



QUARTERLY REPORT 2/2002

Release No. 17 2002 to

the Copenhagen Stock Exchange, Nikolaj Plads 6, DK-1007 Copenhagen K, and to shareholders of NKT Holding A/S

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2ND QUARTER HIGHLIGHTS

2nd quarter and 1st half highlights

Amounts in mDKK

	2 quarter 2002	2 quarter 2001	1+2 quarter 2002	1+2 quarter 2001
Turnover	1,530	1,682	2,881	3,220
Earnings, EBITDA	86	169	152	205
Earnings, EBITA	5	95	(8)	56
Earnings, EBIT	(16)	74	(50)	16
Net income after tax	(33)	73	(74)	63
NKT's share of corporate net income	(23)	76	(54)	74
Shareholders' equity	3,557	3,897	3,557	3,897
Net interest-bearing debt	(30)	(221)	(30)	(221)

- As a result of implemented restructuring measures, Nilfisk-Advance achieved significantly improved earnings compared with the same period last year.
- The Priorparken real estate company sold further properties.
- NKT's development businesses made technological progress.
- Corporate cashflow and interest-bearing debt were both maintained at a satisfactory level.
- The slowdown in the telecoms sector influenced sales of optical cables by the NKT Cables Group and sales of optical products by NKT Integration. Both companies recorded losses.
- NKT Flexibles' order volume continued to be unsatisfactory, and the company recorded a loss.
- NKT's corporate vision is receiving new priorities, with focus to be concentrated on the future-oriented development of NKT's optical businesses and on the mature businesses NKT Cables Group and Nilfisk-Advance.
- Expectations for 2002 are unchanged. As previously announced, a net loss for the year of 75 - 125 mDKK is expected after tax and minority interests. This projection does not include the effect of any structural measures.
- Any questions concerning the information in this report should be addressed to Tom Knutzen, President and CEO, on telephone no. +45 43 48 20 00.
- A meeting for stock market analysts and the press will be held on:

Wednesday 28 August 2002 at 09:00 in
NKT Exhibition Centre
Priorparken 515, DK-2605 Brøndby.

Persons wishing to attend the meeting should register on telephone +45 43 48 32 04.

VISION FOCUSED ON NEW PRIORITIES

The Board of Directors and the Management of NKT Holding continuously monitor the strategies that support the corporate vision and future-oriented activities. Concrete strategy review work performed this summer has led to a decision to prioritise the elements in NKT's corporate vision. This must be seen against the background of:

- the current economic slowdown
- the uncertainty regarding future cyclical developments
- the changed valuation parameters particularly for technology-based activities.

These factors significantly affect NKT's future-oriented activities. The changes that have taken place in the world around us have thus resulted in a need for a reaction to the developments experienced by NKT through 2001 and 2002.

Our corporate vision will now be prioritised with a view to reducing the width of our business - and as a result, the scope of the activities in our development businesses and central functions.

The aim is partly

- to ensure overall balance between our profit development and cashflow in relation to the potential which today exists for value creation in our businesses,
- to accelerate the possibilities for achieving an operating profit that can warrant an increase in NKT's share price.

To this must be added our objective of maintaining NKT's annual ordinary dividend payment of 4 DKK per share.

The priorities in our corporate vision mean that we will in future place focus on the activities contained in our "Optical Components" business cluster - now named NKT Photonics Group - and on our two mature businesses - NKT Cables Group and Nilfisk-Advance.

NKT Photonics Group

The businesses which make up the NKT Photonics Group are shown in the overview of NKT companies.

The prioritisation of the NKT Photonics Group ahead of other development business clusters must be seen in the light of the fact that we have a technology and development platform in the field of optics that is superior in knowhow, network and track record to that in any of our other fields. For example, we are further forward in the commercialisation process in the optics field than in the life science field, as we have a number of optical products on the market as well as several new ones approaching introduction.

In spite of the current slowdown in investment in optical network systems there are no indications that the basic traffic in the tele-com/data network will not continue with high rates of growth. The fundamental basis for a future growth market for new products therefore still exists, and we believe that the present reduction and consolidation among optical component suppliers will create a

better balance between supply and demand.

As a result of the new focus, NKT's research and development resources (NKT Research & Innovation) will be directed towards supporting the businesses in the NKT Photonics Group rather than starting new development businesses.

Other companies

Steps will be taken to establish new ownership arrangements for NKT's other development businesses. The goal is to enable the interesting and promising R&D results achieved by the individual businesses to be taken further in new contexts, where for example synergies with other activities may be an attractive component. The rate at which such measures are accomplished will depend among other things on the dialogue established with other partners. An ongoing progress update will be provided in future quarterly reports..

