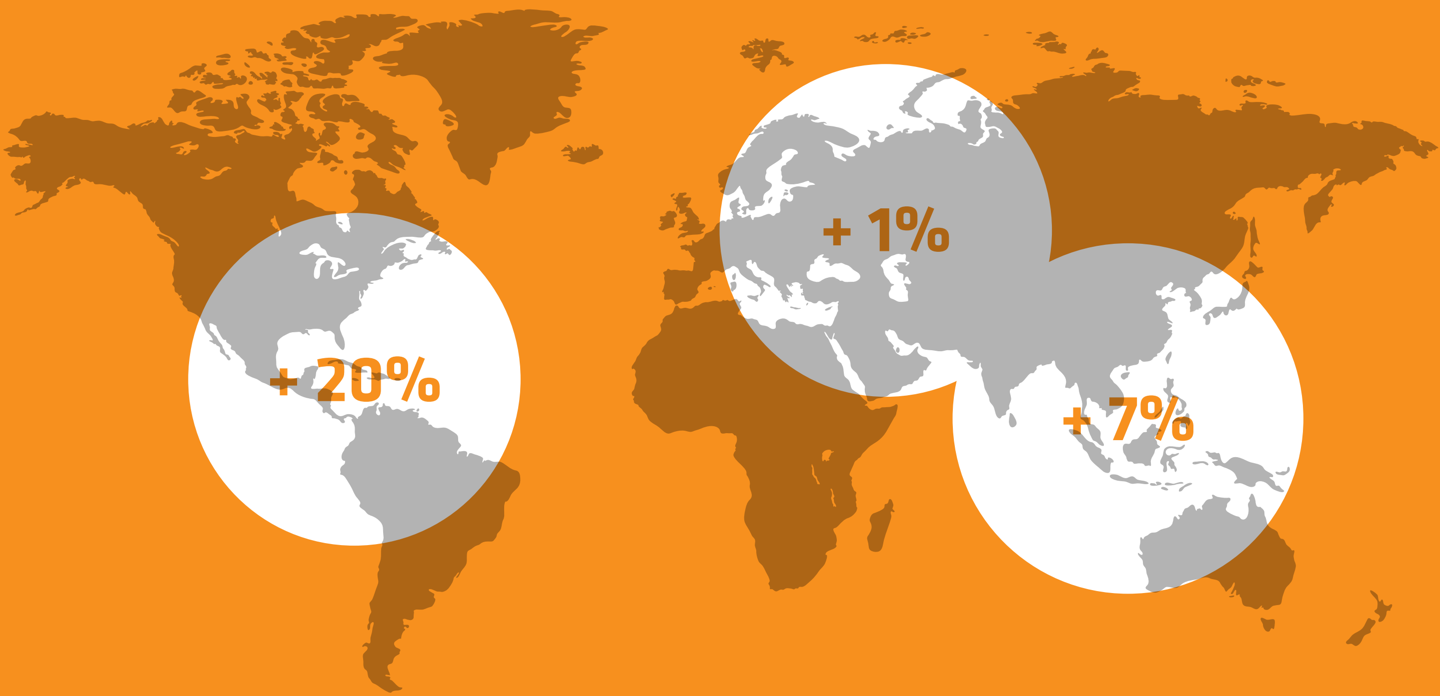
Annual Report
2012/2013

Roblon

ROBLON'S GROWTH AT ESSENTIAL MARKETS IN 2012/13



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INCREASE IN REVENUE

13.2 mill.

PROFIT BEFORE TAX

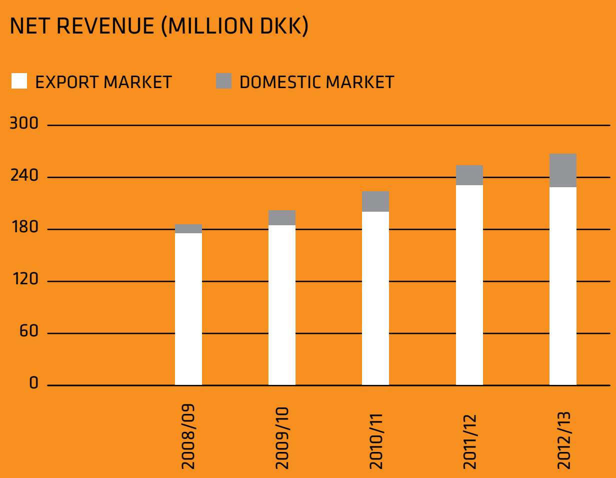
54.1 mill.

REVENUE

267.0 mill.

Roblon is setting the trend in its product group areas. We continually focus on opportunities, not constraints and is in front with product and technology development in innovative and green products.

We find intelligent solutions with a global customer focus. Roblon wishes to be as innovative and strong as its own products. Therefore, we are constantly evolving and on course.



DIVIDEND
50.0%

PROFIT RATIO
20.0%

EBT MARGIN
20.3%

Roblon in figures

Financial Highlights (mill.DKK) [2]	2008/09	2009/10	2010/11	2011/12	2012/13
INCOME STATEMENT					
Total revenue	185.9	201.7	223.8	253.8	267.0
Of which for export	174.4	183.7	199.4	230.2	227.6
Operating profit	12.0	27.8	36.4	39.3	53.4
Net financing, etc.	1.8	3.4	0.5	1.8	0.7
Profit before tax	13.8	31.2	36.9	41.1	54.1
Profit for the year	10.2	23.5	27.6	30.8	41.0
BALANCE SHEET:					
Total assets	209.2	224.9	242.0	244.0	274.5
Share capital	35.7	35.8	35.8	35.8	35.8
Capital and reserves	178.3	190.5	200.7	207.0	230.3
Shareholder value	213.6	221.4	213.9	298.6	425.6
CASH FLOW:					
Cash flow from operating activities	33.6	24.9	34.8	34.1	31.4
Cash flow from investment activities	(17.7)	(36.6)	15.5	6.1	(8.7)
Of which investment in tangible fixed assets (gross)	(4.3)	(2.2)	(1.4)	(3.5)	(5.0)
Cash flow from financing activities	(17.8)	(10.7)	(17.9)	(25.0)	(17.9)
Change in cash and cash equivalents	(1.9)	(22.4)	32.5	15.2	4.8
KEY FIGURES					
Profit ratio (%)	6.4	13.8	16.3	15.5	20.0
ROIC/return on average invested capital (%)	9.4	22.8	29.3	31.6	39.0
Solvency ratio (%)	85.2	84.7	82.9	84.8	83.9
Return on equity (%)	5.6	12.7	14.1	15.1	18.7
Earnings per share of DKK 20 (EPS) [1]	5.7	13.1	15.5	17.2	22.9
Price/Earnings ratio (PE)	20.9	9.4	7.7	9.7	10.4
Payout ratio (%)	105	76	91	58	44
Cashflow per share of DKK 20 from operations [1]	18.8	13.9	19.5	19.1	17.6
Dividend (% of nominal value)	30	50	70	50	50
Intrinsic value of shares [1]	100	107	112	116	129
Stock-exchange listing, end of period [1]	120	124	120	167	238
Number of full-time employees (average)	143	123	125	136	138

[1] Recalculated in order to reflect the 1:5 share split of the company's A- and B-shares.
Comparative figures have been changed for all the years listed here.

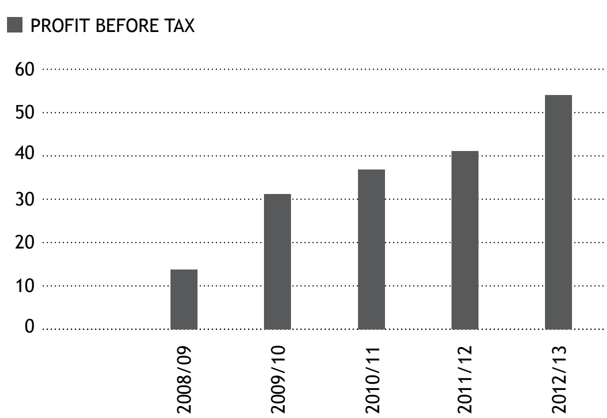
[2] The key figures have been calculated in accordance with the Danish Society of Financial Analysts' Recommendations.
The stated share-based key figures relates to the B-shares.

Please see accounting policies for definitions and terms in note 30.

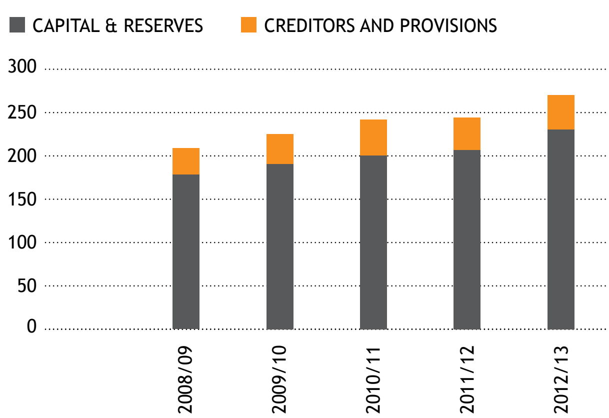
Summary

- Revenue and profit for the financial year 2012/13 were better than expected at the start of the year.
- Revenue amounted to DKK 267.0 million, which is an increase of 5.2% on last year's revenue of DKK 253.8 million.
- Profit before tax amounted to DKK 54.1 million, which corresponds to an increase of 31.6% on last year's profit before tax of DKK 41.1 million.
- Profit after tax rose to DKK 41.0 million compared to DKK 30.8 million last year.
- Operating profit rose by 35.9% to DKK 53.4 million compared to DKK 39.3 million last year.
- Significant investment in the development of the company's strategic platforms was maintained again during the year.
- 2013 saw lighting production move to the factory in Sæby, which was also modernised at the same time.
- A new 2,500 m² showroom has been established in the former lighting production area of the Business Centre in Frederikshavn.
- Following a share split on 25 March 2013, the nominal value of each Roblon B share has been reduced from DKK 100 to DKK 20.
- In light of the turbulent global market conditions, the Board considers Roblon A/S' profit for the year to be extremely satisfactory.
- There is a proposed dividend of 50%, corresponding to DKK 17.9 million.
- In the financial year 2013/14 revenue is expected to be in the region of DKK 250-275 million and profit before tax between DKK 35 million and DKK 45 million.

PROFIT BEFORE TAX (MILLION DKK)



LIABILITIES (MILLION DKK)



Management's review

It turned out to be a year which, in terms of development, passed as we had expected at the start of the financial year 2012/13.

The outlook at the start of the new year was worrying with unpredictable market conditions worldwide, leading to the business conditions throughout the year also being characterised by turbulence and the presence of significant challenges.

The markets continue to be greatly affected by the repercussions of the financial crisis, with very modest rates of growth, if any at all.

This year the vital western European market in particular remains depressed and can best be described as being subject to real recession-like market mechanisms.

The market conditions, along with the general uncertainty surrounding future economic growth, are having an impact on some of Roblon's product areas while others are showing a healthy level of growth.

Consequently the year also began with some considerable sluggishness which was followed by more favourable tendencies over the spring and summer, and which in many markets could be traced to budding positive and optimistic conditions.

These positive tendencies did, however, at the end of the period revert to the uncertainty and the pessimism that have prevailed on the markets since the financial crisis first took hold.

For the last two years Roblon has experienced this cyclical development over the course of each year.

Most recently we have encountered the onset of turmoil and uncertainty in the Far Eastern markets, which until now have appeared to be free of the effects of the financial crisis. There is increasing concern that the financial crisis will begin to have an impact on growth in this area, and since the summer the Indonesian market in particular has suffered a negative economic trend, for example we have seen a decline due to a significant weakening in the exchange rate as a consequence of a major capital flight from the country. There is no doubt that, together with other BRIC countries, the region is experiencing a slowdown and a fall in economic growth.

