtor period was shortened by 5 days and creditor period has been improved by 15 days over a two-year period. This decreased tie-up of working capital and reflected long-term focus on suppliers. In addition, back-office functions were combined and made more efficient.

In order to ensure continued tight control on costs and in view of the uncertain market prospects Nilfisk-Advance established an adjustment plan in 2011 that will provide for rapid response in the event of adverse market development. A number of parameters, such as GNP growth and the consumer confidence index are being be very closely monitored on a monthly basis, and plans have been formulated at several levels as to how costs can be adjusted country by country if the situation requires. In some markets, particularly BRIC+MT, there was continued focus on investment and growth, while in others there was greater focus on costs for example by deferring staff replacements.

The task of optimising IT support remained in focus. As part of an extensive SAP implementation in the European business spanning several years, SAP was successfully established in the company's 2 Hungarian production units at the end of the year.

Relocation of parts of US production to Mexico, which was begun in 2010, was continuously adjusted to the prevailing conditions. Most of the relocation was completed in 2011. Projected annual economies from the relocation to Mexico are unchanged at more than 50 mDKK. The full amount of saving is expected to be realised after optimisations have been made to enable full utilisation of factory volume during 2012.

Improved supply

Lead time improved significantly in 2011 as a result of strengthened strategic and operational focus in all stages of production and distribution.

In 2001 Nilfisk-Advance increased its stock levels in order to meet customer expectation for fast delivery, and to accommodate the need for larger stocks as a result of the SAP implementation in Hungary and the relocation of production to Mexico. This led to an increase in working capital of approx. 300 mDKK. Supply capability increased and positively influenced revenue. Focus was given to maintaining a high supply capability and at the same time reducing tied-up capital by streamlining the product programme and phasing out low-demand products. This will impact positively on capital tie-up in 2012 and future years.

MISSION

We enable sustainable cleaning worldwide to improve quality of life

Customer satisfaction

In 2011 the company started work with a new customer satisfaction tool that measures customer willingness to recommend Nilfisk-Advance's products to others. Over the year measurements were performed in 18 countries based on 2,400 customer responses. The tool will be implemented in new markets in years ahead and, together with other strategic measures, will be a valuable aid in achieving the targeted highest level of customer satisfaction. (See 'Status on Strategy' page 10). Specifically, based on a qualitative analysis of customer satisfaction and income, feedback from customers will be used in product development and improvement of processes. Nilfisk-Advance also continued an internal campaign targeted on increased customer awareness.

Product development

Some 3% of revenue was invested in product development in 2011. Focus was on the customer-oriented development strategy in which priority was given to the customer's need for i.a. sustainable products. For example, launch took place of the Adfinity™ REV™ fully automatic, deep-penetration floor scrubber which does the job in one pass without use of chemicals. The environmentally friendly Adfinity™ REV™ also saves customers both time and money. At an international exhibition in the US in October, Nilfisk-Advance was awarded the prize for the most innovative product of 2011 by the Worldwide Cleaning Industry Association (ISSA).

A total of 37 products or product versions were launched, including 7 floor care units, 14 vacuum cleaners, 6 high pressure washers and 10 special-purpose products.

Social responsibility

In 2011 Nilfisk-Advance launched a sustainability strategy entitled 'Green Meets Clean'. The strategy supports the development of new products with environmental enhancements and sets standards for the consumption of energy, water and detergent in products. 'Green Meets Clean' is also a mainstay of Nilfisk-Advance's continuing work under the UN Global Compact in respect of Human and Labour Rights, Environment and Anti-corruption. For more information see 'Corporate Social Responsibility' page 33 of this report, and the report Communication on Progress 2011 at www.nkt.dk under 'CSR', http://www.nkt.dk/uk/Menu/CSR/UN+Global+Compact.

Organisation and management

In 2011, in order to ensure closer proximity to customers, focus was given to adjusting the company's organisation to the global challenges. Structural changes have therefore been introduced as from 1 January 2012. In the new organisation the regional sales companies are supported by a new and strengthened global collaboration in the areas of production, distribution and marketing that will benefit the customer by i.a. ensuring faster decision-making and broad utilisation of competences. New global values were also introduced in 2011 and the HR function was reorganised with a strengthened global focus on organisational development.

Management agenda 2012

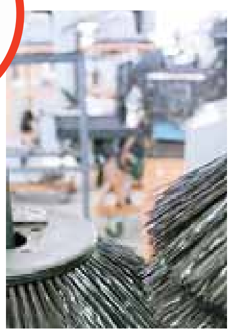
The core objective for Nilfisk-Advance in 2012 will be to ensure continued high growth, and the declared aim is to increase market shares in key markets.

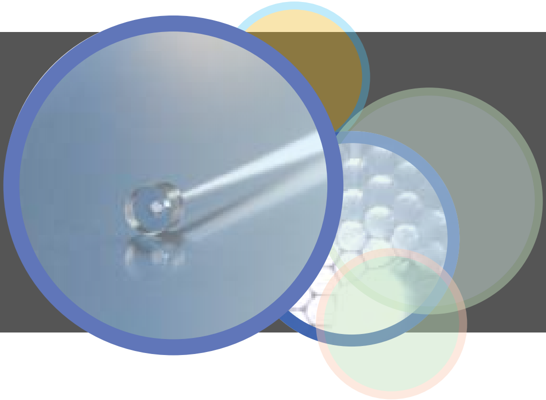
Nilfisk-Advance will continue to give strong focus to the initiatives relating to the 5 action areas, the 'Must Win Battles', in the strategic plan, which aim to make Nilfisk-Advance customers' preferred choice at any time. (See 'Status on Strategy' page 10).

The task of moving the entire organisation closer to the customer will continue, as will efforts to achieve the very highest levels of customer satisfaction. With new measuring tools and an active collaboration with customers, the possibility of continued improvement in this area is assured.

Productivity must be increased in 2012. Combined with tight control on costs, this will ensure that Nilfisk-Advance is better equipped to withstand potential negative effects arising from global economic fluctuations and enable the company to protect earnings by responding rapidly to market changes.

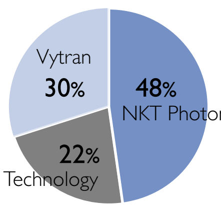


green meets clean


Photonics Group

The companies in Photonics Group operate in the field of optical fiber technology and create products which take this technology into entirely new industries

FACTS - 2011	
Organisation	NKT Photonics the power of light **Head office** in Birkerød, Denmark LIOS TECHNOLOGY **Head office** in Cologne, Germany vytran **Head office** in New Jersey, US
Management	*Photonics Group is headed by Søren Isaksen, Group Executive Director, CTO, NKT Holding* Lios Technology Thomas Oldemeyer CEO NKT Photonics Jakob Dalgren Skov CEO Vytran Jean-Michel Pelaprat CEO 
Employees	**188** (year-end)
Revenue	**210 mDKK**
Sales by companies in Photonics Group	
Products	**NKT Photonics:** High power fiber lasers Koheras™, broad-spectrum fiber lasers SuperK™ and crystal fibers Crystal Fibre™. **Lios Technology:** Distributed temperature measuring systems (DTS) based on optical fibers and related monitoring software. **Vytran:** Fiber and glass processing equipment.

Photonics Group consists of 3 companies: NKT Photonics, Lios Technology and Vytran, whose products are essentially based on the unique light-conducting properties of optical fibers. Focus is on creating a paradigm shift in the laser industry, away from existing technology in the form of 'assembly kit' type solutions to more integrated and robust fiber-optic solutions.

Industry drivers

In recent decades the laser industry has experienced an average annual growth of some 8%. This high level of growth has been driven by the many advantages provided by the use of light and lasers in industrial applications:

- Miniaturisation, i.e. manufacture of increasingly smaller structures, e.g. in the semiconductor industry.
- Ability to 'see the invisible', e.g. structures and interactions in living cells, and flows in oil reservoirs and oil wells.
- Precision manufacturing, e.g. cutting and welding of mechanical components.
- Quality assurance and traceability by means of precision measuring techniques and marking.

Today fiber lasers and fiber sensors account for only a limited part of the total market for lasers and sensors. These products offer possibilities superior to those of conventional laser and sensor solutions in the form of robustness, power levels and/or sensitivity. The underlying base technologies were developed by the communications and entertainment industries, and provide a platform for product flexibility and 'cost-of-scale' benefits. Growth rates of more than 8% may therefore be anticipated for many years ahead for the fiber laser/sensor solutions targeted by Photonics Group's products. With the worldwide focus on nanotechnology, life science, production efficiency, safety and quality enhancement, there is every reason to expect the high growth rate for lasers and laser applications to continue for many years.

Products and product development

Photonics Group presides over a very extensive patent portfolio and actively defends its intellectual rights. The products range from basic components to system solutions and embrace the following segments:

Koheras™: A narrow-spectrum fiber laser used in windspeed measuring equipment and surveillance of airports, oil, gas and water pipelines, coastal areas and oil reservoirs. Many applications are in course of development and all are characterised as being global high-end niche applications.

SuperK™: A broad-spectrum fiber laser used in contexts where multiple conventional lasers are otherwise used in the same product, e.g. microscopes, cell sorting systems and optical measuring instruments for quality control, etc.

FACTS - 2011

Customers

NKT Photonics

Koheras™: Established players in offshore oil exploration, new players in wind measurement and safety systems, established suppliers of technical precision measuring equipment, and suppliers to Western defence and security industries.
SuperK™: Research laboratories, OEM customers, industrial manufacturers integrating SuperK in own products, e.g. Leica.
Crystal Fibre™: Laser and sensors manufacturers and R&D laboratories. Focus is aimed at industrial customers and the defence sector.

Lios Technology

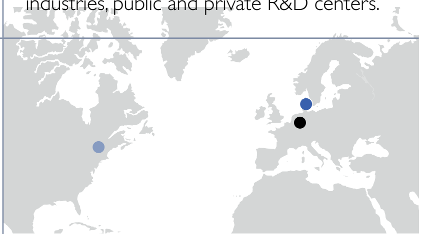
Industrial customers, integrators providing complete fire detection solutions e.g. Siemens, cable manufacturers, and oil and gas related companies.

Vytran

Fiber component and assembly manufacturers in the fiber laser, optical communications, defense and aerospace, sensing and medical industries, public and private R&D centers.

Production

- NKT Photonics
- Lios Technology
- Vytran



Competitors

NKT Photonics: *Koheras™:* NP Photonics and Orbitz (US). However, alternative solutions in the form of semiconductor lasers are considered the chief competitor. *SuperK™:* Fianium Ltd. (UK). Competition from conventional light sources: Coherent and Newport (US). *Crystal Fibre™:* Nufern (US), Leikki (Finland).
Lios Technology: Sensa (UK), owned by Schlumberger. Sensornet (UK) acquired in 2011 by Nova Ventures. SensorTran (US) acquired in 2011 by Halliburton, and Sumitomo (Japan).
Vytran: Fujikura (Japan) and Furukawa (Japan).

Crystal Fibre™: Crystal fibers are used in a variety of applications, i.a. high power fiber lasers, white light sources, gyroscopes and other sensors. NKT Photonics markets both crystal fibers and crystal fiber modules. The company is effectively the only industrial supplier and has an edge on potential competitors in both technology and patents.

Development for all 3 product categories in NKT Photonics takes place in Denmark.

Distributed Temperature Sensing (DTS) are principally used for fire detection in tunnels and buildings, monitoring temperature conditions in high voltage cable lines, monitoring cable load and integrity, and optimising oil well production. Product development takes place in Germany.

Fiber processing equipment: Vytran has 2 key product segments: Optical fiber splicing equipment, including technologies for critical pre- and post-processing steps; and glass processors for creating fused-fiber components and fiber assemblies. Product development takes place in the US, software development in the UK.

Markets

NKT Photonics: The market potential for the company's powerful narrow-spectrum fiber lasers lies in global high-end niches, cf. above, and amounts to more than 1 bnDKK annually. The broad-spectrum fiber lasers principally target component manufacturers and have a market potential of approx. 1 bnDKK. The estimated potential market for crystal fibers is 200-400 mDKK annually and for crystal fiber systems several billion DKK.

Lios Technology: The market potential for DTS is approx. 0.5 bnDKK. This is a relatively mature market in which Lios Technology is one of the leading suppliers, principally for fire detection and cable monitoring. More than 2,500 systems have been installed worldwide. The market for optimisation of oil and gas production is in its start phase.

Vytran: Splicing equipment addresses a small-size niche-type market dominated by equipment for field installations. Estimated potential is approx. 0.5 bnDKK.

Risks

General risk factors affecting the companies are reviewed in 'Risk factors' on page 34.

Commercial risks

The success of the Photonics Group companies depends on their ability to create groundbreaking products for a demanding, global, predominantly niche-type market. The ability of the companies to attract innovative and qualified employees and establish constructive interactions between technological and commercial drivers is therefore vital for success, as is the Group's ability to maintain and defend its current strong patents position.

Financial risks

The companies are international market players and therefore exposed to currency risks.

Cyclical sensitivity

The companies in Photonics Group are cyclically sensitive. The reason is that the majority of the end-customers consider the purchase of products that embody the Group's components to be capital expenditure and therefore try to defer such purchase in times of slowdown.

2011 Photonics Group

Fig. 6 Highlights

Amounts in mDKK	2011	2010	2009
Revenue	**210**	**185**	**160**
- Growth	14%	16%	-6%
- Organic growth	16%	14%	-8%
EBITDA	**1**	**-11**	**-31**
EBIT	-12	-23	-46
Capital employed	183	172	122
Working capital	72	63	40
Employees, year-end	188	181	163

The 3 Photonics Group companies had a good year with organic growth of 16% and an improved result, leading to a positive EBITDA of 1 mDKK. The growth was driven by increased sales to industrial customers. The new sales to industry customers typically formed part of new products or applications being developed by these customers. This confirms the expectation of revenue growth in the years ahead, as was also underlined by the fact that orders at start-2012 was higher than ever before. In 2011 development and sales activities once again increased in all 3 companies.

Social responsibility

In 2011 Photonics Group lost only one working day due to work accidents. NKT Photonics gives major attention to preventing eye damage caused by the use of strong light intensities. CO_2 emission at Lios Technology decreased by 15% due to reduced air travel, and Vytran found access to leading industrial customers easier due to NKT's commitment to the UN Global Compact. For more information see the section on 'Corporate Social Responsibility' on page 33 of this report and the report Communication on Progress 2011 at www.nkt.dk under 'CSR', http://www.nkt.dk/uk/Menu/CSR/UN+Global+Compact.

Management agenda 2012

In 2012 Photonics Group will focus on:

- Continued high growth with increased sales to existing customers and efforts to attract new industrial customers.
- Continued strengthening of geographical presence through direct representation in high growth markets.
- Increased focus on competitiveness. Efforts to date have successfully focused on performance. Going forward strong focus will also be placed on enhanced competitiveness through ongoing cost improvements.
- Ongoing examination of potential collaborations that improve market coverage or give access to bigger markets, e.g. by moving to a higher level in the value chain.

NKT Photonics

The high growth recorded by NKT Photonics was solely attributable to industrial customers. The year included a number of 'design wins', i.e. cases where commercial customers chose to integrate applications from NKT Photonics into their own products. Sales growth was especially strong to customers in the life science, materials processing and measuring equipment sectors, and to new sectors in e.g. the oil and gas industry. Sales to public research institutions decreased. The heightened sales efforts in Germany and the US were reflected in improved sales in these markets, and total orders received were 30% up on 2010. The growth from 2010 therefore continued and created good visibility for 2012.

Sales of Koheras™ fiber lasers increased i.a. in the form of larger orders from producers of seismic measuring systems that are used in monitoring deepwater oil production. In step with rising oil prices the oil industry showed renewed interest in investing in monitoring equipment, and optical technology has proven competitive with alternative technologies in a variety of contexts.

The second generation of SuperK™ products was introduced at the start of 2011, and sales increased particular in the final part of the year. During the year 4 industrial customers launched new products in which the SuperK™ laser was the differentiator. The life science industry particularly is exploiting the improvements brought to their products by the broad-spectrum laser. For example, using the right image processing, the quality of optical images can be up to a hundred times better than equivalent images obtained with ultrasound.

VISION
To lead the way in transforming the photonics industry

Crystal fibers, and particularly crystal fiber rods for high power pulsed lasers, attracted great industrial interest. Use of these fibers has developed from predominantly research-based applications to more widespread use among commercial customers. NKT Photonics' crystal fiber technology was in turn integrated in the development and sale of products made by many laser manufacturers and targeted at the materials processing industry. On the development front, work took place on i.a. a new fiber structure capable of enhancing fiber laser efficiency by up to 40%.

Lios Technology

2011 was a positive year with a growing volume of orders, particularly for power cable monitoring equipment and primarily for the US market. There was also growth in India, the Middle East, South Africa and Russia, i.a. with supplies to the Winter Olympics in Sochi. Orders at year-end were at a high level.

At the start of 2011 the company launched a new version of its temperature measuring equipment. The new product has a range of up to 40 km and has been granted type approval in a number of important markets. The new generation equipment gives Lios Technology a competitive edge, particularly in monitoring of oil and gas wells, an application normally demanding very high resolution and accuracy. Demand has been especially strong from Canadian and Russian customers.

In the Chinese market Lios Technology encountered strong competition from local suppliers and has responded by establishing its own sales office in Shanghai. The new generation of DTS 'Made in Germany' is percieved very well in Asia.

A wide range of technologies for optimising oil and gas production are currently in course of development. Steam, water, CO_2, and chemicals are among the media used to drive the oil to the production well, and all these processes can be monitored by provision of distributed temperature measuring systems in the wells.

Lios Technology signed a number of contracts during the year with leading oil and gas industry players. The primary objective is to further increase oil production by combining series of sensors.

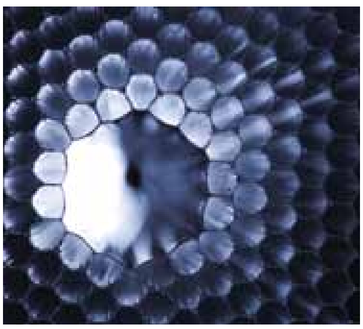
Vytran

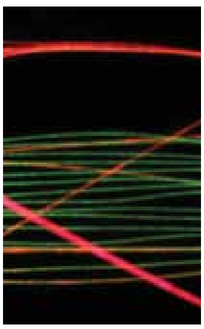
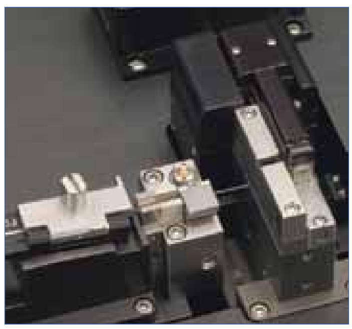
In 2011 Vytran continued its growth from previous years. This growth was mainly centred in the fiber laser market and in life science markets where Vytran's products are used by manufacturers of fiber-based instruments, such as endoscopes employed in surgery, retinal and biological tissue measurements, etc. Early-year growth in the telecoms market fell away in the year's second half, and budget cuts resulted in similar caution on the part of defence industries and public research bodies in the US and in Europe.

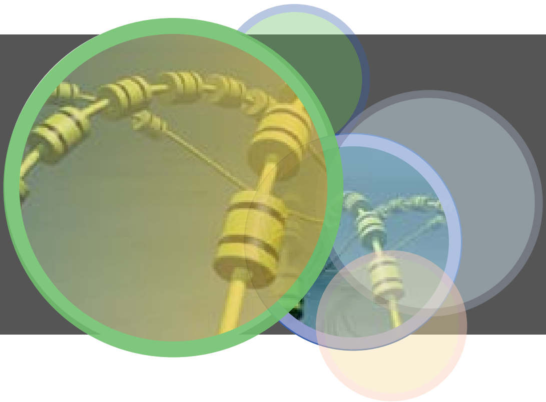
Sales efforts in Europe were stepped up and a service office was opened in China. Growth was strongest in Asia, predominantly China. Sales also increased in North America while growth in Europe was more moderate.

Incoming orders were up on the previous year. At the end of 2011 Vytran also received a large order for fully-automatic splicing stations to be supplied in 2012.

4 new product launches were made in 2012, including a fiber stripper that uses hot sulphuric acid to remove the protective fiber coating while at the same time preserving fiber strength. Combined with improved competitiveness obtained by optimisation of production and by sourcing from China and Japan, this led to a significantly improved gross margin and increased market shares.





NKT Flexibles

NKT Flexibles is one of 3 global suppliers of flexible pipes used in the offshore oil and gas industry for deepwater production. Agreement was signed concerning sale to National Oilwell Varco.

FACTS - 2011

Organisation	NKT Flexibles **Head office** in Brøndby, Denmark.
Ownership	NKT Holding **51%**, Subsea 7 **49%** *The acquisition of NKT Flexibles by National Oilwell Varco is expected to be completed in 1st half 2012 subject to approval by relevant competition authorities.*
Management	NKT Flexibles has hitherto been managed at Board of Directors' level by the 2 joint venture partners working together under the chairmanship of NKT Holding.  **Michael C. Hjorth** CEO
Employees	**689** (year-end)
Revenue	**1,609 mDKK** (100%)
Products	**Flexible pipes,** 2-16" (approx. 50-406 mm inner diameter). The pipes retain their flexibility down to 2,000 metres as they can withstand temperatures up to 130°C. even at pressures as high as 1,000 bar. **Flowlines, risers** and a wide range of auxiliaries. NKT Flexibles primarily supplies all-in projects.

Offshore oil and gas exploration is taking place at ever increasing depths, and flexible pipe systems are used to convey the product from the seabed. The pipe systems are also used for transport of chemicals and water to inshore facilities.

Industry drivers

The global offshore oil and gas market is driven by the long-term expectations of the oil companies regarding oil price. A price of around 60-80 USD/bbl is typically required to make it viable to develop new offshore fields. Despite intense efforts to find substitutes for oil and gas, all indications point to continued rising oil prices in the years ahead driven by increasing growth in global energy consumption and depletion of existing easily recoverable oil and gas deposits.

As existing oil and gas fields become depleted the oil companies move into deeper waters. They expand existing offshore fields with satellite wells and try extracting more from existing fields by using technologies such as gas and water injection.

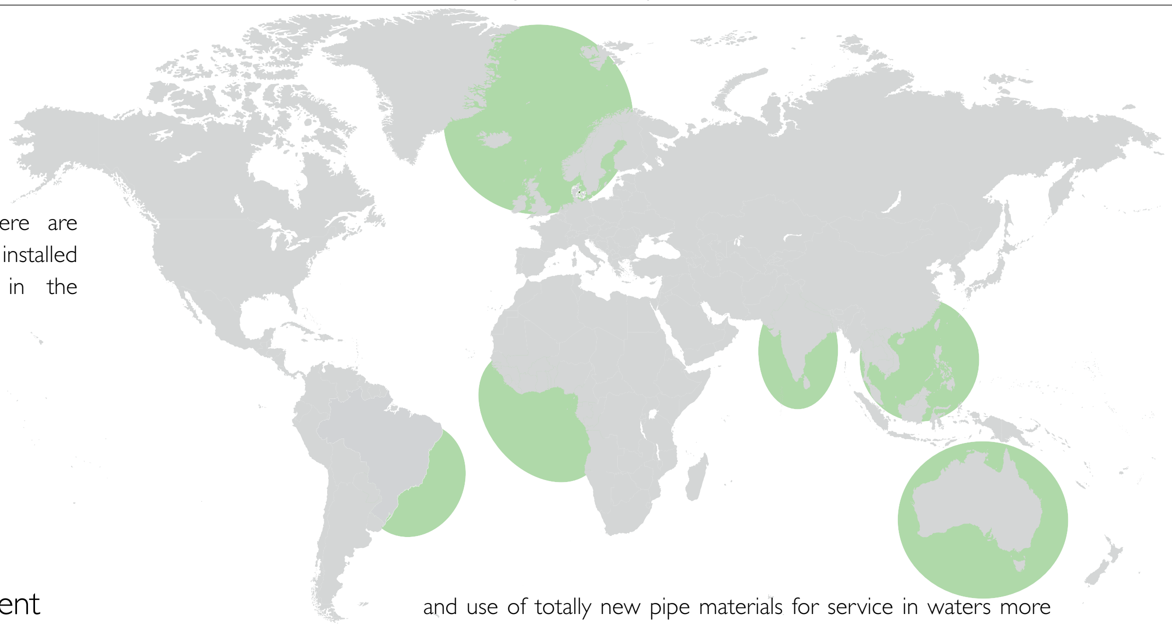
The market is also approaching an age when the design and guaranteed life of existing offshore installations are nearing the end and a growing need is developing to replace existing pipes. All these factors indicate a growing future market for flexible pipes.

Market

The global market for flexible pipe systems is wholly dependent on the price of oil, and thus also the desire of the oil companies to develop the fields.

The flexible pipes and pipe systems have a high knowledge and technology content and they are manufactured at specialist facilities. The product segment is investment-intensive, and as customer quality requirements are also demanding, the industry is one that has high entry and exit barriers.

The largest single market for flexible pipe systems is Brazil where the national oil company Petrobras accounts for around 50% of the annual global pipe consumption.



NKT Flexibles

Main markets - there are more than 200 installed projects, principally in the main markets.

Product development

At its head office in Brøndby, Denmark, NKT Flexibles undertakes research, development, engineering and project management, while the Kalundborg factory has its own laboratory and testing facilities. The company also has an R&D department in Aalborg.

R&D activities are oriented towards creating value and satisfying existing or anticipated market needs. These aims are supported by an active patent strategy. Efforts are made to achieve enhanced technology and a low cost base by designing improved materials and more stable and efficient processes. Development of new products and new solutions that differ radically from their predecessors is also being pursued. Examples are novel pipe designs and use of totally new pipe materials for service in waters more than 2,000 metres deep.

FACTS - 2011

Customers	The global offshore oil and gas industry, e.g. Petrobras, Statoil, Saudi Aramco, ONGC, Exxon Mobil, Shell, BP, Total, Nexen and Maersk, as well as number of affiliated offshore contractors.
Number of production units	 ** Superporto do Açu, Brazil (under construction). Direct port access is necessary, as products will be transported from the factory to the point of installation on board specialist ships.*
Competitors	Technip with factories in France, Brazil and Malaysia. Wellstream (owned by General Electric) with factories in the UK and Brazil. These 2 competitors have market shares of 55% and 30%, respectively.

Competitors

The annual global market for flexible pipe systems is estimated at around 8-12 bnDKK, corresponding to around 1,200-1,700 km of pipes/year (theoretical standard pipe length: 8"). NKT Flexibles has a market share of almost 15%.

The market leader, Technip, is the primary supplier of very large and/or technically very challenging all-in-one solutions, principally to the largest oil companies. Technip supplies flexible pipe products in the 2-19" (approx. 50-483 mm) internal diameter range, designed for highly demanding conditions in all parts of the world.

Wellstream primarily focuses on projects that call for large volumes of chiefly standard products, principally for the Brazilian market. Flexible pipe products are supplied in sizes 2-16" (approx. 50-406 mm) internal diameter.

In addition to the 3 established players the cable manufacturer Prysmian currently has a new pipe factory in Brazil in the start-up phase. This plant will focus on smaller-dimension pipes principally for use in the Brazilian market.

These 4 manufacturers are estimated to have a total effective production capacity of around 1,300-1,400 km of standard pipe (8").

Risks

General risk factors affecting the companies are reviewed in 'Risk factors' on page 34.

Commercial risks

The greatest commercial risk relates to the level of activity in the oil industry and thus the size of the offshore market in a given period. The level of activity is partly linked to the present and expected future price of crude oil, and this strongly influences the willingness to invest in the offshore industry. Furthermore, substitution solutions such as conventional steel pipes, submarine process plants and horizontal drilling are significant factors for the proportion of initiated projects based on flexible pipe systems.

The relative competitiveness of the flexible pipe suppliers depends on their ability to design pipes that meet the customer's quality needs and specifications, and which are also the most cost-effective solution relative to product life. Sales are predominantly invoiced in DKK or EUR and more than 50% of products sold are installed in Brazil.

NKT Flexibles' end-customers are exposed to significant operating losses and also to latent pollution risks. Considerable focus is therefore placed on the quality aspects of NKT Flexibles' products as a fault can mean loss of valuable production and, in the worst case, release of oil and risk of subsequent pollution. Since NKT Flexibles in principle does not accept liability for any operating loss incurred by the end-customer or risk of oil release resulting from operation of the company's products, the customer's trust in the quality of NKT Flexibles' products is crucial for maintaining the company's existing market position. Safety during the manufacture of NKT Flexibles' products and safety during their operational usage are other vital factors influencing the customer's choice of supplier.

Following NKT Flexibles' framework agreement with Petrobras of 30 May 2011, with a value of 9.7 bnDKK if fully realised and 50% of which is guaranteed, a factory is to be buildt in Brazil and expected to be ready for production in mid-2013. The building of the factory, training of personnel and commissioning of production are subject to risks which will be hedged by detailed transfer of planning and knowledge from the existing organisation.

Financial risks

As an international market player NKT Flexibles is exposed to currency risks. As a general principle the company hedges currency risks wherever possible.

Cyclical sensitivity

NKT Flexibles is considered cyclically sensitive. The company is a part of the value chain for the global offshore industry where the need for the products supplied by NKT Flexibles is primarily related to expansion of existing oil fields or establishment of new ones. The offshore industry operates on a long planning horizon and investment decisions are primarily driven by the development in oil prices and by the size and composition of the oil reserves.

Access to venture capital is another important parameter which influences the level of activity in small and medium-size oil companies.

In February 2012 agreement was signed concerning sale of NKT Flexibles to National Oilwell Varco.

2011

Fig. 7 Highlights, 100% ownership

Amounts in mDKK	2011	2010	2009
Revenue	**1,609**	**1,199**	**1,311**
*Revenue adjusted for PEF**	*1,535*	*1,267*	*1,317*
- Growth	34%	-9%	-6%
*- Growth adjusted for PEF**	*21%*	*-4%*	*-6%*
EBITDA	**375**	**224**	**305**
*EBITDA adjusted for PEF**	*301*	*292*	*311*
- EBITDA margin	23.3%	18.7%	23.3%
*- EBITDA margin adjusted for PEF**	*19.6%*	*23.1%*	*23.6%*
EBIT	306	171	261
Capital employed	1,062	1,123	780
Return on capital employed	26.5%	18.3%	37.5%
Working capital	172	433	250
Employees, year-end	689	619	490
Profit share recognised in financial statements for NKT Holding A/S	158	90	136

**Price Escalating Factor*

The flexible pipe systems market for offshore oil and gas production improved in 2011 in the form of increasing tender activity, rising selling prices and rising volumes. The improved market conditions were probably created by the expectation that, even in a situation characterised by great uncertainty in the financial markets, the oil price would remain at a stable level of at least 75 USD/bbl in the years ahead. Starting February 2011 the oil price stayed at around 100+ USD/bbl, reinforcing this conviction. See Fig. 8.