The activities of the Priorparken real estate company and NKT's part-owned subsidiary NKT Flexibles will continue unchanged.

Additional objectives

In association with the priorities established in the corporate vision the NKT Group Management has established a number of internal objectives for future NKT performance. These objectives will form the basis for the measures planned for the year ahead.

Group structure at 27 August 2002

NKT Holding			
Mature businesses	NKT Cables	Nilfisk-Advance	Priorparken
Growth businesses		NKT Integration	NKT Flexibles
Development - businesses		Crystal Fibre Koheras LIOS Technology NKT Research & Innovation	NST Watech SMB PicoSep Cantion

A number of management changes will take place within the development businesses:

- Ove Poulsen (Executive Director) is promoted CEO of NKT Research & Innovation.
- Ole Kring takes over as CEO of SMB as Stefan Bartling leaves the company.
- Carsten Faltum (temporary Executive Director) is promoted CEO of Cantion.
- Dr. Stefan M. Daiser is appointed CEO of Lios Technology.

Comments to the accounts

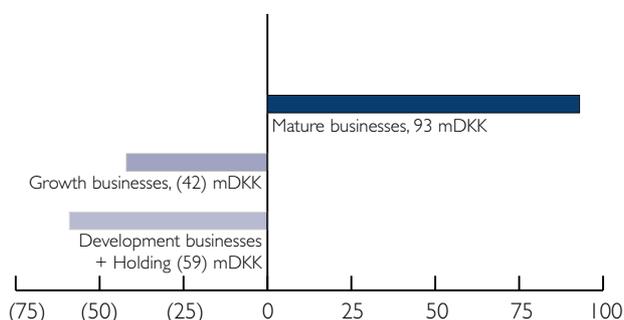
Consolidated turnover for the 1st half of 2002 was 2,881 mDKK, a decrease of 339 mDKK on turnover for the same period last year:

Earnings (EBIT) were (50) mDKK, comprising (34) mDKK in the 1st quarter (2001: (58) mDKK) and (16) mDKK in the 2nd quarter (2001: 74 mDKK).

1st half net earnings after tax and minority interests were (54) mDKK, against 74 mDKK the previous year:

The comments below relating to the 2nd quarter also apply to the 1st half of the year:

Earnings for 1st half 2002 - excluding goodwill amortisation of 42 mDKK - were (8) mDKK (EBITA). The breakdown by company category was:



2nd quarter consolidated turnover was 1,530 mDKK. Compared with the 2nd quarter of last year this was a 9% decrease. This was directly related to cyclical developments in our main markets, along with lower activity levels in NKT Flexibles and NKT Integration. Part of the decrease can also be ascribed to developments in foreign exchange and metal prices, and to activities wound up and sold in 2001.

Earnings (EBIT) were (16) mDKK, compared with 74 mDKK in the same period last year. After adjustment for non-recurring income (principally proceeds on sale of assets last year) of 81 mDKK, earnings were down by 9 mDKK on 2nd quarter 2001.

The decrease was mainly due to the slowdown in the telecommunications industry, which reduced IONAS' and NKT Cables' earnings by a total of 28 mDKK, and to the planned expansion of the development businesses, which led to an increased loss in these businesses of 9 mDKK.

During the 2nd quarter Nilfisk-Advance strongly confirmed its income potential by posting earnings (EBIT) of 31 mDKK after goodwill amortisation of 14 mDKK. This corresponded to an EBITA margin of 6.3%. The improvement in earnings was 32 mDKK on the same period last year; (1) mDKK.

Consolidated 2nd quarter earnings - excluding goodwill amortisation of 21 mDKK - (EBITA) amounted to 5 mDKK.

Cash flow from operations and net investments was (2) mDKK in the 2nd quarter. NKT's net interest-bearing debt as at 30 June 2002 was 30 mDKK.

Financial items for the 2nd quarter comprised (10) mDKK, against 8 mDKK for the same period in 2001. Of the (18) mDKK difference, 9 mDKK was attributable to foreign exchange and the remainder to the changed capital structure resulting from dividend payments and buyback of shares in the 2nd quarter of last year.

2nd quarter net earnings after tax and minority interests were (23) mDKK, against 76 mDKK the previous year:

Own shares

The number of own shares held by NKT Holding was unchanged in the 2nd quarter. NKT Holding thus owned 2% of NKT's shares at 30 June 2002.

Events reported in 1st half 2002

In mid January, Nilfisk-Advance acquired full ownership of its Italian company CFM S.p.A., and in February, the Management of the Nilfisk-Advance Group was widened with the appointment of Jørgen Jensen.

Priorparken sold two properties in 1st half of 2002.

