

NKT Cables Group A/S

Vibeholms Allé 25
2605 Brøndby

Annual report
1 January 2016 - 31 December 2016

**The annual report has been presented and
approved on the company's general meeting the**

30/05/2017

Morten Bang
Chairman of general meeting

Content**Company informations**

Company informations	3
----------------------------	---

Reports

Statement by Management	4
-------------------------------	---

Reports

The independent auditor's report on financial statements	5
--	---

Management's Review

Management's Review	7
---------------------------	---

Financial statement

Accounting Policies	12
---------------------------	----

Income statement	15
------------------------	----

Balance sheet	16
---------------------	----

Statement of changes in equity	18
--------------------------------------	----

Disclosures	19
-------------------	----

Company information

Reporting company NKT Cables Group A/S
Vibeholms Allé 25
2605 Brøndby

Phone number: +4543482000
Fax number: +4543961820
e-mail: nktcables@nktcables.com

CVR-nr: 15515872
Reporting period: 01/01/2016 - 31/12/2016

Auditor Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S
DK Denmark

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of NKT Cables Group A/S for the financial year 01.01.2016 - 31.12.2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Brøndby, the 30/05/2017

Management

Roland Munkerod Andersen
Director

Detlev Waimann

Michael Hedegaard Lyng

Board of directors

Jens Due Olsen
Chairman

Janus Hillerup

Michael Hedegaard Lyng

The independent auditor's report on financial statements

To the shareholder of NKT Cables Group A/S

Opinion

We have audited the financial statements of NKT Cables Group A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management's review and, in doing so, consider whether the management's review is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management's review.

Copenhagen, 30/05/2017

Lars Siggaard Hansen
State-Authorised Public Accountant
Deloitte Statsautoriseret
Revisionspartnerselskab
CVR: 33963556

Bjarne Iver Jørgensen
State-Authorised Public Accountant
Deloitte Statsautoriseret
Revisionspartnerselskab
CVR: 33963556

Management's Review

Primary activities

NKT Cables Group A/S functions as a holding company for the Group's activities and undertakes the tasks related thereto.

Development in activities and finances

General

The financial statements cover investments in the subsidiaries nkt cables a/s, nkt cables Holding AB, nkt cables group GmbH, nkt cables s.r.o., nkt cables Espana SL, nkt cables Ultera a/s, nkt cables Australia Pty Ltd and Unique Vantage Ltd, along with their subsidiaries.

Income statement

No dividend has been received in 2016.

Investments in subsidiaries

During 2016 the subsidiaries nkt cables China Ltd and Unique Vantage cables (Nanjing) Co., Ltd has been sold. Which has impacted the income statement.

Equity

No dividend was paid to the parent company NKT Holding in 2016 and no dividend is proposed for the 2016 financial year.

Business and financial development in the investments

PROJECTS

NKT Cables is well positioned in the European market for high-voltage on- and offshore power cable solutions. Especially in the offshore segment strong relationships have been developed with major customers. NKT Cables is also capable of offering full turnkey offshore solutions, including marine installation services.

Financial development

Revenue decline in 2016 should be seen against a 2015 characterised by a high level of civil works services as part of the projects delivered during that year. In addition the composition of the current project portfolio generated lower revenue than the previous year. Furthermore revenue was impacted by delays caused by supplier quality issues.

Operational earnings development was primarily driven by continued challenges in the high-voltage onshore business where the current market environment is impacted by overcapacity, and the financial performance was lower than in 2015. NKT Cables has initiated significant turnaround measures to improve profitability. In the high-voltage offshore business the on-going projects were executed more efficiently than expected and the financial performance was better than anticipated.

Three significant high-voltage offshore orders

In 2016, NKT Cables was awarded orders for three high-voltage offshore wind farm projects: Hornsea Project One, Borssele Alpha and Kriegers Flak Combined Grid Solution.

Hornsea Project One will be the world's first gigawatt-scale offshore wind farm. For NKT Cables the project has a contract value of approx. EUR 139m and comprises the supply of 170 km of 220 kV AC submarine export cable ready for installation in early 2018.

