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Announcement	Solar A/S
No. 4 2011	Tel. +45 79 30 00 00
Contact:	Group CEO Flemming H. Tomdrup

Annual Report 2010
(2009 comparative figures are stated in brackets)

In spite of negative organic growth in 2010, Solar increased EBITA by 35% whereas earnings before tax was more than doubled compared to 2009.

In 2010, Solar realised revenue of € 1,401.5m (€ 1,431.4m) and EBITA of € 49.0m (€ 36.2m). This corresponds to the upper part of guidance for 2010 in terms of revenue and to the middle part of guidance for 2010 in terms of EBITA.

As a result of changed AFP (early retirement benefit) rules in Norway, pension obligations as at 31.12.2010 were reduced by € 1.2m. The amount was recognised under staff costs.

Contrary to this, EBITA was negatively affected by restructuring costs pertaining to staff reductions of € 1.4m.

Selected highlights (€ million)	**2010**	**2009**
Interest-bearing debt, net	98.5	102.8
Cash flow from operating activities	46.6	118.2
Earnings before tax	35.4	17.4
Net profit for the year after tax	24.6	10.1
Selected financial ratios (%)		
Organic growth	-4.8	-12.1
EBITA	3.5	2.5
Net working capital	15.9	15.0

Dividend
A dividend of DKK 10.00 (DKK 4.25) per share is proposed.

Q4 2010
In Q4 2010, Solar realised revenue of € 397.7 (€ 379.9), corresponding to organic growth of 2.2% (-10.1%). Earlier this year, the group saw improved market conditions in most markets and this upward trend continued in Q4. Particularly, our industry-derived revenue has proved positively affected by these increasing activity levels.
In Q4 2010, EBITA was € 17.1m (€ 11.5m), corresponding to 4.3% of revenue.

Expectations for 2011
Increasing exchange rates on SEK, NOK and PLN as well as acquisitions of operations in Q4 2010 entail that 2011 expectations are changed to revenue between € 1,485m and € 1,525m and EBITA between € 59m and € 66m. Compared with 2010, the changed expectations still correspond to organic growth between 3-6%.

The previously announced expectations for 2011 showed revenue of between € 1,420m and € 1,460m and EBITA between € 57m and € 64m.

As previously announced, expected costs of € 5.0m to the roll-out of Solar 8000 are included in the expectations.

Solar 8000
On the basis of our experiences from the implementation of the business concept Solar 8000 in Norway, we are preparing the master plan for roll-out in the remaining countries. In spite of the delay in Norway, the goal is to roll out the concept in both the Netherlands and Denmark in 2011 and in Sweden and Germany in 2012.

Therefore, we will try to accelerate the roll-outs so that we make up for lost time. For this reason, we have, among other thing, initiated the build-up of a group SAP competency centre in Poland. Work with the roll-out master plan is expected to be complete during Q2 2011.

Webcast
An English presentation of Annual Report 2010 will be transmitted online today at 11:00 CET and is available at www.solar.eu.

Solar has updated its corporate governance guidelines
Solar views the recommendations of the Committee on Corporate Governance in Denmark as a valuable tool for ensuring sound management, good transparency for shareholders and other stakeholders and for efficient risk management.

Solar, therefore, basically follows the recommendations relevant to the company. We have just updated our guidelines with respect to the most recent recommendations. The updated guidelines have been approved by the company's Supervisory Board.

A summary of the updated guidelines is included in Annual Report 2010 and the guidelines will be available at www.solar.eu.

Best regards,
Solar A/S

Flemming H. Tomdrup

Enclosure: Annual Report 2010 pages 1-80 + cover

Annual Report 2010

FINANCIAL HIGHLIGHTS [1]

CONSOLIDATED	2010	2009	2008	2007	2006
Financial and operating data of income statement (€ million)					
Revenue	1,401.5	1,431.4	1,500.3	1,367.2	1,074.5
Earnings before interest, tax and amortisation (EBITA)	49.0	36.2	65.0	75.9	61.7
Operating profit before special items	41.6	29.4	58.3	69.8	61.4
Earnings before interest and tax (EBIT)	41.6	22.4	58.3	69.8	64.2
Financials, net	(6.2)	(5.0)	(12.9)	(5.6)	(2.2)
Earnings before tax (EBT)	35.4	17.4	45.4	64.2	62.0
Net profit for the period	24.6	10.1	31.0	46.1	43.8
Earnings per share in € per share outstanding (EPS)	3.13	1.48	4.55	6.62	6.20
Financial and operating data of balance sheet (€ million)					
Total assets	684.1	620.5	604.1	542.8	464.7
Net investments in intangible assets	15.7	12.4	4.7	34.1	23.2
Net investments in property, plant and equipment	6.4	7.8	11.2	13.8	13.8
Share capital outstanding	105.4	105.5	90.1	93.3	93.4
Total equity	284.9	257.3	203.6	227.6	196.4
Interest-bearing liabilities	158.1	150.7	232.3	151.7	133.8
Interest-bearing liabilities, net	98.5	102.8	229.0	147.0	126.0
Financial and operating data for cash flow (€ million)					
Cash flow from operating activities	46.6	118.2	44.3	54.6	24.5
Cash flow from investing activities	(32.1)	(20.4)	(74.7)	(59.3)	(37.5)
Cash flow from financing activities	(13.8)	23.0	11.8	25.5	(30.2)
Financial ratios (% unless otherwise stated)					
Revenue growth	(2.1)	(4.6)	9.7	27.2	18.0
Organic growth [2]	(4.8)	(12.1)	5.0	15.3	17.4
EBITDA margin	4.3	3.4	4.9	6.1	6.5
EBITA margin	3.5	2.5	4.3	5.6	5.7
EBIT margin	3.0	1.6	3.9	5.1	6.0
Operating margin	1.8	0.7	2.1	3.4	4.1
Net working capital (NWC)/revenue (LTM) [3]	15.9	15.0	18.7	18.6	22.3
Gearing (net interest-bearing liabilities/EBITDA), no. of times	1.6	2.1	3.1	1.8	1.8
Return on equity (ROE)	9.1	4.4	14.4	21.7	22.4
Return on equity (ROE) excl. amortisation	11.8	7.3	17.5	24.6	22.5
Return on invested capital (ROIC) [4]	7.0	4.4	8.7	12.8	13.6
Return on invested capital (ROIC) excl. amortisation [4]	8.8	6.5	10.3	14.3	13.7
Adjusted market capitalisation/operating profit or loss (EV/EBITA)	11.1	11.5	6.2	8.7	13.0
Equity ratio	41.6	41.5	33.7	41.9	42.3
Intrinsic value in € per share outstanding	36.3	32.8	30.3	32.7	28.2
Share price in €	56.6	46.0	25.6	74.3	95.5
Share price/intrinsic value	1.56	1.40	0.85	2.27	3.39
Dividend in € per share	1.34	0.57	2.01	2.55	2.28
Dividend in % of net profit for the year (payout ratio)	42.9	44.4	43.6	38.5	36.3
Price Earnings (P/E)	18.1	31.1	5.6	11.2	15.4
Share price in DKK	422	343	191	554	712
Dividend in DKK per share	10.00	4.25	15.00	19.00	17.00
Employees					
Average number of employees (FTE)	2,955	3,175	3,010	2,658	2,281

1 Changes have been made in the figures of comparison due to errors resulting from non-compliance with the group's internal accounting policies in Solar Deutschland GmbH, see the group report on page 34.
2 No adjustments have been made regarding Otra Danmark operations acquired.
3 Calculated as inventories and trade receivables substracting trade payables at the end of the period in proportion to revenue for the last 12 months. No adjustments have been made for acquired activities.
4 Calculated on the basis of operating profit before special items.

PREFACE
SOLAR IS READY FOR GROWTH

” This means that despite reduced staff levels we are able to run the business efficiently with a high level of service. ”

EFFICIENCY

The effect of the financial crisis and the subsequent recession meant that 2010 was still characterised by negative organic growth. The restructuring implemented in 2008 and 2009 has, however, clearly proved to be sustainable.

This means that despite reduced staff levels we are able to run the business efficiently with a high level of service. This provides a platform for growth and for handling positive organic growth within the current structure.

We shall continue to focus on efficiency measures. In particular, this will take place through our new business concept Solar 8000 (SAP) which was implemented in 2010 in the first country. The next two countries will follow in 2011.

Moreover, we shall continue our work relating to Value Realisation as part of our efforts to reduce our net working capital and improve profitability.

NEW BUSINESS AREAS

We invest in new business areas and expect our sales concepts, especially Solar Light, to generate growth. We have, therefore, strengthened the organisation within this area.

GROWTH AND ACQUISITIONS

We wish to grow through organic growth as well as through acquisitions. 2010 was a year when we once again embarked on new acquisitions. With four acquisitions in the second half year, we are, therefore, living up to our acquisition strategy.

STAFF DEVELOPMENT

With the establishment of our own Solar Business Academy, we are focusing strongly on staff development. The academy comprises the following five training programmes: Leadership, Talent Development, Project Management, Lean & Process and Basic Business Skills.

AWARDS

We gained considerable recognition and received four prestigious awards: Solar A/S was awarded the Information Diploma by the Danish Society of Financial Analysts and received the Confederation of Danish Industry’s Productivity Award. Solar Danmark was awarded Apprenticeship of the Year by the Danish Business and Technical Colleges, whereas Solar Polska was honoured with an HR Award as Solid Employer of the Year. We are very proud to have received these awards.

EXPECTATIONS

Increasing foreign exchange rates on SEK, NOK and PLN as well as acquisitions in Q4 2010 entails that 2011 expectations are changed to revenue between € 1,485m and € 1,525m and EBITA between € 59m and € 66m. Compared with 2010, the changed expectations still correspond to organic growth between 3-6%.

The previously announced expectations for 2011 showed revenue of between € 1,420m and € 1,460m and EBITA between € 57m and € 64m.

As previously announced, expected costs of € 5.0m to the roll-out of Solar 8000 are included in the expectations.

Flemming H. Tomdrup
Group CEO

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CONTENTS

COMPANY PRESENTATION
THE SOLAR GROUP WANTS TO BE THE PREFERRED TECHNICAL WHOLESALER

Suppliers

- We cooperate primarily with significant brand suppliers and focus on a select group of strategic suppliers based on a clear supplier strategy. We want to always be able to vouch for the products.

Central warehouses

- We have central warehouses in all the countries where we are represented. In the warehouses, we work with Lean to constantly simplify our working procedures.
- We offer night distribution and day-to-day delivery. We take pride in high delivery quality.

Branches/drive-ins

- In the individual countries, we have a network of centrally located branches and drive-ins supporting the central warehouses. From these locations, our customers can collect products and obtain qualified advice from our employees.
- There is easy access to the Solar Plus programme which covers a large part of the contractor's daily needs, and we also offer training and education.

E-business

- E-business is seeing strong growth and provides customers with a long line of options and tools.
- With this online channel, Solar is creating an information flow to customers.
- Concurrently with the digitalisation of society, we see great future possibilities with key words like accessibility and mobile solutions.

Headquarters/ competency centres

- Each country has its own national headquarters with employees who know the market.
- The headquarters also function as technical competency centres. In the competency centres, we have employees with specialised knowledge within our business areas.
- Our corporate headquarters is located in Kolding, Denmark.

Customers

- We target contractors within electrical, plumbing and ventilation material as well as industrial customers.
- Solar offers customised solutions through our IWS concept (Integrated Workflow System). A system optimising cooperation with the individual customer by creating a connection between Solar and the customer's working processes.

Vision

Solar should be known as the empathic company and the challenger within our industry. We will be our customers' preferred business companion, their expert in logistics and their guarantee for safety of delivery.

Mission

At Solar, we understand our customer's needs and provide integrated solutions.

Solar Values

Our values – what we stand for and what shape our culture SmartFun – Glow – Courage.

Solar A/S is one of Northern Europe's leading technical wholesalers within electrical, plumbing and ventilation products. The group, which is based in Kolding, has subsidiaries under the Solar brand in Denmark, incl. the Faroe Islands, Sweden, Norway, the Netherlands, Germany and Poland. The company was founded in 1919 and quoted on the Copenhagen Stock Exchange in 1953.

The Solar Group also includes the Aurora Group, which operates in Denmark, Sweden, Norway and Finland. The Aurora Group is among Scandinavia's leading distributors of accessories for audio/video, computers, mobile phones and domestic appliances.

Strategy

We work with the strategy "#1 in Technical Wholesale" during the strategy period from 2010-2015. A strategy which is to strengthen earnings and ensure the group the position as the preferred technical wholesaler in our four key markets, Denmark, the Netherlands, Sweden and Norway and in selected business areas in Germany and Poland.

Ten company programmes have been attached to the strategy within the focus areas Growth, Efficiency and People. These are ten strategic initiatives with a three-year time horizon.

Growth: Technical wholesaler, Climate & energy/Blue Energy, Utility & infrastructure, Facility management/maintenance, repair & operation (MRO) and Solar Consulting.

Efficiency: Solar 8000, Value realisation and E-business.

People: Employer branding and Competence communities.

One of the company programmes encompasses climate and energy as we see great potential in energy optimisation. With our Blue Energy concept, we add competencies to the industry within energy-efficient solutions.

Growth

We have a clear growth strategy and want to grow both organically and through acquisitions. We work with common processes and systems as well as a business model facilitating the integration of new enterprises and employees.

MANAGEMENT'S REVIEW – GROWTH
ACQUISITIONS INCREASE GROWTH

”With four acquisitions during 2010, we are now on the right path in relation to the acquisition strategy.”

STRATEGY

In early 2010, we launched our refreshed strategy “#1 in Technical Wholesale” for 2010-2015 which comprises ten company programmes. These are strategic initiatives that significantly strengthen the group's overall strategy and will improve our ability to execute the strategy and achieve our strategic objectives.

A company programme covers a period of up to three years and the group's executive management will ensure consistent execution and follow-up. The individual members of the Solar Management Team are, therefore, sponsors of a company programme and, hereby, contribute to embedding the strategy and driving the initiatives.

ACQUISITIONS

Solar has a clear acquisition strategy. We wish to create growth through acquisitions that will further strengthen our market position. As a group, we have focused on acquisitions since, in the autumn of 2009, fresh capital was injected through our share capital increase. With four acquisitions during 2010, we are now on the right path in relation to the acquisition strategy.

Solar Danmark A/S acquired parts of the activities of Otra Danmark A/S. The parts acquired by Solar primarily relate to sales to electrical contractors.

Solar Polska Sp. z o.o. took over part of the activities of Agat-System, Gdansk in Poland. Agat-System is an electrical wholesaler with data/tele/security as the primary business areas.

Solar's Aurora Group acquired two operations in Sweden related to sales and distribution of domestic appliance fittings from Hanestrom Paper AB and from Melitta Scandinavia AB.

BLUE ENERGY

Solar sees considerable potential in energy efficiency both now and in the future. Alongside selected strategic suppliers, we continue to target our Blue Energy concept which will enable our customers to take their share of this growing market, especially within energy optimisation of exisiting buildings.

Blue Energy is no longer limited to energy-efficient products and solutions. The concept also comprises knowledge. We have also raised the bar with the launch of The Blue Energy Effect, which is a complete business concept within energy efficiency.

We have extended the campaign period from six to twelve months in order to embed ourselves in the minds of our customers and maintain our leading position within energy efficiency. The campaign is divided into four bursts, each of which provides our customers with a new way to experience The Blue Energy Effect in their business.

We have also relaunched our Blue Energy website to include Blue Energy TV, new cases and Blue Energy knowledge at the Solar School. With these initiatives, we will continue to be one step ahead – and also one step closer to our customers.

IWS

We have continued to disseminate our IWS concept (Integrated Workflow System), which is a system that optimises our collaboration with the individual customer by integrating Solar with the customer's work processes. The aim is to provide the most effective and profitable solution for both parties.

MANAGEMENT'S REVIEW – EFFICIENCY
WE ARE STARTING PROCESS OPTIMISATION

"With Solar 8000, we are ensuring that our business is future-proof through standardised processes and we enhance efficiency."

SOLAR 8000

Our new business concept Solar 8000 made its mark across the group during the year. Solar 8000 comprises the establishment of group standardised business processes supported by the SAP IT system, provides a standard IT platform for all group enterprises and one frame of reference within management as well as harmonised data and common group databases.

With Solar 8000, we are ensuring that our business is future-proof through standardised processes and we enhance efficiency. This gives us the opportunity for long-term optimisation of our business procedures and the opportunity to bring our employees together and share best practice.

The concept supports the way in which we want to operate our business. It represents one way of doing things, one Solar, where customers and suppliers know exactly what they are getting. We work closely with customers and suppliers locally, but exploit the fact that master data is available centrally. We will achieve full utilisation of our shared services centres and create competency communities based on a common mindset.

In mid-September 2010, we implemented Solar 8000 in the first country, Norway, after having postponed the implementation from spring. We did not want to compromise quality and security in consideration of our customers and investors which has delayed the implementation by some months. Preparations were driven by Lean activities to ensure standard processes in the entire process mindset. Efforts to stabilise operations followed the actual implementation in September. The stabilisation phase in Norway was completed a few months later than originally planned. We will initiate process optimisation in the first half of 2011.

Based on our experiences from the implementation in Norway, we are preparing a master plan for roll-out in the remaining countries. In spite of the delay in Norway, our goal is to roll out in both the Netherlands and Denmark in 2011 and in Sweden and Germany in 2012. Consequently, we will try to acce-lerate the roll-outs so that we make up for lost time. For this reason, we have started the build-up of a new group SAP competency centre in Poland.

Completion of the work with the master plan for the roll-out is expected during Q2 2010.

VALUE REALISATION

In parallel with the preparations for and implementation of Solar 8000, we have worked with the strategic initiative Value Realisation in relation to optimising our structure as well as customer, supplier and logistics processes. The majority of our increased earnings set out in our financial targets will come from Value Realisation. The reduction in net working capital is also to be derived from Value Realisation.

LEAN

In 2010, Solar received the Confederation of Danish Industry's Productivity Award as a result of our commitment to Lean and the notable group results as a consequence of productivity improvements.

During the year, Solar Lean Way has focused on ensuring the progress of Lean implementation across all Solar enterprises. Impressive results have been achieved through across-the-board process optimisation and focus on management development. Solar has now achieved a high level of Lean maturity and this is reflected in the constant focus on the customer.

Over the coming year, work on the new Lean road map will begin, which will continue the ambitious Lean journey upon which Solar has embarked. There will be an array of new initiatives and ideas which will contribute to enhancing the Lean concept while the process mindset will be further enhanced. This will include the launch of the kaizen event concept. Lean specialists will be working across national borders to create the next generation of processes. Moreover, Lean change agent training 2 and Lean leadership 2 will be launched.

E-BUSINESS

We continue to see positive development with regard to our customers' use of Solar's e-business tools. The share of e-business accounted for 34% of the Solar Group's revenue in 2010.

MANAGEMENT'S REVIEW – PEOPLE
SOLAR STRENGTHENS STAFF DEVELOPMENT

" As a company, Solar imposes ever increasing demands on our leaders because good leadership motivates and develops employees, and because our business is dependent on good leadership. "

SOLAR NAVIGATOR
In 2010, Solar conducted the employee survey, Solar Navigator, which measures employees' and the organisation's ability to create value for our customers. The results were highly encouraging. As part of the strategy "#1 in Technical Wholesale", Solar has launched a range of strategic targets which must be met and the results are in line with the targets. The work to sustain the high level continues.

	Recent measurement	Strategic targets 2010-2012	Strategic targets 2013-2015
Value creation index	707	>680	>700
Leadership index	70	>67	>70

The value creation index shows the ability to create value for customers.
The leadership index demonstrates the ability to lead.

SOLAR BUSINESS ACADEMY
With the establishment of Solar Business Academy, Solar has undertaken its largest ever investment in the training and development of leaders. A total of 250 leaders across group functions and subsidiaries will participate in the Group Leadership Programme which is part of the new academy. The first training modules were completed in the autumn of 2010.

As a company, Solar imposes ever increasing demands on our leaders because good leadership motivates and develops employees, and because our business is dependent on good leadership. The aim is to develop leaders' skills so they are ready to drive the group's current five-year strategy plan. Leaders will gain a common understanding of their local leadership roles as well as their co-responsibility for developing the business as a whole. They will be trained in Solar's five leadership skills:

- Communicator: our leaders are in front
- Developer: our leaders live in change
- Driver: our leaders walk the distance
- Involver: our leaders are team builders
- Partner: our leaders meet you with respect

Solar Business Academy is not only about leadership development. Over the years ahead, the academy will also provide a strategic lift in respect of the skills relating to project management, Lean, talent development and a range of business competencies.

CORPORATE SOCIAL RESPONSIBILITY
Solar takes its responsibilities with regard to people and the environment seriously. We have signed up for the United Nations' Global Compact Programme and wish to send out a clear message that we are committed to the programme. We see our involvement in the programme as an asset in relation to customers and suppliers and a clear advantage in respect of attracting and maintaining employees. In addition, there is the need for and a desire to be seen as a company in which both Danish and foreign investors can safely invest – also from an ethical standpoint.

IR AND COMMUNICATION
Solar has enhanced its efforts in relation to internal as well as external communication to employees and stakeholders. We have also improved our efforts with regard to investor relations. We are focusing increasingly on the private customer segment, which means that Solar will become more visible in the future.

WE HAVE EXPANDED THE EXECUTIVE BOARD
Solar has strengthened its Executive Board in that Michael H. Jeppesen joined the Executive Board with effect from 1 January 2011. The Executive Board now consists of Group CEO Flemming H. Tomdrup and Group CFO Michael H. Jeppesen.

FINANCIAL OBJECTIVES
SOLAR'S FOCUS IS ON OBJECTIVES

In 2010, Solar updated the strategy for the period 2010-2015. This group strategy is designed to ensure improved financial performance and continued advancement of the group's position as the leading technical wholesaler in a market, where expectations for market growth in the first half of the strategy period are limited.

Thus, we have divided the financial objectives between two periods, 2010-2012 and 2013-2015.

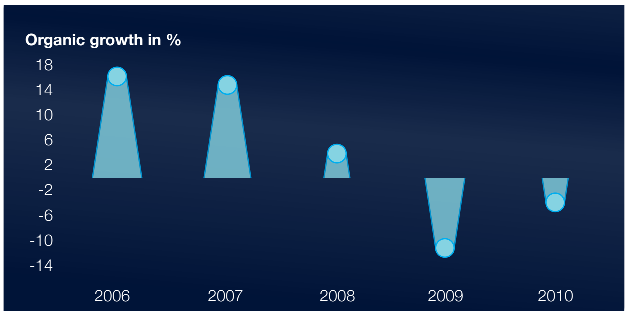
	Financial objectives 2010-2012	Financial objectives 2013-2015
Growth**	0-3% p.a. on average + growth by acquisitions	1.5-2.5 x GDP-growth* + growth by acquisitions
EBITA margin**	4-5%	5.5-6.5%
ROIC**	12-14%	16-18%
Equity ratio	35-40%	35-40%
Net working capital	13-14%	12-13%
Gearing	1.5-2.5	1.5-2.5
Dividend (payout ratio)	35-45% of earnings after tax	35-45% of earnings after tax

* Average GDP growth ratio in the markets in which Solar operates today.
** Average for the periods 2010-2012 and 2013-2015, respectively.

GROWTH

OBJECTIVE Solar strives towards annual organic growth of 0-3% in the period running until 2012. Solar aims to further increase growth through acquisitions.

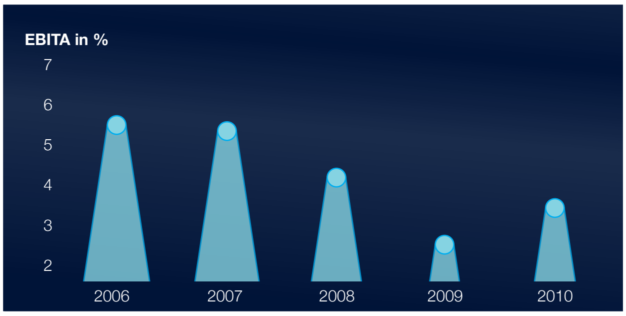
REALISED Average organic growth was -4.8% in 2010 against -12.1% in 2009.



EARNINGS BEFORE INTEREST, TAX AND AMORTISATION (EBITA)

OBJECTIVE In the period 2010-2012, Solar seeks to attain earnings before, interest, tax and amortisation (EBITA) of 4-5% with the expectation that the efficiency improvements implemented and planned will continue to have a positive effect.

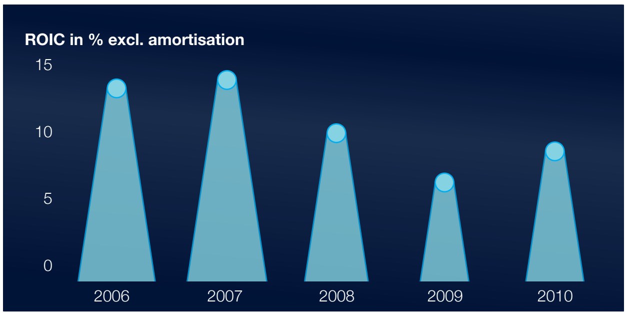
REALISED Earnings before interest, tax and amortisation (EBITA) was 3.5% in 2010, up from 2.5% in 2009.



RETURN ON INVESTED CAPITAL (ROIC)

OBJECTIVE In the period 2010-2012, Solar aims to attain return on invested capital (ROIC) before amortisation of intangible assets of 12-14%.

