

Interim report – Q2 2017/18 (the period 1 November 2017 – 30 April 2018)

Full-year guidance for 2017/18 is maintained

The Board of Directors of Roblon A/S has today considered and approved the interim report for Q2 2017/18

Highlights for the Roblon Group for H1 2017/18:

- The order intake was DKKm 82.0 (DKKm 91.8).
- The order book at 30 April 2018 stood at DKKm 23.1 (DKKm 33.9).
- Revenue was DKKm 108.5 (DKKm 86.6).
- Operating profit (EBIT) was DKKm 10.8 (DKKm 11.2).
- Profit before tax was DKKm 12.4 (DKKm 12.8).
- Profit after tax for continuing and discontinued operations was DKKm 17.0 (DKKm 14.2).
- In April 2018, the Group invested DKKm 12.7 in acquiring business activities in the USA and in that connection signed a three-year project contract with potential revenue of up to USDm 15-20. The project contract includes an option to extend the delivery of fibre-based solutions for the wind turbine industry beyond the three-year project period.
- As stated in Company Announcement no. 2-2018, Roblon concluded an agreement in February 2018 to sell the largest part of the Roblon Engineering segment. The profit/loss from the divested business is reported under discontinued operations, and comparative figures have been restated.
- After the signing of the above-mentioned project contract for delivery of fibre-based products for the wind turbine industry, as stated in Company Announcement no. 4-2018, Management expected full-year 2017/18 revenue from continuing operations of around DKKm 255.0 (2016/17: DKKm 198.6) and profit before tax of around DKKm 28.0 (2016/17: DKKm 21.6). This management guidance is maintained after H1 2017/18.

Frederikshavn, 26 June 2018

Roblon A/S

Jørgen Kjær Jacobsen Lars Østergaard
Chairman of the Board Managing Director and CEO

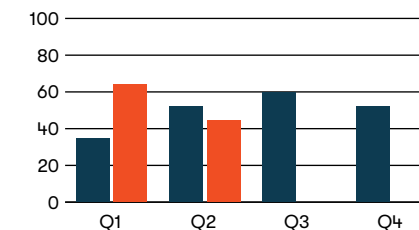
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Roblon

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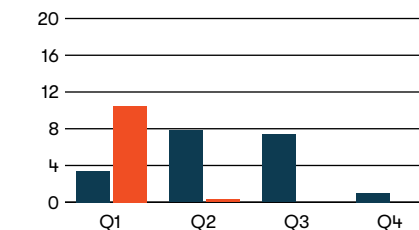
Quarterly revenue

DKKm



Quarterly EBIT

DKKm



■ 2016/17 ■ 2017/18

Financial highlights

for the Roblon Group

		Q2	Q2	Q1-Q2	Q1-Q2	Full year	
		Unit	2017/18 ¹	2016/17 ¹	2017/18 ¹	2016/17 ¹	2016/17 ¹
Orders							
Order intake	DKKm	33.3	45.9	82.0	91.8	220.4	
Order book	DKKm	23.1	33.9	23.1	33.9	48.9	
Income statement							
Revenue	DKKm	44.6	52.2	108.5	86.6	198.6	
Gross profit	DKKm	23.5	31.1	54.6	49.8	104.6	
Operating profit (EBIT)	DKKm	0.3	7.9	10.8	11.2	19.6	
Net financial income	DKKm	0.6	0.6	1.6	1.6	2.0	
Profit before tax from continuing operations	DKKm	0.9	8.5	12.4	12.8	21.6	
Profit for the period from continuing operations	DKKm	0.8	6.6	9.8	9.9	15.6	
Profit/loss for the period from discontinued operations	DKKm	7.7	2.9	7.2	4.3	4.6	
Profit for the period	DKKm	8.5	9.5	17.0	14.2	20.2	
Balance sheet							
Cash and securities	DKKm	116.9	73.7	116.9	73.7	100.8	
Total assets	DKKm	279.9	297.9	279.9	297.9	306.4	
Equity	DKKm	249.2	248.0	249.2	248.0	252.4	
Working capital	DKKm	66.3	98.2	66.3	98.2	80.4	
Cash flows							
Cash flow from operating activities	DKKm	18.0	2.7	24.6	2.7	32.7	
Cash flow from investing activities	DKKm	-30.3	11.6	-15.2	6.1	-27.5	
Of which investment in marketable securities	DKKm	-43.5	37.4	-26.1	37.0	7.1	
Of which investments in property, plant and equipment	DKKm	17.6	-2.4	16.7	-7.3	-9.3	
Cash flow from financing activities	DKKm	-1.9	-1.9	-17.9	-17.9	-17.9	
Cash flow for the period	DKKm	-14.2	12.4	-8.5	-9.1	-12.7	