The order for the Borssele Alpha grid connection system has a contract value of approx. EUR 77m. Awarded in a consortium with VBMS, this project comprises supply of 125 km of 220 kV AC submarine cable delivered ready for installation in late 2018. In addition to this, TenneT has separately awarded the option for delivery and installation of export cable systems for Borssele Beta, connecting the future Borssele 3 and 4 offshore wind farms to the grid. This option is subject to financial close.

NKT Cables has further signed a contract for the supply, laying and electrical installation of the submarine cables for the Kriegers Flak Combined Grid Solution (Kriegers Flak CGS), the world's first offshore interconnection between two national grids. The contract value is approx. EUR 42m and comprises approx. 50 km of 150 kV AC high-voltage submarine cable to be in operation by end-2018.

Orders on hand at all-time high level

With the current orders on hand, NKT Cables has an all-time high backlog that is predominantly driven by the contracts for high-voltage offshore AC cables, and the company has full visibility for offshore projects until end-2018. The pipeline of potential new projects is at a satisfactory level, and in general the offshore market is characterised by a high level of activity.

Supplier quality issues

Early in 2016, NKT Cables discovered quality issues with supplies of certain raw materials. These issues were entirely beyond NKT Cables' control and necessary corrective actions were taken by the supplier. Subsequent tests revealed that these issues have no impact on the product operational performance or lifetime. However, the planned production flow in 1st half 2016 was delayed due to the decision to remanufacture certain products as a preventive measure. A settlement is negotiated with the supplier.

Significant measures to improve high-voltage onshore profitability

In the high-voltage onshore segment, NKT Cables maintained a stable volume, albeit lower than expected. Overall, the European high-voltage AC onshore market is currently characterised by overcapacity with a number of mid- and small-size projects and only very few large-scale contracts. This has made it challenging to secure sufficient profitability. During 2016, NKT Cables completed the remaining three deliveries for a 400 km, 170 kV underground cable project in Northern Europe.

In 2016, following a start up of a turnaround process in the company's high-voltage onshore business, significant measures were taken to improve profitability, including reorganising and streamlining the way sales functions go to market and internally manage their sales performance. In addition, further focus was placed on more efficient project execution, and on improving the capacity utilisation of all high-voltage onshore production lines at the Cologne plant.

PRODUCTS

Products comprises the Nordics, Central Europe and Specialties. NKT Cables remains a leading player on the European market for building wires, low- and medium-voltage cables and accessories. Denmark, the Czech Republic and Sweden are strongholds, and the company also holds a significant market presence in selected parts of North and Central Europe. In the railway segment NKT Cables is the global leader, with Europe as the primary market.

Financial development

In the Products business 2016 revenue development was flat. A slight positive performance of 1% organic growth in the Nordics and Central Europe was driven primarily by the markets in Sweden and the Czech Republic offset by Specialties. Central Europe was positively impacted by the so-called "photoyear" effect creating demand from utilities for medium-voltage products during the first half of 2016 whereas towards the end of 2016 this demand started to fade. In the low-voltage segments several markets have been negatively impacted by overcapacity and by an influx of private label products causing pressure on prices. The Specialties business was impacted by negative growth due to slowdown in the global Railway market.

Improved operational earnings were driven by increased capacity utilisation and improved efficiency especially in Central Europe and positive impact from the turnaround implemented in the Specialties' accessories business. The Nordic markets were negatively impacted by challenges in the wholesale segment.

During Q4 2016 NKT Cables' frame contract with Ericsson, valid since the acquisition of the company's cable factory in Sweden in 2013, expired. A new contract has been agreed, however, at less favourable terms.

First to market new HFFR building wires

In 2016, NKT Cables became the first cable provider to significantly launch a new range of Halogen-Free Flame Retardant (HFFR) building wires. The product range complies with a new, harmonised EU standard for testing and fire classification of building wires introduced in June 2016. The standard is included in the Construction Products Regulation (CPR) which is intended to ensure reliable information regarding the performance of products used in buildings.

