Annual Report 2017

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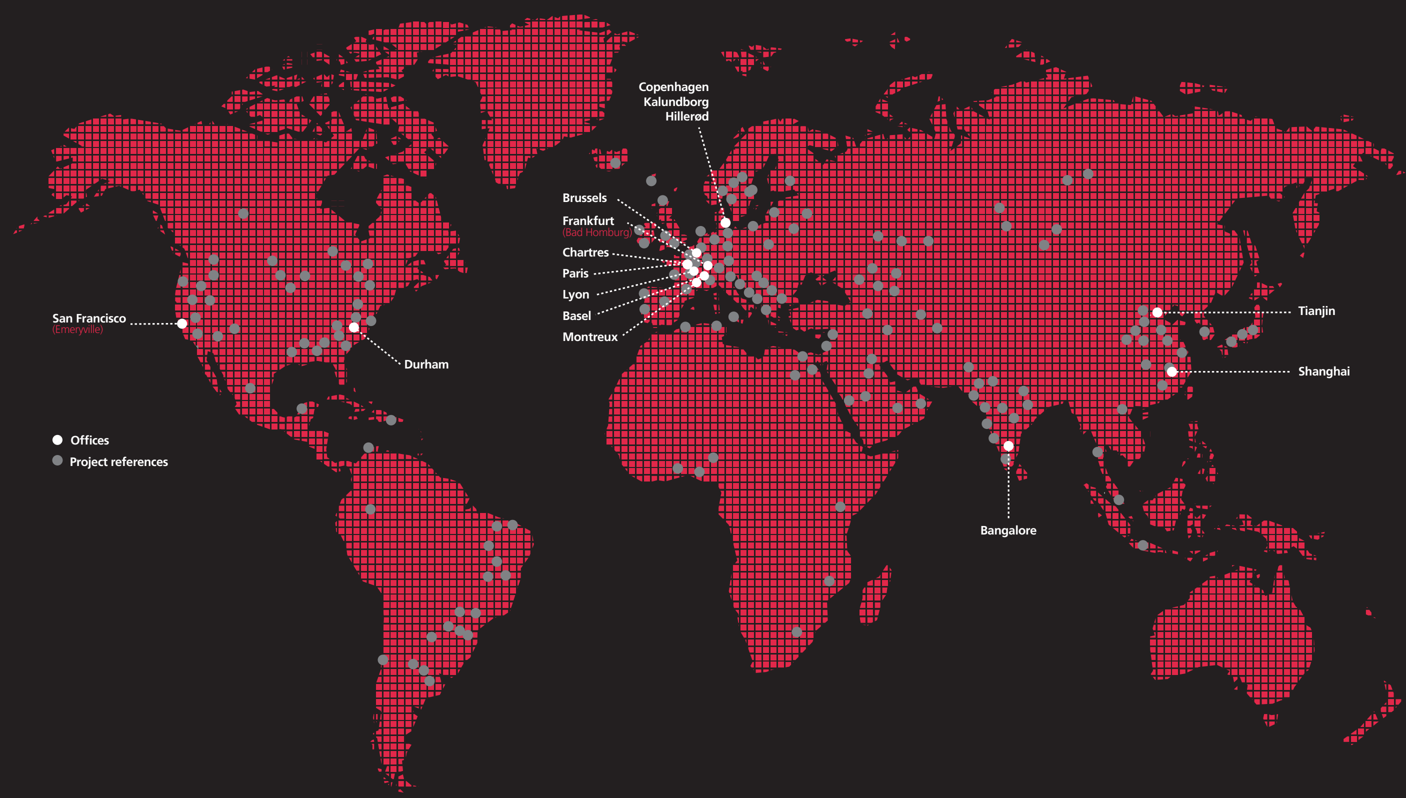
Focused pharma engineering



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A satisfactory result

CHAIRMAN AND CEO STATEMENT

With a turnover of DKK 2,245 million, an operating profit of DKK 136 million and an operating profit margin of 6%, NNE delivered another strong result in 2017.

NNE delivered a financial performance that is the second best in the history of the company – only surpassed by the record year in 2016 with an exceptional high activity level.

This result is largely due to a strong performance in Denmark, France, Belgium, Switzerland, Germany and India, whereas the business situation has been challenging in the US and China.

In 2017, we continued to execute on the strategy we launched in 2015 with the intention of delivering focused pharma engineering to our strategic customers. We strengthened our core competencies and developed our pharma expertise via our global competency development programme, and strengthened the way we activate global best practice across countries and projects.

EXPECTATIONS FOR 2018

NNE is entering 2018 with a solid pipeline and a strong backlog, especially in Europe. Therefore, we expect another exciting year for NNE, with a financial performance on par with 2017. We will continue to build on the successful foundation we have established over the last three years, and our strategic focus and goals remain unchanged.

A high competition in our key markets is expected, which means that we need to further sharpen our competitive edge within focused pharma engineering. We will continue to strengthen our relationship with selected leading global pharma companies and look forward to executing many exciting projects.

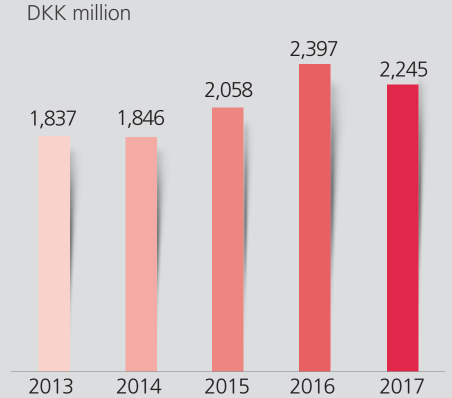
Jesper Kløve
CEO and President

Karsten Munk Knudsen
Chairman of the NNE Board

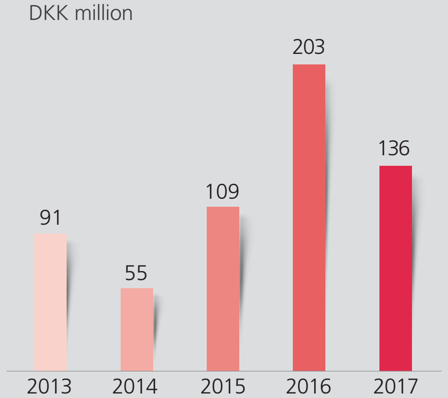
KEY FIGURES

INCOME STATEMENT (DKK MILLION)	2017	2016	2015	2014	2013
Turnover	2,245	2,397	2,058	1,846	1,837
Operating profit	136	203	109	55	91
Net profit	69	171	63	9	57
ASSETS & EQUITY (DKK MILLION)					
Total assets	1,099	1,256	993	851	765
Total equity	301	425	292	224	235
FINANCIAL RATIOS					
Operating profit margin (EBIT margin)	6.0%	8.4%	5.3%	3.0%	5.0%
Return on equity	18.9%	47.7%	24.4%	4.0%	29.3%
Solvency ratio	27.4%	33.8%	29.4%	26.3%	30.7%
Cash to earnings ratio	99.2%	147.5%	94.1%	-513.0%	54.7%
PEOPLE					
Number of employees at end of year (FTE)	1,694	1,773	1,719	1,813	1,754

TURNOVER
DKK million



OPERATING PROFIT
DKK million



End-to-end engineering services tailored to pharma

BUSINESS STRATEGY

In 2017, NNE continued to execute the strategy launched in 2015 called 'Best In Class '21' (BIC'21) with the ambition of becoming the leading provider of focused pharma engineering.

At NNE, we focus solely on the GMP-regulated pharma industry. Our mission is to help pharmaceutical companies bring products to market by delivering agile and flexible operations, seamless GMP compliance and future-proof solutions, while ensuring reliable project execution.

Our expertise is tailored specifically towards the highly GMP-regulated industry. The pharma engineering cube (see figure below) describes our customers' needs, our expertise areas and how we deliver expert pharma engineering throughout the entire manufacturing and project. We call this focused pharma engineering.

In 2017, we strengthened our focus on innovation in two ways. First, we are striving to improve our ability to add value for our customers in every solution we deliver, with a focus on three innovation drivers: simplicity, agility and acting as our customer's wingman. Second, we are seeking operational excellence internally by improving our processes, business model and organisation.

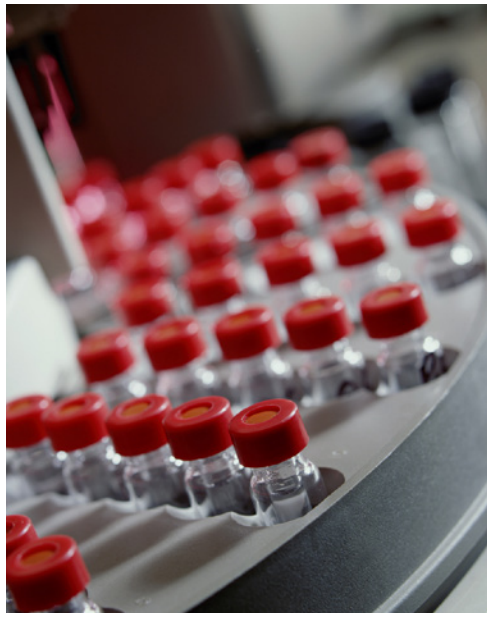
STRATEGIC GOALS

We measure our long-term success on three strategic goals. In 2017, we achieved the following results:

- The employee ambassador score of 42 percent is the highest score we have seen since we began conducting the survey in 2006. The 2017 target was 39 percent. This score is a significant increase compared with recent years, (the 2016 result was 38 percent, up from 35 percent in 2015)
- Our financial performance was a profit margin of 6.0 percent. (The 2016 result was 8.4 percent)
- Our customer ambassador score declined to 43 percent. The 2017 target was 45 percent. (The 2016 result was 51 percent)

DEFINING THE DIRECTION AND GOALS FOR THE NEXT STRATEGIC PERIOD

The BIC'21 strategy, launched in 2015, was the starting point for a journey to become best in class within pharma engineering. Our journey towards BIC'21 is divided into two periods, the first being 2016-2018 and the second 2019-2021. In 2018, we will define the initiatives and goals for the next strategic period.



THE PHARMA ENGINEERING CUBE

2018 STRATEGIC GOALS

LOYAL AND SATISFIED CUSTOMERS	LOYAL AND ENGAGED EMPLOYEES	COMPETITIVE AND SUSTAINABLE BUSINESS RESULTS
50%	40%	8%
CUSTOMER AMBASSADORS	EMPLOYEE AMBASSADORS	OPERATING PROFIT MARGIN

Developing top-notch pharma expertise

PEOPLE DEVELOPMENT

At NNE, our greatest assets are our people and their minds, and solving our customers' greatest challenges requires first-rate pharma engineering knowledge. That's why strengthening our core competencies is high on the agenda.

Our customers face a changing pharma reality, and this shift calls for flexible, future-proof solutions. To provide this, we need to stay at the forefront of industry trends and ensure that our employees have the pharma engineering competencies that our customers need.

To strengthen our core competencies and build best-in-class pharma engineers, our global competency development programme PEAK (Pharma Engineering Advanced Know-how) is a top priority. PEAK's focus areas are defined based on a thorough analysis of customer needs, market demands and industry trends. In 2017, we have increased our focus on core technology competencies, offering new courses within biotechnology and automation and IT.

Among these new courses is Biotech Advanced, an innovative training within one of our core areas: biotechnology production. This year's course focuses on mAb (monoclonal antibody) facilities, which represent the largest market within biotech engineering globally. To support our customers with this development, we need an in-depth understanding as well as an innovative approach to the design of these facilities. Therefore, Biotech Advanced uses a hands-on, learning lab environment to develop insights into the technology behind the biotech facilities of the future.

The PEAK programme provided over 40 different course offerings in 2017 within the core areas of GMP, technology, consultative engineering, and project execution. In 2018, we will offer more PEAK courses within technology and GMP.

LEADERSHIP DEVELOPMENT

At NNE, we continuously strive to enhance our competencies at all levels of the organisation, including those of our managers. In 2017, we placed particular focus on developing our project managers' leadership skills through our internal programme LEAD. LEAD strengthens project managers' ability to set direction, motivate their teams and drive performance to ensure that both the project and their team members are successful.

In 2017, we conducted six LEAD sessions for 71 participants from around the globe. Six more sessions are planned for 2018.

HIGH EMPLOYEE SATISFACTION

Our annual employee survey measures the satisfaction, loyalty and engagement of our employees. The most engaged and loyal employees are called 'Ambassadors', based on their responses to specific questions in the survey. The 2017 survey result score was 42 percent – the highest since we began conducting the survey. This result put us considerably ahead of our 2017 target of 39 percent, and even ahead of our 2018 target of 40 percent. Additionally, the response rate for the survey was equally impressive again this year at 95 percent.

EMPLOYEE DATA

GENDER

The Board of Directors strives to include at least one female member, as women are typically underrepresented in this area. Employee-selected members are not included in this target. In 2017, the Board consisted of six members, where to of them were females, one of them being employee-selected.

Across all NNE management teams, we aim for a distribution equivalent to NNE's overall gender distribution, while taking local cultures and circumstances into account.

ALL

33% FEMALE

67% MALE

LINE MANAGERS

26% FEMALE

74% MALE

The gender split was 33 percent female and 67 percent male in 2017. Across all line management positions, 26 percent were held by women.

To balance the gender distribution within management teams with the organisation's overall gender distribution, NNE strives to include female candidates in the recruitment process for management positions and as successors for management positions wherever possible. We also try to maintain the general gender distribution in our talent development programmes[1].

All of these initiatives are an integral part of the annual Organisational Audit process.