REALISED ROIC before amortisation was 8.8% in 2010, up from 6.5% in 2009.



FINANCIAL OBJECTIVES – CONTINUED

EQUITY RATIO

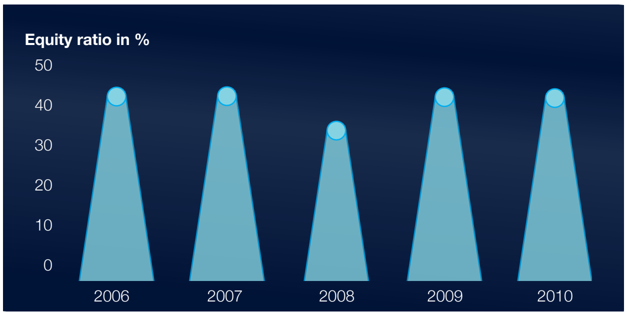
OBJECTIVE Solar plans to gradually reduce its equity ratio to 35-40%. The change in the equity ratio will take place partly as a result of acquisitions and partly as a result of organic growth.

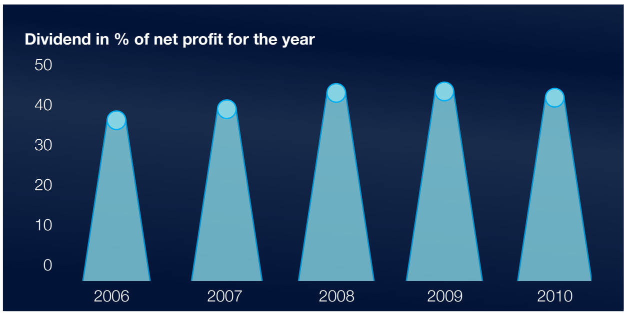
REALISED In 2010, the equity ratio was 41.6% against 41.5% in 2009. In 2010, Solar paid out dividend of € 4.5m to its shareholders.

DIVIDEND

OBJECTIVE Solar aims to pay out 35-45% of net profit for the year as dividend.

REALISED Solar proposes payout of 43% of net profit for the year in 2010 against 44% in 2009.





NET WORKING CAPITAL

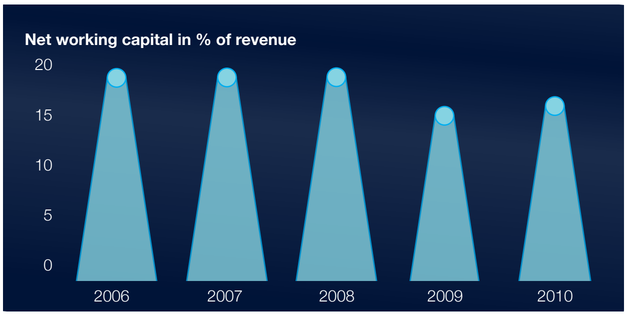
OBJECTIVE Solar strives towards net working capital constituting 13-14% of revenue.

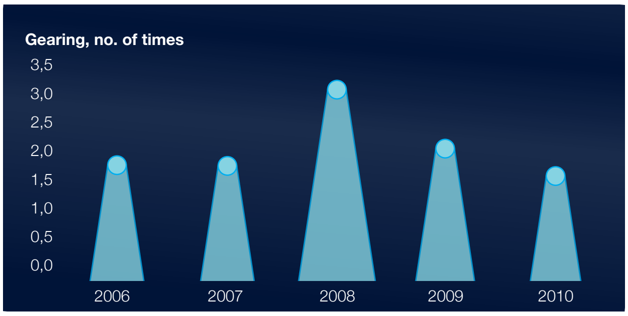
REALISED Net working capital accounted for 15.9% of revenue in 2010 against 15.0% in 2009.

GEARING

OBJECTIVE Solar aims at interest-bearing liabilities, net, between 1.5 and 2.5 times EBITDA.

REALISED In 2010, interest-bearing liabilities, net, were 1.6 times EBITDA against 2.1 times EBITDA in 2009.





FINANCIAL REVIEW
SOLAR DOUBLES EBT

In 2010, revenue was down to € 1,401.5m, whereas EBITA and EBT were up at € 49.0m and € 35.4m, respectively. Thus, in spite of organic growth of -4.8%, Solar managed to increase EBITA by 35%, whereas EBT was more than doubled compared with 2009.

REVENUE
Revenue was down € 29.9m to € 1,401.5m. Organic growth was -4.8%.

Solar realised positive organic growth in Q4, which was the first time since the end of 2008 – growth of 2.2%.

Earlier this year, the group saw improvements of market conditions in most markets, and this upward trend continued in Q4.

Particularly our industry-derived revenue proved positively affected by these increasing activity levels.

Revenue per employee amounted to € 0.474m in 2010 against 2009 levels of € 0.451m. Adjusted for 2009 exchange rates, revenue per employee was € 0.457m in 2010.

Revenue matched the most recently announced expectations.

EBITA
A gross profit margin increase as well as a reduction of external costs in proportion to revenue resulted in an increase in EBITA to € 49.0m, corresponding to 3.5% of revenue against 2.5% of revenue in 2009.

As a consequence of changed AFP (early retirement benefit) rules in Norway, pension obligations were reduced by € 1.2m as at 31.12.2010. The amount was recognised under staff costs.

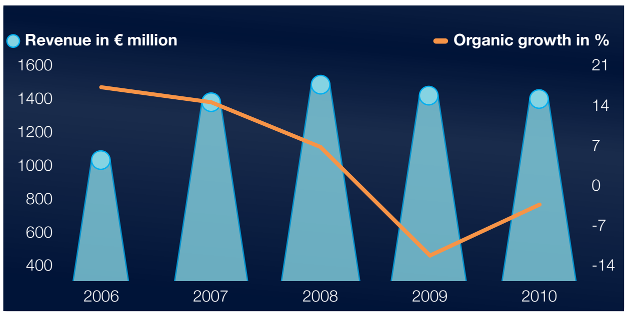
Contrary to this, EBITA was negatively affected by restructuring costs of € 1.4m related to staff reductions.

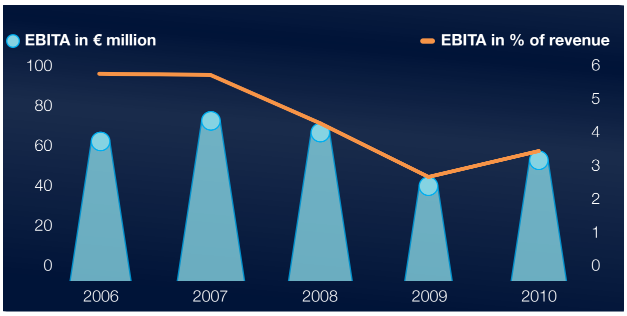
EBITA was on a par with the most recently announced expectations.

SOLAR 8000
In connection with the implementation of Solar 8000 in Solar Norge, it was necessary to employ a significant number of temporary workers to ensure operations. The direct costs impacted Q4 results by approx. € 1.5m. It is estimated that the transition to Solar 8000 (SAP) resulted in Q4 loss of earnings totalling approx. € 4m in Solar Norge.

In guidance for 2010, we expected costs to Solar 8000 of € 3m related to Solar Nederland. In 2010, we spent € 0.7m on Solar Nederland. To ensure operations in Norway, it was necessary to transfer a significant part of the resources from the work with the Netherlands to operational support in Norway – a total of € 0.8m were spent on support. The operational support does not form part of the investment in the Solar 8000 project.

SPECIAL ITEMS
Special items totalled € 0.0m against € 7.0m in 2009. Specifically, special items for 2009 involved costs related to the integration plan for Solar Nederland B.V. and Vegro B.V. of € 5.4m and costs of the divestment of activities in Solar Suomi Oy of € 1.6m.





FINANCIAL REVIEW – CONTINUED

FINANCIALS

Financials, net, amounted to € -6.2m against € -5.0m in 2009. Exchange rate appreciations affected financials positively by 3.0m in 2009 and appreciations also had a € 0.9m positive impact on financials in 2010.

CORPORATION TAX

Corporation tax was € 10.8m against 2009 levels of € 7.3m, equating to an effective tax rate of 30.5% and a decrease of 11.5 percentage points compared with 2009. Most of this decrease related to a change in the tax base of non-capitalised losses in subsidiaries which totalled 1.0% in 2010 against 12.2% in 2009. In addition, non-deductible amortisation of intangible assets was 4.6% in 2010 and 6.9% in 2009.

PROFIT FOR THE YEAR

Net profit for 2010 was € 24.6m against € 10.1m in 2009. In spite of negative growth in largely all group enterprises, Solar managed to more than double its 2010 profit compared to 2009.

BALANCE

Solar's balance sheet total was up € 63.6m at € 684.1m, mainly due to increasing activity levels and non-current assets investments.

Foreign exchange differences, arising from the translation of equity in subsidiaries into euro, affected the group's equity positively by € 8.3m.

Distribution of dividend for 2009 reduced equity by € 4.5m, and the net effect of financial instruments, used for hedging future transactions, was a loss of € 0.7m.

Overall, equity was up € 27.6m at € 284.9m.

Equity ratio was unchanged at 42%, exceeding Solar's equity ratio target of 35-40%.

Total capital invested was € 415.1m at year-end 2010 against € 388.4m at year-end 200v9.

CASH FLOW

Cash flow from operating activities amounted to € 46.6m against € 118.2m in 2009. In spite of focused efforts to reduce net working capital in 2010, net working capital amounted to € 223.1m, equalling 15.9% of revenue against 15.0% in 2009. A factor contributing to this was the development in revenue in December with organic growth of 7.69% compared with negative organic growth of 8.6% in December 2009. The effect of this amounts to approx. € 13m, corresponding to 0.9%. Moreover, we found that some of our strategic suppliers still have delivery problems, for which reason it was necessary to increase stocks to ensure our service degree.

Measured per share outstanding at year-end, cash flow from operating activities amounted to € 5.93 against € 15.05 in 2009.

Cash flow from investing activities amounted to € -32.1m against € -20.4m in 2009. Acquisitions and divestment of operations and investments in intangible assets impacted cash flow from investing activities by € -10.3m and € -15.7m, respectively.

Cash flow from financing activities totalled € -13.8m in 2010 against 23.0m in 2009. In 2009, cash flow from financing activities was positively affected by net proceeds totalling € 47.2m from a capital increase and the sale of treasury shares.

The cash flow development led to a reduction in interest-bearing liabilities, net, to € 98.5m from € 102.8m.

As at 31 December 2010, Solar had € 145.2m worth of undrawn credit facilities. Solar's agreements with its main bankers are not covered by any covenant.

Gearing was reduced to 1.6 times EBITDA against 2.1 times EBITDA in 2009 and, thus, it meets Solar's requirements for gearing between 1.5 and 2.5 times EBITDA.

INVESTMENTS

Net investments in property, plant and equipment amounted to € 6.4m in 2010.

To ensure stable operations and increased efficiency at the central warehouse in Solar Danmark A/S in Vejen, Denmark, we began the process of mounting eight new miniload systems in Q4 2009. The systems were put into operation in Q2 2010 and the investment totalled € 5.1m. No significant investments in property, plant and equipment were made in Q4.

In 2010, investments in Solar 8000 (SAP) amounted to € 15.5m, bringing total investments to € 33.2m, of which € 31.9m have been capitalised. Overall investments in this project are still expected to total some € 40m.

REMUNERATION OF EXECUTIVE BOARD AND MANAGEMENT TEAM

As mentioned in announcement no. 12 in 2008, the Supervisory Board decided to establish an incentive scheme for Solar's Management Team. The exercise price is fixed at the average price at NASDAQ OMX Copenhagen for the first 10 business days following the publication of Annual Report 2010. The granting will take place on 25 March 2011, when the exercise price will also be calculated. The number of options cannot be determined until this time but is expected to amount to approx. 19,200 options, counting those granted to the Executive Board. The Supervisory Board intends to grant options again in the coming years.

EVENTS AFTER THE BALANCE SHEET DATE

Solar A/S has initiated negotiations for acquiring the shares in the companies Conelgro B.V. in the Netherlands, Claessen ELGB in Belgium, GFI Gesellschaft für Installationstechnik mbH in Germany and GFI GmbH in Austria, which are all electrical wholesalers. The final completion of the deal is subject to the usual conditions, including approval from relevant authorities. A clarification of this is expected in June 2011. Moreover, reference is made to announcement no. 3 2011.

Thomas Keifer has been employed as Chief Executive Director (CED) in the group's Swedish subsidiary, Solar Sverige AB and, at the same time, he will join Solar Management Team. Thomas Keifer will take office on 18 April 2011 and, following a short introduction period, he will take over responsibility for the enterprise with effect from 9 May 2011, cf. announcement no. 2 2011.

Joachim Malich was employed as Chief Executive Director (CED) in the group's German subsidiary, Solar Deutschland GmbH, with effect from 1 February 2011 and he joined the Solar Management Team at the same time. Jens Andersen, who has been temporarily appointed CED in Solar Deutschland GmbH since 25 March 2010, was responsible for the daily operation of the company in February, cf. announcement no. 1 2011.

EXPECTATIONS FOR 2011
SOLAR EXPECTS PROSPERITY

Solar expects 2011 to be affected by the individual countries' economic trends and considerable pressure to reduce public debt.

MARKET EXPECTATIONS

In Denmark, we expect to realise positive organic growth in 2011. This is due to expectations for continued positive development in sales to the industrial sector. In addition, a number of technical energy projects won in 2010 will have effect from 2011. Moreover, we expect to see an increasing effect of our Blue Energy concept with energy-efficient solutions for new and existing buildings.

We expect that the Swedish market economy will provide us with strong growth opportunities in Sweden in 2011, and we believe that employing people in the Solar Light organisation will have an effect. Furthermore, geographical expansion within plumbing will have an increasing effect during 2011. In addition to this, we will supply electrical material to a number of large projects.

The market situation in Norway will improve and we expect higher activity levels in all business areas. We do not expect the residential market to reach a level reflecting the need as a higher degree of self-financing is required than previously. We expect positive organic growth in 2011.

In the Netherlands, we expect the year to be characterised by continued low construction activity but by increasing activity within the industrial segment. We expect positive organic growth during 2011, and this growth will primarily derive from an expected strengthened market position.

The positive market development in Germany is expected to continue in 2011. We expect to strengthen the market position with the organisation's focus on sales to small and large contractors as well as customers within industry. The enterprise has negotiated a new transport agreement which will have an effect from the second half of 2011 and impact earnings positively.

The positive development in Poland is expected to continue in 2011 where we expect to further strengthen our market position.

Aurora Group expects some growth based on a strong development in the Swedish, Norwegian and Finnish markets, whereas expectations in Denmark are more modest.

BUSINESS EXPECTATIONS

The business areas renewable energy, lighting, energy supply and infrastructure are also expected to return relatively high growth rates in 2011. However, more traditional and large areas relating to new construction, such as installation equipment and cables, will only show modest growth. We also expect sales of industrial components to increase in 2011 from the 2010 level.

The market for energy optimisation of existing buildings, including lighting projects, and renovation and upgrades of public buildings in particular is expected to develop positively.

FINANCIAL EXPECTATIONS

Increasing foreign exchange rates on SEK, NOK and PLN as well as acquisitions in Q4 2010 entails that 2011 expectations are changed to revenue between € 1,485m and € 1,525m and EBITA between € 59m and € 66m. Compared with 2010, the changed expectations still correspond to organic growth between 3-6%.

The previously announced expectations for 2011 showed revenue of between € 1,420m and € 1,460m and EBITA between € 57m and € 64m.

As previously announced, expected costs of € 5.0m to the roll-out of Solar 8000 are included in the expectations.

Work to reduce net working capital will continue in 2011. The goal is net working capital amounting to a maximum of 13% of revenue at year-end 2011.

The expected improvement in earnings compared with 2010 may be ascribed to the restructuring initiatives completed/initiated in the period from 2008 to 2010 as well as the business measures planned in 2011. Overall, the gross profit is expected to improve in 2011 compared with 2010.

In 2011, increased earnings and cash flows take centre stage, achievable through

- Solar 8000
- Value Realisation
- Acquisitions
- Other strategic initiatives

COMMERCIAL AND FINANCIAL RISKS
STABLE MARKET AREA

The key geographical market area for our activities is Northern Europe which is characterised by economic and political stability.

Results and equity can be affected by a number of commercial and financial risks that impact Solar's activities.

Solar has prepared policies in substantial areas. The policies have been reviewed by Internal Audit and approved by the Supervisory Board.

The sections below set out a number of known risk factors that are considered to have a potential impact on the results and balance sheet.

COMMERCIAL RISKS
Solar's business is wholesale and distribution of electrical, plumbing and ventilation components for buildings, plant and production. The group has many years of experience in assessing and handling risks relating to this business area. No resources are channelled into other business areas or speculative or opportunistic measures.

SENSITIVITY TO ECONOMIC TRENDS
As an international business, Solar is affected by global as well as local economic trends. In recent years, however, our group's business platform has been significantly expanded, thus, reducing our exposure to economic trends in the construction industry. The extension of the product range within, for instance, Offshore/Marine, Telecommunications and Security as well as Industry, therefore, means that the group's development increasingly follows general economic trends.

CUSTOMERS
The customer portfolio means that Solar can withstand any loss of individual customers. Revenue from the largest customer, therefore, represents no more than 2% of the group's total revenue.

SUPPLIERS
As many of Solar's suppliers are complementary, the group only depends on individual suppliers to a limited extent.

IT
Solar's activities are increasingly based on IT solutions and are, therefore, exposed to operational disruption. This can result in operational and financial losses as well as a loss of image. Most of the hardware is located at the corporate IT department and at another location which offers a complete operational mirror of the installation.

Most of the applied software has been developed in-house and substantial resources are spent on quality assurance of software. Parts of the group's in-house developed ERP system will be replaced by Solar 8000 (SAP), which will provide better support for our business activities.

INSURANCE
Solar seeks to minimise the impact of unpredictable events on the group's financial results through insurance programmes.

We have taken out policies that are considered to be relevant and usual for the sector and for companies of Solar's size. We continually assess insurance-related matters in respect of buildings, moveables, operating loss, transport as well as commercial and product responsibility to ensure that current policies are in keeping with Solar's insurance policies. Excess is not considered to exceed usual practice for the sector or for companies of Solar's size. There is no guarantee, however, that all risks have been assessed correctly or that there is sufficient insurance cover for all potential risks to which the Solar Group may be exposed.

FINANCIAL RISKS
Results and equity are affected by a range of financial risks. Financial instruments are solely used for hedging of commercial and financial risks. All financial transactions are based on commercial activities and no speculative transactions are made.

COMMERCIAL AND FINANCIAL RISKS – CONTINUED

CURRENCY RISKS

As other international companies, Solar is exposed to currency risks in the form of conversion risks since a substantial proportion of revenue derives from enterprises outside the euro zone. The currencies used are euro, Danish kroner, Swedish kroner, Norwegian kroner and, to a lesser extent, Polish zloty.

Distribution of revenue on currencies	2010	2009
EUR	34%	38%
DKK	25%	26%
NOK	17%	16%
SEK	22%	19%
PLN	2%	1%

The individual subsidiaries are not significantly affected by exchange rate fluctuations since revenue and costs in subsidiaries are in the same currencies. Solar has a number of investments in foreign subsidiaries where the translation of equity to euro depends on the exchange rate.

Investments in subsidiaries are usually not hedged as such investments are regarded as long-term and because hedging is seen as unlikely to create any long-term value.

Distribution of net assets on currencies	2010	2009
EUR	21%	24%
DKK	40%	41%
NOK	20%	19%
SEK	16%	13%
PLN	3%	4%

Management has assessed that effects of probable changes of 10% in exchange rates as at 31 December against EUR can be specified as follows:

Effect on recognition of subsidiary of any exchange rate change of 10%

	Net profit for the year			Equity
€ mio.	2010	2009	2010	2009
NOK	0.7	1.0	4.4	4.5
SEK	1.1	0.5	3.8	3.1
PLN	0.0	0.0	0.8	0.8
	1.8	1.5	9.0	8.4

INTEREST RATE RISKS

Ongoing monitoring and adjustment of interest-bearing liabilities is carried out. Loans are only raised in the currency of the countries in which Solar operates. Of total interest-bearing liabilities, Solar endeavours to ensure that a maximum of half is based on variable interest fixed in accordance with current money market rates. The remaining interest-bearing liabilities are fixed-rate.

The Solar Group has no significant non-current interest-bearing assets. Solar's main banker has made no covenant requirement in relation to interest-bearing liabilities. As a result of Solar's policies, a certain interest rate risk exists, which means that any change to the interest rates will affect the results.

LIQUIDITY RISKS

Solar has a target of substantial self-financing to ensure independence from lenders and thus greater freedom of action. Financial management is controlled centrally, based on the individual subsidiary's operating and investment cash requirements. It is ensured that there are always sufficient and flexible cash reserves and diversification of maturities of both long and short-term credit facilities.

CREDIT RISK

Solar is subject to credit risk in respect of trade receivables and cash at bank. The maximum credit risk equates to the carrying value. No credit risk is deemed to exist in respect of cash as the counterparts are banks with good credit ratings. As a result of customer diversification, trade receivables are distributed so that the risk is not assessed as unusual. Credit granting to customers is regarded as a natural and important element in Solar's business operations. Solar conducts efficient credit management at all times. Solar Polska Sp. z o.o. generally takes out insurance to hedge against loss to the extent possible. In 2009, we saw credit insurance businesses denounce a high number of policies on customers. Loss on trade receivables is a normal business risk and, therefore, it will occur.

Solar A/S' main banker is Nordea Bank Danmark A/S.

RISK MANAGEMENT AND INTERNAL CONTROL
SOLAR HAS SYSTEMATISED ITS RISK MANAGEMENT

Internal control and risk management systems are designed for reporting in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements for annual reports of listed companies. The systems contribute to Solar's financial statements, providing a fair presentation without material misstatements.

In addition, the systems were established to ensure that Solar enterprises choose and apply appropriate accounting policies and accounting estimates that are reasonable under the circumstances.

These internal control and risk management systems only provide reasonable and not absolute certainty that material errors and irregularities in the financial reporting processes are detected and corrected.

The internal control and risk management systems relating to financial reporting may be described within the following framework:

CONTROL ENVIRONMENT

As a consequence of Solar joining the UN's Global Compact, we have implemented a Code of Conduct that all employees must comply with.

Business procedures for the Supervisory Board and the Executive Board are in place and the Supervisory Board has set up an audit committee in keeping with EU legislation. The audit committee held three meetings in 2010. Four meetings are planned in 2011.

The audit committee's most important tasks are:

- To supervise financial information in the annual report and quarterly reports and assess information disclosed.
- To review and assess Solar's internal controls and risk management.
- To recommend an external auditor for election by the Annual General Meeting to the Supervisory Board.

Responsibilities and authority within key areas are defined in policies approved by the Supervisory and/or Executive Boards. These include communications policy, liquidity and financial policies, fraud policy and risk policy, etc. Solar's Internal Audit is overviewing that these policies are adhered to.

Internal Audit is an independent department tasked with reviewing financial information in annual reports and quarterly reports and performing operational audit of business procedures and internal control. Internal Audit reports the results of these reviews directly to the Supervisory Board and the audit committee, including any recommendations for improving the internal control of financial reporting.

Accounting rules and procedures are set out in an accounting manual which is available to all employees working within finance. Internal Audit overviews that these rules and procedures are complied with.

WHISTLEBLOWER SCHEME

An external whistleblower scheme is expected to be established in 2011. This is an information system that will provide employees and others with the opportunity for confidential reporting of breaches of our Code of Conduct or suspicions thereof.

RISK ASSESSMENT AND RISK MANAGEMENT

Solar introduced Enterprise Risk Management in 2009 to ensure systematic identification and handling of relevant risks. Risk reporting is made to the audit committee.

In 2011, Solar will continue to strengthen risk management via control procedures and activities that reduce risks, e.g. by improving internal reporting processes. Follow-up on identification and handling of relevant risks takes place through, among other things, Quarterly Business Reviews.

RISK MANAGEMENT AND INTERNAL CONTROL – CONTINUED

CONTROL ACTIVITIES

The purpose of control activities is to prevent, uncover and correct any errors and irregularities. These activities are integrated into Solar's accounting and reporting procedures. Activities include documentation procedures, authorisation, approval, reconciliation, result analysis, separation of irreconcilable functions, IT application controls and general IT controls.

INFORMATION AND REPORTING

Solar's IT strategy and built-in IT controls as well as general controls help to ensure that financial reporting results in a fair presentation. Accounting handbooks, reporting instructions – including estimate and monthly closure procedures – are updated and implemented throughout the group on an ongoing basis. Combined with other policies relevant to internal control of financial reporting, these are available to the relevant persons.

MONITORING

Solar applies uniform IFRS-based rules as stated in the company's accounting handbook. This handbook covers accounting and assessment principles as well as reporting instructions and must be observed in detail by all group enterprises. Observance of the accounting handbook is monitored continuously and annual formal confirmation of observance of the accounting handbook rules are collected from all group enterprises.

Control weaknesses identified by Solar's Internal Audit and by the group's auditors are submitted to the audit committee which monitors that management implements the necessary measures to remedy these weaknesses on a timely basis.

Comprehensive monthly accounting data are reported from all group subsidiaries. Such data is then analysed and monitored at group, company and other operational levels.

GROUP MANAGEMENT

Executive Board

Flemming H. Tomdrup (born 1952, joined 2006)

Group CEO
Chairman of the supervisory boards of nine Solar Group subsidiaries.
Member of the supervisory boards of Alectia A/S, Thomas B. Thriges Fond and Terma A/S.