Financial ratios

for the Roblon Group

		Q2	Q2	Q1-Q2	Q1-Q2	Full year	
		Unit	2017/18 ¹	2016/17 ¹	2017/18 ¹	2016/17 ¹	2016/17 ¹
Ratios							
Book-to-bill ratio	%	74.7	87.9	75.6	106.0	111.0	
Revenue growth	%	-14.6	21.4	25.3	30.8	24.6	
Gross margin	%	52.7	59.6	50.3	57.5	52.7	
EBIT margin	%	0.7	15.1	10.0	12.9	9.9	
ROIC/return on average invested capital ²	%	0.9	20.5	16.2	14.5	13.5	
Equity ratio	%	89.0	83.2	89.0	83.2	82.4	
Return on equity ²	%	1.3	10.6	7.8	7.9	6.2	
Employees							
Average no. of full-time employees	No.	92	84	91	85	87	
Gross profit per full-time employee	DKKm	0.3	0.4	0.6	0.6	1.2	
Per share ratios							
Earnings per DKK 20 share (EPS) ²	DKK	4.8	5.3	9.5	7.9	11.3	
Price/earnings ratio (PE)	DKK	65.6	55.3	33.2	37.0	36.2	
Book value of shares ²	DKK	139.4	138.7	139.4	138.7	141.1	
Market price per share	DKK	315.0	294.0	315.0	294.0	408.5	
Market price/book value		2.3	2.1	2.3	2.1	2.9	

¹ The interim report has not been audited or reviewed by the company's auditors.

² The ratio is calculated on a full-year basis.

The ratios are defined in the accounting policies section on page 82 of the 2016/17 annual report.

Management's review

Consolidated income statement

Effective at 1 November 2017, the Roblon Group has the following product groups:

- **FOC** (comprising cable materials and cable machinery for the fibre optic cable industry)
- **Composite** (comprising composite materials for onshore and offshore industries)

The consolidated revenue and performance for the first six months of 2017/18 were as expected.

Order intake

The Group's order intake was DKKm 82.0 in H1 2017/18, a year-on-year decline of 10.7% (2016/17: DKKm 91.8). The DKKm 9.8 decline was composed of a DKKm 9.4 improvement in FOC and a DKKm 19.2 decline in Composite.

The book-to-bill ratio was 75.6% for H1 2017/18 (2016/17: 106.0%).

For Q2 2017/18, the Group realised an order intake of DKKm 33.3, against DKKm 45.9 in the year-earlier period. The reduction was due to postponement of projects in Composite which the Company expected to receive in Q2. Roblon expects these projects to proceed later on in the financial year.

Revenue

Group revenue in the first six months of the financial year 2017/18 was DKKm 108.5, corresponding to a 25.3% increase. Organic revenue growth was DKKm 4.9 (5.7%). The DKKm 21.9 improvement consisted of a DKKm 28.1 increase in FOC and a DKKm 6.2 decrease in Composite.

In Q2, revenue declined to DKKm 44.6 (2016/17: DKKm 52.2). The DKKm 7.6 decline consisted of a DKKm 12.5 decrease in Composite and a DKKm 4.9 increase in FOC.

Composite's decline was due to the above-mentioned postponement of expected projects from Q2 2018 to later in the financial year.

Gross profit and gross margin

The Group's gross profit amounted to DKKm 54.6, which was an increase of DKKm 4.8 compared with the first six months of 2016/17. The gross margin for H1 2017/18 amounted to 50.3%, a decline compared to last year's gross margin of 57.5% that was entirely attributable to the diversified revenue mix.