1) For compliance with the Statutory statement of the underrepresented gender in accordance with the Danish Financial Statements Act Section §99b, please refer to the Communication On Progress report for Novo Nordisk Group: https://www.novonordisk.com/content/dam/Denmark/HQ/AnnualReport/2017/PDF/NN-COP17.pdf

Sustainability
in NNE's world

SUSTAIN-
ABILITY

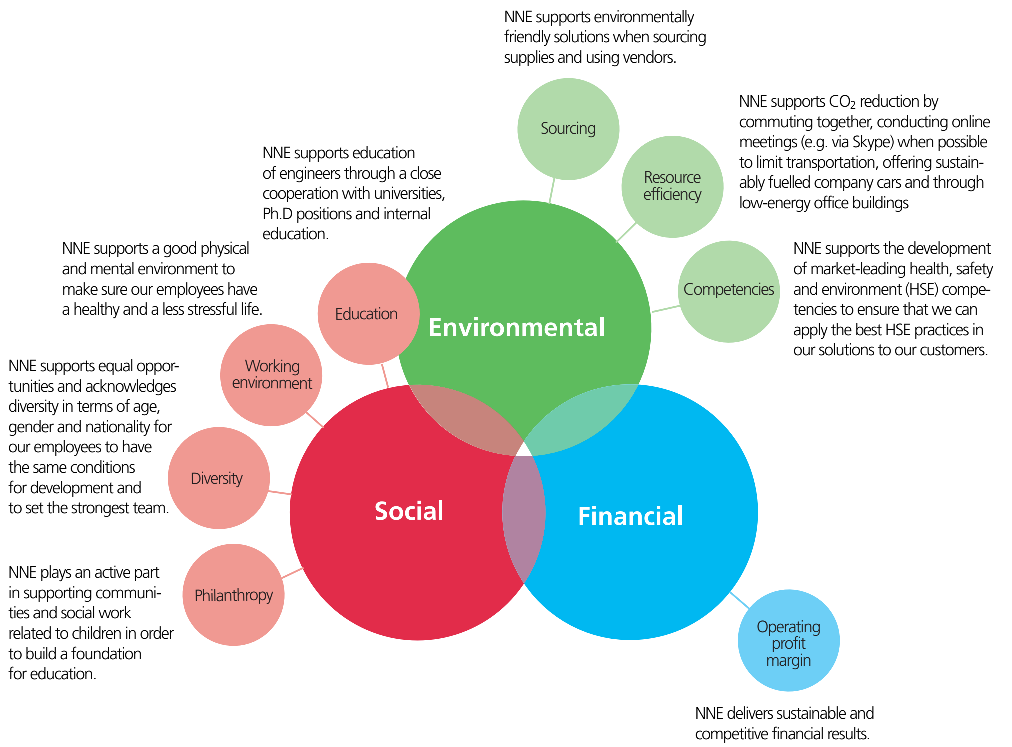
NNE takes responsibility for the impact our business has on people, communities and the environment, and we strive to make a positive contribution to society and human well-being. To be a sustainable business, we follow the triple bottom line (TBL) principle balancing financial, social and environmental aspects of our business[2].

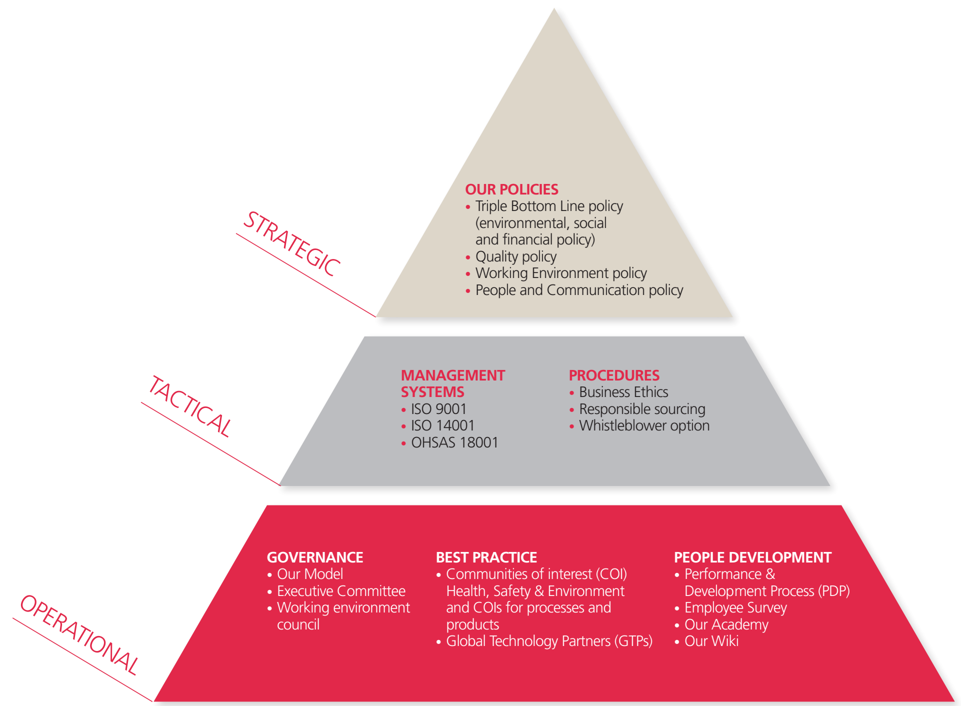
NNE has been a member of the UN Global Compact since 2008, and we have thus committed to uphold 10 principles regarding human rights, labour standards, environment and anti-corruption, and our support to the fulfilment of the sustainable development goals (SDGs). Our TBL approach is aligned with our commitment to these principles.

In 2017, each NNE subsidiary established concrete goals within diversity, working environment, education, profit, environment and philanthropy to match the targets for NNE's global goals (see figure below).

We integrate sustainability into our business on strategic, tactical and operational levels (as seen in the pyramid).

Through our global policies, systems and goals, we ensure that our company develops sustainably. The solutions we provide for our customers must support the realisation of their social and environmental commitments, goals, challenges and basic compliance aspects, such as the SDGs, resource scarcity, employee safety and well-being and responsible sourcing.





Integration of sustainability in our business

ENABLING CUSTOMER GOALS AND SUSTAINABILITY PERFORMANCE

The SDGs, Paris Agreement on climate, and UN guiding principles on business and human rights set out goals and guidelines for how businesses can tackle global sustainability challenges.

At NNE, we strive to balance these challenges by advising our customers with environmentally safe, sound solutions that improve productivity, fulfill GMP requirements, and respect human rights. Continuous processing technology in the pharmaceutical industry is a good example of a promising fit between GMP, capacity, environment, health and safety. We have already implemented continuous processing in several projects, and we are currently investigating additional applications.

We participate in global standardisation of machine safety requirements, including standards for robots. In addition, we strive to ensure that risk assessment tools stay up-to-date and allow for evaluation of opportunities.

Sustainable building design and the associated design drivers have been another focus area for us in 2017. Together with our customers, we have investigated certifiable standards such as Leadership in Energy and Environmental Design (LEED) as a driver for environmental improvements. Other focus areas have been indoor climate, explosion safety and intelligent incident investigation.

ENVIRONMENTAL FOOTPRINT

Our indirect carbon and water footprint associated with our advice to customers remains our most important environmental impact. We are striving to set up KPIs and monitor how well we advise our customers in this area. NNE reviews its direct environmental footprint based on contributions from offices and transportation.

In 2017, our carbon footprint for transportation decreased by 34 percent. The reduction in our CO2 footprint from business travel is mainly a result of changes to our project portfolio compared with 2016. We have seen an increase in projects located near our local offices, resulting in less long-distance flying.

2) For compliance with the Statutory Statement on Corporate Social Responsibility in accordance with the Danish Financial Statements Act section §99a, please refer to the Communication On Progress report for Novo Nordisk Group: https://www.novonordisk.com/content/dam/Denmark/HQ/AnnualReport/2017/PDF/NN-COP17.pdf

CORPORATE GOVERNANCE AND RISK MANAGEMENT

NNE is managed according to four principles called 'Our Values', launched at the end of 2017. Additional guidance and commitments include our business ethics, quality management system and triple bottom line commitment to continuously improve our financial, environmental and social performance.

OWNERSHIP

NNE complies with the same principles of corporate governance as our parent company, Novo Nordisk A/S. Because NNE A/S is 100 percent owned by Novo Nordisk A/S, we are included in the consolidated financial statements of Novo Nordisk A/S[3]. Our ultimate parent company is the Novo Nordisk Foundation[4].

BOARD OF DIRECTORS

NNE's Board of Directors is elected every year at the annual General Meeting. The six members consist of two representatives from the parent company, two external members and two employees elected by NNE employees for a term of four years.

ENTERPRISE RISK MANAGEMENT STRUCTURE

We assess short-term risks on a monthly basis, particularly project and business risks. Long-term risks are assessed annually when we conduct a formal review and evaluation of the potential risks to meet our long-term business objectives. We identify the major risks to NNE by considering both the country-specific risk assessments as well as a general review of the outlook for the pharma engineering market.

BUSINESS ETHICS

At NNE, we conduct our business according to high ethical standards. We live Our Values and protect the reputation of our company to maintain and grow our business. To reduce the risk of NNE employees violating business ethics, laws and regulations, we have established a compliance programme to ensure proper training, guidance and reporting facilities for our employees and business partners. NNE employees are obliged and committed to comply with the business ethics principles in their day-to-day business, and we also expect sub-consultants, suppliers, sub-suppliers and other business partners and representatives to comply with these principles.

NNE's global compliance programme includes an e-learning programme and certification known as 'Doing business the right way'. This programme is mandatory for all employees and internal consultants to complete once a year. Other activities to support compliance include audits and general awareness training.

PROJECT EXECUTION

Each year, NNE delivers 3,000 projects globally. For major projects, a governance structure and risk assessment are established during the proposal process and maintained throughout project delivery. Project steering committees and management representatives ensure continuous focus on project performance and risk mitigation. Project portfolio risks are assessed and reported on a monthly basis and challenged during quarterly business review meetings between the Executive Management and the individual country General Managers.

3) To obtain a copy of The Annual Report of Novo Nordisk A/S, contact Novo Nordisk A/S, Novo Allé, DK-2880 Bagsværd, Denmark or see www.novonordisk.com

4) The Novo Nordisk Foundation, Tuborg Havnevej 19, DK-2900 Hellerup, Denmark.

NNE MANAGEMENT

JESPER KLØVE (1)
CEO and President

RENE HOLMEN PEDERSEN (2)
CFO and Corporate Vice President, Finance, Legal and IT

IBEN SCHMIDT HELBIRK (3)
COS and Corporate Vice President, People and Communication

ALEX SEVERIN (4)
Corporate Vice President, Global Best Practice

OLE REGNAR HANSEN (5)
Corporate Vice President and Chief Project Officer

BO NAGEL-HARVIG (6)
Corporate Vice President and General Manager, **Denmark**

ERIC PIERRE RIEHL (7)
Corporate Vice President and General Manager, **Germany**

STEFAN BERG (8)
Corporate Vice President and General Manager, **Switzerland**

OLIVIER COZZATTI (9)
Corporate Vice President and General Manager, **France and Belgium**

GARY LOHR (10)
Corporate Vice President and General Manager, **US**

KENNETH BORCH LARSEN (11)
Corporate Vice President and General Manager, **China**

SAMEER TANEJA (12)
Corporate Vice President and General Manager, **India**

For more information about the NNE management, please visit our website nne.com

BOARD OF DIRECTORS

KARSTEN MUNK KNUDSEN
Chairman of the NNE Board since 2017

Karsten Munk Knudsen, CFO and EVP for Finance, Investor Relations & Procurement, Novo Nordisk A/S. Karsten joined Novo Nordisk in 2003 and has occupied several positions over the years within finance, both in Denmark and in the US. 1999-2003, Karsten headed up Finance in NNIT.

BIRGIT W. NØRGAARD
Vice Chairman of the NNE Board since 2014 and member of the Board since 2011

Birgit Nørgaard has worked as a full-time Board member since 2010. Prior to this, she was CEO of Grontmij | Carl Bro A/S and COO of Grontmij NV, CEO of the Carl Bro Group 2003 – 2006 and CFO 2001 – 2003. Previously, Birgit Nørgaard held executive positions at TDC and Danisco.

DAVID VICTOR TACKIE
Employee-elected member of the NNE Board since 2017

David Victor Tackie has been the Manager for the Electrical and Instrumentation department at NNE in Denmark since 2015. He has held a number of management and project management positions both globally and locally.

KJELL JOHANSSON
Member of the NNE Board since 2013

Kjell Johansson is President of Manufacturing Services Europe and Executive Vice President of Recipharm AB. He has been with Recipharm AB since 2011, but has worked within the pharma industry for 30 years. He worked at AstraZeneca for 24 years, holding various senior leadership positions within manufacturing.

HELENE MOTH-POULSEN
Employee-elected member of the NNE Board since 2017 and 2009-2013

Helene Moth-Poulsen has served as Account Director at NNE in Denmark since 2014.

Prior to this, Helene Moth-Poulsen worked in several different positions within NNE, such as cross-disciplinary Senior Project Manager, Project Portfolio Manager and as Global Proposal Manager.

HENRIK WULFF
Member of the NNE Board since 2014

Henrik Wulff is the Executive Vice President of Product Supply at Novo Nordisk A/S. Henrik joined Novo Nordisk in 1998 and since 2004, he has held a number of senior management positions in the company.

FINANCIAL REVIEW 2017

Turnover and operating performance
The total turnover in the NNE Group was DKK 2,245 million in 2017 (2016: DKK 2,397 million), which was a decrease of DKK 152 million or 6.3 percent compared to 2016.

The turnover derives mainly from Denmark, which accounts for 57.9 percent of the total turnover corresponding to DKK 1,301 million, followed by the US (13.3 percent) and Switzerland (10.0 percent). Total turnover generated from customers outside the Novo Nordisk Group was 45.7 percent compared to 46.9 percent in 2016.

The operating profit in 2017 was DKK 136 million (2016: DKK 203 million), which corresponds to an operating profit margin of 6.0 percent (2016: 8.4 percent).

Net financials and tax
Net financials were a loss of DKK 6 million in 2017 (2016: income of DKK 4 million). Net financials in 2017 were impacted negatively by currency development in transaction currencies.

Total tax for the year was an expense of DKK 61 million (2016: DKK 36 million), resulting in an effective tax rate of 47.1 percent for the year (2016: 17.5 percent). The tax rate for 2017 was significantly impacted by a reversal of the deferred tax asset in NNE, Inc.

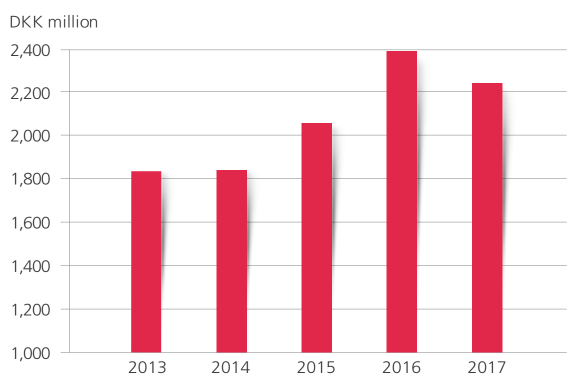
Net profit
The net profit was DKK 69 million, which was a decrease of DKK 102 million compared to 2016.