The burgeoning optimism in the subsea installations market evident at end-2010 continued through the first half of 2011. This optimism was primarily based on sales at low unit prices and unit margins, in continuation of the market conditions of previous years. Following the award of Framework Agreement II by Petrobras at the end of May 2011, NKT Flexibles received several substantial project orders with significant volumes from other customers. This led to initial upward pressure on lead times along with rising order prices in 2012 and 2013.

Development in activities and economic conditions

NKT Flexibles maintained record-high activity levels through the whole of 2011, primarily, driven by projects from Petrobras and Statoil.



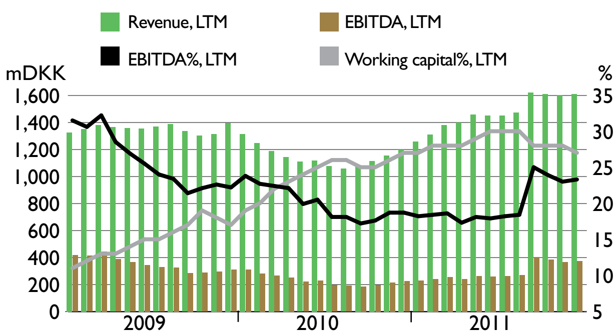
Fig. 8 Oil price

Revenue therefore ended at an all-time high against the background of effective utilisation of the increased production capacity at the Kalundborg factory in Denmark. Profitability suffered somewhat from performance of projects awarded in the period 2009-2011 when unfavourable market conditions forced down prices for flexible pipe systems. Despite this, the income achieved was generally satisfactory, which was partly attributable to income recognition of 139 mDKK (100% share) arising from a price adjustment mechanism relating to the Petrobras Framework Agreement I. This amount includes 68 mDKK relating to 2010 and 6 mDKK relating to 2009.

The production volume was on a par with 2010, which related partly to the utilisation of the increased production capacity in Kalundborg, but also to NKT Flexibles' ability to continue winning projects through 2011. The product mix of Petrobras projects (Framework Agreement I), Statoil projects and other smaller projects produced revenue of 1,609 mDKK (2010: 1,199 mDKK), equal to 34% growth.

EBITDA increased to 375 mDKK in 2011 (2010: 224 mDKK), an EBITDA margin of 23.3% (2010: 18.7%).

Fig. 9 EBITDA 100% share



Not adjusted for Price Escalating Factor

Operations

In 2011 NKT Flexibles produced approx. 135 km of 4-14" flexible pipe, which represented acceptable utilisation of the capacity at the Kalundborg factory. In the course of the year around 20 projects, divided fairly evenly between start-up, execution and completion, were in progress simultaneously.

In 2011 the System Assessment Services Department was again extremely busy with implementation of Front-End Engineering studies (FEED), which are considered very important for profiling flexible pipe system solutions. NKT Flexibles was also involved in service and maintenance projects aimed at extending the life of installed solutions.

In order to ensure ongoing improvement of both internal and external processes, the application of Lean principles was continued when considered relevant and to lead to value creation.

In late February 2011 NKT Flexibles found that steel delivered from a supplier in the period 2006-2010 possibly did not in all cases comply with the agreed product specifications despite the supplier's certification. All the affected projects were investigated but it was not found necessary to replace components. The openness shown by NKT Flexibles towards its customers in this matter gave positive feedback. There were no economic consequences for NKT Flexibles beyond the significant internal resources expended.

Investment

Ongoing investment was made in product development, production efficiencies and expansion of production expertise and capacity. For example, it was decided to expand the storage capacity for finished pipes at the Kalundborg factory with another 6,000-tonne turntable. This further liberated production from the restraints imposed by product supply deadlines.

With moderate investment it will be possible to increase the capacity at Kalundborg by a further 20-25%.

NKT Flexibles launched its largest and most ambitious investment programme ever to build a state-of-the-art production facility at Superporto do Açu, north of Rio de Janeiro in Brazil, which will enter into production in summer 2013. The investments in Brazil for buildings, equipment, etc. in the period 2011-2013 is expected to be approx. 1.3 bnDKK. To this must be added tie-up of working capital amounting to approx. 400-500 mDKK. Furthermore, ongoing operating costs will be incurred relating to organisational build-up.

Projects

Important tasks in 2011 included progressing and completing the P-56 (Marlim Sul) and P-57 (Jubarte) projects for the Brazilian oil company Petrobras. A number of part-deliveries were made to Petrobras in the course of the year.

Furthermore, NKT Flexibles successfully supplied a number of projects in important offshore regions: 'Marulk', 'Asgard', 'Njord' and Part I of 'Hyme I' for Statoil, 'Draugen Water Injection' for Shell Norway, and Phase I of 'Gryphon Recovery' for Maersk Oil (all North Sea), 'Abu Safah 2' for Saudi Aramco in the Persian Gulf, and 'TGT' for Bumi Armada and 'Panyu' for CNOOC - both in the Far East.

Projects in progress for supply at the start of 2012 included 'Skuld' and the final phases of 'Hyme' and 'Gryphon Recovery'. NKT Flexibles also received its first order under the new Petrobras Framework Agreement II for which production will take place in Kalundborg in 2012 and 2013.

Product development
R&D activities in 2011 remained concentrated on qualifying and validating products and solutions for depths down to 2,000 metres under the framework agreements with Petrobras.

NKT Flexibles also continued development work on pipe system solutions for extreme depths (more than 2,000 metres). The aim is to produce an attractive solution for the exploitation by Petrobras of the pre-salt layer off the coast of Brazil. The design criteria underlying the technological solutions are exceptionally challenging.

As flexible pipe systems are tailored to the specific projects and therefore vary significantly from application to application, it is difficult to directly compare NKT Flexibles' product programme with that of its rivals. However, NKT Flexibles is capable of supplying products for the majority of projects put out for tender and the company has a competitive edge in certain technological niche areas.

Audit
Quality and safety levels at NKT Flexibles are regularly audited by external consultants and customers. The company is certified in accordance with the health and safety system OHSAS 18001 and the environmental management system ISO 14001.

Social responsibility
In 2011 NKT Flexibles reduced its power and materials consumption at the Kalundborg factory and also maintained its very low accident level. For more information see the section on 'Corporate Social Responsibility' on page 33 of this report and the report Communication on Progress 2011 at www.nkt.dk under 'CSR', http://www.nkt.dk/uk/Menu/CSR/UN+Global+Compact.

Organisation and management
It is essential to the future development of NKT Flexibles that the company can attract and retain highly qualified and specialist personnel, including engineers and other employees who have a solid technical base and experience in offshore oil and gas operations.

As a natural consequence of the heightened level of activity in 2011 and the expected increase in the years ahead, the number of employees increased gradually to 689 at the end of the year. Skills and resources were thus secured for performance of projects and production. In addition, critical mass was developed for dealing with the build-up of the Brazilian subsidiary, transferring knowledge and skills, and ensuring resources for the new organisation in the course of 2012 and 2103. Around 400 people will be employed in Brazil when the factory is operating at full capacity.

VISION
By excellent performance to become the preferred supplier of high quality flexible pipe systems based on best-in-class technology

Management agenda 2012
The agreed sale of NKT Flexibles to National Oilwell Varco is expected to be completed in 1st half 2012. This may affect the management agenda after the takeover.

The pre-takeover management agenda is set out below:

Focus will be given to progressing the build-up of the factory and organisation in Brazil. In 2012 establishment of the Brazilian factory is expected to reach a stage where most of the buildings have been constructed and part of the equipment is in process of installation. On the organisational front, NKT Flexibles will during 2012 recruit employees for the Rio de Janeiro sales office, and not least for the factory itself. Some of the new employees in Brazil will undergo extensive training, i.a. in Denmark. Furthermore, collaboration will be initiated with local suppliers (sourcing).

The focus in 2012 in the Danish part of NKT Flexibles will be on progressing the company's fundamental technologies. The objective is also to ensure an appropriate level of activity in the years ahead based on flexible pipe projects outside Brazil. NKT Flexibles will therefore open sales offices in Houston, US, and Perth, Australia, with a view to improving dialogue and service in these regions.

Operating focus will be on reliable and efficient execution of existing orders, which at start-2012 represented approx. 75% of the expected revenue for the year.

Corporate matters

A dividend of 2 DKK per share is proposed for 2011, equal to 38% of profit after tax. At year-end 2011 NKT had some 39,200 shareholders, including 28,800 registered shareholders. In 2011 the average daily turnover in NKT shares increased to 160,000

The NKT share

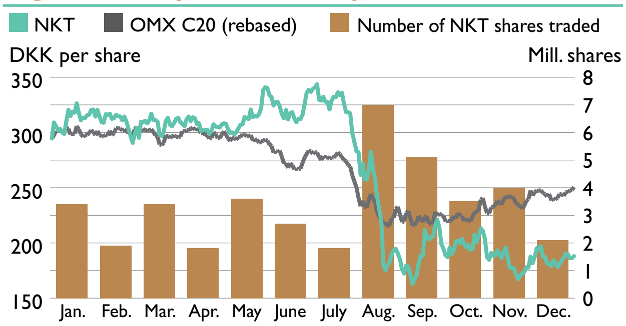
The share capital of NKT Holding A/S amounts to 475 mDKK, corresponding to 23.7 million shares, each of a nominal value of 20 DKK. NKT has one share class and no shares have special rights.

The Annual General Meeting is NKT's supreme authority and the Articles of Association constitute the principal guidelines for NKT's operations. All amendments to the Articles must be submitted to the Annual General Meeting. Approval by at least two thirds of the votes present is required for adoption.

4 mandates have been issued by the Annual General Meeting:

1. By resolution of the Board of Directors the contributed capital may be increased by issue of shares to a maximum nominal amount of 300 mDKK in the period until 25 March 2015.
2. NKT may purchase a maximum of 25% of NKT's shares for the purpose of adjusting the NKT Group's capital structure should this be appropriate. This mandate is considered each year at the Annual General Meeting.
3. In the period up to 1 April 2016 warrants may be issued in one or several transactions to a total nominal amount of 12 mDKK (600,000 shares) of 20 DKK each to the employees and Executive Management Board of the NKT Group. Warrants allocated in 2006 were not exercised in 2011.
4. In the period up to 11 April 2012 loans may be raised against bonds or debt instruments in one or several transactions with a right for the lender to convert his claim to a maximum nominal amount of 44 mDKK of 20 DKK each (2.2 million new shares, equal to just under 10% of the share capital). A new mandate and framework will be proposed at the 2012 Annual General Meeting.

Fig. 10 Development in share price & share turnover



The NKT Articles of Association were last updated in November 2011 in conjunction with issue of warrants.

Share price development, market value and turnover

The NKT share is listed under ID code DK0010287663 on the NASDAQ OMX Copenhagen Stock Exchange and is included in the C20 Index.

NKT's stock market share price fell by 36% in 2011, ending the year on 190.8 DKK (end 2010: 297.2 DKK). The C20 Index fell by 15% in the same period. A dividend of 2 DKK per share was paid in 2011 and the true fall in value was therefore 35%.

The market value of NKT's shares amounted to 4.5 bnDKK at 31 December 2011 (end-2010: 7.1 bnDKK).

In 2011 the average daily turnover in the NKT share was 41 mDKK (2010: 39 mDKK) and the total turnover in 2011 amounted to 10.4 bnDKK (2010: 9.8 bnDKK). An average of 160,000 shares was traded daily in 2011 (2010: 135,000).

Shareholders

NKT had some 39,200 shareholders at 31 December 2011, which was similar to the previous year. NKT urges shareholders to register their portfolios in order to aid and simplify direct communication. NKT had some 28,800 registered shareholders at end-2011 (end-2010: 28,500). The registered share capital represented 80% of the total share capital (2010: 78%). At 31 December 2011 the ATP Group had a registered ownership of 5.6% (end-2010: 5.3%) of NKT's share capital and was therefore the only investor with a notified shareholding of more than 5%.

All the share capital is considered to be in free float and, from available information determined at year-end 2011, 72% (end-2010: 75%) of the share capital was estimated to be held by shareholders in Denmark, the remaining 28% (end-2010: 25%) being assumed to be held by foreign investors.

Financial calendar 2012

January

1 March
Annual Report 2011

9 May
Interim Report, Q1

8 November
Interim Report, Q3

29 March
Annual General Meeting

24 August
Interim Report, Q2

December

* *Window of silence prior to publication of annual and interim reports*

Issues relating to the share capital are covered in Section 3 (II) of the Articles of Association.

Group Management's holdings of NKT shares

At end-2011 a total of 426,108 NKT shares were held by the members of the NKT Board of Directors. This represented a total market value of 81 mDKK. A total of 96,773 shares were held by the Executive Management Board, equal to a market value of 18 mDKK. The Executive Management Board also holds a total of 584,450 warrants first exercisable in 2012-2015. Exercise prices are disclosed in Note 29 to the consolidated financial statements.

There were no transactions of NKT shares by either the Board of Directors or the Executive Management Board in 2011.

Members of the Board of Directors and the Executive Management Board are included in the NKT register of persons having inside knowledge, and their transactions involving NKT shares must be reported. Persons covered by the regulations, and also their spouses, partners, children and other household relatives, may only transact NKT shares during a period of 6 weeks after issue of earnings releases. The 6-week period also applies to other releases containing disclosure of realised results and expected development in results. The period of 6 weeks comes into operation if the Board of Directors otherwise deems that transaction with NKT shares is in accordance with the Danish Securities Trading Act.

The presentation of the Group Management on pages 41-43 discloses the shareholdings of the individual members of the Board of Directors and the Executive Management Board - and their related parties - at 31 December 2011.

Financial communication and investor relations (IR)

As part of NKT's IR activities, dialogue is pursued with existing and potential investors, both institutional and private. Part of the purpose is to actively present NKT's equity story to national and international institutional investors.

NKT actively strives to provide investors and financial analysts with optimal insight into matters able to ensure fair price formation for the NKT share. This is realised partly through NKT's ongoing market disclosures and partly through investor meetings, capital market days, and presentation of annual and interim financial results.

In 2011 the Executive Management Board attended some 300 meetings of Danish and foreign investors (2010: approx. 250). NKT further hosted some 300 shareholders at 2 meetings, in the spring and autumn respectively, held at the NKT Exhibition Centre - an industrial heritage museum in Brøndby, Copenhagen. NKT also staged a capital market day with a visit to NKT Flexibles in Kalundborg, Denmark, which was attended by some 90 financial analysts, investors and other stakeholders.

NKT's communication with investors, financial analysts and the press is subject to special restrictions for a 3-week period prior to publication of annual and interim reports.

Fig. 11 Shareholders

	31.12.11	31.12.10
ATP, Denmark	6%	5%
Institutional investors in Denmark >1 mDKK	14%	18%
Institutional investors abroad >1 mDKK	19%	13%
NKT Group Management	2%	2%
Registered shareholders in Denmark <1 mDKK	32%	31%
Registered shareholders abroad <1 mDKK	7%	9%
Unregistered shareholders in Denmark	18%	19%
Unregistered shareholders abroad	2%	3%

NKT Group Management expresses its view of developments in the NKT share price in only very general terms.

The NKT website (www.nkt.dk) contains both current and historic information concerning the NKT Group and the NKT share, including stock exchange releases, share price data, investor presentations and annual and interim reports. All information is provided in both English and Danish.

Investors and other stakeholders can subscribe to earnings releases, annual reports, stock exchange releases and other investor-related publications which are issued by NKT and which are all distributed electronically after their release via NASDAQ OMX Copenhagen. Email subscription can take place on www.nkt.dk under 'Investor' / 'News' / 'News Service'.

Shareholder register and registration

Shares can be registered by name by contacting the bank in which the shares are held in custody.

The NKT register of shareholders is administered by VP Investor Services A/S, Weidekampsgade 14, DK-2300 Copenhagen S, Denmark. All registered NKT shareholders receive individual invitations to the NKT Annual General Meeting.

Dividend policy

NKT strives to maintain a dividend policy that consistently gives shareholders a stable cash return on their investment at the same time as a part of the company's profits is reinvested in the Group's future development and growth. For the current strategy period

Investor contact

Financial analysts and institutional investors	Private shareholders
Michael Hedegaard Lyng	Anne Schoen
Group Executive Director, CFO	Corporate Communications Manager
Tel.: +45 4348 2000	Tel.: +45 4348 3216
email: michael.lyng@nkt.dk	email: anne.schoen@nkt.dk

(2011-2015) NKT has published a dividend policy according to which a dividend of approx. 1/3 of the profit for the year will be paid. A dividend of 2 DKK per share was paid in 2011, the total amount distributed as dividend being 47.5 mDKK, equal to 18% of the profit for 2010.

The level of dividend distribution for 2011 has been established taking account of NKT's present capital situation. For 2011 a dividend of 2 DKK per share will be proposed at the Annual General Meeting on 29 March 2012. This is a total dividend distribution of 47.5 mDKK, equal to 38% of the net profit for 2011.

Financial reports

After discussion and approval by the Board of Directors the annual and interim reports are published via NASDAQ OMX Copenhagen. The publication dates for 2012 appear in the financial calendar on page 30.

Corporate Governance

The NKT Group is governed on the basis of the company's core values, which are that NKT must be a qualified, credible, open and quality-conscious enterprise focused on long-term ownership. In direct continuation of these core values NKT conforms to the recommendations of the Danish Committee for Corporate Governance, as last updated on 16 August 2011.

As a listed company NKT is subject to the guidelines of NASDAQ OMX Copenhagen which has decided to include the 2011 recommendations of the Danish Committee for Corporate Governance in its 'Rules for share issuers as at 1 October 2011'.

With the most recent amendment in 2011 there are now 79 recommendations. In this amendment the Committee changed the recommendation pertaining to diversity, i.a. with recommendation of specific goals in this area. As a result of these changes the NKT Board of Directors has formulated and incorporated a Group policy on diversity at NKT's management levels. The policy and its associated action plan for achievement of the objectives can be found at www.nkt.dk under 'About NKT'/ 'Corporate Governance'. It is also described in NKT's general report 'Corporate Governance 2011' at http://www.nkt.dk/uk/Menu/About+NKT/Corporate+Governance+%232.

Group Management

The NKT Group Management consists of a Board of Directors and an Executive Management Board. The Board of Directors consists of 9 members, 3 of whom are elected by the employees for a period of 4 years, and 6 of whom are up for re-election each year at the Annual General Meeting.

5 of the 6 members of the Board of Directors elected by the Annual General Meeting are independent (as defined in section 5.4.1 of the Corporate Governance recommendations). The 6th member joined the Board of Directors more than 12 years ago and is therefore not independent as defined by the recommendations.

The Board of Directors is headed by Christian Kjær, the Chairman. The Board members represent a broad spectrum of experience from both Danish and international business, politics and high-tech industry.

The NKT website describes the competences which the Board considers it needs to optimally discharge its duties. Furthermore, a presentation is given of all Board members, stating the special competences relevant for their involvement in NKT, number of NKT shares held, amount of remuneration and other directorships. The Board members are also profiled on pages 41-42 with statements of i.a. special competences, possible independence, age, positions held, and NKT shareholding for the current and previous year.

The retirement age for Board members is 67 years, but 70 years for members up for re-election who joined the Board before 26 August 2003.

The NKT website describes the rules for the election of employees to and representation on the NKT Board of Directors.

The Executive Management Board consists of 3 persons headed by President and Chief Executive Officer Thomas Hofman-Bang, and includes Executive Director, CFO, Michael Hedegaard Lyng and Executive Director, CTO, Søren Isaksen. The Group's business units are all headed by chief executive officers reporting to the Executive Management Board. A profile of the NKT Group Management and

Stock Exchange Releases 2011

The following Stock Exchange Releases were issued during calendar year 2011 via NASDAQ OMX Copenhagen, and can be found together with earlier and more recent releases at www.nkt.dk.

Date	No.	
12.01	1	NKT Cables lands 600 mDKK submarine project
01.03	2	NKT Annual Report 2010 and strategy 2011-2015
01.03	3	Change of NKT Cables Group CEO
01.03	4	Announcement - Annual General Meeting 2011
23.03	5	Annual General Meeting 2011
24.03	6	Articles of Association update
25.03	7	New CEO appointed in NKT Cables Group
11.05	8	Interim Report 1st quarter 2011
30.05	9	NKT Flexibles is awarded frame agreement by Petrobras
06.07	10	NKT Cables confirms receipt of Statement of Objections
18.07	11	NKT Cables wins 600 mDKK submarine project
09.08	12	NKT Cables lands Baltic 2 submarine project
23.08	13	Interim Report 2nd quarter 2011
20.09	14	Review of Strategic Alternatives for NKT Flexibles
15.11	15	Interim Report 3rd quarter 2011
15.11	16	Financial Calendar 2012
16.11	17	NKT Holding issues share warrants
16.11	18	Articles of Association update

the Heads of Group Services at NKT Holding is also included on pages 41-43.

Activities

The Board of Directors holds a yearly minimum of 6 ordinary meetings - in February/March (Annual Report), before and after the Annual General Meeting, and in May, August and November (Interim Reports 1, 2 and 3). Extraordinary meetings are held if necessary. 7 Board meetings were held in 2011 and attendance was 90%.

At the Annual General Meeting in March 2011, Kurt Bligaard Pedersen, Group Executive Vice President of Dong Energy, was voted onto the NKT Board of Directors and subsequently presented to NKT by the Chairman of the Board of Directors and the Executive Management Board.

On completion of the sale of NKT Flexibles the employee-elected Board member Gunnar Karsten Jørgensen will leave the Board of Directors and be replaced by his deputy from NKT Cables.

Committees

The Board of Directors has appointed 3 committees: the Audit Committee with 2 independent members (cf. section 5.4.1 of the Corporate Governance recommendations), the Nomination Committee and the Remuneration Committee, each with 2 members (Committee Chairman Christian Kjær and Jens Due Olsen), one is independent and one has been a Board member for more than 12 years and therefore does not qualify as independent according to the definition in the Corporate Governance recommendations.

The Board of Directors' Audit Committee held 5 physical meetings and 3 telephone meetings. The task of the Committee is to monitor NKT's financial reporting and internal control environment and establish the conditions and framework for the external audit. The Committee's terms of reference may be found at www.nkt.dk under 'About NKT' / 'Management' / 'Board Committees'/'Audit Committee'. http://www.nkt.dk/uk/Menu/About+NKT/Management/Board+Committees/Audit+Committee/Revisionsudvalget_Kommissorium_100511_UK.pdf

The Committee consists of 2 Board members, Jens Due Olsen (Committee Chairman) and Jens Maaløe. Jens Due Olsen possesses specialist qualifications as regards the economic and financial aspects of listed companies as well as other financial and economic aspects, including accounting and auditing. Jens Maaløe's competences consist of a broad general understanding of accounting, business insight and a healthy scepticism.

The Nomination Committee held 2 meetings in 2011 and initiated the annual assessment of the competences, knowledge and experience of the individual members of the Executive Management Board.

The Remuneration Committee held 2 meetings and recommended the remuneration policy to the Board of Directors ahead of the upcoming Annual General Meeting.

NKT's Board of Directors has appointed 3 committees. Their terms of reference are found at www.nkt.dk under 'Management'.

Remuneration

Remuneration policy proposals are submitted to the NKT Annual General Meeting for approval. The policy is appendixed to the rules of procedure for the Board of Directors and the Executive Management Board, and defines the guidelines for establishing and approving remuneration for the Chairman, Deputy Chairman and other members of the Board of Directors as well as for members of the Executive Management Board. According to the policy the Chairman shall receive 3 times the basic remuneration and the Deputy Chairman 1.5 times the basic remuneration. No adjustment mechanisms are linked to the basic remuneration. Members of the Board of Directors are not granted share options and there are no other variable remuneration components. The point of departure is that the basic remuneration shall be on a par with that paid by comparable listed industrial companies (cf. also Note 28 to the consolidated financial statements).

The Annual General Meeting held in 2011 approved a Board of Directors' resolution to increase the Chairman's remuneration from 2 to 3 times the basic remuneration as the Chairman's payment was no longer consistent with current levels.

In 2011 the remuneration for the Executive Management Board was established with the Board of Directors after prior discussion in and recommendation from the Remuneration Committee. The remuneration appears in Note 28 to the consolidated financial statements and consists of a fixed basic component, a short-term cash bonus, a long-term share-based incentive scheme, a pension, and other customary non-monetary benefits such as company car, etc.

The bonus portion of the incentive pay is a yearly payment conditional upon specified targets being achieved. The share-based portion of the incentive pay consists of annually granted warrants initiated by the Board of Directors. Warrants are calculated using the Black-Scholes formula. The value may amount to a maximum of 50% of the individual executive's annual fixed pay, including pension. The warrants may be exercised not earlier than 3 years and not later than 5 years after granting. The incentive scheme appears in Notes 28 and 29 to the consolidated financial statements and is disclosed directly to the stock exchange. Severance arrangements are described in Note 28 to the consolidated financial statements.

The remuneration policy states that the Executive Management Board shall receive a competitive salary commensurate with the duties assigned and which represents an attractive long-term employment element, cf. also the principles for the Executive Management Board's remuneration stated in the Corporate Governance section of the NKT website under 'About NKT'.

Assessment

The Board of Directors performs an annual self-assessment, and in advance of this there is discussion of whether external assistance should be used for the assessment. The purpose of the assessment is to evaluate the contribution of the individual member, identify the Board's strengths, and direct attention towards future areas of focus in the work of the Board. The assessment for 2011 was performed by the Chairman at a Board meeting at the start of 2012 and the results were discussed. The assessment showed that the working climate on the Board remains frank and positive, which ensures effective collaboration and good use of the Board's collective competences and broad-based experience.

In continuation of the Board of Directors' self-assessment an assessment is also performed of the Executive Management Board, partly in relation to the interaction between both Boards and partly in relation to the competences of the individual executives. The assessment takes the form of a general discussion among the members of the Board of Directors, after which the conclusions are transmitted by the Chairman to the Executive Management Board.

Corporate Social Responsibility

As a global enterprise NKT is committed to accepting its share of the task of creating a sustainable world, and a number of measures have already been initiated to meet this challenge: A series of internal goals have been established, and NKT requires that e.g. its suppliers also support these goals.

The UN Global Compact, which NKT joined in 2009, is an important element in NKT's social responsibility. In October 2011 NKT published its 3rd progress report, which can be found at http://www.nkt.dk/uk/Menu/CSR/UN+Global+Compact and at www.unglobalcompact.org. The report expands the statutory report on social responsibility required under section 99(a) of the Danish Financial Statements Act that is available at http://www.nkt.dk/uk/Menu/CSR/99a_2011_UK.pdf

Results in 2011

In 2011 NKT continued work on the reporting system implemented in 2010 and which contains the non-financial data from the business units that form the basis for managing the Group's CSR activities. The data and disclosures are inspired by the parameters in the Global Reporting Initiative (GRI).

Data usage and reporting became more consistent throughout the Group. In particular, the data on CO_2 emissions relating to electricity and heating became more valid, while the transport-related CO_2 data remained uncertain. This was because i.a. many transport companies have previously been unable to supply this type of information and because they have often used dissimilar computation methods. Moreover many of NKT's entities have not requested this information before now.

In 2009 NKT targeted a 12% reduction in total CO_2 emissions, measured against 2008 revenue, by the end of 2011. This is a challenging target as it is based on expectations from 2008, i.e. before the economic slowdown. NKT will publish its CO_2 results for 2011 in its report to the Carbon Disclosure Project in May 2012.

It is an NKT objective to integrate human and labour rights into its value chains. A target has therefore been established whereby at least 80% of the Group's suppliers (with an annual procurement value to NKT exceeding 50,000 EUR) must be contractually obliged to support the principles of the UN Global Compact. 2 NKT business units have realised this objective, while the other 2 have each achieved approx. 40% acceptance from their suppliers. Focus will be maintained on this issue in new contract negotiations.

In the past NKT has reluctantly agreed to facilitation payments in cases where it was necessary in order to ensure the reasonable safety or rights of employees. Several business units have launched awareness campaigns and/or drawn up new codes of conduct supporting a stricter stance on opposition to and non-acceptance of such payments. NKT's ethical guidelines were consequently changed, and in future this will be considered an element in the Group's unequivocal stance on fighting corruption.

In 2011 NKT's business units placed focus on i.a.:

- Reducing energy, water or detergent used in Nilfisk-Advance's cleaning equipment.
- Optimising use of materials and significantly reducing energy and water consumption by NKT Cables.
- Reducing working accidents at both NKT Flexibles and NKT Cables.
- Reducing energy consumption for new products and increasing safety for personnel at Photonics Group.

A more detailed account of the focus areas of NKT's business units and the progress achieved can be found in NKT's progress report at http://www.nkt.dk/uk/Menu/CSR/UN+Global+Compact.

In order to underline the significant focus placed on CSR by NKT's business units, both Nilfisk-Advance and NKT Cables have also become independent signatories to the UN Global Compact.

Future targets

The NKT business units and NKT Holding work closely together on their joint CSR involvement. Focus is placed on i.a.:

- Minimising numbers of work accidents. For example, NKT Cables aims to achieve an annual 25% accident reduction to zero accidents in 2015.
- Support for the objectives of the UN Global Compact by suppliers (with an annual procurement value to NKT exceeding 50,000 EUR).
- Formulation and integration of codes of conduct throughout the NKT Group.
- Establishment of new CO_2 targets for the Group. These will be defined in NKT's 2011 report to the Carbon Disclosure Project in May 2012.

EuroSox

NKT's risk management and internal control process relating to financial reporting, popularly termed EuroSox, has been established in order to ensure that the financial reporting presents a true and fair view without material misstatement in accordance with current legislation, standards and other regulations. The process has further been established to ensure that appropriate accounting policies are applied and that accounting estimates exercised are reasonable under the circumstances.

NKT consists of a number of legal entities operationally structured so that there are 4 business units under the parent company NKT Holding, all of which are organised as sub-groups with their own underlying entities. The individual business units have a high degree of operating autonomy and have their own managements responsible for unit operations.

