NKT

Annual Report 2007

Contents

NKT Annual Report 2007 has been presented in accordance with International Financial Reporting Standards as approved by the EU and additional Danish disclosure requirements relating to annual reports of listed companies.

The statements in this report about the future reflect the present expectations of the NKT Group Management with regard to future events and financial results.

Statements about 2008 are naturally linked to uncertainty, and the results achieved may therefore differ from the expectations.

Factors that may cause the results achieved to differ from the expectations include - but are not limited to - developments in trading conditions and financial markets, changes in legislation and regulations in the markets of NKT's companies, developments in product demand, competitive conditions, and energy and raw material prices. Please also see the section on risk factors in the individual company reviews as well as Note 31 on page 73.

The annual report was released on 5 March 2008 in Danish and English via OMX The Nordic Exchange, Copenhagen. In the event of any questions regarding interpretation the Danish text shall prevail.

The annual report is available on www.nkt.dk and is distributed electronically to all subscribers registering with their email address for NKT's electronic news service.

A paper-based summary of NKT Annual Report 2007 will accompany the Notice convening the Annual General Meeting that will be sent by post to all NKT's registered shareholders.

NKT Annual Report 2007 is published by NKT Holding A/S, Vibeholms Allé 25, 2605 Brøndby, Denmark, CVR No. 62 72 52 14.
Text and production: NKT Holding A/S
Photos: .Lars Thornblad

Please address any enquiries concerning the annual report to our investor contact - see page 15.

For the 8,300 employees of the NKT Group 2007 was a year of high tempo and strong endeavour, when we were rewarded with an earnings performance - at Group level and at company level - that fully matched our expectations.

Overall, the NKT Group recorded revenue of 13.5 bnDKK and net income before tax of close on 1 bnDKK.

Our most recently published forecasts have therefore been realised, and at the same time the results significantly exceeded our expectations at the start of the year. At more than 1.1 bnDKK, cash flows from operating activities also improved significantly, partly as a result of operating income but also as a result of focused effort to reduce money tied up in working capital.

We believe there is every possible reason to be satisfied with this result, and the employees of the Group's companies can be similarly proud. They have all made a fantastic and professional performance for which the board of directors and management would like to express their appreciation.

Each of our companies has realised the financial targets that were jointly set for 2007, and has achieved business development that is in keeping with our general strategic objective of being leading suppliers in our sectors.

A new strategic period commenced on 1 January 2008. In partnership with our company managements we developed a strategic plan covering the period 2008 - 2012. We named the plan 'Building Power' because it deals very fundamentally with how we intend to develop and strengthen our companies so that they remain among the elite in the sectors in which they are players.

No matter whether their field of activity is power cables, cleaning equipment, offshore pipes or optical components, NKT's companies today rank high on the global list of suppliers of quality products. As part of the business strategy of the individual companies, work is continuously taking place to assess the potential integration of matters relating to sustainable development - including CO_2 reduction, recycling possibilities and safety aspects.

Together with the solid financial foundation on which NKT stands we have a strong platform for success - even if market conditions should not favour us on all fronts.

The increasing general trading uncertainty of late 2007 and early 2008 has not prompted us to revise our existing plans for the years ahead. We maintain that NKT's companies are sound businesses capable of realising the plans that we have set for the strategic period 2008-2012.

5 March 2008

Board of Directors and Management of

NKT Holding A/S

2007 in brief

NKT Holding's net income before tax rose by 28% in 2007 to almost 1 bnDKK. All the Group's expectations were fulfilled

› Underlying operating income before one-off items increased by 50%, primarily driven by organic sales growth of 11% and almost full utilisation of available production capacity.

› Revenue increased by 2,710 mDKK to 13,525 mDKK, corresponding to organic growth for the NKT Group of 11%.
- NKT Cables realised organic growth of 15%
- Nilfisk-Advance realised organic growth of 7%
- NKT Photonics realised organic growth of 19%

› Revenue at NKT Flexibles increased to 1,237 mDKK, corresponding to organic growth of 40%.

› The reported operating earnings (EBIT) of 1,133 mDKK are positively influenced by one-off items of 70 mDKK. After adjustment for these items, earnings from operations increased by 353 mDKK or 50%.

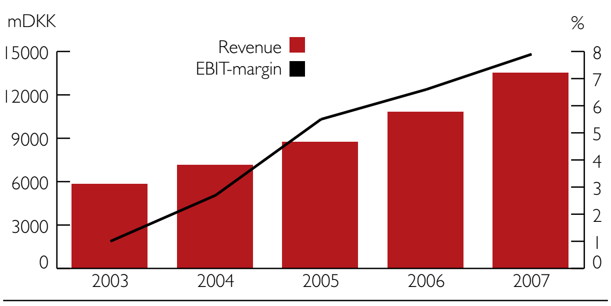
› Cash flows from operating activities amounted to 1,162 mDKK, an increase of 897 mDKK, caused partly by a fall in working capital of 210 mDKK.

› At the NKT annual general meeting on 10 April 2008 the Board of Directors will propose a dividend of 11 DKK per share of a nominal value of 20 DKK, corresponding to a dividend payment of 32% of NKT's share of consolidated net income after tax.

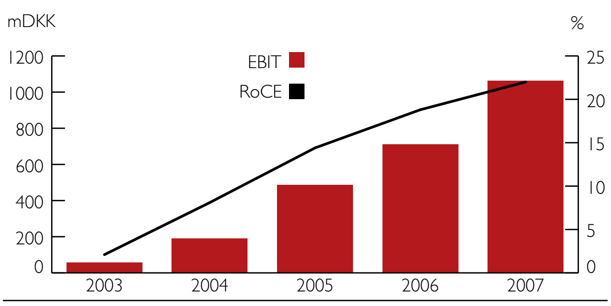
› NKT Holding expects to achieve around 7% organic growth in 2008, corresponding to consolidated revenue of 14,500 mDKK at unchanged metal prices. Net income before tax is expected to be around 900 mDKK, corresponding to an unchanged level of income.

› The principal threats to NKT achieving its expectations for 2008 are, in the case of Nilfisk-Advance, the risk of recession in the United States and Europe, and in the case of NKT Cables, the cyclical element in the low voltage segment. Both situations would have negative impact on revenue and income.

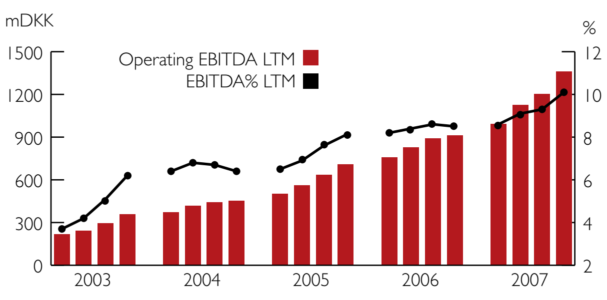
TREND IN REVENUE AND EBIT MARGIN



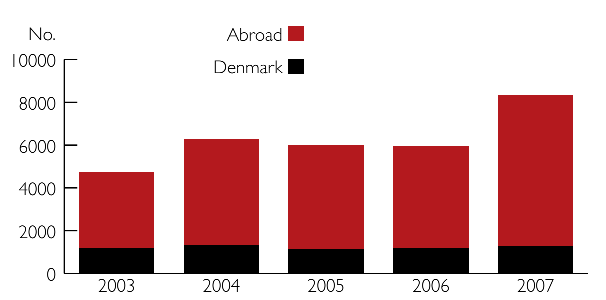
TREND IN EBIT AND ROCE



EBITDA TREND



TREND IN EMPLOYEE NUMBERS



5 years' financial highligts

Amounts in mDKK	2003 [1]	2004	2005	2006	2007
Income statement					
Revenue	5,824	7,138	8,750	10,815	13,525
Earnings before interest, tax, depreciation and amortisation (EBITDA)	386	433	713	1,022	1,433
Depreciation and impairment on tangible assets	(223)	(216)	(159)	(139)	(192)
Amortisation and impairment on intangible assets	(71)	(35)	(69)	(65)	(108)
Earnings before interest and tax (EBIT) [2]	92	182	485	818	1,133
Financial items, net	16	(24)	(22)	(49)	(145)
Earnings before tax [2]	108	158	463	769	988
Net income	77	198	361	603	820
NKT's share of net income	85	186	356	582	805
Balance sheet and employees					
Share capital	500	490	490	470	473
Equity attributable to NKT Holding A/S	2,831	2,674	2,672	2,787	3,246
Minority interests	126	76	63	19	36
Total equity	2,957	2,750	2,735	2,806	3,282
Total assets	4,663	5,869	6,177	7,350	9,099
Interest bearing items, net [3]	409	(145)	(764)	(1,023)	(1,995)
Capital employed [4]	2,549	2,895	3,499	3,829	5,005
Working Capital	994	1,435	1,826	2,104	2,176
Average number of employees	4,932	5,747	5,906	6,016	7,575
Cash flows					
Cash flows from operating activities	235	285	41	265	1,162
Investments in tangible assets, net	(116)	140	(105)	10	(389)
Financial ratios					
Equity share, 31 December	63%	47%	44%	38%	36%
Return on capital employed (RoCE) [5]	2.1%	8.1%	14.4%	18.8%	22.0%
Number of 20 DKK shares ('000)	25,000	24,500	24,500	23,500	23,638
Earnings, DKK, per outstanding share (EPS) [6]	3.5	7.6	14.7	24.9	34.2
Dividend paid, DKK, per share	4.0	8.0	8.0	12.0	10.0
Equity value, DKK, per outstanding share [7] [8]	116	109	114	119	137
Market price, DKK, per share	108	159	289	503	459

1) Figures for 2003 have been prepared in accordance with previous accounting policies based on the Danish Financial Statements Act and Danish Accounting Standards
2) For 2006, EBIT before special item and earnings before tax and special item see Note 13
3) Interest bearing cash items, investments and receivables less interest bearing debts
4) Group equity plus net interest bearing debt and, for 2007, minus receivables of 272 mDKK relating to sale of property.
5) Operating income adjusted for one-off items as a percentage of average capital employed. One-off items, net-gains comprise, 2007: 70 mDKK, 2006: 108 mDKK, 2005: 0 mDKK, 2004: (9) mDKK and 2003: 35 mDKK
6) NKT's share of net income relative to average number of outstanding shares
7) Equity attributable to NKT Holding A/S per outstanding share at 31 December
8) Dilutive potential shares from executives' and employees' share option plan are not recognised in the financial ratio

The financial ratios have been prepared in accordance with the guidelines of the Danish Society of Investment

Review of financial statements

With consolidated net income for 2007 of around 1 bnDKK, development in relation to 2006 was very satisfactory and greater than expected at the start of 2007, and which therefore fully harmonises with the plans and financial targets which NKT's companies had for the year.

The results were achieved through the personal commitment of our people combined with favourable market conditions in all NKT's business segments.

All the targets that were set for the year were realised, and this reflects the results of a large number of growth-related improvement measures carried out at NKT's companies.

FINANCIAL TARGET PERFORMANCE 2007 Fig. 1

Amounts in mDKK	Realised 2007	Initial forecast *(approx.)*	Final forecast *(approx.)*	Achi-eved
NKT Group				
Net revenue	13,525	12,700	13,400	Yes
Organic growth (%)	11	12	11	Yes
Net income before tax	988	800-850	1,000	Yes
NKT Cables Group				
Net revenue	7,624	6,800	7,500	Yes
Organic growth(%)	15	15	15	Yes
Profit margin, EBIT (%)	6.6	6.4	6.6	Yes
Nilfisk-Advance				
Net revenue	5,784	5,800	5,800	Yes
Organic growth (%)	7	5	7	Yes
Profit margin, EBIT (%)	8.5	8.2	8.5	Yes
NKT Photonics Group				
Net revenue	112	115	115	Yes
Earnings (EBITDA)	(18)	(15)-(20)	(15)-(20)	Yes
NKT Flexibles (51%)				
NKT's share of profit	121	70	100-115	Yes

Revenue

Consolidated net revenue was 13,525 mDKK in 2007, a rise of 2,710 mDKK in relation to 2006, corresponding to nominal growth of 25%. The rise in revenue included 1,549 mDKK relating to acquisitions and 121 mDKK relating to rising metal prices, while the revenue amount was reduced by 127 mDKK relating to currency factors. After adjusting for these effects, organic growth for the NKT Group was 11%. Organic growth at NKT Cables was 15%, at Nilfisk-Advance 7% and at NKT Photonics 19%.

Our most recent forecast (stock exchange release no. 24 of 26 November 2007) predicted revenue of around 13,400 mDKK and was therefore realised. Our expectations with regard to organic growth were also fulfilled.

Revenue development for the individual companies is shown in Fig 2. where adjustments have been made amounting to a combined (6) mDKK for metal prices and currency factors and amounting to 1.549 mDKK for acquisitions.

In 2007, NKT Flexibles again made significant progress, reflecting continuing high demand for flexible pipes for the oil industry. The company realised revenue of 1,237 mDKK in 2007, corresponding to organic growth of 40%. As the company is consolidated on one line, the revenue of NKT Flexibles is not included in the NKT Group's revenue.

Revenue is examined in more detail in the individual company reviews that start on page 16.

Operating earnings

Consolidated operating earnings (EBIT) were 1,133 mDKK, against 818 mDKK for 2006, a direct increase of 315 mDKK. In both 2006 and 2007, however, operating earnings were increased by one-offs in the form of net income arising from profits from sale of real property less minor restructuring provisions. In 2006 the amount was 108 mDKK relating to Nilfisk-Advance, and in 2007 the amount was 70 mDKK relating to NKT Cables. After adjusting for these items, operating earnings actually increased by 353 mDKK, a 50% rise in relation to 2006. Operating income by company is shown in Fig. 3, on page 7.

REVENUE DEVELOPMENT BY COMPANY Fig. 2

Amounts in mDKK	Realised 2006	Metal prices/ currencies	Acquisitions	Organic Growth	Realised 2007	Nominal growth (%)	Organic growth (%)
NKT Cables Group	5,268	120	1,441	795	7,624	45	15
Nilfisk-Advance	5,439	(127)	108	364	5,784	6	7
NKT Photonics Group	94	-	-	18	112	19	19
Other	14	1	-	(10)	5	-	-
Total	**10,815**	**(6)**	**1,549**	**1,167**	**13,525**	**25**	**11**

OPERATING EARNINGS BY COMPANY				Fig. 3
Amounts in mDKK	Realised 2006	Realised 2007	Nom. change	Change %
NKT Cables Group	301	504	203	67
Nilfisk-Advance	400	494	94	24
NKT Photonics Group	(31)	(32)	(1)	(3)
NKT Flexibles (51%)	53	121	68	128
Other	(13)	(24)	(11)	-
Comparable EBIT	**710**	**1,063**	**353**	**50**
One-offs, net	108	70	(38)	-
Reported EBIT	**818**	**1,133**	**315**	**39**

Operating earnings are examined in more detail in the individual company reviews starting on page 16.

Depreciation and amortisation

Depreciation and amortisation rose from 204 mDKK in 2006 to 300 mDKK. This increase of 96 mDKK includes 60 mDKK relating to acquisitions by NKT Cables and 13 mDKK to acquisitions by Nilfisk-Advance. After adjusting for these items the increase amounted to 23 mDKK, which primarily reflects a higher level of activity in investment in expansion of capacity at NKT Cables.

Financial items

Net financial items amounted to (145) mDKK, as against (49) mDKK for 2006. The increase includes 86 mDKK relating to rising net interest expenses. This is primarily reflecting that, in accordance with strategic objectives, the level of financial gearing has been raised through growth in interest bearing debt resulting from acquisitions and payment of dividend. The balance of the increase is attributable to exchange losses relating to a plant merger in the Nilfisk-Advance Group in China (15 mDKK), and to exchange effects related to equity-type loans, which have been transferred from equity to the income statement.

Net income before tax and special item

Consolidated net income before tax and special item amounted to 988 mDKK for 2007, as against 769 mDKK in 2006. This was an increase of 219 mDKK, corresponding to 28%, before adjustment of one-off items. After these adjustments (108 mDKK in 2006 and 70 mDKK in 2007), the actual increase was 257 mDKK or 39%.

NKT's exposure to developments in USD is considered to have been relatively limited and relates primarily to translation risk. The declining rate of the US dollar in 2007 is estimated to have reduced net income before tax by around 10 mDKK.

Our most recent forecast (stock exchange release no. 24 of 26 November 2007) predicted a profit of around 1 bnDKK and was therefore realised. This result was also significantly better than expected at the start of the year when net income before tax of around 800-850 mDKK was forecasted.

Tax

Income taxes related to net income amounted to 168 mDKK, corresponding to a tax rate of 17. The expected tax is based on the current rate of Danish corporate tax (25%) adjusted for the tax effect of the difference between Danish and foreign tax rates, permanent variances (non-taxable amounts), changes in value adjustment of tax assets and other variances. In 2007 the tax expense was positively influenced by 149 mDKK relating to capitalised deficit for previous years.

In a number of the countries in which NKT is represented the tax rate was reduced with effect from the 2007 and 2008 trading year. The principal countries involved are Denmark and Germany. The tax rate in Denmark was reduced from 28% to 25% and the tax rate in Germany from 39% to 30%.

The reduction in tax rates had a negative effect of around 20 mDKK. The change in the tax rate reduces NKT's tax asset relating to the relevant countries, which is partially offset however by a reduction in income taxes related to net income.

Net income for the year and dividend

Consolidated net income after tax was 820 mDKK for 2007, as against 603 mDKK for 2006.

Based on the above results, and in line with NKT's policy of distributing a dividend of around one third of net income for the year, the Board of Directors recommends that the company in its annual general meeting approve payment of an ordinary dividend of 11 DKK per share, corresponding to a total of 260 mDKK. This equals 32% of NKT's share of consolidated net income after tax for 2007 and 2% of NKT's market capitalisation at 31 December 2007.

Cash Flow

Cash flows for the year from operating activities were 1,162 mDKK, compared with 265 mDKK in 2006, and therefore improved by 897 mDKK.

This improvement includes 453 mDKK which is attributable to operating profit excluding non-cash items. A fall in working capital contributed 538 mDKK, while payments for financial items and tax increased by 94 mDKK in relation to 2006.

Free cash flow - before acquisitions - was 696 mDKK in 2007, as against 237 mDKK in 2006. The improvement of 459 mDKK

INVESTMENTS AND DEPRECIATIONS									Fig. 4
	Intangibles		Tangibles		Total investment		Total depreciation		
Amounts in mDKK	2007	2006	2007	2006	2007	2006	2007	2006	
NKT Cables Group	18	8	346	167	364	175	145	62	
Nilfisk-Advance	115	106	97	77	212	183	140	128	
NKT Photonics Group	1	0	12	6	13	6	14	13	
Other	-	-	2	2	2	2	1	1	
Gross total	**134**	**114**	**457**	**252**	**591**	**366**	**300**	**204**	

includes a higher level of net investment in 2007 of 366 mDKK. Acquisitions in 2007 amounted to 1,039 mDKK (mainly relating to Kablo Elektro and Viper), as against 14 mDKK in 2006.

Balance sheet

The balance sheet total was 9,099 mDKK at the end of 2007, as against 7,350 mDKK at the end of 2006, an increase therefore of 1,749 mDKK. The increase is attributable partly to the effect of acquisitions and partly to the organic growth.

Investment

The table in fig. 4 shows investments in tangible and intangible assets made by the individual NKT companies in 2007.

As can be seen, gross investment increased by 225 mDKK.

The increase is essentially attributable to Nilfisk-Advance which invested around 40 mDKK in SAP facilities, and to NKT Cables which made a number of investments in capacity expansion.

Investment is examined in more detail in the individual company reviews on page 16-33.

Invested capital

Invested capital amounted to 5,005 mDKK, an increase of 1,117 mDKK in relation to 31 December 2006 (3,828 mDKK). This increase included 1.011 mDKK relating to the acquisitions made by NKT Cables (Kablo Elektro and CCC) and 397 mDKK to the acquisitions made by Nilfisk-Advance (primarily U.S. Products and Viper). After adjusting for these items, invested capital therefore increased by 231 mDKK in relation to last year.

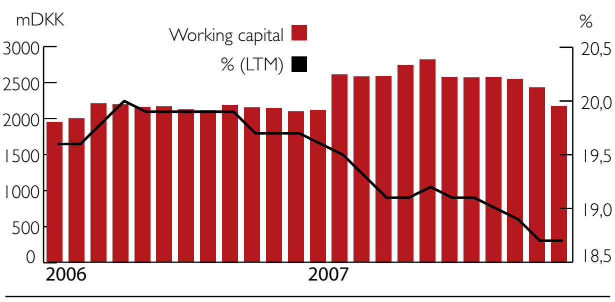
Reducing invested capital remains a focal area, but whereas there used to be several possibilities by which this could be achieved through sale of buildings, this is no longer the case following sale of the property in Cologne, which was NKT's last major property holding. The individual company reviews on page 16-33 describe the development in return on invested capital - expressed as RoCE - at NKT Cables and Nilfisk-Advance, respectively.

Working capital

At 31 December 2007 working capital amounted to 2,176 mDKK or 16.1% of revenue, a nominal increase of 72 mDKK in relation to 31 December 2006 (2,104 mDKK or 19.5%). The increase includes 468 mDKK relating to the acquisitions made by NKT Cables (Kablo Elektro and CCC) and to the acquisitions made by Nilfisk-Advance (primarily U.S. Products and Viper). After adjustments, working capital therefore fell by 396 mDKK, which is also expressed by the falling level of working capital as a percentage of revenue.

As seen from Fig. 5 the level of working capital measured on a rolling 12-month basis also declined and amounted to 18.7% at 31 December 2007. It was successfully reduced to below 19%, which was one of the targets for 2007 stated in the 2006 annual report. This was primarily achieved by focused effort in Nilfisk-Advance which managed to reduce the level of working capital to below 20%, which was the short-term goal. At the same time NKT Cables managed to maintain the existing level of working capital despite high copper prices and poorer terms of payment to suppliers.

WORKING CAPITAL Fig. 5



Equity

Consolidated equity comprised 3,282 mDKK at 31 December 2007, against 2,806 in 2006. Equity ratio was 36% compared with 38% the previous year. Dividend paid in 2007 reduced equity by 235 mDKK.

Revaluation of foreign companies caused reduction of equity by 106 mDKK.

Interest bearing debt

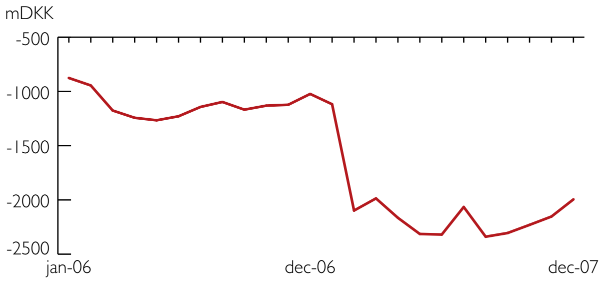
Consolidated net interest bearing debt at 31December 2007 was 1,995 mDKK, which must be seen in relation to 1,023 mDKK at the start of the year.
The sale of the property in Cologne, which was effected in December 2007, did not influence the level of interest bearing debt at 31 December 2007 as payment did not physically take place until 4 January 2008. After due adjustment, the amount of the debt was reduced by 272 mDKK to 1,723 mDKK.

NKT's capital structure has thus been oriented towards a higher level of gearing in accordance with the adopted strategy. At 31 December 2007, net interest bearing debt, which amounted to 1,723 mDKK after the adjustment referred to above, represented a gearing level of 52%. This was an increase in relation to 2006 when the gearing level at 31 December was 36%.

The ratio of net interest bearing debt to operating earnings before depreciation and amortisation (EBITDA) was 1.2 x EBITDA at 31 December 2007 as compared with 1.1 x EBITDA at 31 December 2006.

Based on an EBITDA level of 1.4 bnDKK and provided a maximal gearing of 2.5x EBITDA, NKT's financial latitude at the beginning of 2008 was therefore around 1.8 bnDKK, which includes around 800 mDKK relating to the new high voltage factory currently under construction in Cologne.

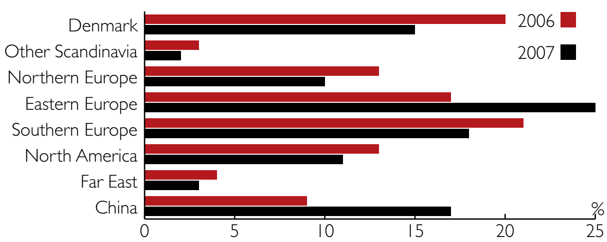
NET INTEREST BEARING DEBT **Fig. 6**



Employees

The NKT Group employed 8,324 people at 31 December 2007, as against 5,970 at the end of 2006. The increase is primarily attributable to acquisitions and, as seen in Fig. 7, relates principally to China (from 9% in 2006 to17% in 2007) and Eastern Europe (from 17% in 2006 to 25% in 2007).

EMPLOYEES BY GEOGRAPHICAL LOCATION **Fig. 7**



Details of the number of employees in the individual NKT companies can be found in the company reviews and in the segment reporting data contained in Note 3 to the financial statements on page 54.

EXPECTATIONS 2008

Revenue

NKT Group revenue for 2008 is expected to be 14.5 bnDKK, corresponding to nominal growth of 7%. These expectations include contributions from WAP South Africa, Vytran and HydraMaster, all of which were acquired at the start of 2008. After excluding acquisitions and anticipated effects of metal prices and exchange rates, organic growth is expected to be around 7%.

The increase in revenue will be driven by organic growth of around 8% at NKT Cables, around 5% at Nilfisk-Advance and around 30% at NKT Photonics.

Net income before tax

Net income before tax is expected to be around 900 mDKK, which after adjustment for one-off items is unchanged from 2007.

This figure is based on an increase of around 6% in operating earnings before depreciation and amortisation (EBITDA) and includes an expected EBIT margin of around 9.5% (measured at standard metal prices) for NKT Cables and around 8.5% for Nilfisk-Advance.

Basis for expectations

Our expectations relating to revenue and earnings development for 2008 are based on 1) the composition of NKT's business operations remaining essentially unchanged during the year, 2) the existence of some uncertainty regarding developments in international market conditions, and 3) a slight decrease in average metal prices, compared with 2007 levels.

We have **not** taken into consideration either 1) the consequences that significant negative market developments may have for the demand for our products, or 2) extreme fluctuations in exchange rates and in energy and raw material prices.