Balance sheet
The total assets as of 31 December 2017 amounted to DKK 1,099 million (2016: DKK 1,256 million), which was a decrease of DKK 157 million compared to 2016.

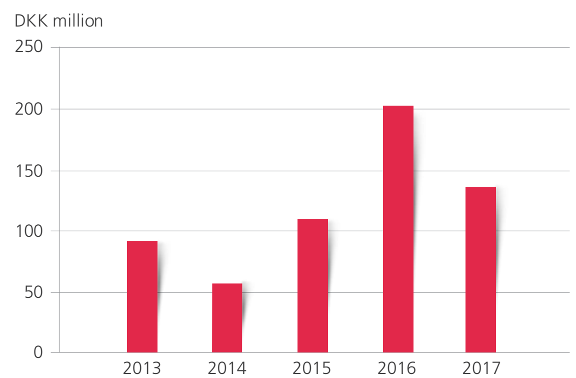
Non-current assets decreased by DKK 15 million to DKK 152 million (2016: DKK 167 million), mainly explained by the reversal of deferred income tax assets.

Current assets decreased by DKK 144 million to DKK 946 million (2016: DKK 1,090 million), mainly due to a decrease in cash at bank and on hand of DKK 137 million.

TURNOVER



OPERATING PROFIT



Total liabilities decreased by DKK 33 million to DKK 798 million in 2017 (2016: DKK 831 million).

Non-current liabilities decreased by DKK 7 million to DKK 178 million (2016: DKK 185 million), primarily explained by a decrease in retirement benefit obligations.

Total current liabilities decreased by DKK 26 million to DKK 620 million in 2017 (2016: DKK 646 million), mainly relating to a decrease in payments on account for work in progress.

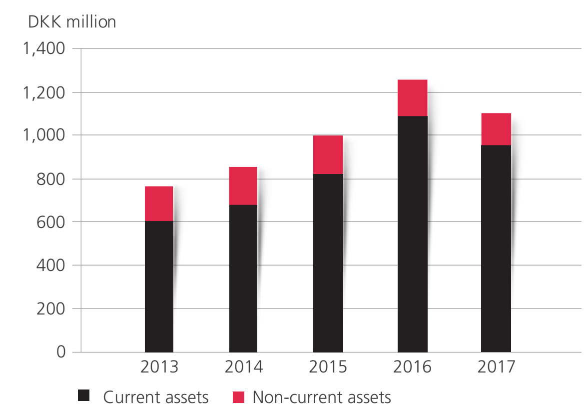
The 2017 equity decreased by DKK 124 million to DKK 301 million (2016: DKK 425 million), mainly explained by the dividend payment of DKK 200 million declared last year. The solvency ratio is 27.4 percent by the end of December 2017 (2016: 33.8 percent).

Cash flow
The net change in cash and cash equivalents in 2017 was negative with DKK 132 million (2016: positive with DKK 235 million), which is mainly explained by the above-mentioned dividend payment.

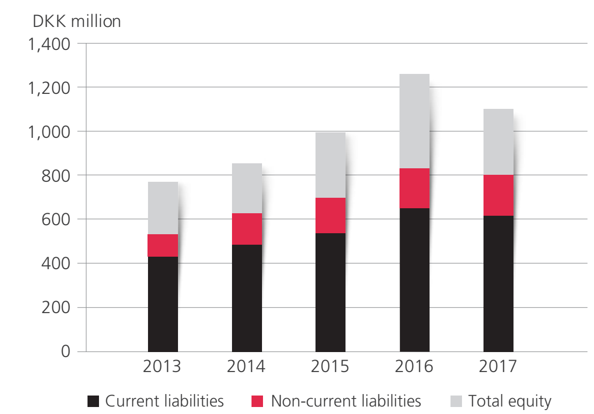
Proposed dividend
The Board of Directors proposes a dividend for the year of DKK 70 million (2016: DKK 200 million), in line with the net result for 2017.

Post-balance-sheet events
No events have occurred after the end of the financial year with significant impact on the Group's financial position at 31 December 2017.

ASSETS



EQUITY AND LIABILITIES



FINANCIAL HIGHLIGHTS AND RATIOS FOR NNE GROUP

Financial Highlights (DKK 1,000)

	2017	2016	2015	2014	2013
Income statement					
Turnover	2,245,201	2,397,144	2,057,710	1,846,159	1,836,691
Operating profit	135,746	202,539	109,493	55,115	91,475
Net financials	(5,986)	4,321	(23,242)	(18,030)	(7,021)
Profit (loss) before income taxes	129,760	206,860	86,251	37,085	84,454
Net profit/(loss)	68,659	170,767	62,544	9,082	57,439
Proposed dividend to shareholders	70,000	200,000	17,000	-	15,000
Assets					
Non-current assets	152,221	166,728	170,515	177,262	163,493
Current assets	946,347	1,089,574	822,293	673,848	601,704
Total assets	1,098,568	1,256,302	992,808	851,110	765,197
Capital expenditure net	6,283	5,225	17,374	15,690	6,283
Equity and liabilities					
Equity	300,824	424,992	291,614	224,188	235,087
Non-current liabilities	177,987	185,457	168,035	143,899	103,841
Current liabilities	619,757	645,853	533,159	483,023	426,269
Total equity and liabilities	1,098,568	1,256,302	992,808	851,110	765,197
Cash flow statement					
Cash flow from operating activities	83,121	267,238	75,672	(22,765)	54,879
Cash flow from investing activities	(14,998)	(15,328)	(16,840)	(23,822)	(23,447)
Cash flow from financing activities	(200,000)	(17,000)	-	(15,000)	-
Net change in cash and cash equivalents	(131,877)	234,910	58,832	(61,587)	31,432
Financial ratios					
Operating profit margin (EBIT margin)	6.0%	8.4%	5.3%	3.0%	5.0%
Profit margin before tax	5.8%	8.6%	4.2%	2.0%	4.6%
Return on equity	18.9%	47.7%	24.3%	4.0%	29.3%
Solvency ratio	27.4%	33.8%	29.4%	26.3%	30.7%
Cash to earnings ratio	99.2%	147.5%	94.1%	-513.0%	54.7%
Payout ratio	102.0%	117.1%	27.2%	-	26.1%
Dividend per share (DKK)	140	400	34	-	30
Number of employees at year end (FTE)	1,694	1,773	1,719	1,813	1,754
Number of internal consultants year end (FTE)	294	269	287	224	266
Number of employees and internal consultants year end (FTE)	1,988	2,042	2,006	2,037	2,020

CONSOLIDATED – INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

CONSOLIDATED – INCOME STATEMENT

(DKK 1,000)

	Note	2017	2016
Turnover	2	2,245,201	2,397,144
Cost of projects	3,4,5	(1,935,518)	(2,003,873)
Gross profit		**309,683**	**393,271**
Sales and distribution costs	3,4,5	(66,633)	(66,836)
Administrative costs	3,4,5	(116,337)	(123,896)
Other income	4	9,033	-
Operating profit		**135,746**	**202,539**
Financial income	6	6,590	20,777
Financial expenses	7	(12,576)	(16,456)
Profit before income taxes		**129,760**	**206,860**
Income taxes	8	(61,101)	(36,093)
Net profit for the year		**68,659**	**170,767**

CONSOLIDATED – STATEMENT OF COMPREHENSIVE INCOME

	2017	2016
Net profit for the year	**68,659**	**170,767**
Items that will not be reclassified subsequently to the income statement:		
Remeasurements on defined benefit plans	12,013	(21,787)
Income tax relating to items that will not be reclassified subsequently	(3,289)	5,576
Items that will be reclassified subsequently to the income statement:		
Exchange rate adjustment of investments in subsidiaries	(3,791)	(4,178)
Other comprehensive income for the year, net of tax	**4,933**	**(20,389)**
Total comprehensive income for the year	**73,592**	**150,378**

BALANCE SHEET AS AT 31 DECEMBER – CONSOLIDATED

(DKK 1,000)

	Note	2017	2016
Assets			
Intangible assets	9, 10	64,329	69,532
Property, plant and equipment	11	14,377	14,096
Deferred income tax assets	18	49,342	69,829
Financial assets	12, 24	22,207	11,185
Other financial assets		1,966	2,086
Total non-current assets		**152,221**	**166,728**
Work in progress	13	93,194	87,570
Trade receivables	14	241,904	259,943
Receivables from related parties	24	323,038	305,672
Tax receivables	19	3,240	6,786
Other receivables and prepayments	15	48,155	49,360
Financial assets	12, 24	3,020	9,914
Cash at bank and on hand		233,796	370,329
Total current assets		**946,347**	**1,089,574**
Total assets		**1,098,568**	**1,256,302**

BALANCE SHEET AS AT 31 DECEMBER – CONSOLIDATED

(DKK 1,000)

	Note	2017	2016
Equity and liabilities			
Share capital	16	500	500
Retained earnings		279,813	402,430
Other reserves		20,511	22,062
Total equity		**300,824**	**424,992**
Retirement benefit obligations	21	149,861	160,564
Provisions	20	28,126	24,893
Total non-current liabilities		**177,987**	**185,457**
Payments on account for work in progress	13	116,382	144,046
Trade payables		75,679	41,119
Payables to related parties	24	4,034	4,106
Tax payables	19	10,837	14,796
Other liabilities	17	408,815	423,566
Provisions	20	4,010	18,220
Total current liabilities		**619,757**	**645,853**
Total liabilities		**797,744**	**831,310**
Total equity and liabilities		**1,098,568**	**1,256,302**
Commitments and contingencies	22		
Other notes	23-29		

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER – CONSOLIDATED

(DKK 1,000)

	Note	2017	2016
Operating activities			
Operating profit		**135,746**	**202,539**
Reversals with no effect on cash flow	26	14,085	27,016
(Increase)/decrease in trade receivables, work in progress and prepayments etc.		(52,833)	37,508
Increase/(decrease) in trade payables and other payables etc.		39,685	25,080
Cash flow from operating activities before financials		**136,683**	**292,143**
Financial income	6	6,590	20,777
Financial expenses	7	(12,576)	(16,456)
Cash flow from operating activities before tax		**130,697**	**296,464**
Income taxes paid	8,19	(47,576)	(29,226)
Cash flow from operating activities		**83,121**	**267,238**
Investments			
Purchase of shares in Novo Nordisk A/S	12	(8,715)	(10,103)
Purchase of intangible and tangible assets (net)		(6,283)	(5,225)
Cash flow from investing activities		**(14,998)**	**(15,328)**
Financing			
Paid dividend	24	(200,000)	(17,000)
Cash flow from financing activities		**(200,000)**	**(17,000)**
Net change in cash and cash equivalents		**(131,877)**	**234,910**
Cash and cash equivalents at the beginning of the year		370,329	135,403
Unrealised gain/(loss) on exchange rates on cash and cash equivalents		(4,656)	16
Cash and cash equivalents at the end of the year		**233,796**	**370,329**
Net cash and cash equivalents at the end of the year:			
Cash at bank and on hand		49,977	86,243
Cash pool	24	183,819	284,086
Cash and cash equivalents at the end of the year		**233,796**	**370,329**
Maximum drawing facility, including cash pool arrangement with the Novo Nordisk Group		88,988	103,157
Financial ressources at the end of the year		**322,784**	**473,486**

STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER – CONSOLIDATED

(DKK 1,000)

			Other reserves	
2017	**Share capital**	**Retained earnings**	**Adjustments and exchange rates etc.**	**Total**
Balance at the beginning of the year	**500**	**402,430**	**22,062**	**424,992**
Profit for the period	-	68,659	-	68,659
Other comprehensive income	-	8,724	(3,791)	4,933
Total comprehensive income	**-**	**77,383**	**(3,791)**	**73,592**
Transactions with owners, recognised directly in equity:				
Dividend 2016	-	(200,000)	-	(200,000)
Other	-	-	2,240	2,240
Balance at the end of the year	**500**	**279,813**	**20,511**	**300,824**

			Other reserves	
2016	**Share capital**	**Retained earnings**	**Adjustments and exchange rates etc.**	**Total**
Balance at the beginning of the year	**500**	**264,874**	**26,240**	**291,614**
Profit for the period	-	170,767	-	170,767
Other comprehensive income	-	(16,211)	(4,178)	(20,389)
Total comprehensive income	**-**	**154,556**	**(4,178)**	**150,378**
Transactions with owners, recognised directly in equity:				
Dividend 2015	-	(17,000)	-	(17,000)
Other	-	-	-	-
Balance at the end of the year	**500**	**402,430**	**22,062**	**424,992**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 GROUP ACCOUNTING POLICIES

Basis of preparation
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union and additional Danish disclosure requirements.

The financial statements of the parent company, NNE A/S, as presented on page 57-69, have been prepared in accordance with The Danish Financial Statements Act.

The consolidated financial statements have been prepared at historical cost basis.

Key accounting estimates and assumptions
The use of reasonable estimates is an essential part of the preparation of consolidated financial statements. Given the uncertainties inherent in our business activities, the management must make certain estimates and judgements that affect the application of accounting policies and reported amounts of assets, liabilities, sales, costs, cash flow, and related disclosures at the date(s) of the consolidated financial statements.

The management's estimates are based on historical experience and various other assumptions that are held to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis and, if necessary, changes are recognised in the period in which the estimate is revised. The management considers the carrying amounts recognised, in relation to the below mentioned key accounting estimates to be reasonable and appropriate, based on currently available information. However, the actual amounts may differ from the amounts estimated as more detailed information becomes available.

The management regards the following to be the key accounting estimates and assumptions used in the preparation of its consolidated financial statements.

Revenue recognition – percentage-of-completion of contracts
Revenue on long-term fixed-price contracts is recognised in accordance with the percentage-of-completion of each contract. The percentage-of-completion of fixed-price contracts is based on the technical progress of each contract, and supplemented and verified by using the economical percentage-of-completion, which is calculated as the proportion of costs paid to date, compared to the expected revaluated total costs. The carrying amount of work in progress at 31 December 2017 was DKK -23.2 million (2016: DKK -56.5 million). Please refer to note 13 for further details.