Other external costs

Other external costs amounted to DKKm 16.8, which was an increase of DKKm 1.9 compared to the same period last year. Last year's figures were affected by transaction costs of DKKm 4.5 incurred in connection with acquisitions in the USA.

The underlying increase in other external costs was DKKm 6.4, most of which could be ascribed to the US subsidiary.

Staff costs

Staff costs increased from DKKm 20.5 in H1 2016/17 to DKKm 24.3 in H1 2017/18. The increase was due to planned recruitments to execute the strategy of generating growth through continuously increasing sales and development activities combined with acquisitions of relevant activities in the core business.

Depreciation, amortisation and impairment

The Group's depreciation, amortisation and impairment amounted to DKKm 4.6, which was an increase of DKKm 1.2 compared with last year. The increase related to amortisation, depreciation and impairment of intangible assets and property, plant and equipment added in connection with last year's business acquisition in the USA.

Operating profit (EBIT)

For H1 2017/18, operating profit (EBIT) was DKKm 10.8, against DKKm 11.2 in the year-earlier period. Operating profit (EBIT) for Q2 2017/18 was DKKm 0.3, against DKKm 7.9 last year.

Net financial items

Net financial items amounted to net income of DKKm 1.6, in line with last year.

Profit before tax from continuing operations

Profit before tax from continuing operations for H1 2017/18 amounted to DKKm 12.4, against DKKm 12.8 in the year-earlier period.

Tax

Tax is calculated at a rate of 22% of profit for the year before tax.

Discontinued operations

Profit from discontinued operations after tax was DKKm 7.2 for the first six months of 2017/18 and related to the operating results for the largest part of the Roblon Engineering business segment, which was sold effective at 23 February 2018 (2016/17: DKKm 4.4 relating to the discontinuation of Roblon Lighting).

Profit for the period

Profit for H1 2017/18 was DKKm 17.0, against DKKm 14.2 for the year-earlier period.

Consolidated balance sheet

Total assets for the Group amounted to DKKm 279.9 at 30 April 2018 – a DKKm 18.0 decrease on last year.

The Group's working capital amounted to DKKm 66.3 at 30 April 2018, against DKKm 98.2 at 30 April 2017, corresponding a decline of DKKm 31.9.

Total investments in product development amounted to DKKm 1.7 for H1 2017/18, against DKKm 0.3 the previous year. Investments in the current ERP project amounted to DKKm 1.4. Investments in property, plant and equipment declined to DKKm 3.3 in H1 2017/18 from DKKm 7.3 in the year-earlier period.

The Group's equity stood at DKKm 249.2 at 30 April 2018, against DKKm 248.0 at 30 April 2017. The equity ratio at 30 April 2018 was 89.0%, against 83.2% last year.

Consolidated cash flows

The Group's cash flow from operations in H1 2017/18 was DKKm 24.6, against DKKm 2.7 last year.

Total cash flow from investments was an outflow of DKKm 15.2, against an inflow of DKKm 6.1 last year. Acquisition of subsidiaries and operations was an outflow of DKKm 12.7 in H1 2017/18, against an outflow of DKKm 27.3 last year.

Cash flow from financing activities, related to dividend payments, was an outflow of DKKm 17.9 in H1 2017/18, in line with last year.

Capital resources

At 30 April 2018, marketable securities and net cash amounted to DKKm 116.9, against DKKm 73.7 last year. In addition to this, Roblon has an undrawn credit facility of DKKm 10.0 with the Group's bankers.

Matters of note in the first six months of 2017/18

Roblon concluded an agreement, effective at 23 February 2018, to sell the largest part of the Engineering segment, comprising sale of rope-making equipment, twist-ers and winders. Company Announcement no 2-2018 "Roblon enhances focus on the Industrial Fiber business segment" provides details about the transaction.

Management's resolution to initiate the above-mentioned sale was made at a board meeting held by Roblon on 19 December 2017.

The Group's profit from the divested business until the selling date is reported as discontinued operations, and comparative figures have been restated.

