Roblon

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Company Announcement no. 7 – 2017

Interim report for Q2 2016/17 (the period from 1 November 2016 to 30 April 2017)

The Roblon Group has upgraded its expectations for the 2016/17 financial year.

Summary for the first half of 2016/17:

- The order intake amounted to DKK 135.6 million (DKK 139.9 million)
- As of 30 April 2017, the order book was DKK 60.5 million (DKK 69.9 million)
- Revenue increased to DKK 126 million (DKK 96.9 million). The activities in the USA were acquired in early April and contribute 3.5 mDKK
- Operating profit (EBIT) was DKK 12.4 million (DKK 9.1 million)
- Profit before tax was DKK 14 million (DKK 10.3 million)
- Profit before tax from discontinuing operations was DKK 4.2 million (DKK -0.5 million)
- The Roblon Lighting business segment was sold with effect from the end of April 2017
- With effect from the beginning of April 2017, Roblon has purchased business operations in the USA at a total acquisition cost of DKK 27.3 million. The acquisition was made to support Roblon Industrial Fiber's strategy of aiming to become a total supplier of strength element solutions for selected strategic customers in the fibre optic cable industry
- The development and integration of the new business in the USA are proceeding on schedule, while revenue and earnings in the underlying business exceeded the expectations of management

Following company announcements nos. 4 and 5 – 2017 concerning the sale of Roblon Lighting and acquisitions in the USA, management expect revenue in the region of DKK 275 million and profit before tax of around DKK 15 million for the full 2016/17 financial year and for continuing operations. In addition, management expect profit before tax for discontinuing operations to amount to some DKK 4 million. Following the first half of 2016/17, management have upgraded their expectations for the full 2016/17 financial year to revenue of DKK 290 million and profit before tax of DKK 20 million for continuing operations. An unchanged profit before tax of DKK 4 million for discontinuing operations is expected.

Frederikshavn, 21 June 2017
Roblon A/S

Jørgen Kjær Jacobsen
Chairman of the Board

Lars Østergaard
Managing Director and CEO

Enquiries regarding this announcement should be addressed to:
Managing Director and CEO Lars Østergaard, tel. +45 9620 3300

Financial highlights and key figures for the Group

	Unit	Q2 2016/17[1]	Q2 2015/16[1]	Q1-Q2 2016/17[1]	Q1-Q2 2015/16[1]	FY 2015/16
Orders						
Order intake	DKK mill.	74,4	65,8	135,6	139,9	253,8
Order book	DKK mill.	60,5	69,9	60,5	69,9	50,9
Statement of income						
Net revenue, continuing operations	DKK mill.	68,1	64,5	126,0	96,9	229,6
Net revenue, discontinuing operations	DKK mill.	6,3	5,7	12,5	11,6	22,0
Net revenue, total	DKK mill.	74,4	70,2	138,5	108,5	251,6
Of which for export	DKK mill.	65,3	56,5	122,8	92,4	200,0
Export ratio	%	95,9	87,6	97,5	95,4	87,1
Gross result	DKK mill.	40,4	36,4	70,3	53,6	122,1
Operating profit (EBIT)	DKK mill.	7,4	13,1	12,4	9,1	28,1
Net financing etc.	DKK mill.	0,7	1,3	1,6	1,2	0,7
Profit before tax from continuing operations	DKK mill.	8,1	14,4	14,0	10,3	28,8
Profit before tax from discontinuing operations	DKK mill.	4,1	-0,4	4,2	-0,5	-3,4
Total profit before tax	DKK mill.	12,2	14,0	18,2	9,8	25,4
Profit for the period from continuing operations	DKK mill.	6,3	11,2	10,9	8,0	22,6
Profit for the period from discontinuing operations	DKK mill.	3,2	-0,3	3,3	-0,4	-2,6
Total profit for the period	DKK mill.	9,5	10,9	14,2	7,6	20,0
Balance sheet						
Total assets	DKK mill.	297,9	284,0	297,9	284,0	300,6
Working capital	DKK mill.	97,0	63,1	97,0	63,1	63,5
Share capital	DKK mill.	35,8	35,8	35,8	35,8	35,8
Capital and reserves	DKK mill.	248,0	238,6	248,0	238,6	251,8
Cash flow						
Cash flow from operating activities	DKK mill.	9,2	4,3	9,3	5,9	28,2
Cash flow from investing activities	DKK mill.	7,6	-2,4	2,1	-33,8	-38,7
Of which investment in current securities		37,4	-0,7	37,0	-31,1	-31,8
Cash flow from financing activities	DKK mill.	-4,5	-17,9	-20,5	-17,9	-17,9
Change in cash and cash equivalents	DKK mill.	12,3	-16,0	-9,1	-45,8	-28,4
Average number of employees[2]	Number	135,0	122,0	135,0	122,0	130,0
Key figures						
Gross margin	%	59,3	56,4	55,8	55,3	53,2
EBIT-margin	%	10,9	20,3	9,8	9,4	12,2
ROIC/return on average invested capital[2]	%	19,2	40,2	16,1	13,9	21,7
Equity/assets ratio	%	83,2	84,0	83,2	84,0	83,8
Return on equity[2]	%	15,2	17,9	11,4	6,3	8,0
Shares-related key figures						
Earnings per DKK 20 share, continuing and discontinuing operations	DKK	5,3	6,1	7,9	4,3	11,2
Earnings per DKK 20 share, continuing operations		3,5	6,3	6,1	4,5	12,6
Stock exchange listing per share	DKK	294,0	219,0	294,0	219,0	236,0
Intrinsic value of shares	DKK	138,7	133,4	138,7	133,4	141,0

[1] The interim report has not been audited or reviewed by the company's auditors
[2] The key figures is calculated on a full-year basis.