Impairment of goodwill
The impairment of goodwill requires an estimation of the value-in use of the cash-generating unit to which the goodwill is allocated. To estimate the value-in-use the Group must estimate the expected future cash flows from the cash-generating unit. This estimate is based on budgets and business plans for each cash-generating unit. Key parameters are sales growth, operating margin and growth expectations beyond the budget period. The management also chooses a suitable after-tax discount rate (WACC) in order to calculate present value of these cash flows.

The carrying amount of goodwill at 31 December 2017 was DKK 57.0 million (2016: DKK 57.0 million). Please refer to note 9 and 10 for further details.

Allowances for doubtful trade receivables
Trade receivables are stated at amortised cost less allowances for potential losses on doubtful trade receivables.

NNE maintains allowances for doubtful trade receivables in anticipation of estimated losses, resulting from the subsequent inability of the customers to make required payments. If the financial circumstances of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. The management analyses trade receivables and examines historical bad debt customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms, when evaluating the adequacy of the allowance for doubtful trade receivables.

The carrying amount of allowances for doubtful trade receivables was DKK 28.2 million at 31 December 2017 (2016: DKK 4.3 million). Please refer to note 14 for further details.

Deferred taxes
The management's judgement is required in determining the Group's provision for deferred tax assets and liabilities. NNE recognises deferred tax assets if it is probable that sufficient taxable income will be available in the future, against which the temporary differences and unused tax losses can be utilised. The management has considered future taxable income in assessing whether deferred income tax assets should be recognised. The future taxable income is based on board of directors approved financial budgets, covering a three-year period.

The carrying amount of deferred tax assets was DKK 49.3 million (2016: DKK 69.8 million) at 31 December 2017. The tax value of a tax loss of DKK 66.0 million (2016: DKK 67.0 million) has not been recognised in the balance sheet, as there currently is no convincing evidence that the Group will be able to use these tax losses due to local restrictions. Please refer to note 18 for further details.

Accounting policies

The principal accounting policies set out below have been applied consistently in the preparation of the consolidated financial statements for all the years presented, unless otherwise stated.

Adoption of new and amended IFRSs
Based on an assessment of new or amended and revised accounting standards and interpretations ('IFRSs'), issued by IASB and IFRSs, endorsed by the European Union effective on or after 1 January 2017, it has been assessed that the application of these new IFRSs has not had a material impact on the consolidated financial statements in 2017, and management does not anticipate any significant impact on future periods from the adoption of these new IFRSs.

New or amended IFRSs that have been issued but have not yet come into effect and have not been early adopted
In addition to the above, IASB has issued new or amended and revised accounting standards and interpretations that have not yet come into effect. The following standards are in general expected to change current accounting regulation.

Standard	Description	Implementation	Impact
IFRS 9 Financial Instruments (Endorsed by EU)	IFRS 9 is part of IASB's project to replace IAS 39, and the new standard will substantially change the classification and measurement of financial instruments. Further, the standard introduces a new hedge accounting model that enables companies to better reflect their risk management activities in the financial statements.	NNE will adopt the standard on the effective date, being 1 January 2018. The standard will be implemented following the specific transitional requirements listed in the standard related to classification and measurement, impairments and hedge accounting. This generally results in prospective application.	NNE has assessed the impact of the standard and determined that it will not have any significant impact on the Consolidated financial statements. However, implementation will result in an updated expected credit loss model and further disclosures.
IFRS 15 Revenue from contracts with customers (Endorsed by EU)	IFRS 15 is part of the convergence project with FASB to replace IAS 18 and other standards, and the new standard will establish a single, comprehensive framework for revenue recognition. The standard provides details on recognising revenue to reflect the transfer of control of goods or services to customers at a value which the company expects to be entitled.	NNE will adopt the standard on the effective date, being 1 January 2018. The standard will be implemented using the modified retrospective approach meaning that comparative information is not restated. The cumulative effect of initially applying IFRS 15 is presented as an adjustment to opening retained earnings under equity.	NNE has performed an analysis of the impact, including areas such as approved contracts & change orders, how to classify change orders, number of performance obligations and variable considerations. Based on the analysis, it is assessed that the standard will not have any significant impact on the revenue recognition or measurement compared to current practice. However, implementation is expected to result in extended disclosures regarding disaggregation of revenue and accounting policies.
IFRS 16 Leases (Endorsed by EU)	IFRS 16 replaces IAS 17, and will change the accounting treatment of leases, which are currently treated as operating leases. The standard requires that all leases, regardless of type and with few exceptions, must be recognised in the balance sheet as an asset with a related liability. In addition, the income statement will be affected, as the annual lease costs will consist of both depreciation and interest expenses going forward. Currently, the annual costs relating to operating leases are recognised as one amount in the Income Statement.	NNE will adopt the standard on the effective date, being 1 January 2019. The standard will be implemented using the modified retrospective approach meaning that comparative information is not restated. The cumulative effect of initially applying IFRS 16 is presented as an adjustment to opening retained earnings under equity.	The changes require capitalisation of the majority of the Group's operating lease contracts representing approximately 16-18% of the total assets. This will have an impact on the Group's assets and an equivalent impact on liabilities. Hence, it will affect the financial ratios related to the balance sheet. IFRS 16 requires the lease payments to be split between a depreciation charge included in operating costs and an interest expense on lease liabilities included in finance costs. However, the impact on net profit is assessed to be immaterial.

Principles of consolidation
The consolidated financial statements incorporate the financial statements of NNE A/S and subsidiaries controlled by NNE A/S.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intragroup transactions, balances, income and expenses are eliminated in full when consolidated.

The results of subsidiaries acquired or disposed during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate. Comparative figures are not restated for disposed or acquired companies.

Translation of foreign currencies
Functional and presentation currency
Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (functional currency).

The consolidated financial statements are presented in Danish kroner (DKK), which is the functional and presentation currency of the parent company.

Translation of transactions and balances
Foreign currency transactions are translated into the functional currency, using the exchange rates ruling at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

Translation of group companies
Financial statements of foreign subsidiaries are translated into Danish kroner at exchange rates ruling at the balance sheet date for assets and liabilities, and at average exchange rates for income statement items.

All effects of exchange rate adjustments are recognised in the income statement with the exception of exchange gains and losses arising from:

- The translation of foreign subsidiaries´ net assets at the beginning of the year at the exchange rates at the end of the reporting period
- The translation of foreign subsidiaries' income statement using average exchange rates, whereas balance sheet items are translated using the exchange rates ruling at the end of the reporting period.

The above exchange rate gains and losses are recognised in other comprehensive income.

Turnover
The Group recognises turnover when the amount of the turnover can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met as described below.

The Group's services are carried out exclusively against customer contracts. The Group has two different kinds of contracts with customers; current account contracts and fixed-price contracts. Turnover from current account contracts, typically from delivery of engineering services, is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Turnover from fixed-price contracts for delivery of engineering services is recognised under the percentage-of-completion method. According to the percentage-of-completion method, turnover is generally recognised based on the services performed to date, as a percentage of the total services to be performed, as also described below under work in progress.

If circumstances arise that may change the original estimates of turnover, like costs or extent of progress towards completion, estimates will be revised. These revisions may result in increases or decreases in estimated turnover or costs, and are reflected as income in the period in which the circumstances that give rise to the revision become known by the management.

Cost of projects
The cost of projects comprises all costs, including office rent, depreciations, wages and salaries and pension contributions, as well as other costs related to rendering engineering services.

Sales and distribution costs
Sales and distribution costs comprise of salaries and pension contributions for sales staff, marketing costs, office rent, car expenses and depreciations.

Administration costs
Administration costs comprise of salaries and pension contributions for administrative staff, management, office rent, office costs, car expenses and depreciation. Other income comprises income of a secondary nature in relation to the main activities of NNE.

Other income
Other income comprises income of a secondary nature in relation to the main activities of NNE.

Financial items
Financial items comprise of interest income, interest expenses, foreign currency translation adjustments and realised capital gains or losses on shares.

Dividend income is recognised when the right to receive payment is established.

Work in progress
Work in progress reflects services carried out against customer contracts that have not yet been finally delivered and invoiced. Contracts are recognised at the sales value of the completed portion of the contract at the balance sheet date (percentage-of-completion method).

The calculation of the percentage-of-completion is based on the technical progress of each contract. The calculation is supplemented and verified by using economical percentage-of-completion, which is calculated as the proportion of costs paid to date of the expected total costs of completing the contracts.

Calculations of losses are based on direct production costs, primarily salary and pensions, and indirect production overheads. Indirect production overheads comprise of indirect supplies and labour as well as depreciations. The indirect production overheads are measured based on a standard cost method, which is reviewed regularly in order to ensure relevant measures.

Amounts invoiced on account for the completed portion of work are deducted from the value of this work, whereas amounts invoiced on account that exceed the completed portion of a contract are recognised as prepayments under current liabilities.

Costs incurred in connection with sales work and contract acquisition are recognised as part of the contract costs. Only recognised cost is the cost that is incurred from the time it is probable that the contracts will be signed. Any potential loss on contracts is calculated as the total loss on the contract, irrespective of the portion actually completed, and the loss is expensed when it is probable and included in work in progress.

Provisions
Provisions cover warranty obligations for projects and non-current employee benefits.

Provisions, including tax and legal cases, are recognised where a legal or constructive obligation has been incurred as a result of past events and it is probable that it will lead to an outflow of resources that can be reliably estimated. In this connection, the management makes the estimate based upon an evaluation of the individual, most likely outcome of the cases. In cases where a reliable estimate cannot be made, the provisions are not recognised but only disclosed as contingent liabilities.

Provisions are measured at the present value of the anticipated expenditures for settlement of the legal or constructive obligation, using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in provision due to passage of time is recognised as interest expense.

Leases
Leases of assets, whereby the Group assumes substantially all the risks and rewards of ownership, are capitalised as finance leases under property, plant and equipment, and depreciated over the estimated useful lives of the assets, according to the periods listed below in the paragraph regarding tangible assets. The corresponding financial lease liabilities are included in liabilities.

Operating lease costs are charged to the income statement on a straight-line basis over the period of the lease.

Tax
The tax expense for the period comprises current and deferred tax and interest, including adjustments to previous years. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income.

Deferred income taxes arise from temporary differences between the accounting and taxable values of the individual consolidated companies, and from realisable tax loss carry forwards, using the liability method. The tax value of the tax loss carry forward is included in deferred tax assets to the extent that the tax losses and other tax assets are expected to be utilised in future taxable income. The deferred income taxes are measured according to the current tax rules and at tax rates expected to be in force at the elimination of the temporary differences.

Unremitted earnings are retained by subsidiaries for reinvestment. No provision is made for income taxes that would be payable upon the distribution of such earnings.

Intangible assets
Goodwill
Goodwill represents any cost in excess of identifiable net assets, measured at fair value in acquired companies. Goodwill recognised under intangible assets is related to subsidiaries.

Goodwill is measured at historical cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is not amortised but is allocated to cash-generating units for the purpose of yearly impairment testing.

Other intangible assets

Patents, ERP systems and software, trademark, contracts and customer lists are measured at historical cost less accumulated amortisation and any impairment loss.

Amortisation is provided under the straight-line method over the estimated useful life of the assets:

Patents	10 years
ERP systems and software	3-5 years
Trademark	10 years
Contracts	3 years
Customer lists	3-10 years

Impairment of trademark and contracts

The value of the trademark and contracts acquired, and the expected useful life, is assessed based on long-term development of the trademark and contracts in the relevant markets, and the profitability of the trademark and contracts.

Measurement is based on expected future cash flows for trademark and contracts, on the basis of assumption about expected useful life, royalty rate, sales/licence income, expected useful life and calculated tax effect. The after-tax discount rate, reflecting the risk-free interest rate with addition of estimated future risks associated with trademark and contracts, is used.

When there is an indication of a reduction in the value or useful life, an impairment test is conducted and the trademark and contracts are written down, or the amortisation is increased in line with the shorter useful lives of the trademark and contracts.

The useful life of trademark is estimated to be ten years. Please refer to note 9 for further details.

ERP systems and software

The Group's finance and project systems (ERP systems) include external and internal costs, directly and indirectly allocated to the ERP systems. Computer software licenses are included in the costs.

The ERP systems are measured at historical cost less accumulated amortisation and any impairment loss. Subsequent costs are included in the carrying amount of the asset, only when it is probable that future economic benefits associated with the asset will flow to the Group, and when the cost of the item can be measured reliably.

Amortisation is provided under the straight-line method over the estimated useful life of the asset set at a period of three to five years.

Tangible assets

Property, plant and equipment

Property, plant and equipment are measured at historical cost less accumulated depreciation and any impairment loss. Subsequent costs are included in the carrying amount of the asset, only when it is probable that future economic benefits associated with the asset will flow to the Group, and when the cost of the item can be measured reliably.

Depreciation is provided under the straight-line method over the estimated useful lives of the assets:

Leasehold improvements	7-10 years
IT equipment	3-5 years
Plant, machinery and other equipment	5-10 years

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted, if appropriate. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is higher than its estimated recoverable amount.

Gains and losses on disposables are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Assets with limited expected useful lives are expensed in the income statement in the year of acquisition.

Impairment of assets

The carrying amount of intangible and tangible assets is reviewed annually for indication of value decrease beyond the level of normal depreciation. If the asset or group of assets has depreciated in value, write-down is made to a lower recoverable value. The recoverable value is recognised as the highest value of net sale price and value in use. If the recoverable value cannot be recognised, the need for write-down is based on the smallest group of assets for which the recoverable value can be maintained.

Goodwill is tested for impairment at least annually, or more frequently, if there are indications that the value might be impaired. The test is done based on an evaluation of the cash-generating unit to which goodwill is related. The evaluation is based on an evaluation of the discounted future expected cash flows of the cash-generating unit.

For goodwill and other assets, where it is not possible to assess the present value as the assets themselves do not generate future cash flows, the impairment test is done on the basis of the c ash-generating unit to which the assets belong.

Impairments are recognised in the income statement in the cost area where the asset is present.

Financial assets

The Group classifies its investments in the following categories

- Receivables
- Financial assets at fair value through the income statement

The classification depends on the purpose for which the investments were acquired. The management determines the classification of its investments on initial recognition, and re-evaluates this designation at the end of each reporting period to the extent that such a classification is permitted and required.