After the sale of the largest part of the Roblon Engineering business segment, Roblon will report on a single segment. Revenue will consequently be disclosed by product groups in the notes to the interim report, and the product groups are:

- **FOC** (optic cable components and cable machinery for the fibre optic cable industry)
- **Composite** (composite materials for onshore and offshore industries)

In April 2018, the Group made additional investments in US business operations to complement similar investments in April 2017. Roblon invested in additional, complementary production capacity, production technology for special fibre-based solutions and customer relations in the wind turbine industry. In connection with

the approximately DKKm 12.7 investment, Roblon signed a three-year project contract with potential revenue of up to USDm 15-20 and with an option for extension beyond the three years.

Outlook for 2017/18

After the signing of the above-mentioned project contract for delivery of fibre-based products for the wind turbine industry, as stated in Company Announcement no. 4-2018, Management expected full-year 2017/18 revenue from continuing operations of around DKKm 255.0 (2016/17: DKKm 198.6) and a profit before tax of around DKKm 28.0 (2016/17: DKKm 21.6).

This management guidance is maintained after H1 2017/18.

Forward-looking statements

Roblon's sales are characterised by a structure based on project sales. This makes it difficult at any given time to forecast future revenue for a specific period, i.e. three-month, six-month or 12-month periods.

The above forward-looking statements, in particular revenue and earnings projections, are inherently uncertain and subject to risk. Many factors are beyond Roblon's control and, consequently, actual results may differ significantly from the projections expressed in interim and annual reports. Such factors include, but are not limited to, changes in market and competitive situation, changes in demand and purchasing behaviour, foreign exchange and interest rate fluctuations and general economic, political and commercial conditions.

Financial calendar

11/9 2018:	Interim report for Q3 2017/18
20/12 2018:	Preliminary statement 2017/18
24/1 2019:	Annual General Meeting

Announcements – NASDAQ Copenhagen

During the period 1 November 2017 to 26 June 2018, the company sent the following announcements to NASDAQ Copenhagen; these can be found on the company's website, www.roblon.com.

No. 17/2017:	Preliminary Statement 2016/17
No. 18/2017:	Notice convening AGM
No. 1/2018:	Decisions of the Annual General Meeting
No. 2/2018:	Roblon enhances focus on the Industrial Fiber business segment
No. 3/2018:	Interim report for Q1 2017/18
No. 4/2018:	Roblon A/S expands US business

Statement by the Management

The Board of Directors and the Executive Management have today considered and approved the interim report of Roblon A/S for the first six months of the 2017/18 financial year (the period 1 November 2017 to 30 April 2018).

The interim report, which has not been audited or reviewed by the company's auditor, is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional requirements under the Danish Financial Statements Act.

It is our opinion that the interim financial statements give a true and fair view of the Group's assets, liabilities and financial position as of 30 April 2018 and of the results of the Group's operations and cash flows for the first six months of the 2017/18 financial year.

Furthermore, in our opinion the management's review includes a fair review of the development and performance of the Group's business, results for the period and the Group's financial position together with a description of the principal risks and uncertainties that the Group faces.

Frederikshavn, 26 June 2018

Executive Management

Lars Østergaard
Managing Director and CEO

Carsten Michno
Chief Financial Officer (CFO)

Kim Müller
Chief Operating Officer (COO)