In April, it was agreed to wind up the joint venture partnership between IONAS and JDS Uniphase, and the activities of the NOVATOR engineering company were transferred to the Swedish Semcon group.

In June, a merger of the NKT Photonics Group members IONAS and CISILIAS was initiated with a view to creating one future supplier marketing a broad spectrum of products and services to optical telecom customers. The new company is named NKT Integration.

In June, Dion Metzemaekers was appointed as the new CEO of the NKT Cable Group.

Matters relating to the individual companies are described in pages 5 - 10 of this report.

New initiatives

In July, NKT Integration initiated activities in North America. These activities relate to sales, and - in small volumes - to design and packaging of optical components.

Expectations for 2002

Our previously published forecast of a net loss for the year of between 75 and 125 mDKK after tax and minority interests is unchanged. The effect of any structural measures is not included in this projection.

Earnings development

NKT Cables recorded 2nd quarter turnover of 731 mDKK. This was a fall of 7% on the 2nd quarter of 2001. After adjustment for developments in metal prices, turnover was down by 5%. This situation was therefore an improvement on the 10% fall in turnover in the 1st quarter.

The decrease in turnover, amounting to 56 mDKK, was attributable to optical telecom cables (-16 mDKK / -57%), the development in metal prices (-15 mDKK), and also discontinued activities relating to submarine cables, rubber cables, cable reprocessing and metal trading (-45 mDKK). Other activities yielded an overall increase in turnover of 20 mDKK.

The sharp decline in sales of optical telecom cables was a continuation of the 1st quarter trend and was attributable to the investment slowdown in the telecommunications industry. In the Group's main product areas, moderate volume growth was experienced in sales of low, medium as well as high voltage items. Sales of copper telephone cables and traction wires for rail electrification also improved. The anticipated growth in the OPGW (Optical Ground Wire) segment did not materialise.

2nd quarter gross contribution margin was 41%, which was unchanged from the same period last year. Cash overheads in the 2nd quarter were 3% down on the same period last year.

2nd quarter earnings (EBIT) were 7 mDKK, against 102 mDKK last year. This decrease of 95 mDKK included non-recurring income (primarily proceeds from sales of assets last year) of 81 mDKK. The decline in sales of optical telecom cables reduced earnings by 13 mDKK.

Net interest-bearing debt in the 2nd quarter increased by 8 mDKK, which included payment of interest expenses of 14 mDKK. This development was in line with expectations and was due to seasonally affected sales - with associated increases in stocks and debtors.

Expectations

Turnover for the year is expected to be around 2.8 bnDKK. Earnings for the year are predicted to be similar to the figure at 30 June, which was (39) mDKK. Net interest-bearing debt is expected to be reduced over the year as a result of positive cashflow.

These expectations reflect an unsatisfactory trend in operations that is principally attributable to telecom-related activities in Austria and the organisation in Cologne. As a result, consideration is being given to how earnings from these activities can be improved. The effect of any structural measures is not included in the above expectations.

Activities

Dion Metzemaekers was appointed CEO of the NKT Cables Group as from 10 June following the retirement of Asger Bundgaard-Jensen. At the same time, a regional-based management structure was introduced with intercoordinated production, sales and logistics.

The priorities of the new management for the 3rd quarter include structural initiatives relating to the NKT Cables Group's undertakings in Austria and Cologne, along with the completion of the measures already in progress at the undertakings in Poland and the Czech Republic. To this must be added focus on optimisation of logistics, and realisation of the potential which exists for cross-sales in the NKT Cables Group.

Earnings development

Nilfisk-Advance achieved 2nd quarter turnover of 718 mDKK, against 733 mDKK in the same period last year; a decrease of 2%. After foreign exchange adjustments turnover is at the same level as last year - progress has been made at the US market while a minor decrease relates to other markets. Turnover amounted to 231 mDKK in the US market, 428 mDKK in Europe and 59 mDKK in the Asia/Pacific region. This development in sales was slightly below our expectations.

2nd quarter earnings (EBIT) were 31 mDKK after goodwill amortisation of 14 mDKK. This corresponds to an EBITA margin of 6.3%. An EBITA margin of 4.4% was achieved for US activities, while an EBITA margin of 9.6% was achieved for European and Asian activities. Earnings were up by 32 mDKK on the figure for the same period last year; (1) mDKK. The reason was a continuous improvement in contribution margin combined with a reduced level of costs. The 2nd quarter contribution margin went up by 1.3 percentage point against 1st quarter and 3.8 percentage points against 2nd quarter of last year. Cash overheads in the 2nd quarter were 0.7% below the 1st quarter figure and 6.2% below the figure for the 2nd quarter of last year.