The entities of the business units pursue similar operations, which to a large degree facilitates establishment of similar systems and procedures. As a result, the business units operate both with their own policies and business procedures, which take account of their own individual characteristics, and also with the corporate policies established by NKT Holding.

NKT has a process in which the strength of material key controls is evaluated and reported to the Executive Management Board and the Audit Committee. This gives increased transparency and consistency in the internal control environment at Group level.

NKT has chosen to publish its statutory report on corporate governance, cf. Section 107(b) of the Danish Financial Statements Act, on the Group's website under 'About NKT' /'Policies/§107b' http://www.nkt.dk/uk/Menu/About+NKT/Policies/%c2%a7+107b/107b_2011_UK.pdf

Results in 2011

In 2011 approx. 90% of NKT's revenue was encompassed by the assessment and reporting procedures for the financial accounting processes.

In a number of small entities, which collectively are not considered significant for the Group, adequate functional separation could not be established due to the small number of employees in the entities. Compensatory controls either were established, or are currently being established as far as is feasible.

The general IT controls have hitherto been assessed at company level. In 2011 NKT established a process in which selected general IT controls relating to NKT Cables and Nilfisk-Advance were assessed both at Group and business unit level. The process was based on a risk assessment of selected IT controls concerning the financial reporting. The strength of the controls was evaluated and reported to the Executive Management Board and the Audit Committee. The process was instrumental in creating transparency and consistency for NKT's general IT controls. The strength of the controls was improved in 2011 compared with previously, but continued focus is required on this area to ensure a future continued high level of IT security.

In 2011, NKT Cables' business processes relating to work in progress did not adequately create the necessary certainty in financial reporting. The Managements of NKT Holding and NKT Cables have compensated for this by an ongoing follow-up and other control activities. Measures have been initiated to improve the business processes.

NKT implemented a new ERP system in 2011 in a number of businesses, which in the implementation phase adversely influenced the IT control environment due to increased user access. In accordance with the implementation plan the IT control environment was re-established after the implementation of the new ERP system. Compensatory controls were established during the implementation.

NKT Flexibles initiated establishment of a new factory in Brazil which is expected to be ready for production in mid-2013. In 2011 important contracts were established concerning equipment procurement, building construction, leasing of land, etc., and costs were also incurred. Interim procedures were put in place to deal with this until a permanent organisation is established in Brazil.

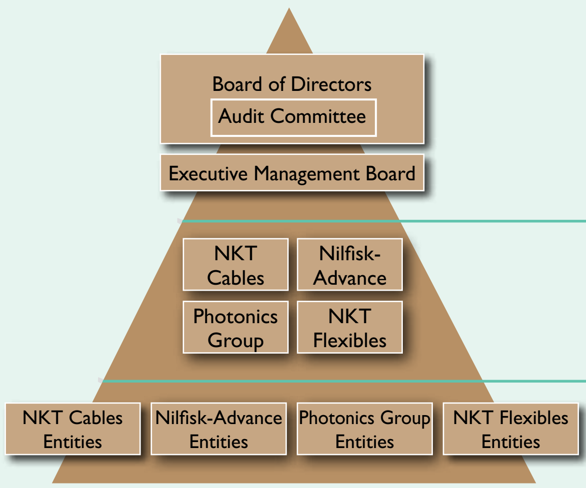
In 2012 NKT will continue working to strengthen key controls in the financial accounting processes and also strengthen general IT controls. Moreover, further IT controls will be covered by the process.

Risk factors

NKT is equipped with risk management resources in the form of policies and procedures. The general purpose is to avoid, hedge and manage all material risks while at the same time NKT optimises the opportunities which changes in the risk scenario provide.

Fig. 13 'Material risks' on page 35 assesses which risk factors most strongly influence the Group's earnings and the probability of these risk factors occurring. The figure also shows the proportion of NKT's revenue and operational EBITDA which the individual business units represent. In this way the significance of the risks for the Group as a whole can be assessed.

Fig. 12 Structure of control environment



The NKT Group Management has the overall responsibility for maintaining an effective control environment

The managements of NKT's business units are responsible for ensuring an effective control environment in their entities

The managements of the individual entities and at different levels are responsible within their individual areas

Fig. 13 Material risks

		NKT Cables	Nilfisk-Advance	Photonics Group	NKT Flexibles
Realised 2011					
% of revenue 2011		58%	41%	1%	
% of operational EBITDA		18%	71%	0%	15%
Risk factors					
Cyclical sensitivity	Electricity Infrastructure	**	**	**	*
	- *High voltage land & submarine cables*	*			
	- Medium voltage cables	**			
	Railway	**			
	Construction	***			
	Automotive	**			
Currency exposure		**	**	*	
Raw materials exposure	Electricity Infrastructure	*	**	**	**
	Construction	**			
	Railway	*			
Commercial factors		**	*		**

Expectations 2012

NKT Cables' share of operational EBITDA is expected to increase by 250-300 mDKK in 2012 from 182 mDKK (18%) in 2011, cf. page 6.

The number of * represents Group Management's subjective assessment of earnings exposure to the risk factor.

- * Lowest exposure
- ** Medium exposure
- *** Highest exposure

The assessment of the probability of risk occurrence is not an absolute measure but expresses an opinion of the risks occurring in relation to one another and in the individual business segments. This assessment is the Management's subjective view and is included in order to provide insight into Management's assessment of the situation.

When assessing the risk factors the possibilities for gain are considered on an equal footing with the probabilities for loss. An improvement in the economic situation will therefore have strongest impact at Nilfisk-Advance and in the Construction (low voltage) segment at NKT Cables.

The risk factor 'Commercial conditions' includes not only the competitive situation in the market but also the relationship to suppliers, etc.

The risk description is not exhaustive and the risks are not listed in order of priority.

General risks

NKT was exposed to a number of more general risks which are reviewed in this section. The description must be seen in context with the description of the specific risk factors which relate to the individual business units and are specified on pages 13, 17, 21, and 25.

IT risks: NKT makes extensive use of IT and is therefore exposed to operational disruptions and security issues, potentially leading to production, reputational and financial losses. NKT maintains ongoing focus on improved IT security to ensure continuing high standards. (See also comments in 'EuroSox' on page 33).

Tax risks: NKT is subject to the tax and excise legislation in the countries in which it operates. Changes in this legislation in the relevant countries can potentially affect NKT's tax status. NKT has had extensive transactions in a number of countries and its tax status is therefore exposed to challenge by the local tax authorities.

As a result NKT hedges the most material risks and prepares related hedging documentation.

Legal risks: NKT continuously monitors legislative and regulatory developments and adopts a structured approach to ensure compliance. NKT is frequently signatory to agreements, including agreements relating to operational and strategic issues. These contracts entail opportunities and risks that are assessed and hedged at the time of signature.

Insurance risks: NKT establishes statutory insurance cover and such other insurance as is deemed relevant and customary in the sectors and countries in which it operates. NKT regularly reviews its insurance policies with an insurance specialist.

> The purpose of risk management is to avoid, hedge and control risks while at the same time optimising business opportunities.

Financial risks: In addition to currency risks, which are discussed in the individual company reviews, NKT is exposed to changes in interest rate risks, credit risks and liquidity risks. The NKT Group's financial risks are defined in Note 30 to the consolidated financial statements: 'Financial risks and financial instruments'.

Investments and acquisitions: As part of NKT's strategy, opportunities for sale, acquisitions and for investments in production plants, etc., are regularly assessed. Major acquisitions and investment in production plant entail various risks relating both to the investment process itself and to the subsequent integration of the investment into NKT's business. These risks are assessed and hedged as effectively as possible.

Ethical standards: In step with an increased awareness and focus among NKT's stakeholders, including employees, of human and labour rights, anti-corruption and environmental protection, NKT's CSR activities are having growing influence on NKT's reputation and therefore also on growth and earnings. NKT actively addressed handling of risks in relation to this (see also the section on 'Corporate Social Responsibility' on page 33).

Financial review

Revenue increased by 1,153 mDKK while EBITDA increased by 104 mDKK. The working capital was improved by 257 mDKK and from the 2nd half of the year the debt began falling, reaching 4.4 bnDKK at year-end 2011. The cash resources were increased by 0.7 bnDKK and the credit facilities remained independent of financial covenants

Revenue and EBITDA

NKT's revenue amounted to 15,604 mDKK (2010: 14,451 mDKK), a nominal growth of 8%. Metal prices, currency adjustments and acquisitions positively influenced the revenue by approx. 4% and the organic growth was thus 4%. Fig. 14 shows the composition of the increased revenue.

The Group's operational EBITDA amounted to 1,036 mDKK (2010: 985 mDKK), an increase of 51 mDKK or 5%. The breakdown by business units appears in Fig. 15. The operational EBITDA margin measured in standard metal prices was 8.5%, on a par with the year before (2010: 8.6%). The operational EBITDA margin measured in standard metal prices for NKT Cables was down by 2.7% points on 2010, but up by 0.9% point for Nilfisk-Advance. In addition, the profit share from NKT Flexibles increased by 68 mDKK and Photonics Group EBITDA increased by 12 mDKK.

Costs relating to structural initiatives concerned Nilfisk-Advance and amounted to 33 mDKK (2010: 86 mDKK, also concerning Nilfisk-Advance). EBITDA thus amounted to 1,003 mDKK (2010: 899 mDKK), an increase of 104 mDKK or 12%.

Revenue and EBITDA are compared against published expectations for 2011 in 'Financial target performance' on page 5.

The NKT Group realised Q4 revenue in standard metal prices of 3,184 mDKK (Q4 2010: 3,088 mDKK), corresponding to nil growth. The organic growth in Q4 was lower than for the first 9 months of 2011. This was partly due to revenue for Q4 2010 being positively influenced by substantial installation works at NKT Cables in connection with a cable project, whereas there were no corresponding works in Q4 2011. In addition, the Chinese high speed railway market, which showed strong activity in Q4 2010, closed down operations in summer 2011. Operational EBITDA in the NKT Group in Q4 amounted to 282 mDKK (Q4 2010: 193 mDKK), an increase of 89 mDKK. Quarterly selected highlights for 2011 and 2010 appear in Fig. 16.

NKT Cables realised revenue of 5,635 mDKK (2010: 5,547 mDKK) based on standard metal prices, an increase of 88 mDKK and organic growth of 1%. The growth in the revenue was influenced by positive development in Electricity Infrastructure (organic growth 8%), while Construction and Railway realised negative growth rates of 7% and 26%, respectively. The organic growth for Automotive was 6%. Further information is included under '2011' in the NKT Cables review on page 13.

Based on market prices, NKT Cables realised a revenue of 9,088 mDKK (2010: 8.520 mDKK), an increase of 568 mDKK.

EBITDA amounted to 182 mDKK (2010: 329 mDKK), a reduction of 147 mDKK. Measured in standard metal prices the EBITDA margin was 3.2% (2010: 5.9%). The decrease was principally caused by the developments in Cologne and China amounting to 60 mDKK

Fig. 14 Revenue development by business unit

Amounts in mDKK	2010	Metal prices	Exchange rates	Acquisi-tions	Growth	2011	Nominal growth	Organic growth
NKT Cables	8,520	423	17	10	118	9,088	7%	1%
- Revenue in standard prices	*5,547*	-	*12*	*8*	*68*	*5,635*	-	-
Nilfisk-Advance	5,747	-	-27	156	431	6,307	10%	8%
Photonics Group	185	-	-4	0	29	210	14%	16%
Other	-1	-	0	0	0	-1	-	-
Revenue in market prices	14,451	423	-14	166	578	15,604	8%	4%
Revenue in standard prices	*11,478*	-	*-19*	*164*	*528*	*12,151*	-	-

and 29 mDKK, respectively, along with price pressure in the low voltage market. The developments in Cologne were influenced by transfer and commissioning of production lines and by a loss of 58 mDKK on the Baltic I submarine cable project in Q1. The fall in China relates to the slowdown in the Railway segment.

Nilfisk-Advance realised a revenue of 6,307 mDKK (2010: 5,747 mDKK), a nominal increase of 10%, and an organic growth of 8%, cf. Fig. 14.

The organic growth for the EMEA region (Europe, Middle East and Africa), was 8%, for the Americas 6%, and for APAC (Asia/Pacific region) 11%. The emerging markets accounted for 16% of this growth. Further information is included under '2011' in the Nilfisk-Advance review on page 18.

The prices of raw materials stabilised at a high level and reduced the gross profit to 41.8% (2010: 42.0%). The effect of the price increases introduced in May-June 2011 positively influenced the gross profit, which increased by 0.6% points in the period to 31 December 2011. The overall impact was therefore marginal.

Fixed costs as a % of revenue were reduced by 1.0% point from 34.0% in 2010 to 33.0% in 2011, i.a. as a result of focused cost control and increased revenue.

Nilfisk-Advance realised an operational EBITDA of 732 mDKK (2010: 612 mDKK), an increase of 120 mDKK. This equated with an operational EBITDA margin of 11.6% (2010: 10.7%). The increased EBITDA margin chiefly resulted from improved operational gearing (ratio between fixed costs and revenue).

Costs relating to structural initiatives amounted to 33 mDKK (2010: 86 mDKK), including a loss of 9 mDKK pertaining to losses incurred on a lawsuit against a former distributor. EBITDA was thus 699 mDKK (2010: 526 mDKK), an increase of 173 mDKK or 33%.

Photonics Group realised revenue of 210 mDKK (2010: 185 mDKK), an organic growth of 16%, cf. Fig. 14. The growth was chiefly driven by NKT Photonics.

Photonics Group EBITDA amounted to 1 mDKK (2010: -11 mDKK). 2011 was therefore the first year with positive EBITDA. This was attributable to the increased focus in recent years on sales, the maturing of products for sale, and continued product development.

NKT Flexibles (100% share) realised revenue of 1,609 mDKK (2010: 1,199 mDKK), a growth of 34%.

The growth in revenue of 410 mDKK included 139 mDKK relating to a price adjustment mechanism that was based on the development in raw material prices etc. under Framework Agreement I with Petrobras. NKT Flexibles has carried out production under this agreement since 2008 and the effect of the mechanism is only represented in the accounts as from 3rd quarter 2011 as there was previously uncertainty concerning the method of calculation. The 139 mDKK includes 65 mDKK relating to 2011, 68 mDKK relating to 2010, and 6 mDKK relating to earlier periods.

Excluding the effect of the price adjustment mechanism for previous years the revenue for 2011 was therefore 1,535 mDKK (2010: 1,267 mDKK), a growth of 21%.

The revenue for NKT Flexibles is not recognised in the revenue for the NKT Group. Only NKT Flexibles' net profit share is included in EBITDA for the NKT Group.

Fig. 15 Operational EBITDA by business unit

Amounts in mDKK	2011	2010	Nom. change
NKT Cables	182	329	-147
Nilfisk-Advance	732	612	120
Photonics Group	1	-11	12
NKT Flexibles (51%)	158	90	68
Other	-37	-35	-2
Operational EBITDA	**1.036**	**985**	**51**
Structural initiatives	-33	-86	53
EBITDA	**1.003**	**899**	**104**

EBITDA amounted to 375 mDKK (2010: 224 mDKK) and EBITDA margin was 23.3% (2010: 18.7%). If the price adjustment mechanism had been recognised continuously in 2011 and in previous years the EBITDA margin for 2011 would have been 19.6% (2010: 23.1%). The effect of the mechanism, named Price Escalating Factor is also seen in the highlights for NKT Flexibles on page 26.

In addition to the effect of the price mechanism the increase in EBITDA of 151 mDKK was influenced by a rising level of activity. However, projects produced in 2011 had a lower earnings margin than in 2010. This was related to low expectations regarding oil price and customers' access to financing in the period 2009-2010 when the orders were contracted. Both aspects are crucial for initiation of new projects and have decisive influence on pricing at contract establishment.

51% of the profit of NKT Flexibles is stated in NKT Group EBITDA. For 2011, 158 mDKK (2010: 90 mDKK) was recognised, an increase

Fig. 16 Highlights - quarterly breakdown

2011

Amounts in mDKK	Total	Q4	Q3	Q2	Q1
Revenue	15,604	3,902	3,912	4,016	3,774
Revenue, std. prices	*12,151*	*3,184*	*3,027*	*3,077*	*2,863*
Operational EBITDA	1,036	282	315	218	221
Profit before tax, EBT	165	-3	79	35	54
Organic growth	4%	0%	1%	3%	13%
Total operational EBITDA		1,036	754	439	221

2010

Amounts in mDKK	Total	Q4	Q3	Q2	Q1
Revenue	14,451	4,029	3,725	3,635	3,062
Revenue, std. prices	*11,478*	*3,088*	*2,943*	*2,953*	*2,494*
Operational EBITDA	985	193	275	282	235
Profit before tax, EBT	346	10	105	138	93
Organic growth	12%	23%	17%	5%	5%
Total operational EBITDA		985	792	517	235

of 68 mDKK. As a result of the company's structure, tax for the Danish company is stated in 'Tax' in the consolidated financial statements, while tax for the entity in Brazil is stated in consolidated EBITDA together with the share of profit.

EBIT

NKT realised an operational EBIT of 478 mDKK (2010: 566 mDKK). The increase of 51 mDKK in operational EBITDA is described under 'Revenue and EBITDA'. Added to this there was an increase in depreciation of 80 mDKK, i.a. as a result of a full year's depreciation on the new Cologne factory. In addition there was impairment of 61 mDKK for NKT Cables relating to closure of production facilities in the Czech Republic as well as 7 mDKK (2010: 9 mDKK) in Nilfisk-Advance related to project development. Operational EBIT thus fell by 88 mDKK in relation to 2010. The increase in depreciation and impairment of 139 mDKK included 105 mDKK relating to NKT Cables and 32 mDKK relating to Nilfisk-Advance.

Measured in standard metal prices the operational EBIT margin was 3.9% (2010: 4.9%). The primary reasons for the decrease of 1.0% point are described above.

Costs relating to structural initiatives amounted to approx. 33 mDKK (2010: 86 mDKK), and EBIT thus amounted to 445 mDKK for 2011 (2010: 480 mDKK), a fall of 35 mDKK in relation to 2010. Operational EBIT by business unit appears in Fig. 17.

Financial items

Net financial items amounted to an expense of 280 mDKK (2010: 135 mDKK), an increase of 145 mDKK. The increase was due to higher net interest bearing debt and a higher interest margin. The development in net interest bearing debt is seen in Fig. 20. To this must be added the effect of exchange rate adjustments on financial items, amounting to an expense of 53 mDKK (2010: income of 2 mDKK). The exchange rate adjustments were chiefly due to USD fluctuations in relation to South American, East European and Asian currencies where the Group had minor exposures in an exceptionally volatile market.

Tax and profit for the year

Consolidated net profit, EBT, amounted to 165 mDKK compared with 345 mDKK for 2010.

Income tax relating to net profit amounted to 38 mDKK (2010: 76 mDKK), which consisted of current tax of 100 mDKK and change in deferred tax of -62 mDKK. The tax rate was 23% (2010: 22%)

Fig. 17 Operational EBIT by business unit

Amounts in mDKK	2011	2010	Nom. change
NKT Cables	-154	109	-263
Nilfisk-Advance	523	426	97
Photonics Group	-12	-23	11
NKT Flexibles (51%)	158	90	68
Other	-37	-36	-1
Operational EBIT	**478**	**566**	**-88**
Structural initiatives	-33	-86	53
EBIT	**445**	**480**	**-35**

Net profit after tax amounted to 127 mDKK (2010: 270 mDKK).

Cash flow

Cash flow from operating activities amounted to 558 mDKK (2010: -374 mDKK), an improvement of 932 mDKK. The difference consisted chiefly of change in working capital amounting to 1,039 mDKK. The development in working capital is further described under 'Working capital'. To this must be added an improvement in EBITDA of 104 mDKK and in non-cash items of -83 mDKK. 'Non-cash' items include -158 mDKK (2010: -90 mDKK) relating to the NKT Group's share of profits in the joint venture company NKT Flexibles. The share of profit is not recognised in the cash flow statement until dividend is paid. The change in financial items made a negative contribution of 160 mDKK.

Cash flow from investing activities amounted to 798 mDKK (2010: 849 mDKK), a reduction of 51 mDKK. The investment for the year, amounting to 798 mDKK, included 165 mDKK relating to intangibles and 445 mDKK relating to property, plan and equipment, both of which are further discussed in 'Investment' below. To this must be added acquisitions by Nilfisk-Advance amounting to 215 mDKK, which is further described under Nilfisk-Advance '2011' under the heading 'Market coverage and acquisitions' on page 18.

Investment

Investment in intangibles and in property, plant and equipment amounted to 617 mDKK (2010: 913 mDKK), comprising 168 mDKK for intangibles and 449 mDKK for property, plant and equipment. The distribution by business units is seen in Fig. 18.

The total investment in intangibles and in property, plant and equipment was reduced by 296 mDKK, which was chiefly due to large investments in NKT Cables in 2010, partly for the cable

Fig. 18 Investments and depreciation/amortisation

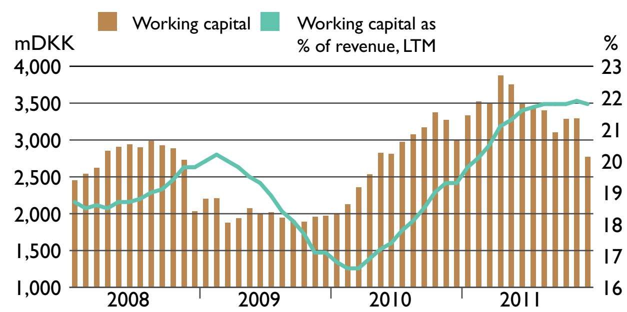
	Intangibles		Property, plant and equipment		Total investments		Total depreciation/ amortisation	
Amounts in mDKK	2011	2010	2011	2010	2011	2010	2011	2010
NKT Cables	45	55	344	660	389	715	275	221
Nilfisk-Advance	102	101	96	75	198	176	202	177
Photonics Group	21	13	9	9	30	22	13	12
Other	0	0	0	0	0	0	0	0
Gross total	**168**	**169**	**449**	**744**	**617**	**913**	**490**	**410**
Impairment	-	-	-	-	-	-	68	10
Total	**168**	**169**	**449**	**744**	**617**	**913**	**558**	**420**

factory in Cologne and partly at the acquisition of the high voltage factory in Cangzhou, China. In 2011, investment of 449 mDKK in property, plant and equipment was influenced by improvements at the new cable factory in Cologne amounting to 130 mDKK. After adjusting for this, investment in property, plant and equipment was 319 mDKK, corresponding to 2.6% of revenue based on standard metal prices.

Working capital

The working capital amounted to 2,740 mDKK at 31 December (2010: 2,997 mDKK), which was an improvement of 257 mDKK and the lowest level in 2011. The working capital peaked in 2011 at 3.9 bnDKK in April and during the first eight months was at a higher level than for the corresponding months in 2010. Although the revenue increased by 1,153 mDKK and the working capital was reduced by 257 mDKK, the working capital as a % of the revenue (LTM) increased by 2.5% points to 21.8% at 31 December (2010: 19.3%) as the ratio is measured as a monthly average (LTM). The development in the working capital appears in Fig. 19.

Fig. 19 Working capital



NKT Cables contributed 404 mDKK to the fall in the working capital of 257 mDKK, while Nilfisk-Advance increased the working capital by 142 mDKK. At 31 December the working capital as a % of revenue amounted to 23.2% (2010: 19.4%) LTM for NKT Cables, while for Nilfisk-Advance it amounted to 19.4% (2010: 19.0%) LTM.

In 2011 there was further focus on control of working capital, particularly in NKT Cables where the potential for improvement was greatest. The reduction in working capital for NKT Cables chiefly resulted from improved control of trade payables and a reduction in overdue receivables. The increase for Nilfisk-Advance was due to implementation of SAP at the turn of the year at two large European production units where contingency stocks of relevant products were established to ensure supply to customers. This meant that stocks at the turn of the year were higher than normal, which was in part also the case in the Americas as a result of focus on improved supply capability.

Balance sheet

The total assets amounted to 13,439 mDKK (2010: 12,556 mDKK) at 31 December, an increase of 883 mDKK. The increase was due to i.a. investment in intangibles, investment in NKT Flexibles and deferred tax, and also increased tie-up of capital in stocks, receivables and work in progress.

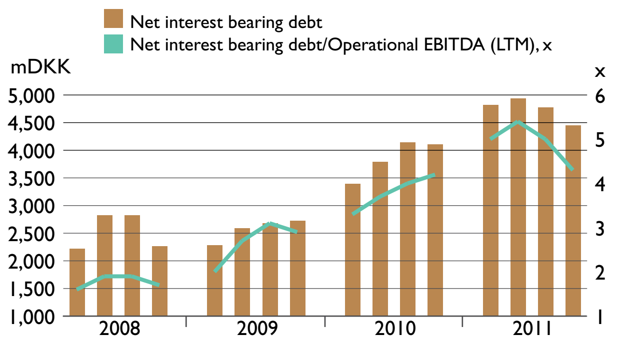
The total assets were financed by equity of 4,066 mDKK (2010: 4,112 mDKK), corresponding to 30% (2010: 33%), by non-current liabilities of 4,166 mDKK, corresponding to 31% (2010: 32%), and current liabilities of 5,207 mDKK, corresponding to 39% (2010: 35%). The change between current and non-current liabilities was due chiefly to increasing trade receivables and other receivables and also loans from an associate.

Currency adjustments of foreign companies and value adjustment of financial instruments, etc., amounting to -130 mDKK (2010: 201 mDKK), were recognised in equity via the comprehensive income. The adjustments consisted chiefly of negative fair values of forward transactions on metals established to hedge future cash flows.

Net interest bearing debt

Net interest bearing debt amounted to 4,429 mDKK (2010: 4,105 mDKK) at 31 December, an increase of 324 mDKK. The increase was primarily driven by investment amounting to 617 mDKK in intangibles and property, plant and equipment, minus the reduction in working capital of 257 mDKK. The net interest bearing debt peaked in April 2011 at 5.2 bnDKK, and was thus reduced by 0.8 bnDKK. The development in net interest bearing debt appears in Fig. 20.

Fig. 20 Net interest bearing debt as a ratio of operational EBITDA



At 31 December the net interest bearing debt equalled 4.3x operational EBITDA (2010: 4.2x) for the last 12 months (LTM). This exceeded NKT's own debt target of 2.5x. The ratio was still influenced by the fact that operational EBITDA (LTM) did not fully include normalised income in NKT Cables from the investments in the cable factories in Cologne and Cangzhou, while the investments fully impacted the net interest bearing debt.

Gearing of net interest bearing debt in relation to equity amounted to 109% (2010: 100%) at 31 December 2011.

At 31 December, 62% (2010: 62%) of the interest bearing debt was in DKK and 18% (2010: 20%) was in CZK, which related to NKT Cables' investment in the Czech Republic. The remaining financing was primarily raised in EUR, USD and CNY. The financing continued to be predominantly based on floating interest rates, and the Group was thus exposed to interest rate developments. The interest rate risk is further clarified in Note 30 to the consolidated financial statements.

Determination of net interest bearing debt is clarified in Note 35 to the consolidated financial statements.

Cash resources

The cash resources at 31 December amounted to approx. 2.5 bnDKK (2010: 1.8 bnDKK), an improvement of 0.7 bnDKK.

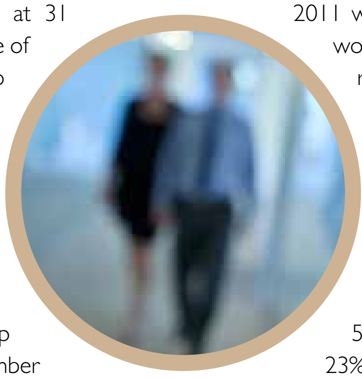
In the course of 2011 the credit facilities were increased by 1.0 bnDKK and at the end of 2011 the maturity date was extended by 1 year. The extended credit facilities will mature in January 2015 at the earliest. If net interest bearing debt/operational EBITDA at end-2012 is below a predefined level, the credit institutions are obliged to extend the maturity date to January 2016.

Further information concerning the Group's cash resources appears in Fig. 21.

NKT's debt is not subject to financial covenants with lenders. Regarding non-financial covenants, see Note 30 to the consolidated financial statements.

Return on Capital Employed (RoCE)

Capital employed amounted to 8,496 mDKK at 31 December 2011 (2010: 8,218 mDKK), an increase of 278 mDKK (3%). The increase was chiefly due to investment of 617 mDKK in intangibles and in property, plant and equipment, minus the improvement in working capital of 257 mDKK. Statement of the capital employed is clarified in Note 36 to the consolidated financial statements.



Return on capital employed for the Group amounted to 5.5% (2010: 7.5%) at 31 December 2011 (stated on the basis of operational EBIT and quarterly average capital employed).

The strategic target for the Group is a return of 20% by 2015, cf. page 9. NKT's strategic targets have not been adjusted for the sale of NKT Flexibles.

For NKT Cables, return on capital employed was negative at 31 December 2011 (2010: 2.6%). Besides decrease in EBIT to -154 mDKK (2010: 109 mDKK), as further described on page 36-38, the quarterly average capital employed was increased by 700 mDKK despite the fact that capital employed at 31 December 2011 was reduced by 231 mDKK in relation to 31 December

Fig. 21 Credit facilities

Amounts in bnDKK	31.12.11	31.12.10
Committed (>3 years)	3.7	4,.
Committed (1-3 years)	1.4	0.1
Committed (<1 year)	0.1	0.1
Committed total	**5.2**	**4.8**
% of total	74%	80%
Uncommitted	1.8	1.2
% of total	26%	20%
Total	**7.0**	**6.0**
Cash	0.3	0.2
Drawn	-4.8	-4.4
Cash resources	**2.5**	**1.8**

2010. Average capital employed was influenced by construction of the new factory in Cologne and acquisition of the factory in Cangzhou in 2010. Furthermore, the average working capital in 2011 was higher than in 2010 despite the reduction in working capital of 404 mDKK at 31 December in relation to 31 December 2010. Capital employed at 31 December 2011 amounted to 4,470 mDKK (2010: 4,701 mDKK).

For Nilfisk-Advance, return on capital employed amounted to 17.1% (2010: 15.1%), an increase of 2.0% points. The increase was driven by an improvement of 97 mDKK in operational EBIT to 523 mDKK (2010: 426 mDKK), corresponding to 23%. To this must be added an increase in the quarterly average capital employed of 238 mDKK, corresponding to 8%. Capital employed at 31 December 2011 amounted to 3,232 mDKK (2010: 2,898 mDKK).