The expectations for the individual Group businesses are included in the company reviews presented on pages 16-33.

Corporate strategy 2008 - 2012: Building Power

In August 2007, NKT published 'Building Power', the Group's new corporate strategy defining its direction and financial objectives for the period 2008-2012.

Building Power is the result of strategic planning work performed in each of the Group's companies. The conclusions from this work were subsequently combined into a corporate strategy containing the principal objectives for the NKT Group as a whole and for the individual companies.

The present review is a summary and is not a substitute for the full text of the strategic plan, which is available on NKT's website, www.nkt.dk, under 'Investor'.

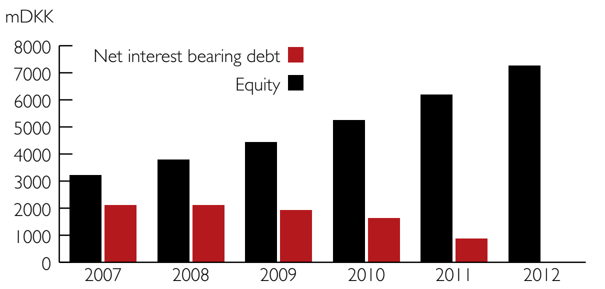
Objectives and framework conditions

The financial calculations relating to the strategic plan are based on the known framework conditions - ie. interest rates, exchange rates, raw material prices etc. - as at mid-2007. The plans are thus based on an economic growth that reflects the average growth for an economic cycle of 2-3% p.a. The strategy is further based on continuing competitiveness requiring maintenance of critical mass for the Group's main activities in the respective markets. The financial targets for the strategic period are based on organic growth, to which must be added the effect of selective acquisitions.

Economic prospects at the start of 2008 are not considered to warrant a change of the long-term plans.

As regards the Group's financial platform it is NKT's policy to have a capital structure and financial gearing that at all times reflect the Group's activities and risk profile and provide adequate financial latitude. This will ensure NKT creditworthiness, provide flexibility, ensure room for investment or acquisitions, and at the same time maintain a stable dividend policy.

FINANCIAL LATITUDE



NKT's economic scope for realising its strategic plan Building Power is illustrated in the figure above, which shows anticipated financial latitude based on purely organic development. The expectation includes investment in capacity expansion and maintenance of around 2.5-3.0 bnDKK, and an annual dividend corresponding to one third of net income for the year. As seen from the figure, net interest bearing debt is expected to be reduced and significant consolidation is anticipated. This development does not ensure fulfilment of the goals for an optimal capital structure, and it is therefore intended to add selective acquisitions to the amount of 3-7 bnDKK subject to this being possible within the framework of the capital structure.

PRIMARY OBJECTIVES OF CORPORATE STRATEGIC PLAN

Organic development	Mean growth in revenue (CAGR)	10%
	Increased EBITDA margin*) to around	13-14%
	Increased EBITA margin*) to around	11-12%
	Gearing	<100%
	NIBD/EBITDA	< 2.5x
	Equity ratio	> 30%
	Required rate of return (RoCE)	min. 20%
	Investment (new capacity and maintenance)	2.5-3.0 bnDKK
	Net profit after tax corresponding to	min. 8% of revenue*)
Acquisitions	Realisation of selective acquisitions in existing business sectors within financial limits. Anticipated amount available:	3-7 bnDKK
	Any larger acquisitions will lead to a reassessment of published expectations.	
Dividend	Maintenance of stable dividend policy with an annual cash payment equal to around one third of net income. Part of profits also to be reinvested in the Group's future development.	
	Payment of extraordinary dividend or purchase and subsequent cancellation of NKT shares will be considered as elements in adjustment of the Group's capital structure.	

**) Calculation of profit margins is based on revenue calculated at standard metal prices at NKT Cables.*

Strategic plans at company level

The business and strategic platform on which each Group sector is based, and within which they must operate and realise their strategic plans, is described in the company reviews beginning on page 16.

In the case of NKT Cables and Nilfisk-Advance, five primary action areas have been defined for realisation of the strategy. These are:

1. Increased customer awareness
2. Development of new and innovative products
3. Market development - geografically and via acquisitions
4. Streamlining of production and logistics
5. Organisation and leadership development

At NKT Cables the strategic focus will continue to be concentrated on cementing and expanding market position in power cables and accessories. To this must be added expansion of market position in traction wires for high speed trains - primarily in China.

The financial goals include achieving organic growth averaging around 12% p.a., increasing EBITA margin (based on standard metal prices) during the strategic period to around 11-12% (from around 10% currently), and establishing a minimum 20% return on capital employed (RoCE) in the strategic period.

At Nilfisk-Advance the aim is to maintain the company's position as a leading supplier of professional cleaning equipment. Focus will be placed on establishing in new markets, expanding after-sales facilities, and continuously optimising product flow processes.

The financial goals include achieving organic growth averaging around 6% p.a., increasing EBITA margin to around 10-11% (from around 9% currently) and establishing a minimum 20% return on capital employed (RoCE) in the strategic period.

For the companies in the NKT Photonics group (Crystal Fibre, KOHERAS and LIOS Technology) the strategic aim is to establish product sales openings and thus volume production. As an adjunct to the planned organic growth the intention is to strengthen the position and marketing presence of the companies through acquisitions.

The financial goals for the strategic period include increasing revenue to around 500 mDKK (from 112 mDKK currently). This corresponds to a mean annual growth rate of 35%.

The aim is to achieve an EBITA margin of 12%, as against (24%) currently. Positive EBITA is expected by 2010 at the latest.

At NKT Flexibles a new strategy and new plan for the company's future activity had yet to be prepared when Building Power was introduced.

The financial goals established for NKT Flexibles in mid-2007 were based on a situation of full utilisation of capacity. This corresponds to an annual revenue of around 1.0-1.2 bnDKK (mid-2007 price level). The goal in terms of income is to maintain an EBITA margin of around 20% during the strategic period. It is therefore important to maintain high capacity utilisation and to implement investments in capacity expansion that are considered to add value.

At its meeting on 5 March 2008 the Board of Directors approved investment of around 300 mDKK in upgrade of production facilities at Kalundborg. The decision will result in an increase in production capacity of up to 65%, which will be reflected in organic growth with effect from 2nd quarter 2010.

As a consequence of this the strategic plan for NKT Flexibles will be updated to include new financial targets for the period to 2012. The plan is expected to be published in conjunction with the annual report for 2008, which will contain a general progress report on "Building Power", the strategic plan for the NKT Group.

Corporate Governance

The NKT Group Management wishes to be seen as a professional and responsible administrative body, and corporate governance matters and public debates are consequently viewed with considerable importance by both the Board of Directors and the Board of Management.

Accordingly, the NKT Group Management continuously compares NKT's management principles with the latest official corporate governance recommendations (currently dating from October 2005) and potential future changes, such as implementation of the EU 8th Directive, which will probably a.o. require the establishment of audit committees in listed companies.

The principles of corporate governance as applied by the NKT Group are described on NKT's website www.nkt.dk under "Investor".

NKT's corporate governance is basically in accordance with the official recommendations, with one exception: a profile has yet to be compiled and published stating the composition of the Board of Directors and detailing the particular competencies of the individual members that are relevant to the performance of their duties as Directors of NKT Holding. A statement will be prepared and published on NKT's website in spring 2008.

As regards the main headings of the recommendations, the situation for 2007 was as follows:

I. The role of the shareholders and their interaction with the Group management

The number of NKT Holding investors has increased over the past year by some 6,000 to close on 20,000 registered shareholders. We have therefore determined that NKT Holding will in future focus on expanding electronic communication with its shareholders. Unlike postal communications, NKT's financial reports and other news will therefore reach investors etc. at the same time as they are published by NKT.

On NKT's website a special "Investor service" section has been created where shareholders can register as subscribers to our electronic news service, which in addition to normal e-mail also offers the option of receiving text messages by mobile phone.

It has also been decided to broadcast NKT's 2008 annual general meeting live, the proceedings being simultaneously interpreted into English. This means that shareholders who are unable to attend the meeting will be able to follow developments live on NKT's website. This will be the first time that NKT has taken such a step, and we hope it will prove popular enough to justify live transmission to become a permanent fixture.

II. The role of the stakeholders and their importance to the company

Towards the end of 2007, NKT became the subject of growing interest from financial circles. There was also increased coverage of NKT by the media - including television. One reason for this was NKT's admission to the OMX Nordic Stock Exchange C20 index on 27 December 2007.

In 2007, the NKT Group Management took part in more than 150 meetings of Danish investors and attended around 135 gatherings abroad. NKT also hosted a Capital Market Day at which focus was placed on NKT's subsidiary Nilfisk-Advance with a visit to the company's production unit in Italy.

III. Openness and transparency

It is established practice at NKT for openness to be shown in all management situations, while respect is also paid to the Nordic Stock Exchange, Copenhagen rules of ethics and safeguarding NKT's business interests.

The growing media exposure following our admission to the OMX C20 index is not a consequence of changes in our existing practice, but solely reflects the considerable focus in financial circles and the media on developments taking place in the OMX C20 companies - including NKT.

In 2007, as in previous years, there were no social, ethical or environmental issues to occasion the production of separate reports additional to the 2007 annual report. The NKT Group Management plans to give future consideration to actively including issues relating to corporate social responsibility as elements in NKT's business operations.

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

No changes were made in 2007 to existing practice concerning the main tasks and responsibilities of the Board of Directors, the tasks of its chairman, the rules of procedure of the Boards of Directors and Management - and the information routines between these two Boards.

V. Composition of the Board of Directors

NKT's policy is for all members of the Board of Directors to stand for re-election at each annual general meeting, and in 2007 all members were re-elected. Three of the Board members were first elected in 2004, 2005 and 2006, respectively, and in 2008 the Board will nominate a new member as Jan Wraae Folting is not standing for re-election.

The selection process started with an assessment of the Board of Directors' competence profile in relation to the professional qualifications which the NKT Group Management considers it is important should be represented. This resulted in a preferred competence profile for the new Board member.

In recent years the composition of the Board of Directors has been substantially renewed, while at the same time preserving valuable continuity.

In the invitation to the annual general meeting the Board of Directors will include a description of the nominated candidate, and also a description of the criteria applied in the recruitment process.

On page 34 of the annual report we have listed the NKT shareholdings owned by the individual members of the Board of Directors and their related parties as at 1 March 2008.

In August 2007 the Board of Directors conducted the second self-assessment of its work, an assessment of its individual members, and an assessment of the members of the Board of Management. This was based on assessment forms that were completed in advance by the individual members and then formed the basis for a frank discussion by the assembled Board of Directors.

The 2007 assessment found that the Board of Directors wished in future to invest further resources into matters of a strategic nature and to increase its insight into the situation of the individual companies through more frequent visits to local markets.

It was further concluded that a Board composed of six members elected by the annual general meeting and three employee board members remained an appropriate solution.

In November 2007, dates were appointed and published for five Board of Directors' meetings in 2008. The meetings have been planned so that all Board members can attend and will precede the publication of NKT's annual financial statement, interim reports and the annual general meeting.

VI. Remuneration to the Board of Directors and the Board of Management

Section 69b of the Danish Public Companies Act requires the next coming general meeting to approve general guidelines for allocation of incentive pay to the Boards of Directors and Management before a specific agreement on this can be entered into.

Guidelines for incentive schemes will be discussed at NKT's Board meeting on 5 March 2008. These will then be submitted for approval to the annual general meeting on 10 April 2008. The guidelines will be included in the invitation to the general meeting.

To maintain qualified management of the NKT Group it is imperative that Directors and Management members can be attracted who possess competencies, qualifications and experience within areas of importance for NKT's operating activities. It is therefore vital that the remuneration to Board of Directors and Board of Management conforms to market levels and reflects the effort and value creation relevant at NKT.

In view of the fact that the Board of Directors' remuneration was last adjusted in 2000, the annual general meeting in 2008 will be asked to approve an adjustment to the Board's remuneration within the existing framework, which comprises a basic sum x 1.5 for the deputy chairman and x 2 for the chairman. The concrete proposal will appear in the invitation to the general meeting. If adopted, the proposal will be effective for 2008.

VII. Risk management

Existing practice relating to identification of risks, plan for risk management and openness concerning risk factors was unchanged in 2007.

VIII. Audit

Existing practice relating to election of an auditor and the agreement with the auditor was unchanged in 2007.

NKT shares

NKT Holding A/S has a total share capital of 472,751,100 DKK, corresponding to 23,637,555 shares of a nominal value of 20 DKK. NKT has one share class and no shares have special rights.

All amendments to the Articles of Association must be presented to the company in general meeting and require adoption by at least two thirds of the number of votes present.

NKT has been empowered by the company in general meeting to purchase up to 10% of the company's treasury shares for the purpose of adjusting the Group's capital structure should this be desirable.

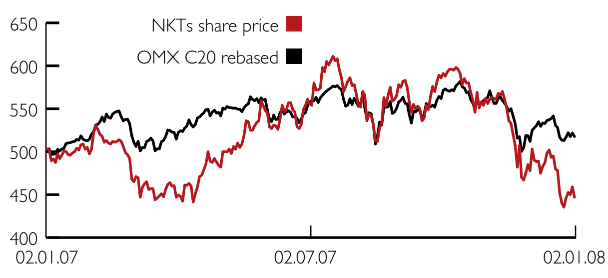
Price trend, market value and trading turnover

NKT shares are listed on OMX The Nordic Stock Exchange, Copenhagen under identification code DK0010287663 and included in the Nordic Large Cap index - and from 27 December 2007 - in the Nordic Exchange OMX C20 index. In addition to the share indexes the Nordic Exchange has set up a sector index based on the Global Industry Classification Standard in which NKT shares are listed in "Industrials".

NKT's share price fell by 9% in 2007 and closed the year on 459 DKK as against 503 DKK at the end of 2006. After adjustment for divided paid, the true decrease in value was 7%. During the same period the value of the OMX C20 share index increased by 4%. The market value of the company's shares was 10.8 bnDKK at 31 December 2007, against 11.8 bnDKK at the end of 2006.

In 2007, average daily trading turnover on NKT shares was 83.7 mDKK, against 31.7 mDKK in 2006. Overall turnover on NKT shares in 2007 was 20.8 bnDKK, against 8.0 bnDKK in 2006.

SHARE PRICE TREND Fig. 1

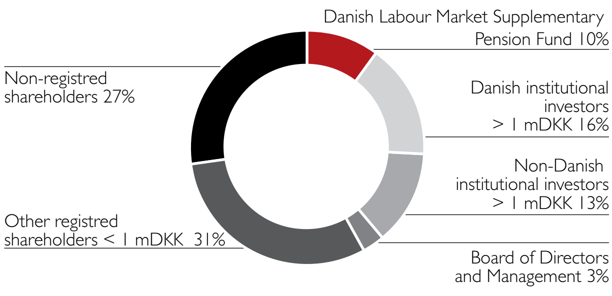


Shareholders

The company's largest shareholder is the Danish Labour Market Supplementary Fund, which owns more than 10% of the share capital (reported pursuant to section 29 of the Danish Securities Trading Act). At the end of 2007 NKT also had around 18,500 registered shareholders representing a combined nominal amount of 343 mDKK, corresponding to 73% of the share capital.

The share capital is considered to be 100% in free float, and based on available information sources approximately 48% of the share capital is thought to be owned by Danish shareholders, while the remaining 52% is believed to be in foreign ownership or held by non-registred shareholders who are predominantly also foreign.

SHAREHOLDERS Fig. 2



Group Management shareholdings

At 31 December 2007 the members of the Board of Directors held a total of 728,964 NKT shares representing a total market value of 335 mDKK. Members of the Board of Management held a total of 55,724 shares, corresponding to a market value of 26 mDKK.

Members of the Board of Directors and the Management are comprised by NKT's register of persons with inside knowledge, and any share transactions undertaken are required to be notified. Persons with inside knowledge, their spouses and children under 18 years may only undertake transactions in NKT shares for a period of 6 weeks after publication of earnings releases or other similar releases.

The Group Management overview on page 34 states the number of shares held by the individual members of the Board of Directors and Board of Management of NKT Holding A/S - and by related parties - as at beginning of March 2008.

Investor relations

NKT aims to provide investors and financial analysts with optimum insight into the factors considered to be relevant for ensuring effective and fair formation of NKT's share price. This takes place through quality, consistency and continuity in the information that NKT at the same time gives to the market. Presentation of annual and interim reports is transmitted online on www.nkt.dk.

As part of IR activities an active dialogue is pursued with both existing and potential shareholders, including institutional and private investors. A constituent goal is to actively present NKT's equity story to national and international institutional investors.

NKT's website contains historic and current information about the Company and its shares, including stock exchange releases, current and historic share price data, investor presentations, and annual and interim reports.

Financial calendar 2008

5 March	Annual report 2007
10 April	Annual general meeting
14 may	Interim report 1
25 August	Interim report 2
24 November	Interim report 3

A board meeting will be held prior to the publication of NKTs annual report and interim reports.
NKT's communication with investors, analysts and press is subject to special limitations for a period of 3 weeks prior to publication of NKTs annual report and interim reports.

Registration by name, and shareholders' register

Shares may be registered by name by contacting the bank in which the shares are held in custody. Shareholders and other stakeholders have the option to receive earnings releases, annual reports and other investor-oriented publications electronically. Registered shareholders receive written invitation to NKT's annual general meeting.

NKTs register of shareholders is administered by VP Securities Services, Helgeshøj Alle 61, P.O. Box 20, DK-2630 Taastrup, Denmark.

Dividend policy

It is the Group's intention to maintain a stable dividend policy that grants NKT shareholders an ongoing cash return on their investment in the Company, while at the same time part of the profits is reinvested in the Group's future development and growth.

During the term of the current strategy (2008-2012) an annual dividend payment will be maintained comprising approximately one third of net income.

Furthermore, if it is desired to adjust NKT's financial gearing or if other factors so warrant, an extraordinary dividend may be paid or treasury shares may be purchased and subsequently cancelled.

Stock exchange releases 2007

In 2007 we have issued the following releases via the Nordic Stock Exchange, Copenhagen. The full text may be found on www.nkt.dk.

› 02.01.07	#1	NKT Holding's stock market diary 2007
› 08.01.07	#2	NKT Holding A/S issues share warrants
› 05.03.07	#3	NKT annual report 2006
› 16.03.07	#4	Exercise of warrants - increase of Group share capital
› 19.03.07	#5	Announcement - NKT Holding A/S Annual General Meeting 2007
› 11.04.07	#6	Annual General Meeting 2007
› 19.04.07	#7	Shareholdings report
› 19.04.07	#8	Exercise of warrants - increase of Group share capital
› 08.05.07	#9	Nilfisk-Advance acquires Viper Group
› 24.05.07	#10	NKT interim report 1/2007
› 25.05.07	#11	NKT shares - insider transactions
› 29.05.07	#12	NKT shares - insider transactions
› 01.06.07	#13	Voting rights and capital as per 1 June 2007
› 08.06.07	#14	NKT shares - insider transactions
› 11.06.07	#15	NKT shares - insider transactions
› 18.06.07	#16	NKT shares - insider transactions
› 07.08.07	#17	Nilfisk-Advance acquires Chinese Viper-Group
› 23.08.07	#18	NKT interim report 2 > 2007
› 23.08.07	#19	NKT strategy 2008 - 2012
› 28.09.07	#20	NKT shares - insider transactions
› 16.10.07	#21	Nilfisk-Advance makes acquisition in South Africa
› 21.11.07	#22	NKT interim report 3 > 2007
› 21.11.07	#23	Stock Exchange Caledar 2008
› 26.11.07	#24	NKT Cables - new high voltage factory in Cologne

INVESTORKONTAKT

Financial analysts and institutional investors

Michael Hedegaard Lyng
CFO
Phone: +45 4348 3203
e-mail: michael.lyng@nkt.dk

Private Investors

Inger Jessen
Communications Manager
Phone: + 45 4348 3210
e-mail: inger.jessen@nkt.dk

NKT Cables Group

NKT Cables ranks today as a significant European supplier of cables targeting the electricity and energy sectors

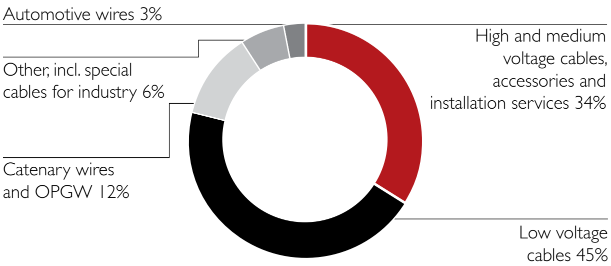
THE STRATEGIC PERSPECTIVE

Products

NKT Cables develops, manufactures and markets power cables and cable systems for electricity transmission (high voltage cables and accessories), electricity distribution (medium voltage cables and accessories), and electrical installations (low voltage cables). Fibre-based monitoring cables and OPGW (Optical Ground Wires) are also part of the product programme targeted at the electricity sector.

The company's product range further includes catenary materials for high speed electrical railways, wires for the automotive industry, and various special cables for industrial purposes. A large number of consulting and engineering services are also offered.

SALES BY PRODUCTS Fig. 1

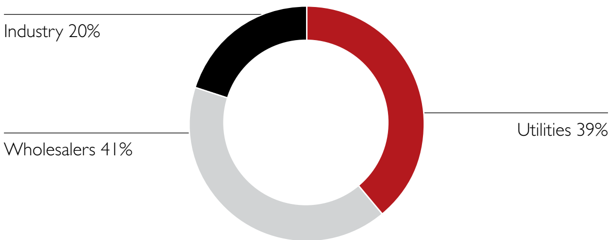


Market

NKT Cables is a player in several European market segments, the main emphasis being on the electricity and energy sector. The company's high and medium voltage cable products, which represent 34% of revenue, target utilities and/or their main contractors, while the low voltage cables, representing 45% of revenue, are sold to the building industry - mostly through electrical wholesalers to electrical installers, sometimes direct.

The remaining revenue, 21%, relates to a number of niche products, including catenary materials sold to railways and public authorities, and wiring material sold to the automotive industry. These are both markets where NKT Cables has developed special technology that meet the quality and safety requirements demanded by these sectors.

SALES BY CUSTOMERS Fig. 2



Medium and high voltage

The current level of activity in the medium and high voltage cable segment reflects a marked sector upturn that is a result of increased investment in two areas: the replacement of power lines by cables, and the maintenance and expansion of existing networks to provide additional necessary capacity. The goal is to safeguard and improve network quality and thus increase reliability of supply.

However, several other considerations are also making impact, the chief example being environmental concern. This has led to focus on renewable energy, which will be reflected in significant investment in, for instance, wind power. This in turn will increase the demand for cables capable of connecting wind farms to the grid. Concerns about reliability of supply of electricity have attracted considerable political focus. This is reflected in the European Commission's new energy policy proposal from January 2007 containing recommendations for further liberalisation of the European electricity market. When the political plans are a reality, new cable links will be needed to connect the electricity networks internationally.

The primary markets for NKT Cables' medium and high voltage cables are Scandinavia, Germany, the UK, the Netherlands, Russia, Spain and the Middle East.

Low voltage

The demand for low voltage cables partly reflects the economic climate in the building and construction industry, which is influenced by levels of newbuilding and renovation. NKT Cables' primary markets are Scandinavia, Eastern Europe and the UK.

The scope of NKT Cables' European market has reduced the company's vulnerability significantly in recent years as downturns in the building industry seldom affect all markets simultaneously. Furthermore, NKT Cables has a very strong presence in Eastern Europe which represents a large portion of the company's market for low voltage cables.

About half of the company's low voltage revenue comes from sales of 1 kV cables to both utilities and the building industry. In this portion of the low voltage segment, sales to the former are considered less cyclically sensitive than sales to the building industry, the products being used in the part of the distribution network that connects consumers to the supply grid. The level of business in this market segment is therefore influenced both by the amount of building activity, and therefore establishment of new electricity consumers, and also by the principal developments in the expansion of the distribution networks.

Niche products

OPGW/OPPC (Optical Ground Wires and Optical Phase Conductors) are sold to the global market. This is a project-oriented market primarily based on expansion and upgrade of the medium and high voltage networks.

Catenary materials for high speed electrical railways is sold to the global market.

The special wires for automotive application are primarily sold in Europe.

Sales

NKT Cables has sales activities in Central, Northern and Eastern Europe and in China. There are sales organisations in those countries where NKT Cables has manufacturing units - Germany, Denmark, Norway, Poland, Czech Republic and China - and these organisations service neighbouring markets. In recent years NKT Cables has also established sales subsidiaries in the UK, Spain, the Netherlands, Russia, the Middle East and Italy.

SALES BY MARKETS Fig. 3

Customers

In the high and medium voltage segment, NKT Cables is a supplier to the majority of leading European utilities, including EON, EDF, RWE, Scottish Power, Dong Energy, and Vattenfall. Low voltage sales are principally realised through large wholesalers who operate internationally, such as Rexel, Sonepar and Solar, but there are also many national customers.

Railway customers consist of large railway contractors, key names including Siemens, Adtranz and Balfour Beatty, as well as the national train operators. Automotive industry customers are the main subcontractors to major recognised car manufacturers.

Competitors

NKT Cables has some five high voltage competitors, all global market players. The competition in the low voltage segment includes a large number of local manufacturers.

Peer companies are Nexans(France), Prysmian (Italy), Draka (Netherlands), General Cable (USA), and TeleFonika (Poland).

Esitmated to be worth around 750 bnDKK the global cable market is led by players such as Nexans (approx. 8% market share), Prysmian (approx. 6%) and General Cable (approx. 4%). NKT Cables, whose outlook is principally European, holds around 3% of the European market, corresponding to around 1% of the global market. Europe is a market with very little consolidation, no player having a market share of more than 8%.

Organisation and management

NKT Cables employed around 3,200 people at the end of 2007. After the acquisition of the Czech cable manufacturer Kablo

Elektro in 2006, the Czech Republic became the country with the highest number of NKT Cables employees, 1,350. Next are Germany with 850 employees and Denmark with 500 employees.

Management of NKT Cables is relatively decentralised. Those activities that involve NKT Cables subsidiaries in more than one country are coordinated by the NKT Cables Group Management. NKT Cables is headquartered in Cologne and headed by CEO Dion Metzemaekers.