Net interest-bearing debt was reduced by 69 mDKK in 2nd quarter 2002. Interest expenses paid amounted to 10 mDKK. Cash was generated through significantly improved operation combined with further reductions in stocks and debtors.

Expectations

Turnover for the rest of the year is expected to be slightly above that for last year; corresponding to an overall turnover for 2002 of between 2.8 and 2.9 bnDKK. 2nd half earnings are expected essentially to follow the 2nd quarter trend, after adjustment, however, for an historically lower level of activity in the summer months. This corresponds to 2nd half earnings of around 40 - 50 mDKK. Combined with the earnings of 38 mDKK achieved for the 1st quarter, overall earnings for the year of around 80 - 90 mDKK are therefore now expected.

Activities

To counter the unfavourable market trend, continued strong focus was placed on cost savings and efficiency improvements in all parts of the Nilfisk-Advance Group. As a visible result, the number of employees was reduced by a further 30 during the 2nd quarter; the total work force thus being 2,128 at the end of the period. The number of employees is expected to be further reduced by the end of the year.

The transfer of stocks in Germany, Austria and the Netherlands to the central European warehouse facility was completed during the 2nd quarter.

With a view to further improving the efficiency of Nilfisk-Advance's European organisation, a centralisation of IT and back-office functions was initiated during the 1st quarter. During the 2nd quarter, IT operations in Sweden were transferred to the central IT division, and Netherlands, Norway and France are expected

to follow in the 3rd quarter. All European IT operations are expected to be centralised by mid 2003. Similar activities are under way in North America for the units in Malvern, Chicago, Plymouth and Canada. IT operations and administration in Chicago were transferred to Plymouth during the 2nd quarter.

A crucial criterion for the success of Nilfisk-Advance is the ability to continuously introduce new, lower price products with improved functionality. Product development at Nilfisk-Advance has therefore been intensified. The 1st half of 2002 thus saw the introduction of both completely new and re-engineered product series numbering some 15 machines, some half of which were completely new.

The previously announced relocation of a part of production from Brøndby, Denmark, is proceeding to plan. Transfer of production to Åmål in Sweden was completed in the 1st quarter; and outsourcing of production to an external manufacturer is still expected to be completed in the 3rd quarter.

With a view to penetrating the high-growth Chinese market, a local sales subsidiary was established in the 2nd quarter.

With effect from 1 March, the Management of the Nilfisk-Advance Group was widened to include Jørgen Jensen, who has responsibility for logistics and the Vacuum Cleaner Competence Centre.

NKT INTEGRATION

NKT Integration was created by merging NKT's growth business IONAS with the development business CISILIAS. The merger which is still in process has been initiated partly with a view to strengthening NKT's optical profile in relation to the telecom sector, and partly to realise a number of synergies between the two companies, which both base their work on the technology platform PECVD. NKT Integration's business activities comprise foundry services (chip manufacture) and development and production of both active and passive integrated optical components.

Earnings development

NKT Integration's earnings development for the 1st half of the year relates solely to the activities of IONAS. CISILIAS' cashburn for 1st half 2002 is included in the aggregate figure notified for NKT's development businesses.

IONAS recorded 2nd quarter turnover of 7 mDKK, compared with 37 mDKK for the same period last year. The decrease was due to the extremely low level of activity caused by the slowdown in capital investment in the telecoms sector. Turnover from the JDS Uniphase joint venture, which is now being wound up, amounted to 4 mDKK in the second quarter, against 30 mDKK in the corresponding period in 2001.

IONAS recorded a 2nd quarter operating loss of 11 mDKK, a decrease of 14 mDKK on the previous year. The loss was due to the low turnover.

Business development

The two merging businesses, IONAS and CISILIAS, now operate as a single organisation in most areas. The names IONAS and CISILIAS will in future act as trade names for NKT Integration's different product lines, "IONAS" being used for foundry services and passive components and "CISILIAS" for active components.

PECVD equipment for production of active waveguides is currently being installed in NKT Integration's cleanroom in Birkerød, and CISILIAS' manufacturing processes are being upgraded from a 4" to a 6" wafer platform. While this will delay the development of the CISILIAS product line by some months, the time lost is expected to be recovered through exploitation of the process and product experience already built up in IONAS.

The first IONAS power splitter components have been introduced and prototypes have been supplied to customers. NKT Integration has therefore begun expanding its business concept to include, not only foundry services, but also supply of passive components developed within the company.

The merger of the two companies will provide NKT Integration with broader design capacity. This will enable internal component development to be accelerated.

In order to strengthen market position, operations are being established in North America. These operations include sales activities and design and packaging of components. A process has been started

with a view to appointing a small number of experienced personnel.