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

Management Report

for Q2 2016/17 and the period 1 November 2016 to 30 April 2017.

In April 2017, Roblon established a subsidiary in the USA (Roblon US Inc.) which has purchased a business within the fibre optic cable industry.

This acquisition has let to a group being formed, and the interim report for Q2 2016/17 has therefore been prepared on a group basis.

Main figures for Q2 (continuing operations)

DKK million	2016/17	2015/16	Change	
Order intake	74,4	65,8	8,6	13%
Revenue	68,1	64,5	3,6	6%
EBIT	7,4	13,1	-5,7	-44%

Main figures for the first half of the year (continuing operations)

DKK million	2016/17	2015/16	Change	
Order intake	135,6	139,9	-4,3	-3%
Order book	60,5	69,9	-9,4	-13%
Revenue	126,0	96,9	29,1	30%
EBIT	12,4	9,1	3,3	36%

Income statement

The revenue and profit achieved are better than expected in Q2 2016/17 and for the first six months of 2016/17.

Order intake

In Q2 2016/17 Group order intake increased by 13% compared to the previous year, and this positive trend can be attributed to Engineering, whereas Industrial Fiber was on the same level as the previous year.

For the first half of 2016/17 Group order intake declined by 3% compared to the previous year. This trend is affected by the structure based on project sales. The downturn solely relates to Industrial Fiber.

Revenue

Group revenue in the first six months of the financial year 2016/17 was DKK 126 million, corresponding to a rise of 30%. The organic increase in revenue was DKK 25.6 million (26.4%). This growth comes from both business segments, although it is in Industrial Fiber that the Group has seen an increase in revenue from strategic customers in the first half of 2016/17.

The Group introduced a new strategy in the autumn of 2016, and with this as a starting point has launched strategic sales initiatives which should contribute to meeting average organic revenue growth of at least 7% by 2020/21. Activities associated with the acquisitions are also being maintained, measure which in the future is expected to make a positive impression on the Group's revenue and earnings targets.

Operating profit (EBIT)

Operating profit (EBIT) in the first six months of 2016/17 amounted to DKK 12.4 million compared to DKK 9.1 million in the same period last year.

In Q2 2016/17, EBIT was DKK 7.4 million, which represents a fall of 44% in comparison with last year's EBIT of DKK 13.1 million. This negative trend is attributable to transaction costs of DKK 4.5 million incurred in connection with the acquisition in the USA. The relatively high amount in relation to the investment is due to the complex nature of the acquisition, for which additional legal advice has been required. For further details on the transaction costs, please refer to Note 6.

A settlement has also been entered into with a former agent in the UK, to which a charge of DKK 0.9 million has been made in the financial statement for the first half of 2016/17. When corrected for these exceptional items, EBIT for Q2 2016/17 was on a par with that of the previous year.

Gross margin in the first half of the financial year was 55.8% (55.3%), and was positively affected by the revenue mix.

Costs

<u>Other external costs</u> were as expected and amounted to DKK 20.2 million in the first half of the financial year (DKK 13.3 million). The increase in costs can primarily be attributed to transaction costs in connection with the acquisition in the USA, as well as higher costs associated with new activities in the subsidiary.

Staff costs amounted to DKK 33.7 million in the first half of 2016/17 (DKK 28.3 million). This increase can be attributed to scheduled recruitment taking place, principally in the sales and development functions and to a lesser extent in other business support roles.

Financial income, net

Net financial income amounted to DKK 1.6 million (DKK 1.2 million). This accounting item includes net currency income of DKK 0.4 million (DKK -0.2 million).

Tax

Tax on profit for Danish companies is calculated at a rate of 22% of profit for the year before tax. Tax is calculated at 33% of the profit for the year before tax for the US company.

Balance sheet

As at 30 April 2017, total asset value amounted to DKK 297.9 million (DKK 284.0 million). Working capital was DKK 97.0 million (DKK 63.1 million). This increase in working capital is primarily attributable to inventories and receivables, while DKK 8.6 million of the increase can be attributed to the acquisition in the USA.

Inventories rose from DKK 66.8 million as at 30 April 2016 to DKK 84.5 million as at 30 April 2017. DKK 16 million of this growth can be broken down as follows: DKK 9 million relates to increased inventories in connection with the US acquisition and DKK 7 million relates to finished goods in stock that were delivered to customers in early May 2017.

The growth also relates to a rising need for storage of critical raw materials and semi-finished goods to support faster delivery of orders already in hand for selected strategic customers.

Receivables from sales amounted to DKK 47.8 million at the end of April 2017 compared to DKK 30.9 million at the same time last year. DKK 3.4 million of this increase can be attributed to the establishment and acquisition in the USA. The rise is also due to increased invoicing of strategic customers in Q2 2016/17.

The current credit risk on debtors is deemed unchanged in comparison to the previous period.

Current securities amounted to DKK 55.6 million as at 30 April 2017 compared to DKK 90.0 million at the end of April 2016. Holdings have been reduced in Q2 2016/17 as a result of financing the acquisition in the USA.
The securities are available for sale and agreements are in place with external asset managers to follow an active management strategy with low risk exposure.