Group Management - Board of Directors

Christian Kjær

Jens Due Olsen**

Chairman
Born 1943. R[1],Chamberlain, Master of the Royal Hunt, Attorney, LLM 1972. Member and Deputy Chairman of the Board 1987. Chairman 1990-. Chairman of Nomination Committee 2010-. Chairman of Remuneration Committee 2010-. **NKT shares** at end-2011: 421,753 (2010: 421,753). **Member of Board of Directors of:** A/S Segalit af 1/4 1987, Chairman. Sankt Gjertruds Stræde 10 A/S, Chairman. Skærbæk Plantage A/S, Chairman. Ejendomsselskabet D.F.K. A/S. Rudersdal Forsyning A/S. **Member of** Rudersdal Municipal Council. **Member of Board of** Representatives of HMN Naturgas I/S. **Special qualifications:** Industrial management experience at board of directors' level.

Deputy Chairman
Born 1963. MA (Econ.)1990. Member of the Board 2006, Deputy Chairman 2011-. Chairman of Audit Committee 2009-. Member of Nomination Committee 2010-. Member of Remuneration Committee 2010-. **NKT shares** at end-2011: 1,500 (2010: 1,500). **Member of Board of Directors of:** Atchik Realtime A/S, Chairman. Kompan A/S, Chairman. Pierre.dk A/S, Chairman. Auriga Industries A/S, Deputy Chairman and Member of Audit Committee. Cryptomathic A/S. Industriens Pension A/S, Member of Investment Committee. EG A/S, Chairman of Audit Committee. Royal Unibrew A/S. **Member of** Investment Committee of LD Equity 2 K/S. **Special qualifications:** Economic, financial, and general experience, and international experience from a variety of industrial sectors.

Jan Erik Jensen*

Born 1956. Production Assistant, joined 1978 Nilfisk-Advance A/S. Member of the Board 2010. Elected for a 4-year period expiring 2014.
NKT shares at end-2011: 0 (2010: 0).
Special qualifications: Experience in production conditions at Nilfisk-Advance.

Gunnar Karsten Jørgensen*

Born 1956. Fitter, joined 1997 NKT Flexibles I/S. Member of the Board 2005. Elected for a 4-year period expiring 2014.
NKT shares at end-2011: 50 (2010: 50).
Special qualifications: Experience in production conditions at NKT Flexibles.

Arne Dan Kjærulff*

Born 1948. Service Technician, joined 1974 Nilfisk-Advance A/S. Member of the Board 2006. Elected for a 4-year period expiring 2014.
NKT shares at end-2011: 994 (2010: 994).
Special qualifications: Experience in production conditions at Nilfisk-Advance.

* Employee-elected.
** Independent member as defined by Section 5 of the Danish Corporate Governance Recommendations.

Particulars of directorships are provided pursuant to Section 107 of the Danish Financial Statements Act concerning managerial posts in other companies and NKT's Corporate Governance policies.

Jens Maaløe**

Born 1955. President & CEO, Terma A/S. M.Sc. E.Eng. 1979, PhD 1983. Member of the Board 2004.
NKT shares at end-2011: 515 (2010: 515).
Member of Board of Directors of: Topdanmark A/S. Grundfos Holding A/S. Poul Due Jensen's Fond. Ingeniørhøjskolen i Århus. Member of The Danish Trade Council.
Special qualifications: Technology know-how, experience in high-tech development activities.

Kurt Bligaard Pedersen **

Born 1959. Executive Vice President, DONG Energy A/S. MSc. 1988. Member of the Board 2011.
NKT shares at end-2011: 0.
Member of Board of Directors of: BRF Holding A/S, Deputy Chairman. BRF Fonden. Copenhagen Zoo. Member of: Eurogas.
Special qualifications: Experience in energy industry, management and economics and financial and political administration.

Lone Fønss Schrøder**

Born 1960. LLM 1987, MA (Econ.) uh 1985. Member of the Board 2008. **NKT shares** at end-2011: 500 (2010: 500).
Member of the Board of Directors of: Volvo Personvagnar AB, Chairman of Audit Committee. Aker Solution ASA, Member of Audit Committee. Svenska Handelsbanken AB, Member of Audit and Risk Committee. Vattenfall AB, Member of Audit Committee. Heidelberger Druckmaschinen AG.
Special qualifications: Experience in globally-oriented industrial activities.

Jan Trøjborg**

Born 1955. Mayor of Horsens. MSc. C. Eng. 1986. Member of the Board 2005. Deputy Chairman 2005-2010. Member of Audit Committee 2009-2011.
NKT shares at end-2011: 796 (2010: 796).
Chairman of Local Government Denmark.
Special qualifications: Experience in industrial policy and organisation.

Group Management - Executive Management Board

Thomas Hofman-Bang

President and CEO

Born 1964. MSc (Business Administration, Accounting and Auditing) 1992. State-authorised Public Accountant 1994. Joined NKT and the Executive Management Board 2000. Appointed President and CEO 2006. **NKT shares** at end-2011: 48,000 (2010: 48,000). **Member of Board of Directors of:** NeuroSearch A/S, Chairman. William Demant Holding A/S, Chairman of Audit Committee.

Michael Hedegaard Lyng

Group Executive Director, CFO

Born 1969. MSc (Business Administration, Accounting and Auditing) 2001.EMBA 2011. Joined NKT 2007. Member of the Executive Management Board 2008. **NKT shares** at end-2011: 1,498 (2010: 1,498). **Member of Board of Directors of:** Topsil Semiconductor Materials A/S, Chairman of Audit Committee. Burmeister & Wain Scandinavian Contractor A/S.

Søren Isaksen

Group Executive Director, CTO

Born 1952. MSc (Mathematics and Physics) 1977. PhD 1981. Joined NKT 1981. Member of the Executive Management Board 1999. **NKT shares** at end-2011: 47,275 (2010: 47,275). **Member of Board of** Trustees of Tuborgfonden.

Heads of Group services

Karsten Riis Andersen

Born 1970

Controlling & Accounting

Ole Bramsnæs

Born 1946

Legal Affairs

Søren Magdal Christensen

Born 1975

Treasury

Mette Rona

Born 1970

Tax

Anne Schoen

Born 1956

Communications

Statements

Statement by the Group Management

The Board of Directors and the Executive Management Board have today discussed and approved the Annual Report of NKT Holding A/S for the financial year 1 January - 31 December 2011.

The Annual Report has been prepared in accordance with International Financial Reporting Standards which have been adopted by the EU, and Danish disclosure requirements for listed companies.

In our opinion the consolidated financial statements and the Company's financial statements give a true and fair view of the Group's and the Company's assets, liabilities and financial position at 31 December 2011 and of the results of the Group's and the Company's operations and cash flow for the financial year 1 January - 31 December 2011.

The Management's Review contains in our opinion a true and fair review of the development in the Group's and the Company's operations, financial circumstances and results for the year, and of the Company's financial position, and describes the material risks and uncertainties affecting the Group and the Company.

We recommend that the Annual Report be approved at the Annual General Meeting.

Brøndby, 1 March 2012

Executive Management Board

Thomas Hofman-Bang, *President and CEO*

Michael Hedegaard Lyng, *Group Executive Director, CFO*

Søren Isaksen, *Group Executive Director, CTO*

Board of Directors

Christian Kjær, *Chairman*

Jens Due Olsen, *Deputy Chairman*

Jan Erik Jensen

Gunnar Karsten Jørgensen

Arne Dan Kjærulff

Jens Maaløe

Kurt Bligaard Pedersen

Lone Fønss Schrøder

Jan Trøjborg

Independent auditor's report

To the shareholders of NKT Holding A/S

Statement on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of NKT Holding A/S for the financial year 1 January - 31 December 2011. The consolidated financial statements and the parent company financial statements comprise (income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies) for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view 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 consolidated financial statements and the parent company financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2011 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 2011 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management commentary is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 1 March 2012

KPMG
Statsautoriseret Revisionspartnerselskab

Finn L. Meyer	*Carsten Kjær*
State Authorised	State Authorised
Public Accountant	Public Accountant

Consolidated financial statements

Income statement

1 January - 31 December

Amounts in mDKK	Note	2011	2010
Revenue	2,3	15,603.7	14,451.1
Other operating income	4	49.2	52.5
Changes in inventories of finished goods and work in progress		13.5	433.3
Work performed by the Group and capitalised		51.2	36.2
Costs to raw materials, consumables and goods for resale		-10,053.4	-9,649.9
Employee benefits, expenses	5,6	-2,785.3	-2,569.9
Other costs	6,7	-2,053.3	-1,963.3
Shares of profit after tax in associates and joint ventures	8,9	177.7	109.2
Earnings before interest, tax, depreciation and amortisation (EBITDA)		1,003.3	899.2
Depreciation and impairment of tangible assets	16	-397.7	-279.4
Amortisation and impairment of intangible assets	15	-160.7	-140.1
Earnings before interest and tax (EBIT)		444.9	479.7
Financial income	10	366.7	259.4
Financial expenses	11	-646.9	-393.8
Earnings before tax (EBT)		164.7	345.3
Tax	12	-37.8	-75.5
Profit for the year		126.9	269.8
To be distributed as follows:			
Profit attributable to equity holders of NKT Holding A/S		125.2	266.2
Profit attributable to minority interests		1.7	3.6
		126.9	269.8
Basic earnings per share (EPS)	13	5.3	11.3
Diluted earnings per share (EPS-D)	13	5.3	11.2

The Board of Directors proposes a dividend for the year of 2.0 DKK per share (2010: 2.0 DKK per share) for approval at the Annual General Meeting.

Statement of comprehensive income

1 January - 31 December

Amounts in mDKK	Note	2011	2010
Profit for the year		126.9	269.8
Other comprehensive income			
Foreign exchange adjustment, foreign companies		3.7	216.2
Value adjustment of hedging instruments:			
Value adjustment for the year		-172.9	84.0
Transferred to revenue		18.4	30.6
Transferred to costs to raw materials, consumables and goods for resale		-45.8	-144.3
Transferred to financial expenses		17.7	3.7
Fair value adjustment of available for sale securities		3.5	1.7
Share of equity movements in investments in associates and joint ventures		1.5	-1.6
Tax on equity movements		43.8	10.4
Total other comprehensive income		-130.1	200.7
Comprehensive income for the year		-3.2	470.5
To be distributed as follows:			
Profit attributable to equity holders of NKT Holding A/S		-4.1	465.3
Profit attributable to minority interests		0.9	5.2
		-3.2	470.5

Cash flow statement

1 January - 31 December

Amounts in mDKK	Note	2011	2010
Operating earnings before depreciation and amortisation (EBITDA)		1,003.3	899.2
Non-cash operating items:			
Share of profit of NKT Flexibles I/S	9	-158.4	-89.9
Profit on sales of non-current assets, used and increase of provisions, and other non-cash operating items, etc.		-32.8	-18.2
Changes in working capital		119.3	-919.3
Cash flows from operations before financial items, etc.		931.4	-128.2
Interest received		203.2	149.0
Interest paid		-487.1	-273.1
Income tax paid		-89.6	-121.7
Cash flows from operating activities		557.9	-374.0
Acquisition of subsidiaries	27	-214.8	-48.3
Investments in property, plant and equipment		-445.2	-743.9
Disposal of property, plant and equipment		18.6	20.7
Other investments, net		-156.4	-77.0
Cash flows from investing activities		-797.8	-848.5
Changes in non-current loans from credit institutions		118.6	1,462.3
Changes in current loans from credit institutions		184.7	-176.5
Minority interests		-0.9	-23.9
Dividends paid		-47.5	-83.0
Dividend treasury shares		0.2	0.3
Cash from exercise of share options		0.0	3.8
Cash flows from financing activities		255.1	1,183.0
Net cash flows from operating, investing and financing activities		15.2	-39.5
Cash at bank and in hand, 1 January		247.4	253.9
Currency adjustments		8.4	33.0
Net cash flows		15.2	-39.5
Cash at bank and in hand, 31 December		271.0	247.4

Balance sheet

31 December

Amounts in mDKK	Note	2011	2010
Assets			
Non-current assets			
Intangible assets	14,15		
Goodwill		1,264.9	1,147.5
Trademarks, etc.		56.3	49.8
Customer related assets		90.7	84.0
Development projects completed		220.5	184.6
Patents and licences, etc.		184.8	162.3
Development projects in progress and prepayments		170.3	138.9
		1,987.5	1,767.1
Property, plant and equipment	14,16		
Land and buildings		1,332.0	1,343.7
Manufacturing plant and machinery		1,404.9	1,215.6
Fixtures, fittings, tools and equipment		328.0	290.6
Property, plant and equipment under construction and prepayments		195.6	375.0
		3,260.5	3,224.9
Other non-current assets			
Investments in associates and joint ventures	8,9	836.2	672.1
Other investments and receivables		41.1	35.1
Deferred tax	21	392.8	264.6
		1,270.1	971.8
Total non-current assets		6,518.1	5,963.8
Current assets			
Inventories	17	2,889.2	2,839.5
Receivables	18,24	3,731.7	3,471.8
Income tax receivable		28.9	33.2
Cash at bank and in hand		271.0	247.4
Total current assets		6,920.8	6,591.9
Total assets		13,438.9	12,555.7

Balance sheet

31 December

Amounts in mDKK	Note	2011	2010
Equity and liabilities			
Equity			
Share capital	19,20	474.8	474.8
Reserves		42.1	172.9
Retained comprehensive income		3,495.2	3,410.2
Proposed dividends	19	47.5	47.5
Total equity attributable to equity holders of NKT Holding A/S		4,059.6	4,105.4
Minority interests		6.7	7.0
Total equity		4,066.3	4,112.4
Liabilities			
Non-current liabilities			
Deferred tax	21	212.7	178.1
Employee benefits	22	296.5	292.8
Provisions	23	99.4	112.5
Interest bearing loans and borrowings	24,30	3,557.5	3,452.0
		4,166.1	4,035.4
Current liabilities			
Interest bearing loans and borrowings	24,30	1,203.2	957.0
Trade and other payables	24,25	3,803.1	3,254.8
Income tax payable		46.6	36.6
Provisions	23	153.6	159.5
		5,206.5	4,407.9
Total liabilities		9,372.6	8,443.3
Total equity and liabilities		13,438.9	12,555.7

Statements of changes in equity

1 January - 31 December

Amounts in mDKK	Share capital	Foreign exchange reserve	Hedging reserve	Fair value reserve	Retained compreh. income	Proposed dividends	Total	Minority interest	Total equity
Equity, 1 January 2010	474.4	-97.1	70.4	-1.1	3,189.2	83.0	3,718.8	21.0	3,739.8
Other comprehensive income									
Foreign exchange translation differences		214.6					214.6	1.6	216.2
Value adjustment of hedging instruments:									
Value adjustment for the year			84.0				84.0		84.0
Transferred to revenue			30.6				30.6		30.6
Transferred to consumption of raw materials			-144.3				-144.3		-144.3
Transferred to financial expenses			3.7				3.7		3.7
Fair value adjustment of available for sale securities				1.7			1.7		1.7
Share of equity movements in Investments in associates and joint ventures					-1.6		-1.6		-1.6
Tax on other comprehensive income		-0.6	11.4	-0.4			10.4		10.4
Total other comprehensive income	0.0	214.0	-14.6	1.3	-1.6	0.0	199.1	1.6	200.7
Profit for the year					218.7	47.5	266.2	3.6	269.8
Comprehensive income for the year	0.0	214.0	-14.6	1.3	217.1	47.5	465.3	5.2	470.5
Dividends paid						-83.0	-83.0		-83.0
Dividend treasury shares					0.3		0.3		0.3
Addition/disposal minority interests					-4.7		-4.7	-19.2	-23.9
Share-based payment					4.9		4.9		4.9
Cash from exercise of share options	0.4				3.4		3.8		3.8
Total changes in equity in 2010	0.4	214.0	-14.6	1.3	221.0	-35.5	386.6	-14.0	372.6
Equity, 31 December 2010	474.8	116.9	55.8	0.2	3,410.2	47.5	4,105.4	7.0	4,112.4
Equity, 1 January 2011	474.8	116.9	55.8	0.2	3,410.2	47.5	4,105.4	7.0	4,112.4
Other comprehensive income									
Foreign exchange translation differences		4.5					4.5	-0.8	3.7
Value adjustment of hedging instruments:									
Value adjustment for the year			-172.9				-172.9		-172.9
Transferred to revenue			18.4				18.4		18.4
Transferred to consumption of raw materials			-45.8				-45.8		-45.8
Transferred to financial expenses			17.7				17.7		17.7
Fair value adjustment of available for sale securities				3.5			3.5		3.5
Share of equity movements in Investments in associates and joint ventures					1.5		1.5		1.5
Tax on other comprehensive income		1.6	43.1	-0.9			43.8		43.8
Total other comprehensive income	0.0	6.1	-139.5	2.6	1.5	0.0	-129.3	-0.8	-130.1
Profit for the year					77.7	47.5	125.2	1.7	126.9
Comprehensive income for the year	0.0	6.1	-139.5	2.6	79.2	47.5	-4.1	0.9	-3.2
Dividends paid						-47.5	-47.5	-1.2	-48.7
Dividend treasury shares					0.2		0.2		0.2
Addition/disposal minority interests					0.3		0.3		0.3
Share-based payment					5.3		5.3		5.3
Total changes in equity in 2011	0.0	6.1	-139.5	2.6	85.0	0.0	-45.8	-0.3	-46.1
Equity, 31 December 2011	474.8	123.0	-83.7	2.8	3,495.2	47.5	4,059.6	6.7	4,066.3

Notes

1 •Accounting estimates and judgements

When preparing the annual report, Management makes a number of accounting estimates and judgements that form the basis for recognition and measurement of assets and liabilities. The most significant accounting estimates and judgements are stated below. The Group's accounting policies are described in detail in note 34.

Estimation uncertainty
Determining the carrying value of certain assets and liabilities requires judgements, estimates and assumptions relating to future events.

The estimates and assumptions made about future events are based on historical experience and other factors which by Management are considered reliable but by nature are associated with uncertainty. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the Group is subject to risks and uncertainties which may lead to actual results differing from these estimates. Particular risks relating to NKT are discussed in the 'Risk factors' section of Management's review and Note 30 of the consolidated financial statements. The description in the Management's review and Note 30 are not exhaustive.

It may be necessary to change previous estimates due to changes in the conditions on which they were based or due to new information or subsequent events. Changes to accounting estimates are recognised in the accounting period in which the change takes place, and also in future accounting periods if the change affects both the period in which it was made and subsequent accounting periods.

In the consolidated financial statements for 2011, attention is specially drawn to the following assumptions and uncertainties as they have substantially influenced the assets and liabilities recognised in the statements and may necessitate adjustments in subsequent accounting years if the assumed course of events is not realised as anticipated.

- Contingent liability. NKT Cables and NKT Holding have received a Statement of Objections from the European Commission, cf. Note 26. Currently it is not possible to determine whether costs will be incurred, and if so, the magnitude of these costs. As a result, no liability is recognised in the balance sheet at 31 December 2011.

- Impairment test. At the annual impairment test for goodwill and other intangible assets that are not amortised, or if there is indication of impairment for other intangible assets and property, plant and equipment, an estimate is made of whether the parts of the business to which the asset is allocated (cash generating units) will be capable of generating sufficient positive net cash flows in the future (value in use) to support the carrying amount of the asset and other net assets in the relevant part of the business.

  Due to the nature of the business, an estimate must be made of expected cash flows for many years in the future as well as a reasonable discount rate, which naturally leads to some uncertainty.

  The impairment test and the particularly sensitive circumstances relating thereto, are more fully described in Note 14.

- Useful life and scrap value. Useful life and scrap value for intangible assets and property, plant and equipment. Estimated useful lives and scrap values for intangible assets that are amortised on a continuous basis, and property, plant and equipment are reviewed periodically. Periodic assessment of values useful lives and scrap values is based inter alia on gains/losses from disposal/scrapping of assets, impairment tests and other indicators. Depreciation/amortisation for the year and useful lives are seen in Notes 15 and 16.

- Construction contracts are measured at the selling price of the work performed less progress billings and anticipated losses.
  The selling price is measured according to the total expected income on the individual contract. The stage of completion is determined from an assesment of the work performed, normally calculated as the ratio of expenses incurred to total expected expenses relating to the contract concerned. The selling price for production on construction contracts is seen in Note 3. Joint venture revenue, which is shown in Note 9, is also measured as the selling price for production on construction contracts for the year.

- Writedown of inventories and receivables. Inventories are written down to net realisable value calculated as the sales amount amount less costs of completion and costs incurred in effecting sale, and are determined taking into account marketability, obsolescence and development in expected sales price. Note 17 shows the carrying value of inventories recognised at net sales price and writedowns of inventories for the year recognised as cost.

  Writedowns on receivables are based on an individual assessment of indication of impairment in connection with customer insolvency, expected

Notes

1 • Accounting estimates and judgements (continued)

insolvency, and a mathematical calculation based on grouping of receivables after number of days' maturity. Note 30 shows movements for the year in writedowns arising from receivables relating to sales and services.

- Defined benefit plans. Assessment of the value of defined benefit plans is based on a number of actuarial assumptions including discount rates, expected yield on plan assets, and expected rate of increase in pay and pensions. The value of NKT's defined benefit plans is based on assessments by external actuaries. Further information on these plans is contained in Note 22.

- Provisions is measured at Management's best estimate of the amount at which the obligation is expected to be discharged. Provisions consist chiefly of warranties and other provisions.

  Warranties relate principally to Nilfisk-Advance. The amount recognised is a forecast based on products sold within the last three years and empirical data for for warranties for previous years. Other provisions relate principally to estimated restoration costs pertaining properties in Cologne (NKT Cables) and also rent relating to unutilised leases (Nilfisk-Advance). For further information concerning provisions, please refer to Note 23.

- Business combinations. In the case of acquisitions where NKT Holding A/S gains control over the company concerned the purchase method is applied. Uncertainty is related to identification of assets, liabilities and contingent liabilities, and to measurement of their fair value at the acquisition date. Note 27 shows the the fair value at the time of acquisition for assets, liabilities and contingent liabilities.

- Deferred tax, and the significant items that have resulted in the deferred tax assets and liabilities, is stated in Note 21. Deferred tax reflects judgements of actual future tax payable concerning items in the financial statements, taking into account timing and probability. In addition, these estimates reflect expectations of future taxable earnings and the Group's tax planning. Actual future tax may differ from these estimates due to changes in expectations with regard to future taxable earnings, future statutory changes in income tax or the outcome of tax authorities' review of the Group's tax returns.

Assesment in applied accounting polices
In applying the Group accounting policies, Management makes judgements concerning the accuracy of estimates which may materially influence the amounts recognised in the annual report.

Examples of such judgements is when income and expenditure relating to third-party contracts must be treated in accordance with the percentage of completion method (construction contracts). In 2011 Management made such judgements concerning:

- Use of the percentage of completion method. The Management assesses, at contract signature, whether the products contain a sufficiently high degree of individual adjustment to qualify for recognition as a construction contract under this method. If this is not the case, the products are recognised as revenue on finished products, as described in Note 34 'Accounting policies'.

- Business combinations. On business combinations and establishment of new collaborative agreements, assessment is made in order to classify the acquired business as a subsidiary, joint venture or associate. The assessment is made against the background of the constituent agreements relating to to acquisition of ownership/voting interest in the business, and against the background of constituent shareholder agreements etc. that regulate the actual control in the business.

  This classification is significant as subsidiaries are consolidated, while joint ventures and associates are not consolidated but recognised on one line with the proportional share of the equity value of the business and of its profit for the year. Key data for associates and the joint venture are shown in Notes 8 and 9.

Going concern
The Group Management is required to decide whether the financial statements can be presented on a 'going concern' basis. Based on estimated future prospects, expectations of future cash flow, existence of credit facilities, etc. the Group Management has concluded that there are no factors giving reason to doubt whether NKT can continue operating for at least 12 months from the balance sheet date.

Notes

2 • Segment reporting

The reportable segments consist of strategic business units engaged in sale of various products and services

› NKT Cables, power cables, etc.
› Nilfisk-Advance, professional cleaning equipment
› Photonics Group, optical fiber products
› NKT Flexibles, flexible offshore pipe systems

along with the parent company etc. ('Parent company etc.' refers to the parent company and non-material units with operating risks of a similar nature). NKT Flexibles is a joint venture of which NKT Holding owns 51%. Accordingly, 51% of NKT Flexibles' profit after depreciation, amortisation and financial items is recognised in NKT Group EBITDA. The segment information below only contains those financial items included in NKT's consolidated financial statement. Particulars of revenue, expenses, assets and liabilities (100% share) are shown in Note 9.

Each business unit operates independently of the others, with separate brands and managements, as each business unit has different customers and end-users, and is based on different technologies and market strategies. A further description of the business units is included in Management's review.

NKT Group Management assesses segment operating results separately to determine allocation of resources and measurement of performance. The internal financial reporting on which the assessments are based complies with the Group's accounting policies.

Transactions between segments are performed on market terms and no single customer represents more than 10% of the revenue. The reportable segments are identified without aggregation of operating segments.

2011 Amounts in mDKK	NKT Cables	Nilfisk-Advance	Photonics Group	NKT Flexibles profit share	Parent company etc.	Total reportable segments	Inter-segment transact.	Total NKT Group
Income statement								
Revenue from external customers	9,087.7	6,307.1	208.9	0.0	0.0	15,603.7	0.0	15,603.7
Inter-segment revenue	0.2	0.0	1.2	0.0	0.0	1.4	-1.4	0.0
Total revenue	9,087.9	6,307.1	210.1	0.0	0.0	15,605.1	-1.4	15,603.7
Costs and other income, net	-8,907.6	-5,624.9	-209.3	0.0	-37.7	-14,779.5	1.4	-14,778.1
Share of profits after tax of associates and joint ventures	2.0	16.9	0.0	158.4	0.4	177.7	0.0	177.7
Earnings, (EBITDA)	182.3	699.1	0.8	158.4	-37.3	1,003.3	0.0	1,003.3
Depreciation and amortisation	-275.2	-202.0	-12.9	0.0	-0.3	-490.4	0.0	-490.4
Impairment loss	-61.0	-7.0	0.0	0.0	0.0	-68.0	0.0	-68.0
Segment result (EBIT)	-153.9	490.1	-12.1	158.4	-37.6	444.9	0.0	444.9
Financial income	229.8	87.9	0.9	0.0	225.3	543.9	-177.2	366.7
Financial expenses	-409.8	-214.0	-4.6	-0.2	-195.5	-824.1	177.2	-646.9
Tax	80.5	-83.5	4.2	-39.5	0.5	-37.8	0.0	-37.8
Profit for the year	-253.4	280.5	-11.6	118.7	-7.3	126.9	0.0	126.9
Balance								
Segment assets	7,437.2	5,973.2	238.4	576.9	4,061.4	18,287.1	-4,848.2	13,438.9
Segment goodwill	170.7	1,068.4	25.8	0.0	0.0	1,264.9	0.0	1,264.9
Investments in associates and joint ventures	40.2	87.9	0.0	716.4	-8.3	836.2	0.0	836.2
Segment liabilities	6,688.7	4,150.6	172.1	13.7	3,195.7	14,220.8	-4,848.2	9,372.6
Other Information								
Cash flow from operations before financial items and tax	436.3	532.0	-6.9	0.0	-30.0	931.4	0.0	931.4
Additions to property, plant and equipment and intangible assets	378.3	200.7	30.7	0.0	0.1	609.8	0.0	609.8
Average number of full-time employees	3,571	5,257	184	0	26	9,038	0	9,038

Notes

2 • Segment reporting (continued)

2010 Amounts in mDKK	NKT Cables	Nilfisk-Advance	Photonics Group	NKT Flexibles profit share	Parent company etc.	Total reportable segments	Inter-segment transact.	Total NKT Group
Income statement								
Revenue from external customers	8,519.3	5,746.6	184.7	0.0	0.5	14,451.1	0.0	14,451.1
Inter-segment revenue	0.3	0.0	0.5	0.0	0.0	0.8	-0.8	0.0
Total revenue	8,519.6	5,746.6	185.2	0.0	0.5	14,451.9	-0.8	14,451.1
Costs and other income, net	-8,199.7	-5,229.9	-196.0	0.0	-36.3	-13,661.9	0.8	-13,661.1
Share of profits after tax of associates and joint ventures	9.2	9.7	0.0	89.9	0.4	109.2	0.0	109.2
Earnings, (EBITDA)	329.1	526.4	-10.8	89.9	-35.4	899.2	0.0	899.2
Depreciation and amortisation	-220.5	-177.3	-11.8	0.0	-0.3	-409.9	0.0	-409.9
Impairment loss	0.0	-9.6	0.0	0.0	0.0	-9.6	0.0	-9.6
Segment result (EBIT)	108.6	339.5	-22.6	89.9	-35.7	479.7	0.0	479.7
Financial income	153.7	88.7	0.2	0.0	109.6	352.2	-92.8	259.4
Financial expenses	-238.6	-164.0	-6.3	-0.4	-77.3	-486.6	92.8	-393.8
Tax	13.7	-72.0	5.7	-22.4	-0.5	-75.5	0.0	-75.5
Profit for the year	37.4	192.2	-23.0	67.1	-3.9	269.8	0.0	269.8
Balance								
Segment assets	7,312.4	5,202.3	223.5	443.0	3,375.3	16,556.5	-4,000.8	12,555.7
Segment goodwill	172.8	947.9	26.8	0.0	0.0	1,147.5	0.0	1,147.5
Investments in associates and joint ventures	43.7	80.6	0.0	556.5	-8.7	672.1	0.0	672.1
Segment liabilities	6,164.9	3,565.2	179.6	0.0	2,534.4	12,444.1	-4,000.8	8,443.3
Other Information								
Cash flow from operations before financial items and tax	-409.4	346.2	-24.4	0.0	-40.6	-128.2	0.0	-128.2
Additions to property, plant and equipment and intangible assets	731.1	180.7	23.6	0.0	0.5	935.9	0.0	935.9
Average number of full-time employees	3,312	4,944	174	0	24	8,454	0	8,454

In the presentation of geographical information the breakdown of revenue is based on the geographical location of customers while asset breakdown is based on the physical location of the assets.