Michael H. Jeppesen (born 1966, joined 2000)

Group CFO
Member of the supervisory boards of nine Solar Group subsidiaries.

Both members of the Executive Board hold Solar shares and own options.
The Executive Board holds a total of 26,788 options, of which 5,826 options were granted in 2010.

Solar Management Team

Per Andersen (born 1956)
Corporate Market Director

Magnus Dahlmann (born 1953)
Corporate Marketing Director

Jan Willy Fjellvær (born 1961)
CED, Solar Norge AS

Lars Goth (born 1961)
Corporate Supply Chain Director

Pauli Joensen (born 1951)
CED, Aurora Group

Flemming Koch (born 1961)
Corporate IT Director

Søren Larsen (born 1948)
CED Solar Danmark A/S

Joachim Malich (born 1963)
CED, Solar Deutschland GmbH

Heidrun Marstein (born 1973)
Corporate HR Director

Frans Soulier (born 1958)
CED, Solar Nederland B.V.

Kjell Svensson (born 1949)
CED, Solar Sverige AB

Dariusz Targosz (born 1969)
CED, Solar Polska Sp. z o.o.

TOP: NIELS BORUM
MID FROM LEFT TO RIGHT: REMY CRAMER, LARS LANGE ANDERSEN, PETER FALKENHAM AND PREBEN JESSEN.
BOTTOM FROM LEFT TO RIGHT: BENT H. FRISK, JENS PETER TOFT, JENS BORUM AND KENT ARENTOFT.

SUPERVISORY BOARD

Jens Borum (born 1953, joined 2006)
Chairman.
Associate professor, University of Copenhagen.
M.Sc. 1980, PhD 1985.
Member of the supervisory board of the Fund of 20th December.
Represents the Fund of 20th December and has long-time experience as chairman.
Remuneration 2010: € 0.072m.

Peter Falkenham (born 1958, joined 2003)
Vice Chairman.
M.Sc. in Mechanical Engineering 1982, BBA in International Trade 1984.
Represents broad management experience from Scandinavia, the Baltic States and Poland and has substantial industry experience from his former work as well as company board experience.
Remuneration 2010: € 0.039m.

Lars Lange Andersen (born 1968, joined 2010)*
Product Manager Building/Industry - Automation.
Remuneration 2010: € 0.013m.

Kent Arentoft (born 1962, joined 2007)
Chairman of the audit committee.
CEO, Dalhoff Larsen & Horneman A/S.
B. Com. Management Accounting 1989.
Executive Management, London Business School 1995.
Member of the supervisory boards of Eksport Kredit Fonden, Eksport Kredit Finansiering A/S and Sonion A/S.
Represents broad organisational and international experience and has special competencies within M&A transactions, finance and economy.
Remuneration 2010: € 0.039m.

Niels Borum (born 1948, joined 1975)
M.Sc. in engineering 1973.
Chairman of the Supervisory Board of the Fund of 20th December.
Represents the Fund of 20th December and has experience within IT and processes.
Remuneration 2010: € 0.028m.

Remy Cramer (born 1945, joined 2006)
CEO, Inter Primo A/S.
Electronics Engineer 1972.
Executive Management, Harvard Business School 1993.
Chairman of the supervisory boards of a number of subsidiaries of Inter Primo A/S.
Represents broad management experience from international organisations in different cultures and has long-time experience from family-owned businesses.
Remuneration 2010: € 0.028m.

Bent H. Frisk (born 1961, joined 2006)*
Head of department.
Remuneration 2010: € 0.017m.

Jens Peter Toft (born 1954, joined 2009)
Owner and CEO, toft advice aps
B. Com. Management Accounting 1983.
Chairman of the supervisory boards of Privathospitalet Mølholm A/S, Mipsalus ApS and Mipsalus Holding ApS.
Member of the supervisory boards of all associations under Danske Invest, Bitten og Mads Clausens Fond, M. Goldschmidt Holding A/S, Bottomline Communications A/S, Sønderjysk Udviklingssamarbejde A/S, Mols-Linien A/S and Amagerbanken af 2011 A/S.
Represents broad experience within M&A transactions, capital infusion, financial matters and tools, organisation, general management and stock exchange matters.
Remuneration 2010: € 0.028m.

Preben Jessen (born 1956, joined 2006)*
Warehouse employee.
Remuneration 2010: € 0.017m.

* Elected by employees

The Supervisory Board's affiliation with Solar
Peter Falkenham, Kent Arentoft, Remy Cramer and Jens Peter Toft are independent of the company pursuant to the definition in the recommendations on corporate governance in Denmark.

Jens Borum and Niels Borum are affiliated with the Fund of 20th December which is the majority shareholder in Solar A/S.

Peter Falkenham and Kent Arentoft are members of the audit committee along with chairman Jens Borum. Kent Arentoft is chairman of the audit committee and has special accounting qualifications.

All board members with the exception of Kent Arentoft are shareholders in Solar.

Election of employee representatives
The most recent ordinary election of employee representatives took place on 8 April 2010. The participation rate in the election was 67%.

Under the law, employee representatives have the same rights, duties and responsibilities as the other members of the board. Under Danish law, employees have the right to elect a number of representatives and alternates for these corresponding to half of the representatives elected by the Annual General Meeting at the time of calling the election of employee representatives.

Election period
All board members elected at the Annual General Meeting are up for election each year, whereas employee representatives are elected by and among the company's employees for a four-year term.

CORPORATE GOVERNANCE
SOLAR AIMS AT TRANSPARENCY

Corporate Governance recommendations
Solar views the 2010 recommendations of the Committee on Corporate Governance in Denmark as a valuable tool for ensuring sound management, good transparency for shareholders and other stakeholders and for efficient risk management. Solar, therefore, basically follows the recommendations relevant to the company.

Shareholders' role and interaction with the company's management
Solar wishes to maintain an ongoing dialogue with the company's shareholders and other stakeholders and to provide as timely and detailed information about the company's development as possible, balanced with the necessary consideration for the company's competitive situation.

Stakeholders' role and importance for the company and corporate social responsibility
Solar regards shareholders, employees, customers, suppliers, lenders and society in general as important stakeholders. We believe that, in the long-term, there are common interests between the company's stakeholders. As a result, we wish to focus on these long-term interests that influence the company's ethics, policies and information practices.

Openness and transparency
Solar wishes as much openness and transparency for all stakeholders as possible with due consideration for its competitiveness. The intention is to provide a timely, true and fair view of the company's position, financial position and development potential and to make this information available to all stakeholders at the same time.

Top and central management's tasks and responsibilities
Solar's Supervisory Board sees it as their responsibility to ensure a competent management, a clear-cut organisation, effective control and risk management tools and to lay down and follow up on strategic targets with due regard for financial opportunities and the company's management resources.

Top management's composition and organisation
Solar regards it as important that the Supervisory Board represents diversity in relation to competencies, age and gender and that through frequent exchange of board members, we maintain a dynamic balance between continuity and renewal.

Although Solar wishes to promote age diversity on the Supervisory Board, there is no fixed age limit for individual members. Solar believes that competency is more important than age.

We ensure that board members' duties in other companies are of an appropriate extent and expect that individual board members carefully evaluate whether their work on the Supervisory Board is compatible with other duties.

In our annual report and on our website www.solar.eu, Solar lists which managerial duties, including board memberships, the Executive Board and individual board members have undertaken. The annual report also contains information on the number of options held by members of the Executive Board and any changes hereto. Moreover, the annual report also states whether any members of the Supervisory Board and Executive Board own shares in the company. Any changes in these shareholdings are published on an ongoing basis. The company does not find it relevant to provide information about the size of the shareholdings of individual members.

Once a year, the Supervisory Board assesses the competencies and experience available to the company from among the Supervisory Board and what skills may be further needed. The Fund of 20th December is a majority shareholder and submits proposals for the Supervisory Board's composition. Importance is attached to the fact that members represent relevant competencies seen in relation to the company's own competencies and the requirements set out by the Supervisory Board.

The Articles of Association stipulate that the Supervisory Board shall consist of 4-8 members elected at the general meeting. Solar's Supervisory Board currently consists of six members elected by the general meeting and three members elected by the employees. Once a year, the company reviews whether the number of board members is appropriate.

The Supervisory Board is made up in accordance with corporate governance regulations so that at least half the members are independent.

The chairman is responsible for evaluating the Supervisory Board's work. The company does not consider it relevant to present the result of its evaluation in the annual report.

The Supervisory Board holds ordinary meetings six times a year and, in addition, meets when required. In 2010, 9 board meetings were held.

Special Supervisory Board committees aside from an audit committee are only set up in connection with extraordinary tasks. The full Supervisory Board participates in the review of all other matters.

Management's remuneration

Remuneration of the Executive Board is negotiated with the chairman and vice-chairman within the framework and guidelines defined by the Supervisory Board which, for example, ensures that the remuneration is at the same level as that of comparable companies. Remuneration of the Supervisory Board is also determined in accordance with the Supervisory Board's remuneration of similar companies.

The current remuneration agreement for the Executive Board provides no entitlement to repayment unless the CEO breaks his contract.

Financial reporting

Solar presents its quarterly reports and annual reports in accordance with International Financial Reporting Standards (IFRS). The audit committee and Supervisory Board monitor compliance in collaboration with Internal Audit and external audit.

Risk management and internal control

The Executive Board is responsible for the implementation of effective systems for risk management and internal control throughout the entire group and for maintaining focus on ongoing improvements to these systems. The Supervisory Board and the audit committee continually assess the efficiency of risk management and internal control systems. Risk management and internal control are described independently in this report.

Audit

Based on the audit committee's recommendation, the Supervisory Board, having consulted the Executive Board, will elect an auditor. The Executive Board informs the Supervisory Board if an agreement is made with the auditor for material non-auditing services. Moreover, the auditor reports on any non-accounting services in the letter of recommendation on an ongoing basis.

A full description of Solar's position on the individual items in the corporate governance recommendations is available at www.solar.eu/Menu/Investor/Corporate+Governance

Key

A circle is placed at each point in the recommendations. The colour of the circle indicates whether we believe that Solar's practice corresponds to the corporate governance recommendations.

The key shows that Solar's practice:

Follows the recommendations in all respects

Partially follows the recommendations

Does not follow the recommendations in any respects

CORPORATE SOCIAL RESPONSIBILITY
FOCUS ON ETHICS AND THE ENVIRONMENT

GLOBAL COMPACT
Solar is a member of the UN's Global Compact, which contains ten principles, including human rights, working environment/ labour, the environment and anti-corruption. As a result of its membership, Solar is obliged to report on the activities in which we are involved within the Global Compact. From 2011, the Group will report on its CO_2 consumption and its compliance with ethical standards.

PARTNERSHIP WITH RESPONSIBLE SUPPLIERS
As a condition for entering into strategic partnerships with suppliers, Solar requires that such suppliers observe the Global Compact principles. As a business, we primarily work with important suppliers of branded products, several of whom have signed up to the Global Compact themselves. Solar also has a clear supplier strategy that means that we can stand by the products from our strategic suppliers at any given time.

CODE OF CONDUCT
Solar is known for its high ethical standards, and in 2010 implemented a code of conduct across the group. Under the code, Solar is committed to comply with current legislation and regulations and to act in an ethical, sustainable and socially responsible way in all its business activities. The code is accessible to all employees through leaflets in all languages used within the Solar Group. The ethical standards will be an integral part of all new employees' introduction programmes going forward.

CARBON DISCLOSURE PROJECT
Solar has established a reporting system for the company's CO_2 consumption. The system has been rolled out in all the group's subsidiaries and the first CO_2 emission measurements have been completed. One of the first areas being measured is CO_2 emissions generated from the direct burning of fossil fuels, i.e. fuel consumption relating to company cars, lorries, etc. Another area that has been measured is CO_2 emissions from purchased electricity. CO_2 emissions in relation to business travel and goods distribution will be measured later.

ENVIRONMENTAL STRATEGY
Solar subsidiaries have obtained a number of ISO certifications within environmental and quality management. With the Carbon Disclosure Project, Solar is now firmly focused on the environment. The work will result in a proper environmental strategy for the group and the aim is to embed this mindset across the entire organisation.

Several initiatives have already been initiated:

- Solar has opened a green data centre in Vejen, Denmark. The centre consists of an energy-efficient server room of 245 m^2.
- The group has installed a so-called TelePresence system that offers the opportunity for video conferencing. This makes it both easier and cheaper to communicate between the group's headquarters and the subsidiaries, and between the subsidiaries themselves. As the system cuts down on travel between countries, we can reduce travel costs as well as our CO_2 emissions.
- The group is also defining a policy for more eco-friendly driving in company cars.

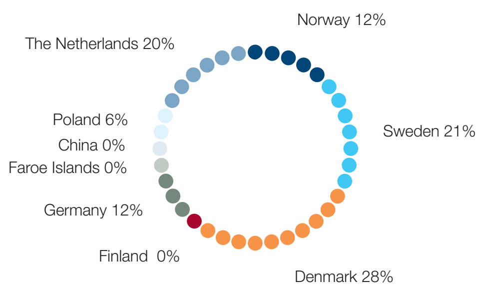
CORPORATE SOCIAL RESPONSIBILITY
SOLAR TAKES CARE OF ITS EMPLOYEES

ABSENCE DUE TO SICKNESS
Solar is committed to keeping absenteeism due to sickness at a low level. We take pride in our employees thriving in their work. In 2010, our absenteeism was 4.2 per cent.

DIVERSITY
We value a broad and diverse workforce in terms of gender, age and nationality. Solar shows respect for all employees and is committed to ensuring a good working environment characterised by equality and diversity.

GEOGRAPHICAL DISTRIBUTION
The average number of employees totalled 2,955 in 2010. The geographical distribution was largely unchanged in 2010. With 28%, Denmark remained the country with the most employees. Solar Danmark was our largest entity with 22% of all employees.

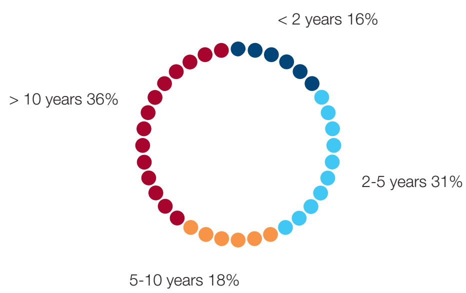
An interntational company – number of employees



China: Aurora Group has two employees in a purchasing function in Shanghai.

AGE AND SENIORITY
The average age of Solar's employees was 42. 36% of our employees had been employed for more than ten years, 18% for five-ten years, 31% for two-five years and 16% for less than two years.

Seniority in % of total workforce



SHAREHOLDER INFORMATION
WE VALUE TRANSPARENCY

RECOGNITION
Solar was awarded the Information Diploma by the Danish Society of Financial Analysts for continuously high and broad provision of information to the stock market during several years. The award is given to a listed company, typically outside the OMX C20 index, which has drawn attention to itself through extraordinarily good provision of information to the stock market, or which has made a special effort in a specific area.

INVESTOR RELATIONS POLICY
To ensure a fair share price, Solar aims to provide investors and analysts with the best possible insight into relevant issues.

The publication of information that may affect the share price must be issued in good time and in compliance with the stock exchange's rules of conduct.

Everyone must have access to such information simultaneously. We ensure this by publishing relevant information via NASDAQ OMX Copenhagen, by updating www.solar.eu and by meeting with investors and financial analysts.

Investor meetings or similar events cannot be held for a period of four weeks prior to the publication of quarterly reports. During such periods, no comments on financial results, expectations or market outlook will be issued by the company. The IR quiet periods are indicated in the financial calendar.

COMMUNICATION WITH INVESTORS
Solar wishes to be visible and accessible to existing as well as potential shareholders. This applies to both institutional and private investors.

To optimise dialogue with this target group, it is necessary to know the shareholders. Consequently, we recommend that shareholders register by name in the shareholder register.

We communicate with shareholders at general meetings, through frequent announcements via NASDAQ OMX Copenhagen and our website www.solar.eu as well as via web presentations.

Relevant investor relations material is made available at www.solar.eu where Solar stakeholders can also subscribe to electronic newsletters, receive company announcements and press releases by e-mail.

INVESTOR RELATION ACTIVITIES
We offer online webcasts in connection with the publication of annual reports and Q2 reports. In addition, Solar is also available for individual meetings with investors and analysts in Denmark and abroad.

In 2010, Solar attended roadshows in Stockholm, London, Paris, Brussels, Amsterdam, Geneva and Zurich.

In addition, we took part in, among other events, SEB Enskilda Nordic Seminar, SEB E-commerce Seminar, LD Invest Markets Small & MidCap Seminar, Carnegie Nordic Small & MidCap Seminar and Danske Markets Equities Small & MidCap Seminar.

We also hosted a capital market day at Solar Danmark in Vejen.

For private investors, we made ourselves available at two events in conjunction with NASDAQ OMX Copenhagen and Aktieinfo.

SOLAR'S SHARES
The Supervisory Board will assess the company's share and capital structure on an ongoing basis and finds it appropriate for the shareholders and the company.

Solar's share capital is composed of nominally € 12.1 million A shares and nominally € 94.2 million B shares. The A shares are not listed. The B shares are listed on NASDAQ OMX Copenhagen under the ID code DK0010274844 with the short designation SOLAR B and form part of the MidCap index and MidCap on NASDAQ OMX Nordic.

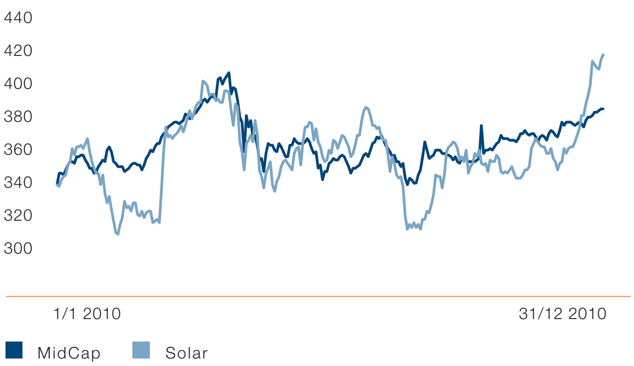
A shares have 10 votes per share amount of DKK 100, while B shares have 1 vote for each share amount of DKK 100.

To be entitled to vote, shareholders must register their shares in Solar's register of shareholders no later than one week before the Annual General Meeting.

SHARE PRICE DEVELOPMENT (INDEX)

Between year-end 2009 and year-end 2010, the price of Solar's B-share rose from DKK 343 to DKK 422, i.e. an increase of 23%.

Share price development (index)



SHAREHOLDERS

As at 31 December 2010, a total of 86.5% of the share capital was registered, distributed among 4,251 shareholders.

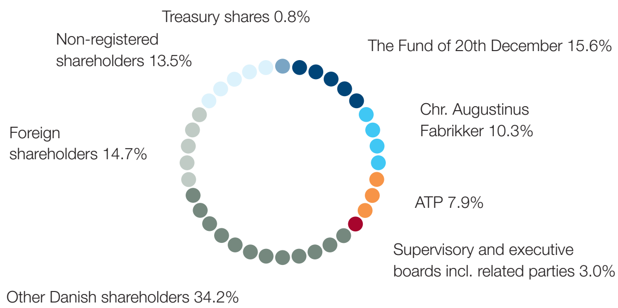
As at 31 December 2010, the following shareholders had registered ownership shares or voting rights of 5% or more of the total share capital:

Ownership and voting rights

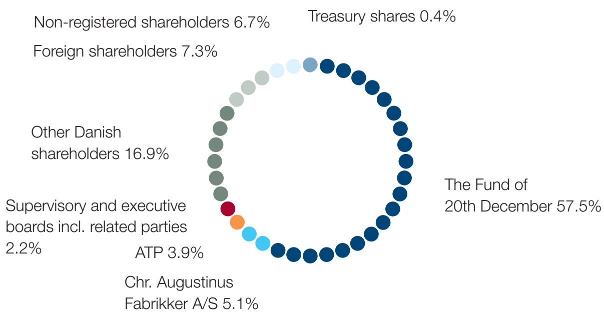
	Shares	Votes
The Fund of 20th December, Kolding	15.6%	57.5%
Chr. Augustinus Fabrikker A/S, Copenhagen	10.3%	5.1%
Arbejdsmarkedets Tillægspension, Hillerød	7.9%	3.9%

As at 31 December 2010, Solar's portfolio of treasury shares totalled 65,173 B shares or 0.8% of the share capital.

Distribution of share capital as at 31 December 2010



Distribution of votes as at 31 December 2010



DIVIDEND AND RETURN PER SHARE

At the Annual General Meeting, the Supervisory Board will propose that a dividend of DKK 10.00 per share be paid. This equates to € 1.34 per share and a distribution percentage of 42.9.

Annual dividend paid out per share amounted to € 0.57 in 2010. Overall return per share of a nominal value of DKK 100 (€ 13.41) can be determined as follows:

Return per share

	Total 2006-10	Average 2006-10	Year 2010	Year 2009
Increase in share price in €	(26.68)	(5.34)	10.54	20.40
Distributed dividend in €	8.87	1.77	0.57	2.01
Return in €	(17.81)	(3.57)	11.11	22.41

ANNUAL GENERAL MEETING

Solar A/S will hold its Annual General Meeting on Friday 8 April 2011 at 11.00 CET at Solar Danmark A/S, Industrivej Vest 43, Vejen, Denmark.

The Supervisory Board will submit the following proposals at the Annual General Meeting:

- Payout of DKK 10.00, equating to € 1.34 in return per share outstanding of DKK 100
- Approval of updated guidelines for incentive programmes for the Executive Board and Solar Management Team
- Approval of remuneration policy for the Supervisory Board and the Executive Board
- Approval of remuneration of Supervisory Board for 2011
- Election of board members

Pursuant to the company's Articles of Association, members of Solar's Supervisory Board are elected for one year.

A presentation of the members of the Supervisory Board is given on page 21.

Financial calendar 2011	
8 April	Annual General Meeting
20 April – 18 May	IR quiet period
18 May	Quarterly report for Q1 2011
20 July – 17 August	IR quiet period
17 August	Quarterly report for Q2 2011
19 October – 16 November	IR quiet period
16 November	Quarterly report Q3 2011

The presentation of the Annual Report 2010 will be transmitted online from NASDAQ OMX Copenhagen on 10 March 2011 at 11.00 CET and is available at www.solar.eu.

ANALYSTS

The following analysts cover the Solar share:
Carnegie Bank
Danske Bank
Nordea Bank Danmark
Nykredit
SEB Enskilda
Sydbank

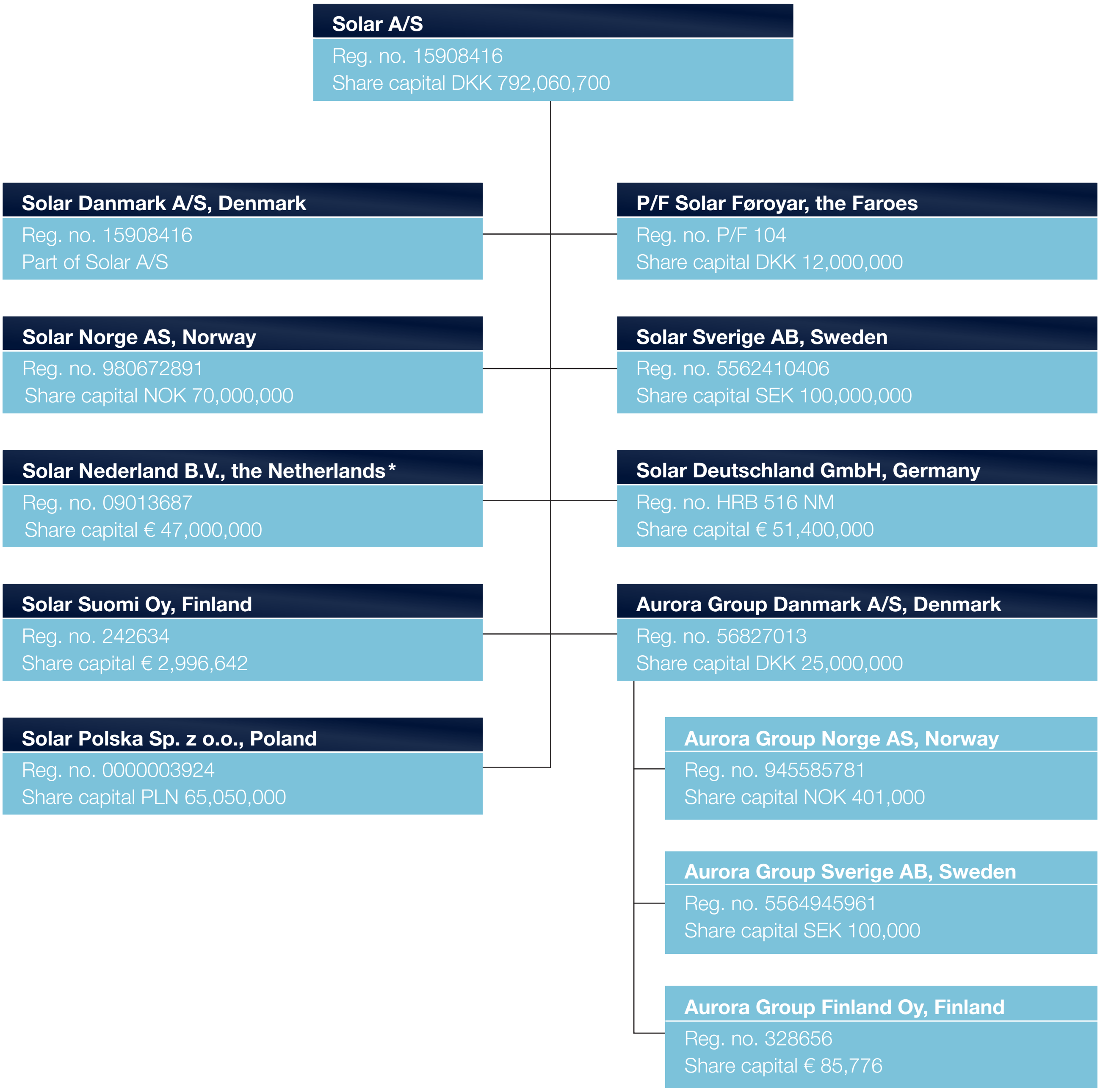
INVESTOR CONTACT

Charlotte Risskov Kræfting
Corporate IR & Communications Manager
Tel: + 45 79 30 02 57
E-mail: crk@solar.dk

Announcements 2010 excl. insider announcements

Date	No.	Announcement
20.12	31	The Corporate Finance Director joins the Executive Board of Solar A/S
18.11	30	Solar A/S expands in Poland
12.11	29	Quarterly report Q3 2010
01.11	28	The Solar Group's Aurora Group acquires operations in Sweden
29.10	27	Solar A/S is satisfied with the implementation of Solar 8000 in Solar Norge AS
18.10	26	The Solar Group's Aurora Group acquires activities in Sweden
17.09	25	Financial calendar 2011 for Solar A/S
13.09	24	Solar A/S has implemented the Solar 8000 concept in Solar Norge AS
01.09	23	Solar A/S acquires activities in Otra Danmark A/S
01.09	22	Share trading in Solar A/S reported on 1 September 2010
19.08	21	Quarterly report Q2 2010
16.08	20	Solar A/S acquires activities in Otra Danmark A/S
12.08	19	Change in management in Solar Sverige AB
04.08	18	The result of the investigations in Solar Deutschland GmbH
08.07	17	Solar Norge and Bravida Norge conclude strategic cooperation agreement
17.06	15	Solar A/S intensifies the effort in lighting
20.05	12	Quarterly report Q1 2010
16.04	11	Articles of association
16.04	10	Course of annual general meeting (AGM) of Solar A/S
13.04	9	Election of employee representatives for the Supervisory Board
25.03	8	Change in management in Solar Deutschland GmbH
25.03	7	Issue of options to the Executive Board and Management Team
24.03	6	Notice of annual general meeting
10.03	5	Issue of options to the Executive Board and Management Team in Solar A/S
10.03	4	Annual Report 2009 & Strategy "#1 in Technical Wholesale"
01.02	3	Appointment of new IR & Communications Manager
18.01	2	Business activities in Solar Suomi Oy have now been divested
06.01	1	Shareholder composition as at 31 December 2009

GROUP STRUCTURE



All group enterprises are wholly owned.
Some enterprises without operations have not been included in the above outline.