Cash flows

Cash flows from operating activities for the first half of the financial year 2016/17 amounted to DKK 9.3 million (DKK 5.9 million).

Investments in intangible assets and property, plant and equipment during the first half of 2016/17 amounted to DKK 7.6 million compared to DKK 2.7 million last year. At the beginning of March the expansion of the Engineering production area was completed and the total investment was DKK 6.4 million. Investments in business acquisitions amounted to DKK 27.3 million (DKK 0 million).

Cash flows from financing activities were negative at DKK 20.5 million and include payment of dividends of DKK 17.9 million (DKK 17.9 million) and provision of DKK 2.6 million for financing in connection with the sale of discontinuing operations.

Segment reporting

Industrial Fiber

The Industrial Fiber segment comprises development, production and sale of fibre cable materials to the optical fibre cable industry and solutions for Offshore and other industry.

Profit for April 2017 from the business acquired in the USA is included in this segment.

Main figures for Q2

DKK million	2016/17	2015/16	Change	
Order intake	42.2	42.2	-	0%
Revenue	49.9	38.2	11.7	31%
EBIT	9.1	9.0	0.1	1%

Main figures for the first half of the year				
DKK million	**2016/17**	**2015/16**	**Change**	
Order intake	84.9	97.5	-12.6	-13%
Order book	29.6	52.9	-23.3	-56%
Revenue	81.4	58.5	22.9	39%
EBIT	12.8	7.3	5.5	75%

Order intake in the first half of 2016/17 amounted to DKK 84.9 million, which was a fall of 13% compared to last year. In the first half of 2016/17, order intake from acquired activities in the USA amounted to DKK 6.9 million, with the fall on last year's figure relating to Offshore and other industry, which is characterised by a structure based on project sales.

The order book at the end of April 2017 amounted to DKK 29.6 million (DKK 52.9 million), with the decline attributable to Offshore and other industry.
Revenue in the first half of 2016/17 was DKK 81.4 million compared to DKK 58.5 million last year. This growth is due, firstly, to an improved order book at the start of the financial year 2016/17 compared to last year and, secondly, a shorter delivery horizon on the orders entered into in the first half of 2016/17 compared to the situation in 2015/16.

EBIT in the first half of 2016/17 was DKK 12.8 million (DKK 7.3 million). The increase was primarily due to improvement in revenue. Gross margin has developed positively in the first half of 2016/17 compared to last year and is primarily due to development of the revenue mix.

Profit has been affected by additional costs of DKK 0.9 million relating to a settlement made in an ongoing case with a former agent in the UK. This case was previously referred to under "events after the balance sheet date" in the 2014/15 annual report, where it was posted and costed at DKK 0.9 million. The final outcome on conclusion of the case is thus that total compensation of DKK 1.8 million has been paid, while the original claim was for DKK 5 million. Profit levels have also been adversely affected by DKK 4.5 million of transaction costs posted in conjunction with the acquisition in the USA. When corrected for these exceptional items, EBIT was DKK 18.2 million (DKK 7.3 million) in the first half of 2016/17.

Profit was also positively affected to the tune of approximately DKK 0.6 million by earnings at Roblon US Inc.

Management believe that the performance of Industrial Fiber in the first half of 2016/17 has been satisfactory.

Engineering
The Engineering segment comprises development, production and sale of cable machinery, rope-making equipment, twisters and winders.

Main figures for Q2				
DKK million	**2016/17**	**2015/16**	**Change**	
Order intake	32.2	23.6	8.6	36%
Revenue	18.2	26.3	-8.1	-31%
EBIT	-1.7	4.1	-5.8	-141%

Main figures for the first half of the year				
DKK million	**2016/17**	**2015/16**	**Change**	
Order intake	50.7	42.4	8.3	20%
Order book	30.9	17.0	13.9	82%
Revenue	44.6	38.4	6.2	16%
EBIT	-0.4	1.8	-2.2	-122%

Order intake in the first half of 2016/17 was DKK 50.7 million (DKK 42.4 million), corresponding to a 20% increase. The order book at the end of April 2017 was calculated at DKK 30.9 million compared to DKK 17 million last year.

Revenue in the first half of 2016/17 was DKK 44.6 million, which is an increase of 16% compared to last year.

EBIT was DKK -0.4 million (DKK 1.8 million), and profit has been negatively affected by increased costs from new appointments in sales, development and management. There has also been less capitalisation of internal time on development projects than last year.

Compared to 2015/16, a growth in gross margin was achieved in Q2 2016/17. The gross margin for the first half of 2016/17 was lower than the margin achieved last year.

Profit in Engineering for the first half of 2016/17 was unsatisfactory, and activities to increase earn ings to a satisfactory level within the next 18–24 months have been set in motion.

It is the management's view that Roblon's increased sales resources, as well as the latest products, will result in improved exploitation of market potential and help ensure growth in Engineering's revenue and earnings.

Sale of Roblon Lighting

In company announcement no. 4 – 2017, Roblon has already provided notification of the sale of the Roblon Lighting business segment.

The final sales price was DKK 12.3 million, and financing of DKK 2.6 million was provided as part of the sale. As previously announced, net proceeds from the sale were DKK 4 million before tax.

Roblon has entered into an agreement with the purchaser of Roblon Lighting under which the purchaser will rent space in Roblon's production and administration building in Frederikshavn.