Despite turbulent and challenging market conditions, Roblon has maintained substantial investments over the year in strategic activities related to business development. There are still many opportunities that we are can utilise, and we have adapted our business model to the conditions.

With strong focus and sustained efforts, we have implemented activities aimed at making our growth strategies successful – and the company has grown sensibly also in relation to the work on our strategy model and strategy process.

We have worked determinedly on our overall goal of maintaining and strengthening the ongoing increase in revenue and earnings.

Our activities and plans were implemented on the basis of our visions and goals for the company and have primarily been focused on ***customers*** and ***business development strategies***. Many strategies have been fully implemented (e.g. Matrix Organisation, Technology Centre, Business Centre) or are in the process of being implemented. It is encouraging that our strategies and strategy plan indicate that the paths we have chosen appear to be the right ones to follow.

Roblon's development is gradually becoming solid and well anchored around the two integrated and basic axes/platforms that make up our matrix organisation:

- **Business development (Business Centre)**
- **Business support (Technology Centre/Production)**

Business development consists of one business development function including 4 product group areas.

The business development arm, which contains all the company's commercial functions and processes, is physically located in the new Business Centre in Frederikshavn. Responsibility for business development, global sales and marketing and product portfolio management is located and organised under the following four product group areas:

- **Cable fibres/cable machinery**

Production of cable fibres and cable machinery for the fibre optic industry

- **Offshore**

Products for the offshore industry plus products for other industry, such as for high voltage electricity supply

- **TWM**

Production of machinery such as twisters and rope-making equipment for the rope-making industry as well as winders for the carbon fibre industry

- **Lighting**

Production of products for fibre optic lighting and LED lighting

The business support arm, which supports business development, contains joint production, product and technology development and also procurement.

Some of the year's strategic activities have concentrated on the following areas:

- Customer focus and globalisation
- Market and business development
- Product development/new products
- Acquisitions
- Strategic management

Customer focus is of the utmost strategic importance and receives the greatest emphasis and highest priority at Roblon. We have strengthened our global sales and marketing activities, among other things by having an even greater presence in the markets than before. Very often companies are based at long distances from their customers and cannot prioritise visits perhaps because of having local agents and distributors who are in charge of this activity. In these times of economic decline, where the same markets and customers that still have a potential for growth are being fought over, it is crucial for us to visit the customers ourselves together with the distributors.

We have carried out a systematic evaluation of our current business partners and agents, which has led to the establishment of a new agent set-up in the Asian market for the "Offshore" and "Cable fibres/cable machinery" product group areas.

A very important step in conjunction with globalised customer focus was establishing our new 2,500 m² ***showroom*** at the Business Centre in Frederikshavn.

We have moved our production staff, who is working on the production of lighting products, to the factory in Sæby, which was also modernised at the same time so it now boasts new washing and changing facilities as well as new canteen facilities, among other features.

The showroom was opened officially with a week-long open house event in May, attended by 140 guests from 37 different countries, mainly customers from the rope-making industry. The showroom and the concept for its use received an extremely good reception. We are now able to develop new solutions, products and processes here together with sales staff and our technical specialists without having to disturb the regular daily production.

One of the results from this is that customer-specific development work relating to the use of cable machinery in brand new applications and customer segments has already begun.

Market opportunity development has also been maintained with activities relating to the development of brand new products. Among other things, we have developed new groundbreaking machinery for the fibre optic cable industry. As a result, Roblon is now a strong supplier within the customer segment compared to our competitors since they can typically only supply the glass yarn fibres, while we can supply glass yarn fibres and cable ma-

Our new factory extension in Sæby
PHOTO: ROBLON

chinery used in the actual manufacturing process for fibre optic cables, not to mention machinery for coiling the end product itself.

New products have also been developed within the "Offshore" product group, and this means that we can expand the customer portfolio much more than before.

Being able to keep launching and offering the markets new and trendsetting products alongside technological system solutions is an important strategic area for Roblon. Given the situation of market decline it is particularly important for Roblon to be in a position to offer solutions that create significant added value for the customers. This year we have therefore also invested more in this area than in previous years.

The implementation of our overall strategies and activities for business development in the period has led to a reasonable level of development, despite the economic decline and the challenges this brings once more.

The first half-year passed as expected at the start of the year, with revenue that was slightly lower than for the same period last year. The second half-year, as we announced, was an improvement on the first half-year and ended up being considerably better than expected in the interim report.

Revenue for the "Cable fibres/cable machinery" product group area was lower than expected, but a strong second half-year resulted in a satisfactory trend for the area. It is primarily sales of cable machinery to the fibre optic industry that are lower than last year.

The economic situation has led to manufacturers in the fibre optic cable industry reducing their stocks substantially and primarily basing their purchases on projects with a short time horizon.

Revenue growth for the "Offshore" product group area was better than expected at the start of the year.

The launch of several new products, together with the expansion of existing product platforms, has resulted in market expansions with access to brand new customer groups and segments.

Revenue in the "TWM" product group area has showed satisfactory growth and was better than expected at the start of the year.

Revenue for machinery for the rope-making industry is higher than for last year. Sales of winders for the carbon fibre industry have, as expected, been considerably lower than for last year as that period was positively affected by large individual orders and project sales. This year the carbon fibre industry has been depressed and there is currently a global overcapacity of carbon fibre, which is why new investment and capacity expansions have been put on hold.

Revenue for the "Lighting" product group area was, as expected, lower than last year. It is Roblon's classic fibre optic lighting range which has been greatly affected by the consequences of the financial crisis. As it stands in the construction industry, this product group depends on the general growth within new construction and renovation of offices, museums, shops and residential property.

There has, however, been a very satisfactory and positive development in revenue for our energy-saving LED products.

As a whole, this means that Roblon's revenue increased by 5.2% to DKK 267 million compared to DKK 253.8 million last year.

At the same time, a great deal of focused effort has gone into working towards achieving our secondary goal for earnings as well as the ongoing strengthening of earnings. We have succeeded in maintaining the positive growth in the EBIT and EBT margins for the year despite the major competition in the world markets and the very heavy pressure on prices this led to.

Roblon's overall operating profit (EBIT) was an improvement compared to last year and amounted to DKK 53.4 million, which corresponds to an increase of 35.9% on last year's figure of DKK 39.3 million.

Profit before tax rose by 31.6% to DKK 54.1 million compared to DKK 41.1 million last year.

The EBIT and EBT margins rose slightly in relation to last year with an EBIT margin of 20.0% compared to 15.5% and an EBT margin of 20.3% compared to 16.2% the previous year.

This all means that over a period of four years since 2008/09, in which the financial crisis first had an effect on the company and during a period of market decline, Roblon has improved revenue by 43.6%, which corresponds to an average annual rise of 9.5%.

Operating profit has improved by a factor of 4.5, while profit before tax has gone up by a factor of 3.9.

This year's revenue and earnings are the highest ever, and the total profit for the four-year period is 18% higher than the total profit for the eight previous years.

In order to increase the liquidity of the B-share a share split was made on 25 March 2013 where the nominal value of each Roblon B-share was reduced from DKK 100 to DKK 20.

The financial year 2012/13 has fully lived up to our expectations and the results were significantly better than expected at the start of the year.

Seen in the light of the very turbulent and challenging global market conditions we experienced this year, the total profit for the year is deemed to be extremely satisfactory.

Thus the revenue was the same as our latest announcement of 28 November 2013. Profit before tax was DKK 54.1 million which is DKK 2.1 million above the announced estimate of DKK 50-52 million.

Events after the Balance Sheet Date

There have not been any significant events or conditions with a material effect on Roblon's financial position since the end of the financial year.

Future expectations

The year that has passed was, as mentioned, characterised by continued global economic uncertainty and turbulence in the world markets.

Despite an apparently budding revival in economic growth over the summer, at the end of the year this positive development once more fell back to where it began at the start of year with very sluggish markets.

There are no important signals from the global macro-economic environment to suggest conditions supporting hopes that the coming period will bring more favourable and positive development for the world economy. Quite the reverse in fact.

Roblon's overall operating profit (EBIT) was an improvement compared to last year and amounted to DKK 53.4 million, which corresponds to an increase of 35.9% on last year's figure of DKK 39.3 million.

The latest development in the Far Eastern market areas demonstrates several factors that indicate the start of a fall-off and downturn in economic growth. Even if this probably and hopefully will not assume financial crisis-like conditions in the area, we may arguably have to prepare for a period of much lower growth than we have seen in recent years.

There are, however, good prospects for continued business development, and many areas of the world are still showing sound economic growth. Yet markets with little or no growth still represent attractive opportunities for Roblon.

We are very dedicated to our endeavours to utilise and spot opportunities in order to generate growth, rather than being dictated to and restricted by the market situation. We prepare for the conditions and adapt our expansive growth strategies accordingly. We are continuing to maintain substantial investments in business development activities and our focus for the next period will include the following areas:

- Customer focus and globalisation
- Product development/technology development
- Market development
- Acquisitions
- Strategic management

It is strategically crucial for "customer focus and globalisation" to remain one of our absolute highest priorities.

At Roblon one of our approaches is that our customers are the focal point and customer focus must be currently strengthened. The most recent example of this is our major investment in our new 2,500 m^2 working showroom.

Over the next period we will further increase the effort being put into activities involving the showroom in the daily sales work, especially the work to develop the markets.

We will refine and enhance the day-to-day sales work through measures such as continuing to invest in sales and marketing activities. It is very important that we operate efficiently in a high-profile fashion with our skilled sales team and work as closely as possible with the customers.

Given the prospects of lower growth in the hitherto attractive growth areas of the world, it is important to signal that ***we are still here***.

We have a good foothold in the areas that we want to maintain and reinforce, despite the falling growth trend.

A top priority area is also that we remain innovative and trendsetting in terms of developing new value-creating products and technical system solutions.

We have developed several groundbreaking products, of which a few are in the pipeline and a few are close to market launch. We are continuing to make substantial investments within the area, and we aim to initiate several customer-specific development activities in the next period.

A number of our existing product ranges will be continuously updated in technological terms, so that their offering is more effective and efficient, among other things.

At the same time, we will be re-launching/re-introducing the product ranges onto the markets.

We will strengthen our market expansion activities in the next period using measures such as the expansion of our existing product ranges, naturally alongside brand new products. Over the course of the year we have actually extended the market areas based on these activities, and there are many more attractive opportunities related to this.

The next period will also focus on market expansions by means of acquisition-based measures.

Acquisitive activities will be continued with focused and structured analyses and testing of potential acquisition candidates possessing product ranges that supplement our own or that can contribute to new market expansions.

Bearing in mind the current situation, it is more important than ever that acquisitions are only made within our core business areas, and that they fit our strategic goals.

Management is a strategic area that we also wish to continue to prioritise highly in the next period, with focus areas concentrated on empowerment and energy, as well as customer and operations focus.

It is important for us to constantly improve our goal-oriented follow-up for tasks and activities, along with regularly disclosing the efficiency of our various departments.

Roblon's revenue for the second half-year was positively affected in particular by individual orders and project sales to "other industry", e.g. products for the high voltage electricity supply industry and to the rope-making industry.

Clear objectives and target management are important for boosting growth and development.

It is equally important for the managers to be customer-focused and get closer to the customers while we get closer to operations.

The managers should possess a broader understanding of the business as a whole and be able to handle hands-on management. They all need to know the business and if the targets indicate that it is going in the wrong direction, they have to be able to get involved in the details and understand the contexts.

The next period must again be expected to feature turbulence and the prospect of modest growth.

It is difficult to create a nuanced picture of the global markets but it is accepted that we will be entering a new year with very unclear market conditions.

Roblon's revenue for the second half-year was positively affected in particular by individual orders and project sales to "other industry", e.g. products for the high voltage electricity supply industry and to the rope-making industry.

We expect the same slow start to the new year that we experienced in the financial year 2012/13.

We also expect significantly higher investments in strategic activities than previously, which will affect earnings more than in the past year.