Manufacture and product development

NKT Cables has twelve manufacturing facilities situated in Germany (4), Czech Republic (3), Poland, Denmark (2), Norway and China. The company's three largest factories account for over 50% of total revenue.

NKT Cables' product development programmes are closely geared to customer-defined needs. Accordingly, future development of high and medium voltage cables will be related to the growing need for alternative energy sources. Focus will therefore be placed on cables and cable systems for wind farm application, solar energy and improved efficiency of existing grid capacity.

Development focus in the low voltage cable segment is on compliance with the anticipated standards and safety regulations for use of cables in the building sector where fire-retarding and sustainable materials are required to help minimise damage in case of fire.

Risk factors

A key management goal is to ensure that risks pertaining to NKT Cables are always adequately recognised and that measures in the form of policies and procedures exist for managing these risks.

Commercial and operating risks

For NKT Cables, which is a significant player in a competitive and mature European industry, both competitiveness and profitability are directly related to the company's ability to establish a close interaction with customers and to manufacture quality products with attractive unit costs .

The key to this is customer focus and critical mass, which means that NKT Cables must manufacture its individual product categories in series large enough to be supplied at attractive prices. Provided production is based on optimal product formulas, efficient raw materials procurement, logistic efficiency, and low sales and administrative costs, NKT Cables will have a platform for selling its products at competitive prices. This gives increased sales, increased market shares and increased earnings.

NKT Cables has for this reason focused strongly in recent years on optimising customer relations and reducing costs, adjusting its product programme, exploiting cross-sales and penetrating export markets.

Metal - principally in the form of copper and aluminium - is the most important raw material in the company's cable manufacture, and averages more than 50% of the product sales price with the existing product mix. However, this figure may vary from 20% to 75% depending on product type.

The company's earnings sensitivity to changes in metal prices is considered limited as the effect is reflected in the sales price relatively quickly. In the high and medium voltage segment this is determined contractually most of the time. However, the low voltage segment operates with price lists which while valid are protected by various types of hedging contracts. In summary therefore, changes in metal prices are considered, over time, to have a neutral impact on earnings.

Financial risks

90% of the revenue of NKT Cables comes from sales to EUR zone countries and Denmark, the remaining 10% being generated by sales in other markets. Revenue and income are therefore limitedly currency-sensitive. In 2007, revenue was increased by a total of around 10 mDKK by the following main market currencies: Poland (+3%), Czech Republic (+2%), UK (-1%) and China (-4%).

Please also refer to Note 31 to the accounts - financial risks and financial instruments.

Cyclical sensitivity

Up to 50% of the revenue of NKT Cables is considered cyclically sensitive, principally that part of revenue relating to low voltage products for the building sector. This is because product application is linked to two, very cyclically sensitive sectors: building and industrial manufacture.

The remaining revenue relating to medium and high voltage cables, including accessories, principally results from energy sector sales. The energy sector is not considered particularly sensitive to cyclical developments as the level of activity is driven partly by maintenance requirements of the existing supply grid, and partly by the increasing demand for energy - leading to expansions of network capacities.

NKT Cables' exposure in the low voltage cable segment is balanced partly by the fact of having an optimised production setup with an attractive platform in Eastern Europe, along with the flexibility to target markets not currently included in the portfolio of sales countries.

NKT CABLES GROUP 2007

2007 was a very satisfactory year for NKT Cables, with growth in all business segments and in most markets.

Review of earnings performance

Revenue

NKT Cables realised revenue of 7,624 mDKK in 2007. This was a nominal increase of 45% on the previous year. After adjusting for acquisitions and changes in metal prices and currencies, this corresponds to organic growth of around 15%, which is in line with our initial expectations.

Aggregate revenue in 2007 rose by some 120 mDKK due to the effect of metal prices, the average price of copper and aluminium being higher than in 2006, particularly in 1st quarter 2007.

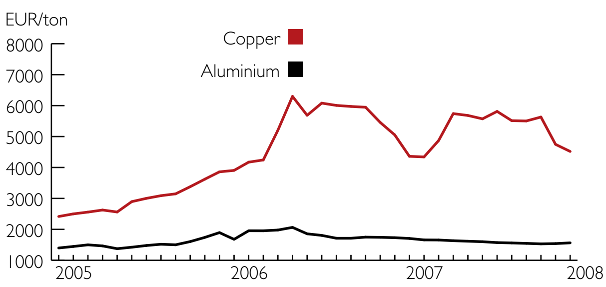
Acquisitions in 2007 contributed revenue of 1,441 mDKK, which included 1,200 mDKK attributable to Kablo Elektro and 241 mDKK to CCC.

Metal prices

Metals - in the form of copper and aluminium - represent a significant part of power cable production costs. These metals have been characterised by very strong price increases in recent years (particularly in the period 2004-2006) and increasing volatility. These factors have led to a strong increase in company revenue due to these price rises being passed on to the customer.

In 2007, NKT Cables adjusted and validated its data so that it is now possible to isolate the effect of metal prices against a standard price for copper and aluminium fixed at 1,550 EUR/tonne and 1,350 EUR/tonne, respectively. 2007 revenue based on standard metal prices was 4,897 mDKK, compared with 3,453 mDKK in 2006. This increase, amounting to 1,444 mDKK, included 933 mDKK that was attributable to acquisitions, while the remainder, 511 mDKK, constituted the organic growth of 15%.

METAL PRICES **Fig. 4**

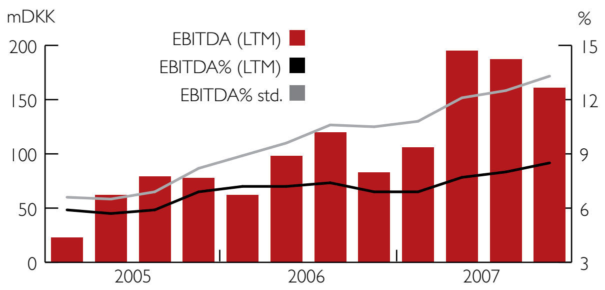


In 2007 the average price of copper and aluminium (measured in EUR) was respectively 3% and 13% lower than the year before. Rising metal prices nevertheless increased revenue by 120 mDKK, which was attributable to the high level of volatility in the market, along with seasonal fluctuations which resulted in large purchases of copper in 1st quarter 2007 when the average price of copper was higher than in 1st quarter 2006.

Income development

Operating earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to 719 mDKK for 2007, which included a net profit of 70 mDKK from disposal of the factory in Cologne. After adjusting for this, EBITDA amounted to 649 mDKK, a margin of 13.3% measured against standard metal prices. EBITDA for the previous year was 363 mDKK, a 10.5% margin. There was therefore a profitability increase of 286 mDKK - 2.8 percentage points - compared with 2006.

EBITDA **Fig. 5**



As seen from Fig. 5 EBITDA margin measured in market prices was 8.5% for 2007, a rise from 6.9% in 2006. The figure also shows the unchanged seasonal pattern with peak activity concentrated around the 2nd and 3rd quarters.

The increase in earnings reflects the efficiency and stability that have characterised developments at NKT Cables in recent years in the wake of a series of restructuring measures, combined with capacity utilisation of close on 100%. The acquisition of Kablo Elektro (January 2007) and CCC (May 2007) also made positive contributions to the development in EBITDA, which is considered very satisfactory.

Depreciation and amortisation for 2007 amounted to 145 mDKK, as against 62 mDKK for the same period in 2006. The increase, amounting to 83 mDKK, includes around 60 mDKK relating to acquisitions, the remainder being attributable to the high level of investment in increased capacity over the past few years.

EBIT margin - measured in market prices and adjusted for one-off items - was 6.6%, as against 5.7% in 2006. The most recently published target (cf. Interim report 3/2007) was therefore achieved. This also represented a significant improvement relative to expectations at the start of the year (EBIT 6.4%).

Measured in fixed metal prices this corresponds to an EBIT margin of 10.3% for 2007, as against 8.7% for 2006.

Investments

Investment in tangible assets was 346 mDKK in 2007. This was more than double the figure for 2006 (167 mDKK) and reflects - in addition to normal maintenance investment - concluded investment in capacity expansion and thus also organic growth.

The high level of investment was driven partly by high capacity utilisation at existing plants, which necessitated additional capacity to maintain continued reliability of supply for all cable types, and partly by the need for continuous focus on unit cost reductions and consolidation of uniform manufacturing. In 2007, significant expansions in capacity were implemented at NKT Cables' factories in Czech, Denmark and Poland, along with a series of smaller investments at the Group's other factories.

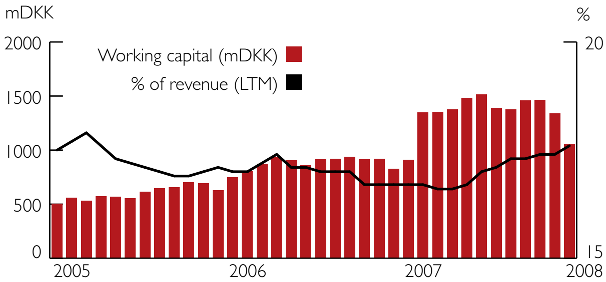
The aggregate gross investment of 364 mDKK in 2007 must be seen in relation to aggregate depreciation and amortisation of 145 mDKK.

Working capital

At the start of 2007, NKT Cables' level of working capital was a relatively satisfactory 17.6%, measured as the 12-month percentage average (LTM) of full-year revenue. As seen from Fig. 6, working capital increased over the year. The increase was primarily due to the effect of Kablo Elektro, which has traditionally had working capital of around 30-35% of revenue. Working capital was further influenced by the volatile metal prices that have led copper suppliers, for instance, to reduce their credit times.

It remains NKT Cables' strategic objective to systematically reduce monies tied up in working capital, and focused efforts will be made in 2008 to return the level of working capital to around 17% (LTM) of revenue,

WORKING CAPITAL Fig. 6

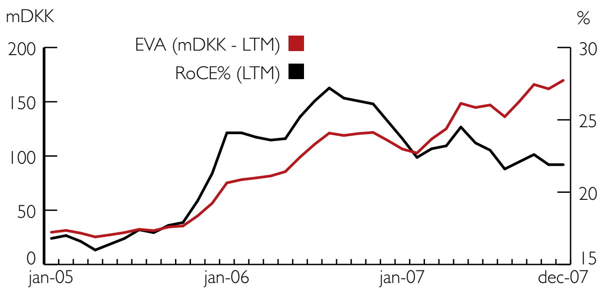


Value creation - EVA

"Economic Profit" (Economic Value Added/EVA) is a measure of the company's ability to create value in the form of net profit after return on investment. At current interest rates, and in the light of NKT Cables' risk profile, the required minimum return on investment is 8% after tax. EVA can be computed by deducting full tax and cost of capital - calculated as 8% of invested capital - from the current operating earnings (EBIT).

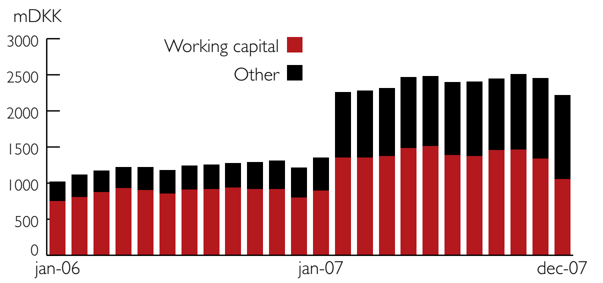
Fig. 7 shows development in EVA and return on capital employed (RoCE) measured on a rolling 12-month basis. It will be seen that RoCE was reduced from around 25% before tax in 2006 to around 23% before tax in 2007. The explanation is that the acquisition of Kablo Elektro (effective 1 January 2007) "diluted" NKT Cables' return

EVA Fig. 7



The effect is also visible in Fig. 8, where the invested capital at 1 January 2007 increased from around 1.2 bnDKK to around 2.2 bnDKK. In 2007, despite the rising level of invested capital, the positive trend in EVA that has characterised recent years continued, EVA being around 170 mDKK in 2007, as against 110 mDKK in 2006.

CAPITAL EMPLOYED Fig. 8



Activities 2007

High and medium voltage

Driven by a worldwide fundamental need for upgrade and expansion of electricity networks, the most striking activities were in the area of high voltage cables and systems. In late 2007 the decision was therefore taken to relocate NKT Cables from its existing Cologne factory housing the company's high voltage production activities to a site a few kilometres away conveniently situated on the Rhine. In a couple of years' time the erection of a modern factory on this site will provide NKT Cables with additional production capacity, flexibility, scope for manufacturing submarine cables and - very importantly - convenient facilities for shipment of the company's heavy and awkward cable products via the Rhine.

In May, NKT Cables acquired the Berlin company CCC GmbH. Employing some 80 engineers, CCC is a specialist turnkey contractor and consultant in the field of high voltage cable systems.

Positive development was also reported in superconducting cables, with steadily increasing acceptance of this new cable technology. This is substantiated by the fact that 2008 will see the start of two commercial projects in the United States - one for Entergy in New Orleans and one for ConEd in New York City. The latter project is funded by the US Department of Homeland Security.

Low voltage

Low voltage cables for the building and construction sector also contributed positively to NKT Cables' growth and earnings development in 2007. A characteristic feature of this business segment is that levels of activity in building and construction are strongly influenced by economic conditions in individual countries. NKT Cables' relatively broad market scope to some extent eliminates the ups and downs traditionally associated with the low voltage segment. Since mid-2007, signs of stagnation have been noticeable in a number of major countries - a situation that generally leads to heightened competition and pressure on prices.

To counter this, NKT Cables will continue to enter new markets and strengthen its organisation by adding further sales and cable expertise to support these initiatives. In addition, intelligent market surveillance tools will be established for use by the company's business units in a number of countries.

The coordination of the activities of the Czech company Kablo Elektro with NKT Cables' existing organisation proceeded as planned and with primary focus on preserving existing customer relationships and at the same time realising synergies. The added production capacity provided by Kablo Elektro in the area of medium voltage cables will enable new markets to be serviced.

The project to reorganise production flow at the Kladno factory has been completed as regards phase 1, and this factory is now the primary manufacturing unit for 1 kV cable products destined for Central and Eastern Europe.

In Poland, the relocation of manufacturing operations from the existing plant to a new facility in Warszowicze has been completed, and all production in Poland has now been consolidated within a single modern factory.

Catenary wires

A number of major project orders involving the supply of catenary materials for high speed railways have been completed. As a result of delays in the decision-making processes relating to new projects, NKT Cables believes that this business segment will make a relatively greater contribution to the company's expected growth in 2008-2010 than was the case in 2007.

In China, NKT Cables established a joint venture project with the company Daqo. The project includes the building of a new factory for manufacturing catenary wires for high speed rail links to connect major cities. The new factory is due to enter production at the end of 2008.

Organisation

In 2007, focus was placed on developing the interaction between NKT Cables' various business units, including adjustment and coordination of the product programmes made by the factories in the various countries. The aim is to optimise the individual manufacturing facilities for production of the relevant cable types. In order to ensure efficient production restructuring and effective future coordination of NKT Cables' activities across national borders, a central body was set up with responsibility for production and product development, headed by a production director (COO). In the course of 2008, a Technology Coordination and an HR Coordination body will be added.

Product development

In 2007 NKT Cables focused on further developing system solution models targeted at energy companies. The company is working on solutions to increase the efficiency of existing network grids, and solutions to reduce CO_2 problems and promote the practical use of alternative energy sources.

Focus in other business segments was on materials technology, including development of silicone materials for making high voltage cable accessories, and development of technical solutions to facilitate the work of electrical installers.

EXPECTATIONS 2008

NKT Cables expects organic growth in revenue of around 8% in 2008, equivalent to an increase of 400 mDKK measured in standard metal prices, from 4,900 mDKK in 2007 to around 5,300 mDKK in 2008. Measured in continuous metal prices, this corresponds to a revenue increase of 500 mDKK to around 8,100 mDKK. A slight fall in average metal prices is assumed compared with 2007.

In terms of income, a profit margin (EBIT) of around 9.5% is expected, measured in standard metal prices, which is slightly lower than for 2007 mainly as a result of higher costs of energy, wages and plastics.

Nilfisk-Advance

Nilfisk-Advance is a global supplier of professional cleaning equipment

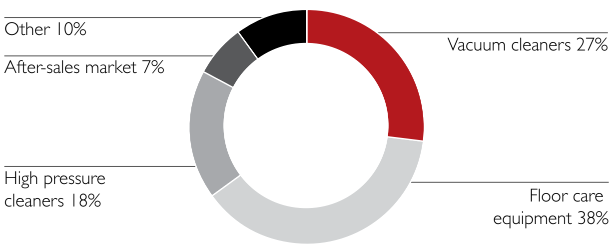
THE STRATEGIC PERSPECTIVE

Products

Nilfisk-Advance is one of the world's leading manufacturers and suppliers of professional cleaning equipment. The company offers a broad range of products consisting of all sizes of vacuum cleaners, floor care equipment in the form of sweepers, washers, dryers, polishers and cleaners, as well as an extensive selection of high pressure cleaners.

Nilfisk-Advance also offers individual service contracts and spare parts sales so that customers can always rely on equipment availability.

SALES BY PRODUCTS Fig. 1



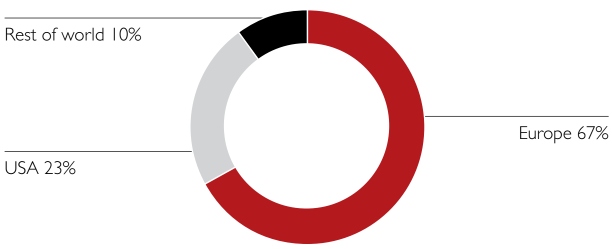
Market

The annual global market for professional cleaning equipment is estimated to represent around 40 bnDKK. Demand for automated cleaning is closely linked to living standards and wage costs. Western Europe, North America and Japan have therefore hitherto been the biggest markets for cleaning equipment, collectively representing some 80% of the world market, while the rest of the world makes up the remaining 20%. In the next few years the highest growth rates are expected to be in Eastern Europe, Asia and South America.

Aggregate future market growth is expected to be around 3% p.a., with the mature European markets and the United States representing 1-2%. In years ahead therefore, growth rates in the rest of the world are anticipated to exceed the global economic growth rate.

Parallel with striving to maintain its position in mature markets, Nilfisk-Advance thus plans to realise a massive presence in "new markets".

SALES BY MARKETS Fig. 2



Sales

Nilfisk-Advance markets and sells its products through a combination of sales subsidiaries and distributors. The company is represented by sales subsidiaries in 36 countries - principally in Europe, North America and Asia. Markets in which Nilfisk-Advance does not have subsidiaries are serviced by an extensive network of distributors or from the Danish head office or from the United States.

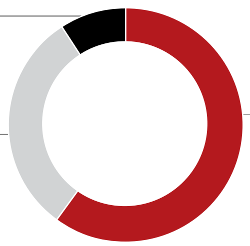
In North America, around 70% of sales take place through distributors, the remaining 30% being direct sales. In Europe, there is a 60/40 sales split between subsidiaries and distributors.

Products are marketed in North America under the labels Advance, Clarke, Kent, Euroclean, American Lincoln, Clarke American Sanders, U.S. Products, Viper, Nilfisk-Alto, Nilfisk and CFM. Except for Nilfisk all brands have been obtained by acquisitions of companies. Elsewhere in the world - including in Europe - the main brands are Nilfisk, ALTO, Nilfisk-ALTO, Nilfisk-CFM and Viper.

Customers

Nilfisk-Advance's professional cleaning equipment primarily addresses commercial customers, such as contract cleaners. Sales also go to institutions, organisations, public authorities, shops, hotels and businesses choosing to employ their own cleaning personnel.

SALES BY CUSTOMERS Fig. 3



Sales to domestic consumers take place through dealers in household appliance dealers, retail shopping chains and building marts where the products are sold singly.

Competitors

Historically, there has been little consolidation among manufacturers of professional cleaning equipment. For example, the five largest manufacturers collectively represent a market share of around 40%. These are Nilfisk-Advance, Denmark - Tennant, USA - Kärcher, Germany - Hako, Germany - IPC, Italy.

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

Organisation and management

Nilfisk-Advance employed around 5,000 people at the end of 2007, including some 650 in Denmark. Of the total work force, 225 are employed in R&D, 2,525 in production, while the remaining 2.250 work in sales and administration.

Geographically, 55% of the work force is based in Europe, 25% in Asia (primarily China) and the remaining 20% in North America.

Nilfisk-Advance has its main office in Brøndby, Denmark, and is headed by CEO Jørgen Jensen.

Manufacture and product development

Nilfisk-Advance draws on a substantial network of component suppliers. The company's plants in Europe (6) and the United States (3), China (2) chiefly attend to equipment assembly, quality control and logistics. There are associated distribution centres in Denmark, Germany and the United States.

Product development takes place at centres of excellence specialising in high pressure cleaners (Denmark and China), vacuum cleaners (Denmark, Sweden, Italy and China) and floor care equipment (USA, Italy and China). Nilfisk-Advance's product development is ultimately aimed at designing and manufacturing equipment that can reduce the problems and costs associated with customer cleaning tasks. To achieve this aim, some 3% of company revenue is spent on product development. Key elements in this context are to increase the value which the equipment has for the user, ie. reliability, safety, convenience, and attractive after-sales service - and not least, to base equipment price on the lowest possible manufacturing costs.

Nilfisk-Advance's strategic goal is to market an average of one new product a month.

Risk factors

Commercial risks

To remain in the ranks of the foremost suppliers of professional cleaning equipment it is crucial for Nilfisk-Advance to command a product range that can successfully compete with rival products. This is done by regularly launching products that are superior to previous models in terms of functionality, redused operating costs, quality and affordability.

Nilfisk-Advance also focuses on constantly improving its business systems by enhancing efficiency in production, sales, administration and distribution.

Customers, who are primarily professional users, prefer products that are not only competitive on price, but are also robust and reliable and can deliver high quality cleaning. That way they reduce their overall cleaning costs. Customers also choose suppliers according to their market coverage and the range of after-sales services they offer. Nilfisk-Advance seeks to meet these needs by product sales through dealers, or by direct sales with related after-sales service supplied by the company's own service organisation.

Financial risks

The company's USD exposure is considered relatively limited and relates primarily to translation risk. Translated to DKK, a change of +/- 5% in USD will affect Nilfisk-Advance's revenue by some +/- 80 mDKK and earnings before tax (EBT) by around +/- 5 mDKK.

Please also refer to Note 31 to the accounts - Financial risks and financial instruments.

Cyclical sensitivity

Nilfisk-Advance is considered cyclically sensitive in the broad sense. The reason is that most customers are professional or institutional users for whom buying cleaning equipment is a capital investment. In times of recession, new investment is typically postponed in order to optimise company liquidity.

NILFISK-ADVANCE I 2007

2007 was a strong year for Nilfisk-Advance with a sound, 24% improvement in income and an attractive, 9% level of growth. Net of acquisitions this corresponds to organic growth of 7%.

Review of results for the year

Revenue

Nilfisk-Advance realised revenue of 5,784 mDKK in 2007, against 5,439 mDKK in 2006, equal to nominal growth of 6%. Organic growth in 2007 after exchange rate changes and acquisitions was 7%, corresponding to the level in 2006 and in line with our most recently published forecasts.

Around 25% of revenue derives from sales in USD and 10% from sales in Asian currencies, which means that both revenue and income are currency-sensitive. Revenue in 2007 was reduced by 126 mDKK due to exchange rates, principally the declining rate of the US dollar, which on average was approx. 10% down on 2006.

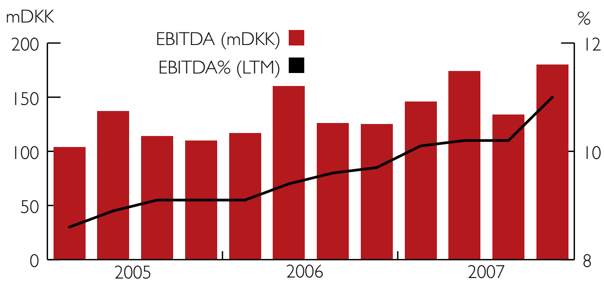
Revenue development measured in fixed currencies showed growth of 8% in Europe, 9% in the United States (which included 5% -point relating to acquisitions) and 15% in other markets (which included 10%-point relating to acquisitions).

Income development

Operating earnings before depreciation and amortisation (EBITDA) were 634 mDKK in 2007, an increase of 20% on 2006 when EBITDA was 528 mDKK (adjusted for one-off items). This corresponded to a profit margin (EBITDA) of 11%, which was a 1.3%-point rise on 2006. EBIT earnings were 494 mDKK, corresponding to a profit margin of 8.5%, compared with 400 mDKK and 7.4% in 2006.

As evident from Fig. 4, profitability developed very favourably in 2007, continuing the characteristic trend of recent years. This was a result of the continued focus on organic growth, which takes place by the launch of large numbers of new products and - as described in the description of business activities - by ongoing improvements in company business systems.

EBITDA Fig. 4



Raw material prices

The raw materials used for manufacturing cleaning equipment are primarily plastic, stainless steel, copper, lead and aluminium. In 2007, the prices of these raw materials continued the rise that was a feature of 2006. Whereas raw material prices in 2006 on average were 30% up on the previous year, they raised approx. another 10% in 2007. This illustrates the need to continuously be able to reduce the costs of production when the materials used represent around 40% of the total cost base.

2007 was a year of constant pressure from Nilfisk-Advance's component suppliers for price rises, and in a number of cases it was not possible to offset these price rises by means of other measures. This illustrates the need for continued efficiency improvement initiatives, including relocating production to low-wage countries and optimising the use of materials in production.

Investments

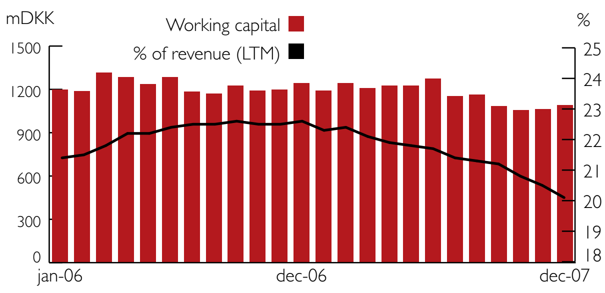
Investment in tangible assets was 97 mDKK in 2007, similar to the previous year. There was also investment of 115 mDKK in capitalised development costs and SAP system development, as against 106 mDKK in 2006. The increase related primarily to implementation of the SAP system, which entered service on 1 September 2007, while the capitalised development costs related directly to the intensive product development effort.