Continued focus on ergonomic solutions

Demand for NKT Cables' Q-solutions, a series of ergonomic and user-friendly products for handling and transporting cables by hand, remained strong in 2016. The Q-series comprises three products, including the QADDY® drum trolley first introduced in Denmark in 2011 and now marketed throughout Europe.

Improved customer satisfaction

In 2015, NKT Cables introduced Net Promoter Score (NPS) which is a commonly used and recognised tool for monitoring customer feedback and triggering actions to improve customer satisfaction. Since the launch, an improved performance rating primarily relating to quality, delivery and service is recognised and development has been consistently positive in 2016.

Major frame contracts

In April 2016, NKT Cables was awarded a major three-year frame contract by Sweden's largest electrical utility, Ellevio. The contract covers the period 2016-2019 and includes an option for extension. In addition to executing on a number of existing frame contracts, further mid-term frame contracts with e.g. Vattenfall were signed both in the Nordics and Central Europe, while the overall trend in the industry is towards short-term contracts of 1-2 years.

Turnaround completed

A turnaround has been conducted of the accessories business within Specialties, in support of which the cabinets business was divested with effect from end-Q3. Improvements were implemented to further optimise production, improving sales mix and developing new products.

New accessory products launched for offshore market

In August 2016, NKT Cables launched a new 72 kV connector that facilitates transmission of power from offshore wind farms and enables them to be energised before all wind turbines are installed. NKT Cables is one of only few global suppliers to market an extensive range of cable accessories ready for the growing 72 kV offshore segment, and more orders are in the pipeline.

Slowdown in Railway business

To mitigate lower demand in current markets, NKT Cables continued to extend its sales reach, from selected European markets to global sales and tendering. During 2016 the company was awarded the contract to supply overhead contact line for the Danish railways electrification project covering 2014-2026. A contract was also signed to supply overhead contact line material to the Norwegian national railway administrator, JBV.

Divestment of Automotive business

In October, NKT Cables entered into an agreement to divest its Automotive operations to the German-based Wilms Group. Although a profitable business servicing several large customers, Automotive was not core to NKT Cables. The divestment, which includes a plant in Vrchlabí, Czech Republic, with approx. 400 employees, was closed in Q2 2017.

APAC

Comprehensive review was conducted to find a sustainable future setup for the APAC business. The review included strategic alternatives for the business. In Q3, with the expectation of a current-year EBIT loss of

EUR 7m increasing into 2017, NKT Cables therefore announced the divestment of all operations in China to Srising Electric Co., Ltd, a high-tech solution provider for China's electrified railways industry. The divestment was closed in Q4 2016, resulting in writedown of EUR 21.8m.

NKT Cables' remaining presence in APAC comprises a sales entity in Australia which will be part of the Specialties division.

EXCELLENCE 2020

Clear strategic direction for further value creation

The transformation of NKT Cables was initiated late 2013. Phase 1 was the launch of the DRIVE efficiency improvement programme designed to reduce costs and strengthen competitiveness. DRIVE was completed at end-2015, one year ahead of schedule, with successful execution of more than 90 savings levers, savings in excess of EUR 60m, and RoCE of 8.2%, up from 0% in 2012.

The EXCELLENCE 2020 strategy, launched in September 2015, defines the roadmap for phases 2 and 3 of the transformation: Be Excellent, primarily focused on maintaining and increasing profitability, and Accelerate Growth with emphasis on profitability and targeted attractive growth pockets to, all together, deliver RoCE above 15% by 2020.

Must-Win battles

As part of the EXCELLENCE 2020 strategy, four cross-organisational Must-Win battles have been identified as key to achieving NKT Cables' vision of becoming the best-in-class power cable company. In 2016 a number of significant initiatives were implemented to support this objective, e.g.:

1: Safety, People & Organisation

New organisational structure

In April 2016, a new Target Operating Model (TOM) was presented to meet the need for a leaner and more agile organisation to strengthen customer focus and leverage structural synergies and efficiencies. The new organisation is characterised by a divisional structure and function-based sub-structure.