Recognition and measurement

Financial assets are carried at amortised cost using the effective interest method.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active marked. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), the assets are classified as current assets. If not, they are presented as non-current assets.

Trade receivables and other current assets are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Provision for allowances is made for trade receivables when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

The provision for allowances is deducted from the carrying amount of trade receivables, and the amount of the loss is recognised in the income statement under sales and distribution costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against sales and distribution costs in the income statement.

Financial assets at fair value through the income statement

Financial assets at fair value through the income statements are at initial recognition irrevocably designated as measured at fair value though profit and loss, in order to eliminate recognition inconsistency between financial assets and the financial liability, which it is designated to hedge.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, are presented in the income statement within 'financial (losses)/ gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss, is recognised in the income statement as part of financial income when the group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices at the end of the reporting period.

Dividend

Dividend is recognised as a liability in the period in which it is declared at the Annual General Meeting.

Employee benefits

Wages, salaries, social security contributions, annual leave and sick leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where the Group provides long-term employee benefits, the costs are accrued to match the rendering of the services by the employees concerned.

Pensions

In a few countries, the Group still operates with defined benefit plans, primarily located in Germany and Switzerland. The Group contributions to the defined contribution plans are charged to the income statement in the year to which they are related. The costs for the year for defined benefit plans are determined using the projected unit credit method. This reflects services rendered by employees to the dates of valuation and are based on actuarial assumptions, primarily regarding discount rates used in determining the present value of benefits, projected rates of remuneration growth.

Discount rates are based on the marked yields of high-rated corporate bonds in the country concerned.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in the income statement.

Pension assets are only recognised to the extent that the Group is able to derive future economic benefits, such as refunds from the plan or reductions in future contributions. The Group's contributions to defined contribution plans are charged to the income statement in the year to which they relate.

The Group's defined benefit plans are pension plans and are usually funded by payments from Group companies and by employees to funds independent of the Group. Where a plan is unfunded, a liability for the retirement obligation is recognised in the balance sheet. Costs recognised for pension plan are included in cost of projects, sales and distribution costs and administrative costs.

Share-based payment schemes

The incentive programme converts the granted share appreciation rights into a fixed number of Novo Nordisk shares. The incentive programme is treated as a cash-settled, share-based scheme. The fair value of the employee services received in exchange for the grant of share appreciation rights is recognised as an expense and amortised over the four-year vesting period.

The liability of the share appreciation rights is measured initially, and at each reporting date until settled at the fair value of the share appreciation rights, taking into account the terms and conditions on which the share appreciation rights were granted, and the extent to which the employees have rendered service to date. Any change in the fair value of the share appreciation rights, from the grant date to the end of each financial year, is recognised as financial income/expense in the income statement.

Liabilities

Generally, liabilities are stated at amortised cost unless specifically mentioned otherwise.

Borrowings are recognised initially at fair value, net of transactions costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings, using the effective interest method. Borrowings are classified as current debt unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Statement of cash flows

The statement of cash flows and financial resources is presented in accordance with the indirect method commencing with operating profit. The statement shows cash flows for the year, the net change in cash and cash equivalents for the year, and cash and cash equivalents at the beginning and the end of the year.

Cash and cash equivalents consist of cash less short term bank loans. Financial resources consist of cash and cash equivalent and undrawn committed credit facilities expiring after more than one year.

Financial ratios

Financial ratios have been calculated as follows:

Operating profit margin	$\frac{\text{Operating profit x 100}}{\text{Turnover}}$
Profit margin before tax	$\frac{\text{Profit before tax x 100}}{\text{Turnover}}$
Return on equity	$\frac{\text{Net profit x 100}}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets}}$
Cash to earnings ratio	$\frac{\text{Free cash flow* x 100}}{\text{Net profit}}$
Payout ratio	$\frac{\text{Total dividend for the year x 100}}{\text{Net profit}}$
Dividend per share	$\frac{\text{Proposed dividend}}{\text{Number of shares}}$

* Free cash flow is defined as net cash generated from operating activities less net cash used in investing activities.

NOTES – CONSOLIDATED

(DKK 1,000)

	2017	**2016**
Note 2 Turnover		
Sales value of engineering sales	2,119,917	2,287,700
Sales value of other service sales	125,284	109,444
Total	**2,245,201**	**2,397,144**

Turnover consists of 54% (53% in 2016) to companies in the Novo Nordisk Group, 3% (6% in 2016) to the Novozymes and Xellia Group and 43% (41% in 2016) to other customers. The distribution is 56% (52% in 2016) in Denmark and 44% (48% in 2016) abroad.

The Group supplies engineering and consulting services to the pharma and biotech industries.

Note 3 Employee costs		
Wages and salaries	1,091,005	1,090,404
Pensions defined contribution plans	84,158	83,537
Pensions defined benefit plans	15,842	9,323
Share-based payment costs (note 25)	4,672	6,456
Other social security contributions	53,882	53,253
Other employee costs	43,115	45,507
Total	**1,292,674**	**1,288,480**
Included in the income statement under the following headings:		
Cost of projects	1,139,000	1,130,114
Sales and distribution costs	52,131	51,727
Administrative costs	101,543	106,639
Total	**1,292,674**	**1,288,480**

NOTES – CONSOLIDATED

(DKK 1,000)

	2017	2016
Note 3 Employee costs (continued)		
Average number of full-time employees	1,732	1,768
At the end of the year the Group had 1,694 full time employees compared to 1,773 at year end 2016.		
Management's remuneration and share-based payments:		
Fees to Board of Directors	1,074	805
Salary, cash bonus etc. to NNE Management	27,012	30,906
Pension contribution to NNE Management	1,932	2,233
Share-based payment to NNE Management (note 25)	2,614	3,730
Total	**32,632**	**37,674**

The fee to the Board of Directors is a fixed amount applying to employee elected members and to members outside the Novo Nordisk Group. Executive Management (CEO) is entitled to a severance payment of 12 months salary plus pension contribution, if terminated by the company.

Note 4 Other income

Relocation compensation	**9,033**	**-**

Other income comprises of compensation from the parent company in connection with relocation of NNE headquarter in Denmark to cover related relocation costs of DKK 9 million.

The related relocation costs are included in the income statement under the following headings:		
Cost of projects	8,039	-
Sales and distribution costs	271	-
Administrative costs	723	-
Total	**9,033**	**-**

Note 5 Depreciation, amortisation and impairment losses

Depreciation and amortisation are derived from:		
Intangible assets	5,189	7,665
Property, plant and equipment	5,862	5,255
Total	**11,051**	**12,920**
Included in the income statement under the following headings:		
Cost of projects	9,763	11,246
Sales and distribution costs	329	385
Administrative costs	959	1,289
Total	**11,051**	**12,920**

NOTES – CONSOLIDATED

(DKK 1,000)

	2017	2016
Note 6 Financial income		
Interest income on loan to related parties	40	9
Interest income on short-term bank deposits	70	74
Other financial income	438	610
Unrealised/realised capital gains on shares	5,099	-
Unrealised/realised adjustments on provisions (share-based payment, note 20)	-	11,393
Unrealised/realised foreign exchange gains	943	8,691
Total	**6,590**	**20,777**

Note 7 Financial expense

Other interest expenses	202	303
Unrealised/realised capital loss on shares	-	14,184
Unrealised/realised adjustments on provisions (share-based payment, note 20)	2,923	-
Unrealised/realised foreign exchange loss	8,760	1,059
Other financial expenses	691	910
Total	**12,576**	**16,456**

Note 8 Income taxes

Current tax on profit for the year (note 19)	48,478	42,737
Deferred tax on profit for the year (note 18)	(5,313)	16,217
Tax on profit for the year	**43,165**	**58,954**
Adjustments related to previous years – deferred tax (note 18)	19,109	(25,464)
Adjustments related to previous years – current tax (note 19)	(1,173)	2,603
Total	**61,101**	**36,093**

The adjustment to deferred tax assets in prior years is mainly related to reversal of previously recognised deferred tax asset in US.

The tax effect of joint taxation with the parent company Novo Nordisk A/S and affiliated companies is distributed on the companies according to their taxable income (the full costing method). The Danish jointly taxed companies are included in a Danish tax prepayment scheme.

Computation of effective tax rate:		
Statutory corporate income tax rate in Denmark	22.0%	22.0%
Adjustments to previous years	(0.5%)	1.2%
Adjustments to deferred tax assets	14.3%	(12.3%)
Non-tax income less non-tax deductible expenses	(0.9%)	2.4%
Tax loss carry-forward, not recognised	8.3%	0.0%
Adjustment to current years taxes	2.1%	1.7%
Changes in tax rate from 2016 to 2017 and 2017 to 2018	0.1%	0.0%
Deviation in foreign subsidiaries' tax rates compared to the Danish tax rate	1.7%	2.5%
Effective tax rate	**47.1%**	**17.5%**

NOTES – CONSOLIDATED

(DKK 1,000)

	2017	2016
Note 8 Income taxes (continued)		
Tax on other comprehensive income for the year income	(3,289)	5,576
Income taxes paid		
Income taxes paid in Denmark	38,088	22,681
Income taxes paid outside Denmark	9,488	6,545
Total income taxes paid	**47,576**	**29,226**

Note 9 Intangible assets

2017	Goodwill	Patents/ certificates	Contracts	Customer lists	Trademark	ERP systems and software	Intangible assets under construction	Total
Cost at 1 January	56,964	636	25,250	3,639	13,164	28,362	-	128,015
Additions during the year	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	(1,769)	-	(1,769)
Transfer from/(to) other items	-	-	-	-	-	-	-	-
Exchange rate adjustments	2	(78)	37	24	-	(422)	-	(437)
Cost at 31 December	**56,966**	**558**	**25,287**	**3,663**	**13,164**	**26,171**	**-**	**125,809**
Depreciation and impairment losses at 1 January	-	636	25,250	3,639	13,164	15,794	-	58,483
Depreciation for the year	-	-	-	-	-	5,189	-	5,189
Disposals during the year	-	-	-	-	-	(1,769)	-	(1,769)
Exchange rate adjustments	-	(78)	37	24	-	(406)	-	(423)
Depreciation and impairment losses at 31 December	-	**558**	**25,287**	**3,663**	**13,164**	**18,808**	**-**	**61,480**
Carrying amount at 31 December	**56,966**	**-**	**-**	**-**	**-**	**7,363**	**-**	**64,329**

2016	Goodwill	Patents/ certificates	Contracts	Customer lists	Trademark	ERP systems and software	Intangible assets under construction	Total
Cost at 1 January	62,735	1,617	25,346	5,703	13,164	29,726	5,118	143,409
Additions during the year	-	-	-	-	-	-	-	-
Disposals during the year	(5,074)	(1,000)	-	(2,000)	-	(1,382)	-	(9,456)
Transfer from/(to) other items	-	-	-	-	-	-	(5,118)	(5,118)
Exchange rate adjustments	(697)	19	(96)	(64)	-	18	-	(820)
Cost at 31 December	**56,964**	**636**	**25,250**	**3,639**	**13,164**	**28,362**	**-**	**128,015**
Depreciation and impairment losses at 1 January	-	1,617	25,346	5,328	11,853	10,640	-	54,784
Depreciation for the year	-	-	-	368	1,311	5,986	-	7,665
Disposals during the year	-	(1,000)	-	(2,000)	-	(857)	-	(3,857)
Exchange rate adjustments	-	19	(96)	(57)	-	25	-	(109)
Depreciation and impairment losses at 31 December	-	**636**	**25,250**	**3,639**	**13,164**	**15,794**	**-**	**58,483**
Carrying amount at 31 December	**56,964**	**-**	**-**	**-**	**-**	**12,568**	**-**	**69,532**

NOTES – CONSOLIDATED

(DKK 1,000)

Note 10 Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to an individual cash-generating unit for impairment testing:

- Former Pharmaplan Group - consisting of NNE SAS, NNE GmbH, NNE AG, and NNE Limited

Carrying amount of goodwill allocated to the cash-generating unit:

	Total	
	2017	2016
Carrying amount of goodwill	**56,966**	**56,964**

Pharmaplan Group

The recoverable amount of the former Pharmaplan Group unit is determined by a value-in-use calculation, using cash flow projections based on financial budgets approved by the Board of Directors, covering a five-year period. The pre-tax discount rate applied to the cash flow is 7.0% (2016: 8.0%). The average operating profit margin is 7% (2016: 5 to 7%). The growth rate used to extrapolate the cash flows of the former Pharmaplan Group beyond the five-year period is 0% (2016: 0%).

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(DKK 1,000)

Note 11 Property, plant and equipment

2017	**Leasehold improvements**	**Other equipment**	**Total**
Cost at 1 January	14,156	25,056	39,212
Additions during the year	1,032	6,383	7,415
Disposals during the year	(646)	(9,294)	(9,940)
Exchange rate adjustments	(598)	(544)	(1,142)
Cost at 31 December	**13,944**	**21,601**	**35,545**
Depreciation and impairment losses at 1 January	5,963	19,153	25,116
Depreciation for the year	2,072	3,790	5,862
Disposals during the year	-	(9,050)	(9,050)
Exchange rate adjustments	(326)	(434)	(760)
Depreciation and impairment losses at 31 December	**7,709**	**13,459**	**21,168**
Carrying amount at 31 December	**6,235**	**8,142**	**14,377**
Financially leased assets amount to	**-**	**3,632**	**3,632**

The Group leases cars under non-cancellable finance lease agreements.

2016	**Leasehold improvements**	**Other equipment**	**Total**
Cost at 1 January	8,448	34,260	42,708
Additions during the year	8,872	2,654	11,526
Disposals during the year	(2,988)	(11,655)	(14,643)
Exchange rate adjustments	(176)	(203)	(379)
Cost at 31 December	**14,156**	**25,056**	**39,212**
Depreciation and impairment losses at 1 January	7,329	27,951	35,280
Depreciation for the year	1,779	3,476	5,255
Disposals during the year	(2,988)	(12,200)	(15,188)
Exchange rate adjustments	(157)	(74)	(231)
Depreciation and impairment losses at 31 December	**5,963**	**19,153**	**25,116**
Carrying amount at 31 December	**8,193**	**5,903**	**14,096**
Financially leased assets amount to	**-**	**696**	**696**

The Group leases cars under non-cancellable finance lease agreements.