* As at 16 December 2010, Solar Nederland B.V. merged with its wholly owned subsidiary Vegro B.V. Solar Nederland B.V. is the continuing company.

SOLAR DANMARK A/S
STRONGER EARNINGS

The impact of the financial crisis and the subsequent recession continued to affect Solar Danmark in 2010. The hard winter also had an impact, especially on the first three to four months.

Nevertheless, the enterprise saw an increase in activity in relation to industry customers over the year – first within MRO activities and by the end of the year, also in relation to new investments. By contrast new construction remained at a low level.

Despite this, the enterprise succeeded in creating positive organic growth and strengthening earnings – among other things, through execution of Value Realisation initiatives.

To ensure stable operations and generate further efficiency improvements, eight new mini-load systems were commissioned at the central warehouse.

At the central warehouse, Lean continues to play a large role in the efficiency improvement work related to operations.

Similarly, a comprehensive restructuring of night distribution was implemented without any operational disruption, generating the desired savings.

Since market position is important, it was a particular pleasure to welcome the employees and take over activities from Otra Danmark A/S following the acquisition in late summer. The part of the business acquired by Solar Danmark mainly concerns sales to electrical contractors. Since then, there has been some consolidation in terms of strategic suppliers.

Interest in exploring energy-efficient solutions at our new knowledge centre, Solar Explorium, was considerable among contractors, architects, consulting engineers and builders. More than 5,000 visitors attended the centre during its first year.

Solar Explorium, which is based on renewable energy sources, is categorised as an energy class 1 building and, therefore, complies with the new legal requirements that come into force in 2015.

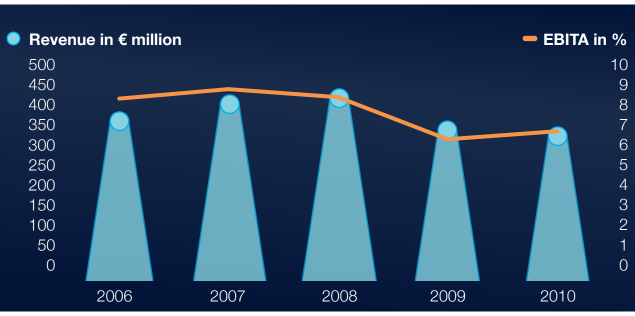
Solar Danmark in Vejen, Denmark, was awarded Apprenticeship of the Year by the Danish Business and Technical Colleges. Solar Danmark's training programmes for apprentices and the good interaction between the apprentices and the enterprise attracted particularly positive comments from the judges.

We have established Solar Consulting as a new business area with effect from 2011. Among other things, this advisory function helps contractors to optimise their business processes through Lean. Energy optimisation and general business development are all part of the programme.

We expect to achieve positive organic growth in 2011 based on the continuing positive trend in sales to industry customers. In addition, a number of technical energy projects won in 2010 will materialise in 2011. These include the extension to the Confederation of Danish Industry's building at Copenhagen's City Hall Square and the construction of the UN City at Østerbro in Copenhagen. We also expect to benefit from the growing impact from our Blue Energy concept with energy-efficient solutions for new and existing buildings.

We expect to implement Solar 8000 in Solar Danmark at the end of 2011.

SOLAR A/S, PARENT COMPANY (EXCLUDING PROFIT IN SUBSIDIARIES)



Amounts in € million	2006	2007	2008	2009	2010
Revenue	377.3	421.3	437.2	355.7	340.7
EBITA	31.5	36.6	36.4	21.9	22.6
Equity	222.2	254.1	250.5	311.7	326.3
Balance sheet total	349.2	364.9	417.2	458.6	476.8
Organic growth	20.6%	11.7%	3.9%	(18.4%)	(4.2%)
EBITA in %	8.3%	8.7%	8.3%	6.2%	6.6%
Return on invested capital (ROIC) before amortisation	17.9%	21.6%	15.7%	14.6%	16.2%
Employees (FTE)	708	779	847	801	779
Number of branches	16	16	16	12	12

SOLAR SVERIGE AB

STRONGER MARKET POSITION FOR ELECTRICAL PRODUCTS FOLLOWED BY FOCUS ON THE PLUMBING AREA

Solar Sverige experienced satisfactory development within both industry and construction activities. Increasing activity levels within the construction field extended outside the Stockholm region – underpinned by a government initiative concerning tax relief for property renovation, conversions and extensions.

Overall, Solar Sverige succeeded in strengthening its market position in the electrical area. The strong growth in the plumbing area in 2009, however, could not be followed up in 2010.

In terms of activity, plumbing was hit especially hard by the cold weather in early 2010. The weakening position in the plumbing area forced us to send out a clear signal late in the year that we wish to expand our market position in this area. Consequently, we launched an offensive by advertising for a large number of employees in order to expand our geographical spread, which currently only covers 50 per cent of the Swedish market.

The restructuring of the transport system in, initially, southern Sweden and subsequently in the Stockholm region strengthened earnings and had a positive effect on the accounts.

Solar Sverige reviewed the entire sales structure, Lean Management in sales and growing sales through e-business. A number of activities within Value Realisation were also carried out.

We have placed great emphasis on developing conceptual sales through the concepts Solar Plus and Solar Light and accordingly expanded the Solar Light organisation.

Based on the refreshed strategy "#1 in Technical Wholesale", skills requirements have been mapped with a view to new recruitment aimed at establishing a position as the customers' preferred technical wholesaler before the expiry of the strategy period. This will increase the potential for delivering more energy-efficient solutions through our Blue Energy concept.

CED Anders Gärdström decided to leave the enterprise in August 2010. Kjell Svensson, CED of Solar Sverige for many years, agreed to step in as Acting CED until a new CED can take over.

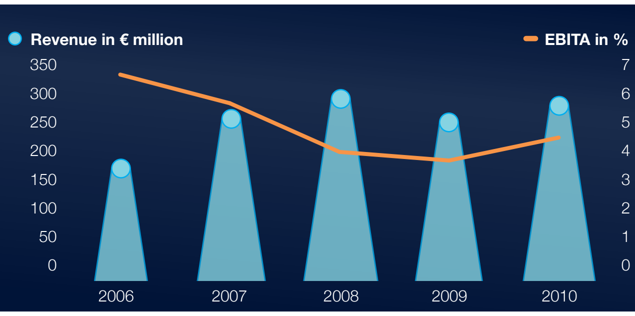
Solar Sverige's new CED is Thomas Keifer who will join the enterprise on 18 April 2011.

We expect the Swedish economy to offer attractive opportunities for growth in 2011 and believe that the recruitment of new employees for the Solar Light organisation will prove beneficial. Geographical expansion within the plumbing area will also have an increasing impact during 2011.

In addition, a major contract relating to the construction of the Swedbank Arena in Solna near Stockholm under which we will supply electrical equipment for the new football stadium is in the pipeline. When completed in 2012, the arena will be Scandinavia's largest and most modern multi-purpose arena with seating for 65,000 spectators.

Moreover, we are contracted to supply electrical equipment for the conversion of Gothenburg's post office, which will be converted into the luxury hotel, Clarion Hotel Post. The hotel is scheduled to open in early 2012.

SOLAR SVERIGE AB



Amounts in € million	2006	2007	2008	2009	2010
Revenue	180.9	268.2	302.8	262.2	292.1
EBITA	12.0	14.9	11.9	9.5	12.8
Equity	32.1	30.0	23.5	28.6	35.8
Balance sheet total	73.1	125.9	105.7	110.8	129.3
Organic growth	19.1%	19.6%	7.1%	(4.6%)	0.1%
EBITA in %	6.6%	5.6%	3.9%	3.6%	4.4%
Return on invested capital (ROIC) before amortisation	17.4%	12.3%	12.3%	9.7%	12.7%
Employees (FTE)	390	484	555	542	558
Number of branches	31	40	46	45	39

SOLAR NORGE AS
THE NORWEGIAN MARKET DEVELOPED POSITIVELY

Following a difficult start due to the cold weather, the Norwegian market performed well, with industry, offshore and telecommunications showing stable development.

Construction activity was centred on the residential market with far fewer major commercial projects. As we recorded a higher activity level among architects and consulting engineers at the end of the year, we expect to see further positive development.

The year was characterised by the implementation of the new business concept, Solar 8000, which is based on the IT system SAP.

As expected, 2010 earnings were negatively impacted by this implementation. Thus, to ensure operation of the enterprise, it was necessary to employ a significant number of temporary workers. The direct costs impacted Q4 results negatively by approx. € 1.5m. In spite of the initiatives implemented, it is estimated that the enterprise lost market share in Q4. This resulted in Q4 organic growth of -4.7%. During the period 1 January to 28 February 2011, the company realised organic growth of 5% and it is estimated that the organic growth is now in level with the market development.

It is estimated that the transition to Solar 8000 (SAP) has resulted in total Q4 losses of approx. € 4m. It is the assessment that the transition has not resulted in material loss of customers.

Thus, the pilot project in Norway faced challenges but confirmed that the template applied in combination with Value Realisation activities provides a good basis for continuing roll-out in the remaining countries.

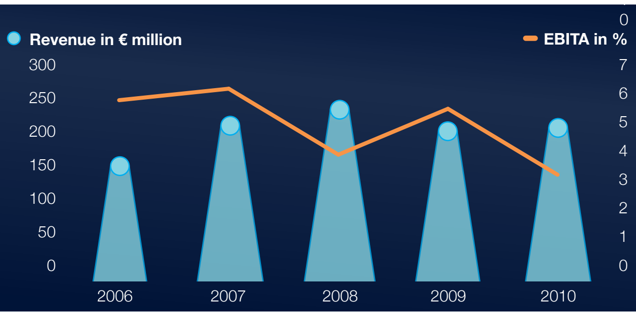
During the summer, the enterprise signed a co-operation agreement with Bravida Norge AS under which Solar becomes the preferred supplier of all electrical equipment over the next two years. This has extended the already close partnership between the two parties.

Solar Norge also focused on concept sales and on industry, offshore and utility & infrastructure.

An overview of competencies was also undertaken. This was followed by the recruitment of new employees, especially within Solar Light. This enabled us to move closer towards the goal of being the leading technical wholesaler for our customers within the current strategy period. And this, in turn, increases our ability to provide energy-efficient solutions.

We expect to record positive organic growth in 2011. As the market improves, we expect to see increased activity in all business areas. With regard to the residential market, this is unlikely to reach a level that reflects demand because of the stricter self-financing requirements which have a negative impact.

SOLAR NORGE AS



Amounts in € million	2006	2007	2008	2009	2010
Revenue	158.7	218.3	242.4	210.4	216.8
EBITA	9.0	13.3	9.1	11.4	6.7
Equity	35.2	36.3	29.0	34.4	39.3
Balance sheet total	67.0	89.7	75.8	86.2	103.0
Organic growth	27.6%	36.2%	13.8%	(7.8%)	(5.3%)
EBITA in %	5.7%	6.1%	3.8%	5.4%	3.1%
Return on invested capital (ROIC) before amortisation	14.4%	18.8%	18.8%	24.1%	11.4%
Employees (FTE)	296	353	369	344	362
Number of branches	25	25	25	27	25

SOLAR NEDERLAND B.V.
ECONOMIC TRENDS MADE THE CONDITIONS DIFFICULT

Economic developments in the Netherlands were weak throughout 2010. We recorded an improvement in sales to industry customers while construction activities remained at a low level. During the year, we lost market positions in the electricity and heating areas.

The planned initiatives relating to the integration process following the acquisition of Vegro B.V. in Q4 2008 were completed in 2010. There were major changes stemming from the merger of the two organisations involving the transition from 34 electrical or plumbing branches to 19 technical branches offering both electrical and plumbing products. In addition, the change also included a number of regional competency centres.

As at 16 December 2010, Solar Nederland B.V. merged with Vegro B.V. with Solar Nederland B.V. as the continuing company.

Towards year-end 2010, the enterprise had reached a stage of integration where we were able to organise an internal trade show where close to 4,000 visitors and more than 80 suppliers were introduced to the new Solar Nederland, including the IWS (Integrated Work Solutions) facilities, the Blue Energy concept and e-business solutions.

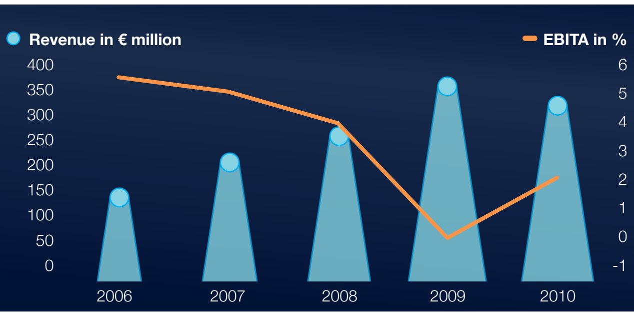
Internal communications have been significantly strengthened to ensure a consistent Solar culture and one set of Solar values in the joint enterprise.

A joint transport agreement was signed during the year. This has contributed to improved earnings. Delivery services have been enhanced and new tools employed to reduce net working capital and strengthen earnings.

A review of available competencies in the organisation was also undertaken to assist the preparations for establishing the enterprise as the leading technical wholesaler for customers before the end of the strategy period.

Concurrently, Solar Nederland is preparing for the transition to the business concept Solar 8000 during 2011 – a year which is expected to be characterised by continuing low activity levels in the construction sector while seeing rising activity in the industry segment. During 2011, however, some positive organic growth is expected to materialise, primarily driven by a stronger market position.

SOLAR NEDERLAND B.V.



Amounts in € million	2006	2007	2008	2009	2010
Revenue	150.1	218.4	271.3	371.1	332.2
EBITA	8.3	11.0	10.5	(0.3)	6.8
Equity	16.4	18.7	19.9	50.6	50.5
Balance sheet total	75.6	74.0	176.7	151.9	148.8
Organic growth	9.6%	8.5%	(0.1%)	(19.5%)	(10.5%)
EBITA in %	5.5%	5.0%	3.9%	(0.1%)	2.0%
Return on invested capital (ROIC) before amortisation	14.8%	25.9%	17.0%*	(0.2%)	3.9%
Employees (FTE)	309	404	529	770	657
Number of branches	24	24	37	34	19

* When calculating ROIC, a translation has been made to show the full-year effect of Vegro B.V.

SOLAR DEUTSCHLAND GMBH
REORGANISATION AIMS TO BOOST EARNINGS

In general, the market developed positively, with export-oriented industry recording significant growth. Construction activities were focused on energy-efficient solutions – especially up until the time when the subsidy scheme for solar cells was changed.

Our market position, however, became weaker. First and foremost, this was due to the fact that we concentrated our efforts on activities which will ultimately help to create sound earnings. These endeavours included strong emphasis on the sales concepts Solar Plus and Solar Light and the implementation of the e-business system Solar Gateway from the beginning of 2011.

Mergers in the branch structure were implemented and sales management was centralised. Moreover, an industry sales organisation was set up.

The Solar School continued its activities after its inception in 2009 with more than 1,000 customers receiving training during the year.

The product organisation was strengthened, and the entire organisation was focused on the execution of Solar's current strategy.

In March 2010, CED Hilmar Bartels agreed to resign his position at Solar Deutschland GmbH. Jens Andersen, Finance and Supply Chain Director of Solar Denmark, was appointed Acting CED until the appointment of a new CED for Solar Deutschland was made.

As at 1 February 2011, Joachim Malich took up the position as new CED for Solar Deutschland.

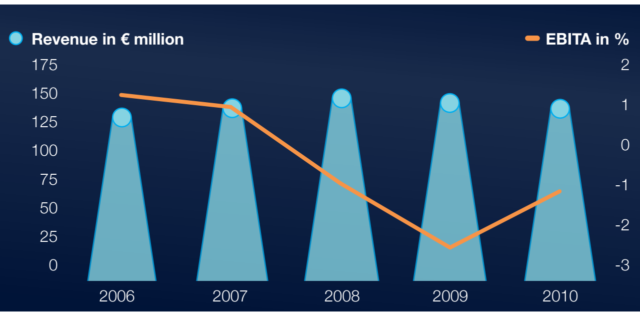
The positive market trends are likely to continue into 2011 and we expect to strengthen our market position by focusing on sales to small and large contractors and industry customers. The enterprise has negotiated a new transport agreement which will take effect from the second half year of 2011. This should have a positive impact on earnings.

The year's results were negatively affected by restructuring costs of € 1.2 million.

As mentioned in announcement no. 18, in connection with the preparations for Q2 2010, it was discovered that the enterprise's accounts had not been presented in accordance with the Solar Group's accounting policies.

The resulting errors in the accounts for previous years had a negative effect on equity of € 1.4 million and increased debt to suppliers accordingly.

SOLAR DEUTSCHLAND GMBH



Amounts in € million	2006	2007	2008	2009	2010
Revenue	134.8	143.0	151.7	147.4	142.6
EBITA	1.6	1.3	(1.5)	(3.9)	(1.7)
Equity	48.1	47.9	46.5	42.6	40.9
Balance sheet total	59.8	58.9	59.8	54.0	54.0
Organic growth	8.3%	6.1%	6.1%	(2.8%)	(3.3%)
EBITA in %	1.2%	0.9%	(1.0%)	(2.6%)	(1.2%)
Return on invested capital (ROIC) before amortisation	2.7%	2.6%	(2.8%)	(9.1%)	(3.7%)
Employees (FTE)	329	348	389	396	361
Number of branches	16	21	24	20	20

SOLAR POLSKA SP. Z O.O.
GEOGRAPHICAL EXPANSION CONTINUES

The early part of the year was marked by a very cold spell. The rest of the year, however, was characterised by a relatively high level of activity – within both industry and construction.

The preparations for EURO 2012 triggered considerable construction and infrastructure projects. New or upgraded football stadiums are planned for four Polish cities in preparation for Poland and Ukraine co-hosting the European Football Championships in 2012.

2010 was also a year when the Polish enterprise had to adapt to a new business model for emerging markets. The new model has stronger focus on products, logistics and sales concepts such as Solar Plus, Solar Light and Solar Industry and less emphasis on services.

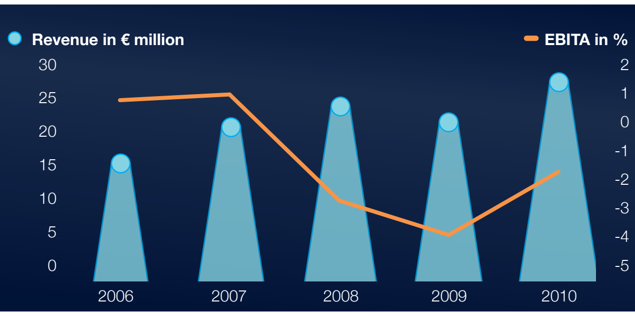
Efforts aimed at developing the branch structure continued. At year-end, the number of branches stood at 18 with new branches in, among other places, Warsaw and Gdansk.

The branch in Gdansk materialised through the acquisition of part of Agat-System's activities. As a result, Solar welcomed 15 new employees. The acquisition provided Solar Polska with a significantly stronger skills base within telecommunications, data and security.

The branch openings and the acquisition reflect Solar Polska's commitment to strengthening its position in the market. With the acquisition of part of Agat-System's operations we are extending our geographical spread and our market position. The work will continue over the coming years to ensure critical mass.

The positive trend is expected to continue in 2011 when we expect to strengthen our market position further.

SOLAR POLSKA SP. Z O.O.



Amounts in € million	2006	2007	2008	2009	2010
Revenue	16.3	21.7	24.8	22.5	28.5
EBITA	0.1	0.2	(0.7)	(0.9)	(0.5)
Equity	9.5	10.4	8.4	8.9	9.6
Balance sheet total	12.3	13.8	15.4	14.7	18.4
Organic growth	16.8%	28.4%	(3.4%)	(9.7%)	13.2%
EBITA in %	0.7%	0.9%	(2.8%)	(4.0%)	(1.8%)
Return on invested capital kapital (ROIC) before amortisation	1.6%	2.0%	(5.9%*)	(10.2%)	(5.3%)
Employees (FTE)	82	92	119	152	145
Number of branches	6	6	19	17	18

* When calculating ROIC, a translation has been made to show the full-year effect of Eltomont Sp. z o.o.

P/F SOLAR FØROYAR
WEAK ECONOMIC TRENDS CAME INTO PLAY

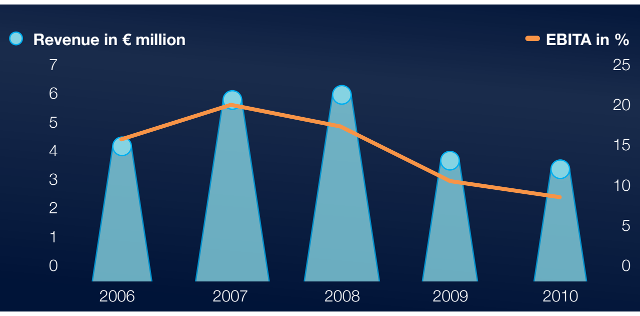
To a significant extent, we are subject to market trends. As the Faroes experienced particularly weak economic trends throughout the year, this impacted our operations.

The inclusion of plumbing products in the portfolio in august 2009 has not generated the anticipated sales increase.

The training courses at the Solar School, however, have increased. This is expected to have a positive impact on the development.

We also expect to be subject to the general business cycle in the Faroes in 2011.

P/F SOLAR FØROYAR



Amounts in € million	2006	2007	2008	2009	2010
Revenue	4.4	6.0	6.2	3.9	3.6
EBITA	0.7	1.2	1.1	0.4	0.3
Equity	1.6	1.6	1.6	1.6	1.6
Balance sheet total	3.4	4.4	3.8	2.9	2.8
Organic growth	18.0%	35.0%	3.2%	(37.0%)	(9.2%)
EBITA in %	15.5%	19.8%	17.1%	10.3%	8.3%
Return on invested capital (ROIC) before amortisation	120.7%	138.5%	72.9%	23.8%	25.3%
Employees (FTE)	10	11	11	12	11
Number of branches	1	1	1	1	1

AURORA GROUP
LIGHT AHEAD AFTER A CHALLENGING YEAR

2010 was a challenging year in terms of sales of components for consumer electronics and appliances – especially in Denmark and, to some extent, in Norway. In Sweden and Finland, developments were more positive during the year.

Focus has been on strengthening the product organisation and the brand strategies.

The restructuring carried out during 2009 proved to function as expected in 2010, including the third-party logistics solution in Jönköping, Sweden.

Towards the end of the year, Aurora Group acquired two operations in Sweden from Hanestrom Paper AB and Melitta Scandinavia AB. These acquisitions have expanded the enterprise's sales and distribution of domestic appliance fittings, especially in the Swedish market.