Board of Directors

Jørgen Kjær Jacobsen
Chairman

Ole Lønsmann Andersen
Deputy Chairman

Peter Sloth Vagner Karlsen

Randi Toftlund Pedersen

Nita Svendsen
Employee representative

Flemming Nielsen
Employee representative

Consolidated income statement

for the period 1 November 2017 to 30 April 2018

DKKm	Note	Q2 2017/18	Q2 2016/17	Q1-Q2 2017/18	Q1-Q2 2016/17	Full year 2016/17
Revenue	4	44.6	52.2	108.5	86.6	198.6
Cost of sales		-21.1	-21.1	-53.9	-36.8	-94.0
Work carried out for own account and capitalised		0.6	0.1	1.2	0.2	0.8
Other operating income		0.4	0.0	0.7	0.0	0.2
Other external costs		-9.3	-10.5	-16.8	-14.9	-31.0
Staff costs		-12.5	-11.0	-24.3	-20.5	-47.0
Depreciation, amortisation and impairment		-2.4	-1.8	-4.6	-3.4	-8.0
Operating profit (EBIT)		0.3	7.9	10.8	11.2	19.6
Net financial income		0.6	0.6	1.6	1.6	2.0
Profit before tax		0.9	8.5	12.4	12.8	21.6
Tax on profit for the period		-0.1	-1.9	-2.6	-2.9	-6.0
Profit for the period from continuing operations		0.8	6.6	9.8	9.9	15.6
Profit/loss for the period from discontinued operations	5	7.7	2.9	7.2	4.3	4.6
Profit for the period		8.5	9.5	17.0	14.2	20.2
Earnings per share (DKK)						
Earnings per share (EPS), continuing and discontinued operations		4.8	5.3	9.5	7.9	11.3
Earnings per share, diluted (EPS-D), continuing and discontinued operations		4.8	5.3	9.5	7.9	11.3
Earnings per share (EPS), continuing operations		0.4	3.7	5.5	5.5	8.4
Earnings per share, diluted (EPS-D), continuing operations		0.4	3.7	5.5	5.5	8.4

Consolidated statement of comprehensive income

for the period 1 November 2017 to 30 April 2018

DKKm	Note	Q2 2017/18	Q2 2016/17	Q1-Q2 2017/18	Q1-Q2 2016/17	Full year 2016/17
Profit for the period		8.5	9.5	17.0	14.2	20.2
<i>Items that may be recycled to profit or loss</i>						
Fair value adjustment of available-for-sale financial assets		-0.9	0.4	-1.8	0.5	0.6
Foreign exchange adjustment of foreign subsidiaries		0.7	-0.5	-0.9	-0.5	-2.3
Tax on other comprehensive income		0.2	-0.1	0.4	-0.1	-0.1
Comprehensive income		8.5	9.3	14.7	14.1	18.4

Consolidated balance sheet

at

DKKm	Note	30.04.18	30.04.17	31.10.17
ASSETS				
Completed development projects		1.4	6.0	5.6
Trademarks and other intangible assets		16.7	10.0	8.9
Intangible assets in progress		5.5	2.2	3.3
Intangible assets		23.6	18.2	17.8
Land and buildings		23.6	39.3	37.8
Technical plant and machinery		20.7	22.8	21.1
Other fixtures and fittings, tools and equipment		1.1	1.3	1.2
Property, plant and equipment under construction		1.4	0.6	0.9
Property, plant and equipment		46.8	64.0	61.0
Financial assets	5	1.4	1.3	1.3
Total non-current assets		71.8	83.5	80.1
Inventories		39.8	84.5	74.1
Trade receivables		44.2	47.8	46.8
Other receivables		7.2	7.4	4.6
Securities		111.0	55.6	86.2
Cash and cash equivalents		5.9	18.1	14.6
Assets held for sale	5	-	1.0	-
Total current assets		208.1	214.4	226.3
TOTAL ASSETS		279.9	297.9	306.4

DKKm	Note	30.04.18	30.04.17	31.10.17
EQUITY AND LIABILITIES				
Share capital		35.8	35.8	35.8
Other reserves		-3.4	0.6	-1.1
Retained earnings		216.8	211.6	217.7
Equity		249.2	248.0	252.4
Deferred tax		4.9	4.2	4.9
Other provisions		0.8	0.3	0.7
Non-current liabilities		5.7	4.5	5.6
Prepayments received from customers		1.0	6.8	7.8
Trade payables		16.5	26.1	22.8
Income tax		0.9	1.3	3.9
Other debt		6.6	8.3	13.9
Liabilities relating to assets held for sale	5	-	2.9	-
Current liabilities		25.0	45.4	48.4
Total liabilities		30.7	49.9	54.0
TOTAL EQUITY AND LIABILITIES		279.9	297.9	306.4