Innovation and product development

In the first half of 2016/17, the focus of innovation and product development has been a new organisational structure targeted at the Group's two business segments. Work has been undertaken to prioritise the project portfolio in relation to the relevant strategy.

The portfolio and selection of future projects are now organised in a single innovation and product committee, where market-driven sales development with the customer in the spotlight is the first priority.

Management

In light of the sale of Roblon Lighting, employee representative Hans Martin Kirkegaard has stepped down from the Board. First deputy Svend-Jørgen Matthews Rævdal has joined the Board.

Expectations for 2016/17

Following company announcements nos. 4 and 5 – 2017 concerning the sale of Roblon Lighting and acquisitions in the USA, management expect revenue in the region of DKK 275 million and profit before tax of around DKK 15 million for the full 2016/17 financial year and for continuing operations. In addition, management expect profit before tax for discontinuing operations to amount to some DKK 4 million.

The development and integration of the new business in the USA are proceeding on schedule, while revenue and earnings in the underlying business exceeded the expectations of management.

In light of this, management have upgraded expectations for the full financial year 2016/17 to revenue in the region of DKK 290 million and profit before tax of around DKK 20 million for continuing operations. An unchanged profit before tax of DKK 4 million for discontinuing operations is expected.

Future conditions

Roblon's sales are characterised by a structure based on project sales. This always makes it difficult to produce forecasts for future revenue within given periods, i.e. quarters, half-years and full years.

Statements on future conditions, especially those on future revenue and operating profit, are uncertain and risky.

The offshore industry continues to be adversely affected by the low oil price, which is why management's expectations for order intake are subject to a high degree of uncertainty.

Many factors are and will remain outside of the Group's control and may lead to the actual development deviating wildly from the expectations detailed in the report.

Such factors include (but are not limited to) changes in general business and financial conditions, trends in the global oil industry, changes in the global economy and changes in interest rates and exchange rates.

Financial calendar

12/9 2017:	Interim report for Q3 2016/17
19/12 2017:	Preliminary announcement of financial statements 2016/17
25/1 2018:	Annual General Meeting

Announcements – NASDAQ Copenhagen

During the period 1 November 2016 to 21 June 2017, the Group sent the following announcements to NASDAQ Copenhagen; these can be found on Roblon's website, www.roblon.com.

No.18-2016:	Preliminary announcement of financial statements 2015/16
No.19-2016:	Large shareholder announcement
No.20-2016:	Notice of annual general meeting
No. 1-2017:	Briefing on today's annual general meeting
No. 2-2017:	Annual general meeting of Roblon A/S
No. 3-2017:	Interim report for Q1 2016/17
No. 4-2017:	Sale of Roblon Lighting
No. 5-2017:	Acquisition and establishment in the USA
No. 6-2017:	Reporting of transactions

Statement by the management

The Board of Directors and Executive Management have today discussed and adopted the interim report for Roblon A/S for the period 1 November 2016 to 30 April 2017.

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 the additional requirements of the Danish Financial Statements Act.

It is our opinion that the interim financial statement provides a true and fair view of the Group's assets, liabilities and financial position as of 30 April 2017 as well as of the result of the Group's activities and cash flows for the period 1 November 2016 to 30 April 2017.

It is also our opinion that the management report contains a true and fair account of the development in the Group's activities and financial situation, the profit for the period and the Group's overall financial position, as well as a description of the most significant risks and uncertainties facing the Group.

Frederikshavn, 21 June 2017

Executive Management

Lars Østergaard Managing Director and CEO	Carsten Michno Chief Financial Officer	Kim Müller Chief Operating Officer

Board of Directors

Jørgen Kjær Jacobsen Chairman	Ole Krogsgaard Deputy Chairman	Peter Sloth Vagner Karlsen
Randi Toftlund Pedersen	Nita Svendsen Employee representative	Svend-Jørgen Matthews Rævdal Employee representative

Income statement for the Group

DKK mill.	Note	Q2 2016/17	Q2 2015/16	Q1-Q2 2016/17	Q1-Q2 2015/16	FY 2015/16
Net revenue	4	68.1	64.5	126.0	96.9	229.6
Cost of raw materials and consumables		-27.8	-28.2	-55.8	-43.4	-107.5
Work carried out at own expense and recognised under assets		0.2	0.6	0.3	0.9	2.4
Other external costs		-13.0	-6.7	-20.2	-13.3	-27.0
Staff costs		-17.9	-15.2	-33.7	-28.3	-61.3
Depreciation, amortisation and write-downs of property, plant		-2.2	-1.9	-4.2	-3.7	-8.1
Operating profit (EBIT)		**7.4**	**13.1**	**12.4**	**9.1**	**28.1**
Interest income, net		0.7	1.3	1.6	1.2	0.7
Profit before tax (PBT)		**8.1**	**14.4**	**14.0**	**10.3**	**28.8**
Tax on profit for the period		-1.8	-3.2	-3.1	-2.3	-6.2
Profit for the period from continuing operations		**6.3**	**11.2**	**10.9**	**8.0**	**22.6**
Profit for the period from discontinuing operations	5	**3.2**	**-0.3**	3.3	**-0.4**	-2.6
Total profit for the period		**9.5**	**10.9**	**14.2**	**7.6**	**20.0**
Earnings per share (DKK)						
Earnings per share (EPS), continuing and discontinued operations		5.3	6.1	7.9	4.3	11.2
Earnings per share, diluted (DEPS), continuing and discontinued operations		5.3	6.1	7.9	4.3	11.2
Earnings per share (EPS), continuing operations		3.5	6.3	6.1	4.5	12.6
Earnings per share, diluted (DEPS), continuing operations		3.5	6.3	6.1	4.5	12.6