NOTES – CONSOLIDATED

(DKK 1,000)

Note 12 Financial assets	**2017**	**2016**
Fair value at the end of the year	**25,227**	**21,099**
Original acquisition cost during the year	8,715	10,103
Total number of shares	75,416	82,839
Non-current	22,207	11,185
Current	3,020	9,914
Total	**25,227**	**21,099**

The share portfolio consists of shares in Novo Nordisk A/S. These shares hedge the share-based payment.

Note 13 Work in progress and payments on account for work in progress

Classified in the balance as shown below:

	Work in progress	**Payments on account**	**Total**	**Total**
Current assets	1,062,813	(969,619)	93,194	87,570
Current liabilities	1,477,149	(1,593,531)	(116,382)	(144,046)
Total	**2,539,962**	**(2,563,150)**	**(23,188)**	**(56,476)**

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(DKK 1,000)

	2017	2016
Note 14 Trade receivables		
Trade receivables (gross)	**270,064**	**264,209**
Allowance for doubtful trade receivables:		
Balance at the beginning of the year	(4,266)	(1,160)
Change in allowance during the year	(24,152)	(3,985)
Realised losses during the year	205	893
Exchange rate adjustments	53	(14)
Allowance at the end of the year	**(28,160)**	**(4,266)**
Trade receivables (net)	**241,904**	**259,943**
Trade receivables (net) can be specified as follows:		
Neither past due nor impaired	163,138	211,885
Past due:		
Between 1 and 90 days	48,845	34,064
Between 91 and 180 days	18,247	10,148
Between 181 and 270 days	297	706
Between 271 and 360 days	2,071	626
More than 360 days	9,306	2,514
Trade receivables (net)	**241,904**	**259,943**

Historically, the Group has only had minor losses on trade receivables.

Note 15 Other receivables and prepayments		
Prepaid rent	2,341	417
Prepaid IT costs	8,036	6,113
Other prepaid costs	5,989	6,994
Deposits	4,462	5,137
Employee costs	3,268	2,026
Other project related receivables	13,112	17,747
Other receivables	10,947	10,926
Total	**48,155**	**49,360**

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(DKK 1,000)

	2017	2016
Note 16 Share capital		
Share capital at the end of the year:		
A share capital (167 shares of DKK 1,000)	167	167
B share capital (333 shares of DKK 1,000)	333	333
Total	**500**	**500**

The share capital in NNE A/S is divided into A shares and B shares. The A shares have 10 votes per DKK 500 of the A share capital, whereas the B shares have 1 vote per DKK 500 of the B share capital. There are no transferability restrictions on the B shares, while the owners of the A shares have a right of first refusal in case of any transfer of A shares. The share capital has been unchanged for the last 5 years.

At the end of 2017, proposed dividend (not yet declared) of DKK 70 million is included in retained earnings.
The declared dividend included in retained earnings was DKK 200 million in 2016.

Note 17 Other liabilities		
Employee costs payable	260,981	276,582
VAT, taxes and other contributions to social security	40,955	44,085
Accruals	102,959	101,382
Financial lease commitments	3,272	519
Other payables	648	998
Total	**408,815**	**423,566**

Other liabilities are all payables within one year. There is only an insignificant difference between nominal amounts and amortised amounts and thus, only the nominal amounts have been presented. Accruals include prepaid compensation.

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(DKK 1,000)

Note 18 Deferred tax	2017	2016
At the beginning of the year	69,829	53,782
Deferred tax on profit for the year (note 8)	5,313	(16,217)
Adjustments related to previous years (note 8)	(19,109)	25,464
Deferred tax on items recognised in other comprehensive income	(3,289)	5,576
Exchange rate adjustments	(3,402)	1,224
Total deferred tax assets/liabilities (net)	**49,342**	**69,829**

2017	Intangible assets	Property, plant and equipment	Work in progress	Tax loss carry-forward	Provisions	Other	Offset within countries	Total
Deferred tax assets at 1 January	1,161	2,342	63	21,845	50,689	351	(6,622)	69,829
Deferred tax liabilities at 1 January	(750)	(136)	(5,159)	-	-	(577)	6,622	-
Net deferred tax assets/(liabilities) at 1 January	**411**	**2,206**	**(5,096)**	**21,845**	**50,689**	**(226)**	**-**	**69,829**
Exchange rate adjustments	(45)	(63)	(10)	(2,014)	(1,299)	29	-	(3,402)
Income/(charge) to the income statement	(903)	2,833	(266)	(10,893)	(4,807)	240	-	(13,796)
Other comprehensive income	-	-	-	-	(3,289)	-	-	(3,289)
Deferred tax assets/(liabilities) at 31 December	**(537)**	**4,976**	**(5,372)**	**8,938**	**41,294**	**43**	**-**	**49,342**
Specified as follows:								
Deferred tax assets at 31 December	567	4,976	51	8,938	41,952	461	(7,603)	49,342
Deferred tax liabilities at 31 December	(1,104)	-	(5,423)	-	(658)	(418)	7,603	-
Net deferred tax assets/(liabilities) at 31 December	**(537)**	**4,976**	**(5,372)**	**8,938**	**41,294**	**43**	**-**	**49,342**

Tax losses carried forward

The tax value of tax losses carried forward of DKK 66 million (2016: DKK 67 million) has not been recognised in the balance sheet, due to the likelihood that the tax losses will not be realised in the future. Of the unrecognised tax losses carried forward, DKK 0 million expires within one year, DKK 4 million between 2-5 years and DKK 62 million after more than five years.

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(DKK 1,000)

Note 18 Deferred tax (continued)

2016	Intangible assets	Property, plant and equipment	Work in progress	Tax loss carry-forward	Provisions	Other	Offset within countries	Total
Deferred tax assets at 1 January	950	875	11	15,800	43,590	251	(7,112)	54,365
Deferred tax liabilities at 1 January	(717)	(1,110)	(5,506)	-	-	(362)	7,112	(583)
Net deferred tax assets/(liabilities) at 1 January	**233**	**(235)**	**(5,495)**	**15,800**	**43,590**	**(111)**	**-**	**53,782**
Exchange rate adjustments	(3)	(3)	13	831	389	(3)	-	1,224
Income/(charge) to the income statement	181	2,444	386	5,214	1,134	(112)	-	9,247
Other comprehensive income	-	-	-	-	5,576	-	-	5,576
Deferred tax assets/(liabilities) at 31 December	**411**	**2,206**	**(5,096)**	**21,845**	**50,689**	**(226)**	**-**	**69,829**
Specified as follows:								
Deferred tax assets at 31 December	1,161	2,342	63	21,845	50,689	351	(6,622)	69,829
Deferred tax liabilities at 31 December	(750)	(136)	(5,159)	-	-	(577)	6,622	-
Net deferred tax assets/(liabilities) at 31 December	**411**	**2,206**	**(5,096)**	**21,845**	**50,689**	**(226)**	**-**	**69,829**

Note 19 Tax receivables/Tax payables	2017	2016
At the beginning of the year	(8,010)	8,221
Corporate tax paid during the year	9,692	(2,989)
Prepaid tax	37,884	32,215
Adjustments related to previous years (note 8)	1,173	(2,603)
Current tax for the year (note 8)	(48,478)	(42,737)
Exchange rate adjustments	142	(117)
Total tax receivables/(tax payables)	**(7,597)**	**(8,010)**
Classified in the balance as shown below:		
Current assets	3,240	6,786
Current liabilities	(10,837)	(14,796)
Total	**(7,597)**	**(8,010)**

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(DKK 1,000)

Note 20 Provisions

NNE gives 1-5 years' warranties on certain deliverables and thus, has an obligation to rectify or replace deliverables that are not satisfactory. The calculation of employee benefits is based on certain benefit, economic and demographic assumptions.

The provision regarding the dilapidation is expected to be used within the next 9 years and is based on the management's best estimate. Other provisions consist of various types of provisions and severance pay etc.

	Warranties	Long-term employee benefits	Dilapidation	Long-term incentive programme	Other	2017 Total	2016 Total
Provisions at 1 January	2,760	8,561	8,020	18,226	5,546	43,113	69,404
Additions during the year	500	759	1,929	4,672	165	8,025	18,569
Unused amounts reversed	(2,244)	-	(3,688)	-	(4,603)	(10,535)	(614)
Used during the year	-	(671)	(3)	(9,687)	-	(10,361)	(32,971)
Value adjustment	-	-	-	2,923	-	2,923	(11,393)
Exchange rate adjustments	5	(22)	(357)	-	(655)	(1,029)	118
Provisions at 31 December	**1,021**	**8,627**	**5,901**	**16,134**	**453**	**32,136**	**43,113**

	2017	2016
Specification of provisions:		
Current provisions	4,010	18,220
Non-current provisions	28,126	24,893
Total	**32,136**	**43,113**

Note 21 Retirement benefit obligations

Most employees in the Group are covered by post-employment retirement plans, in form of primarily defined contribution plans or alternatively defined benefit plans. Group companies sponsor these plans, either directly or by contributing to independently administered funds. The nature of such plans varies according to the legal regulations, fiscal requirements and economic conditions of the countries in which, the employees are employed and the benefits are generally based on the employees' remuneration and years of service. The obligations relate both to existing retirees' pensions and to pension entitlements of future retirees.

Post-employment benefit plans are usually funded by payments from Group companies and by employees to funds independent of the Group. Where a plan is unfunded, a liability for the retirement obligation is recognised in the consolidated balance sheet. In accordance with the accounting policies, the costs recognised for post-employment benefits are included in cost of projects, sales and distribution costs or administrative costs.

	Germany	Switzerland	Other	2017 Total	2016 Total
Retirement benefit obligations:					
Beginning of the year	94,567	136,487	814	231,868	208,297
Current service cost	1,998	11,198	282	13,478	14,863
Interest cost	1,657	312	-	1,969	3,420
Remeasurements (gains)/losses[1]	(8,666)	(3,017)	-	(11,683)	22,008
Benefits paid to employees	(1,273)	(5,160)	-	(6,433)	(7,152)
Curtailments/Plan amendments	-	-	-	-	(14,440)
Other	-	4,896	1	4,897	4,795
Exchange rate adjustments	137	(11,033)	(2)	(10,898)	77
At the end of the year	**88,420**	**133,683**	**1,095**	**223,198**	**231,868**

[1] Remeasurements relates primarily to change in financial assumptions is included in Other Comprehensive Income.

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(DKK 1,000)

Note 21 Retirement benefit obligations (continued)

	Germany	Switzerland	Other	2017 Total	2016 Total
Fair value of plan assets of the year:					
Beginning of the year	-	70,490	814	71,304	70,367
Interest income	-	172	31	203	789
Remeasurements gains/(losses)	-	330	-	330	221
Employer contributions	1,273	7,215	251	8,739	8,405
Benefits paid (to)/by employees	(1,273)	(5,160)	-	(6,433)	(7,152)
Curtailments/Plan amendments	-	-	-	-	(6,334)
Other	-	4,893	1	4,894	4,794
Exchange rate adjustments	-	(5,698)	(2)	(5,700)	214
At the end of the year	**-**	**72,242**	**1,095**	**73,337**	**71,304**
Net retirement benefit obligations at the end of the year (unfunded)	**88,420**	**61,441**	**-**	**149,861**	**160,564**

The amounts recognised in the balance sheet for post-employment defined benefit plans are reported as non-current.

In 2016, the retirement benefit plan in Switzerland was split into a defined contribution plan and a defined benefit plan. This change resulted in an income of DKK 8.0 million in 2016. No changes were made in 2017.

The Group expects to contribute DKK 9.7 million to its defined benefit pension plans in 2018 (2017: DKK 8.9 million). It is not expected that the contribution over the next five years will differ significantly from current contributions.

For all major defined benefit plans actuarial computations and valuations are performed annually. Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in each country.

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected future remuneration increase. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the period.

Sensitivity analyses	2017 Total	2016 Total
Discount rate		
1%-point increase	(37,778)	(39,824)
1%-point decrease	43,420	48,894
Future remuneration		
1%-point increase	7,692	7,200
1%-point decrease	(7,796)	(6,930)

The sensitivities above consider the single change shown with the other assumptions assumed to be unchanged. In practice, changes in one assumption may be accompanied by offsetting changes in another assumption (although this is not always the case).

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(DKK 1,000)

	2017	2016
Note 22 Commitments and contingencies		

Operating leases

The operating lease commitments are related to non-cancellable operating leases, which comprise of office rent and company cars. Expenses related to lease contracts amount to DKK 45.1 million in 2017 and DKK 44.6 million in 2016. Approximately 37% (2016: 37%) of the commitments are related to leases outside Denmark.

The duration period for the NNE Group's rental leases varies. However, the longest commitment is for an office lease. This leasing is non-cancellable for 11 years for NNE.

Lease commitments are expiring within the following periods as from the balance sheet date:

	2017	2016
Within one year	37,514	39,121
Between one and two years	28,889	31,020
Between two and three years	25,888	22,814
Between three and four years	24,204	20,879
Between four and five years	19,153	20,107
After five years	93,249	103,975
Total	**228,897**	**237,916**

Other commitments

Other commitments are related to non-cancellable commitments related to internal consultants, licenses and purchase obligations.

Internal consultants are consultants hired on a temporary contract and have a notice period of 3 months or less.

Other commitments are payable within the following periods as from the balance sheet date:

	2017	2016
Within one year	80,305	58,423
Between one and two years	11,717	6,237
Between two and three years	3,124	6,015
Between three and four years	2,291	4
Between four and five years	2,158	-
After five years	12,006	-
Total	**111,601**	**70,679**

Guarantees

	2017	2016
Bank guarantees	12,136	8,678
Total	**12,136**	**8,678**

Bank guarantees are guarantees that the banks of NNE Group have issued towards other banks NNE is using or towards NNE Group customers.

Pending litigation against NNE

NNE Group is engaged in a few litigation proceedings. In the opinion of the management, settlements or continuation of these proceedings are not expected to have a material effect on the financial position.

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(DKK 1,000)

	2017	2016
Note 23 Fees to statutory auditors		
Statutory audit fee to PwC	2,406	2,388
Audit-related services	25	40
Tax advisory services	15	15
Other services	17	51
Total	**2,463**	**2,494**

Note 24 Transactions with related parties

Related parties are considered to be the Executive Management and the Board of Directors of the company, the Novo Nordisk Group, the Novo Nordisk Foundation, Novo Holdings A/S, the NNIT Group, the Novozymes Group, the Xellia Group and members of the management of of these entities. Related parties also include companies in which the above persons have significant interests.