Consolidated statement of changes in equity

DKKm	Share capital	Currency translation reserve	Reserve for available-for-sale financial assets	Retained earnings	Proposed dividends	Total equity
H1 2017/18						
Equity 01.11.2017	35.8	-2.3	1.2	199.8	17.9	252.4
Comprehensive income for the period						
Profit for the period	-	-	-	17.0	-	17.0
Other comprehensive income	-	-0.9	-1.4	-	-	-2.3
Total comprehensive income for the period	-	-0.9	-1.4	17.0	-	14.7
Transactions with owners						
Dividend paid	-	-	-	-	-17.9	-17.9
Equity 30.04.2018	35.8	-3.2	-0.2	216.8	-	249.2
H1 2016/17						
Equity 01.11.2016	35.8	-	0.7	197.4	17.9	251.8
Comprehensive income for the period						
Profit for the period	-	-	-	14.2	-	14.2
Other comprehensive income	-	-0.5	0.4	-	-	-0.1
Total comprehensive income for the period	-	-0.5	0.4	14.2	-	14.1
Transactions with owners						
Dividend paid	-	-	-	-	-17.9	-17.9
Equity 30.04.2017	35.8	-0.5	1.1	211.6	-	248.0

DKKm	Share capital	Currency translation reserve	Reserve for available-for-sale financial assets	Retained earnings	Proposed dividends	Total equity
2016/17						
Equity 01.11.2016	35.8	-	0.7	197.5	17.9	251.9
Comprehensive income for the period						
Profit for the period	-	-	-	2.3	17.9	20.2
Other comprehensive income	-	-2.3	0.5	-	-	-1.8
Total comprehensive income for the period	-	-2.3	0.5	2.3	17.9	18.4
Transactions with owners						
Dividend paid	-	-	-	-	-17.9	-17.9
Equity 31.10.2017	35.8	-2.3	1.2	199.8	17.9	252.4

Consolidated statement of cash flows

for the period 1 November 2017 to 31 January 2018

DKKm	Spec.	Q2 2017/18	Q2 2016/17	Q1-Q2 2017/18	Q1-Q2 2016/17	Full year 2016/17
Operating profit (EBIT) from continuing operations		0.3	7.8	10.8	12.4	19.6
Operating profit/loss (EBIT) from discontinued operations		-0.2	-0.2	-0.8	0.2	2.0
Operating profit (EBIT)		0.1	7.6	10.0	12.6	21.6
Adjustment for non-cash items	A	4.1	3.1	5.9	5.1	10.1
Change in working capital	B	13.9	-3.3	13.4	-18.6	-2.5
Financing provided by seller, discontinued operations		0.0	-2.6	0.0	-2.6	-2.6
Cash generated from operating activities		18.1	4.8	29.3	-3.5	26.6
Financial income received		2.0	0.5	2.6	1.2	1.2
Financial expenses paid		0.0	-	0.0	0.0	-0.1
Income tax paid		-2.1	-2.6	-7.3	5.0	5.0
Cash flow from operating activities		18.0	2.7	24.6	2.7	32.7
Investment in intangible assets		-1.7	-0.1	-3.1	-0.3	-1.9
Purchase of securities		-46.1	-4.3	-46.7	-13.4	-54.1
Sale of securities		2.6	41.7	20.6	50.4	61.2
Acquisition of subsidiaries and operations		-12.7	-27.3	-12.7	-27.3	-27.3
Proceeds from sale of division		10.0	4.0	10.0	4.0	3.9
Purchase of property, plant and equipment		-2.3	-2.4	-3.3	-7.3	-9.3
Sale of property, plant and equipment		19.9	0.0	20.0	0.0	0.0
Cash flow from investing activities		-30.3	11.6	-15.2	6.1	-27.5
Dividends paid		-1.9	-1.9	-17.9	-17.9	-17.9
Cash flow from financing activities		-1.9	-1.9	-17.9	-17.9	-17.9
Change in cash and cash equivalents		-14.2	12.4	-8.5	-9.1	-12.7
Cash and cash equivalents at beginning of period		20.1	5.8	14.6	27.2	27.2
Foreign exchange adjustment of cash and cash equivalents		-	-0.1	-0.2	-	0.1
Cash and cash equivalents at end of period		5.9	18.1	5.9	18.1	14.6