As an example, operations will be consolidated in one divisional unit to harvest full synergy potentials such as process optimisation and capacity utilisation, as well as functional excellence and operational efficiencies. The same rationale lies behind the new business divisions: Solutions (high-voltage on-and offshore cables), Applications (building wires, low- and medium-voltage cables), and Specialties (accessories and railway). This setup is supported by Group Functions such as Finance, IT and HR.

The new structure is designed to foster cross-functional collaboration and facilitate establishment of Group excellence functions, such as Supply Chain, Lean, QHSE (Quality, Health, Safety, Environment), Commercial Excellence, Procurement and R&D. The new organisation was fully implemented on 1 January 2017.

Management team completed

During 2016, the Group Management team was completed and now comprises seven members representing each division as well as relevant support functions. All members possess industry-relevant backgrounds and extensive experience within executive management and global businesses.

2: Operational and Commercial Excellence

The transformation of NKT Cables' plant network towards operational excellence was launched by professionalising the supply chain management function. This step was taken to raise productivity, capacity utilisation and delivery capabilities, and to enhance customer service through centralised coordination and prioritisation of demand across the plants. Within commercial Excellence, NKT Cables continued its focus on price optimisation and initiated customer segmentation to improve service offerings to the customers.

3: Material & product development

Work began on establishing a best-in-class R&D function to drive top-notch innovations in the markets. Initiatives include centralisation to ensure best practice and standardised processes across divisions, and

establishment of true R&D portfolio management.

4: Digitalisation

Development of new services and platforms is expected to emerge significantly as a competitive edge. In 2016, in order to build on NKT Cables' know-how and assist the aim of becoming a leading solutions provider, the company started to integrate a uniform IT-platform in support of both commercial and operational excellence.

NKT Cables aims to capitalise on digitalisation and disruption drivers offering opportunities to develop or re-shape the power cable market. The company examined possibilities to connect to the global startup community and ecosystem. This is intended to further support the company in accelerating the development of new business and service models through frontier digitalised co-operations and strategic partnerships

Segment initiatives

In support of the Must-Win battles EXCELLENCE 2020 includes a detailed plan for each business segment. As the magnitude, scope and development potential of the segments differ, three distinct directions have been defined. Significant progress was recorded in 2016:

Develop and grow

- High-voltage offshore: Agreement to acquire ABB's high-voltage DC power cables business which will become part of the Solutions division. Three major high-voltage offshore orders were secured

Focus on profitability

- Medium-voltage and Automotive: Divestment of the non-core Automotive business

Turnaround

- High-voltage onshore: Initiatives were taken and are set to continue
- APAC: Loss-making operations in China were divested
- Accessories: The Cabinets business was divested and turnaround completed to make the segment a future 'develop and grow' area

2017 initiatives

In 2017, further execution is planned on the segment initiatives, centred around five key actions:

- 1) successful integration of the ABB HV Cables business into the Solutions division,
- 2) successful turnaround of the high-voltage onshore business,
- 3) ensure profitable growth in Applications,
- 4) foster growth in the Accessories segment, and
- 5) broaden the international reach of the Railway segment to mitigate low demand in current markets.

With regards to the Must-Win battles, selected actions relate to realising the potential of the new organisational structure, ensuring safety culture and improving employee engagement. Furthermore, NKT Cables will increase focus on digitalisation as described above.

Events after the balance sheet date

NKT have closed the acquisition of the ABB high-voltage cables business. The closing of the transaction is completed on March 1st 2017.

The Management is not aware of any other subsequent matters that could be of material importance to the Group's financial position.

Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class B. There have been options of certain rules in reporting class C.

The financial statements are presented in EUR.