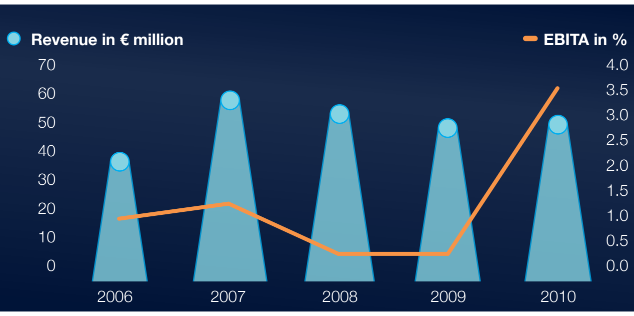
During the year, we worked to build up strong brand positions for a number of leading international manufacturers, and also worked on product range and marketing activities.

The stronger brand positions for leading international manufacturers are expected to further strengthen Aurora Group's market position in 2011.

The Aurora Group expects some growth based on positive market trends in the Swedish, Norwegian and Finnish markets, whereas expectations for the Danish market are more modest.

In the first quarter of 2011, the enterprise will upgrade its standard IT platform from Concorde to Microsoft Dynamics AX2009. This represents the last major stage in Aurora Group's comprehensive restructuring programme which has been implemented over the past two years.

AURORA GROUP



Amounts in € million	2006	2007	2008	2009	2010
Revenue	38.8	60.1	55.4	50.5	51.6
EBITA	0.3	0.7	0.1	0.1	1.8
Equity	5.4	4.6	4.6	4.8	3.4
Balance sheet total	31.0	33.8	31.8	31.4	30.3
Organic growth	(2.9%)	11.8%	(6.1%)	(4.9%)	(4.4%)
EBITA in %	0.9%	1.2%	0.2%	0.2%	3.5%
Return on invested capital (ROIC) before amortisation	15.9%	2.4%	0.8%	1.2%	38.6%
Employees (FTE)	97	128	138	111	81

FINANCIAL STATEMENT CONTENTS

INCOME STATEMENT

Note	€ million	Group 2010	Group 2009	Parent company 2010	Parent company 2009
3	Revenue	1,401.5	1,431.4	340.7	355.7
	Cost of sales	(1,101.7)	(1,135.5)	(249.2)	(263.4)
	Gross profit	**299.8**	**295.9**	**91.5**	**92.3**
4	External operating costs	(60.2)	(64.3)	(10.0)	(9.3)
5	Staff costs	(175.8)	(179.3)	(53.9)	(55.3)
6	Loss on trade receivables	(3.2)	(4.3)	(1.2)	(2.2)
	Earnings before interest, tax, depreciation and amortisation (EBITDA)	**60.6**	**48.0**	**26.4**	**25.5**
7	Depreciation on property, plant and equipment	(11.6)	(11.8)	(3.8)	(3.6)
	Earnings before interest, tax and amortisation (EBITA)	**49.0**	**36.2**	**22.6**	**21.9**
7	Amortisation of intangible assets	(7.4)	(6.8)	(0.2)	0.0
	Operating profit or loss before special items	**41.6**	**29.4**	**22.4**	**21.9**
8	Special items, net	0.0	(7.0)	0.0	0.0
	Earnings before interest and tax (EBIT)	**41.6**	**22.4**	**22.4**	**21.9**
	Dividend from subsidiaries	-	-	8.4	10.6
9	Financial income	5.5	7.6	4.3	4.2
10	Financial costs	(11.7)	(12.6)	(9.2)	(5.3)
	Earnings before tax (EBT)	**35.4**	**17.4**	**25.9**	**31.4**
11	Corporation tax	(10.8)	(7.3)	(5.6)	(4.6)
12	**Net profit for the year**	**24.6**	**10.1**	**20.3**	**26.8**
13	Earnings per share in € per share outstanding (EPS)	3.13	1.48		
13	Diluted earnings per share in € per share outstanding (EPS-D)	3.12	1.48		

STATEMENT OF COMPREHENSIVE INCOME

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Net profit for the year	**24.6**	**10.1**	**20.3**	**26.8**
Other income and costs recognised:				
Foreign currency translation adjustment at the beginning of the year	(0.3)	0.1	(0.5)	0.3
Foreign currency translation adjustment of capital contributions in foreign subsidiaries	-	-	0.0	(0.1)
Foreign currency translation adjustment of foreign subsidiaries	8.3	8.1	-	-
Value adjustment of hedging instruments before tax	(0.7)	0.9	(1.0)	0.6
Tax on value adjustments of hedging instruments	0.1	0.8	0.2	(0.1)
Other income and costs recognised after tax	**7.4**	**9.9**	**(1.3)**	**0.7**
Total comprehensive income of the year	**32.0**	**20.0**	**19.0**	**27.5**

BALANCE SHEET

Note	€ million	Group 31.12 2010	Group 31.12 2009 changed[1]	Group 01.01 2009 changed	Parent company 31.12 2010	Parent company 31.12 2009
	ASSETS					
14	Intangible assets	68.9	53.7	45.7	32.5	17.1
15	Property, plant and equipment	175.3	175.7	174.4	43.2	41.0
16	Investments	0.8	1.1	0.9	223.7	226.9
	Non-current assets	**245.0**	**230.5**	**221.0**	**299.4**	**285.0**
17	Inventories	158.0	142.3	162.0	33.0	31.6
18	Trade receivables	210.8	180.7	202.6	52.4	39.7
	Receivables from subsidiaries	-	-	-	53.9	62.8
	Corporation tax receivable	3.9	7.9	6.8	2.5	1.6
	Other receivables	4.3	6.3	5.5	2.2	2.6
19	Prepayments	2.5	2.8	2.9	0.4	0.1
20	Securities	30.9	0.0	0.0	30.9	0.0
	Cash and cash equivalents	28.7	47.9	3.3	2.1	35.2
	Assets held for sale	0.0	2.1	0.0	0.0	0.0
	Current assets	**439.1**	**390.0**	**383.1**	**177.4**	**173.6**
	Total assets	**684.1**	**620.5**	**604.1**	**476.8**	**458.6**
	EQUITY AND LIABILITES					
21	Share capital	106.3	106.4	97.8	106.3	106.4
	Reserves	(6.4)	(14.1)	(23.9)	(4.4)	(3.6)
	Retained earnings	174.5	160.5	116.2	213.9	204.4
	Proposed dividend for the year	10.5	4.5	13.5	10.5	4.5
	Equity	**284.9**	**257.3**	**203.6**	**326.3**	**311.7**
22	Interest-bearing liabilities	130.5	134.3	141.4	55.9	62.7
	Other liabilities	0.0	0.0	0.2	0.0	0.0
24	Provision for pension obligations	1.9	3.9	3.7	0.4	0.5
25	Provision for deferred tax	25.5	21.5	20.7	11.9	8.3
26	Other provisions	5.1	4.0	1.5	0.0	0.0
	Non-current liabilities	**163.0**	**163.7**	**167.5**	**68.2**	**71.5**
22	Interest-bearning liabilities	27.6	16.4	90.9	16.2	7.2
	Trade payables	145.7	108.1	83.8	37.9	33.0
	Amounts owed to subsidiaries	-	-	-	1.7	8.0
	Corporation tax payable	1.5	4.4	1.4	0.0	0.3
27	Other payables	58.7	63.8	56.4	26.5	26.4
28	Prepayments	0.0	0.6	0.5	0.0	0.5
26	Other provisions	2.7	6.2	0.0	0.0	0.0
	Current liabilities	**236.2**	**199.5**	**233.0**	**82.3**	**75.4**
	Liabilities	**399.2**	**363.2**	**400.5**	**150.5**	**146.9**
	Total equity and liabilities	**684.1**	**620.5**	**604.1**	**476.8**	**458.6**

[1] Prior year adjustments have been made due to errors resulting from non-compliance with the group's internal accounting policies in Solar Deutschland GmbH, see page 34.

CASH FLOW STATEMENT

Note	€ million	Group 2010	Group 2009	Parent company 2010	Parent company 2009
	Net profit for the year	**24.6**	**10.1**	**20.3**	**26.8**
	Depreciation and amortisation	19.0	18.6	4.0	3.6
	Change in provisions and other adjustments	(4.5)	8.4	(0.1)	(0.8)
9, 10	Financials, net	6.2	5.0	4.9	1.1
	Corporation tax	10.8	7.3	5.6	4.6
9, 10	Financials, net, paid	(7.1)	(8.0)	(1.8)	(2.3)
	Corporation tax paid	(6.7)	(4.8)	(2.7)	(2.0)
	Cash flow before change in working capital	**42.3**	**36.6**	**30.2**	**31.0**
	Change in inventories	(3.9)	25.3	3.5	11.6
	Change in receivables	(16.7)	28.2	(1.2)	0.6
	Change in non-interest bearing liabilities	24.9	28.1	(2.9)	3.5
	Cash flow from operating activities	**46.6**	**118.2**	**29.6**	**46.7**
14	Investments in intangible assets	(15.7)	(12.4)	(14.8)	(12.4)
29	Investments in property, plant and equipment	(6.4)	(7.8)	(6.1)	(5.5)
	Investments in other investments	0.3	(0.2)	(0.9)	(42.9)
30	Acquisition of activities	(13.0)	0.0	(9.4)	0.0
30	Divestment of activity	2.7	0.0	0.0	0.0
	Cash flow from investing activities	**(32.1)**	**(20.4)**	**(31.2)**	**(60.8)**
	Raising of non-current interest-bearing liabilities	15.3	0.8	0.0	0.8
	Repayment of non-current interest-bearing liabilities	(24.7)	(11.5)	(6.8)	(6.2)
	Loans to subsidiaries	-	-	1.6	47.2
	Dividends paid	(4.5)	(13.5)	(4.5)	(13.5)
	Capital increase	0.0	26.5	0.0	26.5
	Purchase and sale of treasury shares	0.1	20.7	0.1	20.7
	Cash flow from financing activities	**(13.8)**	**23.0**	**(9.6)**	**75.5**
	Total cash flow	**0.7**	**120.8**	**(11.2)**	**61.4**
	Cash as at 1 January	31.5	(87.6)	28.0	(33.5)
	Foreign currency translation adjustment	(0.2)	(1.7)	0.0	0.1
	Cash as at 31 December	**32.0**	**31.5**	**16.8**	**28.0**
	Cash as at 31 December				
	Securities	30.9	0.0	30.9	0.0
	Cash at bank and in hand	28.7	47.9	2.1	35.2
	Current interest-bearing liabilities	(27.6)	(16.4)	(16.2)	(7.2)
	Cash as at 31 December	**32.0**	**31.5**	**16.8**	**28.0**

STATEMENT OF CHANGES IN EQUITY

€ million	Share capital	Reserves for hedging transactions	Reserves for foreign currency transactions adjustment	Retained earnings	Proposed dividends	Total
	Group					
2010						
Equity as at 1 January	**106.4**	**(6.7)**	**(7.4)**	**160.5**	**4.5**	**257.3**
Foreign currency translation adjustment at beginning of year	(0.1)			(0.2)		(0.3)
Foreign currency translation adjustment of foreign subsidiaries			8.3			8.3
Value adjustment of hedging instruments before tax		(0.7)				(0.7)
Tax on value adjustments		0.1				0.1
Net income recognised directly in equiy	(0.1)	(0.6)	8.3	(0.2)	0.0	7.4
Net profit for the year				14.1	10.5	24.6
Comprehensive income	**(0.1)**	**(0.6)**	**8.3**	**13.9**	**10.5**	**32.0**
Distribution of dividend					(4.5)	(4.5)
Sale of treasury shares				0.1		0.1
Other movements	**0.0**	**0.0**	**0.0**	**0.1**	**(4.5)**	**(4.4)**
Equity as at 31 December	**106.3**	**(7.3)**	**0.9**	**174.5**	**10.5**	**284.9**
2009						
Equity as at 1 January	**97.8**	**(8.4)**	**(15.5)**	**117.6**	**13.5**	**205.0**
Adjustments concerning previous years [1]				(1.4)		(1.4)
Adjusted equity as at 1 January	**97.8**	**(8.4)**	**(15.5)**	**116.2**	**13.5**	**203.6**
Foreign currency translation adjustment at beginning of year				0.1		0.1
Foreign currency translation adjustment of foreign subsidiaries			8.1			8.1
Value adjustment of hedging instruments before tax		0.9				0.9
Tax on value adjustments		0.8				0.8
Net income recognised directly in equity	0.0	1.7	8.1	0.1	0.0	9.9
Net profit for the year				5.6	4.5	10.1
Comprehensive income	**0.0**	**1.7**	**8.1**	**5.7**	**4.5**	**20.0**
Distribution of dividend					(13.5)	(13.5)
Capital increase	8.6			17.9		26.5
Sale of treasury shares				20.7		20.7
Other movements	**8.6**	**0.0**	**0.0**	**38.6**	**(13.5)**	**33.7**
Equity as at 31 December	**106.4**	**(6.7)**	**(7.4)**	**160.5**	**4.5**	**257.3**

[1] Prior year adjustments have been made due to errors resulting from non-compliance with the group's internal accounting policies in Solar Deutschland GmbH, see page 34.

STATEMENT OF CHANGES IN EQUITY

€ million	Share capital	Reserves for hedging transactions	Reserves for foreign currency transactions adjustment	Retained earnings	Proposed dividends	Total
	Parent company					
2010						
Equity as at 1 January	**106.4**	**(3.5)**	**(0.1)**	**204.4**	**4.5**	**311.7**
Foreign currency translation adjustment at beginning of year	(0.1)			(0.4)		(0.5)
Value adjustment of hedging instruments before tax		(1.0)				(1.0)
Tax on value adjustments		0.2				0.2
Net income recognised directly in equiy	(0.1)	(0.8)	0.0	(0.4)	0.0	(1.3)
Net profit for the year				9.8	10.5	20.3
Comprehensive income	**(0.1)**	**(0.8)**	**0.0**	**9.4**	**10.5**	**19.0**
Distribution of dividend					(4.5)	(4.5)
Purchase of treasury shares				0.1		0.1
Other movements	**0.0**	**0.0**	**0.0**	**0.1**	**(4.5)**	**(4.4)**
Equity as at 31 December	**106.3**	**(4.3)**	**(0.1)**	**213.9**	**10.5**	**326.3**
2009						
Equity as at 1 January	**97.8**	**(4.0)**	**0.0**	**143.2**	**13.5**	**250.5**
Foreign currency translation adjustment at beginning of year				0.3		0.3
Foreign currency translation adjustment on capital contributions in foreign subsidiaries			(0.1)			(0.1)
Value adjustment of hedging instruments before tax		0.6				0.6
Tax on value adjustments		(0.1)				(0.1)
Net income recognised directly in equiy	0.0	0.5	(0.1)	0.3	0.0	0.7
Net profit for the year				22.3	4.5	26.8
Comprehensive income	**0.0**	**0.5**	**(0.1)**	**22.6**	**4.5**	**27.5**
Distribution of dividend					(13.5)	(13.5)
Capital increase	8.6			17.9		26.5
Sale of treasury shares				20.7		20.7
Other movements	**8.6**	**0.0**	**0.0**	**38.6**	**(13.5)**	**33.7**
Equity as at 31 December	**106.4**	**(3.5)**	**(0.1)**	**204.4**	**4.5**	**311.7**

NOTES

1. ACCOUNTING POLICIES

The annual report of Solar A/S for 2010 is presented in accordance with the International Financial Reporting Standard (IFRS) as approved by the EU and additional Danish disclosure requirements for annual reports of listed companies, cf. NASDAQ OMX Copenhagen's disclosure requirements for annual reports of listed companies and the IFRS executive order issued in accordance with the Danish Financial Statements Act.

The annual report has been prepared using the historical cost formula with the exception of derivative financial instruments, which are measured at fair value, as well as non-current assets and groups of assets held for sale, which are measured at the lowest value of the book value before change in classification or fair value excluding sales costs.

The accounting policies described below have been applied consistently in the financial year and to the comparative figures.

Changes have been made in the figures of comparison due to errors resulting from non-compliance with the group's internal accounting policies in Solar Deutschland GmbH, cf. announcement no. 18 2010.

€ million	**1 January 2009**		**2009**	**31/12 2009**	
	Trade payables	Equity	Net profit for the year	Trade payables	Equity
Results cf. annual report 2009	82.4	205.0	10.1	106.7	258.7
Error in the statement of bonus	1.4	(1.4)	0	1.4	(1.4)
Adjusted result for 2009	83.8	203.6	10.1	108.1	257.3

The correction of the error will have no tax impact as there are tax losses in Solar Deutschland GmbH.

The annual report is presented in € which is the company's presentation currency.

Implementation of new financial reporting standards

As of 1 January 2010, Solar implemented the following IFRS standards:

Change of IFRS 3 and IAS 27 related to business combinations and consolidated accounts

Among other things, the changes imply that transaction costs in connection with acquisitions must be charged to the profit and loss account, the option to recognise full goodwill in connection with partial acquisitions and treating the purchase and sale of minority interests as equity transactions. The changes apply solely to mergers etc. after January 2010.

Other

Accounting standards IFRS 1, IFRS 2, IAS 39 and the interpretive aids IFRIC 17, 18 as well as the annual improvements to the applicable IFRS.

These standards have not affected recognition and measurement compared to last year.

Note 33 includes a description of new standards and interpretations that have not yet come into force.

Description of accounting policies

Consolidated financial statements

The consolidated financial statements include the financial statements of the parent company Solar A/S and subsidiaries of which Solar A/S has direct or indirect control.

The consolidated financial statements have been prepared as a summary of the parent company's and the individual subsidiaries' financial statements and in accordance with the group's accounting policies. Intercompany revenue, other intercompany operating items, intercompany balances, profit and loss from transactions between the consolidated enterprises as well as internal equity investments are eliminated.

Business combinations

Newly acquired or newly founded subsidiaries are recognised from the date of obtaining control of the enterprise acquired (date of acquisition). Upon acquisition of subsidiaries the acquisition method is applied.

For acquisitions after 1 January 2010, cost is stated as the fair value of the assets transferred, obligations undertaken and shares issued. Cost includes the fair value of any earn-outs. Expenses related to the acquisition are recognised in the period in which they are incurred. Identifiable assets, liabilities and contingent liabilities (net assets) relating to the enterprise acquired are recognised at fair value at the date of acquisition calculated in accordance with the group accounting policies.

In connection with every acquisition, goodwill and a non-controlling interest (minority) are recognised according to one of the following methods:

1) Goodwill relating to the enterprise acquired comprises a positive difference, if any, between the total fair value of the enterprise acquired and the fair value of the total net assets for accounting purposes. The non-controlling interest is recognised at the share of the total fair value of the enterprise acquired (full goodwill).

2) Goodwill relating to the enterprise acquired comprises a positive difference, if any, between cost and fair value of the group's share of the net assets for accounting purposes of the acquired enterprise at the date of acquisition. The non-controlling interest is recognised at the proportionate share of the net assets acquired (proportionate goodwill).

Goodwill is recognised in intangible assets. Goodwill is not amortised, but is valued once a year and in connection with indication of impairment to determine whether it has been subject to any impairment. If so, write-down for impairment is made to the lower recoverable amount of the asset. Sold or liquidated enterprises are recognised up to the date of disposal. Any gain or loss compared to the carrying amount at the date of disposal is recognised in the income statement to the extent the control of the subsidiary is also transferred.

1. ACCOUNTING POLICIES CONTINUED

Comparative figures are not restated for newly acquired, sold or liquidated enterprises.

Translation of amounts in foreign currency
A functional currency is determined for each of the group's enterprises. The functional currency is the currency used in the primary financial environment in which the individual reporting enterprise operates. Transactions in other currencies than the functional currency are considered transactions in foreign currency.

Transactions in foreign currency are translated at first recognition to the functional currency at the exchange rate prevailing at the date of the transaction. Differences between the exchange rate prevailing at the date of the transaction and the exchange rate at the payment date are recognised in the income statement as items under financial income and expenses.

All monetary items in foreign currency that have not been settled on the balance sheet date are translated into the functional currency using the exchange rate of the balance sheet date. Any differences between the exchange rate prevailing at the date of the transaction and the balance sheet date exchange rate are recognised in the income statement as items under financial income and expenses.

When recognising enterprises with a different functional currency than € in the consolidated financial statements, the income statements are translated at the exchange rate prevailing at the date of the transaction and balance sheet items are translated at the balance sheet date exchange rate. The average rate of exchange for the individual months is used as exchange rate prevailing at the date of the transaction to the extent that this does not result in a considerably different presentation. Exchange rate differences, arisen in connection with translation of these enterprises' equity at the beginning of the year at the balance sheet date exchange rates and in connection with the translation of income statements from the exchange rate prevailing at the date of transaction to the balance sheet date exchange rates, are recognised directly in equity as a separate reserve for foreign currency translation adjustment.

Translation adjustment of intercompany balances regarded as part of the total net investment in enterprises with a different functional currency than € is recognised in the consolidated financial statements directly in equity under a separate reserve for translation adjustment. Similarly, foreign exchange gains and losses on loans that have been raised as currency hedging of the net investment in these enterprises and which efficiently safeguard against corresponding foreign exchange gains/losses on net investments in the enterprise are recognised in the consolidated financial statements directly in equity under a separate reserve for foreign currency translation adjustment.

Derivatives
Derivatives are only used to hedge financial risks in the form of interest rate and currency risks.

Derivative financial risks are initially recognised at cost and at fair value subsequently. Both realised and unrealised gains and losses are recognised in the income statement unless the derivatives are part of hedging of future transactions. Value adjustments of derivatives for hedging of future transactions are recognised directly in equity. As the hedged transactions are realised, gains or losses are recognised in the hedging instrument from equity to the same item as the hedged items. Any non-effective part of the financial instrument in question is recognised in the income statement.

Derivatives are recognised under other receivables or other payables.

Income statement

Revenue
Revenue includes goods for resale recognised in the income statement if the passing of the risk to the customer takes place before the end of the year and if revenue can be determined reliably. Revenue is measured exclusive VAT and duties charged on behalf of a third party. All types of discount allowed are recognised in revenue.

Costs
Cost of sales includes the year's purchases and change in inventory of goods for resale. This includes shrinkage and any write-down resulting from obsolescence.

External operating costs include the year's paid expenses of a primary character in relation to the primary purpose.

Staff costs include wages and salaries, considerations, pensions, share-based compensation and other staff costs related to the company's staff, including the executive and supervisory boards.

Loss on trade receivables includes ascertained losses on debtors, income from previously written-off trade receivables and change in write-down to meet bad debts.

Special items
Special items include non-recurrent large income and costs. These items are presented separately to ensure the comparability in the income statement and to give a good presentation of earnings before interest, tax, depreciation and amortisation.

Financial income and costs
Financial income and costs include interest and capital gains and losses, etc.

Corporation tax
Solar A/S is taxed jointly with both its Danish subsidiaries. The current Danish corporation tax is allocated to the jointly taxed enterprises relative to their taxable income. Enterprises that use tax loss in other enterprises pay a joint taxation contribution to the parent, corresponding to the tax base of the loss used, while enterprises whose tax loss is used by other enterprises receive joint tax contribution from the parent company, corresponding to the tax base of the loss used (full distribution).

Tax for the year is recognised with the part that can be attributed to net profit for the year in the income statement and with the part attributable to other income and costs recognised in the statement of comprehensive income. Tax consists of current tax and changes to deferred tax.

1. ACCOUNTING POLICIES CONTINUED

Balance sheet

Customer-related intangible assets

Customer-related intangible assets acquired in connection with business combinations are measured at cost less accumulated amortisation and impairment loss.

Customer-related intangible assets acquired are amortised using the straight-line principle over the expected useful life. Typically, the amortisation period is 5-7 years.

Goodwill

At the first recognition in the balance sheet, goodwill is recognised as described under business combinations. Subsequently, goodwill is measured at this value less accumulated impairment loss. No amortisation of goodwill is performed.

The carrying amount of goodwill is allocated to the group's cash-generating units at the date of acquisition. The determination of cash-generating units follows the managerial structure and internal management control.

Software

Software is measured at cost less accumulated amortisation and writedown. Cost includes both direct internal and external costs. Software is amortised using the straight-line principle over 8 years. The basis of amortisation is reduced by any write-down.

Property, plant and equipment

Land and buildings as well as other plant, operating equipment, and tools and equipment are measured at cost less accumulated depreciation and write-down.

Cost includes the purchase price and costs directly attributable to the acquisition until the time when the asset is ready for use. Cost of a combined asset is disaggregated into separate components which are depreciated separately if the useful lives of the individual components differ.

Borrowing costs for Solar-constructed property, plant and equipment with long construction periods after 1 January 2009 are recognised in cost.

Subsequent expenditure, for example in connection with the replacement of components of property, plant or equipment, is recognised in the carrying amount of the relevant asset when it is probable that the incurrence will result in future economic benefits for the group. The replaced components cease to be recognised in the balance sheet and the carrying amount is transferred to the income statement. All other general repair and maintenance costs are recognised in the income statement when the expenses are incurred.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives which are:

Buildings	40 years
Technical installations	20 years
Plant, operating equipment, and tools and equipment	2-5 years

There are a few differences from the mentioned depreciation periods in which useful life is estimated as shorter.

Leasehold improvements are depreciated over the lease term, however, maximum 5 years.

Land is not depreciated.

Impairment of non-current assets

Goodwill is tested yearly for impairment, the first time before the end of the year of acquisition.