Against the background of our strategic measures and activities, plus the retention of substantial future investments, we do, however, also expect healthy growth for the next period.

Roblon therefore expects a combined revenue for 2013/14 in the region of DKK 250-275 million and profit before tax in the range DKK 35–45 million.

Statutory statement of corporate social responsibility

Roblon has not come up with a structured approach to explain the relationship between CSR and value-creating business operations, and for this reason has not adopted policies for the area.

Roblon straps used on offshore buoyancy module
PHOTO: COURTESY OF BALMORALOFFSHORE.COM

The new Business Centre with showroom based at the headquarters in Frederikshavn is a vital tool in the dialogue with current and potential customers both in Denmark and abroad.

Roblon's Business Centre in Frederikshavn
PHOTO: ROBLON

Customer focus

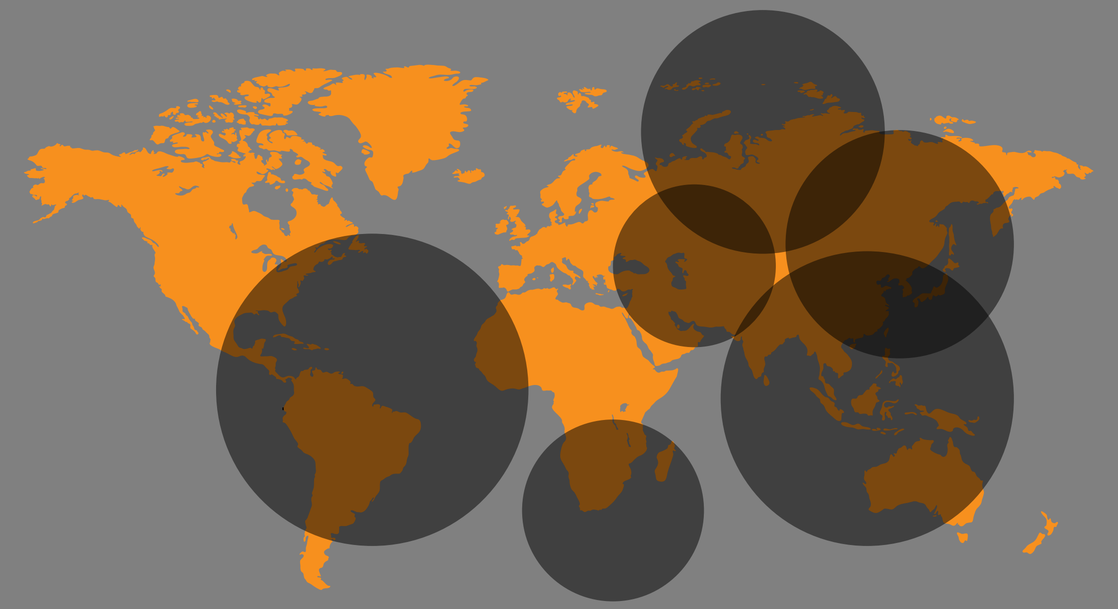
Customer focus is a cornerstone of Roblon's business strategy and a prerequisite for the company's continued development. Roblon's global customer focus means that we work closely with the customers to find innovative, efficient and intelligent solutions. It is about the combination of how we serve and speak to the customers as well as creating the correct physical and organisational settings.

Roblon works continuously on strengthening its global customer focus. The new Business Centre with showroom based at the headquarters in Frederikshavn is a vital tool in the dialogue with current and potential customers both in Denmark and abroad. Changing the matrix organisation to a single business development function containing Roblon's four product group areas

- Cable fibres/cable machinery
- TWM (machinery for the rope-making and carbon fibre industries)
- Offshore/other industry and
- Lighting

was also carried out with greater customer focus in mind. The changes implemented last year add dynamics. All of this puts us in a position to carry out sales more efficiently and to follow up potential business development opportunities in a more targeted way. This has also led to a simpler and thus more transparent organisation, which affects the customers' and stakeholders' assessment and view of the business.

Some of Roblon's focus areas in 2012/13



Showroom and dialogue centre

Roblon's 2,500 m² new showroom linked to its headquarters in Frederikshavn was opened in May. The new premises have since demonstrated equal potential as both a showroom and dialogue centre.

Customer focus is a cornerstone of Roblon's strategy, and the new Business Centre in Frederikshavn was built to meet customers and their needs.

The 2,500 m² Business Centre brings a display area and both work and meeting rooms under the same roof. Meeting rooms have been integrated into the display area so that the customers and Roblon can turn words into deeds together by taking the ideas from the work and meeting rooms and testing them out in practice using the products in the showroom. This is because the new showroom is not a static display; customers and business partners can see the products in action and be given a demonstration of new features. Together with Roblon's engineers on-site, they will have the opportunity to test alternative configurations, do some fine-tuning and optimising.

There is plenty of room in the new centre, and this is mainly due to the desire to improve the setting for larger customer events. To take just one example, every four years the Roblon trade fair for rope-making manufacturers attracts customers from all over the world to Roblon's headquarters in Frederikshavn. This year there were visitors from 37 countries on six continents, with a total of 140 guests attending. Up until now, part of the event has taken place at the production facility in Sæby, where the machines could be viewed live. Now we have the showroom this is no longer necessary, and it also serves several other purposes: Firstly there is more time for each individual customer, secondly Roblon can demonstrate a wider selection of products and thirdly and finally the new Business Centre creates a better setting for the dialogue between the customers.

Better dialogue with the customer

Flexible configuration options are an important argument in favour of choosing Roblon's high-end machines. By means of preliminary dialogue with the customer on critical issues such as selection of materials, machinery assembly, configuration etc., Roblon is able to use the new showroom to present a concrete proposal for a machine. This takes place in collaboration with Roblon's experts at the technology centre in Sæby, who provide the sales team with advice on optimisation and efficiency measures.

The new showroom with its adjacent facilities has received positive feedback from the customers and enhances the customer dialogue, something which was a main aim of its establishment. It was our desire to make our relationship with existing customers even closer, and we have succeeded in doing so. Roblon's solutions are now presented better than ever before. This provides an improved and more unified overview of what Roblon is about and can do, which in turn makes a better starting point for any dialogue.

In-House arrangement in May 2013 where Roblon received guests from 37 countries from 6 continents
PHOTO: ROBLON

Interested customers from Roblon's In-House arrangement
PHOTO: ROBLON

The new showroom is not a static display; customers and business partners can see the products in action and be given a demonstration of new features.

Supplier and strategic consultant

In the “Cable fibres/cable machinery” product group area Roblon supplies both cable production machinery and a great number of the material used in the production. Roblon delivers several components that go into the actual fibre optic cable, from the outer shell to the inner layer, as well as materials that encase the fibre optic cable itself.

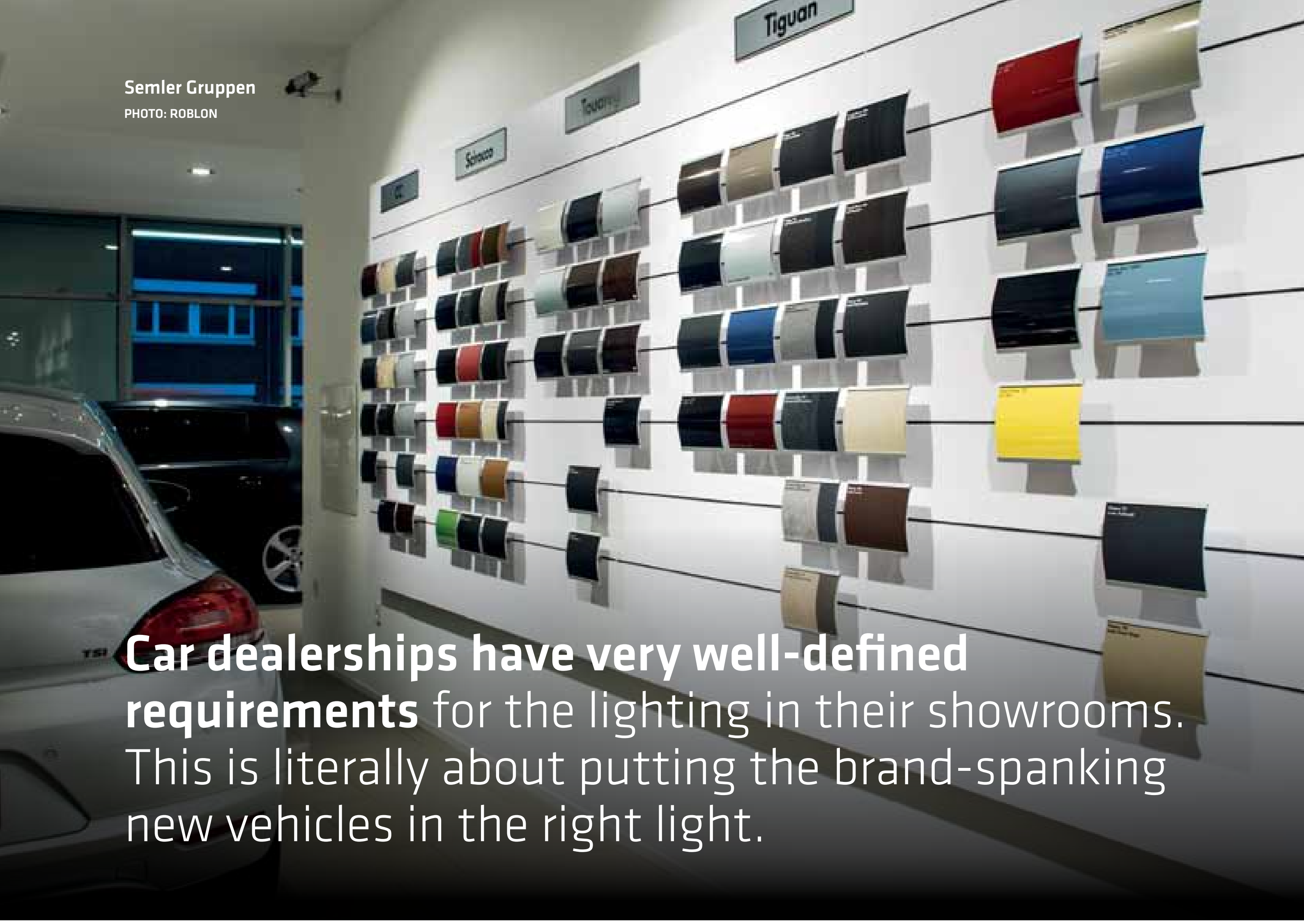
In addition to the professional market, the demand for fibre optic cables in recent years has been driven in particular by the desire of private end users for lightning-fast internet connections for video-on-demand services such as Netflix and ViaPlay, for YouTube or for online gaming.

The market for cable machinery and materials is relatively transparent with a well-defined customer base. This means that customer focus is very important for growth. The customers that buy Roblon’s machinery for producing fibre optic cables will also use materials to make the cables, and Roblon can supply many of these. In a situation where the customers want to reduce the number of subcontractors, they can achieve significant one-stop-shopping advantages by collaborating with Roblon.

Roblon’s customer focus is therefore naturally centred around close dialogue with existing customers who can benefit greatly from using Roblon as a strategic sparring partner in conjunction with the renewal of machinery, plans to expand production capacity or rational material procurement.

Flexibility and a rapid response make up an important parameter in relation to new customers. This is reflected in the fact that, among other things, Roblon can supply materials for cable

Semler Gruppen
PHOTO: ROBLON



Semler Gruppen
PHOTO: ROBLON

Car dealerships have very well-defined requirements for the lighting in their showrooms. This is literally about putting the brand-spanking new vehicles in the right light.

production with just a few weeks' or days' notice, depending on the quantities. Roblon can also quickly supply specialist solutions in the form of accurately adapted machines of a quality that matches Roblon's brand as the supplier of high-end quality machinery for cable production.