The accounting policies applied for these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 112 (1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The company is included in the consolidated financial statement for NKT Holding A/S

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Differences arising between the rates of exchange on the transaction date and on the date of payment are recognized in the income statement as financial items.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Income statement

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Company's primary activities, including management fees, rental income and gains from the sale of intangible assets and property, plant and equipment.

Other external expenses

Other external expenses include expenses to the Company's ordinary activities.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for the Company's staff.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, currency gains as well as tax relief under the Danish Tax Prepayment Scheme etc.

Impairment of financial assets

Impairment of financial assets comprises impairment of investments in subsidiaries.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, currency losses as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income taxes

The Company is covered by the Danish regulations on compulsory joint taxation of the NKT Group's Danish companies.

The parent company NKT A/S is the administrative company for the joint taxation scheme and consequently settles all payments of corporate income tax with the tax authorities.

The current Danish income tax is shared between the jointly taxed companies in proportion to their taxable incomes. Companies with tax losses receive joint contributions from companies that have been able to use these losses to reduce their own taxable incomes.

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Investments in group enterprises**

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Deferred tax

Deferred tax is measured according to the balance-sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative taxation rules can be applied to determine the tax base, deferred tax is measured according to Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss allowed for carryforward, are recognized under other non-current assets at the expected value of their utilization, either by set-off against tax on future income or by set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is adjusted for elimination of unrealized intragroup profits and losses.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income statement 1 Jan 2016 - 31 Dec 2016

	Disclosure	2016 EUR	2015 EUR
Other operating income		12,289,000	1,354,000
Other external expenses		-27,573,000	-665,000
Gross Result		-15,284,000	689,000
Employee expense		-3,797,000	-860,000
Profit (loss) from ordinary operating activities		-19,081,000	-171,000
Other finance income	1	5,436,000	1,871,000
Impairment of financial assets		-16,011,000	-49,748,000
Other finance expenses	2	-10,525,000	-11,520,000
Profit (loss) from ordinary activities before tax		-40,181,000	-59,568,000
Tax expense	3	3,649,000	2,274,000
Profit (loss)		-36,532,000	-57,294,000
Proposed distribution of results			
Retained earnings		-36,532,000	-57,294,000
Proposed distribution of profit (loss)		-36,532,000	-57,294,000

Balance sheet 31 December 2016

Assets

	Disclosure	2016 EUR	2015 EUR
Investments in group enterprises		636,252,000	660,524,000
Receivables from group enterprises		3,356,000	23,070,000
Current deferred tax assets		4,871,000	983,000
Investments	4	644,479,000	684,577,000
Non-current assets		644,479,000	684,577,000
Trade receivables		359,000	261,000
Receivables from group enterprises		14,154,000	550,000
Tax receivables		421,000	1,692,000
Other receivables		6,862,000	5,000
Receivables		21,796,000	2,508,000
Cash and cash equivalents		15,921,000	3,232,000
Current assets		37,717,000	5,740,000
Total assets		682,196,000	690,317,000

Balance sheet 31 December 2016

Liabilities and equity

	Disclosure	2016 EUR	2015 EUR
Contributed capital	5	26,939,000	26,939,000
Retained earnings		218,407,000	259,044,000
Total equity		245,346,000	285,983,000
Payables to group enterprises		409,357,000	404,079,000
Long-term liabilities		409,357,000	404,079,000
Trade payables		7,574,000	109,000
Payables to group enterprises		18,558,000	0
Other payables		1,361,000	146,000
Short-term liabilities		27,493,000	255,000
Liabilities		436,850,000	404,334,000
Liabilities and equity, gross		682,196,000	690,317,000

Statement of changes in equity 1 Jan 2016 - 31 Dec 2016

	Contributed capital	Retained earnings	Total
	EUR	EUR	EUR
Equity, beginning balance	26,939,000	259,044,000	285,983,000
Increase (decrease) of investments through net exchange differences [Equity]		-4,105,000	-4,105,000
Profit (Loss)		-36,532,000	-36,532,000
Equity, ending balance	26,939,000	218,407,000	245,346,000