The carrying amount of goodwill is tested for impairment together with the other non-current assets of the cash-generating unit to which goodwill is allocated, and is written down at recoverable amount via the income statement, provided that the carrying amount is larger. Most often, the recoverable amount is determined as the present value of the expected future net cash flows from the company or activity (cash-generating unit) that the goodwill is affiliated to. Write-down of goodwill is recognised on a separate line in the income statement.

The carrying amount of non-current assets is assessed annually to determine whether there is any indication of impairment.

When such an indication is present, the asset's recoverable amount is calculated, which is the highest of the asset's fair value less expected costs of disposal or value in use. Value in use is calculated as the present value of expected cash flows from the smallest cash flow-generating unit to which the asset belongs.

Impairment loss is recognised when the carrying amount of an asset exceeds the asset's recoverable amount. Impairment loss is recognised in the income statement.

Write-down on goodwill is not reversed. Write-down on other assets is reversed to the extent that changes have been made to the assumptions and estimates that led to the write-down.

Investments

Investments are recognised on the trade date at fair value with addition of transaction costs directly related to the acquisition. After initial recognition, held-to-maturity securities are measured at amortised cost using the effective interest method. Securities measured at amortised cost are written down to a lower present value of the future cash flows. The write-down is recognised in the income statement.

Investments available for sale are measured at fair value after initial recognition. Fair value changes are recognised directly in equity. However, this does not apply to changes attributable to write-down or exchange rate translations. Interest income calculated using the effective interest method and dividends received are recognised in the income statement on a regular basis. When Investments available for sale are disposed of, accumulated losses and gains are recognised in the income statement. When objective proof exists that a financial asset available for sale has lost value, accumulated losses, which were previously recognised directly in equity, are recognised in the income statement. Write-down on equity investment is not reversed through the income statement.

NOTES

1. ACCOUNTING POLICIES CONTINUED

For other securities, write-down is reversed due to objective events that have taken place after write-down through the income statement.

Financial assets are no longer recognised when the right to receive cash flows from the asset has expired or been transferred to another party and the group, in general, has transferred risks and benefits related to ownership.

Inventories
Inventories are measured at cost according to the FIFO method or at net realisable value, if this is lower.

Cost of inventories includes purchase price with addition of delivery costs.

The net realisable value of inventories is determined as selling price less costs incurred to make the sale and is determined in consideration of marketability, obsolescence and development of expected selling price.

Trade receivables
Trade receivables are measured at fair value at acquisition and at amortised cost subsequently. Based on an individual assessment of the loss risk, write-down to net realisable value is made, if this is lower.

Prepayments under assets
Prepayments recognised under assets include paid costs relating to subsequent financial years and are measured at cost.

Cash at bank and in hand
Cash at bank and in hand which is recognised as current asset includes bank deposits and operating cash and is measured at fair value.

Assets held for sale
Assets held for sale are saleable assets with expected sale within 1 year. Write-down to a reduced fair value less sales costs is made. Value adjustments after tax and profit/loss from sales are presented under special items without restatement of comparative figures.

Treasury shares
Acquisition and disposal sums related to treasury shares are recognised directly in equity.

Dividend
Proposed dividend is recognised as a liability at the time of adoption of the general meeting. Dividend expected to be distributed for the financial year is shown as a separate item under equity.

Tax
Current tax liabilities and current tax receivables are recognised in the balance sheet as calculated tax on the year's taxable income, adjusted for tax on previous year's taxable income and for tax paid on account.

Deferred tax is measured in accordance with the balance sheet liability method of all temporary differences between accounting and tax-related amounts and provisions. Deferred tax is recognised at the current local tax rate.

Deferred tax assets, including the tax value of tax loss allowed for carryforward, are measured at the value at which the asset is expected to be realised, either by elimination in tax of future earnings or by offsetting against deferred tax liabilities.

Deferred tax assets are assessed annually and only recognised to the extent that it is probable that they will be utilised.
Deferred tax is also recognised for the covering of the re-taxation of losses in former foreign subsidiaries participating in joint taxation assessed as becoming current.

Pension obligations
Pension agreements have been made with the majority of the employees.

Obligations concerning the defined contribution plans are recognised in the income statement in the period that these are earned and any payments due are included under other payables.

Obligations related to defined benefit plans for present and former employees are determined systematically by an actuarial discount to net present value of the pension obligation. Value in use is calculated on the basis of presumptions about future developments in, for example, interest, inflation, pay level and life expectancy. The actuarially calculated value in use less fair value of assets attached to the plan is recognised in the balance sheet under pension provisions. If the net amount is an asset, this is recognised under pension assets in the balance sheet.

If the total actuarial gains and losses exceed 10% of the highest numerical value of the pension obligation or of the fair value of the pension assets, the excess amount is recognised in the income statement for the remaining number of years that the affected employees are expected to work for the group.

A change in value in use as a consequence of the pension agreements made is recognised in the income statement if the affected employees have become unconditionally entitled to the changed benefits. Otherwise, the change is recognised and amortised in the value in use in the income statement over the period of time in which the employees become entitled to this right.

Provisions
Provisions are measured in accordance with management's best estimate of the amount required to settle a liability.

Restructuring expenses are recognised as liabilities when a detailed official plan for the restructuring has been published to the parties affected by the plan at latest on the balance sheet date.

Financial liabilities
Debt to credit institutions is recognised initially at the proceeds received net of transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method, meaning that the difference between the proceeds and the nominal value is recognised in the income state-

1. ACCOUNTING POLICIES CONTINUED

ment under financials for the term of the loan.

Debt to suppliers and other current liabilities
Debt to suppliers and other current liabilities are measured at fair value at initial recognition and at amortised cost subsequently.

Prepayments under liabilities
Prepayments under liabilities include payments made on the balance sheet date at the latest but which relate to income in subsequent years.

Leasing
Leasing agreements, in which the most important aspects of the asset's risks and benefits remain with the lessor, are classified as operational leasing agreements. Leasing agreements, in which the most important aspects of the asset's risks and benefits are transferred to enterprises in the Solar Group, are classified as financial leases. As at the balance sheet date, no leasing agreement is classified as a financial lease. Leasing payments concerning operational leasing are recognised in the income statement on a straight-line basis throughout the leasing period.

Cash flow statement

The cash flow statement shows cash flows distributed on operating, investing and financing activities for the year, changes in cash and cash equivalents, and cash at bank and in hand at the beginning and end of the year.

The effect of cash flow on the acquisition and sale of enterprises is shown separately under cash flows from investing activities. Cash flows from acquired enterprises are recognised in the cash flow statement from the date of acquisition and cash flows from sold enterprises are recognised until the time of sale.

Cash flow from operating activities is determined using the indirect method as profit before tax adjusted for on-cash operating items, changes in working capital, interest received and paid, and company tax paid.

Cash flow from investing activities includes payments in connection with acquisition and sale of intangibles, property, plant and equipment and investments, and acquisition and sale of enterprises.

Cash flow from financing activities includes acquisition and sale of treasury shares, dividend distribution and incurrence or repayment of non-current interest-bearing liabilities.

Cash at bank and in hand includes cash holdings, deposits with banks, highly liquid securities and current interest-bearing liabilities.

Segment information
Segment information has been prepared in accordance with the group's accounting policies and follows internal reporting. The segmentation is unchanged compared with last year.

The group's segment reporting is based on internal operating segments where activities are monitored on products/services, geographic areas, large customers or large subsidiaries.

Operating segments are identifiable in management reporting as the segments used by senior management, group management, for allocation of resources and performance control.

Solar A/S' operating segments are strategic business units operating in different geographic areas; each independently from the others.

Solar A/S has nine segments with reporting duties: Solar A/S (parent company incl. Solar Danmark A/S), Solar Sverige AB, Solar Norge AS, Solar Nederland B.V., Solar Deutschland GmbH, Solar Suomi Oy, Solar Polska Sp. z o.o., P/F Solar Føroyar and Aurora Group Danmark A/S.

Segment income and costs as well as segment assets and liabilities include items directly attributable to the individual segment and items that can be allocated to the individual segment on a reliable basis.

Non-current segment assets comprise non-current assets used directly in the operation of the segment, including intangible assets and property, plant and equipment. Current segment assets comprise current assets used directly in the operation of the segment, including inventories, trade receivables, other receivables, prepaid expenses and cash.

Segment liabilities comprise liabilities deriving from the operation of the segment, including suppliers of goods and services and other payables.

Share option plan

Share options are measured at fair value at the grant date and are recognised in the income statement under staff costs over the period when the final right to the options is vested. The set-off to this is recognised under other payables, as cash payment can be applied.

The fair value of the granted share options is estimated using the Black-Scholes model. Allowance is made for the conditions and terms related to the granted share options when performing the calculation.

Financial ratios

Earnings per share (EPS) and diluted earnings per share (EPS-D) are determined in accordance with IAS 33.

All other financial ratios are calculated in accordance with the "Recommendations and Financial Ratios 2010" of the Danish Society of Financial Analysts.

NOTES

2. ACCOUNTING ESTIMATES AND ASSESSMENTS

When preparing the annual report in accordance with generally applicable principles, management makes estimates and assumptions that affect the reported assets and liabilities. Management base their estimates on historic experience and expectations for future events. Therefore, the actual result may differ from these estimates.

The following estimates and accompanying assessments are deemed material for the preparation of the financial statements:

Impairment test for goodwill
In connection with the annual impairment test of goodwill, or when there is an indication of impairment, an estimate is made of how the parts of the business (cash-generating units), that goodwill is linked to, will be able to generate sufficient positive cash flow in future to support the value of goodwill and other net assets in the relevant part of the business.

Due to the nature of the business, estimates must be made of expected cash flow for many years ahead which, naturally, results in a certain level of uncertainty. This uncertainty is reflected in the discount rate determined.

The impairment test and the very sensitive related aspects are described in more detail in note 14.

Development projects (Software)
Development projects (Software) are evaluated annually for indicators of a need for impairment. If a need to perform impairment is identified, an impairment test for the development project (software) is performed. The impairment test is made on the basis of different factors, including the project's future application, the present value of expected earnings as well as interest and risks.

Write-down of inventories
Write-down of inventories is made due to the obsolescence of the product. Management specifically assess inventories, including the product's turnover rate, current economic trends and product development when deciding whether the write-down is sufficient.

Write-down for meeting of loss on doubtful trade receivables
Write-down is made to meet loss on doubtful trade receivables. Management specifically analyses trade receivables, including the customers' credit rating and current economic trends, to ensure that write-down is sufficient.

Provision for deferred tax
Deferred tax assets are not recognised if it is not deemed sufficiently safe that these can reduce future taxable income. In this connection, management assess expected future taxable income.

NOTES

3. SEGMENT INFORMATION

€ million	Solar A/S parent company 1	Solar Sverige AB	Solar Norge AS	Solar Nederland B.V.	Solar Deutschland GmbH 2	Solar Suomi Oy 3	Solar Polska Sp. z o.o.	P/F Solar Føroyar	Aurora Group	Eliminations 4	Solar Group
2010											
Revenue	340.7	292.1	216.8	332.2	142.6	0.4	28.5	3.6	51.6	(7.0)	1,401.5
EBITA	22.6	12.8	6.7	6.8	(1.7)	0.2	(0.5)	0.3	1.8		49.0
Non-current assets	299.4	51.0	25.4	61.8	20.9	0.0	5.1	0.7	4.0	(223.3)	245.0
Equity	326.3	35.8	39.3	50.5	40.9	0.8	9.6	1.6	3.4	(223.3)	284.9
Balance sheet total	476.8	129.3	103.0	148.8	54.0	0.7	18.4	2.8	30.3	(280.0)	684.1
Organic growth %	(4.2)	0.1	(5.3)	(10.5)	(3.3)	-	13.2	(9.2)	(4.4)		(4.8)
EBITA %	6.6	4.4	3.1	2.0	(1.2)	-	(1.8)	8.3	3.5		3.5
2009											
Revenue	355.7	262.2	210.4	371.1	147.4	15.4	22.5	3.9	50.5	(7.7)	1,431.4
EBITA	21.9	9.5	11.4	(0.3)	(3.9)	(2.0)	(0.9)	0.4	0.1		36.2
Non-current assets	285.0	48.2	25.1	67.4	21.8	1.4	4.9	0.7	2.4	(226.4)	230.5
Equity	311.7	28.6	34.4	50.6	42.6	0.5	8.9	1.6	4.8	(226.4)	257.3
Balance sheet total	458.6	110.8	86.2	151.9	54.0	5.2	14.7	2.9	31.4	(295.2)	620.5
Organic growth %	(18.4)	(4.6)	(7.8)	(19.5)	(2.8)	(22.4)	(14.3)	(37.0)	(4.9)		(12.1)
EBITA %	6.2	3.6	5.4	(0.1)	(2.6)	(13.0)	(4.0)	11.1	0.2		2.5

1 Under the cost method.
2 Prior year adjustments have been made due to errors resulting from non-compliance with the group's internal accounting policies in Solar Deutschland GmbH.
3 As of 18 January 2010, business activities in Solar Suomi Oy were divested to Ahlsell Oy.
4 Intercompany revenue was € 7.0m (€ 7.7m in 2009). Adjustment resulting from translation from cost method to equity method is included under eliminations.

NOTES

€ million	Group		Parent company	
	2010	2009	2010	2009
4. AUDITORS' FEE				
PricewaterhouseCoopers				
Statutory audit	0.3	0.3	0.1	0.1
Other assurance engagements	0.1	0.0	0.0	0.0
Tax consulting	0.1	0.1	0.0	0.0
Other services	0.0	0.0	0.0	0.0
Total	**0.5**	**0.4**	**0.1**	**0.1**
Other auditors				
Statutory audit	0.0	0.1	0.0	0.0
Other assurance engagements	0.0	0.1	0.0	0.0
Tax consulting	0.2	0.0	0.2	0.0
Other services	0.0	0.0	0.0	0.0
Total	**0.2**	**0.2**	**0.2**	**0.0**
5. STAFF COSTS				
Salaries and wages, etc.	145.2	148.4	48.1	49.7
Pensions - defined contribution	8.9	10.3	3.4	3.5
Pensions - defined benefit	0.9	1.6	0.1	0.1
Costs related to social security	19.8	18.3	1.3	1.3
Share-based payment	1.0	0.7	1.0	0.7
Total	**175.8**	**179.3**	**53.9**	**55.3**
Average no. of employees (FTE)	**2,955**	**3,175**	**779**	**801**
No. of employees at year-end (FTE)	**3,025**	**3,018**	**804**	**783**
Remuneration of Supervisory Board				
Remuneration of Supervisory Board	0.3	0.3	0.3	0.3
Remuneration of Executive Board				
Remuneration and commission on profit	0.7	0.5	0.7	0.5
Share-based payment	0.2	0.3	0.2	0.3
Total	**0.9**	**0.8**	**0.9**	**0.8**

Share options plans

In 2006, an agreement was made for a share-based incentive programme for the company's Executive Board. In 2006 and 2007, 4,830 and 2,047 share options, resepctively, were granted at a price of DKK 559.00 and 732.89 per share, respectively. These options expired in 2009 and 2010, respectively. In 2008-2010, 3,535, 10,099 and 4,054 share options, respectively, were granted. Everyone of these options entitle the CEO to acquire one Solar B share at a price of DKK 424.33, 148.53 and 370.04, respectively, for 6 weeks from the publication of the company's annual reports in 2011, 2012 and 2013/2014, respectively.

In 2008, an agreement was made with the company's Management Team concerning a share-based incentive programme. In 2008-2010, 35,592, 64,213 and 22,034 share options were granted, respectively, which each entitles the Management Team to acquire one Solar B share at a price of 424.33, 148.53 and 370.04 for 10 banking days following the publication of the company's annual reports in 2011/2012, 2012/2013 and 2013/ 2014. 2,687 and 2,073 share options, respectively, granted in 2008 have expired in connection with the resignation of Management Team members in 2009 and 2010. 8,426 share options granted in 2009 have expired and 3,067 share options with a market value of € 0.1m were exercised in connection with the resignation of Management Team members, and 1,912 share options granted in 2010 have expired in connection with the resignation of a Management Team member.

Both programmes make it possible to make payment as a cash settlement.

NOTES

	Executive Board	Management Team	Total
5. STAFF COSTS CONTINUED			
Number of share options at the end of 2010			
Oustanding at the beginning of 2010	15,681	97,118	112,799
Granted in 2010	4,054	22,034	26,088
Exercised	0	(3,067)	(3,067)
Forfeited	0	(12,411)	(12,411)
Expired	(2,047)	0	(2,047)
Outstanding at the end of 2010	**17,688**	**103,674**	**121,362**
Number of share options at the end of 2009			
Outstanding at the beginning of 2009	10,412	35,592	46,004
Granted in 2009	10,099	64,213	74,312
Exercised	0	0	0
Forfeited	0	(2,687)	(2,687)
Expired	(4,830)	0	(4,830)
Outstanding at the end of 2009	**15,681**	**97,118**	**112,799**

€ million	2010	2009
Market value estimated using the Black-Scholes model	**1.7**	**0.7**
Conditions applying to the statement of market value using the Black-Scholes model:		
Expected volatility	42%	40%
Expected dividend in proportion to market value	3%	4%
Risk-free interest rate	4%	5%

	Koncern		Moderselskab	
	2010	2009	2010	2009
6. LOSS ON TRADE RECEIVABLES				
Ascertained losses	4.7	4.6	1.7	1.8
Received on previously written-off trade receivables	(0.4)	(0.3)	(0.1)	(0.2)
	4.3	**4.3**	**1.6**	**1.6**
Change of write-down for bad and doubtful debts	(1.1)	0.0	(0.4)	0.6
Total	**3.2**	**4.3**	**1.2**	**2.2**
7. DEPRECIATION AND AMORTISATION				
Buildings	5.0	4.7	1.2	1.1
Plant, operating equipment, and tools and equipment	5.8	6.0	2.6	2.5
Leasehold improvements	1.1	1.0	0.0	0.0
Profit/loss on sale of operating equipment etc.	(0.3)	0.1	0.0	0.0
Depreciation on property, plant and equipment	**11.6**	**11.8**	**3.8**	**3.6**
Customer-related assets	7.3	6.8	0.1	0.0
Software	0.1	0.0	0.1	0.0
Amortisation of intangible assets	**7.4**	**6.8**	**0.2**	**0.0**

NOTES

€ million	Group		Parent company	
	2010	2009	2010	2009
8. SPECIAL ITEMS, NET				
Integration plan, Solar Nederland	0.0	5.4	0.0	0.0
Divestment, Solar Suomi	0.0	1.6	0.0	0.0
Special items, net	**0.0**	**7.0**	**0.0**	**0.0**
9. FINANCIAL INCOME				
Interest income	1.9	1.6	2.9	2.0
Foreign exchange gains	3.3	5.8	1.0	2.2
Other financial income	0.3	0.2	0.4	0.0
Total	**5.5**	**7.6**	**4.3**	**4.2**
Financial income, received	**2.2**	**1.8**	**3.3**	**2.0**
10. FINANCIAL COSTS				
Interest expenses	8.5	9.4	4.6	4.3
Foreign exchange loss	2.4	2.8	0.8	1.0
Write-down on equity investments	-	-	3.7	0.0
Other financial costs	0.8	0.4	0.1	0.0
Total	**11.7**	**12.6**	**9.2**	**5.3**
Financial costs, paid	**9.3**	**9.8**	**4.7**	**4.3**
11. CORPORATION TAX				
Current tax	7.3	6.1	1.7	2.4
Deferred tax	3.8	1.0	3.6	2.0
Tax on net profit for the year	11.1	7.1	5.3	4.4
Other adjustments concerning previous years	(0.3)	0.2	0.3	0.2
Total	**10.8**	**7.3**	**5.6**	**4.6**
Statement of effective tax rate:				
Danish corporation tax rate	25.0%	25.0%	25.0%	25.0%
Non-taxable value of profit from subsidiaries	-	-	(8.1%)	(8.4%)
Write-down on equity investment Solar Suomi Oy	-	-	3.6%	0.0%
Taxable value of jointly taxed Danish subsidiaries	-	-	0.0%	0.0%
Non-deductible amortisation of intangible assets	4.6%	6.9%	0.0%	0.0%
Change in tax base of non-capitalised losses in subsidiaries	1.0%	12.2%	-	-
Winding-up of retaxation balance concerning Solar Suomi Oy	0.0%	(5.5%)	0.0%	(3.1%)
Non-taxable/deductible items in parent	0.0%	1.1%	0.4%	0.6%
Non-taxable/deductible items and differing tax rates compared to Danish tax rate in foreign subsidiaries	0.7%	1.1%	-	-
Tax concerning previous years	(0.8%)	1.2%	0.7%	0.7%
Effective tax rate	**30.5%**	**42.0%**	**21.6%**	**14.8%**

NOTES

€ million	Group 2010	Group 2009	Parent company 2010	Parent company 2009
12. NET PROFIT FOR THE YEAR				
Proposal for distribution of net profit for the year:				
Proposed dividend in parent	10.5	4.5	10.5	4.5
Retained earnings	14.1	5.6	9.8	22.3
Net profit for the year	**24.6**	**10.1**	**20.3**	**26.8**
Dividend in € per share at DKK 100	**1.34**	**0.57**	**1.34**	**0.57**
Dividend in DKK per share at DKK 100	**10.00**	**4.25**	**10.00**	**4.25**

13. EARNINGS PER SHARE IN € PER SHARE OUTSTANDING	2010	2009
Net profit for the year in € million	**24.6**	**10.1**
Average number of shares	7,920,607	7,346,227
Average number of treasury shares	(67,206)	(518,220)
Average number of shares outstanding	**7,853,401**	**6,828,007**
Diluted effect of share options	30,850	(4,402)
Diluted number of shares outstanding	**7,884,251**	**6,823,605**
Earnings per share in € per share outstanding	**3.13**	**1.48**
Diluted earnings per share in € per share outstanding	**3.12**	**1.48**

A shares have been included in the calculation on units of DKK 100.

NOTES

14. INTANGIBLE ASSETS

€ million	Group: Customer-related assets	Group: Goodwill	Group: Software	Group: Total	Parent company: Customer-related assets	Parent company: Software	Parent company: Total
2010							
Cost as at 1/1	130.1	18.8	17.2	166.1	0.5	17.1	17.6
Foreign currency translation adjustment	5.8	2.5	0.0	8.3	0.0	0.0	0.0
Acquired enterprises	3.2	0.0	0.0	3.2	0.8	0.0	0.8
Additions in the year	0.3	0.0	15.4	15.7	0.0	14.8	14.8
Disposals in the year	(1.4)	0.0	0.0	(1.4)	0.0	0.0	0.0
Cost as at 31/12	**138.0**	**21.3**	**32.6**	**191.9**	**1.3**	**31.9**	**33.2**
Amortisation 1/1	112.4	-	0.0	112.4	0.5	0.0	0.5
Foreign currency translation adjustment	4.6	-	0.0	4.6	0.0	0.0	0.0
Amortisation in the year	7.3	-	0.1	7.4	0.1	0.1	0.2
Amortisation of disposals in the year	(1.4)	-	0.0	(1.4)	0.0	0.0	0.0
Amortisation 31/12	**122.9**	**-**	**0.1**	**123.0**	**0.6**	**0.1**	**0.7**
Carrying amount as at 31/12	**15.1**	**21.3**	**32.5**	**68.9**	**0.7**	**31.8**	**32.5**
Remaining amortisation period in number of years	**1-5**	**-**	**8**	**-**	**5**	**8**	**-**

€ million	Group: Customer-related assets	Group: Goodwill	Group: Software under develop-ment	Group: Total	Parent company: Customer-related assets	Parent company: Software under develop-ment	Parent company: Total
2009							
Cost as at 1/1	122.7	17.8	4.7	145.2	0.5	4.7	5.2
Foreign currency translation adjustment	7.9	1.0	0.0	8.9	0.0	0.0	0.0
Additions in the year	0.3	0.0	12.5	12.8	0.0	12.4	12.4
Disposals in the year	(0.8)	0.0	0.0	(0.8)	0.0	0.0	0.0
Cost as at 31/12	**130.1**	**18.8**	**17.2**	**166.1**	**0.5**	**17.1**	**17.6**
Amortisation as at 1/1	99.5	-	0.0	99.5	0.5	0.0	0.5
Foreign currency translation adjustment	6.9	-	0.0	6.9	0.0	0.0	0.0
Amortisation in the year	6.8	-	0.0	6.8	0.0	0.0	0.0
Amortisation of disposals in the year	(0.8)	-	0.0	(0.8)	0.0	0.0	0.0
Amortisation as at 31/12	**112.4**	**-**	**0.0**	**112.4**	**0.5**	**0.0**	**0.5**
Carrying amount as at 31/12	**17.7**	**18.8**	**17.2**	**53.7**	**0.0**	**17.1**	**17.1**
Remaining amortisation period in number of years	**5**	**-**	**-**	**-**	**-**	**-**	**-**

NOTES

14. INTANGIBLE ASSETS CONTINUED

Godwill
(2009 figures of comparison in brackets)

On 31 December 2010, management completed an impairment test of the carrying amount of goodwill. The impairment test was performed in the fourth quarter and is based on the estimates and business plans as well as other assumptions approved by the executive and supervisory boards with the necessary adjustments under IAS 36.

Most of the carrying amount of goodwill results from the acquisition of the Swedish enterprise Alvesta V.V.S.-Material AB in 2007.

When performing an impairment test of cash-generating units, the recoverable amount (value in use), determined as the discounted value of expected future cash flow, is compared to the carrying amount of the individual cash-generating units.

Expected future cash flow is based on budgets and business plans for the coming 5 years (5 years).