Expectations

All indications point to a continued expansion of telecom/data network traffic in the years ahead, thereby creating a need for products capable of significantly reducing the price per bit-unit.

The consolidation in the optical telecom sector is continuing, however, and some players are leaving the market while others are making radical business adjustments. With the prospect of the creation of a future market with fewer suppliers and an increasing trend towards use of outsourcing, NKT Integration expects to be able to establish itself as one of the leading suppliers in the "new" market. There is considerable uncertainty, however, as to when the demand for optical components will again increase. NKT Integration is therefore expected to record a loss in 2002.

CRYSTAL FIBRE

Crystal Fibre continued to make positive progress both technologically and in market terms.

The company's sales activities are currently targeted partly at commercial customers and partly at public research environments. The activities are principally projects relating to non-telecom applications.

Crystal Fibre's development activities relating to new types of fibre for the transmission network of the future are also making positive progress - and are proceeding to plan.

A total of seven new patent applications were filed by the company in the 1st half of the year.

KOHERAS

Extensive sales activities have established further market opportunities for the company's fibre laser products. Examples include measurement of wind turbulence, and a range of security applications such as personal supervision.

The 2nd quarter saw the service implementation by one of the company's core customers of a security system installation based on Koheras' fibre lasers. This is a reference installation for both the customer and Koheras with interesting perspectives.

Koheras has introduced a new product with a number of integral control and regulation facilities. The product, which has attracted considerable interest, makes it easier for customers to implement Koheras' laser technology in their products.

LIOS TECHNOLOGY

Sales of LIOS Technology's sensor systems for fire detection were handicapped for a time by quality problems attributable to the supplier of the system's laser unit. LIOS Technology has had to devote substantial resources to replacing the laser unit in systems already supplied.

The company expects supply capability to be significantly improved for the remainder of the year together with positive development in sales of fire detection systems.

A study of potential new markets and pilot projects in various areas has created an expectation that strategic agreements can be established with new partners.

The company's production capacity has been expanded to meet expected increased demand.

LIOS Technology expects a profit for 2002.

Dr. Stefan M. Daiser is appointed CEO of the company as per October 1.

NKT RESEARCH & INNOVATION

As part of NKT's new priority focus on business activities, NKT Research & Innovation will be assigned to the NKT Photonics Group. The current life science activities in progress will be transferred to the life science businesses SMB and Cantion, for which it is intended to seek new ownership arrangements.

In future therefore NKT Research & Innovation will solely support the commercial development of activities which are part of the NKT Photonics Group. The reason is that NKT's existing technology knowhow, network and track record are substantially more extensive in the optical field than in the life science field - and with the need to reduce NKT's overall costs level, focusing on the growth and development potential of NKT's optical activities is a logical choice.

The management of NKT Research and Innovation will change as follows: Ove Poulsen (Executive Director) is promoted CEO of the company as per September 1, and Ole Kring (Executive Director) takes over as CEO of SMB.

NKT Academy is currently the framework for 16 PhD study courses expected to be completed in 2004-2005. As part of NKT's cost-cutting measures the number of new PhD study courses will be reduced.

Adsphere is a division of NKT Research & Innovation which functions as a commercial business unit. The division has no links with the NKT Photonics Group. Adsphere's activities are therefore reported on page 10.

PRIORPARKEN

As part of NKT Holding's policy of reducing its capital tie-up in property at the Priorparken business park, increased focus has been placed on active work to sell Priorparken's individual properties. This resulted in the sale in January of a property with a floor area of 21,000 m² for 110 mDKK, and the sale in June of a property with a floor area of 2,100 m² for 9 mDKK. The profits generated, 60 mDKK and 5 mDKK, have been included in the 1st and 2nd quarter accounts, respectively.

In the 2nd quarter, a property with a floor area of 10,900 m² was sold for 55 mDKK with 1 September as the takeover date. The profit is expected to be around 30 mDKK, which will be included in the 3rd quarter accounts.

The remaining property portfolio consists of 15 registered sites with a total land area of 297,000 m² and a total floor area of 139,000 m². The book value of this portfolio is 240 mDKK.

NKT FLEXIBLES (equity share 51%)

Earnings development

NKT Flexibles recorded 2nd quarter turnover of 54 mDKK, similar to the level for the 1st quarter, but significantly below the figure of 92 mDKK achieved in the 2nd quarter of last year. As a result of a favourable product mix the company managed to maintain a gross contribution margin of 60% in both the 1st and 2nd quarters of this year. This must be compared with a 50% gross contribution margin for the same periods in 2001. Cash overheads fell marginally from 41 mDKK in the 2nd quarter of last year to 40 mDKK this year.