Disclosures

1. Other finance income

	2016	2015
	EUR	EUR
Financial income arising from group enterprises	623,000	1,519,000
Exchange rate adjustments	4,813,000	352,000
	<u>5,436,000</u>	<u>1,871,000</u>

2. Other finance expenses

	2016	2015
	EUR	EUR
Financial expenses from group enterprises	10,524,000	11,520,000
Other financial expenses	1,000	0
	<u>10,525,000</u>	<u>11,520,000</u>

3. Tax expense

	2016	2015
	EUR	EUR
Current tax	7,537,000	-2,634,000
Changes in deferred tax	-3,888,000	346,000
Prior year adjustments	0	14,000
	<u>3,649,000</u>	<u>-2,274,000</u>

4. Investments

	Investments in group enterprises EUR	Receivables from group enterprises EUR	Deffered tax EUR
Cost beginning of year	711,711,000	23,070,000	983,000
Additions	0	0	3,888,000
Disposals	-71,564,000	-19,714,000	0
Cost end of year	640,147,000	3,356,000	4,871,000
Impairment losses beginning of year	-51,187,000	0	0
Impairment losses for the year, disposal	47,292,000	0	0
Impairment losses end of year	-3,895,000	0	0
Carrying amount end of year	636,252,000	3,356,000	4,871,000

Impairment losses of EUR 3,895,000 regarding NKT Cables Ultera A/S has been identified and recognized, as the equity value including assessment of future probability potentials of this subsidiary is significantly lower than the value of cost.

Subsidiaries:	Registered in	Corporate form	Equity interest %	Equity EUR'000	Profit/loss EUR'000
NKT Cables A/S	Denmark	A/S	100	72.581	(947)
NKT Cables Group GmbH	Germany	GmbH	100	452.869	(5.826)
NKT Cables s.r.o.	Czech Republic	s.r.o.	100	61.524	11.949
NKT Cables Espana SL	Spain	SL	100	279	14
NKT Cables Ultera A/S	Denmark	A/S	100	92	(82)
NKT Cables Australia Pty Ltd	Australia	Ltd	100	5.412	273
NKT Cables Holding AB	Sweden	AB	100	9.733	(631)
Unique Vantage Ltd.	China	Ltd	100	(1.886)	(130)

The figures above are stated in accordance with IFRS and are based on the enterprises' internal reporting to NKT Cables Group A/S adjusted for amortisation of goodwill, where relevant.

The disclosures above may therefore differ significantly from the financial statements published by the companies concerned, which are presented in accordance with local accounting standards.

5. Contributed capital

Share capital consists of 200.001 shares of 26,939,000 EUR.

	EUR
Changes in share capital the last 5 years:	
Share capital 2012.01.01	26,939,000
Share capital, end of year	26,939,000

6. Disclosure of contingent liabilities

	2016	2015
	EUR	EUR
Other contingent liabilities towards Parent and fellow subsidiaries	80,300,000	90,490,000
	80,300,000	90,490,000

The Company is jointly registered for VAT purposes with NKT Cables A/S, NKT Cables Ultra a/s and NKT A/S and is jointly liable for VAT liabilities. The company is part of a Danish joint taxation with NKT A/S as a management company and liable therefore according to the corporate tax Act rules to that effect from the financial year 2013 for income taxes, etc. for the jointly taxed enterprises and from and with 1. July 2012 also for any obligations to bear the withholding tax on interest, royalties and dividends for these companies.

7. Disclosure of ownership

Ownership

The company has registered the following shareholders holding more than 5% of the voting rights or nominal value:

NKT A/S, Vibeholms Allé 25, 2605 Brøndby.

The company is wholly owned by NKT A/S.

Related parties

Information on transactions with related parties has been omitted with reference to the Danish Financial Statements Act 70, as it is included in the consolidated accounts of NKT A/S.

Group relations

Included in the consolidated financial statements of: NKT A/S, Vibeholms Allé 25, 2605 Brøndby.