The growth rate used in the impairment test for 2011 is 3% (0%), while the growth rate used in impairment tests for the years succeeding 2011 is 2-4% (2-4%) which, however, out of considerations of prudence has been set lower than the expected growth rate.

As at 31 December 2010, net working capital accounted for 13% (15%) of revenue for the year. Solar estimates that working capital will not exceed the average of the other enterprises in the group. Out of considerations of prudence, only a minor improvement in net working capital is assumed in the impairment test.

Budgets and business plans for the next 5 years (5 years) are based on Solar's current, ongoing and contract investments in which risks of the material parameters have been assessed and recognised in future expected cash flows.

The first five years are based on the strategy approved by the executive and supervisory boards (new strategy until 2015).

Terminal value after five years is determined while taking into consideration general expectations for growth, which are determined at 4% (4%).

The cost of capital used for calculation of the recoverable amount of 8-10% (8-10%) is stated before tax and reflects the risk-free interest rate. Cash flow used include any effect of related future risks, and therefore, such risks have not been added to the applied discount rates.

Management estimates that probable changes to the basic assumptions will not result in the carrying amount of goodwill exceeding the recoverable amount.

NOTES

15. PROPERTY, PLANT AND EQUIPMENT

€ million	Land and buildings	Plant, operating equipment, tools and equipment	Group Leasehold improvements	Assets under construction	Total
2010					
Cost as at 1/1	209.5	71.0	8.1	1.0	289.6
Foreign currency translation adjustment	4.6	2.1	0.3	0.0	7.0
Acquired enterprises	0.0	0.1	0.0	0.0	0.1
Additions in the year	1.2	6.3	0.6	5.8	13.9
Disposals in the year	(3.2)	(0.5)	0.0	(5.8)	(9.5)
Cost as at 31/12	**212.1**	**79.0**	**9.0**	**1.0**	**301.1**
Depreciation and write-down as at 1/1	48.7	60.1	5.1	0.0	113.9
Foreign currency translation adjustment	0.6	1.6	0.1	0.0	2.3
Acquired enterprises	0.0	0.0	0.0	0.0	0.0
Depreciation for the year	5.0	5.8	1.1	0.0	11.9
Depreciation and write-down on disposals	(1.8)	(0.5)	0.0	0.0	(2.3)
Depreciation and write-down as at 31/12	**52.5**	**67.0**	**6.3**	**0.0**	**125.8**
Carrying amount as at 31/12	**159.6**	**12.0**	**2.7**	**1.0**	**175.3**
2009					
Cost as at 1/1	198.9	71.8	6.8	2.5	280.0
Foreign currency translation adjustment	5.1	1.7	0.3	0.1	7.2
Assets held for sale	0.0	(2.3)	0.0	0.0	(2.3)
Additions in the year	6.0	2.8	1.3	4.7	14.8
Disposals in the year	(0.5)	(3.0)	(0.3)	(6.3)	(10.1)
Cost as at 31/12	**209.5**	**71.0**	**8.1**	**1.0**	**289.6**
Depreciation and write-down as at 1/1	43.7	57.8	4.1	0.0	105.6
Foreign currency translation adjustment	0.3	1.2	0.3	0.0	1.8
Assets held for sale	0.0	(2.2)	0.0	0.0	(2.2)
Depreciation for the year	4.7	6.0	1.0	0.0	11.7
Depreciation and write-down on disposals	0.0	(2.7)	(0.3)	0.0	(3.0)
Depreciation and write-down as at 31/12	**48.7**	**60.1**	**5.1**	**0.0**	**113.9**
Carrying amount as at 31/12	**160.8**	**10.9**	**3.0**	**1.0**	**175.7**

NOTES

15. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	Parent company				
€ million	**Land and buildings**	**Plant, operating equipment, tools and equipment**	**Leasehold improvements**	**Assets under construction**	**Total**
2010					
Cost as at 1/1	50.2	23.3	0.8	0.8	75.1
Foreign currency translation adjustment	(0.1)	0.0	0.0	0.0	(0.1)
Additions in the year	0.6	5.6	0.0	5.7	11.9
Disposals in the year	0.0	(0.2)	0.0	(5.8)	(6.0)
Cost as at 31/12	**50.7**	**28.7**	**0.8**	**0.7**	**80.9**
Depreciation and write-down as at 1/1	13.4	20.0	0.7	0.0	34.1
Foreign currency translation adjustment	0.0	0.0	0.0	0.0	0.0
Depreciation for the year	1.2	2.6	0.0	0.0	3.8
Depreciation and write-down on disposals	0.0	(0.2)	0.0	0.0	(0.2)
Depreciation and write-down as at 31/12	**14.6**	**22.4**	**0.7**	**0.0**	**37.7**
Carrying amount as at 31/12	**36.1**	**6.3**	**0.1**	**0.7**	**43.2**
2009					
Cost as at 1/1	44.4	22.5	0.8	2.0	69.7
Foreign currency translation adjustment	0.1	0.0	0.0	0.0	0.1
Additions in the year	5.7	1.1	0.0	4.6	11.4
Disposals in the year	0.0	(0.3)	0.0	(5.8)	(6.1)
Cost as at 31/12	**50.2**	**23.3**	**0.8**	**0.8**	**75.1**
Depreciation and write-down as at 1/1	12.3	17.7	0.7	0.0	30.7
Foreign currency translation adjustment	0.0	0.0	0.0	0.0	0.0
Depreciation for the year	1.1	2.5	0.0	0.0	3.6
Depreciation and write-down on disposals	0.0	-0.2	0.0	0.0	(0.2)
Depreciation and write-down as at 31/12	**13.4**	**20.0**	**0.7**	**0.0**	**34.1**
Carrying amount as at 31/12	**36.8**	**3.3**	**0.1**	**0.8**	**41.0**

NOTES

16. INVESTMENTS

€ million	Group			Parent company		
	Deferred tax assets	Other receivables	Total	Equity invest-ments	Other receivables	Total
2010						
Cost as at 1/1	0.2	0.9	1.1	280.2	0.5	280.7
Foreign currency translation adjustment	0.0	0.0	0.0	(0.3)	0.0	(0.3)
Additions in the year	0.0	0.2	0.2	1.0	0.0	1.0
Disposals in the year	(0.1)	(0.4)	(0.5)	0.0	(0.1)	(0.1)
Distributed dividend exceeding accumulated earnings	0.0	0.0	0.0	0.0	0.0	0.0
Cost as at 31/12	**0.1**	**0.7**	**0.8**	**280.9**	**0.4**	**281.3**
Write-down as at 1/1	0.0	0.0	0.0	53.8	0.0	53.8
Foreign currency translation adjustment	0.0	0.0	0.0	0.1	0.0	0.1
Write-down in the year	0.0	0.0	0.0	3.7	0.0	3.7
Write-down as at 31/12	**0.0**	**0.0**	**0.0**	**57.6**	**0.0**	**57.6**
Carrying amount as at 31/12	**0.1**	**0.7**	**0.8**	**223.3**	**0.4**	**223.7**
2009						
Cost as at 1/1	0.0	0.9	0.9	237.4	0.4	237.8
Foreign currency translation adjustment	0.0	0.0	0.0	0.2	0.0	0.2
Additions in the year	0.2	0.1	0.3	42.6	0.1	42.7
Disposals in the year	0.0	(0.1)	(0.1)	0.0	0.0	0.0
Distributed dividend exceeding accumulated earnings	0.0	0.0	0.0	0.0	0.0	0.0
Cost as at 31/12	**0.2**	**0.9**	**1.1**	**280.2**	**0.5**	**280.7**
Write-down as at 1/1	0.0	0.0	0.0	53.8	0.0	53.8
Foreign currency translation adjustment	0.0	0.0	0.0	0.0	0.0	0.0
Write-down in the year	0.0	0.0	0.0	0.0	0.0	0.0
Write-down as at 31/12	**0.0**	**0.0**	**0.0**	**53.8**	**0.0**	**53.8**
Carrying amount as at 31/12	**0.2**	**0.9**	**1.1**	**226.4**	**0.5**	**226.9**

€ million	Group 2010	Group 2009	Parent company 2010	Parent company 2009
17. INVENTORIES				
Goods for resale	**158.0**	**142.3**	**33.0**	**31.6**
Recognised write-down	**0.4**	**2.8**	**0.7**	**0.1**
18. TRADE RECEIVABLES				
Maturity statement, trade receivables				
Not due	176.3	151.3	44.8	34.8
Past due for 1-30 day(s)	28.0	20.2	5.9	3.6
Past due for 31-90 days	8.2	10.0	2.1	1.8
Past due for more than 91 days	6.5	8.4	0.5	0.8
	219.0	189.9	53.3	41.0
Write-down	(8.2)	(9.2)	(0.9)	(1.3)
Total	**210.8**	**180.7**	**52.4**	**39.7**
Write-down based on:				
Age distribution	2.6	3.3	0.4	0.3
Individual assessment	5.6	5.9	0.5	1.0
Total	**8.2**	**9.2**	**0.9**	**1.3**
Write-down as at 1/1	9.2	8.7	1.3	0.7
Foreign currency translation adjustment	0.1	0.2	0.0	0.0
Acquired enterprises	0.0	0.0	0.0	0.0
Write-down for the year [1]	2.2	2.9	0.2	1.1
Realised losses in the year	(2.6)	(1.0)	(0.6)	(0.5)
Reversed for the year	(0.7)	(1.6)	0.0	0.0
Write-down as at 31/12	**8.2**	**9.2**	**0.9**	**1.3**

[1] € 0.3 m of this is writing down of trade receivables concerning Solar Suomi Oy. This amount is included under special items in the income statement for 2009.

€ million	Group 2010	Group 2009	Parent company 2010	Parent company 2009
19. PREPAYMENTS				
Prepaid:				
Rent	1.1	1.4	0.0	0.1
Insurance and subscriptions	0.3	0.3	0.3	0.0
Other costs	1.1	1.1	0.1	0.0
Total	**2.5**	**2.8**	**0.4**	**0.1**
20. SECURITIES				
Listed securities held for trading	**30.9**	**0.0**	**30.9**	**0.0**
Effective interest rate in %	**1.4**	**0.0**	**1.4**	**0.0**
Expiry	**2012**	**-**	**2012**	**-**

€ million	Parent company 2010	2009
21. SHARE CAPITAL		
Share capital as at 1/1	106.4	97.8
Foreign currency translation adjustment	(0.1)	0.1
Capital increase	0.0	8.5
Share capital as at 31/12	**106.3**	**106.4**
Share capital is fully paid in and divided into the following classes		
A shares, 40 shares at DKK 10,000	0.1	0.1
A shares, 2,240 shares at DKK 40,000	12.0	12.0
A shares, total	12.1	12.1
B shares, 7,020,607 shares at DKK 100	94.2	94.3
Total	**106.3**	**106.4**

In 2009, share capital was increased by 638,200 B shares. Otherwise, share capital remained unchanged from 2006 to 2010.

	No. of shares 2010	2009	Nominal value 2010	2009
A shares outstanding 31/12	**900,000**	**900,000**	**12.1**	**12.1**
B shares outstanding				
Outstanding as at 1/1	6,952,387	5,814,187	93.4	78.0
Foreign currency translation adjustment	-	-	(0.1)	0.1
Capital increase	-	638,200	0.0	8.6
Treasury shares, adjustment of the holding at the beginning of the period	(20)	0	0.0	0.0
Sale of treasury shares	3,067	500,000	0.0	6.7
Outstanding B shares as at 31/12	**6,955,434**	**6,952,387**	**93.3**	**93.4**
Total shares outstanding 31/12	**7,855,434**	**7,852,387**	**105.4**	**105.5**

	No. of shares 2010	2009	Nominal value 2010	2009	Cost 2010	2009	Percentage of share capital 2010	2009
Treasury shares (B shares)								
Holding as at 1/1	68,220	568,220	0.9	7.7	3.7	30.1	0.9%	7.8%
Adjustm. of the holding at the beginning of the period	20	0	0.0	0.0	0.0	0.0	0.0%	0.0%
Sale	(3,067)	(500,000)	0.0	(6.7)	(0.1)	(26.5)	(0.1%)	(6.8%)
Capital increase	0	0	0.0	0.0	0.0	0.0	0.0%	(0.1%)
Foreign currency translation adjustment	-	-	0.0	(0.1)	(0.1)	0.1	-	-
Holding as at 31/12	**65,173**	**68,220**	**0.9**	**0.9**	**3.5**	**3.7**	**0.8%**	**0.9%**
Market value as at 31/12					**3.7**	**3.1**		

The holding of treasury shares is maintained for hedging of share option plans. All treasury shares are held by the parent.

€ million	Group		Parent company	
	2010	2009	2010	2009
22. INTEREST-BEARING LIABILITIES				
Non-current interest bearing liabilities				
Debt to mortgage credit institutions	32.9	33.9	32.9	33.9
Debt to credit institutions	96.2	99.0	21.6	27.4
Employee bonds	1.4	1.4	1.4	1.4
Total	**130.5**	**134.3**	**55.9**	**62.7**
Maturity	2011-37	2011-37	2012-37	2012-37
>1 year < 5 years	40.7	40.8	19.6	20.8
> 5 years	89.8	93.5	36.3	41.9
Total	**130.5**	**134.3**	**55.9**	**62.7**
Distribution on currencies				
EUR	83.7	89.6	54.5	61.3
DKK	1.4	1.4	1.4	1.4
NOK	5.9	6.0	0.0	0.0
SEK	39.5	37.3	0.0	0.0
Total	**130.5**	**134.3**	**55.9**	**62.7**
Interest rate in %	**4,0-6,2**	**4,0-6,0**	**4,8-6,2**	**4,5-5,8**
Costs of interest rate swaps recognised in the income statement:				
Fair value	**(9.8)**	**(9.4)**	**(5.7)**	**(4.7)**
Costs of interest rate swaps recognised in the income statement:				
Total	**5.8**	**3.5**	**2.7**	**1.2**

Financial instruments measured at fair value are categorised using the following accounting hierarchy:
Level 1: Observable market prices of identical instruments.
Level 2: Valuation models primarily based on observable prices or traded prices of comparable instruments.
Level 3: Valuation models primarily based on non-observable prices.

The fair value of Solar's derived financial instruments (interest rate instruments) is fixed as fair value measurement at level 2, since fair value can be determined directly based on the actual forward rates and instalments on balance sheet dates.

€ million	Group 2010	Group 2009	Parent company 2010	Parent company 2009

22. INTEREST-BEARING LIABILITIES CONTINUED

€ million	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Current interest-bearing liabilities				
Bank loans and bank overdrafts	8.5	5.1	2.2	1.0
Debt to mortgage credit institutions	0.7	0.4	0.7	0.4
Debts to credit institutions	18.4	10.9	13.3	5.8
Total	**27.6**	**16.4**	**16.2**	**7.2**
Distribution on currencies				
EUR	10.0	9.0	6.7	0.8
DKK	12.7	0.8	9.5	6.4
NOK	1.1	1.2	0.0	0.0
SEK	3.1	5.4	0.0	0.0
PLN	0.7	0.0	0.0	0.0
Total	**27.6**	**16.4**	**16.2**	**7.2**
Interest rate in %	**1,3-5,5**	**1,5-5,7**	**1,3-3,5**	**1,5-5,7**

The carrying amount of financial liabilities corresponds to fair value. Other payables included in current liabilities are due within 1 year.

€ million	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Distribution on floating-rate and fixed-rate liabilties				
Floating-rate	8.5	5.1	2.2	1.0
Fixed-rate	149.6	145.6	69.9	68.9
Total	**158.1**	**150.7**	**72.1**	**69.9**
Earnings impact of any interest rate increase of 1%	**(0.1)**	**(0.1)**	**0.0**	**0.0**
Undrawn credit facilities 31/12	**145.2**	**178.8**	**65.6**	**67.7**

23. MATURITY STATEMENT FOR THE GROUP

31/12 2010	Fair value	Carrying amount	< 1 year	1-5 years	> 5 year	Total
Mortgage credit institutions	33.6	33.6	0.7	3.0	29.9	33.6
Credit institutions	114.6	114.6	18.4	36.3	59.9	114.6
Employee bonds	1.4	1.4	0.0	1.4	0.0	1.4
Bank debt	8.5	8.5	8.5	0.0	0.0	8.5
Trade payables	145.7	145.7	145.7	0.0	0.0	145.7
Other payables	62.9	62.9	62.9	0.0	0.0	62.9
Financial liabilities	**366.7**	**366.7**	**236.2**	**40.7**	**89.8**	**366.7**
Cash	28.7	28.7	28.7	0.0	0.0	28.7
Securities	30.9	30.9	30.9	0.0	0.0	30.9
Trade receivables	210.8	210.8	210.8	0.0	0.0	210.8
Other receivables	10.7	10.7	10.7	0.0	0.0	10.7
Financial assets	**281.1**	**281.1**	**281.1**	**0.0**	**0.0**	**281.1**
Net, total	**85.6**	**85.6**	**(44.9)**	**40.7**	**89.8**	**85.6**

23. MATURITY STATEMENT FOR THE GROUP CONTINUED

	Fair value	Carrying amount	< 1 year	1-5 years	> 5 year	Total
31/12 2009						
Mortgage credit institutions	34.3	34.3	0.4	2.0	31.9	34.3
Credit institutions	109.9	109.9	10.9	38.1	60.9	109.9
Employee bonds	1.4	1.4	0.0	1.4	0.0	1.4
Bank debt	5.1	5.1	5.1	0.0	0.0	5.1
Trade payables	108.1	108.1	108.1	0.0	0.0	108.1
Other payables	75.0	75.0	75.0	0.0	0.0	75.0
Financial liabilities	**333.8**	**333.8**	**199.5**	**41.5**	**92.8**	**333.8**
Cash	47.9	47.9	47.9	0.0	0.0	47.9
Trade receivables	180.7	180.7	180.7	0.0	0.0	180.7
Other receivables	19.1	19.1	19.1	0.0	0.0	19.1
Financial assets	**247.7**	**247.7**	**247.7**	**0.0**	**0.0**	**247.7**
Net, total	**86.1**	**86.1**	**(48.2)**	**41.5**	**92.8**	**86.1**
1/1 2009						
Mortgage credit institutions	34.7	34.7	0.3	1.5	32.9	34.7
Credit institutions	116.6	116.6	10.2	41.9	64.5	116.6
Employee bonds	0.6	0.6	0.0	0.6	0.0	0.6
Bank debt	80.4	80.4	80.4	0.0	0.0	80.4
Trade payables	83.8	83.8	83.8	0.0	0.0	83.8
Other payables	58.3	58.3	58.3	0.0	0.0	58.3
Financial liabilities	**374.4**	**374.4**	**233.0**	**44.0**	**97.4**	**374.4**
Cash	3.3	3.3	3.3	0.0	0.0	3.3
Trade receivables	202.6	202.6	202.6	0.0	0.0	202.6
Other receivables	15.2	15.2	15.2	0.0	0.0	15.2
Financial assets	**221.1**	**221.1**	**221.1**	**0.0**	**0.0**	**221.1**
Net, total	**153.3**	**153.3**	**11.9**	**44.0**	**97.4**	**153.3**

€ million	Group 2010	Group 2009	Parent company 2010	Parent company 2009

24. PROVISION FOR PENSION OBLIGATIONS

Pension obligations mainly consist of defined contribution pension plans and to a smaller degree of defined benefit pension plans. Pension obligations that are not covered via insurance (defined benefit plans) are determined at the actuarial value at the balance sheet date.

€ million	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Defined benefit pension plans				
Amounts recognised in the income statement:				
Pension costs	1.5	1.9	0.1	0.1
Interest expenses	2.5	2.4	0.0	0.0
Expected return on the plan's assets	(2.2)	(2.2)	0.0	0.0
Actuarial gains/losses	(0.9)	0.1	0.0	0.0
Other adjustments	0.0	(0.6)	0.0	0.0
Total	**0.9**	**1.6**	**0.1**	**0.1**
Movements in net assets/liabilities recognised in the balance sheet:				
As at 1/1	3.9	3.7	0.5	0.5
Foreign currency translation adjustment	0.1	0.2	0.0	0.0
Additions	0.0	0.0	0.0	0.0
Staff costs	0.9	1.6	0.1	0.1
Contributions paid to the plan	(3.0)	(1.6)	(0.2)	(0.1)
Total as at 31/12	**1.9**	**3.9**	**0.4**	**0.5**
Benefits recognised in the balance sheet:				
Present value of unfunded pension obligations	48.7	47.0	0.4	0.5
Fair value of the pension plan assets	(47.3)	(43.5)	0.0	0.0
Non-recognised actuarial gains/losses	0.5	0.4	0.0	0.0
Total	**1.9**	**3.9**	**0.4**	**0.5**
Distribution of pension obligations:				
Pension assets	0.0	0.0	0.0	0.0
Pension liabilities	1.9	3.9	0.4	0.5
Total as at 31/12	**1.9**	**3.9**	**0.4**	**0.5**
Average actuarial assumptions:				
Discount rate	4.0-5.4%	4.0-5.4%	4.0%	4.0%
Expected return on the plan's assets	4.0-5.7%	4.3-5.7%	-	-
Pay increase rate	2.5-4.5%	2.5-4.5%	-	-
Pension increase rate	2.0-4.3%	2.0-4.3%	-	-

For all major defined benefit plans, actuarial calculations and measurements are made annually.

€ million	Group 2010	Group 2009	Parent company 2010	Parent company 2009
25. PROVISION FOR DEFERRED TAX				
As at 1/1	21.3	20.7	8.3	6.5
Foreign currency translation adjustment	1.1	0.5	0.0	0.0
Acquired enterprises	0.0	0.0	0.0	0.0
Recognised in equity	0.1	(0.9)	0.0	0.0
Recognised in income statement	2.9	1.0	3.6	2.0
Other items	0.0	0.0	0.0	(0.2)
Total as at 31/12	**25.4**	**21.3**	**11.9**	**8.3**
specified as follows:				
Deferred tax	25.5	21.5	11.9	8.3
Deferred tax assets	(0.1)	(0.2)	0.0	0.0
Total deferred tax, net	**25.4**	**21.3**	**11.9**	**8.3**
that can be further specified as follows:				
Expected used within 1 year	(0.6)	(0.5)	(0.2)	(0.3)
Expected used after 1 year	26.0	21.8	12.1	8.6
Total, net	**25.4**	**21.3**	**11.9**	**8.3**
Not recognised in balance sheet:				
Deferred tax assets	**5.6**	**8.5**	**0.0**	**0.0**

Deferred tax assets not recognised in the balance sheet consist of tax losses in Germany and Poland. The assets are not recognised as it is not considered sufficiently certain that the tax losses can be realised within a shorter time horizon. Deferred tax assets regarding Solar Suomi Oy was included in the statement for 2009.

Specification by balance sheet items:

	1/1	Foreign curr. translation adjustment	Enterprises acquired	Other adjust-ments	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Property, plant and equipment	11.3	0.4	0.0	0.4	12.1	11.3	2.1	6.2
Write-down to meet loss on receivables	(0.5)	0.0	0.0	(0.1)	(0.6)	(0.5)	(0.2)	(0.3)
Pension obligations	(0.6)	0.0	0.0	0.1	(0.5)	(0.6)	(0.1)	(0.1)
Other items	11.1	0.7	0.0	2.6	14.4	11.1	10.1	2.5
Total, net	**21.3**	**1.1**	**0.0**	**3.0**	**25.4**	**21.3**	**11.9**	**8.3**

€ million	Group		Parent company	
	2010	2009	2010	2009

26. OTHER PROVISIONS

	2010	2009	2010	2009
Non-current				
Integration plan	1.5	1.3	0.0	0.0
Restructuring costs	0.6	1.5	0.0	0.0
Sundry	3.0	1.2	0.0	0.0
Total 31/12	**5.1**	**4.0**	**0.0**	**0.0**
Specification, non-current provisions:				
As at 1/1	4.0	1.5	0.0	0.0
Foreign currency translation adjustment	0.0	0.0	0.0	0.0
Acquired enterprises	0.0	0.0	0.0	0.0
Reversed in the year	(0.1)	(0.4)	0.0	0.0
Provision of the year	1.2	2.9	0.0	0.0
Total 31/12	**5.1**	**4.0**	**0.0**	**0.0**
Current				
Integration plan	0.0	4.2	0.0	0.0
Divestment of activity	0.0	1.6	0.0	0.0
Restructuring costs	2.7	0.4	0.0	0.0
Total 31/12	**2.7**	**6.2**	**0.0**	**0.0**

27. OTHER PAYABLES

	2010	2009	2010	2009
Staff costs	28.7	24.6	13.2	13.0
Taxes and charges	9.4	12.8	2.5	3.7
Hedging instruments	9.8	9.4	5.8	4.7
Other debt and amounts payable	10.8	17.0	5.0	5.0
Total	**58.7**	**63.8**	**26.5**	**26.4**

28. PREPAYMENTS

	2010	2009	2010	2009
Prepaid cost reimbursement	0.0	0.0	0.0	0.0
Other prepaid income	0.0	0.6	0.0	0.5
Total	**0.0**	**0.6**	**0.0**	**0.5**

NOTES

€ million	Group		Parent company	
	2010	2009	2010	2009
29. INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT				
Purchase of land and buildings	1.2	6.0	0.6	5.7
Purchase of plant, operating equipment, and tools and equipment	6.3	2.8	5.6	1.1
Leasehold improvements	0.6	1.3	0.0	0.0
Assets under construction	5.8	4.7	5.7	4.6
Total additions	**13.9**	**14.8**	**11.9**	**11.4**
Sale of land and buildings	(1.4)	(0.5)	0.0	0.0
Sale of plant, operating equipment, and tools and equipment	(0.3)	(0.2)	0.0	(0.1)
Leasehold improvements	0.0	0.0	0.0	0.0
Assets under construction	(5.8)	(6.3)	(5.8)	(5.8)
Total disposals	**(7.5)**	**(7.0)**	**(5.8)**	**(5.9)**
Total	**6.4**	**7.8**	**6.1**	**5.5**

30. ACQUISITION AND DIVESTMENT OF OPERATIONS

2010 **Acquisition of Otra Danmark A/S operations**	Fair value at date of acquisition	Carrying amount before the acquisition
Inventories	4.9	5.6
Trade receivables	4.0	4.1
Current liabilities related to staff	(0.3)	(0.3)
Acquired net assets	**8.6**	**9.4**
Intangible assets	0.8	0.0
Acquisition cost	**9.4**	

As of 1 September 2010, Solar A/S acquired part of the operations of Otra Danmark A/S, the Danish subsidiary of the Sonepar Group. Otra Danmark operates as a wholesaler within the product areas electrical installation material, lighting, security/alarm, telecommunications/data communications and cords and cables.