2nd quarter earnings showed a loss of 12 mDKK, a fall of 8 mDKK on the same period last year. The decrease was directly related to the reduced level of turnover.

Net interest-bearing debt in the 2nd quarter was reduced by 17 mDKK after payment of interest expenses of 3 mDKK.

Expectations

At the end of the 2nd quarter the company had orders with a contract value of 99 mDKK (1/6 to be supplied in 2003). The order volume is lower than expected, and turnover for the year is expected to be down on 2001.

Overall earnings for 2002 are expected to be similar to last year. This is very unsatisfactory. Consideration is therefore being given to how these earnings can be improved. The outcome may lead to a value adjustment of the company's fixed assets.

Activities

NKT Flexibles has completed a number of orders for several variants of the risers and flowlines manufactured by the company. These orders included supplies to new markets such as China, Australia and not least the Gulf of Mexico. These supplies are expected to have major importance as references. The 2nd half

focus will be mainly on winning and executing orders, including orders for long flowlines, with a view to achieving improved utilisation of the Kalundborg factory.

NKT Flexibles has developed pipes for installation at depths to 1000 m for the Brazilian state oil company Petrobras. Installation of these pipes at their ultimate destination is planned for September.

The FLEXTREME™ project, aimed at developing and designing pipes and materials for deep water installation down to 3000 m is proceeding to plan.

NKT Flexibles has opened an office in Houston in the United States.

SMB

SMB and NKT Research have completed, with very positive results, the development of a process which enables one surface of a glass slide to be provided with an organic thin-film coating that meets the high specifications for surfaces intended for analysis of microscopic biomolecules. The finished product, to be marketed by SMB under the name of SpotOn™, has been tested and compared with existing products by approved biotech laboratories inside and outside Denmark. The results show that SMB's slide can compete with the best on the market. The slide, which currently exists in two versions, one for DNA analysis and one for protein analysis, is principally intended for diagnostic purposes and for application in the pharmaceuticals industry.

The company's primary expertise lies in integrated development and production platforms covering surface treatment, state-of-the-art microtechnology in the area of silicon and plastics processing, and a patent-pending packaging technology.

As per September 1 Ole Kring from NKT Research & Innovation takes over as CEO as Stefan Bartling leaves SMB.

PICOSEP

PicoSep is developing an alternative to "2D-Gel electrophoresis" technology, currently the most widely used method of protein separation and analysis. PicoSep's solution, which is based on isoelectric fractioning of proteins, is forecast a very important role in protein research as it is both less cost-intensive and less time-consuming than existing technologies.

PicoSep's research work has made promising advances. Patent applications have been filed for the company's isoelectric fractioning technology, and proof of concept is expected to be achieved by the end of this year.

CANTION

Cantion develops biochips for "point of care diagnostics", i.e. application where analysis is carried out on the spot while the patient waits. Cantion's biochip will therefore enable faster - and more accurate - diagnosis than is possible today. This will open the way for improved and more effective treatment of illness.

Cantion, whose work is based on the "cantilever technology", was established in October 2001. The development work under way has made good progress and the required sensitivity has been demonstrated. The preliminary measurements on biological systems have been similarly positive.

Seven patent applications have been filed.

Cantion expects to have the first prototypes of the new biochip ready by the end of this year.

Carsten Faltum, temporary Executive Director, is promoted CEO of Cantion as per September 1.

NST (Nordic Superconductor Technologies)

For NST, development of the company's production processes has been satisfactory, with a continued high level of tape quality.

The company's activities are still chiefly concentrated on prototype applications, and a lengthy development process is expected before commercial supply can be considered.

As the scale of prototype projects is at a low level globally, there are no prospects of NST being able to achieve significant growth in turnover in the next few years. Consequently, steps will be taken to reduce NST's present cash burn.

WATECH

The technology developed by Watech for environmentally sustainable recycling of PVC waste is being continuously tested on other types of waste (electronic scrap, flue gas wastes, pressure-impregnated wood, and automobile scrap). The results from such tests indicate that the company's process technology can have broad application in dealing with society's waste flows.

Watech has sought, through contributions in a variety of media, to create political awareness of the promising perspectives offered by its environmentally sustainable technology, with a view to achieving more stringent statutory recycling requirements, and thus opening the way for the use in the community of Watech's technology and other newly developed concepts. NKT continues to explore every avenue with a view to finding new owners for Watech, wishing to continue its activities commercially.

ADSPHERE - a division of NKT Research & Innovation

Adsphere has developed special surface treatment technology that can control the formation of new surfaces on top of existing ones

and at the same time preserve the characteristics of the base material. The division currently supplies surface-treated silicone buttons to Mercedes for the steering columns of C and E-class cars and a number of special models.