Statement of comprehensive income for the Group

DKK mill.	Q2	Q2	Q1-Q2	Q1-Q2	FY 2015/16
Profit for the period	9.5	10.9	14.2	7.6	20.0
Items that can be reclassified to the income statement:					
Fair value adjustment of financial assets available for sale	0.4	-0.7	0.5	-1.2	0
Exchange rate adjustment foreign entities	-0.5	0	-0.5	0	0
Tax on other comprehensive income	-0.1	0.2	-0.1	0.3	0
Total comprehensive income	**9.3**	**10.4**	**14.1**	**6.7**	**20.0**

Balance sheet for the Group

DKK mill.	30.04.17	30.04.16	31.10.16
Completed development projects	6.0	3.7	6.8
Ongoing development projects	2.2	5.3	1.9
Trademarks	10.0	0	0
Intangible assets	**18.2**	**9.0**	**8.7**
Land and buildings	39.3	35.5	34.3
Plant and machinery	22.8	14.5	14.1
Fixtures and fittings, tools and equipment	1.3	1.1	1.6
Property, plant and equipment under construction	0.6	0.1	1.2
Property, plant and equipment	**64.0**	**51.2**	**51.2**
Finansiel assets	**2.6**	**0**	**0**
Total non-current assets	**84.8**	**60.2**	**59.9**
Stocks	84.5	66.8	66.9
Trade debtors	47.8	30.9	36.0
Corporation tax receivable	0	11.6	7.9
Other debtors	6.1	2.0	1.9
Securities	55.6	90.0	91.8
Cash at bank and in hand	18.1	9.8	27.2
Assets held for sale	1.0	12.7	9.0
Total current assets	**213.1**	**223.8**	**240.7**
TOTAL ASSETS	**297.9**	**284.0**	**300.6**

Balance sheet

DKK mill.	30.04.17	30.04.16	31.10.16
Share capital	35.8	35.8	35.8
Other reserves	0.6	0	0.7
Profit carried forward	211.6	202.8	215.3
Capital and reserves	**248**	**238.6**	**251.8**
Deferred tax	4.2	4.5	4.2
Other provisions for liabilities	0.3	0	0.6
Other debt	0	0	0
Non-current liabilities	**4.5**	**4.5**	**4.8**
Prepayments	6.8	4.1	5.0
Suppliers of goods and services	26.1	18.1	22.3
Corporate tax	1.3	0	0
Other debt	8.3	14.4	13.4
Liabilities associated with assets held for sale	2.9	4.3	3.3
Current liabilities	**45.4**	**40.9**	**44.0**
	0	0	0
Total liabilities	**49.9**	**45.4**	**48.8**
	0	0	0
TOTAL CAPITAL AND RESERVES AND LIABILITIES	**297.9**	**284.0**	**300.6**

Statement of changes in equity for the Group

DKK mill.	Share capital	Translation reserve	Reserve for financial assets available for sale	Retained earnings	Proposed dividends	Total equity
1H 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 shareholders						
Distributed dividends	-	-	-	-	-17.9	-17.9
Equity 30.04.2017	**35.8**	**-0.5**	**1.1**	**211.6**	**-**	**248.0**
1H 2015/16						
Equity 01.11.2015	35.8	0	0.6	195.4	17.9	249.7
Comprehensive income for the period						
Profit for the period	-	-	-	7.6	-	7.6
Other comprehensive income	-	-	-0.9	-	-	-0.9
Total comprehensive income for the period	-	-	-0.9	7.6	-	6.7
Transactions with shareholders						
Distributed dividends	-	-	-	-	-17.9	-17.9
Equity 30.04.2016	**35.8**	**-**	**-0.3**	**203.0**	**-**	**238.5**
2015/16						
Equity 01.11.2015	35.8	0	0.6	195.4	17.9	249.7
Comprehensive income for the period						
Profit for the period	-	-	-	20.0	-	20.0
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	20.0	-	20.0
Transactions with shareholders						
Distributed dividends	-	-	-	-	-17.9	-17.9
Equity 31.10.2016	**35.8**	**-**	**0.6**	**215.4**	**-**	**251.8**