Geographical information, revenue

Amounts in mDKK	2011	2010
Germany	3,147.2	3,250.9
US	1,326.4	1,391.0
China	1,192.6	1,318.6
Poland	1,139.5	828.4
Denmark	1,123.9	851.3
France	973.9	850.9
Czech Republic	795.5	764.6
UK	762.2	617.8
Other	5,142.5	4,577.6
	15,603.7	14,451.1

Geographical information, property, plant and equipment and intangible assets

Amounts in mDKK	2011	2010
Germany	1,849.1	1,738.6
Denmark	969.0	802.7
Czech Republic	643.0	732.1
US	612.0	595.6
China	633.6	581.1
Poland	118.9	133.9
Other	422.4	408.0
	5,248.0	4,992.0

Notes

3 • Revenue

Amounts in mDKK	2011	2010
Goods	13,672.9	12,764.3
Services	742.7	682.4
Royalty	4.3	4.2
Rentals	0.3	0.6
Construction contract revenue	1,183.5	999.6
	15,603.7	14,451.1

4 • Other operating income

Amounts in mDKK	2011	2010
Release of unused provisions	0.6	2.8
Gain on disposal of property, plant and equipment and intangible assets	5.3	7.9
Government grants	13.3	8.6
Other	30.0	33.2
	49.2	52.5

5 • Employee benefits, expense

Amounts in mDKK	2011	2010
Wages and salaries	2,365.0	2,161.3
Social security costs	319.0	297.6
Defined contribution plans	80.5	89.6
Defined benefit plans	15.5	16.5
Share-based payments	5.3	4.9
	2,785.3	2,569.9
Average number of full-time employees	9,038	8,454

See Notes 28 and 29 for information regarding management remuneration and share options.

6 • Research and development costs

Amounts in mDKK	2011	2010
Research and development costs recognised as other costs	166.6	154.8
Research and development costs recognised as employee benefits	84.8	73.3
- recognised as own work capitalised	-44.5	-9.3
Research and development costs expensed as incurred	206.9	218.8
Development costs recognised as assets	154.6	141.3
	361.5	360.1

Notes

7 • Fees paid to auditor elected at the Annual General Meeting

Amounts in mDKK	2011	2010
KPMG:		
Statutory audit	14.3	15.1
Other certainty declarations	0.1	0.4
Tax and VAT advice	1.5	2.6
Other services	1.0	2.2
	16.9	20.3

8 • Investments in associates

Amounts in mDKK	2011	2010
Summary financial information - 100%		
Company information and ownership are listed in Note 33 'Group companies'		
Revenue	605.2	597.4
Profit for the year	43.7	41.6
Total assets	502.2	475.8
Liabilities	232.3	208.3
The NKT Group's share of profit for the year	18.9	18.9
The NKT Group's share of equity	112.3	108.5
Goodwill	15.8	15.8
Carrying amount, 31 December	128.1	124.3

Notes

9 • Interest in joint venture

Summary of financial information - 100 %
NKT Flexibles Group

Amounts in mDKK	2011	2010
Revenue and other income	1,637.1	1,206.6
Expenses	-1,326.6	-1,030.3
Profit for the year	310.5	176.3
Non-current assets	890.6	689.8
Current assets	856.2	836.8
Total assets	1,746.8	1,526.6
Equity	1,404.8	1,091.2
Non-current liabilities	7.3	7.6
Current liabilities	334.7	427.8
Total equity and liabilities	1,746.8	1,526.6
The NKT Group's ownership	51%	51%
The NKT Group's share of profit	158.4	89.9
Adjustment	0.4	0.4
Recognised share of profit	158.8	90.3
The NKT Group's share of equity	716.4	556.5
Value adjustment	-8.3	-8.7
Carrying amount, 31 December	708.1	547.8

The NKT Group owns 51% of NKT Flexibles Group, which besides the parent company NKT Flexibles I/S, consists of a Danish and a Brazilian subsidiary. The parent company, NKT Flexibles I/S, is not an independent tax object and income tax relating to this company is not included in the financial statements for NKT Flexibles Group. 51% of the tax of the parent company, NKT Flexibles I/S, is recognised at a higher level in the NKT Group and is thus included in the consolidated financial statements for the NKT Group. Corporate income tax for the subsidiaries is included in the financial statements for the NKT Flexibles Group.

NKT Flexibles I/S is accounted for by one line consolidation in accordance with the provisions of IAS 31 on jointly controlled entities as the company is controlled jointly with joint venture partner.

Disclosures of liabilities and security relating to joint venture are shown in Note 26.

The partnership contract for NKT Flexibles contains Change of Control provisions (a shareholder or shareholder group gains a controlling interest in NKT Holding). The contents of this are not disclosed.

The NKT Flexibles Group is expected to be sold in 2012, cf. Note 31.

Notes

10 • Financial income

Amounts in mDKK	2011	2010
Interest, etc.	40.1	15.2
Foreign exchange gains	306.2	237.3
Gain on derivative financial instruments	20.3	6.9
Gains on available-for-sale equity securities	0.1	0.0
	366.7	259.4

Interest, etc. relating to financial assets measured at amortised cost.

11 • Financial expenses

Amounts in mDKK	2011	2010
Interest, etc.	266.7	157.4
Foreign exchange losses	318.8	218.2
Loss on derivative financial instruments	61.4	21.9
Loss on other investments and receivables	0.0	2.5
Borrowing costs recognised in cost of assets	0.0	-6.2
	646.9	393.8

Interest, etc. relating to financial liabilities measured at amortised cost.

In the calculation of borrowing costs for recognition in the cost of assets an effective interest rate in the level of 3% for 2010 has been applied, corresponding to the Group's weighted average cost on general borrowing.

12 • Tax

Amounts in mDKK	2011	2010
Recognised in the income statement		
Current tax	100.3	83.9
Deferred tax	-62.5	-8.4
	37.8	75.5
Tax rate for the year	23.0%	21.9%
Reconciliation of tax		
Calculated 25% tax on earnings before tax	41.2	86.3
Tax effect of:		
Foreign tax rates relative to Danish tax rate	-10.0	-8.5
Non-taxable income/non-deductible expenses, net	12.5	4.0
Adjustment for previous years, including estimates	-12.6	1.6
Adjustment for previous years due to value adjustment of tax assets	6.7	-7.9
	37.8	75.5

Breakdown of tax expense for the year by business units appears in Note 2.

For tax particulars concerning the individual items in other comprehensive income, please refer to statement of changes in equity.

Notes

13 • Earnings per share

Amounts in mDKK	2011	2010
Profit attributable to equity holders of NKT Holding A/S	125.2	266.2
Earnings effect of warrants of subsidiaries	0.0	0.0
Diluted profit attributable to equity holders of NKT Holding A/S	125.2	266.2
Profit, continuing operations	126.9	269.8
Profit attributable to minority interests	-1.7	-3.6
Profit, continuing operations, attributable to equity holders of NKT Holding A/S	125.2	266.2
Earnings effect of warrants of subsidiaries	0.0	0.0
Diluted profit, continuing operations, attributable to equity holders of NKT Holding A/S	125.2	266.2
Weighted average number of shares:		
Average number of issued shares	23,737,979	23,733,079
Average number of treasury shares	-77,425	-77,488
Weighted average number of shares outstanding	23,660,554	23,655,591
Effect of share-based options	43,229	97,200
Diluted weighted average number of shares outstanding	23,703,783	23,752,791
Basic earnings per share (EPS)	5.3	11.3
Diluted earnings per share (EPS-D)	5.3	11.2

The calculation of diluted earnings per share excludes 540,550 share options (2010: 537,025) which are out-of-the-money but which may potentially dilute future earnings per share.

Notes

14 • Impairment test

The impairment charge for the year comprises 68.0 mDKK (2010: 9.6 mDKK), which consists of 61 mDKK relating to production line closure at NKT Cables, Czech Republic, and 7 mDKK relating to closure of a development project at Nilfisk-Advance.

NKT Cables is positioned within four application segments: Electricity Infrastructure, Construction, Railway og Automotive. For a further description of the four application segments, refer to the section 'NKT Cables' in Management's review. For Electricity Infrastructure and Railway, positive development in market conditions is expected in the years ahead, while the development relating to Construction and Automotive will be more challenging. For a more detailed review of the development in 2011, refer to the section 'NKT Cables' in Management's review and for further information concerning the expectations to 2012, refer to the section 'Expectations for 2012' in Management's review.

Nilfisk-Advance is expecting market growth over an economic cycle of approx. 3-4%, of which the mature markets (US and Europe) represent 1-3%. It is expected that the development in the rest of the world in the years ahead will represent growth rates that significantly exceed the growth rates in the mature markets. Over a normal economic cycle a market growth of 4-6% is expected in good times and 0-2% in periods of slowdown. Nilfisk-Advance also expects increased market shares. For a detailed review of the development in 2011, refer to the section 'Nilfisk-Advance' in Management's review and for further information concerning the expectations for 2012, refer to the section 'Expectations for 2012' in Management's review.

For impairment test purposes, property, plant and equipment have been allocated to cash-generating units and goodwill has been allocated to groups of cash-generating units. Goodwill is reviewed below, followed by review of property, plant and equipment and other intangibles.

Goodwill

Goodwill has been tested for impairment on the smallest group of cash-generating units within NKT, at which goodwill is monitored for internal management purposes and which is not larger than the reportable segment. Goodwill has been allocated to three independent groups of cash-generating units: NKT Cables, Nilfisk-Advance and Photonics Group. The carrying amount of goodwill at 31 December was as follows for the reportable segments:

Amounts in mDKK	2011	2010
NKT Cables	170.7	172.8
Nilfisk-Advance	1,068.4	947.9
Photonics Group	25.8	26.8
	1,264.9	1,147.5

The carrying amount of goodwill allocated to Photonics Group has been tested for impairment. The test shows that goodwill is not impaired. No further information concerning the impairment test for Photonics Group is included in the annual report as goodwill allocated to Photonics Group is not material.

The recoverable amount of the individual groups of cash-generating units has been determined on the basis of a value in use calculation. The calculation uses cash flow projections based on financial budgets for 2012 and financial forecasts for 2013-2016 approved by Management. A discount rate of 10.5% (2010: 11.1%) has been used before tax, and a discount rate of 7.5% (2010: 7.25-8.0%) after tax. The cash flows beyond 2016 are extrapolated using a steady growth rate of 2.0%. The growth rate is estimated not to exceed the long-term average growth rates for the markets in which NKT Cables and Nilfisk-Advance operate.

Besides the above-stated, the key assumptions used in determining the value in use are:

EBITDA for 2012-2016:

EBITDA has been based on the following:

NKT Cables:	· Revenue and gross profit are expected to increase from 2012 to 2016.
Nilfisk-Advance:	· Revenue is expected to increase from 2012 to 2016 while gross profit margin is expected to be on a par.

The above assumptions for the period 2012-2016 are based on realised figures for 2011 and on NKT Group Management's expectations for the period.

Capital expenditure:

Capital expenditure cash flow is based on present production capacity and future production capacity already initiated. To indicate the level of capital expenditure the ratio between capital expenditure and yearly average depreciations is stated. This comprises:

NKT Cables:	· A yearly average of 96% of depreciation for the period 2012-2016.
Nilfisk-Advance:	· A yearly average of 86% of depreciation for the period 2012-2016.

Notes

14 • Impairment test (continued)

Working capital:

NKT Cables:	· An average of 15.8% of revenue for the year. Strategic target of < 17%.
Nilfisk-Advance:	· An average of 18.4% of revenue for the year. Strategic target of < 18%.

The working capital as a percentage of the revenue of NKT Cables and of Nilfisk-Advance amounted to 23.2% and 19.4%, respectively, at 31 December 2011. The working capital as a percentage of revenue for 2011 is measured as a monthly average, LTM, while for the period 2012-2016 it will be measured at year end.

Sensitivity to changes in assumptions:
Management believes that no likely changes in any of the key assumptions will cause the carrying amount of goodwill to exceed the recoverable amount. To show the headroom between the carrying amount and the recoverable amount, a sensitivity analysis has been included.

The sensitivity analysis below of goodwill impairment test focuses on change in discount rate, the long-term growth rate and EBITDA. The changes in EBITDA for 2012-2016 and beyond 2016 are based on the assumption that capital expenditure and working capital follow the decrease in EBITDA. In the sensitivity analysis all other assumptions are unchanged. The following assumptions must be changed before the carrying amount equals the value in use:

	Assumptions used when calculating value in use (starting point)		Assumptions must change as follows before the carrying amount equals the value in use	
	NKT Cables	Nilfisk-Advance	NKT Cables	Nilfisk-Advance
Post-tax discount rate	7.5%	7.5%	8.2%	> 15%
Long-term growth rate (after 2016)	2.0%	2.0%	1.1%	<-15%
Change in EBITDA compared to the starting point	-	-	-8.6%	<-15%

Compared with the impairment test performed for the financial reporting at 31 December 2010 the sensitivity analysis shows that change in the post-tax discount rate has reduced the difference between the value in use and the carrying amount for NKT Cables (although there is still a significant difference). This change is due to the fact that the expectations relating to market development in Construction and Automotive are now more challenging than previously.

Property, plant and equipment
Property, plant and equipment are impairment tested at the level of cash-generating units with individual cash flows. The cash-generating units with indications of impairments, and where impairment tests are performed, are NKT Cables Czech Republic, NKT Cables Denmark and NKT Cables Poland, which chiefly perform production in the Construction and Automotive segments. At 31 December the carrying amount of property, plant and equipment for these three entities was as follows:

Amounts in mDKK	Operating segment	2011	2010
NKT Cables Czech Republic	NKT Cables	535.5	650.4
NKT Cables Denmark	NKT Cables	211.5	207.5
NKT Cables Poland	NKT Cables	117.1	132.3
		864.1	990.2

Other than disclosed below, Management believes than no reasonable change in any of the key assumptions will cause the carrying value of property, plant and equipment for cash-generating units to exceed its recoverable amount.

A sensitivity analysis has been performed that focuses solely on changes in EBITDA, discount rate and long-term growth rate for NKT Cables Czech Republic, NKT Cables Denmark and NKT Cables Poland. The value in use is significantly higher than the carrying amount. The analysis shows that the growth in EBITDA for 2012-2016 and post-2016 must be -19.8% for NKT Cables Czech Republic, -20.5% for NKT Cables Denmark and -12.4% for NKT Cables Poland before the carrying value corresponds to recoverable amount. The calculation is based on working capital and capital expenditure following decrease in EBITDA. In the sensitivity analysis all other assumptions are unchanged.

Other intangibles
Other intangible have been tested for impairment and show no indication of impairment loss.

Notes

15 • Intangible assets

Amounts in mDKK	Goodwill	Trademarks etc.	Customer related assets	Completed development projects	Patents and software etc.	Development projects in progress and prepayments	Total
Costs, 1 January 2010	1,051.7	105.0	168.9	402.4	330.7	87.7	2,146.4
Additions through business combinations	24.8	4.7	11.5	0.0	0.9	0.0	41.9
Additions	1.5	0.0	0.0	18.5	10.5	122.8	153.3
Disposals	-2.9	0.0	0.0	-0.1	-7.3	-1.4	-11.7
Transferred between classes of assets	0.6	0.0	0.0	61.4	12.8	-72.4	2.4
Exchange rate adjustments	71.8	5.8	10.8	10.8	12.9	2.2	114.3
Costs, 31 December 2010	1,147.5	115.5	191.2	493.0	360.5	138.9	2,446.6
Amortisation and impairment, 1 January 2010	0.0	-57.8	-77.4	-232.3	-158.3	0.0	-525.8
Amortisation for the year	0.0	-5.6	-26.2	-58.7	-40.0	0.0	-130.5
Impairment	0.0	0.0	0.0	-9.6	0.0	0.0	-9.6
Disposals	0.0	0.0	0.0	0.0	7.3	0.0	7.3
Transferred between classes of assets	0.0	0.0	0.0	0.0	-0.2	0.0	-0.2
Exchange rate adjustments	0.0	-2.3	-3.6	-7.8	-7.0	0.0	-20.7
Amortisation and impairment, 31 Dec. 2010	0.0	-65.7	-107.2	-308.4	-198.2	0.0	-679.5
Carrying amount, 31 December 2010	1,147.5	49.8	84.0	184.6	162.3	138.9	1,767.1
Costs, 1 January 2011	1,147.5	115.5	191.2	493.0	360.5	138.9	2,446.6
Additions through business combinations	96.6	13.3	35.6	18.2	22.8	0.0	186.5
Additions	0.0	0.0	0.0	3.7	9.9	150.9	164.5
Disposals	0.0	0.0	0.0	-0.8	-10.8	-0.7	-12.3
Transferred between classes of assets	-1.0	0.0	0.0	90.6	37.6	-119.8	7.4
Exchange rate adjustments	21.8	1.9	3.1	4.7	2.5	1.0	35.0
Costs, 31 December 2011	1,264.9	130.7	229.9	609.4	422.5	170.3	2,827.7
Amortisation and impairment, 1 January 2011	0.0	-65.7	-107.2	-308.4	-198.2	0.0	-679.5
Amortisation for the year	0.0	-8.1	-28.7	-70.6	-46.3	0.0	-153.7
Impairment	0.0	0.0	-1.3	-5.7	0.0	0.0	-7.0
Disposals	0.0	0.0	0.0	0.0	10.8	0.0	10.8
Transferred between classes of assets	0.0	0.0	0.0	0.0	-2.6	0.0	-2.6
Exchange rate adjustments	0.0	-0.6	-2.0	-4.2	-1.4	0.0	-8.2
Amortisation and impairment, 31 Dec. 2011	0.0	-74.4	-139.2	-388.9	-237.7	0.0	-840.2
Carrying amount, 31 December 2011	1,264.9	56.3	90.7	220.5	184.8	170.3	1,987.5
Amortisation period (years)		3-20	3-15	3-7	5-15		

Trademarks with a carrying amount of 19.8 mDKK (2010: 18.5 mDKK) are not amortised as their useful life cannot be defined. Management assesses that the value of these trademarks can be maintained indefinitely.

Regarding impairment test, refer to Note 14.

Notes

16 • Property, plant and equipment

Amounts in mDKK	Land and buildings	Plant and machinery	Fixtures, fittings and equipment	Assets under construction and prepaym.	Total
Costs, 1 January 2010	893.2	1,641.4	957.1	896.8	4,388.5
Additions through business combinations	0.0	4.8	1.0	0.0	5.8
Additions	217.9	200.4	73.6	290.7	782.6
Disposals	-1.1	-100.9	-93.2	-5.5	-200.7
Transferred between classes of assets	417.8	399.9	57.2	-814.4	60.5
Exchange rate adjustments	33.9	42.1	30.5	7.4	113.9
Costs, 31 December 2010	1,561.7	2,187.7	1,026.2	375.0	5,150.6
Depreciation and impairment, 1 January 2010	-171.7	-874.8	-674.7	0.0	-1,721.2
Depreciation for the year	-40.9	-128.4	-110.1	0.0	-279.4
Transferred between classes of assets	0.0	-45.1	-17.0	0.0	-62.1
Disposals	0.2	97.4	87.6	0.0	185.2
Exchange rate adjustments	-5.6	-21.2	-21.4	0.0	-48.2
Depreciation and impairment, 31 December 2010	-218.0	-972.1	-735.6	0.0	-1,925.7
Carrying amount, 31 December 2010	1,343.7	1,215.6	290.6	375.0	3,224.9
Of which, assets leased under finance leases	0.0	0.4	0.8	0.0	1.2
Costs, 1 January 2011	1,561.7	2,187.7	1,026.2	375.0	5,150.6
Additions through business combinations	0.0	1.6	7.9	0.0	9.5
Additions	36.2	126.8	97.8	184.5	445.3
Disposals	-5.5	-47.5	-111.5	-4.7	-169.2
Transferred between classes of assets	61.3	226.0	61.0	-356.7	-8.4
Exchange rate adjustments	-0.2	-6.9	-8.9	-2.5	-18.5
Costs, 31 December 2011	1,653.5	2,487.7	1,072.5	195.6	5,409.3
Depreciation and impairment, 1 January 2011	-218.0	-972.1	-735.6	0.0	-1,925.7
Depreciation for the year	-54.3	-166.8	-115.6	0.0	-336.7
Impairment	-54.6	-6.4	0.0	0.0	-61.0
Transferred between classes of assets	0.0	8.2	-5.6	0.0	2.6
Disposals	2.7	42.0	106.9	0.0	151.6
Exchange rate adjustments	2.7	12.3	5.4	0.0	20.4
Depreciation and impairment, 31 December 2011	-321.5	-1,082.8	-744.5	0.0	-2,148.8
Carrying amount, 31 December 2011	1,332.0	1,404.9	328.0	195.6	3,260.5
Of which, assets leased under finance leases	0.0	0.6	0.3	0.0	0.9
Depreciated over (years) - Land is not depreciated	10-50	4-20	3-15		

Regarding impairment test, refer to Note 14.

Notes

17 • Inventories

Amounts in mDKK	2011	2010
Raw materials, consumables and goods for resale	903.0	908.4
Work in progress	556.0	677.7
Finished goods	1,430.2	1,253.4
	2,889.2	2,839.5
Impairments on inventories for the year recognised as expenses in the income statement	56.2	66.4

18 • Receivables

Amounts in mDKK	2011	2010
Trade receivables	2,736.2	2,614.1
Trade receivables due from associates and joint ventures	43.5	48.3
Construction contracts	409.9	375.1
Other receivables	339.5	360.4
Prepayments	202.6	73.9
	3,731.7	3,471.8
Of which receivables falling due later than 12 months from the balance sheet date	290.9	201.3
Impairment set off against trade receivables	124.3	135.2
Construction contracts:		
Costs incurred and recognised profits less losses	2,071.9	1,506.3
Progress billings	-1,880.3	-1,207.5
	191.6	298.8
Construction contracts is recognised thus:		
Recognised as assets	409.9	375.1
Recognised as liabilities	-218.3	-76.3
	191.6	298.8
Payments withheld	0.0	0.0

Disclosure of credit risks are included in Note 30.

Notes

19 • Share capital and dividends

Number of 20 DKK shares ('000)	2011	2010
Shares, 1 January	23,738	23,718
Increase in capital by exercise of share options	0	20
Shares, 31 December	23,738	23,738
Treasury shares	-77	-77
Shares outstanding, 31 December	23,661	23,661

At 31 December 2011 the share capital comprised 23,737,979 shares of par value of 20 DKK (2010: 23,737,979 shares). No shares have special rights. The Company's Articles of Association include no limits on ownership or voting right and the Company is not aware of agreements relating thereto.

A dividend of 47.5 mDKK (2010: 47.5 mDKK) is proposed, corresponding to a dividend per share of 2.0 DKK (2010: 2.0 DKK).

Dividend distribution to shareholders of NKT Holding A/S has no tax consequences for NKT Holding A/S.

20 • Treasury shares

2011 - NKT Holding A/S has acquired the following treasury shares:

	Number of shares	Nom. mDKK	Proceeds mDKK	Proportion of share capital	Market value mDKK
1 January	77,425	1.5	-	0.3%	23.0
Dividends received	-	-	0.2	-	-
31 December	77,425	1.5	0.2	0.3%	14.8

2010 - NKT Holding A/S has acquired the following treasury shares:

	Number of shares	Nom. mDKK	Proceeds mDKK	Proportion of share capital	Market value mDKK
1 January	77,675	1.5	-	0.3%	22.6
Disposal	-250	0.0	-	-	-
Dividends received	-	-	0.3	-	-
31 December	77,425	1.5	0.3	0.3%	23.0

All treasury shares are owned by NKT Holding A/S. Treasury shares are acquired with view to adjustment of the Group's capital structure.

Notes

21 • Deferred tax assets and liabilities

Amounts in mDKK	2011	2010
Recognised deferred tax assets and liabilities		
Deferred tax assets, 1 January	264.6	219.8
Deferred tax liabilities, 1 January	-178.1	-154.4
Addition relating to business combination	-13.9	-2.4
Foreign exchange adjustment	1.2	4.7
Tax of adjustments recognised in equity	43.8	10.4
Deferred tax recognised in income statement	62.5	8.4
Deferred tax, 31 December, net	180.1	86.5
Tax assets are recognised if it is probable that they will reduce future tax payments within a short time.		
Recognised deferred tax:		
Deferred tax assets, 31 December	392.8	264.6
Deferred tax liabilities, 31 December	-212.7	-178.1
Deferred tax, 31 December, net	180.1	86.5

Amounts in mDKK	2011		2010	
Specification of deferred tax assets and liabilities:	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	14.6	-192.0	34.7	-147.1
Tangible assets	69.6	-147.8	56.4	-196.2
Other non-current assets	24.9	-162.2	40.5	-100.2
Current assets	101.8	-70.0	114.3	-152.8
Non-current liabilities	88.4	-8.1	110.7	-22.1
Current liabilities	93.9	-51.0	34.1	-19.9
Tax losses	500.2	0.0	419.1	0.0
Recapture of trading losses	0.0	-23.4	0.0	-27.1
Valuation allowance	-58.8	0.0	-57.9	0.0
	834.6	-654.5	751.9	-665.4
Set off in legal tax units and jurisdictions	-441.8	441.8	-487.3	487.3
	392.8	-212.7	264.6	-178.1

Change in valuation allowance excluding foreign currency translation adjustment is 1.4 mDKK (2010: 7.9 mDKK). The adjustment in valuation of recognised tax assets amounts to 5.3 mDKK (2010: 0.0 mDKK). The effect for the year is a cost of 6.7 mDKK (2010: income of 7.9 mDKK), as shown in Note12.

Notes

22 • Employee benefits

Most Group employees are covered by pension schemes, principally in the form of defined contribution pension plans or alternatively defined benefit pension plans. The Group companies contribute to these plans either directly or by contributing to independently administered pension funds. The nature of such schemes varies according to the legal or regulatory basis, the tax regulations, and the economic conditions in the country of employment, and the benefits are usually based on employee pay and seniority. The liability extends to both existing and future pension entitlements.

The Group's defined benefit plans are principally paid in Germany and the UK. Pension schemes are partially hedged by payments from the Group companies and from the employees to pension funds that are independent of the Group. If a scheme is not fully hedged, a pension liability is recognised in the consolidated balance sheet. In accordance with accounting policies, expenses relating to pension benefits are recognised in staff costs.

Development for current year and previous years:

Amounts in mDKK	2011	2010	2009	2008	2007
Present value of defined benefit pension plans liabilities	413.5	384.5	355.3	325.4	353.6
Fair value of plan assets	-130.4	-110.9	-100.1	-75.0	-94.3
Deficit	283.1	273.6	255.2	250.4	259.3
Unrecognised actuarial gains/ -losses	3.8	10.6	24.4	25.3	22.6
Unrecognised pension costs relating to previous years	0.0	0.0	0.2	-0.6	0.0
Liabilities (net), defined benefit pension plans	286.9	284.2	279.8	275.1	281.9
Other long-term employee benefits	9.6	8.6	4.9	5.0	4.7
Liabilities (net) recognised in balance sheet	296.5	292.8	284.7	280.1	286.6
Experience adjustment on plan liabilities	-5.4	-17.5	-17.2	23.6	24.0
Experience adjustment on plan assets	-1.2	-1.9	15.8	-21.5	3.0

Plan assets of 130.4 mDKK (2010: 110.9 mDKK) relate to a hedged benefit plan that is recognised with 160.0 mDKK (2010: 134.9 mDKK) under present value of plan liabilities, corresponding to net liability of 29.6 mDKK (2010: 24.0 mDKK). These schemes relates to the business segment Nilfisk-Advance.

The way the liability is recognised in the balance sheet and income statement is specified below along with the development in the present value of the liability and plan assets. The composition of plan assets and the principal actuarial assumptions are also specified.

Amounts in mDKK	2011	2010
Amounts recognised in the balance sheet:		
Liabilities, defined benefit pension plans, etc.	296.5	292.8
Assets	0.0	0.0
Net liability	296.5	292.8
Expense recognised in the income statement:		
Expected current service costs	4.7	3.7
Expected interest costs on obligations	16.6	17.8
Expected return on plan assets (income)	-5.0	-5.1
Amortisation of actuarial gains and losses (income)	-1.1	-0.4
Pension costs relating to previous years	0.1	0.1
Organisational adjustment	0.2	0.4
	15.5	16.5
Actual return on plan assets	-1.2	-1.7

Notes

22 • Employee benefits (continued)

Amounts in mDKK	2011	2010
Changes in the present value of the defined benefit obligation:		
1 January	384.5	355.3
Expected current service costs	4.7	3.7
Expected interest costs on obligations	16.6	17.8
Pension costs relating to previous years	0.1	0.1
Contributions by plan participants	0.5	0.3
Benefits paid	-15.4	-11.5
Additions through business combinations	19.7	0.0
Organisational adjustment	0.2	0.4
Settlements	-5.8	-2.5
Actuarial (gains) and losses	4.8	13.0
Currency differences on foreign plans	3.6	7.9
	413.5	384.5

The Group's expected contribution to defined benefit plans in 2012 amounts to 18.7 mDKK

	2011	2010
Changes in the fair value of plan assets		
1 January	110.9	100.1
Expected return on plan assets	5.0	5.1
Paid by NKT Group	4.7	5.2
Paid by employees	0.5	0.3
Benefits paid	-5.2	-3.9
Additions through business combinations	16.6	0.0
Settlements	-3.9	-0.7
Actuarial gains and (losses)	-1.2	-1.9
Exchange differences on foreign plans	3.0	6.7
	130.4	110.9
Categories of plan assets are as follows:		
Bonds	46.6	60.9
Cash	83.8	50.0
	130.4	110.9

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2011	2010
Discount rate	4.1%	4.2%
Expected rates of return on plan assets	4.2%	4.2%
Future salary increases	2.8%	2.9%
Future pension increases	2.2%	2.2%

Expected return on plan assets is established on the basis of asset composition and general expectations regarding economic development.

Notes

23 • Provisions

Amounts in mDKK	Warranties	Restructuring	Other	Total
Provisions, 1 January 2011	115.2	0.9	155.9	272.0
Additions through business combinations	3.7	0.0	0.1	3.8
Provisions made during the year	126.5	2.7	29.1	158.3
Used during the year	-102.3	-0.6	-72.8	-175.7
Reversed during the year	-5.0	-0.3	-3.3	-8.6
Discounting effect	0.0	0.0	1.0	1.0
Foreign exchange adjustment	0.4	0.0	1.8	2.2
Provisions, 31 December 2011	138.5	2.7	111.8	253.0
Provisions are recognised in the balance sheet as:				
Non-current liabilities	9.9	0.0	89.5	99.4
Current liabilities	128.6	2.7	22.3	153.6
	138.5	2.7	111.8	253.0

The principal provisions are expected to be paid with the stated amounts within 1-3 years from the balance sheet date. The restoration liability pertaining to the new factory property in Cologne is expected to be paid after 30 years.