The operations acquired by the Solar Group primarily consist of sales to electrical contractors and will be continued by the group's Danish subsidiary Solar Danmark A/S. The acquisition price of the operations in the form of inventories and receivables was € 9.4m. The acquisition was financed by withdrawals from the Solar Group's liquid reserves.

Revenue from the operations acquired amounted to € 27.1m in 2009. Immediately after the acqusition, the operations became fully integrated in Solar Danmark A/S. Therefore, in the future, it will not be possible to assess the effect of the operations acquired. Transaction costs of the acquisition amounted to € 20 thousand.

€ million

30. ACQUISITION AND DIVESTMENT OF OPERATIONS CONTINUED

2010 Acquisition of operations from Hanestrom Paper AB and Melitta Scandinavia AB	Fair value at date of acquisition	Carrying amount before the acquisition
Non-current assets	0.1	0.1
Inventories	1.1	1.2
Current liabilities	(0.1)	(0.1)
Acquired net assets	**1.1**	**1.2**
Intangible assets	2.1	0.0
Acquisition cost	**3.2**	

As at 1 November 2010, Aurora Group acquired operations from Hanestrom Paper AB related to sales and distribution of vacuum cleaner bags, vacuum cleaner accessories and domestic appliance fittings to the Swedish market. Hanestrom Paper AB will retain the production of vacuum cleaner bags. At the same time, Aurora Group will take over the brand “Gameo” from Melitta Scandinavia AB, including the sale and distribution of vacuum cleaner bags, vacuum cleaner accessories and domestic appliance fittings to the Swedish market.

The operations acquired will be merged into one business unit under Aurora Group Sweden AB. The acquisition price of the operations in the form of fixed assets and inventories is € 3.2m. The acquisition was financed by drawing upon the Solar Group’s liquid reserves.

The operations acquired from Hanestrom Paper AB and Melitta Scandinavia AB represent annual external revenue of approximately € 6m for the Aurora Group.

The operations acquires are included in Solar’s accounts for 2010 with revenue of € 1.0m and EBITA of € 0.1m. If the operations had been owned the entire financial year, they would be included in Solar’s accounts with revenue of € 5.5m and EBITA of € 0.7m. Transaction costs in connection with the acquisition amounted to € 59 thousand.

2010 Acquisition of operations from Agat	Fair value at date of acquisition	Carrying amount before the acquisition
Inventories	0.1	0.1
Acquired net assets	**0.1**	**0.1**
Acquired intangible assets	0.3	0.0
Acquisition cost	**0.4**	

As at 18 November 2010, Solar Polska Sp. z o.o. acquired parts of the operations in Agat-System, Gdansk in Poland. Agat-System operates as an electrical wholesaler with tele/data/security as the primary business area.

Operations will be carried on at the existing location in Gdansk. The acquisition price of the operations in the form of parts of inventories is € 0.4 m. The acquisition was financed by drawing upon the Solar Group’s liquid reserves.

The part of the company, which Solar Polska has acquired, generated revenue of € 6.5m in 2009.

The operations acquired are included in Solar’s accounts for 2010 with revenue of € 0.2 m and EBITA of € 0.0 m. If the operations had been owned the entire financial year, they would be included in Solar’s accounts with revenue of € 3.4 m and EBITA of € -0.3m. Transaction costs in connection with the acquisition amounted to € 0.

NOTES

€ million

30. ACQUISITION AND DIVESTMENT OF OPERATIONS CONTINUED

2010 **Divestment**	**Fair value at date of divestment**
Intangibles	0.5
Property, plant and equipment	0.1
Inventories	2.1
Total	**2.7**

Solar Suomi Oy was established in 2000 following the acquisition of the small cable wholesaler Viikinkie Kaapeli Oy. The Finnish electrical components market is highly consolidated, and it has not since been possible to strengthen Solar's market position through further acquisitions. Since the appointment of a new country manager in the autumn of 2007, he and the rest of the management team have worked together with the employees to complete an extensive restructuring of the enterprise. Unfortunately, this has not produced the decisive breakthrough in the market which could have formed the basis for future profitable operations in the Finnish enterprise.

The effects of the financial crisis and the subsequent recession have reduced the volume of the Finnish electrical components market significantly, and as the same difficult market conditions are expected for the coming years, it is clear that Solar Suomi Oy will not be able to present results that meet the group's financial targets for the company. Therefore, it has been decided to divest the business activities of the Finnish enterprise. Completion of this results in discontinuation of all of Solar Suomi's activities in the Finnish market.

On 18 January 2010, Solar Suomi Oy signed an agreement for the divestment of its business activities to Ahlsell Oy. Ahlsell has taken over inventories, some investment goods and customer-related assets, equalling a total of € 2.7 m, and this results in costs of € 1.6 m charged to the income statement under special items in the Solar Group 2009 financial statements.

NOTES

€ million	Group 2010	Group 2009	Parent company 2010	Parent company 2009
31. CONTINGENT LIABILITIES				
Contractual liabilities				
Contractual liabilities entered into regarding construction, apart from those recognised in the balance sheet:				
Total	**0.0**	**5.0**	**0.0**	**5.0**
Operating leases and rent contracts				
Non-cancellable minimum lease payment are to be paid within the following periods from the balance sheet day:				
< 1 year	15.3	14.2	1.5	1.2
>1 year < 5 years	22.1	19.8	1.8	2.1
> 5 years	0.4	0.3	0.0	0.0
Total	**37.8**	**34.3**	**3.3**	**3.3**
Operating leasing costs recognised in the income statement amount to:				
Total	**16.6**	**17.1**	**1.6**	**1.2**
Company cars, and office furniture and equipment are leased under operating leases. The lease period is typically a period of:				
No. of years	**3-6**	**3-6**	**3-6**	**3-6**
Rent obligations with non-cancellation period of up to 6 years:				
Total	**26.0**	**26.7**	**0.3**	**1.1**
Collateral				
Assets have been pledged as collateral for bank commitments at a carrying amount of:				
Total	**274.8**	**225.2**	**35.5**	**36.1**
Mortgaging and guarantees				
As security for subsidiaries' bank exposures, guarantees have been issued of:				
Total	**-**	**-**	**133.7**	**95.7**
As security for subsidiaries' debt, guarantees have been issued of:				
Total	**-**	**-**	**66.6**	**72.7**

NOTES

€ million

	Parent company 2010	Parent company 2009
32. RELATED PARTIES		

Group and parent Solar A/S is subject to control by
the Fund of 20th December (registered as a commercial foundation in Denmark)
which owns 15.6% of the shares and holds 57.5% of the voting rights.
The remaining shares are owned by a widely combined group of shareholders.

Other related parties include the company's supervisory and executive boards.

Member of the supervisory board Jens Peter Toft has provided Solar with consultancy amounting to € 0.015m through toft advice ApS.

Apart from this, there have been no other transactions in the financial year with members of the supervisory and executive boards than those which appear from note 5.

The parent has had the following essential transactions with related parties:

	2010	2009
Sale of services to related parties	**8.2**	**6.9**
Sale of goods to related parties	**5.9**	**6.6**

In addition, Solar invoices the Fund of 20th December for administrative services.

33. NEW FINANCIAL REPORTING STANDARDS

The following standards and changes to existing standards and interpretations applicable for the financial year 2011 or later, which the group has not implemented, have been issued:

Adopted by the EU
IAS 24 change of rules regarding disclosure of information about related parties.

The other IASB changes to standards sent out, but irrelevant for Solar, comprise IAS 32 as well as the interpretative aids IFRIC 14 and 19.

Not yet adopted by the EU
IFRS 9 ”Classification and measurement of financial assets”. The number of financial assets categories is reduced to two - “amortised cost” and “fair value”. Classification is based on the type of business model and the characteristics of the instrument, respectively. The new standard will partially replace IAS 39, Financial instruments and measurement, and will become effective in the financial year commencing on 1 July 2013 or later. At this point, the implementation is not expected to have a material impact, but this will be assessed more closely.

IFRS 7 ”Financial instruments, disclosure and presentation”. The implementation is not expected to have a material impact.

The annual improvements to applicable IFRS which result in minor changes in a number of standards.

The other changes to standards issues by IASB of no relevance for Solar include IAS 12.

Solar expects to implement the new standards and interpretive aids when they become mandatory.

MANAGEMENT'S STATEMENT

The group's executive and supervisory boards have today discussed and approved Annual Report for the financial year 1 January - 31 December 2010 as well as the quarterly information for Q4 2010 of Solar A/S.

The consolidated accounts and the annual accounts have been presented in accordance with International Financial Reporting Standards as approved by the EU. Moreover, the consolidated accounts and the annual accounts have been prepared in accordance with additional Danish disclosure requirements of listed companies. Management's review was also prepared in accordance with Danish disclosure requirements of listed companies.

In our opinion, the consolidated accounts and the annual accounts give a fair presentation of the group and parent company's assets, liabilities and equity and financial position as at 31 December 2010 as well as the results of the group and parent company's activities and cash flow for the financial year 1 January - 31 December 2010.

Further, in our opinion, the management's review gives a true and fair statement of the development of the group and parent company's assets and financial situation, net profit for the year and of the group and parent company's financial positions and describes the most significant risks and uncertainties pertaining to the group and parent company.

The annual report is recommended for approval by the General Meeting.

Kolding, 10 March 2011

Executive Board

Flemming H. Tomdrup
Group CEO

Michael H. Jeppesen
Group CFO

Supervisory Board

Jens Borum
(Chairman)

Peter Falkenham
(Vice Chairman)

Lars Lange Andersen

Kent Arentoft

Niels Borum

Remy Cramer

Bent H. Frisk

Preben Jessen

Jens Peter Toft

AUDITOR'S REPORT

To the shareholders of Solar A/S
We have audited the consolidated accounts and annual accounts of Solar A/S for the financial year 1 January - 31 December 2010. The audit did not include the quarterly information Q4/2010, pages 75-79. The consolidated accounts and the annual accounts comprise income statement, statement of comprehensive income, assets, items under equity and liabilities, statement of changes in equity, cash flow statement and notes of both the group and the company. The consolidated accounts and annual accounts are prepared in accordance with IFRS as adopted by the European Union and additional Danish disclosure requirements for listed companies. Management's review, which has not been audited, is also prepared in accordance with Danish disclosure requirements for listed companies.

Management's responsibility
Management is responsible for the preparation and fair presentation of consolidated accounts and the annual accounts in accordance with IFRS as adopted by the European Union and additional Danish disclosure requirements for listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated accounts and annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Furthermore, management is responsible for preparing a management's review with a fair account in accordance with Danish disclosure requirements for listed companies.

Auditor's responsibility
Our responsibility is to express an opinion on the consolidated accounts and annual accounts based on our audit. We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the consolidated accounts and annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts and annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated accounts and annual accounts, whether due to fraud or error. In making this risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated accounts and annual accounts in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated accounts and annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the consolidated accounts and annual accounts gives a true and fair view of the financial position at 31 December 2010 of the group and the parent company and of the results of the group and parent company operations and cash flows for the financial year 1 January - 31 December 2010 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual accounts of listed companies.

Opinion on management's review
As stated in the Danish Financial Statement's Act, we have read the management's review. We have not taken further action in addition to the audit performed on the consolidated accounts and annual accounts. On this basis, we find that the information in the management's review are in line with the consolidated accounts and annual accounts.

Kolding, 10 March 2011

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Lars Almskou Ohmeyer
State Authorised Public Accountant

Søren Bonde
State Authorised Public Accountant

Quarterly information Q4 / 2010

No audit or review of the quarterly information has been conducted

INCOME STATEMENT Q4

€ million	Group	
	Q4 2010	Q4 2009
Revenue	397.7	379.9
Cost of sales	(313.5)	(301.3)
Gross profit	**84.2**	**78.6**
External operating costs	(16.6)	(15.8)
Staff costs	(46.7)	(47.0)
Loss on trade receivables	(0.8)	(1.4)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**20.1**	**14.4**
Depreciation on property, plant and equipment	(3.0)	(2.9)
Earnings before interest, tax and amortisation (EBITA)	**17.1**	**11.5**
Amortisation of intangible assets	(2.1)	(1.8)
Operating profit or loss before special items	**15.0**	**9.7**
Special items, net	0.0	(7.0)
Earnings before interest and tax (EBIT)	**15.0**	**2.7**
Financial income	2.1	1.2
Financial costs	(3.5)	(2.6)
Earnings before tax (EBT)	**13.6**	**1.3**
Corporation tax	(4.3)	(1.1)
Net profit for the period	**9.3**	**0.2**
Earnings per share in € per share outstanding (EPS)	1.18	0.03
Diluted earnings per share in € per share outstanding (EPS-D)	1.18	0.03

STATEMENT OF COMPREHENSIVE INCOME Q4

Net profit for the period	**9.3**	**0.2**
Other income and costs recognised:		
Foreign currency translation adjustment at the beginning of the year	0.0	(0.1)
Foreign currency translation adjustment of foreign subsidiaries	1.8	0.8
Value adjustment of hedging instruments before tax	6.1	0.8
Tax on value adjustments of hedging instruments	(1.6)	(0.2)
Other income and costs recognised after tax	**6.3**	**1.3**
Total comprehensive income of the period	**15.6**	**1.5**

CASH FLOW STATEMENT Q4

€ million	Group	
	Q4 2010	Q4 2009
Net profit for the period	**9.3**	**0.2**
Depreciation and amortisation	5.1	4.7
Change in provisions and other adjustments	(2.4)	9.0
Financials, net	1.4	1.4
Corporation tax	4.3	1.0
Financials, net, paid	(1.8)	(1.6)
Corporation tax paid	(3.6)	(0.6)
Cash flow before change in working capital	**12.3**	**14.1**
Change in inventories	(11.1)	(1.1)
Change in receivables	6.2	29.8
Change in non-interest bearing liabilities	4.4	(18.5)
Cash flow from operating activities	**11.8**	**24.3**
Investments in intangible assets	(1.6)	(5.2)
Investments in property, plant and equipment	(0.4)	(1.7)
Investments in other investments	0.3	0.0
Acquisition of activities	(3.6)	0.0
Cash flow from investing activities	**(5.3)**	**(6.9)**
Raising of non-current interest-bearing liabilities	15.3	0.8
Repayment of non-current interest-bearing liabilities	(15.0)	(3.2)
Capital increase	0.0	26.5
Purchase and sale of treasury shares	0.0	20.7
Cash flow from financing activities	**0.3**	**44.8**
Total cash flow	**6.8**	**62.2**
Cash at the beginning of the period	25.1	(30.6)
Foreign currency translation adjustment	0.1	(0.1)
Cash at the end of the period	**32.0**	**31.5**
Cash at the end of the period		
Securities	30.9	0.0
Cash at bank and in hand	28.7	47.9
Current interest-bearing liabilities	(27.6)	(16.4)
Cash at the end of the period	**32.0**	**31.5**

SEGMENT INFORMATION

€ million	Q1	Q2	2010 Q3	Q4	Total	Q1	Q2	2009 Q3	Q4	Total
Solar A/S, parent company										
Revenue	79.5	79.7	83.5	98.0	340.7	100.7	85.5	82.3	87.2	355.7
EBITA	2.9	4.8	8.0	6.9	22.6	6.2	5.6	6.4	3.7	21.9
Organic growth %	(21.2)	(6.8)	1.5 [1]	12.5 [1]	(4.2) [1]	(11.4)	(25.1)	(20.8)	(16.4)	(18.4)
EBITA %	3.6	6.0	9.6	7.0	6.6	6.2	6.5	7.8	4.2	6.2
Solar Sverige AB										
Revenue	64.3	72.5	69.4	85.9	292.1	61.6	63.8	62.6	74.2	262.2
EBITA	1.8	3.1	3.9	4.0	12.8	1.8	2.0	3.2	2.5	9.5
Organic growth %	(5.3)	1.5	0.2	3.3	0.1	(2.5)	(8.2)	(5.5)	(2.1)	(4.6)
EBITA %	2.8	4.3	5.6	4.7	4.4	2.9	3.1	5.1	3.4	3.6
Solar Norge AS										
Revenue	50.9	54.5	54.5	56.9	216.8	53.0	50.8	49.2	57.4	210.4
EBITA	2.0	1.5	4.0	(0.8)	6.7	1.5	3.0	2.9	4.0	11.4
Organic growth %	(12.9)	(4.1)	1.2	(4.7)	(5.3)	4.1	(14.3)	(11.0)	(8.8)	(7.8)
EBITA %	3.9	2.8	7.3	(1.4)	3.1	2.8	5.9	5.9	(7.0)	5.4
Solar Nederland BV										
Revenue	85.4	77.4	72.9	96.5	332.2	101.9	91.1	79.8	98.3	371.1
EBITA	0.7	1.1	(0.1)	5.1	6.8	0.1	0.2	(2.9)	2.3	(0.3)
Organic growth %	(16.2)	(15.0)	(8.8)	(1.8)	(10.5)	(20.1)	(25.2)	(24.2)	(14.2)	(19.5)
EBITA %	0.8	1.4	(0.1)	5.3	2.0	0.1	0.2	(3.6)	2.3	(0.1)
Solar Deutschland GmbH										
Revenue	32.3	37.4	36.9	36.0	142.6	35.7	35.7	37.8	38.2	147.4
EBITA	(1.9)	(0.8)	0.1	0.9	(1.7)	(1.6)	(1.1)	0.2	(1.4)	(3.9)
Organic growth %	(9.5)	4.9	(2.7)	(5.8)	(3.3)	3.7	(3.9)	(7.8)	(2.4)	(2.8)
EBITA %	(5.9)	(2.1)	0.3	2.5	(1.2)	(4.5)	(3.1)	0.5	(3.7)	(2.6)
Solar Polska Sp. z o.o.										
Revenue	4.7	7.1	7.6	9.1	28.5	4.8	5.2	6.1	6.4	22.5
EBITA	(0.4)	0.0	0.0	(0.1)	(0.5)	(0.2)	(0.4)	(0.1)	(0.2)	(0.9)
Organic growth %	(14.2)	21.6	20.1	35.1	13.2	(16.9)	(20.7)	(13.5)	(9.7)	(14.3)
EBITA %	(8.5)	0.0	0.0	(1.1)	(1.8)	(4.2)	(7.7)	(1.6)	(3.1)	(4.0)
P/F Solar Føroyar										
Revenue	1.1	0.7	0.8	1.0	3.6	1.1	0.9	0.9	1.0	3.9
EBITA	0.2	0.0	0.0	0.1	0.3	0.2	0.0	0.1	0.1	0.4
Organic growth %	(5.9)	(13.0)	(7.6)	(10.8)	(9.2)	(37.7)	(44.9)	(38.6)	(25.6)	(37.0)
EBITA %	14.3	2.9	5.3	10.0	8.3	17.0	7.2	9.0	9.8	11.1
Aurora Group										
Revenue	12.6	10.5	12.4	16.1	51.6	12.9	9.8	12.5	15.3	50.5
EBITA	0.6	(0.2)	0.4	1.0	1.8	0.1	(1.2)	0.2	1.0	0.1
Organic growth %	(8.5)	(0.5)	(7.2)	(5.8)	(4.4)	(3.9)	(11.7)	(1.8)	(3.3)	(4.9)
EBITA %	4.8	(1.9)	3.2	6.2	3.5	0.8	(12.2)	1.6	6.5	0.2

[1] No adjustments have been made regarding Otra Danmark operations acquired.

QUARTERLY FIGURES [1]
CONSOLIDATED

€ million	Q1 2010	Q1 2009	Q2 2010	Q2 2009	Q3 2010	Q3 2009	Q4 2010	Q4 2009
Financial and operating data of income statement								
Revenue	329.3	373.2	338.2	344.6	336.3	333.7	397.7	379.9
Earnings before interest, tax and amortisation (EBITA)	6.0	7.6	9.4	7.5	16.5	9.6	17.1	11.5
Operating profit before special items	4.3	6.0	7.6	5.9	14.7	7.8	15.0	9.7
Special items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(7.0)
Earnings before interest and tax (EBIT)	4.3	6.0	7.6	5.9	14.7	7.8	15.0	2.7
Financials, net	(2.1)	(0.9)	(1.4)	(1.4)	(1.3)	(1.3)	(1.4)	(1.4)
Earnings before tax (EBT)	2.2	5.1	6.2	4.5	13.4	6.5	13.6	1.3
Net profit for the quarter	1.0	2.9	3.9	2.5	10.4	4.5	9.3	0.2
Earnings per share in € per share outstanding (EPS)	0.13	0.43	0.50	0.37	1.33	0.67	1.18	0.03
Earnings per share in € per share outstanding excluding amortisation	0.34	0.67	0.73	0.61	1.55	0.94	1.45	0.28
Financial and operating data of balance sheet								
Total assets	639.2	617.1	646.4	600.9	668.7	600.7	684.1	620.5
Net investments in intangible assets	4.9	1.0	5.1	3.1	4.1	3.1	1.6	5.2
Net investment in property, plant and equipment	3.8	2.2	2.2	2.7	0.0	1.2	0.4	1.7
Share capital outstanding	105.5	90.1	105.4	90.1	105.4	90.2	105.4	105.5
Equity	260.0	208.8	257.9	200.1	269.3	208.6	284.9	257.3
Interest-bearing liabilities	150.9	196.9	153.9	198.9	151.0	168.8	158.1	150.7
Interest-bearing liabilities, net	100.5	194.1	105.4	191.4	104.3	167.3	98.5	102.8
Financial and operating data of cash flow								
Cash flow from operating activities	10.7	39.5	7.7	22.4	16.4	32.0	11.8	24.3
Cash flow from investing activities	(6.0)	(3.4)	(7.3)	(5.8)	(13.5)	(4.3)	(5.3)	(6.9)
Cash flow from financing activities	(3.3)	(2.7)	(7.7)	(16.1)	(3.1)	(3.0)	0.3	44.8
Financial ratios (% unless otherwise stated)								
Revenue growth	(11.8)	3.4	(1.9)	(8.7)	0.8	(4.5)	4.7	(7.9)
Organic growth [2]	(14.3)	(7.1)	(5.2)	(17.2)	(1.8)	(14.1)	2.2	(10.1)
EBITDA margin	2.7	2.8	3.6	3.0	5.7	3.7	5.1	3.8
EBITA margin	1.8	2.0	2.8	2.2	4.9	2.9	4.3	3.0
EBIT margin	1.3	1.6	2.2	1.7	4.4	2.3	3.8	0.7
Operating margin	0.3	0.8	1.2	0.7	3.1	1.3	2.3	0.1
Net working capital (NWC)/revenue (LTM) [3]	15.3	17.3	15.3	16.3	15.9	15.4	15.9	15.0
Gearing (interest-bearing liabilities, net/EBITDA (LTM)), no. of times	2.2	2.9	2.2	3.1	1.9	3.2	1.6	2.1
Return on equity (ROE)	1.5	5.6	6.0	4.9	15.8	8.8	13.4	0.3
Return on equity (ROE) excl. amortisation	4.2	8.7	8.8	8.0	18.5	12.3	16.5	3.4
Return on invested capital (ROIC) [4]	2.0	3.2	4.9	3.2	11.4	5.4	9.9	1.5
Return on invested capital (ROIC) excl. amortisation [4]	4.3	4.8	6.8	4.9	13.2	7.3	12.0	7.6
Corrected market capitalisation/Earnings before interest, tax and amortisation (EV/EBITA)	21.1	11.3	13.0	12.7	7.3	10.8	7.9	9.4
Equity ratio	40.7	33.8	39.9	33.3	40.3	34.7	41.6	41.5
Intrinsic value in € per share outstanding	33.1	31.1	32.8	29.8	34.3	31.1	36.3	32.8
Share price in €	51.9	22.2	49.1	28.2	48.0	36.9	56.6	46.0
Share price/intrinsic value	1.57	0.71	1.50	0.95	1.40	1.19	1.56	1.40
Share price in DKK	387	166	366	210	357	274	422	343
Employees								
Average number of employees (FTE)	2,973	3,352	2,917	3,184	2,930	3,109	3,000	3,055

1 Changes have been made in the figures of comparison due to errors resulting from non-compliance with the group's internal accounting policies in Solar Deutschland GmbH, see page 34.
2 No adjustments have been made regarding Otra Danmark operations acquired.
3 Calculated as inventories and trade receivables excl. trade payables at the end of the period in proportion to revenue for the last 12 months. No adjustments have been made for acquired activities.
4 Calculated on the basis of operating profit before special items.

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