Aggregate gross investment thus amounted to 212 mDKK, against 183 mDKK in 2006. This must be seen in relation to depreciation and amortisation of 140 mDKK (2006: 128 mDKK).

Working capital

Following the growth in working capital from 2005 to mid-2006 as a result of the factory relocations, which created a need to build up stocks in order to maintain supply capability, systematic efforts were again made in 2007 to reduce tie-up of money in working capital. As notified in the 2006 annual report, the target level of working capital was 20% at 31 December 2007. This target was achieved, which corresponds to a reduction of 243 mDKK in the capital tied up in stocks, etc. The strategic target is unchanged at an 18% level.

WORKING CAPITAL Fig. 5



Value creation - EVA

"Economic Profit" (Economic Value Added/EVA) is a measure of the company's ability to create value in the form of net profit after return on investment. At current interest rates, and in the light of Nilfisk-Advance's risk profile, the required minimum return on investment is 8% after tax. EVA can be computed by deducting full tax and cost of capital - calculated as 8% of invested capital - from the current operating earnings (EBIT).

EVA Fig. 6

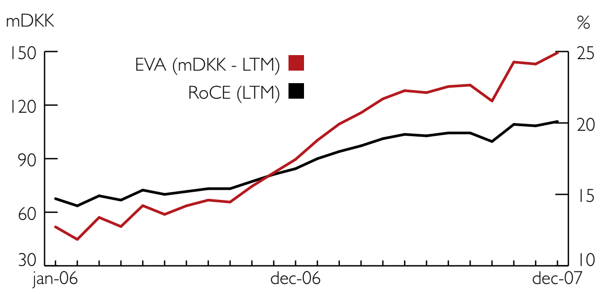
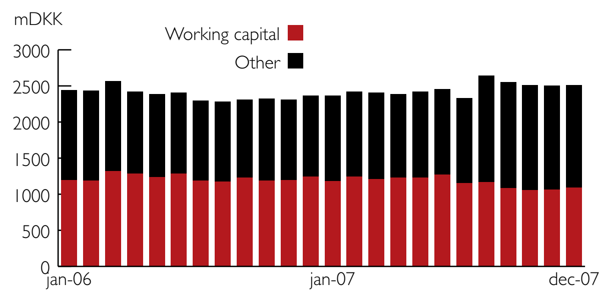


Fig. 6 shows development in EVA and return on capital employed (RoCE) measured on a rolling 12-month basis (LTM). RoCE can be seen to have improved by some 3%-point from around 17% in 2006 to 20% in 2007. Moreover, Fig. 7 shows that development in invested capital has been stable in recent years at around 2.4 bnDKK and that this capital was further influenced in August by around 250 mDKK relating to the Viper acquisition.

The combination of stable investment level and rising level of return increased EVA to around 150 mDKK, which was satisfactory. At the start of 2007 the expectation was that during the year Nilfisk-Advance would further lift the return on investment towards the target of a pre-tax figure of around 20%. After adjustment for the Viper acquisition, which had the effect of temporarily diluting the return on investment, this was also achieved.

CAPITAL EMPLOYED Fig. 7



Activities 2007

Acquisitions

During 2007 no fewer than five acquisitions were welcomed to membership of the Nilfisk-Advance Group: U.S. Products, an American manufacturer of carpet cleaners was acquired with effect from 1 January 2007; the acquisition of China's Viper-Group was effective from 1 August; at 1 May, Nilfisk-Advance acquired two service companies - Søndergaard Maskinfabrik (Denmark) and Doug Tolson Engineering (UK), and at year end the company's former South African distributor, WAP South Africa, was acquired with an effective date of 1 January 2008.

Collectively these acquisitions have contributed to cementing Nilfisk-Advance's position as a leading supplier to the global market. Acquisition of the Viper Group has given Nilfisk-Advance a solid foothold in China that offers not only manufacturing prospects but also access to the commercial Chinese market through the sales channels established by Viper. In addition, Viper has contributed a number of new sales outlets in the US market. Harmonisation between the acquisitions and Nilfisk-Advance has proceeded very satisfactorily, with prospects of at least achieving the anticipated synergies.

Product development

Nilfisk-Advance has set itself the goal of introducing an average of one new product or significant product improvement every month. In 2007 this goal was amply achieved with the introduction of six floor care products, five vacuum cleaners, two high pressure cleaners, two carpet cleaners, and two polishers - a total of 17 new products.

The pipeline of new products will make it possible for Nilfisk-Advance also in the years ahead to introduce an average of one new product every month.

Product development activities represented around 3% of company revenue in 2007.

Manufacture

As part of company efforts to market products at competitive prices, ongoing rationalisation and efficiency measures are implemented at Nilfisk-Advance's various factories. A production unit in Denmark and a production unit in China were consequently closed down in 2007, the manufacturing operations being transferred to nearby sister plants.

Sales and service

In 2007 the sales- and service organisation has been expanded. This means that a sales staff of 1,232 people and 608 service technicians world-wide offer their services .

IT

A vital element in Nilfisk-Advance's competitiveness is to continuously optimise the overall product flow in production, sales and distribution. Against this background, the company has initiated the introduction of a major SAP system that will eventually be widened to the global organisation. As an initial phase, the system was introduced in Denmark in autumn 2007.

Organisation

In 2007, as a direct consequence of the fact that Nilfisk-Advance now employs close to 5,000 people in production companies and sales subsidiaries in 36 countries, an extensive executive development programme was carried out in cooperation with IMD, Switzerland. The programme was initially designed for 50 company top executives. It is planned to implement a similar programme for additional staff.

EXPECTATIONS 2008

Based on current exchange rate conditions, Nilfisk-Advance expects to record revenue of around 6.2 bnDKK in 2008. This corresponds to a nominal growth of around 7% and organic growth of around 5%.

The forecast revenue includes contributions from WAP South Africa and HydraMaster, which became members of the Nilfisk-Advance Group on 1 January and 1 March 2008, respectively.

In terms of income, a profit margin (EBIT) of around 8.5% is expected, which is similar to 2007.

NKT Photonics Group

NKT Photonics Group represents NKT's initiative to create a powerful business segment that builds on the fibre-optics expertise possessed by the NKT Photonics companies. Focus is on developing, manufacturing and marketing advanced components, light sources and measuring equipment based on optical fibres

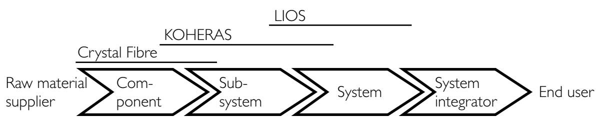
THE STRATEGIC PERSPECTIVE

Products and market

The activities of the NKT Photonics companies are centred on development, manufacture and marketing of advanced optical fibre-based components used in a variety of industrial applications:

NKT PHOTONICS GROUP

Crystal Fibre	KOHERAS	LIOS Technology
› high power fibre laser components › non-linear fibre for white light sources	› ultra-precise lasers › white light sources	› distributed temperature measuring systems



High power fibre laser components, which incorporate products from Crystal Fibre as core elements that enable the production of very high intensity fibre lasers.

High power lasers are used in a host of industrial machining processes such as welding, cutting, precision-drilling and marking, as well as in a variety of advanced applications in the semiconductor and life science industries, and in research and development.

The total market, which is today dominated by conventional products, such as CO_2 and YAG lasers, has a global volume of around 15 bnDKK. The laser market has in recent decades experienced annual growth rates, after cyclical fluctuations, of around 8%. High power fibre lasers have a number of advantages over conventional-type lasers in the form of greater robustness, enhanced energy efficiency, and better and more user-friendly beam quality. Accordingly, fibre lasers are expected to see increasing application at the expense of conventional lasers, and thus also substantially higher growth rates than the laser market as a whole. In 2007 the global market for fibre lasers was estimated at around 1.4 bnDKK.

Crystal Fibre markets sub-assemblies for manufacture of fibre lasers. The company's products differ from those of its competitors by enabling extremely high power levels at a focused point, which is a specific requirement for lasers used in the semiconductor and microelectronics industry and also in life sciences. As a sub-supplier to the high-power fibre laser market, the addressable market for Crystal Fibre is therefore about 10-20% of the total fibre laser market.

In 2nd half 2007, Crystal Fibre introduced a sub-assembly for a 350 W continuous laser, followed at the end of the year by a sub-assembly for pulsed lasers that can deliver power levels of 100 kW peakpower. Both products have attracted significant interest from many conventional laser manufacturers.

Ultra-precise lasers are fibre lasers with extremely narrow bandwidth and low noise level. They are used as sensors in instruments for a wide range of industrial applications:

› Windspeed measurement (wind farms and aircraft)
› Supervision of frontiers, oil pipelines, ports and coastal areas
› Oil exploration and monitoring of oil reservoirs

Most of these industrial applications are in course of development and the size of the market for ultra-precise lasers will therefore be determined by how successful these new instruments are.

Overall, the fibre laser market for sensor applications is expected to see growth rates of more than 50% in years ahead, and with breakthroughs in other applications it is not unlikely that the total market for sensor-oriented fibre lasers will top 1 bnDKK.

KOHERAS is active in all areas referred to above and is considered to be the leading global supplier of narrow bandwith fibre lasers. For windspeed measurement, instruments based on KOHERAS lasers are now standard equipment for qualifying potential new wind farms. Several customers are also engaged in field trials with KOHERAS lasers for seabed exploration in search of potential new oil reservoirs. Very high growth rates are expected in both application segments in the years ahead.

White light sources are fibre lasers with a very broad optical bandwidth. These lasers are a radically new type that will typically find application where clusters of lasers or other light sources are currently used in the same product, such as microscopes, cell sorting systems and optical measuring instruments. The existing laser market that is potentially replaceable by white light sources is estimated at around 1 bnDKK. White light sources base their operation around the non-linear properties of crystal fibres. These fibres are manufactured by Crystal Fibre.

KOHERAS is one of two dominant manufacturers of white light sources and is looking to develop its products primarily in partnership with leading potential industrial users. An example is SuperK Extreme™, a new white light source developed by KOHERAS in close partnership with Leica Microsystems GmbH, which began marketing microscopes incorporating the product at the start of 2008. Furthermore, KOHERAS has teamed up with a market leader in the testing of measuring equipment for the telecommunications industry to market SuperK Compact™ as part of a complete measuring equipment package.

Addressed by LIOS Technology, the **market for distributed temperature monitoring systems** is currently dominated by fire alarm applications for special-hazard buildings and tunnel systems, and by monitoring applications for high voltage cables and optimisation of oil well production. The total market is estimated to exceed 500 mDKK and has significant growth potential. In 2007, having historically focused on tunnel applications, LIOS Technology's temperature measuring equipment also achieved breakthrough in the high voltage cable market, leading to strong growth in both revenue and earnings. Accordingly, LIOS Technology is now a leading supplier of distributed temperature monitoring systems for tunnel and building (fire) surveillance and for temperature monitoring in cables, and has supplied a total of more than 1500 systems around the world. In 2007, the company recruited additional personnel to allow increased sales and development resources be committed to the oil and gas sector.

Sales and customers

Crystal Fibre's **sub-assemblies for high power fibre lasers** principally target existing laser manufacturers, Trumpf Laser GmbH and Rofin-Sinar Technologies Inc. being the biggest names in industrial machining processes, while Coherent Inc., Newport Inc and JDSU Inc. dominate the high-end segment. As Crystal Fibre's products offer radically new laser solutions, the first customers to launch laser products incorporating sub-assemblies from Crystal Fibres have mostly been small or newly started VC-based players.

KOHERAS' **ultra-precise lasers** principally target established players in offshore oil exploration, as well as new players in the sphere of windspeed measurement and safety systems who base their products on fibre-optic technology. These lasers are also sold to the defence industry of the western countries.

Sales of KOHERAS' **white light sources** are principally effected through partnerships with established players in potential areas of application. Examples are Leica (confocal microscopy) and a leading supplier within measurement instruments. Work is in progress to establish similar relationships in application areas such as semiconductor quality inspection and, flow cytometry,

Similarly, customers for LIOS Technology's **distributed temperature monitoring systems** are principally major partners in the respective application segments, such as Siemens (for fire protection applications), NKT Cables and other large cable manufacturers (monitoring of high voltage cables), and major operators and oilfield service companies (to optimise oil and gas production).

Competitors

The leading name in the market for high power fibre lasers is IPG Photonics Inc., which has achieved such dominance in the laser market that all the other players in the field of conventional lasers have now also commenced activities involving fibre lasers. Accordingly, Rofin-Sinar has acquired Nufern, and Liekki Corporation has been acquired by nLIGHT Corporation, a US manufacturer of semiconductor lasers used to pump fibre lasers. Nufern and Liekki, both manufacturers of sub-assemblies for fibre lasers, have been Crystal Fibre's two main competitors.

In ultra-precise lasers, KOHERAS has a single competitor for fibre solutions: the VC-based company NP Photonics in the United States. KOHERAS' most significant competitor is considered to be alternative solutions in the form of semiconductor-based systems.

The situation is similar in the white light source segment. Here too there is only one direct competitor, the UK private-owned company, Fianium Ltd. And here too the competition is principally from existing light sources.

The market for distributed temperature measuring systems is more mature than for the product segments previously described. The largest competitor is Sensa, a Schlumberger Group company. Other important players are the VC-owned Sensornet Ltd. and SensorTran Inc.

Risk factors

Commercial risks

The success of the companies in the NKT Photonics Group depends on their ability to create groundbreaking products for demanding, mostly niche-type markets. The companies' capacity to attract innovative and well-qualified people and establish constructive interaction between technological and commercial driving forces is therefore a crucial success factor.

Financial risks

The NKT Photonics companies are international market players and, as such, are exposed to currency risks. However, these risks are judged to be insignificant in relation to the overall size of the NKT Group.

Cyclical sensitivity

The cyclical sensitivity of the NKT Photonics' companies in their present phase of development is considered moderate. As the products mature relative to the markets, cyclical sensitivity increases because most of the companies' revenue is derived from components used in industrial applications. At its present level, the cyclical sensitivity of the companies is not significant in relation to NKT as a whole.

NKT PHOTONICS GROUP 2007

In 2007, the NKT Photonics Group further matured the market for a number of advanced components, light sources and measuring equipment products based on optical fibres, thereby moving closer to realising its potential and the target of minimum revenue of 500 mDKK by year 2012.

In 2007, LIOS Technology, which had previously focused on monitoring equipment for tunnel fires etc., achieved breakthrough for its temperature monitoring system in the area of high voltage cables, thus making the company a leading player also in this application. KOHERAS and Crystal Fibre principally directed their efforts in 2007 to maturing and qualifying products for industrial applications.

NKT Photonics Group realised revenue of 112 mDKK in 2007, a 19% increase in relation to 2006 when revenue was 94 mDKK. 62% of this increase was attributable to LIOS Technology, while 2007 revenues for KOHERAS and Crystal Fibre were similar to the year before.

NKT Photonics' total operating earnings before depreciation and amortisation (EBITDA) amounted to (18) mDKK in 2007, as against (18) mDKK in 2006. The size of the deficit is in line with initial expectations and reflects the intensified development activity begun in mid-2006.

EXPECTATIONS 2008

NKT Photonics expects to increase revenue to around 180 mDKK in 2008. This corresponds to nominal growth of 60%, half being organic and half being attributable to the acquisition of Vytran, which became a part of NKT Photonics Group from 1 February 2008.

Operating earnings (EBIT) are expected to be around (20) mDKK, as against (32) mDKK in 2007.

NKT Flexibles

NKT Flexibles is owned by NKT Holding A/S (51%) and the offshore contractor Acergy (49%), and included in the NKT Group's financial statements as a 51%-owned joint venture, the company being managed in partnership by the owners. This means that the company is not fully recognised in NKT's consolidated financial statements but is reported on one line

THE STRATEGIC PERSPECTIVE

Products

NKT Flexibles develops, manufactures and markets offshore subsea pipe systems based on a flexible construction. The pipe systems are designed for recovery of oil and gas from fields on the sea bed.

The product programme consists of flexible subsea pipes ranging from 2 - 16" ID (approx. 50-406 mm) designed to operate under highly demanding conditions in all parts of the world. The products are unique in that they remain flexible even under very high working pressures, as high as 600 bar, and can at the same time withstand working temperatures up to +130°C.

Flexible subsea pipe systems are today used to recover oil and gas at depths as great as 2,000 meters. NKT Flexibles has recently qualified products for deployment at such depths.

Market

The global market for flexible pipe systems for the offshore oil and gas industry is estimated at around 1,5 bnUSD. The largest markets for flexible subsea pipe systems are the Atlantic Ocean off Brazil (approx. 50% of world market), West Africa and the North Sea. Other important markets are the Gulf of Mexico, the Far East and Australia.

The offshore industry's incentive to invest in new oil fields is determined by the price of crude oil and by the need of the oil companies to replace existing reserves. Depending on the technology required to develop the individual field, the oil companies operate with an oil price of around 30-45 USD/barrel (160 litres) as the figure at which it becomes economically feasible to invest in new oil fields.

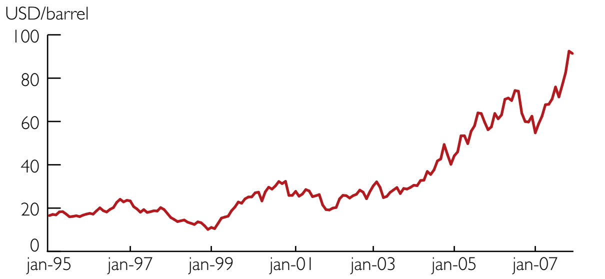
The level of offshore activity, which was generally weak at the start of the decade, began rising in 2nd-half 2004 and has continued growing strongly through the whole of 2005, 2006 and 2007.

Activity levels in the sector remain high and are expected to remain so in the years ahead. This trend is further strengthened by a need to increase oil industry production capacity to meet the anticipated future demand.

In the long term, the maintenance of a reliable energy supply situation rests on political and economic decisions that may also include renewable energy and nuclear power. In the present situation, however, there is reason to believe that the demand for oil and gas will grow by as much as 2% annually.

Historically, oil has been recovered from the most cost-effective locations, ie. on land and in relatively shallow offshore waters. In step with depletion of these resources, oil exploration and recovery are taking place at ever increasing depths and often using floating production installations (FPSO's and FPU's). This trend is beneficial for NKT Flexibles because such installations are often dependent on flexible pipelines to convey product from the oil wells on the sea bed to the production installation on the surface.

OIL PRICE DEVELOPMENT



Sales and customers

NKT Flexibles has its own sales organisation and can also bid for new projects through Acergy.

Projects are a.o. let by tender, and companies can bid for the pipe contract by itself, or for a turnkey solution that also includes pipe installation on the sea bed. In this context, Acergy's 49% ownership of NKT Flexibles is a strategically important factor.

Besides working closely with joint owner Acergy, NKT Flexibles markets its products to the global offshore industry. The proportion of direct sales has been rising in recent years. The customer portfolio includes a.o. Shell, BP, StatoilHydro, Maersk, Total, and a number of specialist offshore contractors such as APL, SBM, Bluewater, Tanker Pacific, and of course Acergy.

NKT Flexibles is an exclusively project-oriented business which is therefore based on customer tenders.

NKT Flexibles is thus not price-sensitive in the normal sense, but is entirely dependent on investment decisions prompted by oil price development, the composition of the oil reserves, and the resultant interest in expanding existing oil fields or establishing new ones.

Competitors

Worldwide, NKT Flexibles is one of three suppliers of flexible pipe systems to the offshore oil and gas industry, and represents around 15% of current installed capacity.

The other two suppliers are Technip (France) and Wellstream (UK) with market shares of around 55% and around 30%, respectively.

As market leader, Technip is the dominant supplier of very large and/or very technically challenging turnkey projects to the major oil companies. Technip maintains its technical primacy among other things through a very active IPR policy.

Technip supplies flexible subsea pipes ranging from 2-19"ID (approx. 50-483 mm) designed to operate under highly demanding conditions in all parts of the world.

Wellstream has in recent years focused on establishing a position as a project player supplying large volumes of standard products, not least to the Brazilian market. Wellstream supplies flexible pipes ranging from 2-16"ID (approx. 50-406 mm). These products are also designed for operation in very demanding conditions anywhere in the world.

Organisation and management

NKT Flexibles is managed at Board of Directors level by interplay between the two owners. Day to day operations are the responsibility of the Board of Management in Brøndby, Denmark, headed by CEO Michael C. Hjorth.

NKT Flexibles employed 540 people at the end of December 2007. 40% of this total, primarily R&D, project engineering and administrative staff, were based at the head office in Brøndby. The remaining 60%, principally production personnel, were based at the factory in Kalundborg.

Production and product development

NKT Flexibles' production factory is situated in the Kalundborg docks where the water is deep enough for very large vessels. The factory has an area of 125,000 m^2, which includes around 45,000 m^2 of covered space. Prominent features of the factory landscape are the huge reels and turntables that convey the pipes from factory to ship.

NKT Flexibles is equipped with laboratory and test facilities in Brøndby and Kalundborg, respectively. With the inclusion of a small R&D department in Aalborg, the company employs a total of 30 development engineers engaged in developing the flexible pipe systems of the future, including materials technology, process optimisation and methods for determining product service life.

Investment

NKT Flexibles carries out ongoing investment in product development, production efficiency programmes, and expansion of production capacity. In recent years, annual investment in maintenance and capacity expansion has been around 35 mDKK and 65 mDKK, respectively.

Risk factors

Commercial risks

Primary commercial risks relate to the level of oil industry activity, and thus the size of the offshore market. The level of activity is partly linked to the current and expected future price of crude oil as this has major influence on willingness to invest in the offshore industry.

The relative competitiveness of the three leading suppliers depends on their ability to design pipes that match the customer's needs in terms of quality criteria and other specifications, while also delivering the most cost-effective solution in relation to service life.

Financial risks

NKT Flexibles is an international market player and, as such, is exposed to currency risks. However, these risks are judged to be insignificant in relation to the overall size of the NKT Group. As a matter of principle, hedging of currency risks takes place wherever possible.

Cyclical sensitivity

The cyclical sensitivity of NKT Flexibles is rated low to moderate The company is included in the global offshore industry's value chain, and the need for the products offered by NKT Flexibles principally relates to expansion of existing oil fields or establishment of new ones. The offshore industry works on a long planning horizon and investment decisions are primarily driven by oil price development and the size and composition of the oil reserves.

Environment and safety

NKT Flexibles publishes an environmental annual report. The company is certified in accordance with ISO14001 (environmental management) and OHSAS18001 (health and safety). The company has a very high safety rating which is determined by audit carried out by external consultants and by the company's customers.

NKT FLEXIBLES 2007

In 2007, NKT Flexibles again reported very considerable growth which fully realised the company's initial expectations.

Review of earnings performance (100% equity)

NKT Flexibles realised revenue of 1,237 mDKK in 2007, as against 884 mDKK in 2006, reflecting significant organic growth of 40%. This revenue corresponded to maximum capacity utilisation, which was attributable partly to the high level of activity in recent years, and partly to NKT Cables' improved competitiveness.
Operating earnings (EBITDA) amounted to 269 mDKK, as against 138 mDKK in 2006. At 131 mDKK, earnings growth was therefore again very satisfactory, corresponding to almost twice the 2006 figure. EBITDA margin was 21.8%, which reflects the full utilisation of capacity.

NKT's share of net income for 2007 was 121 mDKK, which must be seen in relation to revised expectations published in the 1st quarter report (from 70 mDKK to 90 mDKK) and later in the 3rd quarter report (from 90 mDKK to around 100-115 mDKK).

Net interest bearing debt at the end of 2007 was 5 mDKK, as against (25) mDKK at the start of the year.

The market continued to reflect a high degree of visibility, and the level of orders received was again extremely satisfactory. At the end of 2007, the company's order book amounted to 1.2 bnDKK, corresponding to around one year's production.

Market situation

The continued rise in the price of oil - from around 50 USD/barrel at the start of the year to around 100 USD/barrel at year end provided the foundation for continuing high levels of activity in the oil and gas sector. This activity also reflects acknowledgment that most of the world's existing oil and gas fields are showing falling production, something that makes it necessary for the oil companies to find solutions to maintain existing oil well pressure - or start developing new fields.

Against the background of the expanded market platform acquired by NKT Flexibles, focus in 2008 will again be on strengthening the company's market position and on efforts to become the supplier of choice for provision of advanced, flexible pipe systems to all offshore oil and gas regions.

Key orders

NKT Flexibles is a player in all offshore oil and gas regions except Brazil and supplied projects to both new and existing customers in 2007. Key projects in 2007 including production and readying of supplies for two projects in West Africa:

› The "Greater Plutonio" project - for which NKT Flexibles has fabricated a technically complex dynamic pipe system that connects a steel tower on the sea bed to a floating production facility on the surface
› The "Moho Bilondo" project - for which NKT Flexibles has supplied dynamic flexible risers and static pipelines on the sea bed, the combined result being a complete subsea pipe system

In summer 2007, NKT Flexibles was awarded a prestigious project, "Gjøa", by StatoilHydro. This project calls for supply of dynamic flexible risers designed to an extremely demanding combination of large inner diameter and high working pressure. Project delivery is scheduled for spring 2009.

Staff expansion

In 2007, the strong increase in the level of activity at NKT Flexibles again led to a further significant staffing increase, and as in 2006, more than 100 new appointments were made. The work force increased from 413 employees at the start of 2007 to 540 at year end.

In mid-2007 the decision was taken to construct a new office building close to the existing head office in Brøndby with space to unite all company clerical and administrative functions.

Capacity

Around 100 mDKK was invested in new machinery and process technology in 2007 with a view to increasing efficiency and capacity at the Kalundborg plant.

A total of 115 km of flexible pipe was manufactured in dimensions ranging from 3" to 15"ID. Some 50 project assignments were completed over the year, around the same number as in 2006.

As a result of the high level of activity, NKT Flexibles expanded its project services function. This now consists of four units manned by engineers and administrative personnel who provide expert support in connection with delivery and installation of finished pipes.

A huge 6,000 tonne outdoor turntable was installed at the Kalundborg factory to hold finished pipes prior to their collection by the installation vessel. This frees up factory production space.