Warranties relate principally to Nilfisk-Advance. The amount recognised is a forecast based on products sold within the last three years and empirical data for earlier years.

Other provisions relate principally to an estimated restoration liability pertaining to factory properties in Cologne (NKT Cables), and also rent pertaining to unutilised leases.

24 • Receivables, interest bearing loans and borrowing and other payables

Receivables and payables are measured at amortised costs using the effective interest method which essentially corresponds to fair value and nominal value. Interest bearing loans and borrowings are predominantly subject to floating interest rates and are measured at amortised costs. The carrying value essentially corresponds to fair value and nominal value.

25 • Trade and other payables

Amounts in mDKK	2011	2010
Trade payables	1,969.6	1,587.2
Trade payables to associates	18.7	2.8
Other payables (VAT, A-tax, holiday pay, derivative financial instruments, etc.)	1,193.2	1,135.8
Construction contracts (cf. Note 18)	218.3	76.3
Prepayments regarding construction contracts	166.4	39.7
Prepayments from customers	203.5	379.2
Deferred income	33.4	33.8
	3,803.1	3,254.8

Notes

26 • Contingent liabilities, security and contractual obligations

Contingent liabilities

The Group is a party to disputes and inquiries from authorities where the outcome is not expected to have significant effect on profit for the year and the financial position. In connection with disposal of companies, guarantees have been provided, which are not expected to have significant effect on profit for the year.

As stated in Stock Exchange Release No. 10 of 6 July 2011, NKT Cables and NKT Holding received a Statement of Objections from the European Commission in connection with the Commission's investigation of the submarine and underground high voltage cable markets in the period 1998-2008. NKT Cables and NKT Holding have examined the documentation from the Europan Commission and have provided the European Commission with their observations by the deadline in early November 2011. After the reply was submitted in November 2011 the European Commission presented further documents and NKT Cables and NKT Holding have initiated a review. Currently it is not possible to determine whether costs will be incurred, and if so, the magnitude of these costs. As a result, no liability is recognised in the balance sheet at 31 December 2011. The European Commission is expected to reach a decision on this issue within the next few years.

The management remuneration at business segments includes 'Change of Control' provisions (significant changes in ownership structure). The content herof is undisclosed.

In a few cases, the Group's foreign companies are subject to special tax schemes stipulating certain conditions which the companies complied with at 31 December 2011.

Amounts in mDKK	2011	2010
The Group is jointly and severally liable with the joint venture participant for the liabilities of the joint venture, please see Note 9.		
Warranty for joint venture	220.7	148.9
Security		
Carrying amount of assets provided as security for credit institutions:		
Land and buildings	789.1	737.0
Plant and machinery	587.6	307.8
Assets under construction	43.3	178.3
Liabilities secured on assets	459.0	479.3

Security can only be effectuated in certain cases of default to credit institutions.

Notes

26 • Contingent liabilities, security and contractual obligations (continued)

Amounts in mDKK	2011	2010
Contractual obligations		
Contractual obligations relating to purchase of buildings and production plants	71.1	67.8
Operating lease commitments:		
The Group leases property and production equipment, etc., under operating leases		
Lease commitments relate principally to property		
The leases are indexed annually and contain no special purchasing rights, etc.		
Interminable minimum lease payments are specified as follows:		
Within 0-1 year	216.5	194.2
Within 1-5 years	367.6	350.0
After 5 years	229.9	231.7
	814.0	775.9
Lease payments recognised in income statement	241.8	226.0
Of which subrental, income	1.6	0.6
Operating lease income:		
Operating lease income relates to property rentals		
Interminable minimum rent income is specified as follows:		
Within 0-1 year	2.2	3.4
Within 1-5 years	2.0	2.9
	4.2	6.3

Notes

27 • Acquisition of subsidiaries

2011

In 2011 Nilfisk-Advance acquired Egholm Maskiner A/S with a view to strengthening Nilfisk-Advance's offering in the market for outdoor cleaning and maintenance equipment, and also made minor dealership acquisitions.
Acquisition balance sheets are as follows:

Amounts in mDKK	Fair value at acquisition date
Non-current assets	
Intangible assets	89.9
Property, plant and equipment	9.5
Other non-current assets	1.6
Current assets	
Inventories	44.5
Receivables	24.0
Cash at bank and in hand	6.5
Non-current liabilities	
Deferred tax liabilities	-14.9
Provisions	-3.1
Kreditinstitutter mv.	-6.9
Kortfristede forpligtelser	
Interest bearing loans and borrowings	-1.6
Payables and provisions	-27.6
Net assets acquired	121.9
Goodwill	96.6
Consideration transferred	218.5
Of which cash at bank and in hand	-6.5
Deferred contingent purchase consideration	-15.4
Settled contingent purchase consideration relating to acquisition in previous year	18.2
Cash consideration	214.8
Interest bearing payables acquired	9.1
Effect on interest bearing items	223.9

Goodwill represents the value of the work force and expected synergies arising from integrations with the Group's existing activities. The effect on the Group's revenue and income realised and pro forma for 12 months, etc., is insignificant for 2011.

Notes

27 • Acquisition of subsidiaries (continued)

2010

On 30 April 2010 NKT Cables acquired all the shares in the Australian company Aussa Power Products Ltd. For the past years the company has been a distributor for NKT Cables. The acquisition is a part of NKT Cables growth strategy in the region. Furthermore, Nilfisk-Advance effected a minor acquisition in the 3rd quarter. Acquisition balance sheets are as follows:

Amounts in mDKK	Fair value at acquisition date
Non-current assets	
Intangible assets	17.1
Property, plant and equipment	5.8
Current assets	
Inventories	4.9
Receivables	10.8
Cash at bank and in hand	3.8
Non-current liabilities	
Deferred tax liabilities	-2.4
Interest bearing loans and borrowings	-0.1
Current liabilities	
Interest bearing loans and borrowings	-0.1
Payables and provisions	-12.5
Net assets acquired	27.3
Goodwill	24.8
Consideration transferred	52.1
Of which cash at bank and in hand	-3.8
Cash consideration	48.3
Interest bearing payables acquired	0.5
Effect on interest bearing items	48.8

Goodwill represents the value of the work force and expected synergies arising from integrations with the Group's existing activities. The effect on the Group's revenue and income realised and pro forma for 12 months, etc., is insignificant for 2010.

Notes

28 • Related parties

The Group has no related parties with control.

The Company's related parties comprise the Board of Directors and Management of NKT Holding A/S and their close family members. Related parties also comprise companies in which the above persons have substantial interests. Related parties further comprise associates and the joint ventures, see the Group overview in note 33 and cf. notes 8 and 9.

Transactions with associates and joint ventures

Amounts in mDKK	2011 Associates	2011 Joint ventures	2010 Associates	2010 Joint ventures
Goods sold to	230.3	0.0	156.7	0.0
Goods purchased from	76.3	0.0	20.4	0.0
Interest received, net	0.0	-0.6	0.0	-0.3
Other services	3.0	0.7	0.0	0.1
Receivables	42.6	0.0	47.2	1.1
Loans to, net	18.7	-235.5	-2.8	0.0
Dividends received	15.7	0.0	4.9	76.5

The trading took place on normal market conditions.
Interest on loans to and from the joint venture is paid at market rates and adjusted at intervals of 1-3 months.

Remuneration to Board of Directors and Board of Management

A remuneration policy has been formulated defining the guidelines for determining and approving remuneration for the Board of Directors and the Board of Management. The remuneration for the Board of Directors is approved prospectively for one year at a time by the Annual General Meeting. The remuneration for the Board of Management is reviewed every 12 months. The elements in the Board of Management's pay package as well as all material adjustments thereto are approved by the whole Board of Directors after prior discussion and submission by the Remuneration Committee. Under a mandate from the Annual General Meeting the Board of Directors also approves the basis for calculation and allotment of any share-based incentive schemes and determines ceilings therefor. Pursuant to section 139 of the Danish Companies Act a combined remuneration policy for the Board of Directors and the Board of Management is submitted to the Annual General Meeting for approval.

Board of Management remuneration

Amounts in mDKK	2011 Thomas Hofman-Bang	2011 Søren Isaksen	2011 Michael Hedegaard Lyng	2010 Thomas Hofman-Bang	2010 Søren Isaksen	2010 Michael Hedegaard Lyng
Short-term staff benefits	5.3	2.4	3.1	4.9	2.4	2.7
Bonus [1]	0.0	0.2	0.2	0.0	0.2	0.3
Pension contributions	0.8	0.3	0.4	0.7	0.3	0.4
Value of share options granted in 2011 (2010)	0.0	0.7	0.8	2.9	0.6	0.8
Total remuneration	6.1	3.6	4.5	8.5	3.5	4.2

[1] Based on a bonus agreement linked to economic and non-economic performance targets a member of the Board of Management may attain a bonus of up to 15% of the fixed annual salary. In addition, the Board of Directors may in special cases grant an extraordinary bonus amounting to a further sum of up to 100% of the fixed salary.

Receivables relating to participation in NKT's employee bond plan (interest 5% p. a)	0.7	0.3	0.3	0.7	0.3	0.3

For information about share options, please see Note 29.

The term of notice for the CEO is 24 months. For the other members of the Board of Management, the term of notice is 12 months. In conjunction with significant changes in the Company's ownership structure the above terms of notice will be extended for a transitional period by a further 12 months. There is no separation benefit plan for the Board of Management of the company.

Board of Directors' remuneration	2011	2010
Short-term staff benefits (Board of Directors' remuneration)	3.8	3.5

Notes

29 • Share option scheme for management and employees

The company has established an incentive plan for employees in NKT Holding. Under the plan, employees are entitled to subscribe for shares in NKT Holding at a price based on the market price at the grant date plus interest calculated from the grant date to the exercise date. It is the Board of Directors who - empowered by the company Annual General Meeting - adopts the calculation and allotment basis for any share-based incentive plans and also establishes ceilings therefor.

Outstanding options 2011	Management					
Outstanding options	Thomas Hofman-Bang	Søren Isaksen	Michael Hedegaard Lyng	Executive employees	Others	Total
Granted in 2006:						
1 January	35,000	20,000	0	24,600	16,875	96,475
Forfeited	-35,000	-20,000	0	-24,600	-16,875	-96,475
31 December	0	0	0	0	0	0
Granted in 2007:						
1 January	32,000	10,100	9,400	8,800	7,750	68,050
31 December	32,000	10,100	9,400	8,800	7,750	68,050
Granted in 2008:						
1 January	39,000	9,100	7,650	7,700	9,050	72,500
31 December	39,000	9,100	7,650	7,700	9,050	72,500
Granted in January 2009:						
1 January	97,800	23,000	23,600	30,600	22,700	197,700
31 December	97,800	23,000	23,600	30,600	22,700	197,700
Granted in November 2009:						
1 January	40,900	9,600	9,900	12,100	7,500	80,000
31 December	40,900	9,600	9,900	12,100	7,500	80,000
Granted in December 2010:						
1 January	111,000	25,000	31,000	31,300	21,700	220,000
31 December	111,000	25,000	31,000	31,300	21,700	220,000
Granted in November 2011:						
Granted	0	22,300	28,100	29,200	20,400	100,000
31 December	0	22,300	28,100	29,200	20,400	100,000
Total:						
Options, 1 January	355,700	96,800	81,550	115,100	85,575	734,725
Granted	0	22,300	28,100	29,200	20,400	100,000
Forfeited	-35,000	-20,000	0	-24,600	-16,875	-96,475
31 December	320,700	99,100	109,650	119,700	89,100	738,250

Notes

29 • Share option scheme for management and employees (continued)

The subscription rights granted in 2007 may be exercised in March 2012. The exercise price is 693.2. Dividend payments after 1 January 2012 and until the date when the shares are received are deducted from the exercise price.

The subscription rights granted in 2008 may be exercised in March 2012 or March 2013. The exercise price is 625.0 at exercise in March 2012. Subsequent exercise is subject to a hurdle rate of 8% p.a. Dividend payments after 1 January 2012 and until the date when the shares are received are deducted from the exercise price.

The subscription rights granted in January 2009 may be exercised in March 2012, March 2013 or March 2014. The exercise price is 149.08 at exercise in March 2012. Subsequent exercise is subject to a hurdle rate of 8% p.a. Dividend payments after 1 January 2012 and until the date when the shares are received are deducted from the exercise price.

The subscription rights granted in November 2009 may be exercised in March 2013, March 2014 or March 2015. The exercise price is 358.92 at exercise in March 2013. Subsequent exercise is subject to a hurdle rate of 8% p.a. Dividend payments after 1 January 2012 and until the date when the shares are received are deducted from the exercise price.

The exercise periods for the warrants granted in December 2010 have been set at two weeks after publication of the Company's annual financial statements in each of the years 2014, 2015 and 2016, and as two weeks after publiction of the Company's half-year report in each of the years 2014 and 2015. Each warrant gives entitlement to subscribe for one share of a nominal value of 20 DKK at a subscription price of 347.20 DKK. Dividend payments after 1 January 2012 and until the date when the shares are received are deducted from the exercise price.

The exercise periods for the warrants granted in December 2011 have been set at two weeks after publication of the Company's annual financial statements in each of the years 2015, 2016 and 2017, and as two weeks after publiction of the Company's half-year report in each of the years 2015 and 2016. Each warrant gives entitlement to subscribe for one share of a nominal value of 20 DKK at a subscription price of 251.42 DKK, based on the average share price in the period 17 October - 11 November 2011 with addition of a hurdle rate of 8% p.a. for each of the years 2012, 2013 and 2014 - corresponding to the internal Wacc (Weighted Average Cost of Capital). Dividend payments after 1 January 2012 and until the date when the shares are received are deducted from the exercise price. With the price 199.59 DKK as the starting point the value of the issued warrants has been calculated by the Black-Scholes formula as 3 mDKK if exercise takes place at the earliest possible juncture. The calculation is based on a volatility of 30% and a risk-free interest rate of 1.6%.

Condition for exercise is three years' employment, and the employee himself/herself must not have handed in his/her notice.

The value of the share option scheme at 31 December 2011, based on the Black-Scholes formula, has been calculated at 12 mDKK (2010: 39 mDKK), including the value of the share option schemes of the Management, 8 mDKK (2010: 29 mDKK). The values have been calculated on the basis of the Black-Scholes formula, assuming an interest rate of 1.6% (2010: 2.0%) and volatility of 30.0% (2010: 22.3%). Calculation of values assumes exercise during the first exercise period. The future volatility is estimated on the basis of calculations of historic volatility of 12, 24 and 36 months etc.

Notes

29 • Share option scheme for management and employees (continued)

Outstanding options 2010	Management					
Outstanding options	Thomas Hofman-Bang	Søren Isaksen	Michael Hedegaard Lyng	Executive employees	Others	Total
Granted in 2005:						
1 January	0	0	0	12,600	7,250	19,850
Exercised	0	0	0	-12,600	-7,250	-19,850
31 December	0	0	0	0	0	0
Granted in 2006:						
1 January	35,000	20,000	0	24,600	16,875	96,475
31. december	35,000	20,000	0	24,600	16,875	96,475
Granted in 2007:						
1 January	32,000	10,100	9,400	8,800	7,750	68,050
31 December	32,000	10,100	9,400	8,800	7,750	68,050
Granted in 2008:						
1 January	39,000	9,100	7,650	7,700	9,050	72,500
31 December	39,000	9,100	7,650	7,700	9,050	72,500
Granted in January 2009:						
1 January	97,800	23,000	23,600	30,600	22,700	197,700
31 December	97,800	23,000	23,600	30,600	22,700	197,700
Granted in November 2009:						
1 January	40,900	9,600	9,900	12,100	7,500	80,000
31 December	40,900	9,600	9,900	12,100	7,500	80,000
Granted in December 2010:						
Granted	111,000	25,000	31,000	31,300	21,700	220,000
31 December	111,000	25,000	31,000	31,300	21,700	220,000
Total:						
Options, 1 January	244,700	71,800	50,550	96,400	71,125	534,575
Granted	111,000	25,000	31,000	31,300	21,700	220,000
Exercised	0	0	0	-12,600	-7,250	-19,850
31 December	355,700	96,800	81,550	115,100	85,575	734,725

Notes

30 • Financial risks and financial instruments

Group risk management policy
As a result of its operations, investments and financing activities the NKT Group is exposed to a number of financial risks. It is the Group's policy not to actively speculate in financial risks. The Group's financial management is thus solely directed towards management of the financial risks that are a direct consequence of the Group's operations, investments and financing.

In managing financial risks the NKT Group uses a number of financial instruments such as forward exchange and metal contracts, currency and interest swaps, options and similar instruments, within the framework of existing policies. Only forward exchange and metal contracts were current at the end of 2011 and 2010. The financial risks can be divided into currency risks, interest rate risks, credit risks, liquidity risks and raw material price risks as described below. Statement on capital structure management, financial instrument categories and fair values is also included.

For description of methods applied for recognition and measurement of financial instruments, please refer to Accounting Policies, Note 34.

Currency risks
Currency risks are the paramount financial risk factors for NKT and therefore have considerable influence on the income statement and balance sheet.

Currrency risks refer to the risks of losses (or the possibility of gains) resulting from changes in currency rates. Currency risks arise through transactions, financial assets and liabilities in currencies other than the functional currency of the individual Group buinesses.

To counter currency risks the Group employs a number of the financial instruments referred to above. Management and hedging of existing and anticipated currency risks are carried out by the individual business segments within the framework of existing policies in partnership with the Group's finance department.

Translation risks relating to net investment in subsidiaries
As a basic principle, hedging of currency risk is not performed for net assets (equity) in foreign subsidiaries. Gains and losses relating to unhedged net assets in foreign subsidiairies are accounted directly in equity. Regarding the principal investments excl. EUR (exceeding 100 mDKK) in the foreign units, the Group's equity at 31 December 2011 would have been reduced by 113 mDKK (2010: 285 mDKK) if the exchange rates for CZK, CNY, GBP and PLN (2010: USD, HUF, CZK, CNY and PLN) had been 10% lower than they were in reality. Other currency risks relating to investments in foreign units are not material.

Financial risks relating to net financing
As a basic principle, significant currency risks relating to receivables and payables that influence Group's net income are hedged. Balances with credit-institutions are as a general rule stated in the functional currency of the businesses concerned. The Group had no significant currency risks relating to receivables and payables in foreign currency at 31 December 2011 and at 31 December 2010, and the Group's net income would therefore not have been significantly influenced by changes in the exchange rates at those dates.

Financial risks relating to sales and purchases
The Group's principal currency exposure relates to sales and purchases in currencies other than the functional currency of the Group businesses concerned. Hedging of these currency risks is based on concrete assessments of the likelihood of the future transaction being effected, and whether the currency risk arising therefrom is significant. This assessment is ongoing 12 months ahead in time. The fair value of the effective part of the hedge is recognised in Group equity on a continuous basis. The potential impact on equity of currency fluctuations is shown below:

	Change	2011	2010
DKK/AUD	13%	27.5	18.4
DKK/CZK	11%	3.5	0.0
DKK/GBP	11%	53.6	53.1
DKK/HUF	15%	13.8	9.8
DKK/NOK	9%	10.3	8.0
DKK/NZD	14%	3.6	3.1
DKK/SEK	9%	14.5	17.8
DKK/SGD	10%	3.5	3.5
DKK/USD	16%	36.9	1.0

The sensitivity is calculated on the basis of financial instruments existing at 31 December 2011 and at 31 December 2010, which are considered 100% effective. Comparative figures for 2010 are calculated using the same percentage change as stated for 2011.

Notes

30 • Financial risks and financial instruments (continued)

Currency hedging contracts relating to future transactions

Net outstanding forward exchange contracts at 31 December for the Group and which are used for and fulfil the conditions for hedge accounting of future transactions:

Forward exchange contracts relate to hedging of product sales/purchase, cf. Group policy.

	2011			2010		
	Notional value *) mDKK	Gain/loss recog. in equity mDKK	Maturity months	Notional value *) mDKK	Gain/loss recog. in equity mDKK	Maturity months
AUD	-211.7	-9.7	0-12	-141.5	-10.0	0-12
CZK	-31.7	0.2	0-12	0.0	0.0	0-12
GBP	-487.3	-3.6	0-12	-483.1	15.4	0-12
HUF	92.1	-10.1	0-12	65.5	-0.7	0-12
NOK	-114.1	0.0	0-12	-88.7	-2.2	0-12
NZD	-26.0	-1.1	0-12	-22.0	-0.9	0-12
SEK	-161.6	-1.7	0-12	-197.7	-5.0	0-12
SGD	-34.9	-1.2	0-12	-35.0	-1.6	0-12
USD	230.5	18.0	0-12	-6.1	-1.9	0-12
Other European	-11.3	-1.0	0-12	-4.4	-0.8	0-12
Other currencies	-97.9	-6.7	0-12	-59.5	-0.9	0-12
Total	-853.9	-16.9		-972.5	-8.6	

*) For forward exchange contracts, positive notional values are purchases of the relevant currency, negative notional values are sales.

Hedge ineffectiveness influenced the income statement by approx. -15 mDKK (2010: 0 mDKK) in 2011. See also the section 'Financial items' in the Financial review.

Interest rate risks

Interest rate risks refer to the influence of change in market interest rates on future cash flows relating to the Group's interest bearing assets and liabilities. At year end the Group's interest bearing debt exceeded its interest bearing assets by 4,429 mDKK (2010: 4,105 mDKK).

At 31 December 2011 there were no current hedging contracts for interest rate risk, and Group net interest bearing debt was therefore predominantly subject to floating interest rates, which was also the case at 31 December 2010.

It is considered that a 1% rise in market interest rate for the Group's net interest bearing items at 31 December, based on the relevant interest periods for the Group's actual credit facilities, would - all other things being equal - have an effect on pre-tax earnings of around 34 mDKK p.a. (2010: 29 mDKK).

Notes

30 • Financial risks and financial instruments (continued)

Credit risks

The Group's credit risks relate partly to receivables and cash at bank and in hand, and partly to derivative financial instruments with positive fair value. The maximum credit risk linked to financial assets corresponds to the values recognised in the balance sheet. It is the Group's policy not to renegotiate payment dates with customers. There have been no significant renegotiations during the year.

The Group has no significant risks relating to a single customer or collaboration partner. The Group's policy for assumption of credit risks entails regular credit rating of all important customers and other collaboration partners. Insurance cover and similar measures to protect receivables are rarely applied as historically there have been few losses.

The Group's receivables from sales at 31 December 2011 included a total of 2,860.4 mDKK (2010: 2,749.3 mDKK) impaired to 2,736.2 mDKK (2010: 2,614.1). Movements for the year in impairments from sales are specified thus:

Amounts in mDKK	2011	2010
Receivables from sales and services (gross)	2,860.4	2,749.3
Impairment for bad and doubtful debtors:		
1 January	135.2	149.1
Additions through business combinations	1.4	0.1
Exchange rate adjustment	0.0	5.2
Writedowns for year included in income statement under 'Other costs'	18.1	43.3
Reversal of impairment for the year included in income statement under 'Other costs'	-22.3	-52.1
Realised losses during year	-8.2	-10.4
Impairment, 31 December	124.2	135.2
Total receivables from sales and services	2,736.2	2,614.1

Impairments are due to individual review for impairment in connection with customer insolvency and anticipated insolvency, and to mathematically computed impairments based on classification of debtors according to maturity.

Impairments at 31 December, amounting to 124.2 mDKK (2010: 135.2 mDKK) include 85.5 mDKK (2010: 78.7 mDKK) attributable to individual impairment.

Receivables overdue at 31 December, but not impaired, comprised the following:

	2011	2010
Periods after maturity:		
Up to 30 days	203.1	291.7
Between 30 and 60 days	53.1	60.9
Between 60 and 120 days	46.2	91.7
More than 120 days	148.4	143.8
	450.8	588.1

Liquidity risks

It is the Group's policy where borrowing is concerned to ensure maximum possible flexibility by diversifying its borrowing between maturity/renegotiation dates and counterparties in consideration of the pricing. The Group's cash reserves consist of cash and cash equivalents and unexercised credit facilities. The credit facilities consist of both comitted and uncommitted facilities which are specified in the section 'Cash resources' in the Management's review. It is the view of the Management that the Group's and the Company's resources are adequate for implementing the planned operating activity. It is the aim of the Group to have sufficient cash resources to act effectively in the event of unforeseen fluctuations in liquidity.

Notes

30 • Financial risks and financial instruments (continued)

Liquidity risks (continued)

The maturity date for a number of committed credit facilities was extended by one year at the end of 2011. The rescheduled facilities will mature in January 2015 at the earliest. If NIBD/operational EBITDA at the end of 2012 is below a predefined level the credit institutions are obliged to extend the maturity date to January 2016. Furthermore, the committed and uncommitted credit facilities were increased by 0.4 bnDKK and by 0.6 bnDKK, respectively, corresponding to a total increase in credit facilities of 1.0 bnDKK.

Credit agreements include change of control provisions which mean that significant credit facilities can be cancelled if a shareholder or shareholder group gains a controlling influence of NKT Holding or if NKT Holding is no longer listed at NASDAQ OMX Copenhagen.

Group liabilities other than provisions mature as follows:

Amounts in mDKK				2011			
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	more than 5 y.	Total
Forward contracts	145.4						145.4
Credit institutions	1,221.9	1,026.1	34.7	2,115.7	26.6	354.4	4,779.4
Other financial liabilities	3,624.3						3,624.3
	4,991.6	1,026.1	34.7	2,115.7	26.6	354.4	8,549.1

				2010			
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	more than 5 y.	Total
Forward contracts	25.1						25.1
Credit institutions	957.0	26.2	902.3	2,093.6	34.7	415.7	4,429.5
Other financial liabilities	3,195.9						3,195.9
	4,178.0	26.2	902.3	2,093.6	34.7	415.7	7,650.5

The above items do not include interest. The forward contracts are recognised at fair value and the discount element is considered negligible as a result of short maturity. Payables to credit institutions are recognised in the accounts as 4,760.7 mDKK (2010: 4,409.0 mDKK), while the contractual cash flows amount to 4,779.4 mDKK for 2011 (2010: 4,429.5 mDKK).

Raw materials price risks

Raw materials price risks include the effect of changes in raw material prices on Group net income. Description of raw materials price development and risks can be found in the Management's review for the Group's two largest segments: cable products (NKT Cables) and professional cleaning equipment (Nilfisk-Advance).

The Group addresses raw materials price risk by utilising forward transactions for metal supplies. Management and hedging of current and expected future risks are undertaken by the Group's individual businesses within the framework of established guidelines.

As at 31 December NKT Cables had current forward transactions relating to metal supplies to a value of 545.9 mDKK (2010: 336.8 mDKK) with a negative fair value of 94.7 mDKK (2010: positive 74.5 mDKK). It is estimated that a 10% increase in raw materials would - all other things being equal - influence the Group's equity by around 55 mDKK for forward transactions at 31 December 2011 (2010: 34 mDKK). The fair value of the effective part of the hedge is recognised on a continuing basis in Group equity as hedge of future cash flows. Impact of ineffectiveness on the income statement was negligible during the year.

Notes

30 • Financial risks and financial instruments (continued)

Management of capital structure
It is the Group's policy that the capital structure and financial gearing of the Group shall at all times reflect the Group's activities and risk profile, afford sufficient financial latitude to ensure the Group's creditworthiness, and provide flexibility and room for investments or acquisitions.

NKT's corporate strategy targets a solvency ratio of at least 30%, net interest bearing debt of approximately 2.5x operational EBITDA, and equity gearing of up to 100%, as described in the section 'Financial base' of the 'Strategy 2011-2015 -Status' section of the Management's review.

It is intended to maintain a stable dividend policy corresponding to the distribution as dividend of one third of net profit for the year. For 2011 a dividend distribution of 47.5 mDKK (2010: 47.5 mDKK) corresponding to 38% of profit after tax is proposed. The level of dividend distribution for 2011 was determined taking into account the Group's present capital position.

NKT's Articles of Association empower the Board of Directors to increase the Company's share capital by issuing up to 15,000,000 shares in the period until 25 March 2015 or by issuing convertible bond loans in the period until 11 April 2012 entitling the lender to convert his claim into a maximum of 2,200,000 new shares.

Categories of financial instruments

Amounts in mDKK	2011	2010
	Carrying amount	Carrying amount
Financial assets:		
Trading portfolio (derivative financial instruments)	26.2	82.7
Loans and receivables	3,823.9	3,614.3
Financial assets available for sale	20.0	16.6
Financial liabilities:		
Trading portfolio (derivative financial instruments)	145.4	25.1
Financial liabilities, measured at amortised cost	8,385.0	7,604.9

Fair values
Financial instruments measured at fair value in the balance sheet are classified in one of the following three categories (the fair value hierarchy):
- Level 1: Listed prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than listed prices on Level 1 which are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).
- Level 3: Input for the asset or liability which is not based on observable market data (unobservable input).

The position in the hierarchy is determined by the lowest level of variable/input which is material to the fair value measurement in its entirety.

Financial instruments measured at fair value consist of derivative financial instruments. The fair value as at 31 December 2011 and 2010 of NKT's forward transactions (only currency and metal contracts are current at 31 December) is measured in accordance with Level 2 as the fair value is based on official exchange rates and forward rates at the balance sheet date.

Notes

31 • Events after the balance sheet date

On 3 February 2012 NKT issued a Stock Exchange release concerning agreement on sale of NKT Flexibles to National Oilwell Varco for a total value of 3.8 bnDKK (NKT's share is 51%). The sale is subject to the customary closure conditions, including approval from relevant competition authorities, and is expected to be concluded in the course of 1st halfyear 2012.

According to accounting policy (Note 34), which is consistent with International Financial Reporting Standards, assets are designated as 'held for sale' if the carrying amount will be recovered principally through a sale and if a sale is 'highly probable' and is expected to be completed within 12 months. In the period to the end of January 2012 there was not deemed to be sufficient certainty that the conditions for designation of NKT Flexibles as assets held for sale' were met. There was material uncertainty about whether a sale could be completed on the conditions which NKT Holding had laid down and had NKT Holding not secured these conditions, including a minimum amount, the sale process would have been suspended.