Showing a vehicle in a good light

Fibre optic lighting is the largest product segment in the "Lighting" product area. Fibre optic lighting is particularly well suited to decoration tasks and sculptural lighting, such as at the Royal Danish Playhouse and the Copenhagen Opera House, which both now boast Roblon solutions.

As far as more conventional professional lighting of shop premises and offices is concerned, it is LED installations that dominate to an ever-increasing extent. This is an area where Roblon has in recent years focused on customers for whom quality lighting is more important than the price, including customers who want custom-developed solutions.

Car dealerships belong to this category. Car dealerships have very well-defined requirements for the lighting in their showrooms. This is literally about putting the brand-spanking new vehicles in the right light in terms of intensity, illumination angle, colour temperature and number of light sources. Quality LEDs also possess the benefit that the light can be controlled, unlike the more power-hungry but still very widespread halogen lighting fittings. Car dealerships are a market where quality is mentioned before price is negotiated, and this consequently precludes the majority of the many low-price manufacturers that have gained ground as LED lighting has become more widespread in commercial use.

It is not particularly important to the car dealerships that Roblon is a niche player in lighting. They are more concerned about the fact that Roblon is a well-consolidated business that can deliver tailored solutions. E.g. with the help of Roblon's lighting lab, which can measure all the products in preparation for a well-documented data sheet. The customers also notice that the lighting product area is part of a business that can draw on resources from other departments in a peak-load situation whenever there is a tight deadline for e.g. a new display design for the latest vehicle model that has arrived at the showroom.

When it comes to lighting for car dealerships, maintaining close and personal customer contact is absolutely key because the area is characterised by specifically adapted solutions. And these solutions are as a rule developed in close co-operation with our customers.

Acquisitions and partnerships

In order to reinforce and maintain business development-related growth in the long term, it is essential for Roblon to always be focused on strengthening its global market position and offering the customers ever more complete and innovative solutions.

In addition to the value of higher revenue, greater customer satisfaction and increased knowledge, the higher volume and product development also provide better utilisation of sales resources, production equipment and support functions. Entering into strategic partnerships and making acquisitions is one way in which Roblon can expand its activities and product offering; it is for this reason that Roblon is always working to identify suitable acquisition candidates and business partners. We are mainly interested in companies with product ranges that complement our own existing product portfolios, and we maintain regular dialogue with different businesses.

Growth situation

At the same time as maintaining a strong focus on the strategically important European market, we have increasingly directed our attention towards the global opportunities for growth in recent years. The BRIC countries in particular encompass substantial opportunities for expansion.

The growing overseas focus fits in very well with the increasing competition within the more well-established product group areas and markets. Renewed growth can be created on mature markets through increased marketing and a greater sales effort, but it can also be produced through the introduction of new and innovative products that create competitive advantages. This is where the purchase of other businesses or technologies is a tool that Roblon is increasingly expected to make use of in the next few years. Another solution is to establish partnerships with a view to strengthening the development work and thereby creating a more global development function. This makes us quick on our feet when, for instance, we are able to use Roblon's existing product range as a basis for tailoring new solutions to wholly specific regional conditions and customers. In this area of expertise the Asian markets offer particular opportunities.

Preparation is important

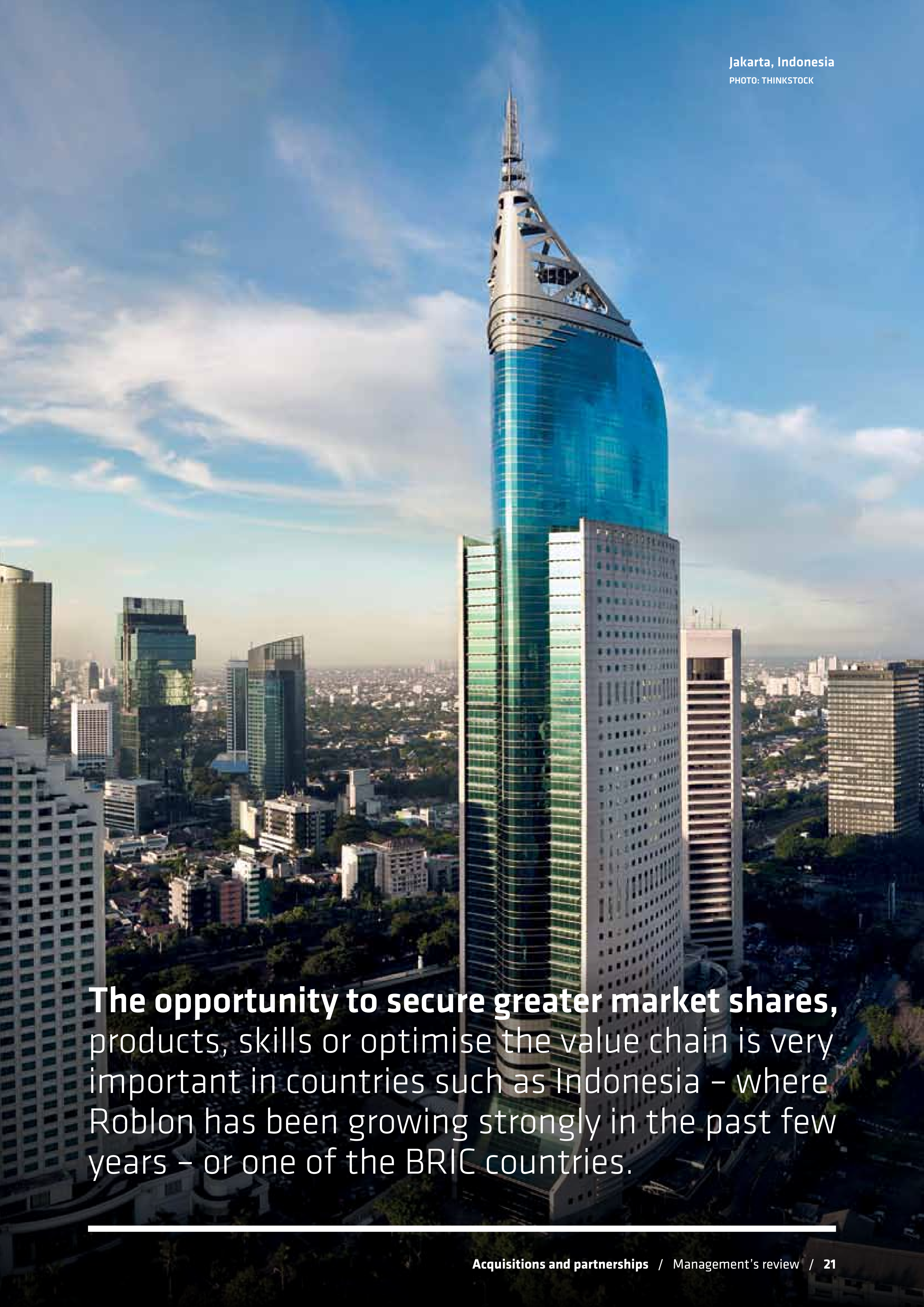
In purely organisational terms partnerships are easiest to handle, although the value potential with acquisitions is often considerable. This requires, among other things, that Roblon's organisation needs to be geared to the transaction in advance. Roblon's management team is very aware that mergers and acquisitions do not always create the added value for shareholders and stakeholders that may have been intended. There are many reasons for this, but it is typically down to the organisation not being set up to absorb the full value.

In recent years Roblon has restructured the organisation so it is much more geared towards both organic and acquisitive growth. Where we were previously two business units, Roblon now has a single business unit divided into four product areas, which each handle their own sales, marketing and product portfolio management. This makes the organisation more flexible, focused and transparent – three important prerequisites for a successful integration of new technologies or businesses.

Controlled growth

Roblon wants to create value for the shareholders through profitable, controlled and organic growth combined with acquisitions whenever the opportunities arise. Our capital strength gives us an advantage, and acquisitions are deemed to be necessary if we are to create future satisfactory growth in value for the shareholders. Thanks to product development, Roblon is still able to create satisfactory growth on the mature markets, especially in Europe, but the opportunity to secure greater market shares or optimise the value chain is very important in countries such as Indonesia – where Roblon has been growing strongly in the past few years – or one of the BRIC countries.

Regardless of the opportunities, Roblon follows a growth strategy that does not compromise the existing healthy and profitable business; it is of the utmost importance that year after year Roblon generates a stable return for the shareholders. There is still significant economic uncertainty all over the world. The liquidity of our businesses is tight and credit facilities are rather more limited than before the financial crisis. In a climate of this nature it is essential to look extra carefully before crossing new roads. Conversely, this climate also creates opportunities to acquire products and technologies at relatively favourable prices.



Jakarta, Indonesia
PHOTO: THINKSTOCK

The opportunity to secure greater market shares, products, skills or optimise the value chain is very important in countries such as Indonesia – where Roblon has been growing strongly in the past few years – or one of the BRIC countries.

Product development at Roblon

Roblon wishes to strengthen the market perception that we are a market leader and technological innovator. For this reason it is of the utmost importance that we constantly develop innovative and trendsetting quality products.

Roblon Technology Centre is fully rooted in the three previously individual development departments now gathered under a single roof and with central management. With 20 development staff working at the Centre there is room for the deep specialisation in each business area's technology, innovation and market conditions, as well as there being interdisciplinary resources available within project management and business understanding. It is possible for focus areas to be regularly boosted with shared extra resources so that the pace of development projects can be maintained or increased depending on strategic necessity and priorities.

As far as many of the products are concerned, the technology centre's employees also work on the design and development of production equipment at the same time as developing Roblon's cable, fibre and offshore products that will be made on the production equipment. This provides an all-round understanding of the technological and business aspects, which in turn creates a unique competitive advantage for Roblon.

Project management at Roblon Technology Centre has been the management team's main focus throughout the year. Management of the development process from "start-up and sand box projects" to delivery of a new product to the sales department is carried out in a focused and consistent way with a view to completing the projects on time and complying with the agreed specifications and time spent. The majority of development projects naturally enough consist of the development of new products, but the technology centre also takes care of project management and participation in e.g. production optimisation, business development and implementation of new product lines.

The strong focus on project management can be seen, among other things, in our training activities, and by the end of 2014 we expect 1/3 of our development staff to have completed a project manager training course. This provides us with large project management capacity, but it also raises the professional level in cases where a development employee is part of a project as a general project worker.

The collaboration with the commercial business areas has been intensified further. For instance, development staff may take part in arranging customer visits and attend trade fairs around the world to provide technical sales support and also to better understand the business and what drives it. The dialogue with the customers provides an insight into what is going on in the markets as well as an opportunity to be at the forefront with the development of new innovative products and production technologies. Thanks to the capacity at the technology centre we can allocate considerable resources to the development of customer-specific products.

There is already a broad palette of ongoing development projects, and with strict and focused execution of the project plans we still expect to increase our output from the development function.

PHOTO: ROBLON

The dialogue with the customers provides an insight into what is going on in the markets as well as an opportunity to be at the forefront with the development of new innovative products and production technologies.

Employees and organisation

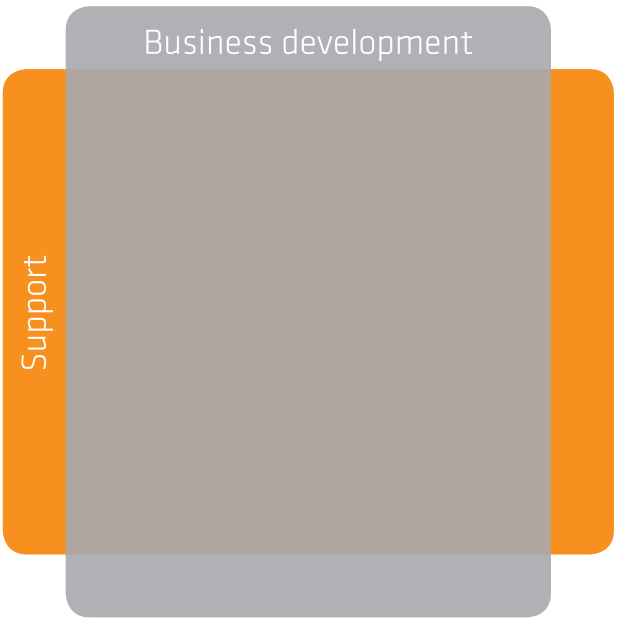
The organisation at Roblon consists of dedicated, motivated and competent employees where the very high level of expertise is regularly maintained and expanded by means of various activities providing skills, supported by courses, seminars and refresher training.