Statement of cash flows for the Group

DKK mill.	Note	Q2 2016/17	Q2 2015/16	Q1-Q2 2016/17	Q1-Q2 2015/16	FY 2015/16
Operating profit (EBIT) from continuing operations		7.4	13.1	12.4	9.1	28.1
Operating profit (EBIT) from discontinuing operations		4.1	-0.3	4.2	-0.4	-3.4
Operating profit (EBIT)		**11.5**	12.8	**16.6**	8.7	**24.7**
Adjustment for items without liquidity effect	A	1.7	2.0	3.8	4.0	9.6
Change in working capital	B	-1.9	-8.6	-17.3	-3.4	-2.1
Cash flow from primary activities		**11.3**	**6.2**	**3.1**	**9.3**	**32.2**
Financial payments received (interests)		0.5	1.3	1.2	1.2	0.7
Corporate tax paid		-2.6	-3.2	5.0	-4.6	-4.7
Cash flow from operating activities		**9.2**	**4.3**	**9.3**	**5.9**	**28.2**
Investment in intangible fixed assets		-0.1	-1.4	-0.3	-2.1	-3.0
Investment in securities		37.4	-0.7	37.0	-31.1	-31.8
Acquisition in the United States		-27.3	0.0	-27.3	0.0	0.0
Investment in property, plant and equipment		-2.4	-0.3	-7.3	-0.6	-4.0
Sales proceeds from property, plant and equipment		0.0	0.0	0.0	0.0	0.1
Cash flow from investing activities		**7.6**	**-2.4**	**2.1**	**-33.8**	**-38.7**
Financing provided by Roblon, discontinuing operations		-2.6	0.0	-2.6	0.0	0.0
Dividend paid		-1.9	-17.9	-17.9	-17.9	-17.9
Cash flow from financing activities		**-4.5**	**-17.9**	**-20.5**	**-17.9**	**-17.9**
Change in cash at bank and in hand		**12.3**	**-16.0**	**-9.1**	**-45.8**	**-28.4**
Cash at bank and in hand at the beginning of the year		5.8	25.8	27.2	55.6	55.6
Cash at bank and in hand at the end of the year		**18.1**	**9.8**	**18.1**	**9.8**	**27.2**
Note A: Adjustment for items without liquidity effect						
Depreciation		2.2	2.0	4.3	4.0	9.6
Provision		-0.5	0.0	-0.5	0.0	0.0
		1.7	**2.0**	**3.8**	**4.0**	**9.6**
Note B: Change in working capital						
Change in stocks		4.4	1.2	-3.1	-7.1	-5.8
Change in trade debtors		-7.4	-13.5	-14.6	-4.0	-7.7
Change in prepayments		3.0	1.4	1.8	2.2	2.5
Change in suppliers of goods and services		-0.2	1.3	3.8	5.5	9.4
Change in non-current other debt		0.0	-2.9	0.0	-3.8	-3.8
Change in current other debt		-1.7	3.9	-5.2	3.8	3.3
		-1.9	**-8.6**	**-17.3**	**-3.4**	**-2.1**

Notes

1. Accounting policies applied
2. Estimates
3. Season
4. Segment reporting
5. Discontinuing operations
6. Purchase of business
7. Related parties
8. Events after the end of the interim report period

Note 1 – Accounting policies applied

The interim report is presented in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for interim reports for listed companies.

The company has, with effect from 1 November 2016, implemented the new accounting standards (IAS and IFRS) and interpretations (IFRIC) which enter into force for the financial year 2016/17. None of the new accounting standards and interpretations has affected recognition and measurement.

In the current financial year, in connection with the establishment of a subsidiary in the USA and its acquisition of activities from an American company, a Roblon Group has been established. The accounting policies applied are thereby extended to also include consolidated financial statements.

In addition to the description of the accounting policies applied, as set out in the annual report for 2015/16, the following will be included in the description for 2016/17:

"Consolidated financial statements
The consolidated financial statements cover the parent company Roblon A/S and any subsidiaries in which Roblon A/S has a controlling influence on the company's financial and operational policies in order to achieve a return or other benefits from its activities. A controlling influence is achieved by directly or indirectly owning or having disposal over more than 50% of the voting rights or otherwise having control of the company in question.

When assessing whether Roblon A/S has a controlling or significant influence, consideration should be given to de-facto control and potential voting rights that are actual and substantive on the balance sheet date.

Companies in which the Group exercises a significant, but not a controlling, influence are considered to be associates. Significant influence is usually achieved by directly or indirectly owning or having disposal over more than 20%, but less than 50%, of the voting rights.

Joint arrangements are activities or businesses in which the Group has a controlling influence via cooperation agreements with one or more parties. Joint controlling influence means that decisions on relevant activities require a consensus among the parties that have joint controlling influence. Joint arrangements are classified as joint ventures or joint operations. Joint operations means activities where the participants have direct rights over assets and direct liability for obligations, while joint ventures means activities where the participants only have rights over net assets.

The consolidated financial statements cover the parent company Roblon A/S and the subsidiary Roblon US Inc.

The consolidated financial statements have been prepared as a summary of the parent company's and the individual subsidiary company's accounts calculated in accordance with the Group's accounting policies, eliminated for intra-Group income and costs, shareholdings, balances and dividends, as well as realised and unrealised gains on transactions between the consolidated businesses. Unrealised gains on transactions with associates are eliminated in proportion to the Group's share of ownership in the business. Unrealised losses are eliminated in the same way as unrealised gains to the extent they do not reflect impairment.

Accounting items of subsidiaries are recognised at 100% in the consolidated financial statements. Non-controlling interests' share in profit for the year and in equity of subsidiaries that are not 100% owned are included as part of the Group's profit or equity respectively but shown separately.

Business combinations

Newly acquired or newly formed businesses are recognised in the consolidated financial statements from the takeover date. Sold or liquidated businesses are recognised in the consolidated financial statements up until the date of disposal. Comparative figures are not corrected for newly acquired businesses.

With regard to the purchase of new business in which Roblon A/S Group gains a controlling interest over the purchased business, the acquisition method is used. The identifiable assets, liabilities and contingent liabilities of the acquired business are valued at fair value on the takeover date. Deferred tax is recognised on the basis of the revaluations made.

The takeover date is the date on which Roblon A/S actually assumes control of the acquired business.