To strengthen its presence in the automobile sector, Adsphere has both ramped up production and supplied a quotation to another leading European carmaker for treatment of other contact systems. There is considered to be potential in this area for a substantial increase in existing turnover. Adsphere's activities are expected to generate a profit in 2002.

ACCOUNTING POLICIES

With effect from 1 January 2002, NKT's accounting policies have been aligned with the new Danish Company Accounts Act and the latest published Danish accounting conventions. As a result, it has also been decided to make provisions for ongoing guarantees regarding product liability and to carry out minor reclassifications in the accounts.

Comparative figures have been adjusted in accordance with IAS standards.

As at 30 June 2002, the effect of the changes in relation to previous accounting policies was as follows:

	Shareholders' equity	EBIT
	1.1.2002	30.6.2002
<i>Amounts in mDKK</i>		
Goodwill (Restructuring costs in acquiring company are excluded)	(90)	4
Development costs (capitalised from 1.1.2002)	-	14
Reversal of property revaluations	(76)	8
Provision for ongoing guarantees	(41)	
Reversal of dividend provision at 31.12.2001 (Dividend provision not to be made in future in balance sheet)	100	
	<u>(107)</u>	<u>26</u>

EBIT for 1st and 2nd quarter 2001 was positively influenced to the amount of 6 mDKK.

CONSOLIDATED FINANCIAL HIGHLIGHTS

	2002 2 quarter Unaudited	2001 2 quarter Unaudited	2002 1-2 quarter Unaudited	2001 1-2 quarter Unaudited	2001 Full year
All amounts in mDKK					
Profit and loss account					
Net turnover	1,530	1,682	2,881	3,220	6,426
Earnings before interest, tax, depreciation and amortisation (EBITDA)	86	169	152	205	315
Depreciation and impairment of tangible fixed assets	(81)	(74)	(160)	(150)	(315)
Earnings before interest, tax, amortisation and impairment of intangibles (EBITA)	5	95	(8)	56	(1)
Amortisation and impairment of intangibles	(21)	(21)	(42)	(39)	(82)
Earnings before interest and tax (EBIT)	(16)	74	(50)	16	(83)
Financial items, net	(10)	8	(12)	59	38
Earnings from ordinary operations before tax	(26)	82	(62)	75	(45)
Earnings from ordinary operations after tax	(33)	73	(74)	63	(65)
Extraordinary items, before and after tax	0	0	0	0	0
Net income after tax	(33)	73	(74)	63	(65)
NKT's share of net income	(23)	76	(54)	74	(33)
Balance sheet and employees					
Share capital	500	500	500	500	500
Shareholders' equity	3,557	3,897	3,557	3,897	3,765
Total assets	5,992	6,907	5,992	6,907	6,446
Interest-bearing items, net asset ¹⁾	(30)	(221)	(30)	(221)	71
Capital employed ²⁾	3,777	4,360	3,777	4,360	3,916
Average number of employees	5,499	5,741	5,499	5,741	5,690
Cash flow					
Cash flow from operations	60	107	(10)	81	446
Net investment in tangible fixed assets	(48)	17	32	(40)	(123)
Key performance indicators					
Equity ratio	59%	56%	59%	56%	58%
Number of 20 DKK shares ('000)	25,000	25,000	25,000	25,000	25,000
Earnings per share (EPS), DKK	(0.9)	3.0	(2.2)	3.0	(1.3)
Dividend paid, DKK per share	4	104	4	104	104
Equity value, DKK per share	142	156	142	156	151
Market price, DKK per share	85	119	85	119	105

The effect of changes in accounting policies are described in page 10.

¹⁾ Interest-bearing cash items and receivables less interest-bearing debt.

²⁾ Shareholders' equity, minority interests +/- interest bearing items.

BALANCE SHEET AND MOVEMENTS IN SHAREHOLDERS' EQUITY

All amounts in mDKK

Balance sheet

Assets

	2002 30 June Unaudited	2001 30 June Unaudited	2001 31 December
Intangible fixed assets	778	879	821
Tangible fixed assets	1,914	2,136	2,056
Financial fixed assets	43	46	45
Total fixed assets	2,735	3,061	2,922
Stocks	1,172	1,453	1,199
Debtors	1,302	1,480	1,292
Securities	94	113	113
Cash at bank and in hand	689	800	920
Total current assets	3,257	3,846	3,524
Total assets	5,992	6,907	6,446

Liabilities

Shareholders' equity	3,557	3,897	3,765
Minority interests	189	243	222
Provisions	366	474	415
Long-term creditors	376	600	510
Short-term debt to credit institutions	460	533	450
Other short-term creditors	1,044	1,160	1,084
Total liabilities	5,992	6,907	6,446