All agreements relating to these transactions are based on the list prices used for sale to third parties where such list prices exist, or the price has been set at what is regarded as market price. The material items of these agreements are renegotiated regularly. Guarantees have been given to related parties in connection with the execution of engineering projects.

The Group had the following transactions with related parties:

	2017	2016
Value of services sold		
Novo Nordisk Group	1,250,161	1,272,816
Novozymes Group	40,015	36,233
NNIT Group	324	2,502
Novo Holdings A/S	345	-
Hallas Park	951	743
Xellia Group	12,704	108,456
Total	**1,304,500**	**1,420,750**
Value of services acquired		
Novo Nordisk Group	21,614	22,080
NNIT Group	2,722	3,961
Total	**24,336**	**26,041**
Financial income		
Novo Nordisk Group (interest received)	40	9
Novo Nordisk Group (dividend received)	434	602
Total	**474**	**611**
Dividend		
Novo Nordisk Group	200,000	17,000
Total	**200,000**	**17,000**

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(DKK 1,000)

	2017	2016
Note 24 Transactions with related parties (continued)		
Receivables		
Novo Nordisk Group	304,820	293,635
Novozymes Group	13,510	11,351
Novo Holdings A/S	34	-
Hallas Park	34	465
Xellia Group	4,640	221
Total	**323,038**	**305,672**
Cash and cash equivalents		
Novo Nordisk Group	183,819	284,086
Total	**183,819**	**284,086**
Payables		
Novo Nordisk Group	2,365	3,223
NNIT Group	1,669	883
Total	**4,034**	**4,106**
Shares Novo Nordisk A/S		
Non-current	22,207	11,185
Current	3,020	9,914
Total	**25,227**	**21,099**

Ownership

NNE A/S is a wholly owned subsidiary of Novo Nordisk A/S and included in the consolidated financial statements of Novo Nordisk A/S.

The consolidated financial statements of Novo Nordisk A/S are available on request from Novo Nordisk A/S, Novo Allé, DK-2880 Bagsværd. The ultimate parent is the Novo Nordisk Foundation, Tuborg Havnevej 19, DK-2900 Hellerup.

NOTES – CONSOLIDATED

(DKK 1,000)

	2017	2016
Note 25 Share-based payment schemes		

Long-term incentive programme:

The Executive Management, NNE Management and senior executives of the NNE Group participate in a long-term share-based incentive programme set up by NNE A/S. The long-term incentive programme is linked to the financial performance of the NNE Group and the affiliates. A maximum of 4 months' base salary (8 months' base salary plus pension contribution for the CEO) per participant per year can be earned in the year.

The elements included in the programme are applied to reward focus on the profitability of NNE.

Once a year, the NNE Board of Directors approves the financial targets for the coming calendar year, to ensure alignment of the targets and the long-term business plan.

	2017	2016
Long-term share-based incentive programme	4,672	6,456
Total cost of share-based payment for the year	**4,672**	**6,456**
Included in the income statement under the following headings:		
Cost of projects	4,127	5,687
Sales and distribution costs	188	248
Administrative costs	357	521
Total	**4,672**	**6,456**
This amount can be specified as follow:		
NNE Management	2,614	3,730
Other employees	2,058	2,726
Total	**4,672**	**6,456**
Financial income/(expenses), realised and unrealised loss (note 6, 7)	(2,923)	11,393
The liability of the long-term share-based incentive programme	16,134	18,226

NOTES – CONSOLIDATED

(DKK 1,000)

	2017	2016
Note 26 Reversals with no effect on the cash flow		
Depreciation, including gain and loss on fixed assets sold	10,583	11,355
Change in provisions	(4,214)	12,800
Change in pensions etc.	7,716	2,861
Total	**14,085**	**27,016**

Note 27 Financial risk management

NNE's objective and policies for financial risk management follow the Novo Nordisk risk management guideline. It is NNE's policy to monitor and mitigate all major financial risks affecting the financial performance. The risk profile, including all identified significant risks, "is on a monthly basis included in the report to the Board of Directors. In addition, the long-term risk profile is reported to the NNE Management" and Novo Nordisk. NNE's project portfolio of varied size as well as the company's international profile are both main reasons that the company's profitability and cash flows are exposed to financial risks. The financial risks include foreign exchange risk, interest rate risk, counterpart risk and project risk.

Foreign exchange risk
The company's foreign exchange exposure is related to transactions and net investments in foreign operations. In relation to transactions the major part of the sales is in DKK, EUR, USD, CHF and CNY. NNE's foreign exchange risk is most significant in USD, CHF, RUB and CNY, as the foreign exchange risk on EUR is regarded as limited due to the Danish fixed-rate policy to the EUR.

As the income and cost are predominately carried in the same currency on the individual projects the foreign exchange risk on the above currencies from the company's activities is low. A 10% change in the currencies, other things being equal, will have a full-year impact on profit before income taxes of approximately:

DKK million	2017	2016
CNY	0.1	0.2
USD	4.7	0.7
CHF	0.1	0.4
RUB/EUR	1.1	1.1

NNE's investment in foreign operations are managed primarily through borrowings denominated in the relevant foreign currency. NNE Denmark's total investments in subsidiaries: China, US, France, Germany, Switzerland, Belgium and Sweden amounts to a total of DKK 140.6 million (2016: DKK 188.3 million).

DKK million	2017	2016
EUR	121.3	105.9
USD	10.3	59.9
CNY	21.8	45.6
CHF	(4.8)	(11.2)
INR	8.9	7.4
RUB	(17.9)	(18.3)

NOTES – CONSOLIDATED

(DKK 1,000)

Note 27 Financial risk management (continued)

Interest rate risk
NNE's interest rate risk consists of the sensitivity of net interest bearing item to changes in the interest rate. The net interest bearing debt in NNE amounts to an asset of DKK 233.8 million (2016: An asset of DKK 370.3 million).

At the end of 2017 a one percentage point increase in the interest rate level, everything else being equal, is estimated to have an isolated effect on the profit before income taxes of DKK 2.3 million (2016: DKK 3.7 million).

Counterpart risk
Credit rating, supplied by a leading provider, is used in order to evaluate major customers and manage credit risk on an ongoing basis. In 2017 the five largest customers accounted for 70% (2016: 79%) of the total project portfolio. The majority of the transactions occurs within the top 20 pharma companies in the world with a general limited counterpart risk.

Counterpart risk related to supply is limited through a use of back-to-back contracts and supplier guarantees. Performance bonds (guarantees) are imposed in all other significant supply contracts, thereby minimising the Group's risk on counterparts.

Project risk
NNE's risk on large projects is managed through a continuous risk assessment of the projects, hereunder conducting risk profiles of the individual projects supported through a project governance structure. The projects are evaluated on risk meetings on a monthly basis.

Share portfolio risk
A 10% decrease of the market price of the Novo Nordisk shares will result in a loss of DKK 2.5 million.

Liquidity risk
The Group's underlying business is based on projects. To ensure adequate liquidity and maintain flexibility in operation, liquidity is managed through the use of consultancy services agreements and short term credit facilities with Novo Nordisk.

The table in note 28 analyses the Group's financial liabilities and assets into relevant maturity groupings, based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting are not significant.

Capital management
When managing the capital structure the Group's objective is to ensure operational stability and maintain a flexible structure. The capital structure can be managed by adjusting the dividend payments to the shareholder, or issuing new shares.

The solvency ratio, calculated as equity to total assets, amounted to 27.4% by the end of the year (2016: 33.8%). The decrease is mainly related to the dividend payment for 2016 of DKK 200 million.

NOTES – CONSOLIDATED

(DKK 1,000)

Note 27 Financial risk management (continued)

Carrying amounts and fair value of the financial assets and liabilities
As of 31 December 2017, the carrying amounts of the financial assets and liabilities are not materially different from the calculated fair value.

The following methods and assumptions were used to estimate the fair values:

Cash and short term deposits, work in progress, trade receivables, receivables from related parties, other receivables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of other financial liabilities and obligations under finance lease, as well as other non-current financial liabilities, is estimated by discounting future cash flows, using rates currently available for debt on similar terms, credit risk and remaining maturities.

Note 28 Financial assets and liabilities by category

The accounting policies for financial assets and liabilities have been applied to the line items below:

2017	Financial assets at fair value through the income statement	Loans and receivables	Total
Work in progress	-	93,194	93,194
Trade and other receivables	-	273,693	273,693
Receivables from related parties	-	323,038	323,038
Financial assets	25,227	-	25,227
Cash at bank and on hand	-	233,796	233,796
Assets at the end of the year by category[1]	**25,227**	**923,721**	**948,948**
Assets at the end of the year by category, 2016	**21,099**	**1,059,350**	**1,080,449**

[1] Financial assets are all due within one year except for DKK 22 milion, which is due within the next four years.

2017	Financial liabilities measured at fair value through the Income statement	Other financial liabilities	Total
Payments on account for work in progress	-	116,382	116,382
Trade payables	-	75,679	75,679
Payables to related parties	-	4,034	4,034
Other liabilities	-	408,815	408,815
Provision	16,134	-	16,134
Liabilities at the end of the year by category[2]	**16,134**	**604,910**	**621,044**
Liabilities at the end of the year by category, 2016	**18,226**	**612,837**	**631,063**

[2] All financial liabilities are due within one year except for DKK 13 milion, which is due within the next four years.

Fair value measurement hierarchy
Financial assets and liabilities measured at fair value can be categoriesed using the fair value measurement hierachy. All above fair value measurements are within the category active market data (level 1).

NOTES – CONSOLIDATED

(DKK 1,000)

Note 29 Companies in the NNE Group

	Country	Year of incorporation/ acquisition	Issued share capital/paid in capital	Currency	Percentages of shares owned
Parent company NNE A/S	**Denmark**	**1989**	**500,000**	**DKK**	**100**
NNE (Tianjin) Engineering Co., Ltd.	China	1995	1,490,000	USD	100
NNE AB	Sweden	2002	100,000	SEK	100
NNE, Inc.	United States	2003	375,568	USD	100
NNE SAS	France	2004	1,000,000	EUR	100
NNE AG	Switzerland	2007	300,000	CHF	100
NNE SA	Belgium	2012	440,000	EUR	100
NNE GmbH	**Germany**	**2007**	**550,000**	**EUR**	**100**
NNE Limited	India	2007	5,000,000	INR	100
NNE Pharmaplan OOO	Russia	2007	50,000	RUB	100
Pharmaplan SPOL s.r.o.	Czech Republic	2008	3,000,000	CZK	100

Financial statements 2017 of the parent company NNE A/S

The Annual Report for the parent company NNE A/S
is an integrated part of the Annual Report 2017 for NNE

INCOME STATEMENT OF THE PARENT COMPANY NNE A/S

(DKK 1,000)

	Note	2017	2016
Turnover	2	1,357,001	1,362,132
Cost of projects	3,4	(1,114,548)	(1,125,524)
Gross profit		**242,453**	**236,608**
Sales and distribution costs	3,4	(29,721)	(36,418)
Administrative costs	3,4	(63,083)	(68,969)
Other income	4	9,033	-
Operating profit		**158,682**	**131,221**
Share of profit/loss in subsidiaries	10	(54,464)	73,726
Financial income	5	1,359	6,473
Financial expenses	6	(5,642)	(4,800)
Profit before income taxes		**99,935**	**206,620**
Income taxes	7	(33,137)	(36,251)
Net profit for the year		**66,798**	**170,369**
Proposed appropriation of net profit:			
Dividend to shareholders		70,000	200,000
Retained earnings		(3,202)	(29,631)
Total		**66,798**	**170,369**

BALANCE SHEET OF THE PARENT COMPANY NNE A/S

(DKK 1,000)

	Note	2017	2016
Assets			
Intangible assets	8	7,346	11,979
Property, plant and equipment	9	6,918	8,399
Investments in subsidiaries	10	140,576	190,198
Deferred income tax assets	11	14,498	7,354
Financial assets	12, 13	22,207	11,185
Total non-current assets		**191,545**	**229,115**
Work in progress and prepayments on accounts		22,764	19,348
Trade receivables		54,223	41,956
Receivables from related parties	13	364,991	337,058
Other receivables		2,444	2,242
Prepayments		9,946	9,346
Financial assets	12, 13	3,020	9,914
Cash at bank and on hand		120,291	284,981
Total current assets		**577,679**	**704,845**
Total assets		**769,224**	**933,960**

BALANCE SHEET OF THE PARENT COMPANY NNE A/S

(DKK 1,000)

	Note	2017	2016
Equity and liabilities			
Share capital	14	500	500
Retained earnings		245,591	371,615
Total equity		**246,091**	**372,115**
Provisions		24,631	21,264
Total non-current liabilities		**24,631**	**21,264**
Prepayments on account for work in progress		55,223	57,338
Trade payables		35,640	2,891
Payables to related parties	13	9,841	14,061
Short term borrowing related parties	13	117,647	204,150
Tax payables		5,238	6,669
Provisions		3,022	9,915
Other liabilities	15	271,891	245,557
Total current liabilities		**498,502**	**540,581**
Total liabilities		**523,133**	**561,845**
Total equity and liabilities		**769,224**	**933,960**
Commitments	16		

STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER OF THE PARENT COMPANY NNE A/S

(DKK 1,000)

2017	**Share capital**	**Retained earnings**	**Total**
Balance at the beginning of the year	**500**	**371,615**	**372,115**
Exchange rate adjustments of investment in subsidiaries	-	(3,786)	(3,786)
Adjustment of investment in subsidiaries	-	10,964	10,964
Net income/(loss) recognised directly in equity	**-**	**7,178**	**7,178**
Net profit/(loss)	-	(3,202)	(3,202)
Proposed dividend	-	70,000	70,000
Total income/(loss)	**-**	**73,976**	**73,976**
Dividends paid	-	(200,000)	(200,000)
Balance at the end of the year	**500**	**245,591**	**246,091**

Share capital and reserve under equity method cannot be used for dividend declaration.