Costs attributable to business combinations are recognised directly in profit/loss for the year concerned as they occur.

Conversion of foreign currency

A functional currency is assigned for each of the reporting businesses in the Group. The functional currency is the currency used in the primary financial environment in which the reporting business in question operates. Transactions in currencies other than the functional currency are transactions in foreign currency. Transactions in foreign currency are initially recognised by being converted into the functional currency at the exchange rate on the transaction date. Currency differences that arise between the exchange rate on the transaction date and the exchange rate on the payment date are recognised in the income statement under financial income or costs. Receivables, debt and other monetary items in foreign currency are converted to the functional currency at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time the receivable or debt arose or the exchange rate in the most recent annual report is recognised in the income statement under financial income or costs.

When subsidiaries with a different functional currency than the Danish krone are recognised in the consolidated financial statements, the income statements are converted at the exchange rate on the transaction date, while the balance sheet items are converted at the exchange rate on the balance sheet date. The average exchange rate for the individual month is used as the exchange rate on the transaction date to the extent that this does not provide a significantly different outcome.

Exchange rate differences that arise when converting these businesses' equity at the beginning of the year to the exchange rate on the balance sheet date, and when converting income statements from the exchange rate on the transaction date to the exchange rate on the balance sheet date, are recognised under other comprehensive income in a separate reserve for exchange rate adjustments under equity.

When items are recognised in the consolidated financial statements of associates with a different functional currency than the Danish krone, the share of profit for the year is converted at an average exchange rate, while the share of equity including goodwill is converted at the exchange rate on the balance sheet date. Exchange rate differences that arise when converting the share of foreign associates' equity at the beginning of the year to the exchange rate on the balance sheet date, and when converting the share of profit/loss for the year from average exchange rates to the exchange rate on the balance sheet date, are recognised under other comprehensive income in a separate reserve for exchange rate adjustments under equity."

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In connection with Roblon's purchase of business operations in the USA, a new accounting item has arisen under intangible assets, and the description of the section on intangible assets will be adjusted to also include trademarks.

As part of the work to prepare the takeover balance sheet linked to the acquisition in the USA, the Group has made a preliminary calculation of the value of trademarks, which will be written off over 10 years.

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Besides the above changes regarding the Group, accounting policies applied are unchanged compared to the 2015/16 annual report, and the full description of accounting policies applied can be found here.

Note 2 – Estimates

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

The most important estimates made by the management through the application of the Group's accounting policies, and the most significant uncertainties associated therewith, are the same when preparing the consolidated interim report as for the preparation of the annual report for 2015/16.

Note 3 – Season

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

Note 4 – Segment reporting

Reporting is carried out for two segments within Roblon A/S, and activity in these business segments is as follows:

Industrial Fiber: Development, production and sale of fibre cable materials and solutions to Offshore and other industry

Engineering: Development, production and sale of cable machinery, rope-making equipment, twisters and winders

DKK mill.	Q2 2016/17	Q2 2015/16	Q1-Q2 2016/17	Q1-Q2 2015/16	FY 2015/16
Net revenue					
Industrial Fiber	49.9	38.2	81.4	58.5	147.0
Engineering	18.2	26.3	44.6	38.4	82.6
Total	**68.1**	**64.5**	**126.0**	**96.9**	**229.6**
Operating profit (EBIT)					
Industrial Fiber	9.1	9.0	12.8	7.3	25.5
Engineering	-1.7	4.1	-0.4	1.8	2.6
Total	**7.4**	**13.1**	**12.4**	**9.1**	**28.1**
Segment assets					
Industrial Fiber	139.2	95.8	139.2	95.8	94.3
Engineering	81.3	64.1	81.3	64.1	70.5
Undistributed items	76.4	111.4	76.4	111.4	126.8
Assets, discontinuing activities	1.0	12.7	1.0	12.7	9.0
Total	**297.9**	**284.0**	**297.9**	**284.0**	**300.6**
Geographic segments					
Denmark	2.8	3.3	3.2	4.5	29.6
Great Britain (UK)	5.4	9.3	19.1	14.5	27.9
Other European countries	21.8	22.2	37.3	36.1	75.1
Asia	6.7	13.0	19.2	18.9	45.3
Brazil	21.6	11.8	28.3	12.9	33.6
United States of America	9.8	4.9	18.9	10.0	18.1
Total	**68.1**	**64.5**	**126.0**	**96.9**	**229.6**

The Group's property, plant and equipment are located primarily in Denmark. The carrying amount as at 30 April 2017 of the Group's property, plant and equipment abroad was DKK 18.7 million (DKK 0 million).

The Group's net revenue basically comes from the sale of goods.

Of the Group's total revenue, DKK 14.4 million (DKK 10.4 million) relates to sales to a major customer. Sales to this customer thus account for more than 10% of the Group's total net revenue, with this customer falling under the Industrial Fiber segment.

Note 5 – Discontinuing operations

In company announcement no. 4 – 2017, Roblon provided notification that the Roblon Lighting business segment has been sold. The sale has been completed as planned with effect from the end of April 2017.