DKKm	Q2 2017/18	Q2 2016/17	Q1-Q2 2017/18	Q1-Q2 2016/17	Full year 2016/17
Spec. A: Adjustments for non-cash items					
Depreciation and amortisation	2.4	2.3	4.9	4.3	10.0
Provisions	0.1	-0.5	0.1	-0.5	-0.4
Adjustm., current part of financing by seller on sale of discount operations	1.3	1.3	1.3	1.3	1.3
Foreign exchange adjustment	0.3	0.0	-0.4	0.0	-0.8
	4.1	3.1	5.9	5.1	10.1
Spec. B: Change in working capital					
Change in inventories	36.9	4.4	36.5	-3.1	7.3
Change in receivables	-10.2	-8.7	-2.8	-15.9	-10.8
Change in current liabilities	-12.8	1.0	-20.3	0.4	0.9
	13.9	-3.3	13.4	-18.6	-2.6

Notes to the financial statements

1. Accounting policies
2. Estimates
3. Seasonality
4. Segment reporting
5. Sale of business operations
6. Acquisition of business and operations

Note 1 – Accounting policies

The interim report is presented in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and Danish disclosure requirements for listed companies. No interim report has been prepared for the parent company.

The accounting policies applied in the interim report are consistent with those applied in Roblon’s annual report for 2016/17, which was prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. For a more detailed description of the accounting policies, see the annual report for 2016/17.

New or amended standards and interpretations which have come into force effective for the financial year 2017/18 have no effect on recognition and measurement.

Note 2 – Estimates

The preparation of interim reports requires Management to make accounting estimates that will affect the accounting policies and recognised assets, liabilities, income and costs. Actual results may differ from these estimates.

The most significant estimates made by Management in applying the Group’s accounting policies and the most significant uncertainties associated therewith in preparing the consolidated interim report are identical to those applying to the preparation of the annual report for 2016/17.

Note 3 – Seasonality

The Group’s activities in the interim report have not been affected by seasonal or cyclical fluctuations.

Note 4 – Segment reporting

In 2015/16, Roblon changed its segment reporting to comprise three segments: Industrial Fiber, Lighting, Engineering. During the financial year 2016/17 Roblon Lighting was divested and, as announced in Company Announcement no. 2-2018, the largest part of Roblon Engineering was divested on 23 February 2018 with effect at 14 March 2018.

As a consequence of these two divestments, the Group’s segment reporting will comprise a single segment as from 1 November 2017, and additional information on external revenue by product groups will be disclosed in the notes to the financial statements.

Effective at 1 November 2017, the Roblon Group has the following product groups:

- **FOC** (comprising cable materials and cable machinery for the fibre optic cable industry)
- **Composite** (comprising composite materials for onshore and offshore industries)

DKKm	Q2 2017/18	Q2 2016/17	Q1-Q2 2017/18	Q1-Q2 2016/17	Full year 2016/17
4. Segment reporting, continued					
Revenue from external customers:					
By product groups					
FOC	25.3	21.2	64.2	36.9	101.7
Composite	19.3	31.0	44.3	49.7	96.9
Total	44.6	52.2	108.5	86.6	198.6
By geographical markets					
Denmark	0.5	2.9	8.1	3.2	8.1
United Kingdom	9.9	5.3	21.6	19.0	35.5
Rest of Europe	10.4	13.4	31.9	23.3	49.9
Asia	3.4	2.6	5.3	5.8	13.6
Brazil	9.8	21.6	19.3	28.4	59.9
Latin America	2.8	4.0	8.5	5.0	17.9
North America	7.8	2.4	13.8	1.9	13.7
Total	44.6	52.2	108.5	86.6	198.6

Of the Group’s non-current assets, DKKm 45.3 were located in Denmark (2016/17: DKKm 44.9) and DKKm 26.5 in North America (2016/17: DKKm 18.7).

The Group’s revenue was largely derived from the sale of goods.

Of the Group’s total revenue, DKKm 21.1 can be attributed to a major customer. Last year, revenue of DKKm 14.4 related to one other major customer. Accordingly, revenue from these single customers constituted more than 10% of the Group’s total revenue for H1 2017/18 and 2016/17, respectively.