We believe in our employees, rely on them and we give them space so that they all do their best by taking on responsibility. "Freedom with responsibility", security and trust are the key words here. Our skilled employees will drive the business forward for everyone's benefit and with our matrix-like organisation the path from idea to action is a short one. The globalised world and the market conditions keep changing at an ever increasing rate and the ability and readiness to change are decisive competitive factors. Roblon's matrix organisation is the response to these challenges.

The organisation consists of experienced and new employees – a good mix. At all times our aim is to be moving forward and to keep on developing. This is why we also attract new employees and firebrands who, together with the more experienced workers, contribute to innovation and development. Times change, while customers and markets change continuously and very rapidly. Roblon keeps up with these changes.

In the spring of 2013 Roblon moved its production of lighting products from Frederikshavn to Sæby. Everything went according to plan and very successfully. Everyone helps each other out and whenever people are at "a loose end" in one department its employees will help those from another. This approach helps every single colleague to have greater understanding of the various work routines. Efficient work routines in turn help to create

ROBLON'S MATRIX ORGANISATION



high customer value, better quality and greater employee satisfaction. For Roblon it's all about creating a clear focus on what generates value for the customer and getting rid of unnecessary work routines for the employees.

Our organisational structure has given our employees a greater chance of influencing their own work situation, which in turn increases their motivation. We create greater flexibility and faster reactions and decision-making processes.

Motivation means efficiency, which itself is conditional upon a good working environment. Roblon's managers are very aware that they need to ensure a good working environment. For instance, it may be restricting as an employee to be uncertain of how to contribute to the company's objectives. Roblon has therefore set clear and general targets for its employees so that everyone knows the direction in which the company is heading. At Roblon we are a great believer in openness and honesty in our communication with one another, something which very much contributes to greater well-being and job satisfaction. Preventing occupational accidents is also a priority, just as we are always working to reduce hazardous substances in production.

The way we guarantee a good working environment includes focusing on the psychological working environment, conflict resolution, absence due to illness, meeting the requirements for workplace assessments.

Management capability and professional management still represent an important area for realising our targets and ambitious plans. For this reason, we are still constantly working to strengthen the managerial skills within the company and the ability of the managers to produce results through developing their employees. This work covers determining what is good management, including which abilities, behaviour and attitudes managers at the company should generally demonstrate and possess.

Target management and the ability to communicate and execute the targets is a key area on which we would like to place significant focus.

Management capability and professional management is an important area for realising our targets and ambitious plans.

NUMBER OF EMPLOYEES

Roblon had an average of 138 employees in 2012/13, compared to 136 in 2011/12.
The number of employees was 142 at the start of the year, compared to 132 last year.

Risk factors

Economic trends
Roblon monitors the development of economic trends on an ongoing basis, because fluctuations in conditions have a significant impact on the company's financial results.

In general, we have a good spread of products and markets, and to counter geographically determined fluctuations in demand, all product groups in Roblon are working to globalise sales in all areas. Furthermore, activities are directed at several different customer areas.

It should, however, be noted that this spread does not have an effect if there is a general downturn in international economic conditions.

Environment
Roblon's production facility in Gærum is environmentally certified according to ISO 14001 and has no emissions from processes that have an impact on the external aquatic environment and emissions to air are limited and subject to ongoing control.

Roblon's production facility in Sæby does not use any production processes that have a particular impact on the environment, which means that the external environmental impact is very limited and can be attributed primarily to energy consumption for lighting, heating and the painting process. Energy is also used to control light sources and there are very limited emissions to air in connection with the process of gluing fibre bundles.

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

Overall liquidity
Roblon has financed its activities via its operations, and as at 31.10.2013 the company has a liquidity surplus. Roblon has unutilised ongoing credit facilities, and further financing is available by raising loans against buildings and machinery as collateral.

Statutory statement of corporate governance

NASDAQ OMX Copenhagen A/S has adopted a set of recommendations for good corporate governance, which can be seen at the following link:

http://corporategovernance.dk/file/372481/anbefalinger-for-god-selskabsledelse.pdf.

The company have considered these recommendations and have described, where the company deviates from the recommendation. The statement can be found on Roblons website:

http://www.roblon.com/en/investors/governance/corporate_governance.htm

PHOTO: ROBLON

Roblon is always in the process of developing new and trendsetting quality products with a high level of innovation. This process also involves a high level of sustainability so that we can offer our customers the most efficient energy and environmentally optimised solutions.

Sustainability at Roblon

At Roblon we set the bar high in our efforts to minimize the level of resource consumption that is included in the company's processes. As at other companies, our production requires a lot of energy and this is why we are constantly trying to increase our use of green energy alongside reducing waste as much as possible.

Since the planet's resources are limited, we at Roblon consider it to be an important task to utilise these optimally, so that we ensure balance between growth and environmental concerns. We do this by bringing the latest knowledge and the best technologies into play. We challenge traditional solutions and use our international experience when handling our customers' projects for example. In this way sustainability is integrated into all solutions to benefit both our customers and society as a whole.

In Roblon we regularly optimise our energy supply, are reducing our energy costs and thus making energy savings.

In 2013, Roblon has continued the effort to reduce the energy consumption at the company's factories assisted by internal and external energy consultants, with energy optimisation of both buildings and production processes also taking place. For instance, we are working on efficient and continuous energy management using methods such as improved energy utilisation through increased heat recovery using heat exchangers and automation.

Roblon is always in the process of developing new and trendsetting quality products with a high level of innovation. This process also involves a high level of sustainability so that we can offer our customers the most efficient energy and environmentally optimised solutions that create value for our customers. Thanks to Roblon's sustainable production processes and products, we are in a strong position among the global competition, and with our climate-friendly solutions we are making an active contribution to promoting sustainability at a global level.

Reporting on internal control and risk management systems

The Board and Management bear overall responsibility for the company's control and risk management in connection with the presentation of financial statements, including compliance with relevant legislation and other regulation in relation to the preparation of financial statements. The company's control and risk management systems may create reasonable, but not absolute, certainty that the misuse of assets, loss and/or the presence of material errors and defects in conjunction with the preparation of financial statements can be avoided.

Control environment

At least once a year the Board evaluates the company's organisational structure, the risk of fraud and the existence of internal rules and guidelines.

The Board and Management define and approve overall policies, procedures and controls for important areas in connection with the process of preparing financial statements. The Board has adopted policies, manuals, procedures, etc. within important areas regarding the preparation of financial statements, and the policies, manuals and procedures are available on the company's intranet. Compliance is regularly emphasised and random compliance monitoring and tests are performed regularly.

The Management regularly checks compliance with relevant legislation and other regulations and provisions in connection with the preparation of financial statements, and reports on this are submitted to the Board on an ongoing basis.

Risk assessment

At least once a year, the Board carries out a general risk assessment as part of the process of preparing financial statements. As part of this risk assessment, the Board considers the risk of fraud and what precautions should be taken in order to reduce and/or remove these risks. With this in mind, any Management incentives/motives related to manipulating accounts or other fraud must be discussed.

Audit

In order to safeguard the interests of the shareholders and the public, a state-authorised public accountancy firm is appointed at the annual general meeting in accordance with the recommendation of the Board. The auditors present a report to the Board once a year and also immediately after the identification of any circumstances that require the Board to make a decision. The auditors attend board meetings as part of the adoption of the annual report.

Besides making recommendations to the general meeting, the Board assesses the auditors' independence, expertise, etc., in consultation with the Management.

Shareholders

Dividend
At the Annual General Meeting on February 24, 2014 the Board of Directors will propose a dividend ratio of 50%, corresponding to DKK 17.9 million. The decision on dividend will take into account the current investment requirements as well as an evaluation of the future development in liquidity.

The Board of Directors proposes dividend for 2012/13 of 50% (DKK 10 per B-share of DKK 20 and DKK 100 per A-share of DKK 200), as in 2011/12. The distribution amounts to 43.7% of the total profit for the year. At a year-end price of DKK 238, this implies a direct return of 4.2%.

Notifications to the stock exchange

January 10, 2013	Preliminary statement 2011/12
February 25, 2013	Interim statement
June 27, 2013	Interim report first half-year 2012/13
August 14, 2013	Change in Roblon A/S' Board
August 29, 2013	Interim statement
August 30, 2013	Major shareholder announcement
October 8, 2013	Financial calendar 2013/14
November 28, 2013	Deviation from earlier announced expectations
November 29, 2013	Major shareholder Announcement

Financial calendar

January 9, 2014	Preliminary statement 2012/13
February 24, 2014	Annual General Meeting and interim statement
June 24, 2014	Interim report 2013/14
August 21, 2014	Interim statement
January 15, 2015	Preliminary statement 2013/14
February 26, 2015	Annual General Meeting and interim statement

Capital and reserves
At the end of the year the company's capital and reserves total DKK 230.3 million.

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

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

Own shares
Under the authority granted by the Annual General Meeting, the company can acquire own shares up to 10% of the share capital. The authority is valid until 30/6 2014. The Board of Directors will request the renewal of this authority at the Annual General Meeting.

Articles of Association
The company's Articles of Association can be changed if two thirds of both the votes cast and the voting shares represented at the Annual General Meeting are in favour of the proposal. The company is run by a Board of Directors consisting of four to seven members elected at the Annual General Meeting for one year at a time.

Accountants
Deloitte, State Authorised Public Accountants
Gøteborgvej 18, 9200 Aalborg SV, Denmark

Attorney
Advokatfirmaet HjulmandKaptain
Havnepladsen 7, 9900 Frederikshavn, Denmark

Primary Bank
Danske Bank, Finanscenter Jylland Nord, 9000 Aalborg, Denmark

Ownership
The following shareholders are subject to the provisions of Section 55 of the Danish Companies Act:

	Ownership Interest %	Voting right %
ES Holding Frederikshavn ApS, Bøgevej 11, 8370 Hadsten	25.1	68.8
FMS Investeringsrådgivning A/S, Østergade 27 b, 7400 Herning	20.4	8.5

Roblon A/S is included in the consolidated accounts for ES Holding Frederikshavn ApS. The accounts are publicly available.

The management of Roblon A/S seen from the right: Klaus Kalstrup, Peter Sloth Vagner Karlsen, Ole Nygaard Letort, Birthe Tofting, Eva Haas, Ole Krogsgaard og Jens-Ole Sørensen

Board of Directors and Management

Board of Directors

Klaus Kalstrup, Director
- (Chairman), born 1965, joined the Board in 2004

Ole Krogsgaard, Senior Master
- (Deputy Chairman), born 1947, joined the Board in 2002

Peter Sloth Vagner Karlsen, Group Senior Vice President
- born 1963, joined the Board in 2011

Birthe Tofting, Director of Int.Sales, Marketing & HR
- born 1958, joined the Board in 2012

Eva Haas, Machine Operator *)
- born 1956, joined the Board in 2007

Ole Nygaard Letort, Service Engineer *)
- born 1964, joined the Board in 2013

Management

Managing Director, CEO, Jens-Ole Sørensen
- born 1958, employed at Roblon in 2009

Other Managerial Posts held by Members of the Board of Directors and Management
In accordance with Section 107 of the Danish Financial Statements Act concerning managerial posts held by members of the Board of Directors and Management of Roblon Aktieselskab, the following has been reported:

Klaus Kalstrup
KKI Aps - Director
Chairman of the Board of Royal Termo Træ A/S
Member of the Board of Hepion Aps

Peter Sloth Vagner Karlsen
Grundfos Holding A/S, Global Development & Engineering Group Senior Vice President
Grundfos Water Treatment, Söllingen – Member of the Board
Grundfos Manufacturing UK, Sunderland – Member of the Board
Hals Sparekasse – Member of the Board

Birthe Tofting
Director of International Sales, Marketing & HR in VOLA A/S.
Member of the Board of E V Metalværk A/S, CRECEA A/S, CRECEA Fonden

Eva Haas
Member of the Board of Håndværkerafdelingen A/S

Portfolio of shares of the Board
Number of shares per October 31, 2013:
Klaus Kalstrup, 0 shares
Ole Krogsgaard, 840 shares (Birgitte Krogsgaard 13,945 shares)
Peter Sloth Vagner Karlsen, 395 shares
Birthe Tofting, 0 shares
Eva Haas, 0 shares
Ole Nygaard Letort, 125 shares.