2016	**Share capital**	**Retained earnings**	**Total**
Balance at the beginning of the year	**500**	**237,938**	**238,438**
Exchange rate adjustments of investment in subsidiaries	-	(3,481)	(3,481)
Adjustment of investment in subsidiaries	-	(16,211)	(16,211)
Net income/(loss) recognised directly in equity	**-**	**(19,692)**	**(19,692)**
Net profit/(loss)	-	(29,631)	(29,631)
Proposed dividend	-	200,000	200,000
Total income/(loss)	**-**	**150,677**	**150,677**
Dividends paid	-	(17,000)	(17,000)
Balance at the end of the year	**500**	**371,615**	**372,115**

Share capital and reserve under equity method cannot be used for dividend declaration.

NOTE 1 ACCOUNTING POLICIES OF THE PARENT COMPANY

The parent company's financial statements have been prepared in accordance with the Danish Financial Statements Act class C/large companies.

The accounting policies for the parent company are unchanged compared to the last financial year, and are the same as for the Group with the following additions.

Direct changes in the equity of subsidiaries relating to pension plans are taken directly to the parent company's equity by DKK 8 million (2016: -16 million), in order to give a more true and fair view in accordance with the Danish Financial Statements Act.

For a description of the accounting policies of the Group, please see note 1 – summary of significant accounting policies, page 28-34

Supplementary accounting policies for the parent company

Financial assets
In the financial statements of the parent company, investments in subsidiaries are recorded under the equity method, which is at the respective share of the net asset values in subsidiaries. Any cost, in excess of net assets in the acquired company, is capitalised in the parent company under financial assets as part of investments in subsidiaries (goodwill). Amortisation of goodwill is provided under the straight line method over a period of ten years, based on estimated useful life.

Net profit of subsidiaries less unrealised intercompany profits is recorded in the income statement of the parent company.

To the extent the net profit of subsidiaries exceeds declared dividend from such companies, net revaluation of investments in subsidiaries is transferred to net revaluation reserve, according to the equity method under equity.

The profit in subsidiaries is shown as profit after tax.

Tax
The parent company is assessed jointly for Danish tax purposes with its Danish parent company Novo Nordisk A/S and other Danish affiliated companies. The Danish jointly taxed companies are included in a Danish on-account tax payment scheme for Danish corporate income tax. All current taxes under the scheme are recorded in the individual companies.

Cash flow statement
In conformity with section 86.4 of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company. Please refer to the cash flow statement for the Group.

NOTES – PARENT COMPANY

(DKK 1,000)

	2017	2016
Note 2 Turnover		
Sales value of engineering sales	1,357,001	1,362,132
Total	**1,357,001**	**1,362,132**

	2017	2016
Note 3 Employee costs		
Wages and salaries	677,715	668,142
Pensions	59,034	58,163
Share-based payment costs	4,672	6,456
Other contributions to social security	9,449	9,212
Other employee costs	17,413	18,265
Total	**768,283**	**760,238**
Included in the income statement under the following headings:		
Cost of projects	692,204	679,355
Sales and distribution costs	24,869	24,627
Administrative costs	51,210	56,256
Total	**768,283**	**760,238**

The average number of full-time employees in 2017 was 910 compared to 942 in 2016. At the end of 2017 the company had 875 full-time employees compared to 963 at year end 2016.

For information on remuneration to the Board of Directors and NNE Management please refer to note 3 in the consolidated notes. In conformity with section 98.b.3 of the Danish Financial Statement Act, the remuneration for the Management team is stated as one category for the whole management team.

	2017	2016
Note 4 Other income		
Relocation compensation	**9,033**	**-**

Other income comprises of compensation from the parent company in connection with relocation of NNE headquarter in Denmark to cover related relocation costs of DKK 9 million.

	2017	2016
The related relocation costs are included in the income statement under the following headings:		
Cost of projects	8,039	-
Sales and distribution costs	271	-
Administrative costs	723	-
Total	**9,033**	**-**

	2017	2016
Note 5 Financial income		
Interest income from group companies	662	686
Other financial income	697	5,787
Total	**1,359**	**6,473**

NOTES – PARENT COMPANY

(DKK 1,000)

	2017	2016
Note 6 Financial expenses		
Interest expenses to group companies	91	44
Other financial expenses	5,551	4,756
Total	**5,642**	**4,800**

Note 7 Income taxes

The parent company paid DKK 35.3 million in tax related to current year (DKK 21.7 million in 2016).

	2017	2016
Current tax on profit for the year	40,708	29,702
Deferred tax on profit for the year	(6,255)	5,449
Tax on profit for the year	**34,453**	**35,151**
Adjustments tax payable prior year	(427)	1,725
Adjustments deferred tax prior year	(889)	(625)
Tax for the year, total	**33,137**	**36,251**

Note 8 Intangible assets

2017	ERP-system and software	Total
Cost at 1 January	22,129	22,129
Additions during the year	-	-
Disposals during the year	(1,769)	(1,769)
Cost at 31 December	**20,360**	**20,360**
Depreciation and impairment losses at 1 January	10,150	10,150
Depreciation for the year	4,633	4,633
Disposals during the year	(1,769)	(1,769)
Depreciation and impairment losses at 31 December	**13,014**	**13,014**
Carrying amount at 31 December	**7,346**	**7,346**

Note 9 Property, plant and equipment

2017	Leasehold improvements	Other equipment	Total
Cost at 1 January	6,431	15,218	21,649
Additions during the year	812	1,313	2,125
Disposals during the year	-	(7,502)	(7,502)
Cost at 31 December	**7,243**	**9,029**	**16,272**
Depreciation and impairment losses at 1 January	676	12,574	13,250
Depreciation for the year	1,786	1,782	3,568
Disposals during the year	-	(7,464)	(7,464)
Depreciation and impairment losses at 31 December	**2,462**	**6,892**	**9,354**
Carrying amount at 31 December	**4,781**	**2,137**	**6,918**

NOTES – PARENT COMPANY

(DKK 1,000)

	2017	2016
Note 10 Investments in subsidiaries		
Investments in subsidiaries		
Cost at 1 January	474,180	360,264
Additions during the year	28,481	113,916
Divestments during the year	(1,139)	-
Cost at 31 December	**501,522**	**474,180**
Revaluation at 1 January	(189,338)	(209,547)
Exchange rate adjustments	(3,786)	(3,478)
Net profit/(loss) for the year	(52,611)	80,300
Dividend received	(27,324)	(40,402)
Divestment during the year	634	-
Remeasurements pension and fair value adjustment etc.	7,976	(16,211)
Revaluation at 31 December	**(264,449)**	**(189,338)**
Depreciation and impairment losses at 1 January	(94,644)	(88,067)
Exchange rate adjustments	-	(3)
Amortisation of goodwill	(1,853)	(6,574)
Impairment losses and depreciation at 31 December	**(96,497)**	**(94,644)**
Carrying amount at 31 December	**140,576**	**190,198**

A list of companies in the NNE Group is found in note 29 to the consolidated financial statements.

In 2017, NNE A/S increased its investement in NNE, Inc. when part of NNE, Inc.'s debt to NNE A/S was converted into paid in capital.
In 2016 NNE A/S purchased the shares in NNE AG from NNE GmbH.

Note 11 Deferred tax assets/Deferred tax liabilities

Deferred tax is determined using the liability method and includes all temporary differences between accounting and tax values of the balance sheets. The deferred tax is measured according to the tax rate expected to be in force on the elimination of the temporary differences.

	2017	2016
Balance at 1 January	7,354	12,178
Deferred tax on profit for the year	6,255	(5,449)
Adjustments related to previous years	889	625
Balance at 31 December	**14,498**	**7,354**

	2017			2016		
Specification:	**Assets**	**Liabilities**	**Total**	**Assets**	**Liabilities**	**Total**
Property, plant and equipment	2,999	-	2,999	935	-	935
Work in progress	-	(1,041)	(1,041)	-	(1,630)	(1,630)
Provisions	12,540	-	12,540	8,049	-	8,049
Balance at 31 December	**15,539**	**(1,041)**	**14,498**	**8,984**	**(1,630)**	**7,354**

NOTES – PARENT COMPANY

(DKK 1,000)

	2017	2016
Note 12 Financial assets		

For information regarding financial assets please refer to note 12 in the consolidated notes.

Note 13 Transactions with related parties

Related parties are considered to be the Executive Management and the Board of Directors of the company, the Novo Nordisk Group, the Novo Nordisk Foundation, Novo Holdings A/S, the NNIT Group, the Novozymes Group, the Xellia Group and members of management of these entities. Related parties also include companies in which the above persons have significant interests.

All agreements relating to these transactions are based on the list prices used for sale to third parties where such list prices exist, or the price has been set at what is regarded as market price. The material items of these agreements are renegotiated regularly. The Group has had the following transactions with related parties:

	2017	2016
Value of services sold		
Novo Nordisk Group	1,122,294	1,114,567
NNE Group	62,824	81,207
Novozymes Group	27,278	28,200
NNIT Group	324	2,502
Novo Holdings A/S	345	-
Hallas Park	951	743
Xellia Group	1,655	7,951
Total	**1,215,671**	**1,235,170**
Value of services acquired		
Novo Nordisk Group	21,535	21,650
NNE Group	55,234	55,234
NNIT Group	2,722	3,961
Total	**79,491**	**80,845**
Financial income		
Novo Nordisk Group	441	611
NNE Group	221	75
Total	**662**	**686**
Financial expenses		
NNE Group	91	44
Total	**91**	**44**

NOTES – PARENT COMPANY

(DKK 1,000)

	2017	2016
Note 13 Transactions with related parties (continued)		
Dividend		
Novo Nordisk Group	200,000	17,000
Total	**200,000**	**17,000**
Receivables		
Novo Nordisk Group	267,121	280,230
NNE Group	86,990	45,937
Novozymes Group	10,578	10,205
Novo Holdings A/S	34	-
Hallas Park	34	465
Xellia Group	234	221
Total	**364,991**	**337,058**
Cash and cash equivalents		
Novo Nordisk Group	120,335	284,086
NNE Group	16,173	-
Total	**136,508**	**284,086**
Payables		
Novo Nordisk Group	2,195	3,110
NNE Group	5,977	10,068
NNIT Group	1,669	883
Total	**9,841**	**14,061**
Short term borrowing related parties		
NNE Group	117,647	204,150
Total	**117,647**	**204,150**
Investment in subsidaries		
NNE Group	28,481	113,916
Total	**28,481**	**113,916**
Shares Novo Nordisk A/S		
Non-current	22,207	11,185
Current	3,020	9,914
Total	**25,227**	**21,099**

In 2017, NNE A/S increased its investement in NNE, Inc. when part of NNE, Inc.'s debt to NNE A/S was converted into paid in capital.
In 2016 NNE A/S purchased the shares in NNE AG from NNE GmbH.

NOTES – PARENT COMPANY

(DKK 1,000)

	2017	2016
Note 13 Transactions with related parties (continued)		

Ownership

NNE A/S is a wholly owned subsidiary of Novo Nordisk A/S and included in the consolidated financial statements of Novo Nordisk A/S.

The consolidated financial statements of Novo Nordisk A/S are available on request from Novo Nordisk A/S, Novo Allé, DK-2880 Bagsværd. The ultimate parent is the Novo Nordisk Foundation, Tuborg Havnevej 19, DK-2900 Hellerup.

Note 14 Share capital

	2017	2016
Share capital at the end of the year:		
A share capital (167 shares of DKK 1,000)	167	167
B share capital (333 shares of DKK 1,000)	333	333
Total	**500**	**500**

The share capital in NNE A/S is divided into A shares and B shares. The A shares have 10 votes per DKK 500 of the A share capital, whereas the B shares have 1 vote per DKK 500 of the B share capital. There are no transferability restrictions on the B shares, while the owners of the A shares have a right of first refusal in case of any transfer of A shares.

Note 15 Other liabilities

For information regarding other liabilities please refer to note 17 in the consolidated notes.

NOTES – PARENT COMPANY

(DKK 1,000)

	2017	2016
Note 16 Commitments		

Operating leases

The operating lease commitments are related to non-cancellable operating leases, related to office rent and company cars. Expenses related to lease contracts amount to DKK 22.0 million in 2017 and DKK 22.2 million in 2016.

Other commitments

Other commitments are related to non-cancellable commitments related to internal consultants, licenses and purchase obligations. Internal consultants are consultants hired on a temporary contract and have a notice period of 3 months or less. Operating leases and other commitments are payable within the following periods as from the balance sheet date:

	2017	2016
Within one year	38,453	39,951
Between one and two years	27,154	23,094
Between two and three years	17,771	19,925
Between three and four years	16,106	12,973
Between four and five years	13,973	12,408
After five years	83,879	78,427
Total	**197,336**	**186,778**

	2017	2016
Guarantees		
Bank guarantees	7,884	8,678
Other guarantees	-	37,172
Total	**7,884**	**45,850**

Other

Novo Nordisk A/S and its Danish subsidiaries are jointly taxed with the Danish companies in the s Group. The joint taxation also covers withholding taxes in the form of dividend tax, royalty tax and interest tax. The Danish companies are jointly and individually liable for the joint taxation. Any subsequent adjustments to income taxes and withholding taxes may lead to a larger liability. The tax for the individual companies is allocated in full on the basis of the expected taxable income.

MANAGEMENT´S STATEMENT ON THE ANNUAL REPORT

The Executive Management and Board of Directors have today considered and adopted the Annual Report of NNE A/S for the year of 2017.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January - 31 December 2017.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report will be adopted at the Annual General Meeting.

Virum, 1 March 2018

Executive Management

Jesper Kløve
President and CEO

Board of Directors

Karsten Munk Knudsen
(Chairman)

Birgit W. Nørgaard
(Vice Chairman)

Henrik Wulff

Kjell Johansson

Helene Moth-Poulsen

David Victor Tackie

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of NNE A/S

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2017 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2017, in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2017, and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2017, in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of NNE A/S for the financial year 1 January to 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Group in accordance with the International Ethics Standards Board for 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements, and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for the preparation of Parent Company 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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 skepticism 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 Group's and the Parent Company'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 Group's and the Parent Company'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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Hellerup, 1 March 2018

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Torben Jensen
State Authorised Public Accountant
MNE number: 18651

Rikke Lund-Kühl
State Authorised Public Accountant
MNE number: 33507

NNE is an international company specialised in pharma engineering. We help pharmaceutical companies bring products to market by providing flexible, compliant and future-proof solutions. We have close to 2,000 professionals delivering global knowledge and best practices, all dedicated to supporting our customers globally and on local sites.

Through focused pharma engineering we enable our customers to deliver on demand.

nne®
Focused pharma engineering