The USD/DKK exchange rate development negatively affected the Group’s reported revenue for H1 2017/18 by DKKm 0.3 relative to the expected USD/DKK exchange rate of 625.

Notes to the financial statements

Note 5 – Discontinued operations

Roblon has concluded an agreement, effective at 23 February 2018, to sell the largest part of the Roblon Engineering business segment, comprising sale of rope-making equipment, twistors and winders. Information on the transaction can be found in Company Announcement no 2-2018 “Roblon enhances focus on the Industrial Fiber business segment”. The profit/loss for Q1 2017/18 from these operations is reported as discontinued operations, and comparative figures have been restated.

The restated comparative figures for Q1 2016/17 and full year 2016/17 furthermore comprise the profit/loss of Roblon Lighting, which was divested in 2017 and was also reported as discontinued operations for this period.

DKKm	Q2 2017/18	Q2 2016/17	Q1-Q2 2017/18	Q1-Q2 2016/17	Full year 2016/17
Consolidated income statement					
Revenue	7.3	22.2	27.2	51.8	98.3
Cost of sales	-3.2	-8.9	-11.1	-23.6	-44.2
Gross profit	4.1	13.3	16.1	28.2	54.1
Work carried out for own account and capitalised	-0.1	-	-	0.1	0.4
Other operating income	-	-	-	-	-
Other external costs	-1.5	-3.3	-5.1	-7.1	-14.3
Staff costs	-2.7	-9.8	-11.5	-18.7	-36.1
Depreciation, amortisation and impairment	-	-0.5	-0.3	-0.9	-2.1
Operating profit (EBIT)	-0.2	-0.3	-0.8	1.6	2.0
Net proceeds on the sale of the business segment	10.0	4.0	10.0	4.0	3.9
Profit before tax	9.8	3.7	9.2	5.6	5.9
Tax on profit for the year	-2.2	-0.8	-2.0	-1.2	-1.3
Profit for the period	7.6	2.9	7.2	4.4	4.6
Discontinued operations affected the statement of cash flows as follows:					
Cash flow from operations	39.6	6.9	38.7	3.3	11.1
Cash flow from investments	-	-2.2	-0.7	-6.7	-8.1
Cash flow from financing	-	-	-	-	-
Total	39.6	4.7	38.0	-3.4	3.0

Note 6 – Acquisition of business and operations

In Company Announcement no. 4-2018, Roblon announced its acquisition of assets from Neptco Inc, Hickory, North Carolina, part of the listed US Chase Corporation group.

In April 2017, Roblon acquired business operations related to the fibre optic cable industry from the Chase Group. In order to complete the acquisition, Roblon A/S established a US company, Roblon US Inc., Hickory, North Carolina. Roblon US Inc. has made additional investments in production plant, licences and inventory for the production of fibre-based products for the wind turbine industry and has signed a three-year project contract with Ria Blades, owned by Germany-based wind turbine manufacturer Senvion. Under the contract, Roblon will supply parts for the Senvion Group's rotor blade production with potential revenue over the three-year contract period of up to USDm 15-20. The contract provides an option for extension beyond the three years.

The acquisition of additional, complementary production capacity and the signing of the contract with the Senvion Group were made possible by Roblon's establishment in the USA in 2017. Parts of Roblon's existing production capacity as well as the newly acquired production plant relate to production technology for special fibre-based solutions that target the fibre optic cable industry but can also be applied in other industries – in this instance the wind turbine industry.

The acquisition price was approximately DKKm 12.7 and was paid in cash. The price will be adjusted for inventory counted at 20 April 2018, when the transaction was concluded.

The takeover balance sheet has been provisionally calculated as follows:

DKKm	Recognised value at takeover
Intangible assets (technology licences)	3.0
Intangible assets (list of customers and contracts)	5.7
Property, plant and equipment (production equipment and technical plant)	1.8
Inventories	2.2
Acquired net assets (total acquisition price)	12.7

A preliminary identification of assets (and contingent liabilities) was performed in connection with the takeover, and these are recognised in the takeover balance sheet at fair value.

No deferred taxes or contingent liabilities are recognised in the preliminary takeover balance sheet.