*) elected by the employees

Financial review

In connection with the Management's review, the annual report contains notes to the financial statements for 2012/13 and the accounting policies applied.

The financial statements for 2012/13 are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports for accounting class D (listed companies), cf. the IFRS Executive Order issued pursuant to the Danish Financial Statements Act.

Income statement
Revenue in the financial year amounted to DKK 267.0 million compared to DKK 253.8 million the previous year.

The export ratio was 85.3% compared to 90.7% the previous year.

The costs of raw materials and consumables are at the same level as last year, despite an increase in revenue. This was achieved due to a different product mix and due to optimisation in production.

Other external costs and staff costs have risen due to the increased revenue.

Operating profit for Roblon A/S amounted to DKK 53.4 million compared to DKK 39.3 million in 2011/12.

Profit before tax for Roblon A/S amounted to DKK 54.1 million compared to DKK 41.1 million in 2011/12.

Balance sheet
The company's balance sheet total rose to DKK 274.5 million from DKK 244.0 million the previous year.

Intangible assets amounted to DKK 10.4 million compared to DKK 9.0 million the previous year. Tangible assets increased to DKK 43.0 million from DKK 41.9 million.

Current assets have risen to DKK 220.2 million from DKK 191.9 million. Stocks have risen to DKK 56.5 million from DKK 53.6 million, while receivables have risen to DKK 66.2 million from DKK 45.8 million, and liquid assets and bonds have risen to DKK 97.5 million compared to DKK 92.5 million the previous year.

Equity in the company totals DKK 230.3 million and the equity/assets ratio is 83.9%.

Cash flow statement
Cash flows from operating activities in the financial year were DKK 31.4 million compared to DKK 34.1 million the previous year.

Operating profit amounted to DKK 53.4 million compared to DKK 39.3 million the previous year.

Stocks increased by DKK 2.9 million, receivables increased by DKK 20.1 million and current liabilities increased by DKK 3.5 million. There is only a small shifting in other provisions. Taken together, these reduce the net liquidity by DKK 19.7 million, while it was reduced by DKK 5.6 million the previous year.

The corporation tax paid amounted to DKK 9.3 million compared to DKK 10.6 million the previous year.

Cash flows from investment activities show a liquidity deficit of DKK 8.7 million against a surplus last year of DKK 6.1 million. Last year was positively affected by sale of bonds of DKK 12.0 million.

Cash flows from financing activities concern payment of dividend of DKK 17.9 million.

Cash and cash equivalents in the financial year rose by DKK 4.8 million to total DKK 86.7 million.

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Roblon A/S for the financial year November 1, 2012 to October 31, 2013.

The annual report is presented in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position as at October 31, 2013 and of the result of the company's activities and cash flow for the financial year November 1, 2012 to October 31, 2013.

We also consider the management report to give a fair review of the development of the company's activities and performance, the profit of the year and the company's financial position as a whole, together with a descripton of the principal risks and uncertainties that it faces.

We recommend the annual report for adoption at the Annual General Meeting.

Frederikshavn, January 9, 2014

Executive Board

Jens-Ole Sørensen
Managing Director, CEO

Board of Directors

Klaus Kalstrup Chairman	Ole Krogsgaard Deputy Chairman	Birthe Tofting
Peter Sloth Vagner Karlsen	Eva Haas	Ole Nygaard Letort

Independent auditor's reports

To the shareholders of Roblon A/S

Report on the parent financial statements
We have audited the parent financial statements of Roblon A/S for the financial year 1 November 2012 - 31 October 2013, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including the accounting policies, for the Parent. The parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

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

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

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

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 parent financial statements give a true and fair view of the Parent's financial position at 31 October 2013, and of the results of their operations and cash flows for the financial year 1 November 2012 - 31 October 2013 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the management commentary
Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the parent financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statements.

Aalborg, January 9, 2014

Deloitte
Statsautoriseret Revisionspartnerselskab

Lars Birner Sørensen

Lars Birner Sørensen	Torben Toft Kristensen
State Authorised	State Authorised
Public Accountant	Public Accountant

Cash Flow Statement

tDKK	2012/13	2011/12
Operating profit	**53,388**	**39,337**
Profit on sale of tangible assets	-1,747	0
Depreciation and write-downs of tangible and intangible assets	8,009	9,275
Change in other provisions for liabilities	-235	-219
Change in stocks	-2,859	204
Change in debtors	-20,144	-1,708
Change in current liabilities	3,548	-3,923
Cash flow from primary activities	**39,960**	**42,966**
Financial payments received	1,054	1,824
Financial costs paid	-323	-68
Corporate tax paid	-9,298	-10,628
Cash flow from operating activities	**31,393**	**34,094**
Investment in intangible fixed assets	-3,645	-2,335
Investment in tangible fixed assets	-6,910	-3,544
Sales proceeds from tangible fixed assets	1,870	0
Purchase and sale of financial assets available for sale (net)	0	11,985
Cash flow from investment activities	**-8,685**	**6,106**
Payment of dividend	-17,882	-25,034
Cash flow from financing activities	**-17,882**	**-25,034**
Change in cash at bank and in hand	4,826	15,166
Cash at bank and in hand as at 1/11 2012	81,853	66,687
Cash at bank and in hand as at 31/10 2013	**86,679**	**81,853**

Income statement for the period November 1, 2012 - October 31, 2013

tDKK	Note	2012/13	2011/12
Net turnover		266,994	253,782
Other operating income		1,747	0
Costs for raw materials and consumables	4	-117,431	-117,560
Other external expenses	5,6	-29,169	-28,946
Staff costs	7	-60,744	-58,664
Depreciation and write-downs of tangible and intangible fixed assets		-8,009	-9,275
Profit on primary activities		**53,388**	**39,337**
Interest income	8	1,054	1,824
Interest expenditure	9	-323	-68
Profit before tax		**54,119**	**41,093**
Tax on profit for the year	10	-13,140	-10,278
Profit for the year		**40,979**	**30,815**
Fair value adjustment of financial assets available for sale		194	731
Fair value adjustment of liquidated financial assets transferred to the income statement	8,9	0	68
Tax of other comprehensive income	10	-48	-200
Other comprehensive income		**146**	**599**
Total comprehensive income		**41,125**	**31,414**
Earnings per share (EPS)	**11**	**22.9**	**17.2**

Balance sheet as at October 31, 2013

tDKK	Note	2012/13	2011/12
ASSETS			
Non-current assets			
Completed development projects		4,862	6,602
Ongoing development projects	4,5,7	5,552	2,444
Intangible assets	12	10,414	9,046
Land and buildings		36,108	34,065
Plant and machinery	4,7	4,854	5,841
Fixtures and fittings, tools and equipment		523	1,350
Tangible assets in the course of construction		1,511	684
Tangible assets	13	42,996	41,940
Trade debtors	15	886	1,158
Total non-current assets		**54,296**	**52,144**
Current Assets			
Stocks	14	56,485	53,626
Trade debtors	15	62,296	43,499
Other debtors		3,859	2,146
Accruals		87	181
Total debtors		66,242	45,826
Financial assets available for sale	16	10,793	10,599
Cash at bank and in hand	17	86,679	81,853
Total Current Assets		**220,199**	**191,904**
Total Assets		**274,495**	**244,048**

Balance sheet as at October 31, 2013

tDKK	Note	2012/13	2011/12
LIABILITIES			
Capital and Reserves			
Share capital	18	35,763	35,763
Other reserves	19	711	565
Profit carried forward		193,810	170,713
Total capital and reserves		**230,284**	**207,041**
Non-current liabilities			
Deferred tax	20	4,155	4,071
Other provisions for liabilities	21	115	350
Total Non-current liabilities		**4,270**	**4,421**
Current liabilities			
Suppliers of goods and services		14,310	13,885
Corporate tax (joint taxation share)	22	10,929	7,122
Other debt		14,702	11,579
Total current liabilities		**39,941**	**32,586**
Total Liabilities		**274,495**	**244,048**

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Capital and reserves statement

	Share capital	Other reserves	Profit carried forward	Total
Capital and reserves as at 31/10 2011	35,763	-34	164,932	200,661
Profit for the year			30,815	30,815
Other comprehensive income		599		599
Comprehensive income for the financial year		599	30,815	31,414
Dividend distributed			-25,034	-25,034
Capital and reserves as at 31/10 2012	35,763	565	170,713	207,041
Profit for the year			40,979	40,979
Other comprehensive income		146		146
Comprehensive income for the financial year		146	40,979	41,125
Dividend distributed			-17,882	-17,882
Capital and reserves as at 31/10 2013	35,763	711	193,810	230,284

The share capital of 35,763,000 consists of the following shares:

A-shares:	27,775 of DKK	200, in total	DKK 5,555,000
B-shares:	1,510,400 of DKK	20, in total	DKK 30,208,000

Each A-share of DKK	200 gives	100 votes.
Each B-share of DKK	20 gives	1 vote.

At share split on 25.03.2013, the B-shares have been changed from a unit value of DKK 100 to DKK 20 in order to increase the liquidity of the shares.

The A-shares are not listed on the stock exchange

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

	31/10 2013		31/10 2012	
No of shares	**A-shares**	**B-shares**	**A-shares**	**B-shares**
Number of shares 01/11 2012	5,555	302,080	5,555	302,080
Change of share value	22,220	1,208,320	0	0
Number of shares 31/10 2013	27,775	1,510,400	5,555	302,080

Dividend:

In February 2013, Roblon A/S distributed tDKK 17,882 as an ordinary dividend to the shareholders, equivalent to DKK 50 per DKK 100 share. In February 2012, a dividend of tDKK 25,034 was distributed, equivalent to DKK 70 per DKK 100 share.

For the financial year 2012/13 the Board has proposed dividend of tDKK 17,882 corresponding to DKK 10 per DKK 20 share, which will be distributed to the shareholders immediately after the Annual General Meeting on February 24, 2014 provided that the general meeting approves the proposal of the Board.

Notes

1. Accounting policies applied for the financial year 2012/13

The financial statements for 2012/13 for Roblon A/S are presented in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports for accounting class D (listed company), cf. the IFRS Executive Order issued pursuant to the Danish Financial Statements Act.

In the financial year we have used all the new and changed standards and interpretations, which are relevant to the company, and which were entered into force for financial periods, starting as per 1 November 2012. The implementation of new and changed standards have not affected the accounting policies for the company.

The accounting policies applied are described in full in Note 30.

2. Accounting estimates and judgements

Uncertainty of estimates

Calculating the carrying amounts of certain assets and liabilities requires assumptions, estimates and judgements to be made with regard to future events.

In this connection it is necessary to presume a sequence of events etc. that reflects the Management's evaluation of the most probable sequence of events. The assumptions may be inaccurate or incomplete and unexpected events or circumstances may arise. This has a significant impact on the assets and liabilities recognised and may require corrections in the subsequent financial year if the presumed sequence of events is not as expected.

Uncertainty of estimates

As part of the application of the company's accounting policies, the Management makes judgements that can have a significant impact on the amounts included in the annual report.

Such judgements include whether development projects meet the criteria for activation.