DKK mill.	Q2 2016/17	Q2 2015/16	Q1-Q2 2016/17	Q1-Q2 2015/16	FY 2015/16
Income statement, discontinuing operations					
Net revenue	6.3	5.7	12.5	11.6	22.0
Cost of raw materials and consumables	-2.3	-2.4	-4.7	-4.7	-9.0
Gross profit	**4.0**	**3.3**	**7.8**	**6.9**	**13.0**
Work carried out at own expense and recognised under assets	-	0.1	-	0.1	0.2
Other operating income	-	-	-	-	-
Other external costs	-0.9	-1.1	-1.9	-2.1	-4.4
Staff costs	-3.0	-2.6	-5.6	-5.1	-10.7
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	-	-0.1	-0.1	-0.3	-1.5
Operating profit	**0.1**	**-0.4**	**0.2**	**-0.5**	**-3.4**
Financial income	4.0	-	4.0	-	-
Profit before tax	**4.1**	**-0.4**	**4.2**	**-0.5**	**-3.4**
Tax on profit for the period	-0.9	0.1	-0.9	0.1	0.8
Profit for the period	**3.2**	**-0.3**	**3.3**	**-0.4**	**-2.6**
Discontinuing operations have affected the cash flow statement as follows:					
Cash flows from operating activities	13.2	-0.3	12.0	2.2	2.1
Cash flows from investing activities	-	-0.3	-	-0.5	-0.5
Cash flows from financing activities	-	-	-	-	-
Total	**13.2**	**-0.6**	**12.0**	**1.7**	**1.6**

Net proceeds before tax on the sale of the business segment (discontinuing operations) amount to DKK 4 million, as set out in the above income statement. The profit was generated by offsetting the value of transferred inventories as at 30 April 2017, as well as transaction costs for financial and legal advisors etc., in the final sales price of DKK 12.3 million.

The Group’s balance sheet as at 30 April 2017 lists “assets in discontinuing operations” of DKK 1 million (DKK 12.7 million) and “liabilities associated with assets in discontinuing operations” of DKK 2.9 million (DKK 4.3 million). These accounting items as at 30 April 2017 cover receivables from sales, trade payables and other debt which have not been transferred in connection with the sale of the business segment. The accounting items are expected to be settled in the course of the financial year 2016/17.

As part of the agreement on the sale of Roblon Lighting, the Group has provided a loan of DKK 2.6 million, which bears interest at 3% per annum and is due for payment over two years.

Note 6 – Purchase of business

In company announcement no. 5 – 2017, Roblon provided notification of its acquisition of activities and assets from NEPTCO JV LLC, Hickory, North Carolina, part of the US listed Chase Corporation group. The transaction was carried out via a newly established American company – Roblon US Inc. – which is 100% owned and controlled by Roblon A/S, and operations from the acquired business are included from the takeover date (3 April 2017).

NEPTCO is a reputable supplier in the fibre optic cable industry and supplies fibre optic cable components (strength element solutions) marketed under a number of known brands. NEPTCO’s current business is primarily focused on the North American market.

The acquisition of NEPTCO’s activities supports Roblon Industrial Fiber’s strategy, which is to aspire to become a total supplier of strength element solutions for selected strategic customers in the fibre optic cable industry. Roblon and NEPTCO complement each other as regards product offering and geographical presence, which is increasingly considered to be essential to service selected strategic customers with a global presence and production facilities in a number of locations worldwide.

The acquisition price was approximately DKK 27.3 million and was paid in cash. DKK 2.8 million has been paid into an escrow account and the amount will be released 18 months after the takeover date (3 April 2017) unless Roblon A/S submits a claim for a reduction of the agreed acquisition price. The remaining acquisition price has been paid directly to the seller.

In association with the takeover, the Group has incurred transaction costs of DKK 4.5 million related to legal and financial advice etc. These costs are recognised under “other external costs” in the income statement for Q2 2016/17. The transaction costs are relatively high given the total amount invested when purchasing the business. The level of cost incurred should be seen in the light of it having been a complicated deal, in which there has been a need for additional legal advice due to:

- the structure of the agreement (purchase of net assets – and thereby separation from existing business);
- the conclusion of a number of business administration service agreements and a lease agreement with the seller;
- environmental assessments and patent reviews; and
- US legislation in general.

The approach and structure for the acquisition outlined above mean that the Group has decided to invest in a transparent set-up with the seller, in which a large part of Roblon US Inc.’s cost base is known. This will allow the Group to initially focus on sales, product and market development of the acquired business unit.

For the period since the takeover (one month’s operation), Roblon US Inc. has added profit on continuing operations to the tune of DKK 0.6 million and revenue of DKK 3.5 million to the Group.

Note 6 – Purchase of business (continued)

The takeover balance sheet has been provisionally calculated as follows:

DKK, million	Recognised value at the time of takeover
Intangible assets (trademarks)	10.3
Property, plant and equipment (production equipment and technical installations)	9.0
Inventories	8.0
Net assets acquired (total acquisition cost)	**27.3**

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.

The value of the customer portfolio and existing customer orders etc. has also been assessed. There is a high degree of overlap in NEPTCO and Roblon's respective customer bases, and in the preliminary statement the value has been assessed as insignificant, which is why separate items have not been recognised in the takeover balance sheet.

There are not expected to be any associated deferred taxes or contingent liabilities in the preliminary takeover balance sheet.

Note 7 – Related parties

Following establishment of a subsidiary in the USA, the circle of related parties has expanded. There were no significant transactions between related parties in the first half of 2016/17.

Note 8 – Events after the end of the interim report period

No significant events of importance for the Group's profit or financial situation have occurred since the balance sheet date of 30 April 2017.