New products

Product development activities continued in 2007, primary focus being on developing deepwater pipes for installation at depths as great as 2,000 m. NKT Flexibles successfully implemented full-scale testing of an 8"ID high pressure/high temperature dynamic pipe for depths up to 1,750 m. During 2008, work will take place on qualifying a 10"ID dynamic flexible pipe for waters as deep as 1,500 m.

NKT Flexibles has devised a technical solution for a monitoring system which, put simply, can detect whether a pipe has been exposed to loads that warrant its replacement before the normal service expiry date. The system will be supplied to a Statoil project in 2008.

Lastly, NKT Flexibles began commercial production of flexible pipes based on a new patented method that uses infra-red light to crosslink polyethylene.

Environment

As in previous years, NKT Flexibles' environmental report documents negligible contamination at the Kalundborg factory from pipes, noise and wastewater. The company's ISO14001 (environmental management) and OHSAS18001 (health and safety) approvals have been extended, confirming compliance with national and international standards.

Ongoing work is carried out to improve the company's safety levels and eliminate all risk of personal injury. This work takes the form of campaigns and courses for all personnel. NKT Flexibles has a high health and safety standard.

EXPECTATIONS 2008

NKT Flexibles expects revenue in 2008 to be unchanged at around 1,200 mDKK. This reflects - and is based on - the company's order book at 1 January.

A profit margin (EBITDA) of around 23% is expected for 2008, as against 21.5% in 2007. NKT's share of net income before tax is expected to comprise at least 120 mDKK, which as a result of increasing amortisation and depreciation of around 15 mDKK, is unchanged compared with 2007.

Group Manangement

BOARD OF DIRECTORS

1. Christian Kjær, R[1] (64)
Chairman
Chamberlain, Master of the Royal Hunt,
Attorney,
cand.jur. 1972
Member and Deputy Chairman1987
Chairman 1990
No. of shares: 622.286 (net buy in 2007: 8.400)

Chairman of the Board of
A/S Segalith af 1/4 1987
Sankt Gjertruds Stræde 10 A/S
Skærbæk Plantage A/S

Member of the Board of
Nye Kommercielle Aktiviteter Holding A/S
Ejendomsselskabet D.F.K. A/S

2. Jan Trøjborg (52)
Deputy Chairman
Mayor
M.Sc. C.Eng. 1986
Member of the Board 2005
No. of shares: 429 (bought in 2007: 146)

Member of the Board of
Billund Lufthavn A/S
KL (Kommunernes Landsforening)
Egns-Invest IFS A/S

3. Krister Ahlström (67)
Director
M.Sc.Tech., 1966, bergsråd, Dr. dr.h.c.
Member of the Board 1995
No. of shares: 0

Also board member of serveral companies in Finland and abroad.

4. Jan Wraae Folting (54)
Director
Becada A/S - P. Larsens Eftf. A/S
O.W. Folting Rederi- og Handelsselskab ApS
cand.merc. 1983
Member of the Board 1995
No. of shares: 104.715

5. Gunnar K. Jørgensen* (61)
Fitter, NKT Flexibles
Member of the Board 2005
No. of shares: 50

6. Arne Dan Kjærulff* (59)
Service Technician, Nilfisk-Advance
Member of the Board 2006
No. of shares: 624 (bought in 2007: 574)

7. Jens Maaløe (53)
President and CEO, Terma A/S
M.Sc. E.Eng. 1979 - ph.d. 1983
Member of the Board 2004
No. of shares: 450 (bought in 2007: 288)

Member of the Board of
Topdanmark A/S
Ingeniørhøjskolen i Århus

8. Jørgen Bjergskov Nielsen* (58)
Electrician, NKT Cables
Member of the Board 1991
No. of shares: 410

9. Jens Due Olsen (44)
cand.polit. 1990
Member of the Board 2006
No. of shares: 0

Member of the Board of
Industriens Pension A/S
Hungarian Telephone and Cable Corp. Inc.
Cryptomathic A/S

** Employee-elected board members*

BOARD OF MANAGEMENT

10. Thomas Hofman-Bang (43)
President and CEO
State Autorised Public Accountant 1994
Joined NKT and the Management Board 2000
No. of shares: 28.000 (bought in 2007: 22.000)

Chairman of the Board of
NKT Flexibles I/S

Member of the Board of
Nordea Investment Fund Management A/S
Det Danske Klasselotteri A/S
NeuroSearch A/S

11. Søren Isaksen (56)
Group Excecutive Director (CTO)
M.Sc. 1977 - Ph.D. 1981
Joined NKT 1981
Member of the Board of Management 1999
No. of shares: 27.275 (bought in 2007: 22.000)

Chairman of the Board of
CAT Forsknings- og Teknologipark A/S

Member of the Board of
NKT Flexibles I/S
Glud & Marstrand A/S

12. Michael Hedegaard Lyng (38)
Chief Financial Officer
cand.merc.aud. 2001
Joined NKT 2007
No. of shares: 449 (bought in 2007: 400)

Shareholdings as at 1 March 2008 include shareholdings of related parties.
Details of directorships held in other Danish companies are provided in compliance with section 107 of the Danish Company Accounts Act.
Information concerning the board members is continuously updated on www.nkt.dk.

Statements

STATEMENT BY THE BOARD OF DIRECTORS AND THE MANAGEMENT

Today the Board of Directors and Board of Management have discussed and approved the Annual Report of NKT Holding A/S for the financial year 1 January - 31 December 2007.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for Annual Reports of listed companies. We consider the accounting policies used to be appropriate. Accordingly, the Annual Report gives a true and fair view of the Group's and the Parent Company's financial position at 31 December 2007 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2007.

We recommend that the Annual Report be approved at the annual general meeting.

Brøndby 5 March 2008

Board of Management

Thomas Hofman-Bang *President and CEO*	Søren Isaksen	/ Michael Hedegaard Lyng

Board of Directors

Christian Kjær *Chairman*	Jan Trøjborg *Deputy Chairman*	Krister Ahlström
Jan Wraae Folting	Gunnar Karsten Jørgensen	Arne Dan Kjærulff
Jens Maaløe	Jørgen Bjergskov Nielsen	Jens Due Olsen

Statements

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of NKT Holding A/S

We have audited the Annual Report of NKT Holding A/S for the financial year 1 January - 31 December 2007, which comprises the Statement of the Board of Directors and Board of Executives on the Annual Report, Management's Review, a summary of significant accounting policies, the income statement, balance sheet, statement of changes in equity, cash flow statement for the year then ended and notes for the Group as well as for the Parent Company. The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for Annual Reports of listed companies.

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

The Board of Directors and Board of Executives are responsible for the preparation and fair presentation of this Annual Report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for Annual Reports of listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an Annual Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Basis of Opinion

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Annual Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and Board of Executives, as well as evaluating the overall presentation of the Annual Report.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's financial position at 31 December 2007 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2007 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for Annual Reports of listed companies.

Copenhagen, 5 March 2008

KPMG C. Jespersen,
Statsautoriseret Revisionsinteressentselskab

Finn L. Meyer	Søren P. Krejler
State Authorised	*State Authorised*
Public Accountant	*Public Accountant*

Group accounts 2007

CONTENTS

NOTES

Income statement

1 January - 31 December Amounts in mDKK	Note	2007	2006
Revenue	4	13,524.7	10,815.0
Other operating income	5	184.2	209.6
Changes in inventories of finished goods and work in progress		89.6	210.9
Work performed by the Group and capitalised		13.2	9.6
Raw materials, consumables and goods for resale		(8,480.1)	(6,534.7)
Employee benefits, expense	6,7	(2,322.7)	(2,075.2)
Other costs	7,8	(1,705.5)	(1,675.5)
Share of net income after tax attributable to associates and joint ventures accounted for using the equity method	9,10	129.9	62.6
Earnings before interest, tax, depreciation & amortisation (EBITDA)		1,433.3	1,022.3
Depreciation and impairment of tangible assets	17	(192.6)	(139.4)
Amortisation and impairment of intangible assets	15	(108.0)	(65.2)
Earnings before interest and tax (EBIT), before special item		1,132.7	817.7
Financial income	11	95.7	79.5
Financial expenses	12	(240.5)	(128.3)
Earnings before tax and special item		987.9	768.9
Adjustment of goodwill by increase in tax asset	13,15	-	(141.5)
Tax expense	13	(167.9)	(24.1)
Profit for the year		820.0	603.3
To be distributed thus:			
Profit attributable to equity holders of the parent		804.6	582.4
Profit attributable to minority interests		15.4	20.9
		820.0	603.3
Basic earnings per share (EPS)	14	34.2	24.9
Diluted earnings per share (EPS-D)	14	34.0	24.7

Statement of cash flow

1 January - 31 December Amounts in mDKK	Note	2007	2006
Operating earnings before depreciation and amortisation (EBITDA)		1,433.3	1,022.3
Profit on sales of non-current assets, used and increase of provisions, and other non-cash operating items, etc.		(267.9)	(309.4)
Changes in working capital		210.2	(327.5)
Cash flows from operations before financial items		1,375.6	385.4
Interest received		39.6	54.0
Interest paid		(166.4)	(89.5)
Corporation tax paid		(86.5)	(85.0)
Cash flows from operating activities		1,162.3	264.9
Acquisition of business activities	28	(1,039.3)	(13.8)
Acquisition of tangible assets		(457.5)	(251.9)
Disposal of tangible assets		68.4	261.5
Other investments, net		(76.9)	(37.8)
Cash flows from investing activities		(1,505.3)	(42.0)
Changes in long-term loans		(147.3)	496.8
Changes in short-term loans		238.7	430.8
Dividends paid		(235.6)	(294.0)
Subscribed by exercise of options / share options exercised		15.1	(50.9)
Minority interests		-	(68.3)
Cash flows from financing activities		(129.1)	514.4
Net cash flows from operating, investing and financing activities		(472.1)	737.3
Cash at bank and in hand, 1 January		1,016.5	278.9
Currency adjustments		(5.7)	0.3
Net cash flows		(472.1)	737.3
Cash at bank and in hand, 31 December		538.7	1,016.5

Balance sheet

At 31 December Amounts in mDKK	Note	2007	2006
Assets			
Non-current assets			
Intangible assets	15		
Goodwill		905.4	615.4
Trademarks etc.		33.2	20.5
Customer related assets		102.3	-
Development projects completed		89.6	104.1
Patents abd licences etc.		154.3	59.8
Development projects in progress		102.6	58.4
		1,387.4	858.2
Property, plant and equipment	17		
Land and buildings		469.0	210.4
Manufacturing plant and machinery		572.9	225.1
Fixtures, fittings, tools and equipment		274.3	255.7
Property, plant and equipment under construction and prepayments		192.3	79.5
		1,508.5	770.7
Other non-current assets			
Investments in associates and joint ventures	9,10	260.2	166.9
Other investments		32.3	28.9
Deferred tax	23	247.3	360.4
		539.8	556.2
Total non-current assets		3,435.7	2,185.1
Current assets			
Inventories	18	2,286.8	1,893.7
Trade and other receivables	19,25	2,508.1	2,188.7
Income tax receivable		39.6	16.6
Other investments		18.4	49.3
Receivables from sale of property		271.9	-
Cash at bank and in hand		538.7	1,016.5
Total current assets		5,663.5	5,164.8
Total assets		9,099.2	7,349.9

Balance sheet

At 31 December Amounts in mDKK	Note	2007	2006
Equity and liabilities			
Equity			
Share capital	20,21	472.8	470.0
Reserves		(112.0)	15.4
Retained earnings		2,625.3	2,066.3
Proposed dividends		260.0	235.0
Total equity attributable to equity holders of the parent		3,246.1	2,786.7
Minority interests		36.4	18.9
Total equity		**3,282.5**	**2,805.6**
Liabilities			
Non-current liabilities			
Deferred tax	23	94.8	6.9
Employee benefits	22	286.6	288.3
Provisions	24	92.9	21.6
Interest bearing loans and borrowing	25	1,343.1	1,476.8
		1,817.4	**1,793.6**
Current liabilities			
Interest bearing loans and borrowing	25	1,205.5	623.6
Trade and other payables	25,26	2,613.6	1,973.7
Income tax payable		48.0	13.5
Provisions	24	132.2	139.9
		3,999.3	**2,750.7**
Total liabilities		**5,816.7**	**4,544.3**
Total equity and liabilities		**9,099.2**	**7,349.9**

Statement of changes in equity

At 31 December Amounts in mDKK	Share capital	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Proposed dividends	Total	Minority interest	Total equity
Equity at 1 January 2007	470.0	0.9	14.4	0.1	2,066.3	235.0	2,786.7	18.9	2,805.6
Changes in equity in 2007									
Foreign exchange translation differences		(105.9)					(105.9)	2.1	(103.8)
Value adjustment of hedging instruments:									
Value adjustment for the year			(27.0)				(27.0)		(27.0)
Transferred to revenue			6.1				6.1		6.1
Tax on changes in equity		(2.7)	2.1		0.4		(0.2)		(0.2)
Net gains recognised directly in equity	-	(108.6)	(18.8)	-	0.4	-	(127.0)	2.1	(124.9)
Profit for the year					544.6	260.0	804.6	15.4	820.0
Total recognised income and expense	-	(108.6)	(18.8)	-	545.0	260.0	677.6	17.5	695.1
Distributed dividends					(0.6)	(235.0)	(235.6)		(235.6)
Distributed dividends, treasury shares					0.8		0.8		0.8
Share options exercised					(0.8)		(0.8)		(0.8)
Share-based payment					2.3		2.3		2.3
Subscribed by exercise of options	2.8				12.3		15.1	-	15.1
Total changes in equity in 2007	2.8	(108.6)	(18.8)	-	559.0	25.0	459.4	17.5	476.9
Equity at 31 December 2007	472.8	(107.7)	(4.4)	0.1	2,625.3	260.0	3,246.1	36.4	3,282.5

Statement of changes in equity

At 31 December Amounts in mDKK	Share capital	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Proposed dividends	Total	Minority interest	Total equity
Equity at 1 January 2006	490.0	99.3	27.8	5.8	1,754.8	294.0	2,671.7	63.1	2,734.8
Changes in equity in 2006									
Foreign exchange translation differences		(101.6)					(101.6)	3.6	(98.0)
Value adjustment of hedging instruments:									
Value adjustment for the year			30.3		(12.9)		17.4		17.4
Transferred to revenue			(58.6)				(58.6)		(58.6)
Change in fair value of available-for-sale securities transferred to income statement				(5.7)			(5.7)		(5.7)
Tax on changes in equity		3.2	14.9		26.0		44.1		44.1
Net gains recognised directly in equity	-	(98.4)	(13.4)	(5.7)	13.1	-	(104.4)	3.6	(100.8)
Profit for the year					347.4	235.0	582.4	20.9	603.3
Total recognised income and expense	-	(98.4)	(13.4)	(5.7)	360.5	235.0	478.0	24.5	502.5
Distributed dividends						(294.0)	(294.0)		(294.0)
Distributed dividends, treasury shares					13.3		13.3		13.3
Treasury shares cancelled	(20.0)				20.0		-		-
Share options exercised					(85.1)		(85.1)		(85.1)
Share-based payment					2.8		2.8		2.8
Disposal, minority interests							-	(68.7)	(68.7)
Total changes in equity in 2006	(20.0)	(98.4)	(13.4)	(5.7)	311.5	(59.0)	115.0	(44.2)	70.8
Equity at 31 December 2006	470.0	0.9	14.4	0.1	2,066.3	235.0	2,786.7	18.9	2,805.6

Notes

1 Accounting policies

NKT Holding A/S is a public limited company domiciled in Denmark. As required by the Danish Financial Statements Act the annual report for the period 1 January - 31 December 2007 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 of NKT Holding A/S for 2007 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies, cf. the Copenhagen Stock Exchange's disclosure requirements for annual reports of listed companies and the statutory order on the adoption of IFRS by enterprises subject to the Danish Financial Statements Act issued pursuant to the Danish Financial Statements Act.

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

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.

New accounting standards

NKT Holding A/S has with effect from 1 January 2007 implemented IFRS 7 Financial Instruments: Disclosures as well as IAS 1 (revised 2005) Presentation of financial statements and IAS 32 (revised 2005). The interpretations IFRIC 7-10 have also been implemented.

The new financial reporting standards and interpretations have not influenced recognition and measurement, and the effect on the financial statements is therefore unchanged from last year. The new standards only give rise to changes in the information given in the notes. Comparative figures in the notes have been restated.

The new financial reporting standards and interpretations have no effect on earnings per share and diluted earnings per share.

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 has control of 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 generally obtained by direct or indirect ownership or control of more than 20% of the voting rights but less than 50%.

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.

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.

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

Accounting items attributable to the subsidiary companies are recognised in full in the consolidated financial statements. 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 disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not restated for acquisitions or disposals. Discontinued operations are, however, presented separately, cf. below.

Notes

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, and the fair value can be reliably measured. 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.

For business combinations made on 1 January 2004 or later, any excess of the cost over the fair value of the identifiable assets, liabilities and contingent liabilities acquired (goodwill) is recognised as goodwill under intangible assets. Goodwill is not amortised but is tested annually for impairment. The first impairment test is performed before the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test. Goodwill and fair value adjustments relating to acquisition of a foreign entity with a functional currency other than the presentation currency used in the NKT Holding A/S Group's financial statements are treated as assets and liabilities belonging to the foreign entity and are translated into the foreign entity's functional currency at the exchange rate at the transaction date. Negative differences (negative goodwill) are recognised in the income statement at the acquisition date.

For business combinations made prior to 1 January 2004, the accounting classification has been maintained in accordance with previous accounting policies. The accounting treatment of business combinations prior to 1 January 2004 was not revised in connection with the opening balance sheet at 1 January 2004. Goodwill recognition as at 1 January 2004 is thus based on the cost recognised under previous accounting policies (the Danish Financial Statements Act and Danish Accounting Standards) less amortisation and impairment up until 31 December 2003. Goodwill is not amortised after 1 January 2004.

The cost of an enterprise consists of the fair value of the agreed consideration, plus expenses directly attributable to the acquisition. If parts of the consideration are conditional upon future events, these parts are included in the cost to the extent that the events are likely and the consideration can be calculated reliably.

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

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.

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 transactions denominated in foreign currencies.

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

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

On recognition in the consolidated financial statements of enterprises with a functional currency other than DKK, the income statements are translated at the exchange rates at the transaction date and the balance sheet items are translated at the exchange rates at the balance sheet date. The average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly distort the picture. Foreign exchange differences arising on translation of the opening balance of equity of such enterprises at the exchange rates at the balance sheet date and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date are recognised directly in equity under a separate translation reserve.

Notes

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

On recognition in the consolidated financial statements of associates with a functional currency other than DKK, the share of profit/loss for the year is translated at average exchange rates and the share of equity, including goodwill, is translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on the translation of the share of the opening balance of equity of foreign associates at the exchange rates at the balance sheet date, and on translation of the share of profit/loss for the year from average exchange rates to the exchange rates at the balance sheet date, are recognised directly in a separate translation reserve in equity.

On full or partial disposal of foreign units or on repayment of the balances considered part of the net investment, the share of the accumulated foreign exchange adjustments recognised directly in equity and attributable thereto is recognised in the income statement concurrently with any gain or loss on the disposal.

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.

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

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge, and which effectively hedges changes in the value of the hedged item, are recognised in equity in a separate reserve for hedging transactions until the hedged transaction is realised. At this time, gains or losses concerning such hedging transactions are transferred from equity and recognised in the same item as the hedged. Gains or losses from hedges of proceeds from future borrowings are, however, transferred from equity over the term of the loan.

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

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

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 the goods for resale and manufactured goods is recognised in the income statement, provided supply and transfer of risk to the buyer have taken place before year end, and provided 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 on a straight-line basis as the services are provided.

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 work in progress is 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 activities, investment, etc. Grant amounts are recognised when there is reasonable certainty 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.

Notes

Grants for the acquisition of assets and development activities 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 principal activities, including grant schemes, reimbursements and gains on sale of non-current assets. Gains on disposal of intangible assets and property, plant and equipment are determined as the sales price less selling costs and the carrying amount at the selling date.

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 recognised during the year in 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 and other costs recognised during the year in 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 comprises acquisitions and changes in relevant inventory levels during the year and includes shrinkage, waste production and any write-downs due to obsolescence.

Staff costs

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

Other costs

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

Profits/losses from investments 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 interests, and elimination of the proportionate share of intra-group profits/losses.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment comprises 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, 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 on-account tax scheme etc. Realised and unrealised gains and losses on derivative financial instruments which are not designated as hedging arrangements are also included.

Tax on profit/loss for the year

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.

Balance sheet

Intangible assets

Goodwill

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

The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. Identification of cash-generating units is based on the management structure and internal financial control. As a result of the integration of acquired enterprises in the existing Group, the management assesses that the smallest cash-generating units to which the carrying amount of goodwill can be allocated is per business segment.

Development projects, patents and licences, etc.

Clearly defined and identifiable development projects for which the technical rate of utilisation, sufficient resources and a potential future market or development possibility in the Company can be proved, and where the intention is to produce, market or use the project, are included as intangible assets provided the cost can be determined reliably and provided there is adequate certainty that the future earnings or the net selling price can cover the production, sales and administration costs and also the development costs. Other development costs are recognised in the income statement as incurred.

Recognised development costs are measured at cost less accumulated amortisation and impairment losses. The cost includes wages, amortisation and other costs relating to the Groups's development activities.

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 five to ten 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 lower.

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.

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

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, subsuppliers and wages. 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. Where individual parts of an item of property, plant and equipment have different useful lives they are depreciated separately.

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. When calculating the present value, the interest rate implicit in the lease or an alternative borrowing rate is used as 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 derecognised 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.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets/components, as follows:

Buildings	10-77 years
Plant and machinery	4-20 years
Fixtures and fittings, other plant and equipment	4-17 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.

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 the carrying amount of goodwill.

Investments in associates with negative equity values are measured at DKK 0 (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 of non-current assets

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

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. Impairment of goodwill is recognised in a separate line item in the income statement.

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 tested annually for indications 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 loss is recognised if the carrying amount of an asset or a cash-generating unit exceeds the respective recoverable amount thereof. Impairment losses are recognised in the income statement under depreciation and impairment of tangible assets and amortisation and impairment of intangible assets, respectively. However, 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. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables 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 factory, administration and management.

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 impairment is considered to have occurred.

Construction contracts

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 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 under liabilities.

Prepayments from customers are recognised under 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; Unquoted securities are measured at an estimated fair value based on market data and generally accepted valuation methods. Unrealised value adjustments are recognised directly in 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 equity is transferred to financial income or financial expenses.

Equity

Dividends

Proposed dividends are recognised as a liability at the date of their adoption at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Interim dividends are recognised as a liability at the date when the decision to pay interim dividends is made.

Treasury shares

Cost of acquisition, consideration received and dividends received from treasury shares are recognised directly as retained earnings in equity. Capital reductions from the cancellation of treasury shares are deducted from the share capital by an amount corresponding to the nominal value of the shares.

Proceeds from the sale of treasury shares and issue of shares, respectively, in NKT Holding A/S resulting from the exercise of share options or employee shares are recognised directly in equity.

Translation reserve

The translation reserve in the consolidated financial statements comprises foreign exchange differences arising on translation of financial statements of units 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 units, and exchange adjustments relating to hedging transactions that protect the Group's net investment in such units.

On full or partial realisation of net investments in foreign enterprises, the foreign exchange adjustments are recognised in the income statement.

At 1 January 2004 the translation reserve was deemed to be zero in accordance with IFRS 1.

Share option programme

The NKT Group's incentive schemes include a share option programme.

Share option programme

The value of services received in exchange for granted share options is measured at the fair value of these options.

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.

For share options where the option holder has a choice between settlement in shares or in cash, the fair value is initially measured at the grant date and recognised in the income statement under staff costs over the vesting period. Subsequently, the fair value of the share options is measured at each balance sheet date and at final settlement, and any changes in the value of the share options are recognised in the income statement under staff costs in proportion to the lapsed portion of the vesting period. The counter-item is recognised under liabilities.

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 in this number. Accordingly, total recognition is 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.

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 as 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, cf. however 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. On transition to IFRS, cumulative actuarial gains and losses were recognised in full in the opening balance sheet at 1 January 2004. 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 employees' expected average remaining working life in the Group. 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 unrecognised 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 goodwill which is 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 carryforward, are recognised under other non-current assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax 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 either 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 obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

The amount recognised as a provision is the management's best estimate of the 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 factor is applied that reflects the current market interest rate and the specific risks considered to relate to the obligation. Changes in present values during the year are recognised as 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. On acquisition of enterprises, restructuring provisions in the acquire are only included in goodwill when the acquire has a restructuring liability 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.

When the Group has an obligation to dismantle an asset or to restore the site on which the asset is located, a provision is recognised corresponding to the present value of expected future costs.

Financial liabilities

Amounts owed to mortgage 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.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at amortised cost.

Notes

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 Property, plant and equipment and in the section Financial liabilities, respectively.

Rental payments made under operational leases are recognised on a straight-line basis over the term of the lease.

Deferred income

Deferred income comprises payments received concerning income in subsequent years, 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 remeasurement at the carrying amount or fair value less selling costs, whichever is the lower, are recognised in the income statement in 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.

Presentation of discontinued operations

Discontinued operations comprise a major whose activities and cash flows can be clearly distinguished, operationally and in financial reporting terms, from the rest of the enterprise. The unit 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 include activities which in conjunction with the acquisition have been designated as "held for sale".

The profit/loss after tax of discontinued operations, and value adjustments after tax of related assets and liabilities, 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 acquisitions and disposals of enterprises is shown separately in Cash flows from investing activities. Cash flows from activities acquired are recognised in the cash flow statement from the date of acquisition. Cash flows from activities sold are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated using 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 not 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 at bank and in hand

Cash at bank and in hand comprise cash balances and bank deposits.

Cash flows denominated in currencies other than the functional currency are translated using mean exchange rates unless these exchange rates deviate materially from the exchange rates valid at the transaction date.

Segment reporting

Information is provided in terms of business segments, which are the Group's primary reporting format, and geographical markets - the secondary format. Segment information is based on the Group's risks, its general management and its internal financial management. The segment information is presented in accordance with the Group accounting policies.

Segment revenue and costs and segment assets and liabilities comprise items that are directly attributable to the individual segment and items that can reliably be allocated to it. Unallocated items primarily comprise assets and liabilities, along with income and costs related to the Group's administrative functions, investment activities, income taxes, etc.