Recovery of intangible assets generated internally in the Group
During the financial year, company Management assessed the possibilities of recovering the carrying amount of the company's completed and ongoing development projects, which as of 31 October 2013 have a value of DKK 4.9 million and DKK 5.5 million (31/10 2012: DKK 6.6 million and DKK 2.4 million).

Detailed sensitivity analyses were conducted for the individual projects, and even though earnings were not as high as originally presumed, it is the view of Management that the carrying amounts for the individual development projects will be recovered within the original period. The projects were started on basis of a "basic specification", which besides demands for the producs' technical specifications also specifies demands for the unit costs of the product (SUC) and the sales price. Management will monitor future developments in this area closely and will make additional adjustments to the carrying amounts if developments necessitate it.

For the distinction between development costs which are recognised in the income statement and costs, which are activated we refer to note 30 under Intangible assets.

Notes

3. Segmental information

Information is given on one segment with revenue distributed in 4 product groups.

tDKK	2012/13	2011/12
Product group:		
Lighting	31,272	36,776
Offshore and other industry	76,069	43,557
TWM (Twisters, winders and rope machinery)	67,045	79,032
Cable and cable machinery	92,608	94,417
Total	266,994	253,782
Revenue distributed geographically:		
Denmark	39,359	23,546
Europe	115,261	130,367
Asia	63,271	58,887
America	49,103	40,982
Total	266,994	253,782

The company's assets are solely placed in Denmark.

4. Costs for raw materials and consumables

Consumption of goods	116,392	118,470
Depreciation of stocks	1,955	627
	118,347	119,097
Materials included under non-current assets - note 12	0	-134
Materials included under current assets - note 13	-916	-1,403
Consumption regarding sold goods	117,431	117,560

5. Product development costs

Product development costs incurred	12,433	10,638
Product development costs recognised as intangible assets	-3,646	-2,335
Recognised in the income statement under other external costs and staff costs	8,787	8,303
External costs		
External costs incurred	30,255	29,774
External costs recognised as intangible assets	-1,086	-828
External costs, total	29,169	28,946

Notes

tDKK	2012/13	2011/12
6. Fees to auditors elected by the General Meeting		
Audit of the annual accounts	203	198
Fee for other declarations with assurance	5	4
Tax counselling	22	20
Other services	127	100
	357	322

tDKK	2012/13	2011/12
7. Staff costs		
Fees to the Board of Directors	470	565
Wages Management	2,533	1,980
Wages and salaries	55,836	53,423
Contribution pensions, others	4,315	4,175
Other social security expenses	1,257	1,183
Refunds received from the social authorities	-726	-717
	63,685	60,609
Wages and salaries recognised under non-current assets - note 12	-2,559	-1,373
Wages and salaries recognised under current assets - note 13	-382	-572
Staff costs charged to the income statement	60,744	58,664

The Management hold the entitlement to company cars, value tDKK 235. (2011/12 - tDKK 121).

The company has only defined contribution pension plans and pay regular contributions to an independent pension fund, and is not exposed to any risk regarding future development of interest rates, inflation, mortality, disability etc. with regard to the amount that is to be paid to the employee in due course

Average number of full-time employees	138	136

tDKK	2012/13	2011/12
8. Financial income		
Other interest income	551	525
Interest on debtors	68	66
Interest on bonds	435	564
Interest income	1,054	1,155
Exchange rate gains and adjustments (net)	0	457
Gain on bonds	0	212
Recognised under the income statement	1,054	1,824

tDKK	2012/13	2011/12
9. Financial expenses		
Exchange rate losses and adjustments (net)	323	0
Fair value adjustment of liquidated financial assets transferred from other comprehensive income	0	68
Recognised under the income statement	323	68

Notes

tDKK	2012/13	2011/12
10. Corporate tax for the year		
Tax payable	13,104	11,055
Change in deferred tax	84	-577
Tax in total	13,188	10,478
Of this tax on other comprehensive income	-48	-200
Corporate tax for the year	13,140	10,278
Reconciliation of corporate tax:		
25% tax on the profit before tax	13,530	10,273
Tax effect on non-deductible costs	129	0
Tax value of loss limited by type of source	-280	5
The value of increased tax depreciation basis (115%)	-27	0
Effect of changed tax rate in Denmark	-212	0
	13,140	10,278
Effective tax rate (%)	24.7	25.0
Tax of income and costs recognised in other total income is accounted for as follows:		
Change of reserve for fair value adjustment of financial assets available for sale	-48	200
11. Earnings per share		
Profit for the year after tax	40,979	30,815
Number of A-shares of DKK 200	27,775	27,775
Number of B-shares of DKK 20	1,510,400	1,510,400
Earnings per A-share	229.2	172.3
Earnings per B-share	22.9	17.2
The number of shares is not affected by share options or anything else that affects the diluted earnings per share.		
Diluted earnings per A-share	229.2	172.3
Diluted earnings per B-share	22.9	17.2

Comparative figures for 2011/12 have been recalculated in order to reflect the 1:5 share split of the company's A- og B-shares.

Notes

tDKK	Completed development projects	Ongoing development projects
12. Intangible assets		
Purchase price:		
Balance as at 1/11 2012	13,029	2,444
Addition of self-developed assets 2012/13	0	3,646
Transfers 2012/13	538	-538
Disposal of fully depreciated self-developed assets 2012/13	-1,961	0
Balance as at 31/10 2013	11,606	5,552
Depreciation and write-downs:		
Balance as at 1/11 2012	6,427	0
Regarding fully depreciated assets	-1,961	0
Depreciation of the year	2,278	0
Balance as at 31/10 2013	6,744	0
Net book value as at 31/10 2013	**4,862**	**5,552**
Purchase price:		
Balance as at 1/11 2011	11,334	3,008
Addition of self-developed assets 2011/12	0	2,335
Transfers 2011/12	2,899	-2,899
Disposal of self-developed assets 2011/12	-1,204	0
Balance as at 31/10 2012	13,029	2,444
Depreciation and write-downs:		
Balance as at 1/11 2011	5,482	0
Concerning assets sold	-1,204	0
Depreciation of the year	2,149	0
Balance as at 31/10 2012	6,427	0
Net book value as at 31/10 2012	**6,602**	**2,444**

Apart from the development projects in progress, alle other intangible assets are considered to have certain lifetimes which depreciate the value of the assets, cf. description of accounting policies in note 30.

Development projects in progress are tested for impairment on an annual basis. No write-down requirement has been identified during the current or last financial year.

Notes

tDKK	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Tangible fixed assets in the course of construction
13. Tangible fixed assets				
Purchase price:				
Balance as at 1/11 2012	81,004	79,181	9,191	684
Addition of self-developed assets 2012/13	39	1,063	0	196
Other additions 2012/13	4,420	403	31	758
Transfers 2012/13	127	0	0	-127
Disposals 2012/13	-1,158	-655	-973	0
Balance as at 31/10 2013	84,432	79,992	8,249	1,511
Depreciation and write-downs:				
Balance as at 1/11 2012	46,939	73,340	7,841	0
Concerning assets sold	-1,158	-655	-850	0
Depreciation of the year	2,543	2,453	735	0
Balance as at 31/10 2013	48,324	75,138	7,726	0
Net book value as at 31/10 2013	**36,108**	**4,854**	**523**	**1,511**
Purchase price:				
Balance as at 1/11 2011	80,841	76,912	8,856	28
Addition of self-developed assets 2011/12	57	1,763	0	155
Additions 2011/12	106	506	428	529
Transfers 2011/12	0	0	28	-28
Disposals 2011/12	0	0	-121	0
Balance as at 31/10 2012	81,004	79,181	9,191	684
Depreciation and write-downs:				
Balance as at 1/11 2011	44,507	70,045	7,168	0
Concerning assets sold	0	0	-121	0
Depreciation of the year	2,432	3,295	794	0
Balance as at 31/10 2012	46,939	73,340	7,841	0
Net book value as at 31/10 2012	**34,065**	**5,841**	**1,350**	**684**

The annual profit on the sale of tangible assets amounts to tDKK 1,747 and is recognised under other operating income. Last year the amount was 0.

Notes

tDKK	2012/13	2011/12
14. Stocks		
Raw materials and consumables	34,138	30,716
Work in progress	9,553	11,934
Manufactured finished goods	12,794	10,976
	56,485	53,626
Stock write-downs:		
As per 1/11 2012	8,436	8,447
Write-downs of the year	1,955	627
Realized earlier year's write-downs	-462	-638
As per 31/10 2013	9,929	8,436

15. Receivables from sales

Receivables from sales, non-current part	886	1,158
Receivables from sales, current part	62,296	43,499
	63,182	44,657

Of the total receivables from sales tDKK 25,350 is hedged by documentary credit, other security provided by a third party or credit insured (tDKK 16,527 in 2011/12)

Receivables are written down if their value, based on individual assessment of the individual debtors' ability to pay, has been impaired, e.g. in the event of an administration order, bankruptcy etc. Write-downs are done at the calculated net realisable value.

Receivables are written down directly and provisions for loss are regarded as realised when it is no longer considered likely that there will be further payments on the debt.

Provisions 1/11 2012	104	345
Reversed provisions	-26	0
Recorded losses for the year	0	-315
Provisions for the year to cover losses	71	74
Provisions account 31/10 2013	149	104

16. Financial assets available for sale

The item consists of listed mortgage bonds, which are measured at fair value in the form of the market price at the balance sheet date.

17. Cash at bank and in hand

Cash at bank and in hand	86,679	81,853

The company has unutilised credit facility of tDKK 18,000 (31/10 2012: tDKK 18,000)

Notes

tDKK

18. Share capital

Changes in share capital:	
Share capital as at 1/11 2006	35,383
Capital augmentation employee shares 2007/08 (B-shares)	315
Capital augmentation employee shares 2009/10 (B-shares)	65
Share capital as at 31/10 2013	35,763

The A-shares are not listed on the stock exchange
The B-shares are listed on the stock exchange and according to the company's articles of Association the B-shares are entitled to dividend of 8% before any other alloction is made.

	Reserve for fair value adjustments of financial assets avail-able for sale
19. Other reserves	
Capital and reserves as at 1/11 2011	-34
Transferred to the income statement for cleared transactions	51
Fair value adjustment in 2011/12	548
Other reserves as at 31/10 2012	565
Transferred to the income statement for cleared transactions	0
Fair value adjustment in 2012/13	146
Other reserves as at 31/10 2013	711

The reserve for the value adjustment of financial assets available for sale includes the accumulated net change in the fair value of financial assets that are classified as financial assets available for sale.
The reserve is dissolved as the relevant financial assets are sold or expire.

Notes

tDKK	2012/13	2011/12
20. Provisions for deferred tax		
Deferred tax as at 1/11 2012	4,071	4,648
Deferred tax included in the profit for the year	84	-577
Deferred tax as at 31/10 2013	4,155	4,071
The amount allocated for deferred tax relates to:		
Current assets	223	418
Intangible fixed assets	2,602	2,262
Tangible fixed assets	1,355	1,479
Non-current liabilities	-25	-88
	4,155	4,071

A tax rate of 22-25% has been used for calculating deferred tax, due to the fact that Folketinget has adopted a gradual reduction of corporate tax percentages in the period 2014-16.
The effect of this change is tDKK 212.

21. Other provisions for liabilities		
Provisions for liabilities as at 1/11 2012	350	569
Additions 2012/13	115	350
Charged back in 2012/13	-350	-569
Provisions for liabilities as at 31/10 2013	115	350

Other provisions for liabilities consist of security liabilities expected to be applied within one year.

Guarantee obligations concern sold goods that are delivered with a guarantee that varies according to the different product groups.