The divestment comprises the business unit NKT Flexibles, cf. Note 2, Segment Reporting. Income from discontinued operations in 2012, which solely relates to the sale of NKT Flexibles, is expected to amount to approx. 1.3 bnDKK and the sale is expected to reduce the NKT Group's interest bearing debt by approx. 2 bnDKK.

32 • Accounting standards issued but not yet effective

IASB has issued a number of new standards and interpretations that are not mandatory at the presentation of the Annual Report for 2011. The new standards and interpretations are expected not to materially influence NKT's financial reporting.

Notes

33 • Group companies as of 31 december 2011

Companies owned directly or indirectly by NKT Holding A/S:

Group companies	Domicile	Equity share
Nilfisk-Advance Group		
Denmark		
Nilfisk-Advance A/S	Denmark	100%
Egholm Maskiner A/S	Denmark	100%
Europa		
Nilfisk-Advance GmbH	Austria	100%
Nilfisk-Advance N.V./S.A.	Belgium	100%
Nilfisk-Advance s.r.o.	Czech Rep.	100%
Nilfisk-Advance Oy AB	Finland	100%
Alto France S.A.S.	France	100%
Jungo Voirie S.A.S.	France	100%
Nilfisk-Advance AG	Germany	100%
Egholm GmbH	Germany	100%
Nilfisk-Advance Eppingen GmbH	Germany	100%
ALTO Deutschland GmbH	Germany	100%
Nilfisk-Advance A.E.	Greece	100%
Nilfisk-Advance Production Kft.	Hungary	100%
Nilfisk-Advance Commercial Kft.	Hungary	100%
Nilfisk-Advance Ltd	Ireland	100%
CFM Nilfisk-Advance S.p.A.	Italy	100%
Nilfisk-Advance B.V.	Netherlands	100%
Nilfisk-Advance AS	Norway	100%
Nilfisk-Advance Sp.z.o.o.	Poland	100%
Nilfisk-Advance Lda	Portugal	100%
Nilfisk-Advance LLC	Rusia	100%
Nilfisk-Advance s.r.o.	Slovakia	100%
Nilfisk-Advance S.A.	Spain	100%
Tennab Holding AB	Sweden	100%
Aquatech AB	Sweden	100%
ALTO Sverige AB	Sweden	100%
Nilfisk-Advance AG	Switzerland	100%
NA Sonderegger AG	Switzerland	100%
Nilfisk-Advance Profesynonel Ekipmanlari Tic. A.S.	Turkey	100%
Nilfisk-Advance Ltd.	UK	100%
North and Central Americas		
Nilfisk-Advance Canada Company	Canada	100%
Nilfisk-Advance U.S Holding Inc.	US	100%
Nilfisk-Advance Inc. (Plymouth)	US	100%
Nilfisk-Advance America Inc. (Malvern)	US	100%
Hathaway North America Inc.	US	100%
Nilfisk-Advance de Mexico S.deR.L.deC.V.	Mexico	100%
Nilfisk-Advance de Mexico Services S.deR.L.deC.V.	Mexico	100%
Nilfisk-Advance de Mexico Manufacturing Services S.deR.L.deC.V.	Mexico	100%
Nilfisk-Advance de Mexico Manufactoring S.deR.L.deC.V.	Mexico	100%
South Americas		
Nilfisk-Advance S.R.L.	Argentina	100%
Nilfisk-Advance do Brasil LTDA	Brazil	100%
Plataforma Tecnologia em Conservação de Pisos Ltda	Brazil	100%
Nilfisk-Advance S.A.	Chile	51%
Africa		
WAP South Africa Pty. Ltd.	South Africa	100%
Asian Pacific		
Nilfisk-Advance Pty. Ltd.	Australia	100%
ALTO (Ningbo) Mechanical Manufacturing Co. Ltd.	China	100%
Dongguan Viper Cleaning Equipment Co. Ltd.	China	100%
Viper Cleaning Equipment Co. Ltd	China	100%
Nilfisk-Advance Ltd. (Shenzhen)	China	100%
Nilfisk-Advance Professional Cleaning Equipment (Suzhou) Co. Ltd.	China	100%
Nilfisk-Advance Ltd.	Hong Kong	100%
Viper (Hong Kong) Co., Ltd.	Hong Kong	100%
Nilfisk-Advance India Ltd.	India	100%
Nilfisk-Advance Inc.	Japan	100%
Nilfisk-Advance Korea Co. Ltd.	Korea	100%
Nilfisk-Advance Sdn Bhd	Malaysia	100%
Nilfisk-Advance Ltd.	New Zealand	100%
Nilfisk-Advance Pte. Ltd.	Singapore	100%
Nilfisk-Advance Ltd.	Taiwan	100%
Nilfisk-Advance Co. Ltd.	Thailand	100%
Associates		
M2H S.A.	France	44%
CFM Lombardia S.r.l.	Italy	33%
Industro-Clean (Pty.) Ltd	South Africa	30%

Notes

33 • Group companies as of 31 december 2011 (continued)

Group companies	Domicile	Equity share
NKT Cables Group		
Germany		
NKT Cables Group GmbH	Germany	100%
NKT Cables GmbH Nordenham	Germany	100%
NKT Cables GmbH Köln	Germany	100%
CCC Cable System Contracting + Consulting GmbH	Germany	100%
Europa		
NKT Cables s.r.o.	Czech Rep.	100%
NKT Cables Vrchlabi k.s., clen skupiny NKT	Czech Rep.	100%
NKT Cables Velke Mezirici k.s., clen skupiny NKT	Czech Rep.	100%
NKT Cables Group A/S	Denmark	100%
NKT Cables A/S	Denmark	100%
NKT Cables Ultera A/S	Denmark	100%
NKT Cables Italia S.r.L.	Italy	100%
CCC Cable System Contracting + Consulting Nederland B.V.	Netherlands	100%
NKT Cables AS	Norway	100%
NKT Cables S.A.	Poland	100%
NKT Cables Warszowice Sp. z.o.o.	Poland	100%
NKT Cables LLC	Russia	100%
NKT Cables Spain SL	Spain	100%
NKT Cables Ltd.	UK	100%
Middle East		
NKT Cables JLT, UAE	Dubai	100%
Asian pacific		
NKT Cables Australia Pty Ltd	Australia	100%
NKT Cables Ltd., Changzhou	China	100%
NKT Electrical Components (Changzhou) Co. Ltd.	China	100%
Unique Vantage Ltd.	Hong Kong	100%
CCC Cable System Contracting + Consulting PTE. Ltd	Singapore	100%
Associates		
Nanjing Daqo nkt Cables Co., Ltd.	China	50%
Ultera GP	US	50%

Group companies	Domicile	Equity share
Photonics Group		
Denmark		
NKT Photonics A/S	Denmark	98%
Europe		
LIOS Technology GmbH	Germany	100%
NKT Photonics GmbH (owned by NKT Photonics A/S)	Germany	100%
Vytran UK Limited	UK	100%
Americas		
LIOS Technology Inc.	US	100%
NKT Photonics Inc. (owned by NKT Photonics A/S)	US	100%
Vytran LLC	US	100%
Other		
SubSeaFlex Holding A/S	Denmark	100%
NKT Flexibles Group (Jointly controlled entity)		
NKT Flexibles I/S (owned by SubSeaFlex Holding A/S)	Denmark	51%
NKT Flexibles indústria e servicos de turbos flexiveis ltda (owned by NKT Flexibles I/S)	Brazil	100%

Companies without material interest and dormant companies are omitted from the list.

Notes

34 • Accounting policies 2011

NKT Holding A/S is a public limited company domiciled in Denmark. The annual report for the period 1 January - 31 December 2011 comprises both the consolidated financial statements for NKT Holding A/S and its subsidiaries (the Group) and separate financial statements for the parent company.

The annual report for NKT Holding A/S for 2011 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

In addition, the annual report has been prepared in compliance with the International Financial Reporting Standards issued by the IASB.

At 1 March 2012 the Board of Directors and the Board of Management discussed and approved the annual report for the financial year 1 January – 31 December 2011 for NKT Holding A/S. The annual report will be presented to the shareholders of NKT Holding A/S for approval at the annual general meeting on 29 March 2012.

Basis for presentation

The annual report is presented in DKK rounded to the nearest 1,000,000 DKK to one decimal.

The annual report has been prepared according to the historical cost principle, except that the following assets and liabilities are measured at fair value: derivatives, financial instruments in a trading portfolio and financial instruments designated as available for sale.

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

The accounting policies described below have been applied consistently during the financial year and for the comparative figures. For standards implemented prospectively the comparative figures will not be restated.

Changes to accounting policies

NKT Holding A/S has implemented the standards and interpretations effective for 2011. None of these have influenced recognition and measurement in 2011 or are expected to influence future financial years.

Description of accounting policies

Consolidated financial statements

The consolidated financial statements comprise the parent company NKT Holding A/S and subsidiaries in which NKT Holding A/S controls financial and operating policies in order to obtain a return or other benefits from its activities. Control is obtained when the company directly or indirectly holds more than 50% of the voting rights in the subsidiary or otherwise has a controlling interest.

Enterprises over which the Group exercises significant influence, but which it does not control, are considered associates. Significant influence is typically obtained by direct or indirect ownership or control of 20%-50% of the voting rights.

When assessing whether NKT Holding A/S exercises control or significant influence, potential voting rights which are exercisable at the balance sheet date are taken into account.

An overview of Group companies is contained in Note 33.

Interests in jointly controlled entities are recognised as joint ventures.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's ownership share of the enterprise. Unrealised losses are eliminated in the same way as unrealised gains to the extent that impairment has not taken place.

Accounting items attributable to the subsidiary companies are recognised in the consolidated financial statements in full. The minority interests' share of the net profit/loss for the year and of the equity of non wholly-owned subsidiaries is included in the Group's net profit/loss and equity respectively, but shown separately.

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition. Enterprises sold or wound up are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for enterprises acquired, sold or wound up. Discontinued operations are presented separately, cf. below.

In the case of acquisitions where NKT Holding A/S gains control of the acquired enterprise the purchase method is used. The identifiable assets, liabilities and contingent liabilities of the acquired enterprise are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax on revaluations is recognised.

The date of acquisition is the date at which NKT Holding A/S actually gains control of the acquired enterprise.

Positive differences (goodwill) between the purchase consideration, the value of minority interests in the acquired enterprise and the fair value of any previously acquired equity investments on the one

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hand, and the fair value of acquired identifiable assets, liabilities and contingent liabilities on the other hand are recognised as goodwill in intangible assets. Goodwill is not amortised but a test for impairment is carried out at least annually. The first impairment test is performed before the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test. Goodwill and fair value adjustments relating to acquisition of a foreign entity having a functional currency other than the Group's presentation currency are treated as assets and liabilities belonging to the foreign entity and, on first-time recognition, are translated into the functional currency of that entity at the exchange rate prevailing at the transaction date. Negative differences (negative goodwill) are recognised in the income statement at the acquisition date.

The purchase consideration for an enterprise consists of the fair value of the agreed consideration in the form of acquired assets, assumed liabilities, and issued equity instruments. If parts of the purchase consideration are contingent upon future events or fulfilment of agreed conditions, this part of the purchase consideration is recognised at fair value at the date of acquisition. Costs relating to business combinations are expensed directly in the income statement as incurred.

If uncertainty exists at the date of acquisition as to identification or the measurement of acquired assets, liabilities or contingent liabilities, or as to the determination of the purchase consideration, first-time recognition is based on preliminary fair values. If identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities subsequently proves to have been incorrect at first-time recognition, the calculation is adjusted retrospectively, including goodwill, until 12 months after the acquisition, and the comparative figures are restated. Thereafter goodwill is not adjusted. As a general principle, revised estimates of contingent purchase consideration are recognised in the income statement.

Gains or losses on sale or disposal of subsidiaries and associates are stated as the difference between the selling price or disposal sum and the carrying amount of net assets including goodwill at the time of sale, and selling or disposal costs.

Minority interests

On first-time recognition, minority interests are measured either at fair value or at their proportional fair value of identifiable assets, liabilities and contingent liabilities of the enterprise acquired. Goodwill relating to minority interests' ownership share of the enterprise acquired is therefore recognised in the first case, whereas in the second case goodwill relating to minority interests is not recognised. Measurement of minority interests is elected on a transaction-by-transaction basis and stated in the notes in conjunction with the description of enterprises acquired.

Acquisition or disposal of minority interests, without loss of control, is recognised directly in equity.

Foreign currency translation

For each of the reporting enterprises in the Group, a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the reporting enterprise operates. Transactions denominated in currencies other than the functional currency are considered to be transactions in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates prevailing at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement under financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates prevailing at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable/payable arose or the rate in the latest annual report is recognised in the income statement under financial income or financial expenses.

On recognition in the consolidated financial statements of enterprises having a functional currency other than DKK, the income statements are translated at the exchange rates prevailing at the transaction date and the balance sheet items are translated at the exchange rates prevailing at the balance sheet date. The average exchange rate for the individual months is used as the transaction date exchange rate to the extent that this does not provide a materially different picture. Exchange differences arising on translation of such enterprises' opening equity balances at the rates prevailing at the balance sheet date, and on translation of income statements from the rates prevailing at the transaction date to the rates prevailing at the balance sheet date, are recognised directly in other comprehensive income in a separate translation reserve under equity. The currency adjustment is distributed between the equity of the parent company and that of the minority interests.

Translation adjustment of balances considered to be a part of the total net investment in enterprises having a functional currency other than DKK is recognised directly in other comprehensive income in a separate translation reserve under equity in the consolidated financial statements. Similarly, exchange gains and losses on that part of loans and derivative financial instruments established to hedge the net investment in such enterprises, and which effectively hedge corresponding exchange gains and losses on the net investment in the enterprise, are also recognised directly in other comprehensive income in a separate translation reserve under equity.

On recognition in the consolidated financial statements of associates having a functional currency other than DKK the share of profit/loss for the year is translated at average exchange rates, and the share

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of equity, including goodwill, is translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising on the translation of foreign associates' share of the opening equity balance at the rates prevailing at the balance sheet date, and on translation of the share of profit/loss for the year from average rates to the rates prevailing at the balance sheet date, are recognised in other comprehensive income in a separate translation reserve under equity.

On whole or partial disposal of wholly owned foreign entities, where control is relinquished, the currency adjustments recognised in other comprehensive income and attributable to the entity are reclassified from other comprehensive income to the income statement together with gains or losses arising from the disposal.

On disposal of partially owned foreign subsidiaries the part of the translation reserve relating to minority interests is not transferred to the income statement.

On partial disposal of foreign subsidiaries, where control is not relinquished, a proportional share of the translation reserve is transferred from the equity share of the parent company shareholders to that of the minority interests.

On partial disposal of associates and joint ventures, the proportional share of the cumulative translation reserve recognised in other comprehensive income is transferred to profit for the year together with gains or losses arising from the disposal.

Repayment of balances considered a part of the net investment is not per se regarded as partial disposal of the subsidiary.

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 included in other receivables and payables, respectively, and set-off of positive and negative values is effected only when the enterprise has the right and the intention to settle several financial instruments net. Fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

Fair value hedging

Changes in the effective portion of the fair value of derivative financial instruments designated and qualifying for recognition as a fair value hedge of a recognised asset or a recognised liability are recognised in the income statement together with changes in the value of the hedged asset or hedged liability. Except for foreign currency hedging, hedging of future payment flows in accordance with a firm commitment is treated as fair value hedging.

The portion of the value adjustment of a derivative financial instrument not included in a hedging relationship is presented under financial items.

Cash flow hedging

Changes in the effective portion of the fair value of derivative financial instruments designated and qualifying as hedges of future payment flows are recognised in other comprehensive income in a separate hedging reserve under equity until the cash flows hedged influence the income statement. Gains or losses relating to such hedging transactions are then transferred from other comprehensive income and recognised in the same item as the hedged item.

If the hedging instrument no longer meets the criteria for hedge accounting, the hedging relationship is discontinued prospectively. The cumulative change in value recognised in other comprehensive income is transferred to the income statement when the hedged cash flows influence the income statement.

If the hedged cash flows are no longer expected to be realised, the cumulative change in value is immediately transferred to the income statement.

The portion of the value adjustment of a derivative financial instrument not included in a hedging relationship is presented under financial items.

Net investment hedging

Changes in the fair value of derivative financial instruments used to hedge net investments in foreign subsidiaries or associates and which effectively hedge currency fluctuations in these enterprises are recognised in the consolidated financial statements directly in other comprehensive income in a separate translation reserve.

The portion of the value adjustment of a derivative financial instrument not included in a hedging relationship is presented under financial items.

Other derivative financial instruments

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised under financial items as they arise.

Certain contracts contain characteristics of derivative financial instruments. Such embedded derivatives are recognised separately and measured at fair value if they differ significantly from the contract, unless the entire contract is recognised and measured at fair value.

Income statement

Revenue

Revenue from sales of goods for resale and finished goods is recognised in the income statement if supply and transfer of risk to the buyer have taken place before year end, and if the income can be reliably measured and is expected to be received.

Revenue from services comprising service contracts and extended warranties relating to sold products and other services are recognised in step with the supply of services.

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Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Construction contracts with a high degree of individual adjustment are recognised as revenue by reference to the percentage of completion. Accordingly, revenue corresponds to the sales price of work performed during the year (the percentage of completion method). When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent that costs incurred are expected to be recoverable.

Government grants

Government grants comprise grants and funding for development projects, investment grants, etc. Grant amounts are recognised when there is reasonable certainty that they will be received.

Grants for R&D activities, which are recognised directly in the income statement, are recognised as other operating income as the grant-related expenses are incurred.

Grants for acquisition of assets and development projects are recognised in the balance sheet as deferred income and transferred to other operating income in the income statement as the assets for which the grants were awarded are amortised.

Remissible loans provided by public authorities for funding development activities are recognised as liabilities until the terms for loan remission have in all probability been met.

Other operating income

Other operating income comprises items of a secondary nature relative to the enterprise activities, including grant schemes, reimbursements and gains on sale of non-current assets. Gains on disposal of tangible and intangible assets are determined as the sales price less selling costs and the carrying amount at the selling date.

Change in inventories of finished goods and work in progress

Change in inventories of finished goods and work in progress comprises changes in the relevant inventories corresponding to staff and other costs charged during the year to the income statement and which are directly or indirectly attributable to the cost of the items stated in the balance sheet.

Work performed by the Group and capitalised

Work performed by the Group and capitalised comprises income corresponding to the staff costs and other costs charged during the year to the income statement and which are directly or indirectly attributable to the cost of non-current assets of own manufacture.

Raw materials, consumables and goods for resale

Raw materials, consumables and goods for resale comprise acquisitions and changes in relevant inventory levels during the year and include shrinkage, waste production and any write-downs due to obsolescence.

Employee benefits, expenses

Staff costs comprise wages and salaries, consideration, share-based payments, pensions and other costs relating to the Group's employees, including remuneration to the Board of Directors and the Board of Management.

Other costs

Other costs comprise external costs relating to production, sale and administration, as well as losses on disposal of tangible and intangible assets. Losses on disposal of tangible and intangible assets are determined as the sales price less selling costs and the carrying amount at the selling date. Write-downs of receivables from sales are also included.

Share of profit after tax in associates and joint ventures

The proportionate share of the results of associates and joint ventures is recognised in the consolidated income statement after tax, minority instruments and elimination of the proportionate share of intra-group profit/losses.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment comprise amortisation of intangible assets, depreciation of property, plant and equipment, and losses after impairment of assets.

Financial income and expenses

Financial income and expenses comprises interest income and expenditure, dividends, gains and losses on securities and impairment of securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities, including finance lease commitments, as well as surcharges and refunds under the Danish on-account tax scheme, etc. Changes in the fair value of derivative financial instruments not designated as hedging arrangements are also included.

Borrowing costs arising from general borrowing or loans that directly relate to acquisition, construction or development of qualifying assets are attributed to the cost of such assets.

Tax

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to changes directly recognised in equity is recognised directly in equity.

Assets

Intangible assets

Goodwill

Goodwill is initially recognised in the balance sheet at cost as described under 'Business combinations'. Subsequently, goodwill is

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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 acquisition date. The identification of cash-generating units is based on the managerial structure and internal financial control. As a result of the integration of acquisitions in the existing Group, and identification of operating segments based on the presence of segment managers, the Group Management finds that the smallest cash-generating units to which the carrying amount of goodwill can be allocated during testing for impairment are the reportable business units shown. The reportable units are comprised by the Group's operating units without aggregation (Note 2. Segment information).

Other intangible assets

Clearly defined and identifiable development projects in which technical feasibility, adequacy of resources and potential market or development possibility in the enterprise can be demonstrated, and where it is the intention to produce, market or execute the project, are recognised in intangible assets if the cost can be reliably determined and there is adequate certainty that the future earnings or the net selling price can cover costs of raw materials, consumables and goods for resale, staff costs, other costs and amortisation, as well as the development costs. Other development costs are expensed in the income statement as incurred.

Recognised development costs are measured at costs less accumulated amortisation and impairment losses. The costs includes wages, amortisation and other costs relating to the Group's development activities. In the case of qualifying assets, specific and general borrowing costs directly relating to the development of development projects are recognised in the cost.

On completion of the development work, development projects are amortised on a straight-line basis over their estimated useful life from the date the asset is available for use. The amortisation period is usually 3-15 years. The basis of amortisation 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 remaining patent or contract period or the useful life, whichever is the shorter. The amortisation period normally consists of 5-15 years.

Other intangible assets, including intangible assets acquired in business combinations, are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised on a straight-line basis over the expected useful life, which normally consists of 3-7 years for customer-related assets and 3-20 years for trademarks etc.

Intangible assets with an indefinite useful life are not amortised, however, but are tested annually for impairment.

Property, plant and equipment

Land and buildings, production plant and machinery, fixtures and fittings, and other plant and equipment, are measured at cost less accumulated depreciation and impairment losses.

The cost comprises the purchase price and any costs directly attributable to the acquisition until such time as the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subcontractors and wages. In the case of qualifying assets, specific and general borrowing costs directly relating to acquisition, construction or production of the qualifying asset are recognised in the cost. The cost is supplemented by the present value of estimated liabilities related to dismantling and removing the asset and restoring the site on which the asset was utilised.

The cost of assets held under finance leases is stated at the fair value of the assets or the present value of the future minimum lease payments, whichever is the lower. For calculation of the present value, the interest rate implicit in the lease or the Group's alternative rate of interest is applied as the discount rate.

Subsequent costs, e.g. relating to replacement of parts of an item of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The carrying amount of the replaced parts is recognised in the balance sheet and recognised in the income statement. All costs incurred for ordinary repair and maintenance are recognised in the income statement as incurred.

If individual parts of an item of property, plant and equipment have different useful lives, they are depreciated separately. Depreciation is effected on a straight-line basis over the expected useful lives of the assets/components, as follows:

Buildings	10-50 years
Plant and machinery	4-20 years
Fixtures, fittings and equipment	3-15 years

Land is not depreciated.

The basis of depreciation is calculated according to the residual value less impairment losses. The residual value is determined at the acquisition date and reviewed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the residual value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

Property, plant and equipment under construction and prepayments therefore are measured at cost. On entry into service the asset is transferred to land and buildings, plant and machinery, or fixtures, fittings, and equipment, and depreciated.

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Investments in associates and joint ventures

Investments in associates and joint ventures are measured in the consolidated financial statements according to the equity method. The investments in the balance sheet are measured at the proportionate share of the enterprises' equity value in accordance with the Group's accounting policies, minus or plus a proportionate share of unrealised intra-group profits and losses and plus excess capital paid on acquisitions, including goodwill.

Investments in associates with negative equity values are measured at 0 DKK (nil). If the Group has a legal or constructive obligation to cover a deficit in the associate, this deficit is recognised in liabilities.

Receivables from associates are measured at amortised cost. Write-down is made for bad or doubtful debts.

For acquisition of investments in associates the purchase method is used, cf. description of business combinations.

Impairment test of non-current assets

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment, initially before the end of the acquisition year. Development projects in progress are also tested annually for impairment.

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

Deferred tax assets are subject to impairment tests annually and recognised only to the extent that it is probable they will be utilised.

The carrying amount of other non-current assets is reviewed annually for indication of impairment. If such an indication exists, the recoverable amount of the asset is determined. The recoverable amount is the fair value of the asset less anticipated cost of disposal, or its value in use, whichever is the higher. The value in use is calculated as the present value of expected future cash flows from the asset or the cash-generating unit of which the asset is part.

An impairment is recognised if the carrying amount of an asset or a cash-generating unit exceeds the respective recoverable amount thereof. The impairment is recognised in the income statement under depreciation and impairment of tangible assets and amortisation and impairment of intangible assets, respectively. Impairment of goodwill is recognised in a separate line item in the income statement.

Impairment of goodwill is not reversed. Impairment of other assets is only reversed if changes have taken place in the conditions and estimates on which the impairment calculation was based. Impairment is only reversed if the new carrying amount of the asset does not exceed the carrying amount that would have applied after amortisation had the asset not been impaired.

Inventories

Inventories are measured at cost in accordance with the FIFO method or at a weighted average. If the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials, consumables and goods for resale are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages/salaries and production overheads. Production overheads include indirect materials and wages/salaries, as well as maintenance and depreciation of production machinery, buildings and equipment as well as costs for production administration and management. In the case of qualifying assets, specific and general borrowing costs directly relating to production of the relevant asset are recognised in the cost. Borrowing costs are not included in the cost of inventories manufactured or otherwise mass-produced in large quantities.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs incurred in effecting the sale, and is determined taking into account marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost. Individual write-down for bad and doubtful debts is made where an objective indication of impairment is considered to exist for an individual receivable or a portfolio of receivables.

Receivables for which there is no objective indication of impairment at individual level are assessed for such indication on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the Group's credit risk management policy. The objective indicators applied to portfolios are based on historical loss experience.

If an objective indication of impairment exists for a portfolio, an impairment test is carried out in which the expected future cash flows are estimated on the basis of historical loss experience adjusted for current market conditions and individual conditions relating to the specific portfolio.

Impairment losses are determined as the difference between the carrying amount and the fair value of the expected cash flows, including recoverable amount of any security received. The effective interest rate applied on initial recognition is used as the discount rate for the receivable or portfolio.

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Calculation of interest recognition on impaired receivables is based of the impaired amount using the effective rate of interest for the specific receivable or portfolio.

Construction contracts

Construction contracts are measured at the selling price of the work performed less progress billings and anticipated losses. Construction contracts are characterised by a high degree of individualisation in the design of the goods produced. It is furthermore a requirement that before commencement of the work a binding contract is signed that will result in fine or compensation in case of subsequent cancellation.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from the contract. The stage of completion is determined on the basis of an assessment of the work performed, normally calculated as the ratio of expenses incurred to total anticipated expenses relating to the contract concerned.

When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is immediately recognised as an expense and a provision.

When income and expenses on a construction contract cannot be determined reliably, the selling price is measured as the costs incurred that are likely to be recovered.

Where the selling price of work performed exceeds progress billings and anticipated losses, the excess is recognised under receivables. If progress billings and anticipated losses exceed the selling price of a construction contract, the deficit is recognised in trade and other payables.

Prepayments from customers are recognised in trade payables and other liabilities.

Costs relating to sales work and securing contracts are recognised in the income statement as incurred unless they can be directly attributed to a specific contract and it is probable at the time of cost incurrence that the contract will be entered into.

Prepayments

Prepayments, recognised as assets, comprise incurred costs that relate to subsequent financial years and are measured at cost.

Other investments

Shares, bonds and other securities are classified as available for sale and are recognised at cost at the trade date. Subsequently, quoted securities are measured at fair value, corresponding to the market price of quoted securities and for unquoted securities an estimated fair value computed on the basis of market data and generally accepted valuation method. Unrealised value adjustments are recognised in other comprehensive income in a separate fair value adjustment reserve under equity. This does not apply to impairment losses, reversals of impairment losses, and foreign exchange adjustments of bonds denominated in foreign currencies which are recognised in the income statement as financial income or financial expenses. Impairment losses recognised in the income statement and relating to shares (available-for-sale shares) are not reversed through the income statement. On realisation, the accumulated value adjustment recognised in other comprehensive income is transferred to financial income or financial expenses.

Equity

Dividend

Dividend is recognised as a liability at the date of adoption at the Annual General Meeting (declaration date). Proposed dividend payments for the year are disclosed as a separate item under equity.

Interim dividends are recognised as a liability at the date when the decision to pay interim dividends is made.

Treasury shares

Cost of acquisition, consideration received and dividends received from treasury shares are recognised directly in retained comprehensive income in equity.

Proceeds from the sale of treasury shares and issue of shares, respectively, in NKT Holding A/S in connection with exercise of share options or employee shares are recognised directly in equity.

Translation reserve

The translation reserve comprises parent company shareholders' share of foreign exchange differences arising on translation of financial statements for entities having a functional currency other than Danish kroner, exchange adjustments relating to assets and liabilities that form a part of the Group's net investment in such entities, and exchange adjustments relating to hedging transactions that protect the Group's net investment in such entities.

Hedging reserve

The hedging reserve comprises the cumulative net change after tax in the fair value of hedging instruments that fulfil the criteria for hedging future cash flows when the hedged transactions have not yet occurred.

Fair value adjustment reserve

The fair value adjustment reserve comprises cumulative changes in the fair value of financial instruments classified as available for sale. The reserve, which is a part of the company's free reserves, is dissolved or transferred to the income statement in step with sale or write-down of the investment.

Share option scheme

The Group's incentive schemes include a share option scheme. The value of services received in exchange for granted share options is measured at the fair value of these options.

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For equity-settled share options, the fair value is measured at the grant date and recognised in the income statement under staff costs over the vesting period. The counter-item is recognised directly in equity as an owner transaction.

On initial recognition of the share options an estimate is made of the number of options expected to vest. This estimate is subsequently revised for changes and total recognition is therefore based on the number of options ultimately vested.

The fair value of granted options is estimated using an option pricing model, taking into account the terms and conditions upon which the options were granted.

Liabilities

Pension obligations and similar non-current liabilities

The Group has entered into pension schemes and similar arrangements with the majority of the Group's employees.

Contributions to defined contribution-based pension plans are recognised in the income statement in the period to which they relate. Any contributions outstanding are recognised in the balance sheet under other payables.