Segment non-current assets comprise such assets used directly in segment operations, including intangible assets, property, plant and equipment, and investments in associates. Segment current assets comprise such assets used directly in segment operations, including inventories, trade and other receivables, prepayments, and cash at bank and in hand.

Segment liabilities comprise liabilities resulting from segment operations, including trade creditors and other payables.

Financial ratios

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated in accordance with IAS 33. Other financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2005".

The financial ratios stated in the financial highlights have been calculated as follows:

Equity ratio	$\frac{\text{Equity excl. minority int. at year end} \times 100}{\text{Liabilities at year end}}$
Earnings per Share (EPS)	$\frac{\text{Profit/loss*}}{\text{Average number of shares in circulation}}$
Earnings per Share Diluted (EPS-D)	$\frac{\text{Diluted profit/loss*}}{\text{Diluted average number of shares in circulation}}$
Equity value	$\frac{\text{Equity excl. minority int. per share}}{\text{Number of shares in circulation}}$

** Profit/loss attributable to the shareholders of the parent company*

2 Accounting estimates and judgments

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 to the preparation of the financial statements are made, among other things, by computing amortisation, depreciation and impairment, the selling price of construction contracts, pensions and similar liabilities, deferred tax assets, provisions and contingent assets and liabilities. Furthermore, estimates are made of fair values in connection with initial recognition of subsidiairies.

For the NKT Group the measurement of intangible assets, including goodwill, could be materially affected by significant changes in estimates and assumptions underlying the calculation of the recognised amounts. For a description of impairment tests of intangible assets, please refer to Note 16.

Deferred tax assets are recognised when it is probable that they will reduce future tax payments within a foreseeable period. Value adjustments of deferred tax assets in this respect are disclosed in Note 23.

The estimates used are based on assumptions which by Management are considered to be reliable, but which by nature are associated with uncertainty. 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 result in actual results differing from these estimates. Particular risks relating to the NKT Group are described in the section on risk factors in the Management report.

Accounting policies

In applying the Group accounting policies, Management makes assessments in addition to estimates that may materially affect the amounts recognised in the annual report.

Notes

Amounts in mDKK

3 Segmentreporting

The information the NKT Group provides about its business segments is correlated with NKT's accounting policies, risks and internal financial management.

Our business segments comprise:
> NKT Cables Group, cable products
> Nilfisk-Advance Group, professional cleaning equipment
> NKT Photonics Group, optical products

In this annual report the segments are discussed under the reviews for the individual companies, or under NKT Photonics Group for companies in that group.

Activities - primary segment - 2007	NKT Cables	Nilfisk-Advance	NKT Photonics	Unalloca-ted / Other	Total 2007
Income statement					
Revenue from external customers	7,623.3	5,784.2	104.2	13.0	13,524.7
Inter-segment revenue	0.8	-	8.1	(8.9)	-
Total revenue	7,624.1	5,784.2	112.3	4.1	13,524.7
Costs and other income, net	(6,904.5)	(5,157.7)	(132.2)	(26.9)	(12,221.3)
Share of profit and loss, associates and joint ventures	(0.9)	8.0	1.7	121.1	129.9
Earnings, EBITDA	718.7	634.5	(18.2)	98.3	1,433.3
Depreciation and amortisation	(145.2)	(140.2)	(13.4)	(1.8)	(300.6)
Segment result	573.5	494.3	(31.6)	96.5	1,132.7
Net financing costs					(144.8)
Tax					(167.9)
Profit for the year					820.0
Balance sheet					
Segment goodwill	150.3	753.4	1.7	-	905.4
Investments in associates and joint venture	4.4	33.6	9.3	212.9	260.2
Other segment assets	3,829.0	2,886.4	76.6	1,141.6	7,933.6
Segment liabilities	1,841.2	1,263.6	22.6	2,689.3	5,816.7
Other Information					
Cash flow from operations before net financing costs and tax	724.2	698.8	(21.1)	(26.3)	1,375.6
Additions to property, plant and equipment and intangible assets	364.1	212.3	13.5	1.9	591.8
Average number of full-time employees	3,122	4,294	116	43	7,575

Geographical - secondary segment - 2007	Europe	North America	Other	2007 total
Revenue from external customers	10,947.8	1,447.7	1,129.2	13,524.7
Segment goodwill	554.5	241.0	109.9	905.4
Other segment assets	5,644.4	527.3	667.6	6,839.3
Assets, not allocated				1,354.5
Additions to property, plant and equipment and intangible assets	508.2	49.9	33.7	591.8

Notes

Amounts in mDKK

3 Segment reporting, continued

Activities - primary segment - 2006	NKT Cables	Nilfisk-Advance	NKT Photonics	Unallocated / Other	Total 2006
Income statement					
Revenue from external customers	5,266.8	5,439.2	94.5	14.5	10,815.0
Inter-segment revenue	0.9	-	-	(0.9)	-
Total revenue	5,267.7	5,439.2	94.5	13.6	10,815.0
Costs and other income, net	(4,903.8)	(4,813.0)	(112.8)	(25.7)	(9,855.3)
Share of profit and loss, associates and joint ventures	(0.5)	10.1	-	53.0	62.6
Earnings, EBITDA	363.4	636.3	(18.3)	40.9	1,022.3
Depreciation and amortisation	(62.0)	(128.0)	(12.8)	(1.8)	(204.6)
Segment result	301.4	508.3	(31.1)	39.1	817.7
Net financing costs					(48.8)
Tax and special item					(165.6)
Profit for the year					603.3
Balance sheet					
Segment goodwill	13.6	600.1	1.7	-	615.4
Investments in associates and joint venture	0.1	28.1	9.6	129.1	166.9
Other segment assets	2,369.7	2,628.9	81.6	1,487.4	6,567.6
Segment liabilities	1,266.9	1,123.4	26.8	2,127.2	4,544.3
Other Information					
Cash flow from operations before net financing costs and tax	124.0	307.9	(29.6)	(16.9)	385.4
Additions to property, plant and equipment and intangible assets	175.7	182.7	6.1	1.5	366.0
Average number of full-time employees	2,005	3,868	101	42	6,016

Geographical - secondary segment - 2006	Europe	North America	Other	2006 total
Revenue from external customers	8,364.9	1,453.4	996.7	10,815.0
Segment goodwill	396.6	199.7	19.1	615.4
Other segment assets	4,447.1	345.5	325.4	5,118.0
Assets, not allocated				1,616.5
Additions to property, plant and equipment and intangible assets	252.0	74.6	39.4	366.0

4 Revenue

	2007	2006
Goods	12,663.2	10,184.6
Services	697.0	584.0
Rentals	13.3	13.7
Construction contract revenue	151.2	32.7
	13,524.7	10,815.0

Notes

Amounts in mDKK

5 Other operating income

	2007	2006
Release of unused provisions	6.2	17.2
Gain on disposal of property, plant and equipment and intangible assets	136.1	149.1
Government grants	4.3	10.6
Other	37.6	32.7
	184.2	**209.6**

6 Employee benefits, expense

	2007	2006
Wages and salaries	1,966.2	1,736.1
Compulsory social security	243.2	237.3
Defined contribution plans	94.8	81.4
Defined benefit plans	16.2	18.2
Share-based payments	2.3	2.2
	2,322.7	**2,075.2**
Average number of full-time employees	7,575	6,016

7 Research & development costs

	2007	2006
Research and development costs recognised as other costs	141.2	141.1
Research and development costs recognised as employee benefits	71.0	103.3
- capitalised as work performed by the group	-	(9.6)
Total research and development costs expensed as incurred	212.2	234.8
Development costs recognised as assets	78.7	62.1
	290.9	**296.9**

8 Fees paid to auditors elected at the annual general meeting

	2007	2006
KPMG:		
Statutory audit	14.7	12.8
Other services	6.8	8.8
	21.5	21.6

9 Investments in associates

Summary financial information - 100%

Company information and ownership are listed in Group Companies note 34

	2007	2006
Revenue	412.6	367.3
Profit for the year	29.8	28.7
Total assets	315.7	274.8
Liabilities	183.0	160.4
NKT Group share of profit for the year	8.8	9.6
NKT Group share of equity	44.6	44.4
Goodwill	2.7	2.9
Carrying amount, 31 December	47.3	47.3

Notes

Amounts in mDKK

10 Interest in joint venture

Sammendrag af finansiel information - 100 %

NKT Flexibles I/S, Denmark	2007	2006
Revenue and other income	1,260.6	888.7
Expenses, net	(1,023.1)	(784.7)
Profit for the period	237.5	104.0
Non-current assets	329.4	247.5
Current assets	511.8	429.5
Total assets	841.2	677.0
Equity	417.5	253.1
Current liabilities	423.7	423.9
Total equity and liabilities	841.2	677.0
NKT Group ownership	51%	51%
NKT Group share of profit / (loss)	121.1	53.0
NKT Group share of equity	212.9	129.1

The NKT Group has a 51% ownership interest in NKT Flexibles I/S. Provision is not made for corporate income tax as NKT Flexibles I/S is not liable to tax independently, taxation taking place on the stakeholders. NKT Flexibles is accounted for by one line consolidation in accordance with the provisions of IAS 31 on jointly controlled entities.

11 Financial income

Interest	29.6	35.6
Foreign exchange gains	64.9	35.7
Gains on available-for-sale equity securities	1.2	8.2
	95.7	79.5

12 Financial expenses

Interest	157.5	77.5
Foreign exchange losses	83.0	50.8
	240.5	128.3

Notes

Amounts in mDKK

13 Income tax expense

	2007	2006
Recognised in the income statement		
Current tax	82.1	66.9
Deferred tax	85.8	98.7
Deferred tax transferred from goodwill and recognised as income [1)]	-	(141.5)
	167.9	24.1
Effective tax rate percent	17.0%	3.1%
Reconciliation of tax		
Calculated 25% (2006: 28%) % tax on earnings before tax	247.0	215.3
Tax effect of:		
Foreign tax rates relative to Danish tax rate	47.9	26.5
Reduction of Danish and German tax rate related to tax assets	19.3	-
Non-taxable income/non-deductible expenses, net	3.0	(8.2)
Adjustment for previous years	(0.6)	(1.5)
Deferred tax transferred from goodwill and recognised as income 1)	-	(141.5)
Capitalised losses relating to previous years and other value adjustment, net	(148.7)	(66.5)
	167.9	24.1

[1)] In accordance with IFRS, the value of tax assets acquired on acquisition of undertakings but not recognised in the goodwill statement at the acquisition date must be recognised under tax in the income statement when later able to be used. IFRS 3 also requires the original goodwill statement to be adjusted (reduced) by a corresponding amount that must be charged to the income statement. In 2006, in accordance with these instructions the NKT Group increased the tax assets deriving from the acquisition of ALTO in 2004 by 141.5 mDKK and reduced goodwill value by 141.5 mDKK.

14 Earnings per share

	2007	2006
Profit attributable to equity holders of the parent	804.6	582.4
Earnings effect of warrants of subsidiaries	-	-
Diluted profit attributable to equity holders of the parent	804.6	582.4
Profit, continuing operations	820.0	603.3
Profit attributable to minority interests	(15.4)	(20.9)
Profit, continuing operations, attributable to equity holders of the parent	804.6	582.4
Earnings effect of warrants of subsidiaries	-	-
Diluted profit, continuing operations, attributable to equity holders of the parent	804.6	582.4
Weighted average number of shares:		
Average number of issued ordinary shares	23,603,166	24,000,000
Average number of treasury shares	(77,675)	(585,000)
Weighted average number of shares outstanding	23,525,491	23,415,000
Effect of share options	104,758	180,199
Diluted weighted average number of shares outstanding	23,630,249	23,595,199
Basic earnings per share	34.2	24.9
Diluted earnings per share	34.0	24.7

The calculation of diluted earnings per share excludes 73,950 share options (2006: 0) which are out-of-the-money but which may potentially dilute future earnings per share.
In January 2008 a further 75,000 share options were issued that may potentially dilute future earnings per share.

Notes

Amounts in mDKK

15 Intangible assets

	Goodwill	Trademarks etc.	Customer related assets	Completed development projects	Patents and software etc.	Development projects in progress and pre-payments	Total
Costs at 1 January 2006	813.1	-	-	151.7	93.0	43.3	1,101.1
Adjustment	-	49.7	-	-	(49.7)	-	-
Adjusted cost at 1 January 2006	813.1	49.7	-	151.7	43.3	43.3	1,101.1
Acquisitions through business combinations	5.6	3.8	-	-	-	-	9.4
Additions	-	-	-	30.3	41.0	42.8	114.1
Disposals	-	-	-	-	(0.3)	(6.3)	(6.6)
Adjustment of goodwill [1)]	(141.5)						(141.5)
Transferred between classes of intangible assets	-	-	-	20.2	0.5	(20.7)	-
Exchange rate adjustments	(55.8)	2.1	-	(12.5)	(1.9)	(0.7)	(68.8)
Costs at 31 December 2006	621.4	55.6	-	189.7	82.6	58.4	1,007.7
Amortisation and impairment 1 January 2006	(6.0)	-	-	(44.7)	(39.7)	-	(90.4)
Adjustment	-	(21.9)		-	21.9	-	-
Adjusted amortisation at 1 January 2006	(6.0)	(21.9)	-	(44.7)	(17.8)	-	(90.4)
Amortisation for the year	-	(11.2)	-	(46.9)	(7.1)	-	(65.2)
Disposals	-	-	-	-	0.3	-	0.3
Exchange rate adjustments	-	(2.0)	-	6.0	1.8	-	5.8
Amortisation and impairment 31 Dec. 2006	(6.0)	(35.1)	-	(85.6)	(22.8)	-	(149.5)
Carrying amount at 31 December 2006	**615.4**	**20.5**	**-**	**104.1**	**59.8**	**58.4**	**858.2**
Costs at 1 January 2007	621.4	55.6	-	189.7	82.6	58.4	1,007.7
Acquisitions through business combinations	344.5	23.2	137.0	-	67.7	-	572.4
Other additions	0.7	0.4	-	10.0	54.5	68.7	134.3
Disposals	-	-	-	(10.1)	(0.2)	(0.4)	(10.7)
Transferred between classes of intangible assets	-	-	-	21.4	0.8	(22.2)	-
Exchange rate adjustments	(55.2)	(3.0)	(4.0)	(11.5)	(2.4)	(1.9)	(78.0)
Costs at 31 December 2007	911.4	76.2	133.0	199.5	203.0	102.6	1,625.7
Amortisation and impairment 1 January 2007	(6.0)	(35.1)	-	(85.6)	(22.8)	-	(149.5)
Amortisation for the year	-	(10.1)	(30.7)	(44.7)	(22.5)	-	(108.0)
Disposals	-	-	-	10.0	0.3	-	10.3
Transferred between classes of assets	-	-	-	-	(3.2)	-	(3.2)
Exchange rate adjustments	-	2.2	-	10.4	(0.5)	-	12.1
Amortisation and impairment 31 Dec. 2007	(6.0)	(43.0)	(30.7)	(109.9)	(48.7)	-	(238.3)
Carrying amount at 31 December 2007	**905.4**	**33.2**	**102.3**	**89.6**	**154.3**	**102.6**	**1,387.4**
Amortisation period (years)		5	3-7	5-10	5-8		

[1)] In accordance with IFRS, the value of tax assets acquired on acquisition of undertakings but not recognised in the goodwill statement at the acquisition date must be recognised under tax in the income statement when later able to be used. IFRS 3 also requires the original goodwill statement to be adjusted (reduced) by a corresponding amount that must be charged to the income statement. In 2006, in accordance with these instructions the NKT Group increased the tax assets deriving from the acquisition of ALTO in 2004 by 141.5 mDKK and reduced goodwill value by 141.5 mDKK.

16 Impairment tests

Impairment tests carried out essentially concern goodwill relating to the Nilfisk-Advance business segment.

Acquisitions are integrated into the existing organisation, and as a basic principle the Nilfisk-Advance business segment is considered to constitute a single cash generating unit. For 2007, the Viper Group, which was acquired during the trading year, is considered to represent an independent cash generating unit.

Goodwill is calculated yearly in conjunction with reporting for the annual financial statements. The recoverable amount is based on the value in use, which is calculated by applying expected net cash flows based on budgets and plans for the years 2008-2011. Organic growth of around 3% per annum is assumed for the years to 2012. To calculate the terminal value, growth of 2% per annum is estimated for subsequent years, which is considered cautious in view of realised organic growth for previous years.

A discount rate of 9% is applied after recognition of tax of 33%.

The Management accordingly considers that there is no basis for impairment of the carrying amount of goodwill.

Notes

Amounts in mDKK

17 Property, plant and equipment

	Land and buildings	Plant and machinery	Fixtures, fittings and equipment	Assets under construction	Total
Costs at 1 January 2006	600.0	1,058.1	603.7	58.0	2,319.8
Adjustment	(3.0)	(3.5)	43.9	(10.0)	27.4
Adjusted costs at 1 January 2006	597.0	1,054.6	647.6	48.0	2,347.2
Acquisitions through business combinations	-	-	0.4	-	0.4
Other additions	22.2	34.9	100.4	94.4	251.9
Disposals	(161.8)	(28.6)	(56.9)	-	(247.3)
Transferred between classes of tangible assets	7.9	50.8	6.2	(63.2)	1.7
Other transfers	-	-	6.7	-	6.7
Exchange rate adjustments	(12.7)	(1.7)	(22.5)	0.3	(36.6)
Costs at 31 December 2006	452.6	1,110.0	681.9	79.5	2,324.0
Depreciation and impairment, 1 January 2006	(298.1)	(859.6)	(357.0)	-	(1,514.7)
Adjustment	2.2	-	(29.6)	-	(27.4)
Adjusted depreciation and impairment, 1 January 2006	(295.9)	(859.6)	(386.6)	-	(1,542.1)
Depreciation for the year	(9.7)	(45.0)	(84.7)	-	(139.4)
Transferred between classes of tangible assets	-	0.2	(1.9)	-	(1.7)
Disposals	57.9	30.0	45.9	-	133.8
Other transfers	-	-	(6.7)	-	(6.7)
Exchange rate adjustments	5.5	(10.5)	7.8	-	2.8
Depreciation and impairment, 31 Dec. 2006	(242.2)	(884.9)	(426.2)	-	(1,553.3)
Carrying amount at 31 December 2006	210.4	225.1	255.7	79.5	770.7
Costs at 1 January 2007	452.6	1,110.0	681.9	79.5	2,324.0
Acquisitions through business combinations	290.5	209.9	25.7	3.1	529.2
Other additions	11.2	105.3	101.5	239.5	457.5
Disposals	(84.7)	(125.7)	(31.3)	(0.6)	(242.3)
Transferred between classes of assets	18.9	104.8	5.8	(130.5)	(1.0)
Exchange rate adjustments	2.6	18.3	(21.5)	1.3	0.7
Costs at 31 December 2007	691.1	1,422.6	762.1	192.3	3,068.1
Depreciation and impairment, 1 January 2007	(242.2)	(884.9)	(426.2)	-	(1,553.3)
Depreciation for the year	(19.1)	(80.6)	(92.9)	-	(192.6)
Transferred between classes of assets	-	4.0	(0.9)	-	3.1
Disposals	39.5	111.7	22.4	-	173.6
Exchange rate adjustments	(0.3)	0.1	9.8	-	9.6
Depreciation and impairment, 31 Dec. 2007	(222.1)	(849.7)	(487.8)	-	(1,559.6)
Carrying amount at 31 December 2007	469.0	572.9	274.3	192.3	1,508.5
Depreciation period (years)	10-77	4-20	4-17		

18 Inventories

	2007	2006
Raw materials, consumables and goods for resale	779.2	621.0
Work in progress	437.4	294.5
Finished goods	1,070.2	978.2
	2,286.8	1,893.7
Carrying amount of inventories stated at fair value less costs of sale	165.3	200.0
Writedowns on inventories for the year stated as expenses	42.2	49.7
Reversals of writedowns on inventories offset against expenses	-	-

Notes

Amounts in mDKK

19 Receivables

	2007	2006
Trade receivables	2,193.5	1,878.2
Receivables due from associates and joint venture	1.2	0.8
Construction work in progress	10.9	0.1
Other receivables	224.8	245.7
Prepayments	77.7	63.9
	2,508.1	2,188.7
Impairment losses set off against trade receivables	95.8	79.8
Construction work in progress		
Costs incurred and recognised profits less losses	207.7	56.5
Progress billings	(196.8)	(56.4)
	10.9	0.1
Payments withheld	-	-

20 Share capital and dividends

Number of 20 DKK shares ('000)

Shares outstanding 1 January	23,500	24,500
Increase in capital by exercise of share options	138	-
Cancellation of treasury shares	-	(1,000)
Shares outstanding 31 December	23,638	23,500
Treasury shares	(78)	(78)
Shares outstanding 31 December	23,560	23,422

At 31 December 2007, the share capital comprised 23,637,555 shares of par value of 20 DKK. 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 260 mDKK (2006:235mDKK) is proposed, corresponding to a dividend per share of 11 DKK (2006:10 DKK).

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

21 Treasury shares

2007 - 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	1.6		0.3%	
Dividends received			0.8		
31 December	77,675	1.6	0.8	0.3%	35.7

2006 - 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	1,105,000	22.1		4.5%	
Reduction by cancellation of treasury shares	(1,000,000)	(20.0)		-4.1%	
Dividends received			13.3		
Used by exercise of share options	(27,325)	(0.5)		-0.1%	
31 December	77,675	1.6	13.3	0.3%	39.0

Notes

Amounts in mDKK

22 Employee benefits

The Group's significant defined benefit plans relate to unfunded plans in Germany and a funded plan in UK.

	2007	2006
Net recognised liabilities, defined benefit plans:		
Present value of funded obligations, defined benefit plans	120.9	127.5
Fair value of plan assets	(94.3)	(88.6)
	26.6	38.9
Present value of unfunded obligations, defined benefit plans	232.7	257.1
Unrecognised actuarial gains (losses)	22.6	(10.9)
Recognised liability for defined benefit obligations	281.9	285.1
Other long-term employee benefits	4.7	3.2
	286.6	288.3
Amounts recognised in the balance sheet:		
Liabilities, defined benefit plans etc.	286.6	288.3
Assets	-	-
Net liability	286.6	288.3
Expense recognised in the income statement:		
Expected current service costs	7.5	6.0
Expected interest costs on obligations	16.9	15.7
Expected return on plan assets	(5.2)	(4.0)
Amortisation of actuarial (gains) and losses	1.7	0.5
Pension costs relating to previous years	(4.7)	-
	16.2	18.2
Actual return on plan assets	8.9	9.5
Changes in the present value of the defined benefit obligation:		
1 January	384.6	381.4
Expected current service costs	7.5	6.0
Expected interest costs on obligations	16.9	15.7
Pension costs relating to previous years	(4.7)	-
Contributions by plan participants	(2.5)	-
Benefits paid	(11.5)	(6.0)
Settlements	(0.1)	(1.5)
Actuarial (gains) and losses	(25.7)	(11.4)
Exchange differences on foreign plans	(10.9)	0.4
	353.6	384.6
The Group's expected contribution to defined benefit plans in 2008:	13.4	

Amounts in mDKK

22 Employee benefits, continued

	2007	2006
Changes in the fair value of plan assets		
1 January	88.6	73.6
Expected return on plan assets	5.2	4.0
Paid by NKT Group	3.5	6.4
Paid by employees	4.1	-
Benefits paid	(3.0)	(0.9)
Actuarial gains and (losses)	3.6	5.5
Exchange differences on foreign plans	(7.7)	-
	94.3	88.6

	2007	2006
The major categories of plan assets are as follows:		
Equities	72.1	70.9
Bonds	18.0	10.8
Property	4.2	6.9
	94.3	88.6

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

	2007	2006
Discount rate	5.4%	4.7%
Expected rates of return on plan assets	6.1%	5.8%
Future salary increases	3.0%	2.6%
Future pension increases	2.9%	2.4%

Development for current year and previous years:	2007	2006	2005	2004
Present value, defined benefit obligation	(353.6)	(384.6)	(381.4)	(333.9)
Fair value of plan assets	94.3	88.6	73.6	58.9
Surplus/(deficit)	(259.3)	(296.0)	(307.8)	(275.0)
Experience adjustments on plan liabilities	24.0	(11.4)	35.2	3.8
Experience adjustments on plan assets	3.0	5.5	9.4	2.0

Amounts in mDKK

23 Deferred tax assets and liabilities

	2007	2006
Recognised deferred tax assets and liabilities		
Deferred tax assets 1 January	360.4	274.1
Deferred tax liabilities 1 January	(6.9)	(6.8)
Addition relating to business combination	(108.3)	-
Foreign exchange adjustment	(6.8)	(0.7)
Tax of adjustments recognised in equity	(0.1)	44.1
Deferred tax recognised in income statement	(85.8)	(98.7)
Deferred tax recognised as income by transfer from goodwill	-	141.5
Deferred tax 31 December, net	152.5	353.5

Tax assets are recognised if it is probable they will reduce future tax payments within a short time.

	2007	2006
Recognised deferred tax:		
Deferred tax assets 31 December	247.3	360.4
Deferred tax liabilities 31 December	(94.8)	(6.9)
Deferred tax 31 December, net	152.5	353.5

Specification of deferred tax assets and liabilities	2007		2006	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	33.6	(106.3)	50.7	(5.2)
Tangible assets	132.0	(76.8)	190.1	(13.0)
Other non-current assets	0.4	(51.8)	1.2	(13.6)
Current assets	69.9	(104.1)	14.6	(2.6)
Non-current liabilities	86.7	(6.5)	33.1	(1.0)
Current liabilities	71.3	(0.9)	26.1	(2.3)
Tax losses	360.5		440.6	
Tax losses, future recapture		(42.3)		(49.8)
Valuation allowance	(213.2)		(315.4)	
	541.2	(388.7)	441.0	(87.5)
Set off in legal tax units and jurisdictions	(293.9)	293.9	(80.6)	80.6
	247.3	(94.8)	360.4	(6.9)

24 Provisions

	Warranties	Restruc-turing	Other	Total
Provisions 1 January 2007	106.5	18.8	36.2	161.5
Addition relating to business combination	7.5	-	5.2	12.7
Provisions made during the year	84.0	6.7	102.5	193.2
Provisions used during the year	(76.3)	(18.4)	(19.4)	(114.1)
Provisions reversed during the year	(19.7)	-	(6.7)	(26.4)
Other	(3.3)	-	3.7	0.4
Foreign exchange adjustment	(2.3)	-	0.1	(2.2)
Provisions 31 December 2007	96.4	7.1	121.6	225.1
Provisions are recognised in the balance sheet as:				
Non-current liabilities	7.1	2.1	83.7	92.9
Current liabilities	89.3	5.0	37.9	132.2
	96.4	7.1	121.6	225.1

Provisions are expected to be paid with the stated amounts within 1-3 years from the balance sheet date.