Equity movements

Shareholders' equity, 1 January	3,872	4,149	4,149
Changes accounting policies	(107)	2,587	2,587
Shareholders' equity after adjustments	3,765	6,736	6,736
NKT's share of net income	(54)	74	(33)
Currency translation of net income and equity of foreign subsidiaries	(59)	67	48
Own shares/paid share options	5	(174)	(180)
Dividend paid	(100)	(2,806)	(2,806)
Shareholders' equity, 30 June	3,557	3,897	3,765

CASH FLOW AND INTEREST-BEARING ITEMS

All amounts in mDKK	2002 2 quarter Unaudited	2001 2 quarter Unaudited	2002 1-2 quarter Unaudited	2001 1-2 quarter Unaudited	2001 Full year
Earnings before interest, tax, depreciation and amortisation (EBITDA)	86	169	152	205	315
Net financial income and expenses	(10)	8	(12)	59	38
Change in working capital, gain from sale of assets reversed etc.	(16)	(70)	(150)	(183)	93
Cash flow from operations	60	107	(10)	81	446
Net investment in tangible fixed assets	(48)	17	32	(40)	(123)
Other investment, etc.	(14)	(18)	(60)	(37)	(47)
Total operating activities and investments	(2)	106	(38)	4	276
Dividend paid	(100)	(2,806)	(100)	(2,806)	(2,806)
Own shares / shares options excl. dividend	0	250	(25)	(118)	(123)
Change in interest-bearing items	(102)	(2,450)	(163)	(2,920)	(2,653)
Interest-bearing items at start of period	7	2,277	71	2,758	2,758
Currency translation relating to interest-bearing items	65	(48)	62	(59)	(34)
Interest-bearing items at end of period	(30)	(221)	(30)	(221)	71

SEGMENT DATA

All amounts in mDKK

Net turnover

	2002 2 quarter Unaudited	2001 2 quarter Unaudited	2002 1-2 quarter Unaudited	2001 1-2 quarter Unaudited	2001 Full year
NKT Cables Group	731	787	1,324	1,480	3,039
Nilfisk-Advance	718	733	1,399	1,476	2,883
Priorparken	19	26	37	51	99
NOVATOR	1	15	4	25	58
NKT Flexibles	54	92	107	141	266
IONAS	7	37	11	62	89
Development businesses	18	11	27	22	61
Intra-group turnover, etc.	(18)	(19)	(28)	(37)	(69)
	1,530	1,682	2,881	3,220	6,426

Earnings before interest, tax, depreciation and amortisation (EBITDA)

NKT Cables Group	50	145	46	155	252
Nilfisk-Advance	60	28	98	73	132
Priorparken	13	13	79	25	47
NOVATOR	(6)	0	(10)	0	1
NKT Flexibles	(3)	6	(1)	(4)	(17)
IONAS ¹⁾	(3)	7	(7)	9	35
Development businesses ²⁾	(28)	(22)	(54)	(27)	(70)
Parent company and eliminations, etc.	3	(8)	1	(26)	(65)
	86	169	152	205	315

Earnings before interest and tax (EBIT)

NKT Cables Group	7	102	(39)	71	75
Nilfisk-Advance	31	(1)	38	14	11
Priorparken	7	6	68	13	22
NOVATOR	(7)	0	(11)	0	0
NKT Flexibles	(12)	(4)	(20)	(23)	(55)
IONAS ¹⁾	(11)	3	(22)	0	14
Development businesses ²⁾	(33)	(24)	(64)	(30)	(84)
Parent company and eliminations, etc.	2	(8)	0	(29)	(66)
	(16)	74	(50)	16	(83)

1) Incl. intra-group gain of 30 mDKK relating to sale of knowhow in Q3 2001

2) Incl. intra-group gain of 10 mDKK relating to sale of knowhow in Q1 2001

Capital employed

	2002 30 June	2001 30 June	2001 31 December
NKT Cables Group	1,432	1,697	1,430
Nilfisk-Advance	1,491	1,802	1,580
Priorparken	246	288	271
NOVATOR	(2)	1	5
NKT Flexibles	466	495	481
IONAS	130	134	137
Development businesses	97	39	92
Parent company and eliminations, etc.	(83)	(96)	(80)
	3,777	4,360	3,916

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In the event of any questions regarding interpretation the Danish text shall prevail.

The electronic version of the report is available on NKT's website www.nkt.dk and will be distributed to all subscribers registering for this service via our website or other suppliers of similar services.

Printed copies of the report will be sent by post to all NKT shareholders who have requested it.

Any enquiries relating to the electronic or printed versions of the report should be addressed to NKT Holding's Communications Department on +45 43 48 32 92.

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