22. Corporate tax		
Balance as at 1/11 2012	7,122	6,696
Payment of corporate tax concerning previous year	-7,670	-9,077
	-548	-2,381
Corporate tax payable	13,104	11,055
Tax paid on account in 2012/13	-1,627	-1,552
Balance as at 31/10 2013	10,929	7,122

Notes

tDKK	2012/13	2011/12
23. Financial risks		
Specification of financial assets and liabilities:		
Financial assets available for sale (securities) measured at fair value via the income statement (noted prices, level 1)	10,793	10,599
Receivables	67,128	46,985
	77,921	57,584
Financial liabilities measured at amortised cost price	39,941	32,586

As a result of its operation and investments, the company is exposed to a number of financial risks, including market risks (currency and interest rate risks) and credit risks.

The company's liquidity reserve consists of cash and cash equivalents, bond holdings and unutilised credit facilities.

Roblon's policy is to operate with a low risk profile so that currency, interest rate and credit risks only arise in connection with commercial conditions. The company's policy is not to engage in active speculations in financial risks.

Relevant conditions regarding the company risk management have been described in the following sections. There is no significant changes to the company's risk exposure or risk management compared to 2011/12.

Foreign currency exchange risks

The company's foreign currency exchange risks are primarily hedged by balancing payments received and made in the same currency. The balancing is made by daily monitoring the exchange rate compared to order book and purchases.

Exchange rate fluctuations in single currencies are not considered to have a significant impact on the company's profit and equity. other receivables and in the income statement under other comprehensive income.

The company's foreign exchange positions as at 31/10 2013 in DKK:

Currency	Receivables/ cash and cash equivalents	Liabilities	Net position
EUR	57,941	-8,019	49,922
USD	5,119	-1,364	3,755
GBP	556	-97	459
Others	31	-12	19
	63,647	-9,492	54,155

The company's foreign exchange positions as at 31/10 2012 in DKK:

Currency	Receivables/ cash and cash equivalents	Liabilities	Net position
EUR	48,443	-6,442	42,001
USD	4,232	-434	3,798
GBP	1,868	-103	1,765
Others	0	-3	-3
	54,543	-6,982	47,561

Notes

tDKK

23. Financial risks (continued)

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

Interest-rate risks:

Over the years the company has built up a liquidity surplus and has not been dependent on debt financing. The surplus liquidity is kept in banks and Danish mortgage bonds. The bonds are in EUR with a term of 3.64% used as a basis for the below calculation of the interest rate's impact on equity.

An annual rise of one percentage point in the market interest rate compared to the interest level on the balance sheet date would have a negative impact of DKK 0.6 million on the company's equity relating to capital loss on bond holdings (2011/12: DKK 0.5 million).

Liquidity risks

The company has no significant credit risk as there is a large liquidity surplus placed as easily negotiable bonds and as deposits.

Credit risks:

The primary credit risk in the company relates to receivables from the sale of goods and services. The company is not exposed to any significant risks in terms of an individual customer or business partner. The company's policy for assuming credit risks means that all larger customers and business partners undergo a credit rate check. Receivables are partially credit insured and a significant portion of the company's receivables are hedged using another form of security.

Historically speaking, the company has had relatively few losses on debtors and the risk of a significant loss on all receivables is considered to be limited. Please also refer to note 15, Receivables from sales.

Notes

tDKK

23. Financial risks (continued)

Overdue but not impaired receivables are distributed as follows

	31.10.13	31.10.12
Overdue by up to one month	11,959	5,229
Overdue by between one and three months	3,045	1,130
Overdue by between three and six months	471	886
Overdue by more than six months	978	489
	16,453	7,734

The maximum credit risk linked to receivables is equivalent to their carrying amounts.

Optimisation of capital structure:

The Management continuously assesses whether the company's capital structure complies with the interests of the company and its shareholders. The overall goal is to ensure a capital structure that supports long-term financial growth and at the same time maximises the return for the company's stakeholders. The company's overall strategy is unchanged compared to last year.

The company's capital structure consists of financial assets available for sale, liquid funds and equity, including share capital, other reserves and net income brought forward.

The company has a high level of equity and good capital resources, which are considered to be a significant strength with regard to any future activity expansions. With the current ownership structure, the company has no immediate plans to merge the two share classes, which would be considered an obstacle to acquiring capital on the stock exchange. This situation means that there is a need for more capital resources than would normally be the case.

24. Rental and leasing commitments

An opeational leasing contract for company cars and a tenancy contract for warehouse rental have been entered into for the years 2013-2016.

The total minimum payment with regard to the irrevocable leasing contract and tenancy contract is distributed as follows:

Within one year from the balance sheet date	135
Between one and five years from the balance sheet date	230
	365
Leasing instalments are recognised in the profit for the year.	10

25. Contingent liabilities

Bank guarantees have been issued to a value of tDKK 854 as security for prepayments.

tDKK

26. Closely related parties

Closely related parties with control

Furthermore ES Holding Frederikshavn ApS, Bøgevej 11, 8370 Hadsten, owns the A-shares of Roblon A/S and has the controlling interest of the company.

Please refer to note 7 for details on remuneration to members of the Management.

There have been no other transactions with closely related parties, apart from joint taxation and dividend.

27. Shareholder relations

Roblon A/S has registered the following shareholders with more than 5% of the share capital's voting shares or nominal value

	Ownership interest %		Voting share %	
	2013	2012	2013	2012
ES Holding Frederikshavn ApS, Bøgevej 11, 8370 Hadsten	25.1	25.1	68.8	68.8
FMS InvesteringsRådgivning A/S Østergade 27b, 7400 Herning	20.4	11.8	8.5	4.9

Roblon A/S is included in the consolidated accounts for ES Holding Frederikshavn ApS. The accounts are publicly available.

28. Events after the balance sheet date

No significant events with a material effect on the annual report have occured since the balance sheet date.

29. Approval of annual report for publication

At the Board meeting on January 9, 2014, the Board approved the present annual report for publication. The annnual report shall be submitted to Roblon A/S' shareholders for adoption at the Annual General Meeting on February 24, 2014.

Notes

30. Accounting policies

The financial statements for 2012/13 for Roblon A/S are presented in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports for accounting class D (listed company), cf. the IFRS Executive Order issued pursuant to the Danish Financial Statements Act. The financial statements also comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The financial statements are presented in Danish kroner (DKK) rounded to the nearest DKK 1,000.

The financial statements are presented on the basis of historical cost prices except for financial assets and financial liabilities that are measured at fair value when first recognised, cf. below.

Recognition and measurement in general

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

Liabilities are recognised in the balance sheet where, as a result of a previous event, the company has a legal or actual liability and it is probable that future economic benefits will be removed from the company, and the value of the liability can be measured reliably.

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

Recognition and measurement take into account gains, losses and risks occurring before the presentation of the annual report, which confirm or disprove circumstances existing as at the balance sheet date.

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

Translation of foreign currencies

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

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

INCOME STATEMENT

Net revenue

Net revenue from the sale of goods for resale and manufactured goods is recognised in the income statement, when delivery and the transfer of risk to the purchaser have taken place.

Cost of raw materials and consumables

The costs consist of raw materials and consumables that are used in the manufacturing production process in order to achieve revenue.

Other external costs

Other external costs consist of expenses in connection with production, sales, procurement and development as well as costs in connection with company administration.

Staff costs

Staff costs consist of costs for production personnel as well as sales, procurement, development and administration.

Financial income and costs

Financial income and costs include interest income and costs, realised and unrealised capital gains and losses on securities and transactions in foreign currency, as well as extra payments and refunds under the Danish Tax Prepayment Scheme.

The interest accrued on purchases and sales is recognised as interest rates.

Tax

The tax for the year, which consists of current taxes and changes in deferred taxes, is reported under profit for the year as the portion attributable to the profit for the year and in other comprehensive income as the portion attributable to items in other comprehensive income.

When calculating the current tax for the year, the applicable tax rates and tax rules in force on the balance sheet date are used.

The company is jointly taxed with the parent company. The current Danish corporate tax is split between the jointly taxed companies on a pro rata basis in relation to their taxable incomes (full split with refund for tax losses).

Notes

30. Accounting policies (continued)

BALANCE SHEET

Intangible assets

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

Development projects comprise costs and wages directly and indirectly attributable to the company's development activities. Any interest expenses on loans for financing development projects are included in the cost price, if they relate to the development period.

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

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

Acquired patents are written down throughout their duration.

Development projects in progress are tested annually for impairment.

Tangible assets

Land and buildings, property, plant and equipment as well as other fixtures and fittings, operating equipment and inventories are measured at cost price less accumulated depreciation and write-downs. There is no depreciation in respect of land.

The cost price includes the purchase price and all costs directly linked to the acquisition up until the point where the asset is ready for use. For assets manufactured by the company itself, the cost price covers direct and indirect costs for materials, components, sub-contractors and wages. Any interest expenses on loans for financing the manufacture of tangible assets are included in the cost price if they relate to the period of production.

Tangible assets are written down to the recoverable value if this is lower than the carrying amount.

The basis of depreciation is the asset's cost price less the residual value. Depreciation values are calculated on a straight-line basis over the expected lifetime, which is as follows:

Buildings	25 years
Significant modifications to buildings	5 years
Property, plant and equipment	3 to 10 years
Other fixtures and fittings, operating equipment and inventories	3 to 5 years

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

Impairment of intangible and tangible assets

The carrying amount of non-current intangible and tangible assets is assessed regularly, at least once a year, to determine whether there are indications of impairment. If such an indication is evident, the asset's recoverable value is calculated. The recoverable value is an asset's fair value less the expected costs of disposal or the capital value, whichever is the higher. The capital value is calculated as the current value of expected future cash flows from the asset or the cash flow-generating units of which the asset is part.

Development projects in progress are tested annually for impairment no matter if there are indications of this.

A loss from impairment is recognised, when the carrying amount of an asset or a cash flow-generating unit exceeds the recoverable value of the asset or of the cash flow-generating unit.

Stocks

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

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

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

Notes

30. Accounting policies (continued)

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

Receivables

Receivables include receivables from the sale of goods and services as well as other receivables.

Receivables are measured at fair value when they are first recognised and subsequently at amortised cost price, which usually amounts to the nominal value less write-downs to meet the expected loss. Write-down is carried out using a provisions account.

Financial assets available for sale

Financial assets available for sale recognised under current assets cover listed bonds.

Financial assets available for sale are measured at fair value, when they are first recognised on the settlement date plus attributable costs upon purchase. The assets are subsequently measured at fair value on the balance sheet date (equivalent to the market price) and changes to the fair value are recognised under other comprehensive income.

When assets are sold or disposed of, earlier years' adjustments are charged back via the income statement.

Other provisions

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

Operational leasing agreements

Leasing payments regarding operational leasing agreements are recognised lineary in the income statement during the leasing period.

Debt commitments

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

Corporate tax

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

The company is jointly taxed with ES Holding Frederikshavn ApS.

Deferred tax

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

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

Cash flow statement

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

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

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

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

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

Notes

30. Accounting policies (continued)

Key ratios
Key ratios have been calculated in accordance with the recommendations from the Danish Society of Financial Analysts.

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

Profit ratio:	Profit on primary activities as a percentage of net revenue.
ROIC/return on average invested capital	Operating profit (EBIT) as a ratio of average invested capital. Invested capital includes capital and reserves and corporate tax less liquid items and bonds.
Solvency ratio	Capital and reserves as a ratio of total assets, end of period.
Return on equity	Profit after tax as a ratio of average capital and reserves.
Earnings per share of DKK 20	Earnings after tax as a ratio of average number of shares (excluding own shares).
Price/earnings ratio (PE)	Stock exchange listing as a ratio of earnings per share of DKK 20.
Payout ratio	Total payout of dividend as a ratio of profit on ordinary activities after tax.
Cash flow per share of DKK 20	Cash flow from operating activities as a ratio of average number of shares (excluding own shares).
Intrinsic value of shares	Capital and reserves as a ratio of number of shares (excluding own shares), end of period.
Stock value of the company	Number of shares multiplied by stock-exchange listing, end of period.

The key figures are adjusted for capital augmentations.

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