Warranties relates 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 relates principally to an estimated restoration liability pertaining to a divested factory property in Cologne, and also rent pertaining to unutilised leases.

Notes

Amounts in mDKK

25 Receivables, interest bearing loans and borrowing and payables

Receivables, interest bearing loans and borrowing and payables are measured at amortised costs using the effective interest method which essentially corresponds to fair value and nominal value.

26 Trade and other payables

	2007	2006
Trade payables	1,125.8	803.5
Other payables	1,004.1	853.1
Prepayments from customers	387.6	316.8
Deferred income	96.1	0.3
	2,613.6	1,973.7

27 Contingent liabilities, security and contractual obligations

Contingent liabilities

The Group is a party to disputes and inquiries from competition authorities etc.the outcome of which is not expected to have any significant effect on the results for the year and the financial position. In connection with disposal of enterprises, guarantees have been provided.

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 2007.

	2007	2006
The Group is jointly and severally liable with the joint venture participant for the liabilities of the joint venture, see Note 10.		
Share of contingent liabilities in joint venture	-	-
Share of contingent liabilities in associates	-	-
Contingent assets	-	-
Contingent assets and liabilities from business combinations	-	-
Security		
Carrying amount of assets provided as security for credit institutions		
Land and buildings	12.2	12.7
Production plant and machinery	8.9	11.2
Liabilities secured on assets	21.1	23.9
Contractual obligations		
Contractual obligations relating to purchase of buildings and production plant	72.8	-

Operating lease commitments

The Group leases property and production equipment, etc. under operating leases. Lease commitments relate principally to property.

Interminable minimum lease payments are specified as follows:		
Within 0-1 year	159.7	153.0
Within 1-5 years	330.9	309.1
After 5 years	103.0	126.0
	593.6	588.1
Lease payments recognised in income statement	178.3	151.2

Operating lease income

Operating lease income relates to property rentals.

Interminable minimum rent income is specified as follows:		
Within 0-1 year	4.2	7.9
Within 1-5 years	0.6	8.1
After 5 years	1.6	3.7
	6.4	19.7

Notes

Amounts in mDKK

28 Acquisition of business activities

2007	Total		Kablo Elektro		Viper Group		Other	
	Fair value at acquisition date	Carrying amount before acquisition	Fair value at acquisition date	Carrying amount before acquisition	Fair value at acquisition date	Carrying amount before acquisition	Fair value at acquisition date	Carrying amount before acquisition
Non-current assets								
Intangible assets	228.2	21.6	46.2	4.6	69.6	-	112.4	17.0
Property, plant and equipment	529.2	281.7	418.6	211.8	85.0	44.5	25.6	25.4
Investments	-	0.7						0.7
Deferred tax assets	0.5	-					0.5	
Current assets								
Inventories	309.9	337.0	226.7	251.5	32.9	30.3	50.3	55.2
Receivables	374.1	384.0	296.4	306.2	19.6	19.6	58.1	58.2
Cash at bank and in hand	19.8	19.8	0.7	0.7	7.5	7.5	11.6	11.6
Non-current liabilities								
Deferred tax liabilities	(108.3)	(17.5)	(71.7)	(17.5)	(20.5)	-	(16.1)	
Provisions	(12.7)	(5.4)	(4.1)	(4.1)	(0.8)	(0.8)	(7.8)	(0.5)
Credit institutions	(7.7)	(7.7)	(0.2)	(0.2)			(7.5)	(7.5)
Current liabilities								
Credit institutions	(347.8)	(347.8)	(307.4)	(307.4)	(12.2)	(12.2)	(28.2)	(28.2)
Payables and provisions	(267.4)	(248.4)	(149.3)	(153.7)	(47.8)	(27.6)	(70.3)	(67.1)
Net assets acquired	717.8	418.0	455.9	291.9	133.3	61.3	128.6	64.8
Goodwill	341.3		97.4		174.7		69.2	
Acquisition cost	1,059.1		553.3		308.0		197.8	
Of which cash funds	(19.8)		(0.7)		(7.5)		(11.6)	
Cash acquisition cost	1,039.3		552.6		300.5		186.2	
Interest bearing payables acquirec	355.6		307.6		12.2		35.8	
Effect on interest bearing items	1,394.9		860.2		312.7		222.0	
Direct purchase expenses	17.0		3.0		8.7		5.3	
Recognised net income after tax	68.0		58.0		5.0		5.0	
Pro-forma revenue (estimated) 1/1 - 31/12	1,760.0		1,200.0		190.0		370.0	
Pro-forma net income after tax (estimated) 1/1 - 31/12	61.0		58.0		5.0		(2.0)	
Share of equity investment acquired			100%		100%		100%	

Goodwill is stated at the amount by which the acquisition cost for the business combination exceeds the acquired share of the net fair value of the identifiable assets, liabilities and contingent liabilities. The goodwill amount represents expected synergy effects from integration of the acquired activities with the Group's existing activities, along with the value of the acquired work force.

The NKT Cables Group acquired the Czech company Kablo Elektro and its subsidiary Kablo Elektro Velké Mezirici with effect from 2 January 2007. One of Eastern Europe's leading energy cable manufacturers, the company has its main focus on servicing the electricity and energy sector in the low and medium voltage cable segments.

Nilfisk-Advance acquired the Viper Group with effect from 1 August 2007. A leading manufacturer and supplier of professional cleaning equipment, Viper is based in Dongguan, southern China. The transaction comprised acquisition of three Asian companies (Dongguan Viper Cleaning Equipment Company Limited, Viper Cleaning Equipment (Shangai) Limited og Viper (Hong Kong) Company Limited), along with acquisition of the business and assets of the independent US company, Viper Industrial Products LLC. A small number of assets and liabilities have been calculated to date. Any adjustments will be recognised within 12 months of the acquisition date, cf. IFRS 3.62.

Other acquisitions comprise NKT Cables' acquisition of CCC GmbH, Berlin, at 1 May 2007, Nilfisk-Advance's acquisition of U.S. Products at 1 January 2007, and acquisitions of distributors in Denmark and UK.

Amounts in mDKK

28 Acquisition of business activities (continued)

2006	Fair value at acquisition date	Carrying amount before acquisition
Non-current assets		
Intangible assets	3.8	-
Property, plant and equipment	0.4	0.4
Current assets		
Inventories	3.0	3.0
Receivables	3.7	3.2
Cash at bank and in hand	0.3	0.3
Non-current liabilities		
Current liabilities		
Trade and other payables	(2.7)	(3.8)
Net assets acquired	8.5	3.1
Goodwill	5.6	
Acquisition cost	14.1	
Of which cash funds	(0.3)	
Cash acquisition cost	13.8	

On 1 January 2006, Nilfisk-Advance A/S acquired the entire share capital and voting rights of leading cleaning equipment dealer, Altscher GmbH, in the Rhein/Main area near Frankfurt, Germany.

Goodwill is recognised at the amount by which the acquisition cost for the business combination exceeds the acquired share of the net fair value of the identifiable assets, liabilities and contingent liabilities. The value of goodwill represents expected synergies from the merger of the acquired activities with Nilfisk-Advance.

Revenue from the acquired enterprise amounts to 33.6 mDKK and profit after tax is 0.2 mDKK

Notes

Amounts in mDKK

29 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 immediate family. Related parties also comprise companies in which the above persons have substantial In addition, related parties comprise associates and joint venture, see the Group overview and Notes 9 and 10.

Transactions with associates and joint venture

	2007		2006	
	Associate	Joint venture	Associate	Joint venture
Goods sold to	9.0		11.4	-
Goods purchased from	2.0		0.1	-
Interest received, net	-	1.1	-	2.1
Other services	-	6.0	(1.7)	0.6
Receivables	5.1	1.2	5.6	0.8
Loans to, net	-	18.4	5.4	41.4
Dividends received	-	35.7	-	-
Capital contribution	4.3	-	-	-

Trading has taken place on normal market conditions.
The terms and conditions for granting loans to the joint venture are adjusted at intervals of 1-3 months. The interest rate is CIBOR plus 0.25%.

Management remuneration 2007

	Board of Directors	Thomas Hofman-Bang	Søren Isaksen	Michael Hedegaard Lyng (9 mths)
Short-term staff benefits	2.1	3.6	1.9	1.3
Bonus	-	-	0.3	-
Pension contributions	-	0.5	0.3	0.1
Share-based payment	-	1.0	0.5	0.2
Total remuneration	2.1	5.1	3.0	1.6

For information about share options, see Note 30.

The term of notice for the CEO is 24 months. For the other members of the 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 Management of the company.

Management remuneration 2006

	Board of Directors	Thomas Hofman-Bang	Søren Isaksen
Short-term staff benefits	2.1	2.9	1.8
Bonus	-	0.3	0.1
Pension contributions	-	0.4	0.3
Share-based payment	-	0.5	0.3
Total remuneration	2.1	4.1	2.5
Share options exercised	-	9.9	9.9

For information about share options, see Note 30.

The term of notice for the CEO is 24 months. For the other member of the 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 Management of the company.

Amounts in mDKK

30 Share option scheme for Management and employees

The company has established an incentive plan for all 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.

Outstanding options 2007

	Management					
Outstanding options	Thomas Hofman-Bang	Søren Isaksen	Michael Hedegaard Lyng	Executive employ.	Others	Total
Granted in 2002:						
1 January 2007	-	-	-	-	17,125	17,125
Forfeited	-	-	-	-	(17,125)	(17,125)
31 December 2007	-	-	-	-	-	-
Granted in 2003:						
1 January 2007	-	-	-	-	9,076	9,076
Exercised					(2,200)	(2,200)
Forfeited	-	-	-	-	(550)	(550)
31 December 2007	-	-	-	-	6,326	6,326
Granted in 2004:						
1 January 2007	22,000	22,000	-	37,700	54,068	135,768
Exercised	(22,000)	(22,000)	-	(37,700)	(53,655)	(135,355)
31 December 2007	-	-	-	-	413	413
Granted in 2005:						
1 January 2007	20,000	20,000	-	32,700	31,099	103,799
Adjust. to prev. year	-	-	-	-	2,000	2,000
Exercised					(2,000)	(2,000)
Forfeited					(3,400)	(3,400)
31 December 2007	20,000	20,000	-	32,700	27,699	100,399
Granted in 2006:						
1 January 2007	35,000	20,000	-	31,200	19,375	105,575
Forfeited	-	-	-	-	(3,000)	(3,000)
31 December 2007	35,000	20,000	-	31,200	16,375	102,575
Granted in 2007:						
Granted	32,000	10,100	9,400	11,400	11,050	73,950
Forfeited	-	-	-	-	-	-
31 December 2007	32,000	10,100	9,400	11,400	11,050	73,950
Total options						
31 December 2007	87,000	50,100	9,400	75,300	61,863	283,663
Total						
Optioner 1. jan.	77,000	62,000	-	101,600	130,743	371,343
Adjust. to prev. year	-	-	-	-	2,000	2,000
Execised	(22,000)	(22,000)	-	(37,700)	(57,855)	(139,555)
Granted	32,000	10,100	9,400	11,400	11,050	73,950
Forfeited	-	-	-	-	(24,075)	(24,075)
31 December 2007	87,000	50,100	9,400	75,300	61,863	283,663

Amounts in mDKK

30 Share option scheme for Management and employees (continued)

In 2007, options were exercised by subscribing for a total of 137,555 new shares.
The weighted average share price for the share options exercised in 2007 was 472 DKK per share.

In addition, cash settlement at 393 DKK per share was made for 2,000 shares allocated in 2005 as part of an agreement with an employee who has now left the company.

The subscription rights granted in 2003 may be exercised by the holder in March 2008. The exercise price is 61.6 at exercise in March 2008. Dividend payments after 1 January 2008 and until the date when the shares are received are deducted from the exercise price.

The subscription rights granted in 2004 may be exercised in March 2008 or March 2009. The exercise price is 119.5 at exercise in March 2008.. Subsequent exercise is subject to a hurdle rate of 9% p.a. Dividend payments after 1 January 2008 and until the date when the shares are received are deducted from the exercise price.

The subscription rights granted in 2005 may be exercised in March 2008, March 2009 or March 2010. The exercise price is 167.8 at exercise in March 2008. Subsequent exercise is subject to a hurdle rate of 8% p.a. Dividend payments after 1 January 2008 and until the date when the shares are received are deducted from the exercise price.

The subscription rights granted in 2006 may be exercised in March 2009, March 2010 or March 2011. The exercise price is 339.5 at exercise in March 2009. Subsequent exercise is subject to a hurdle rate of 8% p.a. Dividend payments after 1 January 2008 and until the date when the shares are received are deducted from the exercise price.

The subscription rights granted in 2007 may be exercised in March 2010, March 2011 or March 2012. The exercise price is 607 at exercise in March 2010. Subsequent exercise is subject to a hurdle rate of 8% p.a. Dividend payments after 1 January 2008 and until the date when the shares are received are deducted from the exercise price. With price 489.82 as the starting point the value of the newly-issued subscription rights has been calculated by means of the Black-Scholes formula as around 3.8 - 4.1 mDKK depending on choice of exercise period. The calculation assumes a volatility of 23% and an interest rate of 3.5% p.a.

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

The value of the share option scheme at 31 December 2007, based on the first exercise date, has been calculated at 50 mDKK (2006: 117 mDKK), including the value of the share option schemes of the Management, 21 mDKK (2006: 41 mDKK). The values have been calculated on the basis of the Black-Scholes formula, assuming an interest rate of 4.0% (2006: 3.5%) and volatility of 27.7% (2006: 23%).

Notes

Amounts in mDKK

30 Share option scheme for Management and employees (continued)

Outstanding options 2006

Outstanding options	Board of Directors	Management: Thomas Hofman-Bang	Management: Søren Isaksen	Executive employ.	Others	Total
Granted in 2001:						
1January 2006	6,250	20,000	20,000	28,000	84,750	159,000
Exercised	(6,250)	(20,000)	(20,000)	(28,000)	(65,625)	(139,875)
Forfeited	-	-	-	-	(19,125)	(19,125)
31 December 2006	-	-	-	-	-	-
Granted in 2002:						
1January 2006	3,750	-	-	2,000	21,125	26,875
Exercised	(3,750)	-	-	(2,000)	(4,000)	(9,750)
31 December 2006	-	-	-	-	17,125	17,125
Granted in 2003:						
1January 2006	13,980	22,000	22,000	39,200	72,689	169,869
Exercised	(13,980)	(22,000)	(22,000)	(39,200)	(63,613)	(160,793)
31 December 2006	-	-	-	-	9,076	9,076
Granted in 2004:						
1January 2006	-	22,000	22,000	37,700	52,968	134,668
Adjust. to prev. year	-	-	-	-	1,100	1,100
31 December 2006	-	22,000	22,000	37,700	54,068	135,768
Granted in 2005:						
1January 2006	-	20,000	20,000	32,700	33,349	106,049
Adjust. to prev. year	-	-	-	-	2,200	2,200
Exercised	-	-	-	-	(2,200)	(2,200)
Forfeited	-	-	-	-	(2,250)	(2,250)
31 December 2006	-	20,000	20,000	32,700	31,099	103,799
Granted in 2006:						
Granted	-	35,000	20,000	31,200	22,625	108,825
Forfeited		-	-	-	(3,250)	(3,250)
31 December 2006	-	35,000	20,000	31,200	19,375	105,575
Total options						
31 December 2006	-	77,000	62,000	101,600	130,743	371,343
Total						
Options 1January 2006	23,980	84,000	84,000	139,600	264,881	596,461
Adjust. to prev. year	-	-	-	-	3,300	3,300
Exercised	(23,980)	(42,000)	(42,000)	(69,200)	(135,438)	(312,618)
Granted	-	35,000	20,000	31,200	22,625	108,825
Forfeited	-	-	-	-	(24,625)	(24,625)
31 December 2006	-	77,000	62,000	101,600	130,743	371,343

Amounts in mDKK

31 Financial risk and financial instruments

Risk management policy

As a result of its operations, investments and financing activities the NKT Group is exposed to changes in exchange rates and interest rates. 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 and financing.

In managing cash flow and financial risks the NKT Group employs a number of financial instruments such as forward exchange contracts, currency and interest swaps, options and similar measures, within the framework of existing policies. Only forward exchange contracts were current at the end of 2007. The financial risks can be divided into currency risks, interest rate risks, credit risks, liquidity risks and raw material price risks.

For description of accounting policies and methods, including applied recognition criteria and bases for measurement, please refer to the section Accounting policies.

Currency risks

Currency risks refer to the risks of losses (or the possibility of gains) resulting from changes in exchange rates. The risks arise in connection with income and expenditures in the income statement and the resulting transaction risk, and by possession of net assets in the Group's foreign businesses. The vast majority of the Group's operations take place in the EUR area and the USA, a smaller number taking place in Eastern Europe, overseas countries and the Far East. Operations in Eastern Europe and China involve both production and sales, while those in overseas countries and the Far East outside China chiefly involve sales organisations.

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 Group companies within the framework of existing policies in partnership with NKT Holding's finance department. It is NKT's policy that anticipated net risks in leading currencies - in 2007 chiefly GBP, HUF, NOK, SEK, USD and a number of Asian currencies - in principle be hedged continuously for 12 months ahead.

The forward exchange contracts existing at 31 December 2007 were established to hedge transaction types in accordance with the Group's currency policy. In addition to the transaction risk - ie. the currency risk related to a physical cash flow in foreign currency - the Group is also exposed to a translation risk at conversion of the accounts of foreign subsidiaries to DKK for recognition in the consolidated financial statements. 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 subsidiaries are accounted directly in equity.

Regarding the principal investments (exceeding 100 mDKK) in the foreign units, the Group's equity as at 31 December 2007 would have been reduced by 272 mDKK (2006: 146 mDKK) if the exchange rates for USD, CZK, CNY and PLN been 10% lower than they were in reality. Other currency risks related to investments in foreign units are negligible.

The Group had no significant currency risks relating to receivables and payables in foreign currency at 31 December 2007, and the Group's net income would therefore not have been significantly influenced by changes in the exchange rates at 31 December 2007.

The Group's principal currency exposure relates to sales and purchases in GBP, HUF, NOK, SEK and USD. A 10% fall during the year in the exchange rates of these currencies compared to the actual exchange rates would, viewed in isolation, have reduced net income for the year before tax by around 15 mDKK (2006: 12 mDKK). This impact includes the effect of hedging transactions. A rise in the exchange rates would have correspondingly increased net income for the year.

The sensitivities stated assume unchanged sales and price levels. The sensitivity in terms of Group equity does not significantly differ from the influence on net income for the year after tax.

The income statement for 2007 is influenced to the amount of 15 mDKK by ineffectual hedging of product sales.

Amounts in mDKK

31 Financial risk 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, cf. Group policy.

	2007			2006		
	Notional value *) mDKK	Gain/loss recog. in equity mDKK	Remaining term Months	Notional value *) mDKK	Gain/loss recog. in equity mDKK	Remaining term Months
GBP	(60.6)	4.5	0-12	(127.0)	(1.8)	0-12
HUF	46.6	0.4	0-12	251.5	22.2	0-12
NOK	(75.2)	0.1	0-12	(31.7)	0.4	0-12
SEK	(82.0)	2.6	0-12	(114.8)	(3.0)	0-12
USD	171.7	(12.1)	0-12	322.6	(3.7)	0-12
Other European	(39.4)	(1.1)	0-12	(105.2)	(1.5)	0-12
Other currencies	(46.2)	2.0	0-12	(233.7)	3.6	0-12
Total	(85.1)	(3.6)		(38.3)	16.2	

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

Other currency hedging contracts

Other net outstanding forward exchange contracts at 31 December for the Group.

	2007			2006		
	Notional value *) mDKK	Gain/loss recog. in balance sheet mDKK	Remaining term Months	Notional value *) mDKK	Gain/loss recog. in balance sheet mDKK	Remaining term Months
GBP	(24.3)	0.6	0-12	(48.1)	(1.6)	0-12
HUF	(54.8)	0.1	0-12	(69.7)	(5.1)	0-12
NOK	6.7	(0.2)	0-12	5.6	0.1	0-12
SEK	(19.0)	0.4	0-12	9.9	0.2	0-12
USD	(16.1)	0.4	0-12	(32.3)	(0.8)	0-12
Other European	(657.4)	(36.7)	0-12	23.4	0.0	0-12
Other currencies	(51.8)	0.2	0-12	(42.1)	(0.8)	0-12
Total	(816.7)	(35.2)		(153.3)	(8.0)	

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. Owing to its capital structure the NKT Group has only limited exposure to interest rate changes. At 31 December 2007 the Group's interest bearing debt exceeded its interest bearing assets by 1,995 mDKK.

The Group's net interest bearing debt at 31 December 2007 primarily consisted of payables attracting variable interest. It is estimated that a one percentage point rise in the market interest rate for these items would influence net income before tax by around 18 mDKK per annum. Large fluctuations in interest rates can lead to adjustment of fixed assets and pension liabilities as the interest rate may have significance for the value of fixed assets in connection with impair-ment tests or for fulfilment of pension liabilities. There are no indications of need for impairment of fixed assets or adjustment of pension liabilities.

Amounts in mDKK

31 Financial risk 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.

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, loss situations have been relatively few.

The Group's receivables from sales at 31 December 2007 included a total of 2,289.3 mDKK (2006: 1,958.0 mDKK) written down to 2,193.5 mDKK (2006: 1,878.2). Movements for the year in writedowns from sales are specified thus:

Receivables from sales and services

mDKK	2007	2006
Receivables (gross)	2,289.3	1,958.0
Writedown for bad and doubtful debts:		
1 January	79.8	79.1
Acquisitions	24.9	0.0
Changes during year	13.5	10.4
Realised losses during year	(22.4)	(9.7)
Writedown, 31 December	95.8	79.8
Total receivables from sales and services	2,193.5	1,878.2

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

Writedowns at 31 December, amounting to 95.8 mDKK (2006: 79.8 mDKK) include 4.6 mDKK (2006: 5.2 mDKK) attributable to individual impairment.

Writedowns during the year, amounting to 13.5 mDKK (2006: 10.4 mDKK) are included in the income statement in "Other costs".

Receivables overdue at 31 December 2007 but not written down comprised the following:

mDKK	2007	2006
Maturity periods		
Up to 30 days	295.4	296.3
Between 30 and 60 days	104.9	52.3
Between 60 and 120 days	33.5	35.0
More than 120 days	14.2	10.4
	448.0	394.0

Liquidity risks

It is NKT's policy where borrowing is concerned to ensure maximum possible flexibility by diversifying the 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. It is the aim of the Group to have adequate cash resources to continue to be able to act effectively in the event of unforeseen fluctuations in liquidity.

Amounts in mDKK

31 Financial risk and financial instruments (continued)

Liquidity risks (continued)

In 2007 the distribution between current and non-current liabilities payable to credit institutions was fairly even. The maturities for the non-current liabilities are:

mDKK	2007	2006
Maturity 1 - 2 years	127.8	364.2
Maturity 2 - 3 years	127.8	127.8
Maturity 3 - 4 years	255.2	127.8
Maturity 4 - 5 years	0.7	255.2
Maturity more than 5 years	831.6	601.8
	1,343.1	1,476.8

Almost all the amount maturing after more than five years falls due by December 2013.

Raw materials price risks

Developments in raw material prices and risks are described in the NKT Group Management's report on the Group's two largest product segments: cable products (NKT Cables, page 19) and professional cleaning equipment (Nilfisk Advance, page 24).

At 31 December 2007 NKT Cables had current forward transactions relating to metal supplies to a value of 829.2 mDKK (2006: 313.7 mDKK) with a gain of 3.0 mDKK (2006: gain of 6.0 mDKK).

Management of capital structure

It is NKT'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.

Building Power, NKT's corporate strategy for the period 2008-2012, targets a solvency ratio of at least 30%, a net interest bearing debt of up to 2.5x operating earnings before depreciation and amortisation (EBITDA) and an equity gearing of up to 100%.

It is intended to maintain a stable dividend policy with an annual dividend distribution of around one third of net income for the year.

NKT's net interest bearing debt at 31 December 2007 amounted to 1,995 mDKK. After adjustment of 272 mDKK for the sale of properties in Cologne, the physical payment for which took place on 4 January 2008, the net interest bearing debt is reduced to 1,723 mDKK.

Based on EBITDA of around 1.4 bnDKK, NKT's financial latitude on entering 2008 therefore amounted to around 1.8 bnDKK.

NKT's Articles of Association empower the Board of Directors to increase the Company's share capital by issuing up to 10,000,000 shares or to issue convertible bond loans entitling the lender to convert his claim into a maximum of 2,200,000 new shares.

Notes

32 Post balance sheet events

With effect from 1 January 2008, Nilfisk-Advance has acquired ownership of its South African distributor, WAP South Africa (Pty) Ltd. The acquisition is a part of Nilfisk-Advance's plans to expand its activities in both new and existing markets.

WAP has established an extensive sales and service organisation in South Africa consisting of 190 employees. The acquisition will contribute revenue of around 50 mDKK to Nilfisk-Advance.

Nilfisk-Advance has acquired HydraMaster in USA as from 29 February 2008.The addition of HydraMaster, which follows in the wake of the acquisition as from 1 January 2008 of the company U.S. Products, is an element in Nilfisk-Advance's strategy of product and market ekspansion in North America.

HydraMaster is a 40-year-old private-owned company with a product protfolio that includes equipment, accessories and articles for the cleaning and maintenance of carpets, upholstery, and other fabric surfaces. HydraMaster recorded revenue of 120 mDKK in 2007.

With effect from 1 February 2008, NKT has acquired a further 73% of its associated company Vytran LLC., USA. Part of NKT Photonics, Vytran is a now a wholly owned NKT company.

Purchase considerations for the acquisitions have provisionally been calculated as 135 mDKK. In the provisional calculations of purchase considerations it is estimated that 55 mDKK relates to goodwill and other intangible assets and that 80 mDKK relates to working capital etc. Acquisition balance sheets are in course of preparation and a final distribution of purchase price is not available.