For defined benefit plans an annual actuarial calculation (the Projected Unit Credit Method) is made of the present value of future benefits payable under the plan. The present value is determined on the basis of assumptions about the future development in variables such as salary levels, interest rates, inflation and mortality. The present value is determined only for benefits earned by employees from their employment with the Group. The actuarial present value less the fair value of any plan assets is recognised in the balance sheet under pension obligations, however, cf. below.

Pension costs for the year are recognised in the income statement on the basis of actuarial estimates and financial expectations at the start of the year. Differences between the expected development in pension assets and liabilities and the realised values at the end of the year are designated actuarial gains or losses. If subsequent cumulative actuarial gains or losses at the beginning of the year exceed the greater numerical value of 10% of the defined benefit obligation or 10% of the fair value of the plan assets, the excess amount is recognised in the income statement over the expected average remaining working life in the Group for the employees covered. Actuarial gains or losses not exceeding the above limits are not recognised in the income statement or the balance sheet, but are disclosed in the notes.

If changes in benefits relating to services rendered by employees in previous years result in changes in the actuarial present value, the changes are recognised as historical costs. Historical costs are recognised immediately if employees have already earned the changed benefits. If employees have not earned the benefits, the historical costs are recognised in the income statement over the period in which the changed benefits are earned by the employees.

If a pension plan constitutes a net asset, the asset is only recognised if it offsets cumulative actuarial losses or future refunds from the plan, or if it will lead to reduced future payments to the plan.

Other long-term employee benefits are similarly recognised using actuarial calculation, but without the use of the corridor method. Consequently, actuarial gains and losses are recognised in the income statement immediately. Other long-term employee benefits include anniversary bonuses.

Corporation 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 for previous years and for tax paid on account.

Deferred tax is measured according to the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to amortisation of goodwill not deductible for tax purposes and on office premises and other items where temporary differences - apart from business combinations - arose at the time of acquisition without affecting either profit/loss for the year or taxable income. Where alternative taxation rules can be applied to determine the tax base, deferred tax is measured according to the management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss allowed for carry forward, are recognised under other non-current assets at the expected value of their utilisation; by set-off against tax on future income or by set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax assets and tax liabilities are offset if the enterprise has a legal right to offset current tax assets and tax liabilities and intends to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously.

Deferred tax is adjusted for elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Provisions

Provisions are recognised when, as a result of events arising before or at the balance sheet date, the Group has a legal or a constructive

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obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

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

When measuring provisions, the costs required to settle the obligation are discounted if this significantly affects the measurement of the liability. A pre-tax discount rate is applied that reflects the current market interest rate and the specific risks relating to the obligation. Changes in present values during the year are recognised under financial expenses.

Warranty commitments are recognised as the underlying goods and services are sold based on the level of warranty expenses incurred in previous years.

Restructuring costs are recognised under liabilities when a detailed, formal restructuring plan is announced to the affected parties on or before the balance sheet date. Provisions relating to restructuring measures in acquisitions are only included in goodwill when a restructuring liability exists for the acquired entity at the acquisition date.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the Group's unavoidable costs for meeting its contract obligations.

Provisions for dismantling production installations and restoring rented facilities when vacated are measured at the present value of the expected clearance and closure obligation at the balance sheet date. The provision is based on existing encumbrances and estimated costs discounted to present value. Specific risks considered to attach to the obligation are included in the estimated costs. A discount rate is applied which reflects the current market interest rate. The obligations are included as they occur and continuously adjusted to reflect changed requirements and price levels, etc. The present value of the costs is included in the cost of the relevant tangible assets and depreciated accordingly. The increase in the present value over time is recognised in the income statement under financial expenses.

Financial liabilities

Amounts owed to credit institutions, etc., are recognised at the date of borrowing at the amount of proceeds received net of transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using 'the effective interest method'. Accordingly, the difference between the proceeds and the nominal value is recognised under financial expenses over the term of the loan.

Amounts owed to credit institutions also include the capitalised residual lease obligation on finance leases measured at amortised cost.

Other liabilities are measured at amortised cost.

Leasing

Lease commitments are divided for accounting purposes into finance leases and operating leases.

A finance lease is a lease that in all essential respects transfers risk and benefits in owning the leased asset. Other leases are designated operating leases.

The accounting treatment of assets held under a finance lease and the related obligation are described in the section on property, plant and equipment and the section on financial liabilities, respectively.

Rental payments made under operational leases are recognised on a straight-line basis over the term of the lease.

Assets leased out under operating leases are recognised, measured and presented in the balance sheet in the same way as the Group's other assets of corresponding type.

Deferred income

Deferred income is measured at cost.

Assets held for sale

Assets held for sale comprise non-current assets and disposal groups held for sale. A disposal group is defined as a group of assets to be disposed of jointly by sale or otherwise in a single transaction. Liabilities concerning such assets are directed related to assets to be transferred in the transaction. Assets are designated as 'held for sale' if the carrying amount will be recovered principally through a sale within 12 months in accordance with a formal plan rather than through continuing use.

Assets or disposal groups held for sale are measured at the carrying amount at the time they are designated 'held for sale' or at fair value less selling costs, whichever is the lower. Assets are not depreciated or amortised from the time they are designated 'held for sale'.

Impairment losses on initial designation as 'held for sale', and gains and losses on subsequent re-measurement at the carrying amount or fair value less selling costs, whichever is the lower, are recognised in the income statement under the items to which they relate. Gains and losses are disclosed in the notes.

Assets and liabilities are recognised separately in the balance sheet and main items are specified in the notes. Comparatives in the balance sheet are not restated.

Presentation of discontinued operations

Discontinued operations constitute an important element in the enterprise, with activities and cash flows that can be clearly distinguished, operationally and in financial reporting terms, from the rest of the enterprise. The entity has either been disposed of or is held for sale, completion of the sale being effected within one year in accordance with a formal plan. Discontinued operations also

Notes

include activities which in conjunction with the acquisition have been designated as 'held for sale'.

Net results of discontinued operations, net value adjustments of related assets and liabilities, and profits/losses on sales are presented in a separate line in the income statement with comparative figures. Revenue, costs, value adjustments and tax of discontinued operations are disclosed in the notes. Assets and liabilities relating to discontinued operations are presented in separate lines in the balance sheet without restatement of comparative figures, cf. 'Assets held for sale', and main items are specified in the notes.

Cash flows from operating, investing and financing activities relating to the discontinued operations are disclosed in a note.

Cash flow statement

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the changes in cash at bank and in hand during the year, and the balances of cash at bank and in hand at the beginning and end of the year.

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

Cash flows from operating activities

Cash flows from operating activities are calculated by the indirect method as earnings before interest, tax, depreciation and amortisation (EBITDA) adjusted for gains and losses on sales of property, plant and equipment, non-cash operating items, changes in working capital, interest, dividends received, and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments relating to acquisition and sale of enterprises and activities, intangible assets, property, plant and equipment and other non-current assets, as well as acquisition and sale of securities.

Finance leases are considered non-cash transactions.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs, as well as the raising of loans, repayment of interest-bearing debt, acquisition and disposal of treasury shares and payment of dividends to shareholders.

Cash flows from assets held under finance leases are recognised as payment of interest and repayment of debt.

Cash at bank and in hand

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

Cash flows denominated in currencies other than the functional currency are translated using average exchange rates unless these exchange rates deviate materially from the exchange rates valid at the transaction date.

Segment information

Segment information is presented in accordance with the Group's accounting policies and based on internal management reporting.

Segment income and costs and segment assets and liabilities are those items which are directly attributable to the individual segments and those items which can be reliably allocated to it. All items are attributed to the Group's business segments.

Segment assets comprise the non-current assets used directly in segment operations, including tangible and intangible assets, and investments in associates, as well as the current assets used directly in segment operations, including inventories, trade and other receivables, prepaid expenses, and cash.

Segment liabilities are liabilities resulting from segment operations, including accounts payable and other payables.

Financial rations

Earnings Per Share (EPS) and Diluted Earnings Per Share (EPS-D) are calculated in accordance with IAS 33. The financial ratios stated in the financial highlights have been calculated as follows:

Gearing	$\frac{\text{Net interest bearing debt x 100}}{\text{Group equity}}$
Solvency	$\frac{\text{Equity at year end x 100}}{\text{Total assets}}$
Return of Capital Employed (RoCE)	$\frac{\text{EBIT before special items}}{\text{Average capital employed}}$
Earnings Per Share (EPS)	$\frac{\text{Profit attributable to equity holders of NKT Holding A/S}}{\text{Average number of shares}}$
Earnings Per Share Diluted (EPS-D)	$\frac{\text{Profit attributable to equity holders of NKT Holding A/S}}{\text{Diluted average number of shares}}$
Book Value Per Share (BVPS)	$\frac{\text{Equity excl. minority int.}}{\text{Number of shares}}$

Notes

35 • Net interest bearing debt

Amounts in mDKK	2011	2010
Net interest bearing debt comprises:		
Non-current loans	3,557.5	3,452.0
Current loans	1,203.2	957.0
Other interest bearing items included in trade payables and other payables	24.5	0.8
Interest bearing debt, gross	4,785.2	4,409.8
Interest bearing items included in receivables	-84.8	-57.1
Cash and cash equivalents	-271.0	-247.4
Net interest bearing debt	4,429.4	4,105.3
Development in net interest bearing debt:		
Net interest bearing debt, 1 January	4,105.3	2,725.3
Cash flow from operating activities	-557.9	374.0
Acquisition of companies	223.9	48.8
Investments in property, plant and equipment, net	426.6	723.2
Other investments, net	156.4	77.0
Dividends	47.5	83.0
Dividend treasury shares	-0.2	-0.3
Paid on exercise of share options	0.0	-3.8
Additions and disposals, minority interests	0.9	23.9
Foreign currency translation adjustment	26.9	54.2
Total change	324.1	1,380.0
Net interest bearing debt, 31 December	4,429.4	4,105.3

36 • Capital employed

Amounts in mDKK	2011	2010
Capital employed comprises:		
Total assets	13,438.9	12,555.7
Of which, excluding interest bearing assets:		
Interest bearing receivables	-84.8	-57.1
Cash and cash equivalents	-271.0	-247.4
Included assets	13,083.1	12,251.2
Non-current liabilities:		
Deferred income tax	-212.7	-178.1
Pension liabilities	-296.5	-292.8
Provisions	-99.4	-112.5
Current liabilities:		
Trade payables and other payables	-3,803.1	-3,254.8
Of which interest bearing items	24.5	0.8
Corporate income tax	-46.6	-36.6
Provisions	-153.6	-159.5
Offset liabilities	-4,587.4	-4,033.5
Capital employed	8,495.7	8,217.7

Notes

37 • Explanatory comments to 5 years' highlights

Items below refer to overview of five-year highlights, cf. Management's review.

1) Revenue at standard prices - Revenue at standard prices for copper and aluminium fixed at 1,550 EUR/tonne and 1,350 EUR/tonne respectively.
2) Operational earnings before interest, tax, depreciation and amortisation (EBITDA) - earnings before interest, tax, depreciation and amortisation (EBITDA) adjusted for one-off items. One-off items comprise 2011: -33mDKK, 2010: -86 mDKK, 2009: -152 mDKK, 2008: -82 mDKK and 2007: 70 mDKK.
3) Net interest bearing debt - Specified for 2011 and 2010 in Note 35.
4) Capital Employed - Group equity plus net interest bearing debt and, for 2007, minus receivables of 272 mDKK relating to sale of property. Specified for 2011 and 2010 in Note 36.
5) Working capital - Current assets minus current liabilities (excluding interest bearing items and provisions).
6) Return on capital employed (RoCE) - One-off items comprise, 2011: -33mDKK, 2010: -86 mKK, 2009: -152 mDKK, 2008: -135 mDKK and 2007: 70 mDKK.
7) Equity value, DKK, per outstanding share - Equity attributable to equity holders of NKT Holding A/S per outstanding share at 31 December.
8) Equity value, DKK, per outstanding share - Dilutive effect from potential shares from executives' and employees' share option plan are not recognised in the financial ratio.

Income statement & comprehensive income

1 January - 31 December

Amounts in mDKK	Note	2011	2010
Income statement			
Dividends from subsidiaries		131.8	113.3
Sale of services		26.8	26.8
Revenue		158.6	140.1
Staff costs	3	-42.2	-37.1
Other costs	4	-21.7	-26.6
Depreciation and impairment of tangible assets	8	-0.3	-0.3
Operating earnings (EBIT)		94.4	76.1
Financial income	5	224.7	111.7
Financial expenses	6	-201.5	-77.0
Earnings before tax (EBT)		117.6	110.8
Tax	7	1.9	-0.7
Profit for the year		119.5	110.1
Statement of comprehensive income			
Profit for the year		119.5	110.1
Other comprehensive income after tax		0.0	0.0
Total comprehensive income		119.5	110.1
Proposed distribution			
Proposed dividend of 2.0 DKK per share (2010: 2.0 DKK per share)		47.5	47.5
Transferred to retained comprehensive income		72.0	62.6
		119.5	110.1

Cash flow statement

1 January - 31 December

Amounts in mDKK	2011	2010
Operating earnings before depreciation	94.7	76.4
Non-cash items	4.0	4.8
Changes in working capital	4.0	-8.7
Cash flows from operations before financial items	102.7	72.5
Interest received	184.8	109.3
Interest paid	-160.9	-75.1
Cash flows from ordinary activities	126.6	106.7
Income tax paid	-4.9	-10.2
Cash flows from operating activities	121.7	96.5
Increase and decrease of capital in subsidiaries	-33.1	-43.5
Investments in property, plant and equipment	-0.1	-0.5
Changes in loans to/from subsidiaries	-435.4	-1,424.9
Cash flows from investing activities	-468.6	-1,468.9
Changes in non-current loans	446.0	1,398.8
Changes in current loans	201.4	1.4
Dividend paid	-47.5	-83.0
Dividend on treasury shares	0.2	0.3
Cash from exercise of share-based options	0.0	3.8
Cash flows from financing activities	600.1	1,321.3
Net cash flows	253.2	-51.1
Cash at bank and in hand, 1 January	269.8	320.9
Net cash flows	253.2	-51.1
Cash at bank and in hand, 31 December	523.0	269.8

Balance sheet

31 December

Amounts in mDKK	Note	2011	2010
Assets			
Non-current assets			
Tangible assets			
Equipment	8	0.5	0.7
		0.5	0.7
Other non-current assets			
Investments in subsidiaries	9	3,128.5	3,113.6
Receivables from subsidiaries		2,280.2	2,106.9
		5,408.7	5,220.5
Total non-current assets		5,409.2	5,221.2
Current assets			
Receivables from subsidiaries	13	1,211.5	920.5
Receivables from joint venture	13	0.9	1.1
Other receivables	13	1.2	1.3
Cash at bank and in hand		523.0	269.8
Total current assets		1,736.6	1,192.7
Total assets		7,145.8	6,413.9

Balance sheet

31 December

Amounts in mDKK	Note	**2011**	2010
Equity and liabilities			
Equity			
Share capital	10	474.8	474.8
Retained comprehensive income		3,425.7	3,348.2
Proposed dividends		47.5	47.5
Total equity		3,948.0	3,870.5
Liabilities			
Non-current liabilities			
Deferred tax	11	15.5	22.3
Retirement benefit liabilities	12	0.3	0.5
Credit institutions, etc.	13	2,632.4	2,186.4
		2,648.2	2,209.2
Current liabilities			
Credit institutions, etc.	13	88.8	145.9
Liabilities to subsidiaries	13	192.2	163.2
Liabilities to joint venture	13	235.5	0.0
Trade and other payables	13	33.1	25.1
		549.6	334.2
Total liabilities		3,197.8	2,543.4
Total equity and liabilities		7,145.8	6,413.9

Statement of changes in equity

1 January - 31 December

Amounts in mDKK	Share capital	Retained comprehen-sive income	Proposed dividends	Total equity
Equity at 1 January 2010	474.4	3,277.0	83.0	3,834.4
Changes in equity in 2010				
Total comprehensive income for the year		62.6	47.5	110.1
Dividend paid			-83.0	-83.0
Dividend paid of treasury shares		0.3		0.3
Share-based payment		4.9		4.9
Subscribed by exercise of share-based options	0.4	3.4		3.8
Total changes in equity in 2010	0.4	71.2	-35.5	36.1
Equity at 31 December 2010	474.8	3,348.2	47.5	3,870.5
Equity at 1 January 2011	474.8	3,348.2	47.5	3,870.5
Changes in equity in 2011				
Total comprehensive income for the year		72.0	47.5	119.5
Dividend paid			-47.5	-47.5
Dividend paid of treasury shares		0.2		0.2
Share-based payment		5.3		5.3
Total changes in equity in 2011	0.0	77.5	0.0	77.5
Equity at 31 December 2011	474.8	3,425.7	47.5	3,948.0

Notes

NKT Holding A/S functions as a holding company for the Group's activities and undertakes the tasks related thereto. For description of the enterprise's activities, etc., please refer to the Management's review.

1 • Accounting policies

The annual financial statements are prepared for the parent company in pursuance of the requirements of the Danish Financial Statements Act.

The annual financial statements of the parent company are prepared in accordance with International Financial Reporting Standards adopted by the EU and additional Danish disclosure requirements for annual reports for listed companies.

Changes to accounting policies
See description in Note 34 to consolidated financial statemens. The changes have not influenced recognition and measurement in the financial statements of the parent company.

Description of accounting policies
In relation to the accounting policies described for the financial statements of the Group (please see Note 34 to the consolidated financial statement), the accounting policies of the parent company differ in the following:

Foreign currency translation
Translation adjustment of balances considered part of the total net investment in undertakings that have a functional currency other than DKK are recognised in the annual financial statements of the parent company under financial items in the income statement. Similarly, foreign exchange gains and losses on that part of loans and derivates established to hedge the net investment in these undertakings are also recognised under financial items in the income statement.

Revenue
Dividends from investments in subsidiaries are recognised in the income statement of the parent company in the year the dividends are declared.
If the dividend distributed exceeds the comprehensive income of the subsidiaries in the period the dividend is declared, an impairment test is performed.

Investments in subsidiaries
Investments in subsidaries are measured at acquisition cost. The acquisition cost includes the fair value of the purchase consideration plus direct purchase costs.

If there is indication of impairment, impairment testing is carried out as described in the accounting policies for the consolidated financial statements. where the carrying value exceeds the recoverable amount it is written down to the recoverable amount.

At the distribution of reserves other than retained earnings in subsidiaries, the distribution will reduce the cost of investments when the distribution is characterised as repayment of the parent company's investment.

Tax
The parent company is jointly taxed with all Danish subsidiaries. NKT Holding A/S is the administration company for the joint taxation and consequently settles all payments of corporation tax with the tax authorities. Joint taxation contributions to/from subsidiaries are recognised under income tax related to net profit.

Companies which use tax losses in other companies pay joint taxation contributions to the parent company equivalent to the tax base of the tax losses utilised. Companies whose tax losses are used by other companies receive joint taxation contributions from the parent company equivalent to the tax base of the tax losses utilised (full absorption).

In the case of Danish subsidiaries, settlement of the tax base of reduced deductions under sections 11B and 11C of the Danish Corporation Tax Act (the interest cap rule and the EBIT rule) is made to the relevant subsidiaries by the parent company according to the same rules as are applied to tax losses.

Notes

2 • Accounting estimates and judgements

Estimation uncertainty

Determining the carrying amount of certain assets and liabilities requires an estimate of how future events will affect the value of these assets and liabilities at the balance sheet date. Estimates that are significant for the preparation of the parent company's financial reporting are made, among other things, by establishing indication of impairment and reversal of write-down on investments in subsidiaries.

The estimates used are based on assumptions which by Management are considered to be reliable, but which by nature are uncertain and unpredictable. The assumptions may be incomplete or incorrect, and unexpected events or circumstances may arise. Furthermore, the company is subject to risks and uncertainties which may lead to actual results that differ from these estimates. Particular risks relating to the NKT Group are described in note 30 to the consolidated financial statements and in sections on risk factors in the Management's review.

Accounting policies

It is the opinion of the Management that in the application of the parent company's accounting policies, no judgements other than 'estimation uncertainty' are made that can materially influence the amounts recognised in the annual report.

3 • Staff costs

Amounts in mDKK	**2011**	2010
Wages and salaries	33.9	29.5
Social security contributions	0.2	0.2
Defined contribution plans	2.8	2.5
Share-based payments	5.3	4.9
	42.2	37.1
Average number of full-time employees	26	24

Remuneration to the Board of Directors and the Board of Management, and share option schemes for executives and employees can be found in Notes 28 and 29 to the consolidated financial statements.

4 • Other expenses

Amounts in mDKK	**2011**	2010
Other expenses included fees to auditor elected by the annual general meeting		
KPMG:		
Statutory audit	0.9	1.1
Other certainty declarations	0.1	0.4
Tax and VAT advice	0.4	0.4
	1.4	1.9

Notes

5 • Financial income

Amounts in mDKK	**2011**	2010
Interest income, etc.	41.2	27.3
Interest from subsidiaries	130.8	60.6
Foreign-exchange adjustment on loans to subsidiaries that form part of the net investment	0.0	2.4
Gain on portfolio of investments held for trading (derivative financial instruments)	9.1	6.9
Foreign exchange gains	43.6	14.5
	224.7	111.7

6 • Financial expenses

Amounts in mDKK	**2011**	2010
Interest expenses, etc.	132.3	55.6
Interest to subsidiaries	1.1	1.0
Foreign-exchange adjustment on loans to subsidiaries that form part of the net investment	6.4	0.0
Loss on portfolio of investments held for trading (derivative financial instruments)	24.5	0.6
Foreign exchange losses	37.2	19.8
	201.5	77.0

7 • Tax

Amounts in mDKK	**2011**	2010
Current tax	0.9	0.8
Joint taxation contribution	4.0	9.4
Deferred tax	-6.8	-9.5
	-1.9	0.7
Reconciliation of tax:		
Tax at 25% of earnings before tax	29.4	27.7
Tax effect:		
Non-taxable dividend income	-33.0	-28.3
Non-deductable expenses	1.7	1.3
	-1.9	0.7

Notes

8 • Tangible assets

Amounts in mDKK	**2011**	2010
Equipment		
Cost, 1 January	3.9	3.4
Additions	0.1	0.5
Disposals	-0.2	0.0
Cost, 31 December	3.8	3.9
Depreciation, 1 January	-3.2	-2.9
Depreciation	-0.3	-0.3
Disposals	0.2	0.0
Depreciation, 31 December	-3.3	-3.2
Book value, 31 December	0.5	0.7
Depreciation period (years)	4-5	4-5

9 • Investments in subsidiaries

Amounts in mDKK	**2011**	2010
Cost, 1 January	3,434.5	3,371.7
Disposals during year (of which dividends of 27 mDKK set off in acquisition cost)	-30.0	0.0
Additions / capital contribution	44.9	62.8
Cost, 31 December	3,449.4	3,434.5
Impairment, 1 January	-320.9	-320.9
Impairment, 31 December	-320.9	-320.9
Book value, 31 December	3,128.5	3,113.6

Subsidiaries	Domicile	Ownership 2011	Ownership 2010
NKT Cables Group A/S	Brøndby, Denmark	100%	100%
Nilfisk-Advance A/S	Brøndby, Denmark	100%	100%
NKT Photonics A/S	Brøndby, Denmark	98%	98%
LIOS Technology GmbH	Germany	100%	100%
Vytran LLC	US	100%	100%
SubSeaFlex Holding A/S (owns 51% af NKT Flexibles I/S)	Brøndby, Denmark	100%	100%

Companies without material interest and dormant companies are omitted from the list.

Notes

10 • Share capital

Details of share capital, treasury shares and dividend are given in Note 19 and 20 to the consolidated financial statements.

11 • Deferred tax liabilities

Amounts in mDKK	**2011**	2010
1 January	-22.3	-31.8
Deferred income tax for the year recognised in profit for the year	6.8	9.5
31 December	-15.5	-22.3
Deferred tax relates to:		
Current liabilities	0.1	0.1
Tax loss carry-forward	7.8	4.7
Recapture of trading losses	-23.4	-27.1
	-15.5	-22.3

12 • Retirement benefit liabilities

Amounts in mDKK	**2011**	2010
Retirement benefit liabilities, 1 January	0.5	0.6
Paid benefits	-0.2	-0.1
Retirement benefit liabilities, 31 December	0.3	0.5

NKT Holding A/S expects to pay 0.2 mDKK in 2012 to defined benefit plans.

13 • Receivables, payables to credit institutions and other payables

Receivables and Other payables are measured at amortised cost, which in all material respects corresponds to fair value and nominal value. Payables to credit institutions are predominantly subject to floating interest rates and measured at amortised cost. The carrying amount therefore in all material respects corresponds to fair value and nominal value.

Notes

14 • Financial risks, financial instruments and management of capital structure

See Note 30 to the consolidated financial statements.

Management of capital structure at NKT Holding A/S is performed for the Group as a whole and no operational targets or policies are therefore established independently for the parent company.

Categories of financial instruments

Amounts in mDKK	**2011**	2010
Financial assets:		
Loans and receivables	4,016.8	3,299.6
Financial liabilities:		
Trading portfolio (derivative financial instruments)	24.5	0.6
Financial liabilities, measured at amortised cost	3,157.5	2,520.0

The parent company's payables fall due as follows:

2011	Within 1 year	1-2 years	3-4 years	Total
Credit institutions, etc.	88.8	102.9	2,529.5	2,721.2
Other financial liabilities	460.8	0.0	0.0	460.8
	549.6	102.9	2,529.5	3,182.0

2010	Within 1 year	3-4 years	4-5 years	Total
Credit institutions, etc.	145.9	2,183.9	2.5	2,332.3
Other financial liabilities	188.3	0.0	0.0	188.3
	334.2	2,183.9	2.5	2,520.6

15 • Contingent liabilities

Amounts in mDKK	**2011**	2010
Guarantees for subsidiaries	724.8	738.8
Guarantees for joint venture	220.7	148.9
Liability in respect of subsidiary company credit facilities under the Group account scheme	923.0	857.6
Leasing agreements for property, etc.	7.9	8.9
Of which payable within:		
0-1 years	4.3	4.1
1-5 years	3.6	4.8
>5 years	0.0	0.0

For 2011 4.2 mDKK (2010: 5.6 mDKK) is charged to the income statement as operational leasing.

The term of notice for the CEO is 24 months. For the other members of the Board of Management, the term of notice is 12 months. In conjunction with significant changes in the Company's ownership structure the above terms of notice will be extended for a transitional period by a further 12 months. Beyond this there is no separation benefit plan for the Board of Management of the company. See note 28 to the consolidated financial statement.

The company is represented in a joint taxation scheme with the Danish Group companies and is liable for payment of tax on jointly taxed income for accounting years until and including 2004. The Company is registered jointly with NKT Cables A/S for VAT purposes and is liable for VAT liabilities.

Notes

16 • Related parties

In addition to the comments in Note 28 in the consolidated financial statements the parent company's related parties comprise subsidiaries with affiliated undertakings.

The company's subsidiaries and affiliated undertakings can be found in Note 33 in the consolidated financial statement. No related parties have control. Transactions with affiliated undertakings comprised the following:

Amounts in mDKK	**2011**	2010
Subsidiaries:		
Sale of services to	25.6	25.5
Interest received, net	129.7	59.6
Paid joint taxation contribution, net	4.0	9.4
Receivables, non-current	2,280.2	2,106.9
Receivables, current	1,211.5	920.5
Payables to subsidiaries	192.2	163.2
Dividends received	131.8	113.3
Capital disposal	-30.0	0.0
Capital contribution	44.9	62.8
Joint venture:		
Sale of services to	0.7	0.1
Interest received from, net	-0.6	-0.3
Receivables	0.0	1.1
Payable	235.5	0.0

17 • Events after the balance sheet date

Please see Note 31 to the consolidated financial statements

18 • New accounting standards

See Note 32 to the consolidated financial statements. None of the standards or interpretations stated are expected to have effect on the financial statements of the parent company.

5 years' financial highlights, EUR

Amounts in mEUR	2011	2010	2009	2008	2007
Income statement					
Revenue	2,099	1,944	1,572	1,860	1,819
Revenue in standard prices [1)]	1,635	1,544	1,338	1,516	1,452
Operational earnings before interest, tax, depreciation and amortisation (EBITDA) [2)]	139	133	126	175	183
Earnings before interest, tax, depreciation and amortisation (EBITDA)	135	121	105	164	193
Depreciation and impairment on property, plant and equipment	-53	-38	-33	-37	-26
Amortisation and impairment on intangible assets	-22	-19	-17	-17	-15
Earnings before interest and tax (EBIT)	60	65	56	110	152
Financial items, net	-38	-18	-17	-30	-20
Earnings before tax	22	46	39	80	133
Profit for the year	17	36	32	54	110
Profit attributable to equity holders of NKT Holding A/S	17	36	32	54	108
Cash flows					
Cash flows from operating activities	75	-50	78	103	156
Investments in property, plant and equipment	60	100	123	102	62
Balance sheet					
Share capital	64	64	64	64	64
Equity attributable to equity holders of NKT Holding A/S	546	552	500	461	437
Minority interests	1	1	3	5	5
Group equity	547	553	503	466	441
Total assets	1,808	1,689	1,362	1,336	1,224
Net interest bearing debt [3)]	596	552	367	304	268
Capital employed [4)]	1,143	1,105	870	770	673
Working capital [5)]	369	403	266	274	293
Financial ratios and employees					
Gearing	109%	100%	73%	65%	61%
Net interest bearing debt relative to operational EBITDA	4.3	4.2	2.9	1.7	1.5
Solvency	30%	33%	37%	35%	36%
Return on capital employed (RoCE) [6)]	5.5%	7.5%	9.4%	16.4%	22.0%
Number of 20 DKK shares ('000)	23,738	23,738	23,718	23,718	23,638
Earnings, EUR, per outstanding share (EPS)	0.7	1.5	1.4	2.3	4.6
Dividend paid, EUR, per share	0.3	0.5	0.0	1.5	1.3
Equity value, EUR, per outstanding share [7) 8)]	23.1	23	21	20	18
Market price, EUR, per share	25.7	40	39	14	62
Average number of employees	9,038	8,454	7,938	8,610	7,575

[1) - 8)] Explanatory comments appear in Note 37 to consolidated financial statements.
Financial ratios are stated in Note 34 to consolidated financial statements.
When converting the additional information (5 years' financial highlights, EUR) from DKK to EUR the exchange rate ruling at 30 December 2011 of 743.42 has been applied.

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