In January 2008, NKT Holding issued a total of 75,000 share options to Management and employees at NKT Holding A/S. Each option entitles subscription for one share of a nominal value of 20 DKK at a price based on NKT's average share price in December 2007 plus an annual hurdle rate of 8% and minus divided distributed to shareholders in the period until the time of exercise.

33 New International Financial Reporting Standards and IFRIC Interpretations

At the time this annual report was published the following new or revised standards and interpretations had not entered into force and are therefore not embodied in the report.

Revised IFRS 2, *Share-based Payment* .The revised standard becomes effective for financial years commencing 1 January 2009 or later. The standard has not yet been adopted for use in the EU.

Revised IFRS 3, *Business Combinations* . The revised standard becomes effective for financial years commencing 1 July 2009 or later. The standard has not yet been adopted for use in the EU.

IFRS 8, *Operating Segments* . The standard becomes effective for financial years commencing 1 January 2009 or later. The standard has not yet been adopted for use in the EU.

Revised IAS 1, *Presentation of Financial Statements* . The revised standard becomes effective for financial years commencing 1 January 2009 or later. The standard has not yet been adopted for use in the EU.

Revised IAS 23, *Borrowing Costs* . The revised standard becomes effective for financial years commencing 1 January 2009 or later. The standard has not yet been adopted for use in the EU.

Revised IAS 27, *Consolidated and Separate Financial Statements* . The revised standard becomes effective for financial years commencing 1 July 2009 or later.

IFRIC 11, *Group and Treasury Share Transactions* . The interpretation becomes effective for financial years commencing 1 March 2007 or later.

IFRIC 12, *Service Concession Arrangements* . The interpretation becomes effective for financial years commencing 1 January 2008 or later. The interpretation has not yet been adopted for use in the EU.

IFRIC 13, *Customer Loyalty Programmes* . The interpretation becomes effective for financial years commencing 1 August 2008 or later. The interpretation has not yet been adopted for use in the EU.

IFRIC 14, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* . The interpretation becomes effective for financial years commencing 1 January 2008 or later. The interpretation has not yet been adopted for use in the EU.

The implementation of the revised standard IAS 23, *Borrowing Costs* , will require the Group, as from the 2009 trading year, to recognise borrowing costs in the cost of qualifying assets in the form of intangible assets, tangible assets and inventories with long manufacturing periods. The Group has not hitherto used this procedure.

The implementation of the revised standard IFRS 3, *Business Combinations* , will require the Group, as from the 2010 trading year, to recognise purchase expenses and changes to conditional purchase consideration relating to acquisitions directly in the income statement. The implementation may further mean changes in accounting policy for recognition of goodwill relating to minority interests' investment in acquisitions, and also for staged acquisitions and staged divestments of equity investments in subsidiaries.

The Management believes that, beyond the above, application of these new and revised standards and interpretations wil not materially affect the annual report for the coming financial years, except for the additional disclosure provisions relating to business segments that follow from implementation of IFRS 8.

Notes

34 Group companies as of 31 December 2007

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

Group companies	Domicile	Equity share
Nilfisk-Advance A/S	Denmark	100%
Nilfisk-Advance Nordic A/S	Denmark	100%
ALTO International A/S	Denmark	100%
ALTO Danmark A/S	Denmark	100%
ALTO Sverige AB	Sweden	100%
Nilfisk-Advance Bellenberg GmbH	Germany	100%
ALTO Ceská Republika s.r.o.	Czech Rep.	100%
ALTO (Ningbo) Mechanical Manufacturing Co. Ltd.	China	100%
Nilfisk-Advance AS	Norway	100%
Nilfisk-Advance AG	Germany	100%
Altscher GmbH	Germany	100%
Nilfisk-Advance Limited	UK	100%
Doug Tolson Engineering Limited	UK	100%
Nilfisk-Advance Limited	Ireland	100%
Nilfisk-Advance B.V.	Netherlands	100%
Nilfisk-Advance S.A.	Belgium	100%
Alto France S.A.S.	France	100%
Nilfisk-Advance S.A.S.	France	100%
Nilfisk-Advance Lda	Portugal	100%
Nilfisk-Advance S.A.	Spain	100%
CFM S.p.A.	Italy	100%
CFM Reitek GmbH	Germany	100%
CFM France S.A.	France	100%
Nilfisk-Advance AG	Switzerland	100%
Nilfisk-Advance GmbH	Austria	100%
Nilfisk-Advance Production Kft.	Hungary	100%
Nilfisk-Advance Commercial Kft.	Hungary	100%
Nilfisk-Advance Pte. Ltd.	Singapore	100%
Nilfisk-Advance Inc.	Japan	100%
Nilfisk-Advance Ltd.	Hong Kong	100%
Nilfisk-Advance Ltd.	China	100%
Nilfisk-Advance Ltd.	Taiwan	100%
Nilfisk-Advance Sdn. Bhd.	Malaysia	100%
Nilfisk-Advance Co. Ltd.	Thailand	100%
Nilfisk-Advance Limited	New Zealand	100%
Nilfisk-Advance Pty. Ltd.	Australia	95%
Nilfisk-Advance Inc.	USA	100%
Nilfisk-Advance America Inc.	USA	100%
Nilfisk-Advance Canada Company	Canada	100%
Viper North America	USA	100%
ALTO Cleaning Systems Inc.	USA	100%
ALTO U.S. Inc.	USA	100%
ALTO Canada Company	Canada	100%

Group companies	Domicile	Equity share
Nilfisk-Advance A.E.	Greece	67%
Nilfisk-Advance Sp.z.o.o.	Poland	100%
Nilfisk-Advance LLC	Russia	100%
Nilfisk-Advance s.r.o.	Czech Rep.	68%
Nilfisk-Advance s.r.o.	Slovenia	100%
Nilfisk-Advance Professional Cleaning Equipment (Suzhou) Co. Ltd.	China	100%
Tennab AB	Sweden	100%
Nilfisk-Advance de Mexico SdeR.L.	Mexico	100%
Nilfisk-Advance Professionel A.S.	Turkey	100%
Nilfisk-Advance OY AB	Finland	100%
Nilfisk-Advance Korea Co. Ltd.	Korea	100%
Nilfisk-Advance s.r.l.	Argentina	100%
Dongguan Viper Cleaning Equipment Co. Ltd.	China	100%
Viper Cleaning Equipment Co. Ltd	China	100%
Viper (Hong Kong) Co., Ltd.	Hong Kong	100%

Associates		
Nilfisk-Advance M2H S.A.	France	34%
CFM Lombardia S.r.l.	Italy	33%

Nilfisk-Advance A/S also own 4 companies with no commercial activity.

Notes

Amounts in mDKK

34 Group companies as of 31 December 2007 (continued)

Group companies	Domicile	Equity share
NKT Cables Group A/S	Denmark	100%
NKT Cables A/S	Denmark	100%
NKT Cables S.A.	Poland	76%
NKT Cables Warszowice Sp. z.o.o.	Poland	100%
NKT Cables AS	Norway	100%
NKT Cables Group GmbH	Germany	100%
NKT Cables GmbH, Nordenham	Germany	100%
NKT Cables GmbH, Køln	Germany	100%
HFB Hettstedter Fahrleitungs- und Bronzedraht GmbH	Germany	100%
NKT Immobilien Verwaltung GmbH	Germany	100%
NKT Zweite Immobilien GmbH & Co. KG	Germany	100%
NKT Cables s.r.o.	Czech Rep.	100%
NKT Cables China Ltd.	China	100%
NKT Cables Ultera A/S	Denmark	100%
CCC Cables System and Consulting GmbH	Germany	100%
CCC Cables System and Consulting B.V.	Netherlands	60%
CCC Cables System and Consulting SRL	Italy	70%
CCC Cables System and Consulting FZCO	UAE	80%
CCC Cables System and Consulting Ltd	Vietnam	100%
Unique Vantage Ltd.	China	100%
NKT Cables Accessoriers Changzhou Co. Ltd.	China	100%

Associates		
NKT Cables		
Ericsson NKT Cables Venture Ltd.	UK	50%
Nanjing Daqo nkt Cables Co., Ltd.	China	50%

Group companies	Domicile	Equity share
NKT Photonics		
Crystal Fibre A/S	Denmark	93%
KOHERAS A/S	Denmark	100%
KOHERAS GmbH	Germany	100%
LIOS Technology GmbH	Germany	100%
NKT Research & Innovation A/S	Denmark	100%
Nanon A/S	Denmark	100%
SubSeaFlex Holding A/S	Denmark	100%
Industriselskabet af 1. januar 2002 A/S	Denmark	100%

Associates		
Crystal Fibre		
Vytran LLC	USA	27%
SubSeaFlex Holding		
NKT Flexibles I/S	Denmark	51%

NKT Holding owns 7 companies with no commercial activity.

Income statement for NKT Holding A/S

1 January - 31 December Amounts in mDKK	Note	2007	2006
Dividends from subsidiaries	2	164.7	126.8
Sale of services		24.2	20.4
Revenue		**188.9**	**147.2**
Staff costs	3	(27.6)	(23.1)
Other costs	4	(17.2)	(16.4)
Depreciation and impairment of tangible assets	8	(0.3)	(0.3)
Operating earnings		**143.8**	**107.4**
Financial income	5	106.6	747.4
Financial expenses	6	(68.1)	(47.6)
Earnings before tax		**182.3**	**807.2**
Tax	7	(5.8)	(2.7)
Profit for the year		**176.5**	**804.5**
Proposed distribution:			
Proposed dividend of 11 DKK per share (2006: 10 DKK per share)		260.0	235.0
Retained earnings		(83.5)	569.5
		176.5	**804.5**

Balance sheet

31 December Amounts in mDKK	Note	2007	2006
Assets			
Non-current assets			
Tangible assets	8	0.8	1.0
Other non-current assets			
Investments in subsidiaries	9	3,038.3	3,265.2
Receivables from subsidiaries		312.6	287.0
		3,350.9	3,552.2
Total non-current assets		3,351.7	3,553.2
Current assets			
Receivables from subsidiaries	13	1,311.1	1,130.8
Receivables from joint venture	13	19.6	42.2
Other receivables	13	1.8	1.1
Cash at bank and in hand		61.9	57.1
Total current assets		1,394.4	1,231.2
Total assets		4,746.1	4,784.4

Balance sheet

31 December Amounts in mDKK	Note	2007	2006
Equity and liabilities			
Equity	11		
Share capital		472.8	470.0
Retained earnings		2,899.9	2,968.4
Proposed dividends		260.0	235.0
Total equity		3,632.7	3,673.4
Liabilities			
Non-current liabilities			
Deferred tax	10	43.5	36.5
Pension liabilities	12	0.9	1.2
Credit institutions		-	300.0
		44.4	337.7
Current liabilities			
Credit institutions	13	941.5	546.7
Liabilities to subsidiaries	13	118.1	214.7
Trade and other payables	13	9.4	11.9
		1,069.0	773.3
Total liabilities		1,113.4	1,111.0
Total equity and liabilities		4,746.1	4,784.4

Statement of changes in equity

Amounts in mDKK	Share capital	Fair value reserve	Retained earnings	Proposed dividends	Total equity
Equity at 1 January 2006	490.0	5.7	2,398.1	294.0	3,187.8
Changes in equity in 2006					
Value adjustment of shares available for sale transferred to income statement		(5.7)			(5.7)
Tax on changes in equity			16.4		16.4
Total recognised directly in equity	-	(5.7)	16.4	-	10.7
Profit for the year			569.5	235.0	804.5
Total recognised income and expenses	-	(5.7)	585.9	235.0	815.2
Distributed dividends				(294.0)	(294.0)
Cancellation of treasury shares	(20.0)		20.0		-
Distributed dividends of treasury shares			13.3		13.3
Share-based remuneration			2.2		2.2
Share options exercised			(51.1)		(51.1)
Total changes in equity in 2006	(20.0)	(5.7)	570.3	(59.0)	485.6
Equity at 31 December 2006	470.0	-	2,968.4	235.0	3,673.4
Equity at 1 January 2007	470.0	-	2,968.4	235.0	3,673.4
Changes in equity in 2007					
Tax on changes in equity			0.2		0.2
Total recognised directly in equity	-	-	0.2	-	0.2
Profit for the year			(83.5)	260.0	176.5
Total recognised income and expenses	-	-	(83.3)	260.0	176.7
Distributed dividends			(0.6)	(235.0)	(235.6)
Distributed dividends of treasury shares			0.8		0.8
Share-based remuneration			2.3		2.3
Subscribed by exercise of options	2.8		12.3		15.1
Total changes in equity in 2007	2.8	-	(68.5)	25.0	(40.7)
Equity at 31 December 2007	472.8	-	2,899.9	260.0	3,632.7

Statement of cash flow

1 January - 31 December Amounts in mDKK	2007	2006
Earnings before depreciation	144.1	107.7
Non-cash items	2.0	1.8
Changes in working capital	(4.1)	(3.2)
Cash flows from operations before financial items	142.0	106.3
Interest received	100.2	79.9
Interest paid	(68.1)	(47.6)
Cash flows from ordinary activities	174.1	138.6
Corporation tax paid	1.4	(1.7)
Cash flows from operating activities	175.5	136.9
Acquisition of tangible assets	-	0.9
Disposal of tangible assets	(0.1)	(0.8)
Other investments, net	-	7.8
Increase and decrease of capital in subsidiaries	226.9	24.8
Changes in loans to/from subsidiaries	(299.4)	(393.7)
Changes in loan to/from joint venture	23.0	66.5
Cash flows from investing activities	(49.6)	(294.5)
Changes in long-term loans	-	-
Changes in short-term loans	98.6	355.7
Distributed dividends	(235.6)	(294.0)
Cash from exercise of options	15.1	-
Share options exercised/Dividends on treasury shares	0.8	(37.8)
Cash flows from financing activities	(121.1)	23.9
Net cash flows	4.8	(133.7)
Cash at bank and in hand, 1 January	57.1	190.8
Net cash flows	4.8	(133.7)
Cash at bank and in hand, 31 December	61.9	57.1

Notes

Amounts in mDKK

1 Accounting policies

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 presented in accordance with International Financial Reporting Standards adopted by the EU and additional Danish disclosure provisions relating to annual reports for listed undertakings.

Description of accounting policies

In relation to the accounting polices for the Group's financial statements the accounting policies for 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 and associates are recognised in the income statement of the parent company in the year the dividends are declared. However, such distributed dividend that exceeds the the accumulated earnings after the acquisition date, the dividend is recognised as a reduction of the investment cost.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost. If there is indication of impairment, an impairment test is performed as described in the consolidated financial statements. Where the recoverable amount is lower than cost, investments are written down to this lower value.

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

Tax

NKT Holding A/S is jointly taxed with all Danish subsidiaries. The current Danish corporation tax is shared between the jointly taxed Danish subsidiaries in proportion to their taxable income. Companies using tax losses in other companies pay joint tax contributions to the parent company corresponding to the tax base of the unused tax loss (full absorption with refunds for tax losses). The jointly taxed companies are taxed under the on-account tax scheme.

2 Dividends from subsidiaries

	2007	2006
Dividends received from subsidiaries	429.6	183.6
Dividends offset against cost	(264.9)	(56.8)
	164.7	126.8

3 Staff costs

	2007	2006
Wages and salaries	22.9	19.2
Social security contributions	0.1	0.1
Defined contribution plans	2.3	1.3
Defined benefit plans	-	0.3
Share-based payments	2.3	2.2
	27.6	23.1
Average number of full-time employees	24	23

Remuneration to the Board of Directors and the Management, and share option schemes for executives and employees can be found in Notes 29 and 30 to the consolidated financial statements.

4 Other expenses

Other expenses include fees to auditors elected at the annual general meeting

	2007	2006
KPMG:		
Statutory audit	0.9	0.8
Other services	0.5	0.6
	1.4	1.4

Notes

Amounts in mDKK

5 Financial income

	2007	2006
Interest, etc.	8.0	10.0
Interest from subsidiaries	83.3	51.8
Foreign-exchange adjustment of equity-type loans to subsidiaries	6.4	7.4
Foreign exchange gains	8.9	10.5
Gains on sale of shares	-	7.6
Reversal of writedown on investments in subsidiaries	-	660.1
	106.6	747.4

6 Financial expenses

Interest, etc.	46.4	25.1
Interest to subsidiaries	7.0	7.1
Foreign exchange losses	14.7	15.4
	68.1	47.6

7 Tax

Current tax	1.2	0.2
Joint taxation contribution	(2.6)	1.5
Deferred tax	7.2	1.0
	5.8	2.7
Reconciliation of tax		
Tax at 25% (2006: 25%) of earnings before tax	45.6	226.0
Tax effect:		
Non-taxable dividend income	(41.2)	(35.5)
Value adjustment of investment/receivables in subsidiaries	-	(184.8)
Non-taxable gains on sale of shares	-	(2.1)
Non-deductible expenses	0.6	0.9
Reduction of Danish corporation tax	1.1	-
Other variances	(0.3)	(1.8)
	5.8	2.7

8 Tangible assets

Equipment		
Cost, 1 January	4.1	5.8
Additions	0.1	0.8
Disposals	(0.1)	(2.5)
Cost at 31 December	4.1	4.1
Depreciation, 1 January	(3.1)	(4.8)
Depreciation	(0.3)	(0.3)
Disposals	0.1	2.0
Depreciation, 31 December	(3.3)	(3.1)
Book value at 31 December	0.8	1.0
Depreciation period (years)	4-8	4-8

Notes

Amounts in mDKK

9 Investments in subsidiaries

	2007	2006
Cost, 1 January	3,831.3	3,928.0
Disposals	(551.1)	(128.7)
Capital contribution	38.0	32.0
Cost, 31 December	3,318.2	3,831.3
Writedowns, 1 January	(566.1)	(1,298.1)
Writedowns	-	-
Reversal of writedown under financial income 1)	-	660.1
Disposals	286.2	71.9
Writedowns, 31 December	(279.9)	(566.1)
Book value, 31 December	3,038.3	3,265.2

1) Performed as a result of increased earnings in the NKT Cables Group og NKT Flexibles.

Subsidiaries	Domicile	Ownership
NKT Cables Group A/S	Brøndby, Denmark	100%
Nilfisk-Advance A/S	Brøndby, Denmark	100%
Crystal Fibre A/S	Birkerød, Denmark	93%
KOHERAS A/S	Birkerød, Denmark	100%
LIOS Technology GmbH	Cologne, Germany	100%
NKT Research & Innovation A/S	Birkerød, Denmark	100%
SubSeaFlex Holding A/S (owns 51% of NKT Flexibles I/S)	Brøndby, Denmark	100%
Nanon A/S	Brøndby, Denmark	100%
Industriselskabet af 1. januar 2002 A/S	Brøndby, Denmark	100%

NKT Holding owns a further seven companies with no commercial activity.

10 Deferred tax assets and liabilities

	2007	2006
Deferred tax assets:		
1 January	13.3	0.6
Other adjustments	-	(0.7)
Tax of adjustments in equity	0.2	16.4
Recognised	(11.2)	(3.0)
31 December	2.3	13.3
Deferred tax liabilities:		
1 January	(49.8)	(51.8)
Recognised	4.0	2.0
31 December	(45.8)	(49.8)
Total deferred tax assets/liabilities	(43.5)	(36.5)
Deferred tax relates to:		
Rented premises	-	0.1
Tangible assets	-	(0.1)
Current liabilities	0.3	0.3
Tax loss carry-forward	(1.5)	13.0
Tax losses, future recapture	(42.3)	(49.8)
	(43.5)	(36.5)

Notes

Amounts in mDKK

11 Share capital

Details of share capital distribution into number of shares etc. are given in Note 20 and 21 to the consolidated financial statements.

12 Pension liabilities

	2007	2006
Pension liabilities, 1 January	1.2	1.2
Pension costs	-	0.3
Paid benefits	(0.3)	(0.3)
Pension liabilities, 31 December	0.9	1.2

NKT Holding A/S expects to pay 0.3 mDKK in 2008 to defined benefit plans.

13 Receivables, payables to credit institutions and other payables

These are measured at amortised cost, which in all material respects corresponds to fair value and nominal value

14 Derivative financial instruments

See Note 31 to the consolidated financial statements

15 Contingent liabilities

Items not included in the balance sheet

Guarantees for subsidiaries	759.1	775.5
Subordinated loans to subsidiaries	-	9.9
Liability in respect of subsidiary company credit facilities under the Group account scheme	879.0	718.9
Leasing agreements for property, etc.	13.3	14.9
Of which payable within:		
0-1 years	4.4	4.3
1-5 years	6.5	7.6
>5 years	2.4	3.0

4.4 mDKK (2006: 4.2 mDKK) is charged to the income statement as operational leasing.

The term of notice for the CEO is 24 months. For the other member of the 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 Management of the company.

The company is represented in a joint taxation agreement with the Group companies and is liable as an adminstrative company for payment of tax on jointly taxed income. The company is registered jointly with NKT Cables A/S for VAT purposes and is jointly and severally liable for VAT liabilities.

Notes

Amounts in mDKK

16 Related parties

In addition to the comments in Note 29 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 34 in the consolidated financial statement. No related parties have control. Transactions with affiliated undertakings comprised the following:

	2007	2006
Subsidiaries:		
Sale of services to	21.2	18.9
Interest received, net	76.3	44.7
Receivables, non-current	312.6	287.0
Receivables, current	1,311.1	1,130.8
Payables to subsidiaries	118.1	214.7
Dividends received	164.7	126.8
Dividends received set off against cost	264.9	56.8
Capital contribution	38.0	32.0
Joint venture:		
Sale of services to	1.5	0.6
Interest received from	1.1	2.1
Receivables	19.6	42.2

17 Accounting estimates and judgments

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 associated with 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. uncertainty. Particular risks relating to the NKT Group are described in the section on risk factors in the Management report.

Accounting policies

It is the opinion of the Management that in the application of the parent company's accounting policies, no judgements other than estimates are made that can materially influence the amounts recognised in the annual report.

5 years' financial highlights, EUR

Amounts in mEUR	2003 1)	2004	2005	2006	2007
Income statement					
Revenue	781	957	1,173	1,450	1,814
Earnings before interest, tax, depreciation and amortisation (EBITDA)	52	58	96	137	192
Depreciation and impairment on tangible assets	(30)	(29)	(21)	(19)	(26)
Amortisation and impairment on intangible assets	(10)	(5)	(9)	(9)	(14)
Earnings before interest and tax (EBIT) 2)	12	24	65	110	152
Financial items, net	2	(3)	(3)	(7)	(19)
Earnings before tax 2)	14	21	62	103	133
Net income	10	27	48	81	110
NKT's share of net income	11	25	48	78	108
Balance sheet and employees					
Share capital	67	66	66	63	63
Equity attributable to NKT Holding A/S	380	359	358	374	435
Minority interests	17	10	8	3	5
Total equity	397	369	367	376	440
Total assets	625	787	828	986	1,220
Interest bearing items 3)	55	(19)	(102)	(137)	(268)
Capital employed 4)	342	388	469	514	671
Working Capital	133	192	245	282	292
Average number of employees	4,932	5,747	5,906	6,016	7,575
Cash flows					
Cash flows from operating activities	32	38	5	36	156
Investments in tangible assets, net	(16)	19	(14)	1	(52)
Financial ratios					
Equity share, 31 December	63%	47%	44%	38%	36%
Return on capital employed (RoCE) 5)	2.1%	8.1%	14.4%	18.8%	22.0%
Number of 20 DKK shares ('000)	25,000	24,500	24,500	23,500	23,638
Earnings, EUR, per outstanding share (EPS) 6)	0.5	1.0	2.0	3.3	4.6
Dividend paid, EUR, per share	0.5	1.1	1.1	1.6	1.3
Equity value, EUR, per outstanding share 7) 8)	15.5	14.6	15.3	15.9	18.4
Market price, EUR, per share	14.5	21.3	38.8	67.5	61.6

1) Figures for 2003 have been prepared in accordance with previous accounting policies based on the Danish Financial Statements Act and Danish Accounting Standards
2) For 2006, EBIT before special item and earnings before tax and special item see Note 13
3) Interest bearing cash items, investments and receivables less interest bearing debts
4) Group equity plus net interest bearing debt and, for 2007, minus receivables of 36.5 mEUR relating to sale of property.
5) Operating income adjusted for one-off items as a percentage of average capital employed. One-off items, net-gains comprise, 2007: 9.4 mEUR, 2006: 14.5 mEUR, 2005: 0 mEUR, 2004: (1.2) mEUR and 2003: 4.7 mEUR
6) NKT's share of net income relative to average number of outstanding shares
7) Equity attributable to NKT Holding A/S per outstanding share at 31 December
8) Dilutive potential shares from executives' and employees' share option plan are not recognised in the financial ratio

The financial ratios have been prepared in accordance with the guidelines of the Danish Society of Investment
Conversion from DKK to EUR was performed using the 28.12.2007 rate of 745.66.

NKT Holding A/S
Vibeholms Allé 25
DK-2605 Brøndby
Phone +45 4348 2000
nkt.holding@nkt.dk
www.nkt.dk

Nilfisk-Advance A/S
Sognevej 25
DK-2605 Brøndby
Phone +45 4323 8100
mail.com@nilfisk-advance.com
www.nilfisk-advance.com

NKT Cables Group GmbH
Carlswerkstrasse 11-13, Bldg. 13B
D-51063 Køln
Phone +49 221 676 3522
infoservice@nktcables.com
www.nktcables.com

Crystal Fibre A/S
Blokken 84
DK-3460 Birkerød
Phone +45 4348 2800
contact@crystal-fibre.com
www.crystal-fibre.com

KOHERAS A/S
Blokken 84
DK-3460 Birkerød
Phone +45 4348 3900
enquiry@koheras.com
www.koheras.com

LIOS Technology GmbH
Schanzenstrasse 6-20
D-51063 Køln
Phone +49 221 676 3200
info@lios-tech.com
www.lios-tech.com

NKT Research & Innovation A/S
Blokken 84
DK-3460 Birkerød
Phone +45 4348 3950
research@nkt-research.dk
www.nkt-research.dk

Nanon A/S
Priorparken 878
DK-2605 Brøndby
Phone +45 4348 2790
www.nanon.dk

NKT Flexibles I/S
Priorparken 510
DK-2605 Brøndby
Phone +45 4348 3000
info@nktflexibles.com
www.nktflexibles.com